KPMG

Inside Indirect Tax

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About this Newsletter

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

Announcement

KPMG Tax News Flash Newsletter on COVID-19 Measures

KPMG has set-up a dedicated TaxNewsFlash newsletter reporting tax measures adopted by countries around the globe in response to the coronavirus (COVID-19) pandemic, including indirect tax measures. We recommend readers to subscribe to this newsletter as jurisdictions adopt or amend their measures at a frantic pace. The most common indirect tax measures adopted by jurisdictions so far include: delay in VAT return filing and paying deadlines, relief from late payment interest and penalties, accelerating VAT refunds, and other targeted measures such as exempting certain medical equipment.

OECD Publishes Draft Reporting Rules for Platform Operators in the Sharing Economy

On February 19, 2020, the Organization for Economic Cooperation and Development (OECD) published draft model rules for reporting by platform operators with respect to sellers in the sharing and gig economy. According to the OECD, the market of online platforms facilitating the "sharing" and "gig" economies is growing rapidly and is changing many business sectors. The growth of sharing and gig economy platforms presents opportunities for tax authorities because it may bring activities previously conducted in the informal cash economy onto digital platforms, where transactions and related payments can be captured in electronic form. Yet, certain activities conducted through these platforms may not always be visible to tax authorities or self-reported by taxpayers because of the shift from traditional work relations under employment contracts to the provision of services by individuals on an independent basis that is not typically subject to third-party reporting. This could add risks of distorting competition with traditional businesses and reducing taxable income. The OECD further notes that certain tax authorities have already introduced certain reporting obligations on platform operators; others are planning to introduce similar measures in the near future. The OECD concluded by noting the value and need for multilateral rules to overcome potential enforcement obstacles and compliance burdens that may result from a variety of individual country rules.

Global Rate Changes

— **Morocco[1]:** On December 14, 2019, Morocco published the Finance Law for 2020, which, among other things, applies the reduced rate of 10 percent for services provided by coffee shops and on the sale of tickets to museums, cinemas and theatres. It also exempts vaccines intended for both human and veterinary medicine, medicines for the treatment of fertility and multiple sclerosis, the importation of engines for fishing vessels, and the financing transactions carried out within the "Salam" and "Istisna'a" contracts (i.e., participative banking contracts) from local and import VAT. The Finance Law further applies the standard VAT rate of 20 percent to the sale of palm oil, and (ii) the sale of some equipment intended exclusively for agricultural use such as Greenhouse shelters, scarifier, augers, etc.

— **Russia[2]:** Effective October 1, 2019, Russia reduced the VAT rate for fruits and berries (including grapes) from 20 percent to 10 percent.

— **Spain[3]:** Effective January 1, 2020, the Canary Islands increased the Canaries General Indirect Tax (IGIC) rate from 6.5 percent to 7 percent. In addition, the Canary Islands increased the IGIC rate on luxury goods from 13.5 percent to 15 percent, on telecommunications services from 3 percent to 7 percent, and introduced a new IGIC rate of 3 percent applicable to sales of electricity other than to residences.

— **Turkey[4]:** Effective January 2, 2020, Turkey reduced the VAT rate applicable to wholesaling of chicken eggs, fresh vegetables, and fruit and fish from 8 percent to 1 percent and the VAT rate for delivering furniture from 18 percent to 8 percent.

— **Venezuela:** On January 29, 2020, the National Constituent Assembly of Venezuela issued a decree that imposes a new additional VAT rate for payments for goods and services made in foreign currency. The additional tax rate is to be imposed at a rate between 5 percent and 25 percent on goods and services paid in foreign currency, crypto-currency or crypto-assets. To read a report prepared by the KPMG International member firm in Venezuela, please click here.

The Americas

United States: Digital Services Taxes Proposed in Several States

The current and former Presidents of the Maryland State Senate have teamed together to introduce Senate Bill 2, which would create a gross receipts tax on revenues derived from digital advertising services in the state. Digital advertising services is defined as "advertisement services on a digital interface," with any type of software, website, or application being considered as a digital interface. Digital advertising revenues would be sourced to Maryland if the advertising appeared on a device (a) with an IP address indicating that the device is located in the state or (b) if the user of the device is known or reasonably suspected to be using the device in Maryland. The tax would apply to companies that have (a) global annual gross revenues of $100 million or more and (b) digital advertising revenues sourced to Maryland of $1 million or more. Using a four-tiered rate regime based on global revenue, the tax on the Maryland-derived digital advertising revenue would range from 2.5 percent up to 10 percent, with a requirement that every company expecting to be subject to the tax make quarterly estimated tax payments.

On January 14, 2020, the Nebraska Unicameral introduced a similar measure. Legislative Bill 989 would impose the sales tax on gross receipts received from digital advertisements. The bill defines a digital advertisement as "an advertising message delivered over the Internet that markets or promotes a particular good, service, or political candidate or message." The bill provides no mechanism for the sourcing of digital advertisements to Nebraska.

Finally, legislation was recently introduced in New York (Assembly Bill 9112) that would impose a five percent tax on the gross income of "every corporation which derives income from the data individuals of this state share with such corporations." The bill provides few details on the tax (e.g., it does not make clear whether or how the tax base is apportioned, or what it means to derive income from data individuals shared with the corporation). Taxes raised by the measure would be deposited into a newly created "New York Data Fund," with a portion of the funds to be disbursed back to New York taxpayers. Much of the bill focuses on the make-up of the New York Data Fund Board, which would be established to manage and invest the assets of the fund. A similar measure has been pending in committee in the New York State Senate (Senate Bill 6102) since May 2019. If passed, the bill would be the first of its kind to specifically tax companies that generate revenue from consumer-shared data, although Maryland and Nebraska have both recently introduced legislation that would tax receipts from digital advertising. For more information on the proposals, please click here and here.

Chile: Nonresident Digital Services Providers Subject to VAT Effective June 1, 2020

On February 24, 2020, Chile published the Tax Modernization Law in the official gazette. Among other things, it requires nonresidents selling digital services to individuals in Chile who are not a VAT taxpayer will be required to register for Chilean VAT purposes under the new "Digital Taxation Simplified Regime" effective June 1, 2020. According to the Law, digital services subject to VAT include (1) intermediary services, (2) sales of digital content such as videos, music, games (downloading, streaming or others), (3) sales of software, platform and IT infrastructure, and (4) advertisement (regardless of the presentation or transmission method). A individual customer will be deemed to be in Chile if at least two of the following circumstances are met: (1) the IP address of the corresponding device or any other localization mechanism shows that the customer is situated in Chile; (2) the credit card, bank account or any other payment method used was issued or registered in Chile; (3) the domicile indicated by the user for invoice purposes or the issuance of a proof of payment is situated in Chile; or (4) the subscriber identity module (SIM) of the mobile phone by means of which the service is received shows "Chile" as country code.

The tax authority will activate a special website to allow nonresident taxpayers to register under the Digital Taxation Simplified Regime. The tax authority may request information in a language other than Spanish. Moreover, nonresident taxpayers subject to the Digital Taxation Simplified Regime will be relieved from the obligation to issue tax documents for their services and from the obligation to keep sales and purchase books. Nonresident taxpayers will further be allowed to pay the VAT collected electronically in periods from one to three months, as the taxpayers prefer, within the first 20 days of the month following the respective tax period. However, nonresident taxpayers will not be allowed to credit any VAT incurred on purchases.

If nonresident taxpayers do not register under the Digital Taxation Simplified Regime, the Chilean tax authority will require issuers of payment cards and other instruments to withhold the tax when the services are paid through such means of payments. If the service recipient is a local VAT taxpayer, such recipient will be required to self-assess VAT under the reverse charge mechanism. It is expected that the tax authority will release in the next few months implementing rules, which will complement the Law.

Italy: Overview of Recent Indirect Tax Developments

On January 21, 2020, the Italian Tax Authorities (ITA) published Law Principle No. 1/2020. It clarifies the reporting obligations for e-commerce platforms. Until December 30, 2020, taxpayers facilitating distance sales of imported goods or distance sales of goods within the European Union (EU) through the use of an electronic interface, such as an online marketplace, platform, portal or similar means, are subject to special reporting obligations. "Facilitating" requires that the platform play a role in one of the following aspects: (1) the determination of the general conditions applicable to the transactions carried out through the platform; (2) the collection of the price of the goods sold; or (3) the management of orders received and the delivery of goods sold. Within this framework, the ITA clarified that the provision of management software that merely enables the creation and management of web stores does not in itself trigger the reporting obligations at issue, unless it allows the software provider to have part in one of the aforementioned activities.

The ITA recently published Ruling Answer No. 8/2020 in which it provides further clarifications on recapitulative invoices for sales of services made to the same customer in the same calendar month. According to the Italian VAT law, for domestic sales of services, VAT is not due when the service is performed, but when the related consideration is paid or, if an invoice is issued earlier, when the invoice is issued. Consequently, where a vendor has not received any payments for a number of shipping services provided during the same calendar month, act giving rise to the VAT did not occur. In these circumstances, the vendor may issue a single recapitulative invoice, listing all services provided in the relevant month; it needs to be transmitted through the ITA's SdI system (*sistema di interscambio*) within the next 12 days. The ITA further clarified that, with respect to the required supporting documentation, it is sufficient that the content of the invoice makes reference to the list of available documents, without the need of attaching it to the XML file. The documents should in any case be kept electronically or in paper for archive purposes.

The ITA recently published Ruling Answer No. 11/2020 in which it clarified the application of the self-assessment requirement under the reverse charge mechanism relating to transactions involving nonresident taxpayers. According to the Italian VAT Act, purchasers established in Italy must apply the reverse charge mechanism on sales of goods and services carried out in Italy by nonresident vendors. If a vendor is established in the EU, the Italian purchaser must apply the reverse charge mechanism integrating the invoice received by the nonresident vendor. Where the vendor is not established in the EU, the Italian purchaser must apply the reverse charge mechanism issuing a self-invoice. The fact that the nonresident vendor is registered in Italy for VAT purposes does not affect the application of these rules. Conversely, if the purchaser is not established in Italy, the VAT on sales of goods and services carried out in Italy is applied by the nonresident vendor, which must, therefore, register in Italy for VAT. However, in reference to certain transactions (e.g., sale of scrap metal), the purchaser must in any case apply the reverse charge mechanism without regard to the status of the parties.

The ITA recently published Ruling Answer No. 4/2020 in which it clarified the right to deduct VAT paid at the time goods are imported. According to the Union Customs Code (UCC), the debtor of such VAT (and customs duties) is the declarant or, in the event of indirect representation, the person on whose behalf the customs declaration is made. Confirming its previous interpretation in Resolution No. 431354 of December 21, 1990, the ITA stated that the debtor for VAT purposes is always the owner of the goods and not the customs agent who acts as the indirect representative. Consequently, the taxpayer who has the right to deduct the VAT paid at the time goods are imported is the person receiving such goods, to use and enjoy them in its business activity, provided that the corresponding customs declaration, indicating the amount of VAT paid, is duly posted in its purchases VAT ledger.

On February 28, 2020, the ITA published Regulation No. 99922/2020, amending Regulation No. 89757/2018, which provided implementing rules for issuing and receiving electronic invoices. Electronic invoices must be issued and received through the ITA's SdI system. Annex A of the Regulation sets forth the technical specifications which qualifying taxpayers are required to use in issuing and receiving electronic invoices, effective October 1, 2020. In addition, qualifying taxpayers and their representatives may access a special online service available on the ITA site to download issued and received electronic invoices meet the requirements of the service by May 4, 2020 (previously February 29, 2020). To read a report prepared by the KPMG International member firm in Italy, please click here.

Source: Italy—Reporting obligations for e-commerce platforms—clarifications published (Jan. 2, 2020), News IBFD; Italy—Reverse charge mechanism—clarifications issued (Feb. 11, 2020), News IBFD; Italy—Electronic invoicing—clarifications issued (Feb. 11, 2020), News IBFD; Italy—VAT deduction—clarifications issued (Feb. 10, 2020), News IBFD; Italy—Electronic invoicing—implementing rules amended (Mar. 3, 2020), News IBFD.

Germany: Federal Tax Court Clarifies Invoicing Requirements and Correction of Invoices

On July 10, 2019, the German federal tax court (*Bundesfinanzhof,* BHF) issued three decisions clarifying the VAT invoicing requirements in the low cost retail industry. Cases XI R 2/18, 27/18, and 28/18. In each case, the German tax authority had denied the taxpayer's right to deduct VAT incurred on the purchase of products arguing that the supporting invoices had insufficient descriptions. The invoices contained generic descriptions (e.g., t-shirt, blouses, tops, chain, earrings, etc.), the number of items sold, and the unit prices. According to the BFH, German law states that it is sufficient to identify the type of item sold using the description customary in the trade. Whether the customary description used is sufficient depends on the circumstances of the individual case, such as the particular level of trade, the type and contents of the transaction, and especially the value of the individual goods. The BHF thus held that the lower tax court must investigate which details are customary in the trade for the items sold. In another ruling published on October 15, 2019, the BFH held that the description of "dry construction work" can satisfy the requirement for the description of services if it refers to a specific construction project. Case V R 29/19.

On October 15, 2019, the BFH published a decision clarifying whether purchase invoices can be retroactively corrected to allow a nonresident taxpayer to claim a VAT refund. In the case at hand, a Dutch company submitted a nonresident VAT refund claim for German VAT. Two invoices submitted did not contain all of the necessary invoice details. The tax authority denied the refund claim for these invoices even though the taxpayer submitted additional documents with the missing details during the refund claim process. The BFH first took into consideration the Court of Justice of the European Union (ECJ) decision in *Senatex,* Case C-518/14 (Sep. 15, 2016), in which it held that the correction of an invoice should have retroactive effect, so that the right to deduct VAT exercised on the basis of the corrected invoice relates to the year in which the invoice was originally drawn up and not to the year in which it was corrected. The BFH further recalled its own case law, in which it held that based on *Senatex* an invoice can be retroactively corrected up to the end of the final oral hearings before the lower tax court. Case V R 26/15 (Oct. 20, 2016). The BFH thus held that here the taxpayer satisfied his obligation to present a copy of an invoice which meets the minimum requirements needed for an invoice to be capable of being corrected. Accordingly, the taxpayer was able to submit the full invoice documentation with retroactive effect at a later stage. To read a report prepared by the KPMG International member firm in Germany, please click here.

Russia: Overview of Recent Indirect Tax Developments

On December 5, 2019, Russia's Ministry of Finance published Guidance Letter 03-07-08/94690 in which it clarified that if a foreign legal entity's Russian branch acquires goods from another foreign legal entity and the goods are considered to be sold in Russia, the branch must calculate and remit the VAT due on that transaction.

On January 9, 2019, Russia's Federal Tax Service (FTS) published an announcement explaining a recent Russian supreme court decision in which it held that a corporation's VAT obligations transfer if the company is merged into a new entity. The court imposed additional VAT and other penalties on a taxpayer for failure to pay VAT on an asset transferred to a new entity in a merger. The court deemed that the merger was intended to avoid any VAT liability because: (1) the company previously sought a VAT refund on the asset, and then merged into a new entity controlled by the same individual; (2) after the merger, the company transferred the asset to the new company; (3) at its formation, the new company sought to apply the simplified tax system, in order to avoid any tax liability under the general system; (4) the new company did not reinstate the VAT recovery on the transferred asset; and (5) the transferred asset was used by the same people for the same purposes as the original company.

On January 21, 2020, the FTS clarified that, effective January 1, 2020, the reinstatement of the VAT recovery following a reorganization is mandatory if (1) the legal successor does not use the goods or services in the course of activities subject to VAT (for instance because the successor applies a special tax regime), (2) the legal successor acquires goods or services for which the reorganized organization has previously made prepayments, and (3) the cost of goods or services purchased by the reorganized organization has decreased. In these cases, the previously deducted VAT must be paid back to the tax authority in accordance with the procedure established in the Tax Code.

On February 18, 2020, Russia's lower house of parliament accepted for consideration Bill No. 903200-7. If approved, it would reduce the standard VAT rate from 20 percent to 15 percent, effective July 1, 2020.

Source: Russia—Mandatory clawback of input VAT following reorganization—amendments in force (Feb. 11, 2020), News IBFD; Iurie Lungu, Russia Clarifies Cross-Border Corporate Tax, VAT Issues, Tax Analysts (Jan. 9, 2020); Bloomberg Law News Jan. 15, 2020, Russia Tax Agency Explains Supreme Court Decision on VAT Liability Under Corporate Merger; Orbitax, Draft Bill for VAT Rate Reduction Submitted in Russian Parliament (Feb. 26, 2020).

Spain: Proposal to Introduce a Digital Services Tax

On February 18, 2020, the Spanish government published a proposal which, if approved, would introduce a three percent digital services tax (DST). While the draft law is not yet published, based on the information available, companies that operate globally and have a "significant digital footprint" in Spain would be subject to the DST if the following two thresholds are satisfied (at the consolidated group level): (1) net gross receipts of more than EUR 750 million ($842 million) globally and (2) total revenues from taxable services in Spain of more than EUR 3 million ($3.4 million). The DST would be levied solely on the provision of the following digital services rendered in Spain (i.e., where the services somehow involve users located in Spain): (1) online advertising services targeted at users, (2) online intermediary services, and (3) data transmission services. Online advertising services targeted at users would be those that consist in the placement by an entity on its own or on a third-party digital interface, of advertising targeted at the users of that interface (in other words, any form of commercial digital communication aimed at promoting a product, service or brand, and targeted at the users of a digital interface based on the data gathered by them). Online intermediary services would be those made available to users of a multi-sided digital interface that facilitates either the underlying sale of goods or services directly between users, or the locating of and interaction with other users (digital platforms). Data transmission services would include the transmission of data collected about users generated by the activities of users on digital interfaces.

The digital services would be sourced to Spain if a user is located in Spain. The term "user" would be broadly defined to apply to any person or entity using a digital interface. A user would be deemed to be located in Spain under various rules; in each the critical factor is where the device enabling the services (e.g., a mobile phone) is located at each moment. There would be a general assumption that a particular device is be deemed to be located based on its Internet Protocol (IP) address. Nonetheless, evidence to the contrary could be allowed to disprove this assumption. The tax base would be the amount of gross revenues earned by the taxpayer for each category of taxable digital services provided in Spain. The draft legislation would provide rules for determining the portion of revenues to be taxed in each transaction that, for the most part, would depend on the proportion of worldwide users located in Spain.

The new DST would be self-assessed by taxpayers on a quarterly basis. For 2020, transitional rules would apply so that only one instalment of the tax would be due at the end of the year, presumably based on the taxable amounts received during the year. Taxpayers would be subject to certain formal obligations, such as: (1) appointing a representative for those taxpayers not established in the EU; (2) determining that systems, mechanisms or arrangements set in place to determine if a users' device is located in Spain; and (3) recordkeeping to establish proof identifying the place where the digital services were provided. To read a report prepared by the KPMG International member firm in Spain, please click here.

Sweden: Overview of Recent Indirect Tax Developments

Effective May 1, 2020, Sweden will levy a new plastic bag tax, which will be imposed on plastic carrier bags provided to customers to allow them to pack or carry goods. The tax rate for the plastic bag tax will be SEK 3 ($0.33) per bag and 30 øre ($0.03) per smaller plastic bag. Exemptions from the plastic bag tax are available for certain plastic bags that are intended for long-term use. Entities subject to the tax can register with the Swedish tax agency effective March 1, 2020. As a registered entity, there is a deferral mechanism that allows for the monthly amount of plastic bag tax to be reported and that does not require reporting and paying the tax at the moment of manufacture or import. To read a report prepared by the KPMG International member firm in Sweden, please click here.

On January 17, 2020, the Swedish Tax Agency published Statement No. 202 505699-19 / 111 in which it clarified the VAT treatment for chain transactions of a product subject to a single cross-border shipments between EU countries, including (1) the responsibilities and reporting obligations of an intermediary for the shipment; (2) the definitions of single shipment and tripartite trading; (3) the tax treatment when the end-user of the transaction is a private individual; and (4) the applicable laws and EU VAT directive for cross-border shipments.

On January 23, 2020, the Swedish Ministry of Finance announced a proposal to incorporate the EU e-commerce package into Swedish law. The package will (1) broaden the application of the Mini One Stop Shop to all business-to-consumer (B2C) services and B2C intra-EU sales of goods, (2) harmonize the VAT treatment of intra-EU B2C sales of goods, and (3) introduce new VAT obligations for remote vendors of B2C goods imported into the EU with an intrinsic value below EUR 150 ($168) effective January 1, 2021.

On January 27, 2020, Sweden's Supreme Administrative Court (SAC) published its decision in Case no. 23-18 regarding whether it is consistent with EU law to deny a VAT refund regarding acquisitions attributable to sales of services in another member state on the basis that the services are exempt from VAT in the state where they were provided. The taxpayer requested an advance ruling arguing that while the services at issue were exempt in Luxembourg, they would have been taxable if provided in Sweden. According to the SAC, the services at issue are exempt in the member state in which they are carried out and are thus not of such a nature that they could, in themselves, give rise to the right to deduct VAT. Based on the case law of the ECJ, Case C-165/17, *Morgan Stanley & Co International plc* (Jan. 24, 2019), in a situation of this kind, there is no right to repay input tax on acquisitions relating to these transactions

Turkey: Overview of Recent Indirect Tax Developments

On December 24, 2019, Turkey published Law No. 7201, which, among other things, amends the VAT Law (VATL). The Law amends and extends the implementation period of VAT exemption provided by temporary article 39 of the VATL for new machinery and equipment deliveries made to taxpayers that: (1) hold an industry registry certificate exclusively in the manufacturing industry; (2) engage in research and development (R&D,) innovation and design activities in technology development zones and specialized technology development zones under the scope of Law No. 4691; (3) engage in such activities in R&D and design centers under the scope of Law No. 5746; and (4) operate research laboratories under the scope of Law No. 6550 exclusively for such activities. The Law further provides that the VAT exemption provided by temporary article 39 of the VAT Law applies until December 31, 2022 instead of December 31, 2019. Moreover, the President is authorized to extend the VAT exemption until December 31, 2024.

On December 27, 2019, Turkey published General Communiqué No. 29, which sets the VAT refund limit for transactions subject to the reduced VAT rate. The refund limit for such transactions performed in the 2020 calendar year is set at TRY 17,300 ($2,840).

On February 5, 2020, the tax authority released a draft communique as a proposed guidance on the DST which was enacted in December 2019. Recall, Turkey introduced a 7.5 percent DST on sales of digital advertising services; sales of any audible, visual or digital content; services related to the creation and operation of digital environments where users may interact with one another; and intermediation services relating to services provided in a digital environment. The DST is effective March 1, 2020. According to the draft communique, digital advertisement services include the following: search engine advertising such as showing ads along with search results, or giving priority to search results concerning the advertiser; banners; any audible, visual or written advertisement published before, during or after watching videos or user content in digital environments; ads automatically transmitted online through software in electronic devices; and pop-ups. Sales of digital content include computer software, applications, audio, video, games, game applications and alike provided in a digital environment as well as services provided in a digital environment for listening to, watching and playing such content in a digital environment or recording or using them on electronic devices. Services provided for the creation and operation of digital environments are those where users may interact with each other, but also include services provided for allowing or facilitating selling goods or services among users. As a consequence, the revenue earned from the creation and operation of digital environments where users share written, visual or auditory content or comment on those contents or contact one another through alternative channels, and which allow or facilitate the sales of goods or services is subject to the DST. Finally, intermediation services subject to the DST include intermediation services such as shop-in-shop, filtration of product features by users, or comparison of prices, brands, models, and referrals by ranking, all of which are provided in a digital environment. To read a report prepared by the KPMG International member firm in Turkey, please click here

On February 14, 2020, Turkey published General Communiqué No. 30 amending the General Communiqué on the Implementation of VAT. General Communiqué No. 30 sets partial withholding rates for services received by the Ministry of Health from cooperation with a private company. Under the Communiqué, services provided by subcontractors to the Ministry of Health are subject to 5/10, 7/10 or 9/10 partial VAT withholding. Construction works provided by subcontractors are subject to 3/10 partial VAT withholding. The partial VAT withholding in this respect means that only part of the VAT must be transferred to the tax authorities.

On March 3, 2020, Turkey published General Communiqué No. 31, which increases the partial VAT withholding rates applicable to the sale of the following goods from 50 percent to 70 percent: metal bullions (copper, zinc, aluminum and lead); products made of copper, zinc, aluminum and lead (anode, cathode, granule, wire rod, profile, sheet, roll, strip, panel, pipe, brass rod, plate, all kinds of wires, made of zinc oxide and lead and alloys, brick, seal, leaf, plate, foil, flake, grill, powder, lead oxide, lead monoxide, red oxide); and metal, plastic, rubber, paper, glass scraps and waste and clothing industry scraps (fabric etc.). The increase is effective April 1, 2020.

Source: Turkey—Temporary VAT exemption for new machinery and equipment deliveries—implementation period extended (Dec. 27, 2019), News IBFD; Turkey—General Communiqué No. 29 on VAT—gazetted (Dec. 31, 2019), News IBFD; Turkey—General Communiqué No. 30 on Value Added Tax Law gazetted (Feb. 24, 2020), News IBFD; Turkey—General Communiqué No. 31 on Value Added Tax Law—gazetted (Mar. 3, 2020), News IBFD; Turkey—Draft Communiqué on implementation of Digital Service Tax—detailed (Feb. 7, 2020), News IBFD.

Ukraine: Overview of Recent Indirect Tax Developments

On January 14, 2020, the Ukrainian State Tax Service (STS) published Guidance Letter no. 2233/6/99-00-07-03-02-15/IK in which it clarified that if no transfer of ownership (property rights) of enhanced and/or developed software or its components takes place from the software developer to the client, the provision of such software or its components is subject to VAT at a standard rate of 20 percent.

On January 15, 2020, the STS clarified that if a VAT registration is cancelled, the last tax period is the period commencing on the day following the last day of the previous tax period and ending on the day the registration is cancelled. Consequently, a person whose VAT registration is cancelled on the day other than the last day of the calendar month (quarter), is required to file a VAT return for the last tax period within 20 calendar days (40 for those who pay VAT quarterly) following the last calendar day of the tax period during which the VAT registration is cancelled.

Source: Ukraine—VAT on software development services—STS clarifications (Jan. 23, 2020), News IBFD; Ukraine—Filing VAT return in case of cancellation of VAT registration—STS clarifications (Feb. 4, 2020), News IBFD.

United Kingdom: Indirect Tax Measures in 2020 Budget

On March 11, 2020, the Chancellor of the Exchequer presented the United Kingdom's budget for 2020. If approved the budget would zero-rate e-publications effective December 1, 2020 and women's sanitary products effective January 1, 2021. The UK government further confirmed it will introduce a 2 percent DST effective April 1, 2020 on the following digital services activities: social media platforms, internet search engines, and online marketplaces (with an exemption for financial and payment services providers), which derive value from the interaction or engagement with UK users. According to the draft DST law published last year, a UK user is defined as someone that is normally in the UK or is established in the UK. An additional clarification is the "purpose test" around the digital services activity. This is to avoid capturing businesses whose activities would fall within the digital services definition, but where the activity is not a main purpose of the business.

The draft legislation adds to the consultation document by clarifying that the three digital services activities include any associated online advertising business. Associated online advertising business means a business operated on an online platform that facilitates the placing of online advertising, and derives significant benefit from its connection with the social media, search engine or online marketplace. The aforementioned three digital businesses will be liable to DST if the group's worldwide revenues arising from digital services activity are more than GBP 500 million ($613.7 million) and more than GBP 25 million ($30.7 million) of these revenues are attributable to UK users in an accounting period. It should be noted that there is an allowance of GBP 25 million, meaning that the first GBP 25 million of the group's digital services revenue derived from UK users will not be subject to DST.

The draft DST legislation defines digital services revenues that are attributable to UK users, including where advertising is being intended to be viewed by UK users, or where a UK user is party to a transaction taking place on an online marketplace. This includes transactions involving the sales or hiring of UK land or property on an online marketplace. Where a UK user is party to a transaction on an online marketplace, all the revenues generated will be treated as derived from UK users. In this regard, the UK Government proposed a relief to disregard 50 percent of the UK digital services revenue that will be charged from the transaction if the other user is located in a country that has a similar tax to the DST. Finally, in recognition of some in-scope digital businesses that may have a low or negative operating margin, the UK Government introduced a safe harbor election that allows a group to elect to use the alternative basis of charge when calculating their DST liability.

This should result in a lower rate of DST or nil DST liability applying to the UK digital services revenues. To read a report prepared by the KPMG International member firm in the UK on the 2020 Budget, please click here. To read a previous report prepared by the KPMG International member firm in the UK on the proposed DST, please click here.

Asia Pacific (ASPAC)

Cambodia: Rules on VAT Invoicing Clarified

On February 6, 2020, the General Department of Taxation of Cambodia (GDT) issued Notification No. 3218 GDT on implementing rules relating to the use of invoices for registered taxpayers as set out in Prakas No. 723 Prk issued by the Ministry of Economy and Finance on August 14, 2019. Medium and large taxpayers must issue tax invoices to registered taxpayers, and commercial invoices to end users, while small taxpayers must issue commercial invoices to their customers. Tax invoices must include the following information: the name, address, and tax identification number of the seller and the buyer; the invoice number in sequential order and the date of invoice; a description of the goods or service sold, including their quantity and price; the total value of the sale exclusive of taxes; each individual tax listed separately including the Specific Tax, the Public Lighting Tax, the Accommodation Tax, and the VAT; and the signature and the name of the seller or buyer. A commercial invoice should include only the following information: the name, address, and tax identification number of the seller; the invoice number in sequential order and the date of invoice; the name and address of the buyer; a description of the goods or service sold, including their quantity and price; the total value of the sale inclusive of all taxes; and the signature and the name of the seller. Tax invoices and commercial invoices must be issued in Khmer language.

With respect to the invoicing number, the Notification states that medium and large taxpayers must issue invoices in a sequential order for one year and must retain the invoices for 10 years while small taxpayers must only retain the invoices for 3 years. Taxpayers with a branch must issue separate lines of invoice between the head office and each branch as well as separate lines for tax and commercial invoices. Taxpayers may use different letters in front of invoice numbers to separate different lines of invoices between branches. However, they are prohibited from using different letters to separate invoices to customers by products, area, activity or other separation. Taxpayers must disclose Khmer riels (KHR) on total value of invoices by using the daily exchange rate of the National Bank of Cambodia.

Moreover, the Notification clarifies that taxpayers may not recover VAT on invoices that are not in compliance with the Notification. Medium or large taxpayers cannot credit VAT from purchases made from small taxpayers, though they can claim it as a deductible expense for income tax purposes.

Failure to issue invoices or issuing improper invoices could result in obstruction, additional taxes and interest, and other fines. Individuals who issue fake invoices will be required to pay taxes as disclosed on the fake invoices within seven days of issuance. The GDT will conduct on-site field audits to review and crosscheck compliance with the requirements. To read a report prepared by the KPMG International member firm in Cambodia, please click here.

China: Overview of Recent Indirect Tax Developments

On January 9, 2020, the Chinese State Administration of Taxation (SAT) published an Announcement explaining the circumstances under which taxpayers can claim a VAT exemption for providing cross-border services. According to the SAT, taxpayers engaged in cross-border sales of services and intangible assets must sign a written contract to be able to claim a VAT exemption. Taxpayers are eligible for a VAT exemption only if the entire income from the sale of such cross-border services or intangible assets is obtained from overseas. The Announcement includes further guidance on the circumstances that qualify as overseas income.

The Ministry of Finance, General Administration of Customs and the SAT have recently issued several circulars to grant tax exemptions to support the prevention and control of the current novel coronavirus (2019-nCoV) outbreak. From January 1, 2020, to March 31, 2020, the import of goods and equipment donated for preventing and controlling the 2019-nCoV epidemic is exempt from import duties, VAT and consumption tax. In addition to the items mentioned in the "Interim Measures on the Tax Exemptions for Charitable Donations of Materials" of 2015, the goods and equipment eligible for the exemptions have been extended to reagents, disinfecting items, protective gears, ambulances, epidemic prevention vehicles, disinfection vehicles and rescue command vehicles. Moreover, the proceeds derived from the shipment of key goods for outbreak prevention is exempt from VAT. Donations in cash or in kind for fighting the 2019-nCoV are fully deductible in computing enterprise income tax. Donations to hospitals of self-produced or contractual processed goods or purchased goods through charitable organizations or the local governments at the county level are exempt from VAT, consumption tax, urban maintenance and construction tax, education surcharge and local educational surcharges. Moreover, small-scale traders are exempt from VAT in the province Hubei and the VAT rate for all other small-scale VAT taxpayers is reduced from 3 percent to 1 percent in other provinces and cities in the period from March 1, 2020, to May 31, 2020.

On February 18, 2020, the Ministry of Finance and the SAT issued Circular [2020] No. 12, which temporarily exempt from VAT the bonded delivery of commodity futures from November 30, 2018 to November 29, 2023. If the commodity futures actually delivered are imported or exported, the current import and export tax treatment applies. The physical delivery of futures of non-bonded commodities is still subject to rules as prescribed in the Public Notice "Specific measures for the collection of VAT on commodity futures."

On March 10, 2020, the SAT published an Announcement providing updated guidance on amendments to the tax incentives provided due to the 2019-nCoV epidemic. The update includes VAT exemptions for providing public transportation services, living services, and courier delivery services for essential supplies and VAT refunds for the production of key epidemic prevention materials effective January 1, 2020.

Source: Bloomberg Law News Jan 16, 2020, China Tax Agency Explains Circumstances for VAT Exemption for Cross-Border Services; China (People's Rep.)—Tax exemptions for preventing and controlling current novel coronavirus outbreak announced (Feb. 10, 2020), News IBFD; China (People's Rep.)—Temporary VAT exemption for commodity futures announced (Feb. 26, 2020), News IBFD; China (People's Rep.)—Tax measures for sole traders announced (Mar. 6, 2020), News IBFD; Bloomberg Law News Mar. 13, 2020, China Tax Agency Issues Updated Guidance on Tax Incentives for Health Epidemic.

India: Proposed Amendments to GST Law

On February 1, 2020, the Finance Minister of India presented the Union Budget 2020, which includes proposed indirect tax measures. If approved, the measures would be effective April 1, 2020 unless otherwise specified. Moreover, the GST Council, comprising representatives of the federal and state governments, recently held its 39th meeting primarily focused on addressing IT issues. The Finance Minister emphasized the implementation of a new simplified goods and services tax (GST) return structure and various other simplification measures such as SMS-based filing for "nil" GST returns, auto population of GST returns, improved verification of taxpayers, improved GST credit flow, automation of refund process, taxpayer verifications, and consideration of the GST rate structure so as to address issues like inverted duty structure. According to the GST Council, existing return formats will continue until September 2020, with new returns likely to be phased in thereafter. The Finance Minister further reiterated the implementation of the "e-invoicing" mechanism, along with other features such as dynamic QR codes for consumer invoices capturing GST details and cash rewards to customers seeking invoices. According to the GST Council, the mandatory e-invoicing mechanism will be implemented October 1, 2020 (previously April 1, 2020). India will further implement data analytics and artificial intelligence tools for reviewing GST credits and refunds and to detect possible fraud. In line with the reorganization of the state of Jammu and Kashmir, the region of Ladakh would be added in the list of Union Territories for purposes of the GST law.

The Budget would further introduce provisions specifying the time and manner of issuing tax invoices for various categories of services. In addition, the budget would expand the penalty provisions for VATR fraud to include persons benefitting from the fraud and introduce prosecution provisions for persons who commit fraudulent transactions and retain the benefits of such transactions. The Budget would also remove the time limits to claim GST credits for debit notes raised for invoice of preceding financial year and clarify the provisions relating to transfer of business assets.

The Budget also includes several amendments relating to GST compliance. It includes a new tax withheld-at-source certificate so that the failure to issue the certificate will not trigger late fees. The composition scheme would not be available to taxpayers engaged in selling services that are not subject to GST, inter-state sales of services, or sales of services through electronic commerce operators. Taxpayers that voluntarily registered for GST would be allowed to file an application for cancellation of the registration. The Budget would also amend the transitional provisions, effective retroactively to July 1, 2017, to prescribe the manner and time limit for claiming a transitional credit.

Finally, the GST Council decided that interest for delay in payment of GST would be charged on the net cash tax liability (i.e., after adjusting with available input credit) effective July 1, 2017. For this purpose, the law will need to be amended retrospectively. The GST Council further extended the due date for filing the annual GST return and the Reconciliation Statement for the financial year 2018-19 to June 30, 2020. The GST Council also clarified GST refunds, GST credit rules for certain transactions, including for new taxpayers, and amended the GST rates for certain goods. To read a report on the Indian Budget prepared by the KPMG International member firm in India, please click here. To read a report the 39th GST Council meeting prepared by the KPMG International member firm in India, please click here.

New Zealand: Proposed Amendments to GST Law

In February 2020, the Inland Revenue Department of New Zealand (IRD) released a GST Issues Paper which discusses a broad range of GST issues and potential changes to the GST legislation addressing: tax invoice requirements, cryptocurrencies, apportionment and adjustment, domestic legs of the international shipment of goods, business conferences and staff training, managed funds, insurance pay-outs to third parties, compulsory zero-rating of land, and other technical and remedial issues.

The IRD proposes removing some of the existing tax invoice requirements so that the rules are better aligned with modern business practices. Specifically, the quantity or volume of the goods and services sold will no longer be required. The IRD is seeking feedback on ways to otherwise evidence that the recipient holds the necessary information to support a valid GST claim where invoices are issued electronically. Special tax invoices that used to require upfront approval by the IRD (e.g., buyer-created tax invoice and shared invoice) will no longer require approvals. However, existing requirements on having the necessary agreements between the relevant parties will remain.

Moreover, the IRD is seeking feedback on two main approaches to GST on crypto-assets: (1) categorize crypto-assets by their features and fit each respective category into an existing area of law (e.g., shares or currencies) or (2) define as broadly as possible and exclude from the scope of GST and the financial arrangement rules. The proposal focuses on the issuance of crypto-assets, and not crypto-asset-related services (e.g., mining, dealing or exchange) with the objective of neutrality and to minimize distortion.

The Issues Paper further proposes changes to clarify, simplify, and amend the legislation regarding apportionment and adjustment rules. Currently, GST registered persons must determine the extent to which goods and services are used to make taxable or non-taxable sales when they are acquired. GST can only be claimed for the percentage of taxable sale use. Subsequent, normally annual, adjustments are required if the initial taxable percentage use changes.

In addition, the IRD is proposing that New Zealand resident vendors of domestic shipping services will be able to zero-rate their services when provided to a nonresident shipping provider who ships goods from a place outside New Zealand to a place inside New Zealand (or vice versa). Officials are also considering whether zero-rating should also apply to the New Zealand domestic leg of international shipments regardless of the residency of the primary shipping provider.

Currently, providers of conference or staff training services that are physically performed inside New Zealand must charge GST at 15 percent even if the services are provided to nonresidents. Nonresident businesses that are not carrying on business in New Zealand, can recover any GST charged on such costs. However, the process to obtain GST refunds is cumbersome. The IRD is proposing that business conference and staff training services provided inside New Zealand to non-resident businesses will be able to be zero-rated. However, accommodation, food, or entertainment that may be provided as part of the conference or staff training would not be covered.

To address a GST revenue loss where a third party receives an insurance pay-out, but is not aware that the payment they received was from an insurer, the IRD proposes three options: (1) making the insurer responsible for the GST obligations relating to insurance pay-outs (i.e., in essence, insurers will not be able to claim a GST credit on insurance pay-outs to GST registered recipients where the insurance payment relates to a business-related loss); (2) requiring insurers to disclose to the recipient that the payment they make to third-parties is an insurance pay-out; or (3) no law change, but IRD to provide more education and guidance on the rules on insurance pay-outs

The IRD further proposes several amendments to the compulsory zero-rating of land where the current provisions produce flawed outcomes, including amendments to: (1) the provisions requiring the purchaser to return GST on the purchase of land, where the vendor has incorrectly treated the sale of the land as zero-rated; (2) the timing of the adjustment to be made when a second-hand goods credit is incorrectly claimed on the purchase of land that should have been zero-rated; and (3) clarify the timing of when the output tax adjustment is required to be made for zero-rated land that is used for both taxable and non-taxable use.

The IRD is currently considering that 10 percent of the fees charged by fund managers are taxable. The IRD's concern is that this position may not be consistent with the GST law or the policy objectives underlying exemption of financial services. The discussion document invites comment on three options whereby manager fees are to be: fully exempt; fully taxable; or subject to a legislated apportionment. Further, the proposal would limit the proposed treatment to manager services.

Finally, the Issues Paper also includes proposals on other technical and remedial issues including: the GST grouping rules, GST credits for goods not yet physically received, and second-hands goods. To read a report prepared by the KPMG International member firm in New Zealand, please click here.

Trade & Customs (T&C)

Australia: Australia-Indonesia Trade Agreement Ratified

The Indonesia legislature recently ratified the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA), and representatives of the governments of Indonesia and Australia have engaged in discussions concerning a 100-day implementation plan to finalize the agreement's entry into force. The IA-CEPA broadly seeks to enhance economic cooperation and grow bilateral trade and investment between Australia and Indonesia. The IA-CEPA goes beyond the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) to further liberalize trade in goods and provides increased certainty for services, opportunities for investment, a reciprocal skill exchange and includes modern rules for electronic commerce.

Under the IA-CEPA, most goods, including 99 percent of agricultural exports, will be entitled to duty-free access or significant preferential treatment. When tariffs remain on agricultural goods, Indonesia will phase-in increases in tariff rate quotas and reductions in out-of-quota tariff rates. Australia will eliminate all duty on Indonesian goods, in line with Australia's existing AANZFTA Schedule of Tariff Commitments for 2020. The IA-CEPA is Australia's first trade agreement to include rules and review mechanisms on non-tariff measures. These mechanisms aim to facilitate trade through a system of review and specialist subcommittees in an effort to allow benefits to be passed through to both Indonesian and Australian exporters. Under the IA-CEPA, Indonesia will also guarantee the automatic issuance of import permits for key Australian agricultural and steel products. Both Australian and Indonesian exporters will be able to produce "declarations of origin" under the IA-CEPA. Under AANZFTA, a "certificate of origin" is required to claim preferential treatment of originating goods. Therefore, exporters currently certifying originating goods in accordance with the AANZFTA need to consider the use of a declaration of origin under the IA-CEPA which could reduce costs and ease the administrative burden of obtaining certificates of origin. Finally, the investment chapter in the IA-CEPA sets new minimum standards of protection for Australian investors and their investments in Indonesia. An investor-state dispute settlement mechanism will allow resolution of investor issues through an independent arbitral tribunal. To read a report prepared by the KPMG International member firm in Australia, please click here.

Canada: Clarifying Proof-of-Report Requirements for Exporters and Carriers

On February 10, 2020, the Canada Border Services Agency issued Customs Notice 20-03, which clarifies the proof-of report requirements for exporters and carriers. According to the Notice, the new Canadian Export Reporting System (CERS) introduces a new proof-of-report format and removes a gap that allows the proof-of-report number to be generated before an export declaration has been submitted. The proof-of-report number indicates that goods to be exported have been reported to the Canada Border Services Agency. Carriers or customs service providers who are Memorandum of Understanding (MOU) participants must obtain the proof-of-report number from the exporter before the goods leave Canada. The exporter is not required to provide the MOU participant with a copy of the export declaration. The proof-of-report format for each reporting method can be found in paragraph 45 and in Appendix D of Memorandum D20-1-1 and paragraph 11 of Memorandum D3-1-8. CERS will only generate a proof-of-report number after the export declaration has been successfully submitted. The "unique carrier-assigned code" on an export declaration must enable a carrier or warehouse operator to locate and present the goods to the agency for examination at any time prior to the goods leaving Canada. Carriers unable to generate a "unique carrier-assigned code" without the proof-of-report number may instruct exporters to enter an identifier that can be used by carriers and warehouse operators to locate and present the goods to the agency for examination at any time prior to the goods leaving Canada. For more information, please click here.

Dominican Republic: New Customs Valuation Methodology Implemented

The Dominican Customs Authority ("DGA") recently implemented a new methodology for computing the customs value, with the aim of including royalties paid abroad, specifically when the import of goods is made under a distribution agreement or between related companies. In accordance with the principle of best customs practices, the information contained in the Single Customs Declaration ("DUA") of the merchandise is cross-examined, with the Withholding Tax ("WHT") Return ("Form IR-17"), specifically concerning the section on payments made abroad. After this determination, the DGA assesses the import into the DUA in order to include the royalties' value to the cost, insurance and freight ("CIF") of the merchandise, if applicable, as set forth by the General Agreement on Tariffs and Trade of 1994 ("GATT") Valuation Agreement. Subsequently, the imported merchandise is revalued, and taxes and custom tariffs are re-settled, in accordance with the recalculated CIF. As the referred methodology is in a trial stage, the DGA has not yet applied surcharges for late payments or compensatory interest, to the taxes being re-settled. To read a report prepared by the KPMG International member firm in the Dominican Republic, please click here.

In Brief

— **Argentina[5]:** On January 27, 2020, the tax authority of Argentina (*Administración Federal de Ingresos Públicos,* AFIP) published General Resolution 4666, which regulates the tax on the exports of services, on a temporary basis through December 31, 2021. The Resolution regulates the determination of the tax by establishing that the five percent tax rate applies to the total amount of each class E invoice issued in connection with the provision of the service, adjusted with the offsetting of any associated debit or credit note. The resulting tax must be converted to Argentine pesos based on the exchange rate of the Banco de la Nación Argentina of the date immediately prior to that of the payment of the tax. Additional measures are established for exporters that do not exceed a $2,000,000 threshold.

The Resolution is effective January 27, 2020 but the provisions on the determination of the tax apply to transactions rendered or invoiced effective January 1, 2020.

- **Armenia:** Effective January1, 2020, Armenia requires nonresident vendors to register for and collect VAT on sales of services provided to a micro enterprise or turnover taxpayer. However, no VAT obligations arise with respect to services provided to individuals.
- **Austria:** On February 24, 2020, the Austrian Ministry of Finance released a guide concerning the registration and payment rules for the DST. Recall, the Austrian DST is imposed at a rate of five percent on the gross receipts from advertising services rendered by service providers in Austria. According to the guidance, even though a service provider is only subject to digital services tax if the taxpayer group turnover is at least EUR 750 ($815) million and the gross receipts from digital advertising services is EUR 25 ($27) million, any individual group member company may qualify as a taxpayer for the DST, and consequently must register for the digital services tax and file the applicable tax returns. All taxpayers not having a domicile, place of management or permanent establishment in the EU or the European Economic Area (EEA) must appoint an Austrian fiscal representative for DST purposes. Other taxpayers (those with an EU/EEA residence) may either appoint a fiscal representative or alternatively may use an online DST tool provided by the tax authorities to file tax returns. The Ministry of Finance's guidance further includes information on the registration process. For all taxpayers within a group having a domicile, place of management or permanent establishment in the EU or the EEA, the service provider or the group may appoint one company to be responsible for the filing and payment obligations. Finally, the guidance addresses monthly payments required of certain taxpayers. To read a report prepared by the KPMG International member firm in Austria, please click here.
- **Bahrain[6]:** On January 13, 2020, Bahrain's National Bureau of Revenue (NBR) announced that it will introduce a simplified, annual VAT filing return for VAT registered persons whose annual gross receipts are less than BHD100,000 ($266,000).
- **Bahrain[7]:** On January 24, 2020, the NBR published a VAT guide on the education sector. The guide clarifies the application of the zero-rating for goods and services in the education sector and the exceptions to application of the standard five percent VAT. The guide further clarifies the deduction for expenses incurred by educational institutions, the VAT treatment for grants and sponsorships received by institutions, and the application of VAT rules to online educational courses and school transportation services.
- **Brazil:** On December 31, 2019, Brazil published Consultation Solution No. 310 clarifying that the import of petrochemical naphtha for oil refineries is subject to the federal social contributions (PIS and COFINS) at the import tax rate.
- **Brazil[8]:** On December 31, 2019, Brazil published Consultation Solution No. 318 clarifying the calculation of credits for telephone and internet services under the noncumulative regime for PIS and COFINS. According to the

consultation, the PIS and COFINS credits are allowed for services provided directly to customers, and financing, insurance, and collection provisions, However, PIS and COFINS credits are disallowed for services provided between a consultant and its affiliates, or to other parts of an organization, including administrative, accounting, legal, and commercial departments

— **Bulgaria[9]:** On January 10, 2020, Bulgaria's National Revenue Agency published a guidance clarifying the application of changes in the VAT registration threshold when homogeneous activities are carried on by two or more related parties or unrelated parties working in concert. Effective January 1, 2020, when a person carries on taxable activities at a commercial site and homogenous activities are subsequently carried on by related persons or unrelated persons working in concert, the gross receipts of each subsequent person must be included in the gross receipts of the prior persons when computing whether the VAT registration threshold of BGN 50,000 ($28,800) is met in a 12 months period. Activities are considered homogeneous if two or more of the following are significantly the same: the goods or services offered; the assets used; the staff; the trademark/name of the establishment; and the vendors or customers. There is no continuous performance of homogeneous activity if there is an interruption of activity for more than one month. In general, if two or more persons carry on homogenous activities at the same time and place in parallel, the combining of gross receipts under the new rules does not apply. However, if the parallel activity is purely artificial and not economically justified, then this may be treated as a circumvention of the law for a tax advantage. After a careful assessment of the facts and circumstances, the gross receipts may be combined for registration purposes.

— **Bulgaria[10]:** On January 24, 2020, the Ministry of Finance of Bulgaria published for public consultation proposed amendments to the VAT regulations to implement the EU VAT Quick Fixes which (1) provide for a simplified and uniform treatment for call-off stock arrangements; (2) require the identification number of the customer as well as the proper fulfilment of a VAT recapitulative statement to become an additional condition for the zero-rating of intra-EU sales of goods; and (3) establish uniform criteria in determining the VAT treatment of EU chain transactions. The proposal would further introduce a mandatory requirement for the submission of an e-notification to the National Revenue Agency for sales intended for the continental shelf and the exclusive economic zone. Finally, the proposal would amend the VAT registration and deregistration application forms and other VAT reporting documents.

— **Cambodia:** On January 14, 2020, the Ministry of Economy and Finance of Cambodia issued Prakas no. 012 MEF.Prk, which amends the computation of the tax base for the Specific Tax on Certain Merchandise (STCM) for locally produced goods. According to Prakas 012, the basis for the computation of STCM for locally produced goods including beer, wine, cigarettes and all kinds of cigar, non-alcoholic drinks and other goods subject to STCM is set at 90 percent of selling price recorded on the invoice excluding VAT, Public Lighting Tax (PLT), and the STCM itself. To read a report prepared by the KPMG International member firm in Cambodia, please click here.

- **Cameroon[11]:** On December 24, 2019, Cameroon published the Finance Law for 2020, which, among other things, amends the VAT law effective January 1, 2020. The amended Finance Law brings sales of goods and services in Cameroon or through foreign or local e-commerce platforms as well as commissions received by e-commerce platform operators for carrying out the transactions within the scope of VAT. For this purpose, e-commerce platform providers are required to register for VAT and calculate, declare, and pay VAT on sales of goods or services through their platforms. The tax authority issued a Circular providing a simplified procedure for nonresidents to discharge their filing obligations. The VAT return filing is done on the tax authority's website and the payment is made to the account (RIB: 12001 00497 11111111111 23) of the Large Taxpayers Unit through wire transfer. In addition, other VAT changes include the introduction of an exemption for contracts and commissions on life insurance products with a savings component.

- **Chile:** On January 17, 2020, the tax authority of Chile published Ruling 115/2020 in which it clarified that promotion services of international events provided by national companies, and hired by the Tourism National Service through a Framework Convention of Event Production, is not subject to VAT, as such service are provided and used abroad. Providers of these services must issue export invoices.

- **Czech Republic[12]:** On January 22, 2020, the final draft bill of a seven percent DST was submitted in the Czech Parliament. Recall, if approved, the tax would apply to companies that are part of corporate groups generating annual gross receipts of more than EUR 750 million ($836 million) and with a tax base relating to taxable digital services rendered in the Czech Republic exceeding CZK 100 million ($4.4 million). The tax would apply to the performance of targeted advertising campaigns, the use of multilateral digital interfaces, and the provision of user data. The DST is to be implemented shortly after approval in parliament, which is expected by mid-2020. If approved as drafted, it will be scheduled to expire after 2024, although it could be repealed earlier if agreement is reached at the level of the OECD on the taxation of the digital economy.

- **Czech Republic:** While the Czech amendment to the VAT Act implementing the EU VAT Quick Fixes is still waiting for its second reading in the Chamber of Deputies, the General Financial Directorate (GFD) disclosed information confirming the option for taxpayers of invoking the EU VAT Directive's direct effect. This means that effective January 1, 2020, Czech entities may proceed in accordance with the amended EU rules, even if they have not yet been implemented into Czech law. In its information, the GFD points out that if the option of applying the direct effect is exercised, all other related conditions must also be fulfilled. This primarily involves deliveries of goods from the Czech Republic to another EU Member State via call-off stock arrangements. Individual flows of goods (i.e., the transfer of goods to a call-off warehouse and its subsequent domestic sale) must be declared correctly in EC Sales Lists, now containing a new separate sheet specifically designed for this purpose. According to the GFD's information, an updated electronic EC Sales List form should be available on the tax portal no later than February 20, 2020. The application of the directive is voluntary, which means that it is also possible to adhere to the VAT Act currently in effect. To read a report prepared by the KPMG International member firm in the Czech Republic, please click here.

— **Denmark:** Effective January 1, 2020, Denmark increased the Intrastat reporting threshold for both the Arrivals report from DKK 6.7 million ($1,003,000) to DKK 6.9 million ($1,033,000) and for the Dispatches report from DKK 5 million ($748,000) to DKK 5.2 million ($778,000). Effective February 1, 2020, Danish Intrastat reporters are divided into two separate groups solely based on their annual EU trading. Each reporter is placed in one of the groups according to the following thresholds determined by the Danish Statistical Office: DKK 14.1 million ($2,110,000) for the Arrivals side and DKK 16.5 million ($2,470,000) for the Dispatches side. The first group is composed of larger companies whose annual trades stay above the thresholds on both sides. In this case, the Intrastat deadlines remain unchanged. The second group refers to the smaller companies with annual trades below the mentioned thresholds. These companies have the opportunity to report later with the Intrastat deadlines falling on the same day as the monthly VAT return deadlines.

— **Dominican Republic:** On January 29, 2020, the Dominican Tax Authority ('DGII) issued General Rule No. 02-2020, which provides that (1) services rendered by investment funds administrators would be VAT exempt, (2) the withdrawal of assets allocated in investment funds would not be subject to the Tax on the Issuance of Checks and Electronic Transfers, and (3) the requirements for the registry of investment funds before the DGII have been properly listed; reducing, in principle, unnecessary or arbitrary requests for information or documents. To read a report prepared by the KPMG International member firm in the Dominican Republic, please click here.

— **European Union[13]:** On January 15, 2020, the European Union published Commission Implementing Regulation (EU) 2020/21 amending Implementing Regulation (EU) No 79/2012 laying down detailed rules for implementing certain provisions of Council Regulation (EU) No 904/2010 concerning administrative cooperation and combating fraud in the field of VAT. Under the current rules, Member States may publish on a web portal the VAT rates applicable to telecommunication, broadcasting and digital services which are subject to the mini-one-stop-shop (MOSS) reporting regime. Effective January 1, 2021, the scope of the MOSS regime will be expanded to include distance sales of goods and other B2C provisions of services. Taking into account the broader scope and the fact that the goods and services will be subject to a wide range of VAT rates in different Member States, the information provided on the web portal will be expanded effective January 1, 2021.

— **European Union[14]:** On January 16, 2020, the EU VAT Forum published a report on cross-border VAT disputes. The EU VAT Forum is a discussion platform established to facilitate communication between businesses and tax authorities with the aim to improve the practical application of VAT legislation. The EU VAT Forum observes that although the sourcing rules in the EU VAT system are designed to avoid double taxation and double non-taxation, such situations still occur in practice. Currently, the following tools are available to tackle double taxation under the European Union VAT regime: (1) harmonizing the application of VAT rules with VAT Committee guidance and European Commission explanatory notes; case law of the ECJ; VAT cross-border rulings; and the SOLVIT system. In the assessment of the EU VAT Forum, none of the above tools is capable of fully avoiding double taxation. The EU VAT Forum, therefore, suggests a number of short-, mid-and long-term solutions generally aiming to improve communication, to improve the functioning of existing tools and to develop a more fraud proof legal framework.

- **European Union[15]:** On January 24, 2019, the European Commission issued letters of formal notice to Cyprus, Belgium, United Kingdom, Portugal, Luxembourg, Italy, France, Spain, Greece, Denmark, Czech Republic, and Slovakia relating to the implementation of the EU VAT Quick Fixes which (1) provide for a simplified and uniform treatment for call-off stock arrangements; (2) require the identification number of the customer as well as the proper fulfilment of a VAT recapitulative statement to become an additional condition for the zero-rating of intra-EU sales of goods; (3) establish uniform criteria in determining the VAT treatment of chain transactions; and (4) introduce a common framework for the documentary evidence required to claim a VAT exemption for intra-EU sales of goods
- **Greece[16]:** On January 16, 2020, the Greek (Hellenic) Statistical Authority announced that the thresholds, over which Intrastat return filing is required for 2020 are EUR 150,000 ($168,000) for Arrivals and EUR 90,000 ($100,500) for Dispatches.
- **Greece[17]:** On January 24, 2020, the Public Revenue Authority of Greece published Circular E.2006 providing clarifications on the suspension from VAT applying to transfers of new buildings. The Circular clarifies that the suspension regime is optional and the decision of the applicant's competent tax office confirming the suspension is valid until December 31, 2022. Moreover, the Circular clarifies that the Supervisor of the applicant's competent tax office is required to provide a suspension from VAT if the applicant files the required forms and documentation as clarified in document A.1012. The Circular further clarifies that the applicant must be compliant with the current rules before applying for the suspension regime. Finally, it provides clarifications on exercising of the right to deduct the VAT by the applicant. More specifically, the exercising of this right is suspended for the full period in which the regime applies, while the applicant would need to adjust and remit to the Greek State any recovered Greek purchase VAT associated to the construction of the building for which the suspension regime applies.
- **Greece[18]:** The Greek Public Revenue Authority recently published a Reduced VAT Rate Guide that clarifies the goods and services listed in Annex III of the VAT Code that are subject to the reduced and super-reduced VAT rates of 13 percent and 6 percent, respectively. The Guide clarifies that where the tariff heading "EX" is referenced, the reduced VAT rates apply only to goods that are explicitly listed in the relevant section of the Annex and not

to all goods classified under the respective tariff heading. For goods and services not included in the Annex or for which there is any doubt as to their inclusion as a result of their type, destination, composition, or for any other reason, then the goods and services are subject to the standard VAT rate. The Reduced VAT Rate Guide also provides illustrative examples of several types of goods and services subject to the reduced rates, although it is noted that the examples are not exhaustive and that the current VAT Code and the EU Common Customs Tariff schedule should be reviewed for determining the correct VAT rate.

— **Ireland:** On January 7, 2020, Ireland published a Statutory Instrument No. 687/2019 implementing the EU VAT Quick Fixes which (1) provide for a simplified and uniform treatment for call-off stock arrangements; (2) require the identification number of the customer as well as the proper fulfilment of a VAT recapitulative statement to become an additional condition for the zero-rating of intra-EU sales of goods; (3) establish uniform criteria in determining the VAT treatment of chain transactions; and (4) introduce a common framework for the documentary evidence required to claim a VAT exemption for intra-EU sales of goods.

— **Kazakhstan[19]:** On December 10, 2019, the State Revenue Committee of Kazakhstan explained that in the case of goods imported into the territory of Kazakhstan under a commission agreement, the commission agent is required to calculate and remit the VAT to the tax authority. The VAT paid by the commission agent upon the import of goods is credited by the buyer of the goods based on an invoice issued by the commission agent, as well as on a copy of the VAT return and a copy of the notification of the import of goods and the paid VAT confirmed by the tax authority.

— **Kenya[20]:** Effective January 1, 2020, Kenya reintroduced the three percent gross receipts tax which is levied on any person whose gross receipts does not exceed KES 5 million ($48,800). However, the tax does not apply to employment income; rental income; limited liability companies; management and professional services; and VAT-registered persons.

— **Korea[21]:** On January 10, 2020, the South Korean National Tax Service issued a notice clarifying the filing procedures and required documentation of foreign businesses to claim VAT refunds.

— **Luxembourg[22]:** On January 17, 2020, the VAT authority of Luxembourg published Circular No. 800 clarifying the concept of "performer" for the application of the super-reduced VAT rate of three percent for services provided by writers, composers and performers. The Circular clarifies that a "performer" includes, among others, every person who represents, sings, recites, declaims, plays, or in any other manner presents, a literary or artistic work, a variety or circus number, or plays in a puppet show. The super-reduced rate does not apply to, among other persons, impresarios and persons participating in television and radio commercials.

— **Macedonia[23]:** On December 27, 2019, Macedonia published in the official gazette a law amending the VAT law effective January 1, 2020. The amendments increase the VAT registration threshold from MKD 1 million ($17,500) to MKD 2 million ($35,000). The new provisions also reduce the period, from five to three years, during which taxpayers must continue to be registered for VAT purposes following their registration. If a taxpayer, in the third year following registration, has not reached the income threshold of MKD 2 million, it may request deregistration for VAT purposes.

— **Mexico[24]:** On January 31, 2020, Mexico's tax authority published a guidance clarifying the new rules requiring companies to withhold VAT on their outsourcing services, which was introduced in Mexico's latest tax reform. (To read a report on Mexico's tax reform, please click here.) The provision requires companies to withhold six percent of VAT on payments they make to service providers. The measure had created confusion over whether subcontracting would count as outsourcing and trigger the withholding requirements. The guidance brings the definition of outsourced services closer to the definition used in Mexico's federal labor law, but the labor law does not cover all types of outsourcing, thus creating potential confusion. If companies end up withholding too much, they can request a refund within 40 days of filing, according to the guidance.

— **Moldova[25]:** On December 27, 2019, the State Tax Service of Moldova (STS) published a ruling clarifying the issue of whether services provided by an online travel agency relating to accommodation in Moldova are considered import of services subject to VAT. The STS pointed out that VAT on services provided by a resident of Moldova or a nonresident is determined on the basis of the sourcing rules. Services in the field of science, education or other similar fields are sourced where they are actually provided, while other services are sourced to the domicile or residence of the person providing the service. Moreover, the STS pointed out that the rules applicable to a particular category of services depend on the assignment of that service in the Classification of Economic Activities of Moldova (CEAM-2). Based on official data, services provided by the nonresident online travel agency can be assigned to section N code 79.90 of CEAM-2 (Administrative activities and support services—Other reservation services and tourist assistance). The STS clarified that such services are sourced where the person providing the services is resident. As a consequence, the services provided by the nonresident online travel agency relating to accommodation in Moldova are not subject to VAT in Moldova.

— **Moldova[26]:** On December 23, 2019, the STS issued a ruling clarifying the application of VAT to IT services. In the case at hand, a company resident in Moldova purchased IT services from a resident of Belarus and subsequently, without having used the services in Moldova, resold them to a US resident. The STS pointed out that IT services provided by a nonresident company or individual to resident or nonresident companies for which the sourcing is Moldova will be considered import of services, which is subject to VAT. Consequently, since the IT services were purchased by a resident of Moldova from a nonresident, such services are considered import of services and subject to VAT. With regard to the subsequent sale of IT services to a nonresident, the services are considered export of services, which are zero-rated.

- **Moldova[27]:** On January 28, 2020, the STS issued FAQs on the application of reduced VAT rates on various goods and services including on income from accommodation and catering services provided to employees; on income from the balance left by customers after payment of consumption tax receipts issued by a restaurant; and on income from activities not defined under specific provision of the Classifier of Activities from the Economy of Moldova. The FAQs further outline the goods subject to a reduced VAT and clarify the VAT rate quotas for various goods.
- **Norway:** The KPMG International member firm in Norway published a report on the new VAT rules aimed at nonresident sellers of low value goods that are effective April, 1 2020. Recall, Norway recently amended its VAT law repealing its low value goods import threshold and requiring nonresident vendors of goods valued below NOK 3,000 ($327) to register for, report, and pay VAT according to a simplified VAT on E-commerce (VOEC) mechanism.
- **Poland:** Poland recently introduced a "sugar tax" applicable on beverages containing sugars, as well as caffeine and/or taurine products effectively July 1, 2020. The tax would amount to 0.5 Polish zloty ($0.13) per liter for drinks with a sugar content of less than 50 grams per liter, rising by 0.05 Polish zloty per additional 10 grams of sugar. Drinks containing added caffeine or taurine would be taxed at 0.1 Polish zloty per liter. The combined tax burden would be capped at 1.2 zloty per liter. To read a report prepared by the KPMG International member firm in Poland, please click here.
- **Singapore[28]:** On January 29, 2020, the Inland Revenue Authority of Singapore (IRAS) updated its GST e-tax guide on fringe benefits provided to employees. The updated guide states that employers are eligible to claim GST on administrative concessions for temporary accommodations provided to their foreign employees. The guide further clarifies the definition of nonresident employees and the expenses excluded from the new concessions, including transportation expenses for traveling between home and work. Moreover, the guide includes an example of the food and beverage subsidy by an employer on its premises. The guide further clarifies the GST treatment of mobile phone expenses and includes information on the GST treatment of transport expenses before February 1, 2020.
- **Singapore:** On February 18, 2020, the Finance Minister presented the budget for 2020. The main indirect tax proposal is that the planned GST rate will remain unchanged at 7 percent, rather than increasing to 9 percent in 2021 as originally scheduled. To read a report prepared by the KPMG International member firm in Singapore, please click here.
- **South Africa:** On February 26, 2020, the Finance Minister of South Africa presented the budget for 2020-2021, which would, among other things, amend several indirect tax measures. The budget would amend the rules concerning the basis on which intermediaries involved with sales of digital services are to account for VAT. The budget further recommends to review the unintended VAT implications of recent income tax relief. Finally, the budget proposes to increase the plastic bag levies, the tax on motor vehicle emissions, the incandescent globe tax, and the carbon tax. To read a report prepared by the KPMG International member firm in South Africa, please click here.

- **Spain[29]:** On December 31, 2019, Spain published several orders approving or amending different VAT forms effective January 1, 2020. Order HAC/1270/2019 creates new VAT form 318 aimed at regularizing VAT refunds granted by the central tax authority prior to the start of the business activities where, following that start, a substantial variation occurred in the VAT proportion to be assigned to the different central and local (Basque Country and Navarra) tax administrations. Order HAC/1274/2019 includes two amendments to form 390 (VAT annual recapitulative statement). According to the order, it is no longer possible to submit this model via SMS. Moreover, box 662 of Model 390 is renamed in order to clarify the information to be included in it.
- **United Arab Emirates[30]:** On December 28, 2019, the Federal Tax Authority of the United Arab Emirates (FTA) published an update to its guide on VAT recovery apportionment. The first version clarified the special methods to determine the recoverable part of the residual VAT for taxpayers who are not allowed to fully recover VAT incurred on the goods and services purchased. The application of the special methods requires prior approval from FTA. The updated guide clarifies that taxpayers applying for methods of the Input VAT Apportionment other than the standard method are required to submit their calculations to the FTA for a minimum period of 12 months preceding the application (previously the calculation was set for a 6-12 month period). Moreover, the FTA has added a disclaimer stating that the example on VAT recovery apportionment in Appendix 2 may not be suitable for all taxpayers and needs to be adapted to the type of business. Finally, the FTA has provided a checklist that taxpayers need to go through before sending their application to the FTA.
- **United Kingdom[31]:** On December 30, 2019, the UK's First-Tier Tribunal published its decision in *Melford Capital General Partner Ltd,* [2020] UKFTT 0006 (TC), regarding the recovery of VAT on costs incurred by a member of a VAT group. In the case at hand, a general partner in a Limited Partnership that holds shares in Hyde Park Hayes Ltd (HPH), which in turn holds shares in a number of companies (special purpose vehicles, SPVs). Each company holds a separate asset (usually property). The SPVs exploit the property to generate income from rent or the sale of the asset. The income is passed to HPH, which passes it to the general partner. The general partner then distributes the proceeds to the partners of the Limited Partnership. The appellant is owned by Melford Capital Partners LLP. Melford Capital Partners LLP provides services to the Limited Partnership, HPH and the SPVs. Each SPV undertakes to pay Melford Capital Partners LLP, where the services are provided direct to the SPV. Melford Capital Partners LLP and the Limited Partnership are in the same VAT group. HPH and the SPVs are in a different VAT group. The Limited Partnership incurs set up costs for each SPV investment opportunity and operating costs. HMRC was of the view that some of the VAT on costs incurred was unrecoverable. The First-tier Tribunal held in favor of the general partner holding that the VAT group makes only taxable sales, so all VAT on costs is recoverable.

— **United Kingdom[32]:** HM Revenue and Customs recently published a new guidance for businesses on opting out of Making Tax Digital for VAT. On April 1, 2019, the UK launched Making Tax Digital for VAT, introducing new obligations on VAT-registered businesses to keep their records digitally and submit their VAT return using MTD-compatible software. Most VAT registered businesses with a taxable gross receipts above GBP 85,000 ($104,300) must follow the rules for Making Tax Digital for VAT. (For KPMG's previous discussion on MTD, please click here.) However, businesses are automatically exempt from Making Tax Digital for VAT if: (1) their taxable gross receipts has not been above GBP 85,000 since April 2019; they are already exempt from filing VAT Returns online; or if the business owner or business is subject to an insolvency procedure. According to the guidance, taxpayers can also apply for an exemption if it is not reasonable or practical for them to use computers, software, or the internet. This could be, for instance, because: of the taxpayer's age, a disability, or where the taxpayer lives; a taxpayer objects to using computers on religious grounds; or any other reason why it is not reasonable or practical. HMRC said it will consider each application on a case by case basis. To apply, taxpayers or their agents should call or write to HMRC, with their VAT registration number; business name and address; details of how the business's VAT Return is currently filed; the reason for the exemption claim; and authorization from the business, if the applicant is applying on behalf of someone else. HMRC will then respond to the request by letter. In addition, taxpayers may opt out where they have signed up for Making Tax Digital for VAT voluntarily but their taxable gross receipts has not gone above GBP 85,000. This can be achieved by logging in to their VAT online account. Taxpayers will be opted out from their next return period. The guidance states taxpayers must continue to keep digital records until the next return period, and submit the next return using software that is compatible with Making Tax Digital.

— **Uzbekistan:** On December 31, 2019, Uzbekistan published a law, which among other things, amends the VAT law effective January 1, 2020. The law introduces a fixed tax rate for social security, VAT, and individual income taxes and provides a refund for excess VAT effective July 1, 2020. The law further introduces a new risk analysis procedure to select entities for audit through 2021. Finally, the law introduces a VAT exemption on the sale of goods purchased through loans from foreign government financial institutions.

About Inside Indirect Tax

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

Footnotes

1. Morocco—Finance Law for 2020 enacted—indirect taxation (Jan. 9, 2020), News IBFD.
2. Russia—Reduced VAT rate on imported fruits and palm oil—resolution gazetted (Jan. 21, 2020), News IBFD.
3. CCH, Global VAT News & Features, Sales And Income Tax Hikes In The Canary Islands (Jan. 13, 2020).
4. CCH, Global VAT News & Features, Bahrain Introduces Annual VAT Return For Small Businesses (Jan. 14, 2020).

5. Argentina—Tax on export of services—regulated (Feb. 3, 2020), News IBFD.

6. CCH, Global VAT News & Features, Bahrain Introduces Annual VAT Return For Small Businesses (Jan. 14, 2020).

7. Bloomberg Law News Jan. 28, 2020, Bahrain Tax Agency Posts VAT Handbook on Education Sector.

8. Bloomberg Law News Jan. 8, 2020, Brazil Gazettes Consultation Solution Clarifying Social Contribution Credits for Telephone, Internet Services.

9. Orbitax, Bulgaria Clarifies New Turnover Calculation Rules for VAT Registration (Jan. 16, 2020).

10. Bulgaria—Amendments to regulations for application of VAT Act—consultation launched (Jan. 29, 2020), News IBFD.

11. Orbitax, Cameroon Finance Law for 2020 Published Including New Transfer Pricing Rules, VAT Requirements for E-Commerce, and Other Tax Measures (Jan. 17, 2020).

12. Orbitax, Final Draft Bill for Digital Services Tax Submitted in Czech Parliament (Jan. 27, 2020).

13. European Union—Commission Implementing Regulation on expanding web portal on VAT rates in connection with e-commerce package—published (Jan. 17, 2020), News IBFD.

14. European Union—EU VAT Forum report on cross-border VAT disputes—published (Jan. 20, 2020), News IBFD.

15. European Union; Belgium; Cyprus; Czech Republic; Denmark; France; Greece; Italy; Luxembourg; Portugal; Slovak Republic; Spain; United Kingdom—European Commission issues letters of formal notice to number of Member States for failure to implement quick fixes (Jan. 28, 2020), News IBFD.

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19. Kazakhstan—VAT on goods imported under commission agreement—SRC clarifications (Jan. 17, 2020).

20. CCH, Global VAT News & Features, Kenya Reintroduces Turnover Tax (Jan. 15, 2020).

21. Bloomberg Law News Jan. 14, 2020, South Korea Tax Agency Issues Notice on VAT Refunds for Foreign Businesses.

22. Luxembourg—Super-reduced rate—clarifying circular published (Jan. 22, 2020), News IBFD.

23. North Macedonia—VAT registration threshold increased—amendments published (Jan. 16, 2020), News IBFD.

24. Bloomberg Law News Feb. 4, 2020, Mexico Fine-Tunes Language to Address VAT Withholding Confusion.

25. Moldova—VAT treatment applicable to online travel agency services—STS clarifications (Jan. 8, 2020), News IBFD.

26. Moldova—VAT on IT services—STS clarifications (Jan. 8, 2020), News IBFD.

27. Bloomberg Law News Jan. 31, 2020, Moldova Tax Agency Issues FAQs on Reduced VAT for Various Goods, Services.

28. Bloomberg Law News Feb. 3, 2020, Singapore Tax Agency Updates GST e-Tax Guide on Employee Fringe Benefits.

29. Spain—Orders approving or amending indirect tax forms—gazetted (Jan. 15, 2020), News IBFD.

30. United Arab Emirates; GCC—Special Methods Guide on input VAT apportionment—amended (Jan. 10, 2020), News IBFD.

31. United Kingdom—Melford General Partner Limited: recovery of VAT costs in VAT group (Jan. 21, 2020), News IBFD.

32. CCH, Global VAT News & Features, UK Releases Guidance On Opting Out Of MTD For VAT (Jan. 22, 2020).

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