



# VAT/GST treatment of cross-border services

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# Foreword

In the US, we recently observed the 50th anniversary of the issue of how to collect tax on cross-border sales by remote sellers to proximate consumers. In a seminal case — known as *National Bellas Hess* — the US Supreme Court decided that states could not require remote sellers with no physical presence to collect and remit ‘use tax’ on mail-order sales.

Twenty years later, this issue unexpectedly began shaping my own career when, in 1989 as a student, I was asked to ‘blindly’ select the topic for my thesis — from a hat — it was “The collection of transaction based taxes on cross-border sales by remote sellers”. I published my thesis in the *Georgetown Law Journal* in 1991, thus setting in motion the wheels that have formed quite a bit of my career. Little did I know then that these issues would still be around over yet another 25 years later. And never did I think that the issue would actually expand in scope and significance.

As I reflect on this, what is most striking is how similar the issues are worldwide. For example, let’s consider the plight of the small and medium enterprise. From my thesis — of which I’ve forgotten quite a bit — I can never forget the powerful impact of the 1980’s testimony on Capitol Hill by the George W Park Seed company. The Park Seed Company sold seeds, the perfect sort of fact pattern to grab the attention of legislators because seeds are necessary for food and flowers and because the buyers of seeds in the 1980s were common working people, perfect to elicit the sympathy of representatives in Congress. The Park Seed Company sold

its seeds by mail-order and its average order was quite low. You see the problem. How can a company whose average sale is only worth a few dollars be expected to subject itself to the jurisdiction of a distant state — with all that jurisdiction entails (notices, audits, filings, etc.)? Put simply, they can’t. Not even with a collection cost allowance.

Never has this issue been as important or as global as it is now, for at least three reasons:

## **The rise of the digital economy**

From 2015 to 2020, the digital economy is projected to expand from 22.5 percent of the global economy to 25 percent and that growth is expected to continue. It took 12 years for the internet to gather one billion users, but only 4 years to achieve 3 billion users. The early users surfed the internet and sent email. But the next 1 billion users will have grown up using the internet for e-commerce from day one. When I ask my Alexa app to order paper towels, I do not care who the seller is and where the seller is located!

## **The rise of transaction taxes**

From 1969 to 2017, we have truly witnessed a tax policy revolution. From eight countries in 1969 to more than 170 today, transaction taxes have swept the globe (VAT/GST and other transaction taxes with different names). Taxation of consumption at the transaction level has transformed the tax landscape. There was a time when legislative bodies



feared enacting a VAT due to political repercussions. But, in spite of that, over 170 countries now have, and even the US occasionally flirts with something that is a VAT. With the increased emphasis on transaction taxes globally, the issues we face today have become more important.

### **The decline of corporate tax**

At the same time that we've witnessed the increased prevalence of VAT/GST, we've seen the rather dramatic decline of corporate income tax rates — from over 30 countries with rates of over 50 percent 30 years ago to only five countries with rates at this level today, and a current environment where the US rate of 35 percent is out of line and on the high side. In Europe alone, we see rates of 12.5 percent and 11 percent as examples.

The truth is that we saw radical tax reform across the globe in the 20th century, and the ramifications of these reforms and the change in the global and domestic economies are now coming to the fore.

Into this environment, the work carried out by the OECD in terms of its International VAT/GST guidelines are welcome and will play a significant part in shaping the regulatory and business environment around B2B and B2C, cross border supplies of services. But they do not arise in isolation, and around the globe, the 'indirect tax map' is full of recent or proposed changes, many of which are, as expected, not harmonized with other countries. For the multi-national

business, these changes are complex, lengthy and difficult to follow whether trying to determine VAT/GST obligations, assess compliance challenges, understand government data requirements or deal with disruptive business models.

KPMG International's 2017 survey on VAT/GST and cross-border supplies of B2B and B2C services, involving 54 countries, provides a comprehensive global reference on which businesses can look to build their knowledge and develop further insights into how best to manage indirect taxes in this complex area. But as the survey shows, we are still a long way from having a clear and consistent framework for taxation in the digital economy.



**Tim Gillis**  
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# VAT/GST and the digital economy: the untold story of global challenges

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**Technological changes and improvements have created new challenges for businesses regarding compliance with value added tax (“VAT”) laws. This article is intended as a guide to assist businesses in understanding new VAT rules applicable to digital goods and services, identifying when a business may have VAT obligations, and understanding compliance requirements and other pitfalls.**

Not so long ago, neither VAT, also known as goods and services tax (“GST”), nor the internet existed. First, the French<sup>1</sup> dared to implement a new form of taxation that would spread across the globe and become so popular that now more than 165 jurisdictions use it as a steady source of revenue. The idea is simple: taxing consumption rather than income and requiring domestic businesses to collect the tax on behalf of the government on domestic sales of goods and services. But then the Big Bang occurred: thanks to the internet, sellers of goods and services could have immediate access to a global market, and the World Wide Web rapidly became the town square for the global village. Today, a company operating from a garage in Palo Alto, California (or any place on the globe with a decent internet connection), can sell its digitized products to millions of customers around the globe without a single sales representative setting foot in a foreign country.

The growing digital economy exposed the logical cracks in the VAT rules applicable to brick and mortar businesses, and countries became concerned about a loss in revenues because the existing VAT rules did not tax consumption of digital products in the country of consumption. As countries began to modify their VAT laws to face these new challenges, e-commerce providers became global tax citizens, dragging traditional businesses into the global tax net with them. This article is intended as a guide to assist businesses in understanding the new VAT rules applicable to digital goods and services, identifying when the business may have VAT obligations, and understanding compliance requirements and other pitfalls the rules may entail.

## Digital economy VAT 101

As a consumption tax, VAT traditionally applies where the consumption occurs following the so-called destination principle.<sup>2</sup> In cross-border transactions involving tangible personal property, this is achieved by not taxing exports and imposing VAT at the port of entry in the country of import. Most jurisdictions currently exempt from VAT the importation of low-value goods (“LVG”) by final consumers as the cost of administration is considered greater than the eventual revenue collected from these imports.<sup>3</sup> Applying the destination principle to services and intangibles is more challenging because of the difficulty in identifying the jurisdiction of consumption as well as the potential compliance obligations that could confront a multijurisdictional seller. As a rule of thumb, most jurisdictions have traditionally applied the following rules to sales of services and intangibles generally:

- For business-to-business (“B2B”) transactions, VAT is due in the country of the customer
- For business-to-consumer (“B2C”) transactions, VAT is due in the country of the vendor

These rules were developed when most VAT systems were originally implemented and consumers acquired goods and services primarily from domestic vendors. At that time, the places of sale and consumption were generally located within a single jurisdiction. For B2C transactions, the location of the vendor seemed to be a reasonable proxy for the place of

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<sup>1</sup> Ebrill, Keen, Bodin & Summers, *The Modern VAT* 4 (IMF 2001).

<sup>2</sup> For a discussion of why a destination-based taxation is preferred, see Keen & Hellerstein, *Interjurisdictional Issues in the Design of a VAT*, 63 *Tax Law Rev.* 359, 365-66 (2010). See also Ebrill, *The Modern VAT*, at 177-84.

<sup>3</sup> See Laura Mattes, *VAT Aspects of Cross-Border Transactions in the BEPS Era*, IBFD Int'l VAT Monitor, May/June 2016, at 176.



consumption since the impact of not imposing VAT on cross-border services was minimal, as the volume of transactions was not significant. The same reasoning applied to the exemption of B2C imports of LVG.

The “digital revolution” disrupted traditional business models, and the VAT revenue foregone by not taxing cross-border sales of digital goods and services generated serious concerns for many tax authorities worldwide. In New Zealand, for example, a VAT leakage of 180 million New Zealand dollars (NZD) (114 million US dollars (USD)) per year has been reported as a result of cross-border services, intangibles, and goods.<sup>4</sup> While the European Union (the “EU”) partially addressed these challenges in 2003,<sup>5</sup> it was not until late 2015 that the Organisation of Economic Cooperation and Development (the “OECD”) published its updated International VAT/GST Guidelines<sup>6</sup> (the “Guidelines”), which were endorsed by more than 100 jurisdictions. The Guidelines endorse the destination principle as the international norm and recommend that B2B and B2C transactions be taxed in the country in which the customer is established, except for B2C “on-the-spot” services (e.g., personal services, accommodations, restaurants, etc.), which should be taxed where the service is rendered. Also, the Guidelines recommend that services related to immovable property should be taxed where the property is located. The Guidelines further recommend that for B2C services, the nonresident vendor should register for and charge VAT in the country in which the consumer is located. For B2B services, the Guidelines suggest that the business recipient should self-assess VAT through a reverse charge or similar mechanism.

The adoption of the Guidelines seems to have jump-started the process of adapting VAT/GST rules to the challenges of the digital economy as a number of countries/jurisdictions have, or are in the process of, implementing new rules that largely conform to the OECD Guidelines, including Australia, Albania,

the Bahamas, Belarus, Colombia, the 28 Member States of the EU, the six member states of the Gulf Cooperation Council, Ghana, Iceland, India, Japan, Kenya, New Zealand, Norway, Serbia, South Africa, South Korea, Switzerland, Taiwan, and Tanzania. It is expected that the number of countries adapting their VAT/GST laws to the challenges of the digital economy will only grow in the upcoming years.

### Identifying foreign VAT obligations in cross-border sales of services and intangibles

Companies involved in cross-border sales of services and intangibles must carefully go through an iterative process to determine their potential foreign VAT obligations. For simplification purposes, we will refer to these sales as sales of digital services because most new rules are aimed at these types of products and services. Examples of these digital services include downloaded or streamed books, music, and movies, online games, software, and telecommunications services. However, the scope of these services may be even broader, as discussed below.

The order of the following steps may vary depending on the information available to a company. While some might suggest reviewing the type of services sold, we suggest first identifying countries where sales are made and maintaining a good understanding of the business supply chain. This approach allows companies to quickly “scope out” a large number of jurisdictions. For instance, if a company makes sales only to countries in Latin America, the underlying VAT risk will (for now) likely be low, and the company would have only to monitor developments in the region (e.g., Colombia). On the opposite end of the spectrum, when making sales to EU countries, the VAT risk will likely be higher, and a company will have to carefully assess the likely VAT obligations arising from its transactions.

<sup>4</sup> New Zealand Inland Revenue, GST: Cross-border services, intangibles and goods. A government discussion paper (2015).

<sup>5</sup> Before 2015, the EU required non-EU businesses to register for and charge VAT in the Member State of consumption on sales of electronic supplied services to EU consumers. However, these rules were not applicable to EU businesses making identical sales. In 2015, the EU harmonized the VAT treatment of these sales, requiring all B2C vendors of telecommunications, broadcasting, and electronic supplied services to register for and charge VAT in the Member State of consumption. See e.g., Philippe Stephanny, *Upcoming 2015 Changes in EU Sourcing Rules For Electronic Supplies, Broadcasting and Telecommunications Services*, 23 BNA Daily Tax Rep. J-1 (4 Feb. 2014).

<sup>6</sup> OECD, International VAT/GST Guidelines, available at <http://www.oecd.org/tax/consumption/international-vat-gst-guidelines.pdf>.



### Step 1: Identifying countries where sales are made

The first step for any company involved in digital sales is to establish a list of countries in which sales are made. This list will constitute the basis for further analysis, and should be reviewed and updated regularly as new jurisdictions introduce special rules for digital sales.

From the list of foreign jurisdictions, the company should then categorize the jurisdictions into those that have implemented special rules for digital sales, those that will implement these rules in the near term, and those that are considering changes in the longer term. This segregation will help the company focus on those transactions that have the most immediacy. While this approach allows an identification of most jurisdictions in which a foreign VAT obligation for sales of digital services may arise, such an obligation may also arise in other jurisdictions under current VAT/GST rules not specifically aimed at digital services. In Canada, for example, under the general GST rules, a nonresident vendor that has a permanent establishment (“PE”) in Canada is treated as a resident and must in general register and collect GST for the activities carried on through that PE. Moreover, nonresidents without a PE may be required to register for GST purposes if they are considered “carrying on a business in Canada” based on a 12-factor test.<sup>7</sup> For this reason, businesses should perform a somewhat abbreviated second round verification of all remaining jurisdictions.

Finally, businesses should be aware that determining where sales are made for VAT/GST purposes may require identification of customer location, which involves some complexity, as we discuss below under the compliance obligation. As a consequence, when evaluating countries with potential sales, businesses should first use data that is readily available to broadly identify whether a potential foreign VAT obligation exists. At a later stage, businesses should take into consideration the complex compliance rules and verify whether additional VAT liabilities exist.



### Step 2: Determining the person liable to comply with foreign VAT laws

Once a business has identified the countries in which it makes sales of digital services, it should review its supply chain and determine whether the company itself or a third party is liable for compliance with the foreign VAT requirements. Many countries have enacted special rules for sales involving intermediaries, especially electronic marketplaces (e-marketplaces). Under these rules, sales via an e-marketplace are deemed to be carried out by the e-marketplace and not by each individual vendor, thereby shifting the VAT liability (and compliance obligations) from the vendor to the e-marketplace.

Approaches to the taxation of the intermediaries may vary among jurisdictions depending on contractual terms. For instance, the EU and Australia have rules that deem an intermediary involved in “key aspects of the sale” to be the vendor. Under the EU approach, for each transaction in the supply chain, each entity is deemed to have received and resold the digital service itself (reseller assumption).<sup>8</sup> Thus, under this assumption, an e-marketplace operator involved in “key aspects of the sale” to the final consumers is required to account for VAT. In assessing whether a taxable person is involved in “key aspects of the sale,” both facts and legal relationships need to be taken into account. The EU “Explanatory Notes” provide guidance and a number of examples indicative of this requirement, including owning the online platform, controlling or influencing pricing policy, owning customer data, etc.<sup>9</sup> The assumption can be rebutted if both the facts and the contractual arrangements between the relevant parties demonstrate that the actual individual vendor and not the e-marketplace is rendering the service. Moreover, a payment service provider that merely processes the payment for the provision of e-services (e.g., a credit card company) is not subject to the assumption in the EU. In contrast, under Australian rules,<sup>10</sup> an e-marketplace is treated as the vendor of inbound intangible B2C sales, but this treatment does not extend to deeming the intermediary

<sup>7</sup> See GST/HST Policy Statement P-051 R2.

<sup>8</sup> Council Implementing Regulation (EU) No 1042/2013 of 7 October 2013 amending Implementing Regulation (EU) No 282/2011 as regards the place of supply of services [2013] OJ L284/1 (Council Regulation 1042/2013), art 9a. See also Teck Chin Lim, *Introducing the ‘Netflix Tax’ in Singapore: The antipodean and European approaches*, 101 *Taxation Today* 12, 19-20 (2016).

<sup>9</sup> European Commission, Explanatory notes on the EU VAT changes to the place of supply of telecommunications, broadcasting and electronic services that enter into force in 2015, at 28 (3 Apr. 2014), available at [http://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/taxation/vat/how\\_vat\\_works/telecom/explanatory\\_notes\\_2015\\_en.pdf](http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/vat/how_vat_works/telecom/explanatory_notes_2015_en.pdf).

<sup>10</sup> A New Tax System (Goods and Services Tax) Act 1999 (Australia) (AGSTA), § 84-55(1).

to have acquired the digital content. Furthermore, under Australian rules, the services provided by the operator of the e-marketplace, such as agency or facilitation services, are treated separately in accordance with the business agreements.<sup>11</sup> Similarly, in New Zealand, nonresident operators of e-marketplaces (but nonresident operators) are by default responsible to account for GST on remote service supplies made to New Zealand customers subject to similar exceptions applicable in the case of Australia.<sup>12</sup>

Finally, businesses should take into consideration that certain jurisdictions may have implemented joint and several liability for vendors and e-marketplaces, which may drag them both into the VAT net.



### Step 3: What is deemed to be a digital service?

If the company determines that it may be required to comply with foreign VAT rules, it should then analyze whether the products sold fall under the definition of digital services in the countries in which sales are made. The scope of services falling under these new rules varies greatly.

As always, the devil is in the details, and what is a taxable transaction in one jurisdiction may not be in others. Businesses must, therefore, analyze in depth the statutes and regulations of the country in which the foreign customer is located to be certain of the application of the VAT e-commerce rules to their business transactions. For example, unlike most jurisdictions with digital service rules, South Africa currently does not include the sale of software in the definition of digital services.<sup>13</sup> However, in one of its latest budgets, South Africa stated that it would review the list of e-services and will likely include software and cloud-computing.<sup>14</sup>

Some jurisdictions adopt a relatively narrow definition of digital services. In South Korea, for example, the rules on digital services apply only to limited “content-oriented” transactions such as games, video files, electronic documents, software, and similar items processed by optical or electronic means and their upgrade.<sup>15</sup> The definition of digital services in the EU<sup>16</sup> is broader. “Electronic supplied services” are defined as services delivered over the internet or an electronic network that (1) are essentially automated, (2) involve minimal human intervention; and (3) are impossible to ensure in the absence of information technology. The EU legislation provides a long, non-exhaustive list of positive and negative examples of digital services. The positive examples<sup>17</sup> include, among other items, five broad categories of indicative e-services (i.e., website/web-hosting, software, images, text and database services, media content, and distance teaching). The negative examples<sup>18</sup> include professional services provided over e-mail, advertising services in newspapers, posters and television, distance learning involving purely correspondence, etc. The EU rules also apply to telecommunications and broadcasting services.

Other jurisdictions take a less specific approach and more closely follow the OECD Guidelines. Australia, for example, does not attempt to define a specific sub-category of digital services, but rather provides that all sales of services and intangibles made to Australian consumers are prima facie subject to GST.<sup>19</sup> Therefore, while primarily aiming at digital services, the Australian rules capture more traditional services such as consulting, advertising, and the like. The European Commission in a proposal published in December 2016 suggested adopting a similar approach to Australia and New Zealand by considering that all B2C services should be taxed where the consumer is located, unless a specific exception applies.<sup>20</sup>

<sup>11</sup> Discussion paper on issues concerning electronic distribution platforms (EDPs), TDP 2016/1, available at [law.ato.gov.au](http://law.ato.gov.au).

<sup>12</sup> Goods and Services Tax Act 1985 (New Zealand) (NZGSA), § 60C.

<sup>13</sup> See South African Revenue Service, VAT Registration Guide for Foreign Suppliers of Electronic Services; Value-Added Tax Act (89/1991): Regulations Prescribing Services for the purpose of the definition of “Electronic Services”, available at [www.sars.gov.za](http://www.sars.gov.za).

<sup>14</sup> South Africa's 2015 Budget, released on February 25, 2015, available at <http://www.treasury.gov.za/documents/national%20budget/2015/>.

<sup>15</sup> Dong Suk (Daniel) Kang, KPMG Korea, South Korea: New VAT Registration for Overseas Electronic Service Providers (2015), available at <https://home.kpmg.com/content/dam/kpmg/pdf/2015/07/tnf-korea-july6-2015.pdf>.

<sup>16</sup> Council Regulation (EC) No 1777/2005 of 17 October 2005 laying down implementing measures for Directive 77/388/EEC on the common system of value added tax [2005] JO L288/1 (Council Regulation 1777/2005), art. 11(1).

<sup>17</sup> Council Regulation 1777/2005, art 11(2)(f); see also VAT Directive, annex II.

<sup>18</sup> Council Regulation 1777/2005, art 12.

<sup>19</sup> AGSTA, § 38-190(3).

<sup>20</sup> European Commission, Modernizing VAT for cross-border B2C e-commerce, COM (2016) 757 final 2016/0370 (CNS) (12 Dec. 2016).

Identifying the taxability of a service may not be sufficient. Certain jurisdictions may apply a reduced VAT rate to certain products (e.g., e-books) or even consider that transactions are VAT exempt if certain conditions are met (e.g., education or gambling). The taxation of bundled sales (e.g., tangible property in combination with digital services) may create additional challenges to clearly determine the applicable VAT treatment.



#### Step 4: Determining the type of customer

Once a company identifies a transaction as being within the scope of digital services rules, it must then determine the status of the foreign customer “on the other side of the counter,” as, generally speaking, there are different rules and implications for B2B and B2C transactions.

While it sounds straightforward, properly categorizing the customer is, unfortunately, not necessarily simple. First, countries differ significantly in how they define a “business” and a “final consumer.” In general, most jurisdictions (e.g., EU, Australia, and New Zealand) consider a final consumer to be a private individual not registered for VAT purposes. This category may also include other non-VAT registered persons such as public bodies (e.g., India and the EU) or nonprofit organizations (e.g., EU).

In practice, vendors are generally required to identify the status and location of their customers on a transaction-by-transaction basis based on information collected through their ordinary business processes. Under EU rules,<sup>21</sup> for example, the primary evidence required to identify the status of an EU-based business customer is the VAT identification number verifiable through the EU Commission’s portal,<sup>22</sup> but alternative evidence (e.g., letter from tax authority, tax reference number, and company registration documents) may be acceptable.<sup>23</sup> Australia and New Zealand also rely on

the GST registration numbers to identify whether a customer is a business, but both countries also consider that it is up to the customer to provide accurate information on its status to the nonresident vendor and impose penalties to customers providing false information to avoid GST.<sup>24</sup>

Japan, which does not currently use a VAT identification numbering system, presents a particular challenge as the classification of B2B and B2C is based on the underlying nature of the transaction. According to the Japanese rules,<sup>25</sup> if a service can be used by private consumers, then the transaction qualifies as B2C sale even though the sale is to a Japanese business (e.g., sales of e-books to Japanese business customers). This means that, rather than identifying an individual customer’s identity using VAT registration information, the distinction between B2B and B2C is made by identifying whether a service itself, in light of its contents and contract, is usually provided for business customers or for final consumers. The Japanese law defines B2B transactions as digital services that are normally limited to businesses with respect to the nature, terms, etc., of the services provided. Examples of services that are normally limited to businesses with respect to their “nature” include distribution of advertisements via the internet, intermediation in online sales of games and applications, and online hotel and restaurant booking fees from hotel and restaurant owners. Services normally limited to businesses in view of their “terms” include, for instance, the provision of electronic services such as cloud services that are individually negotiated between parties and are obviously intended for business use by the party receiving the services.<sup>26</sup>

In most jurisdictions, a VAT liability for the nonresident vendor is triggered only in B2C transactions—in B2B transactions, the purchaser will usually account for VAT under the reverse charge mechanism—some jurisdictions will trigger a nonresident VAT liability for both B2B and B2C transactions (e.g., South Africa). In addition, even in jurisdictions where the VAT liability for B2B transactions is

<sup>21</sup> Council Implementing Regulation (EU) No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax [2011] OJ L77/1 (Council Regulation 282/2011), art. 18.

<sup>22</sup> Council Regulation 282/2011, art. 18(1)(a).

<sup>23</sup> Council Regulation 282/2011, arts. 18(1)(b), 3(b).

<sup>24</sup> Taxation Administration Act 1953 (Australia), § 284-75(4); Goods and Services Tax Act 1985 (New Zealand) (NZGSTA), § 8B(5).

<sup>25</sup> See JNTA, Revision of Consumption Taxation on Cross-border Supplies of Services (2015), available at [https://www.nta.go.jp/foreign\\_language/consumption\\_tax/cross-kokugai-en.pdf](https://www.nta.go.jp/foreign_language/consumption_tax/cross-kokugai-en.pdf)

<sup>26</sup> *Id.*

shifted to the business customer, the transaction may be subject to a VAT withholding mechanism (e.g., Russia).<sup>27</sup> Under a withholding system, the sales price is considered VAT inclusive, and the business customer withholds the VAT on behalf of the government, thus effectively reducing the consideration received by the nonresident vendor. This mechanism may also be applied to B2C transactions. Colombia, for instance, is considering introduction of a VAT withholding scheme for B2C transactions that would require financial institutions through which purchases are made to withhold the required VAT.<sup>28</sup>



### Step 5: Determining the registration threshold

Once a company has identified that it has a potential VAT liability in a given country, it must then determine whether its level of sales triggers a VAT registration requirement. The approach to registration thresholds and the types of sales that count toward its computation vary among jurisdictions. Thresholds may vary from nil (e.g., EU, Russia), to low (e.g., ZAR50,000 (USD3,413) in South Africa),<sup>29</sup> to high (e.g., 100,000 Bahamian dollars (BSD)).<sup>30</sup> In addition, businesses must also consider the type of sales that should be included in the VAT/GST threshold computation. For instance, in New Zealand, remote services provided by a nonresident to New Zealand GST-registered businesses do not count toward the registration threshold as these are not within the scope of the tax. In Switzerland, effective 2018, worldwide sales will be taken into consideration in computing the threshold.<sup>31</sup> Consequently, a single B2C sale in Switzerland may trigger a registration obligation if sales to other jurisdictions are sufficient to exceed the threshold.

In the EU context, the current regime for taxing cross-border electronic services imposes a significant compliance burden on small businesses (both EU and non-EU) since the

registration threshold applicable to domestic vendors is not applicable to foreign vendors. In other words, vendors from jurisdictions other than the country of consumption are under all circumstances required to register for VAT with respect to digital sales made to final consumers established or resident elsewhere in the EU.

Some Member States implemented unilateral measures to relieve the compliance burden placed on small businesses (e.g. UK).<sup>32</sup> To alleviate the compliance burden, the European Commission released a proposal to modernize VAT rules for cross-border e-commerce as of 1 December 2016 (the “EU VAT proposal”).<sup>33</sup> Pursuant to the EU VAT proposal, effective 1 January 2018, EU companies with annual cross-border sales up to 10,000 euros (EUR) should be allowed to treat these sales similar to their domestic sales, and therefore deal only with their national tax authority. Thus, instead of having to use the VAT Mini One Stop Shop (the VAT MOSS), which as discussed below allows nonresidents to register in one Member State for the collection of VAT on digital services in all the 28 EU member states, or register in each country they make sales, small EU sellers will be able to apply the familiar VAT rules of their home country (i.e., invoicing requirements, recordkeeping, etc.). However, this threshold would not apply to non-EU businesses, which would still be required to register for VAT purposes regardless of the volume of their sales.

## Understanding VAT compliance obligations

After identifying countries in which they are required to register, companies must understand their new compliance obligations.

### Registration

As would be expected, jurisdictions vary in their approach to registration between simplified registration and standard registration, and in certain instances, the requirement to appoint a fiscal representative. Certain jurisdictions

<sup>27</sup> See KPMG, Russia: VAT on the supply of e-services, effective 2017 (Sept. 19, 2016).

<sup>28</sup> See Law 1819 of 2016, approved on December 29, 2016 (provides for structural reform of the Colombian tax system).

<sup>29</sup> VAT Registration Guide for Foreign Suppliers of Electronic Services, available at South African Revenue Service webpage, <http://www.sars.gov.za>.

<sup>30</sup> See The Government of The Bahamas Online Tax Administration; <https://vat.revenue.gov.bs/Content/RegisterTaxpayer>.

<sup>31</sup> See KPMG, Switzerland: VAT provisions approved, effective beginning 2018 (Oct. 3, 2016).

<sup>32</sup> UK HMRC released Revenue and Customs Brief 4 (2016) on January 8, 2016).

<sup>33</sup> European Commission, Modernizing VAT for cross-border B2C e-commerce, COM (2016) 757 final 2016/0370 (CNS) (Dec. 12, 2016).

(e.g., New Zealand and Russia) have introduced a special “simplified” registration for nonresident vendors of digital services. The vendor is liable only to report taxable sales in its future VAT return, but may not claim any VAT incurred on expenditures.

To alleviate the burden of vendors being required to register for VAT in each Member State in which they make a sale, the EU introduced the VAT MOSS, a simplified registration scheme that allows EU vendors providing B2C sales of telecommunications, broadcasting, and electronic supplied services (“TBE services”) to register in one Member State (i.e., the “Member State of Identification”) to which it reports all the sales made to the “Member States of Consumption.” The Member State of Identification is responsible for distributing taxes remitted to the Member States of Consumption. However, the incomplete harmonization of EU rules, combined with strict MOSS rules, prevent non-EU businesses that are already registered for VAT in one Member State (e.g., because they perform taxable training services) from registering under MOSS for their sales of TBE services on an EU-wide basis; such nonresident vendors must register in each Member State in which they make B2C sales of TBE services. The EU VAT proposal would address this issue and allow non-EU businesses with a VAT registration in an EU member state to qualify for MOSS registration. The proposal would further extend its application to all B2C sales of services and goods.

Other jurisdictions require a full VAT registration (i.e., sales and purchases must be reported), which demands more supporting information and more time than a simplified registration. In Switzerland,<sup>34</sup> for instance, once a company reaches the registration threshold, all sales to Swiss customers (not only B2C sales, but also B2B sales) become subject to Swiss VAT.

Finally, in several jurisdictions (e.g., Japan and Switzerland),<sup>35</sup> a nonresident entity may not register directly with the tax authority and must appoint a local person to act as fiscal representative, which will in general be held jointly and severally liable. In the case of Japan, a foreign business that wishes to register must fill in and submit a form, attaching evidence that it has either an office associated with B2C

electronic services provided in Japan, or has appointed a qualified agent in Japan (e.g., a tax accountant). If a foreign business does not satisfy these conditions, it is not able to register.<sup>36</sup>

### Filing of returns

A company should also be aware that the new rules for taxing digital services differ significantly in relation to when and how VAT/GST returns must be filed and what information they should include. The filing period may vary among countries from monthly (e.g., South Africa), bi-monthly (e.g., Iceland), quarterly (e.g., New Zealand), or semi-annually (e.g., Japan) in some special cases, depending on the taxpayer turnover and type of business conducted. The filing deadline for these returns may be extremely short. In the EU, for instance, businesses must file MOSS returns quarterly and submit them within 20 days of the end of the filing period.

The short filing deadlines, combined with strict rules for not filing timely returns, create additional pressure on businesses attempting to comply as they may face challenges gathering all the required information for filing accurate returns within the time allowed. To address this concern, the EU VAT proposal extends the filing deadline from 20 to 30 days following the end of the quarterly tax period as a way of simplifying compliance under MOSS. Many jurisdictions have implemented electronic platforms to submit online returns to ease the filing burden. A company providing digital services should consider the specific information that the VAT/GST return must include, as the requirements differ greatly within jurisdictions. These information requirements must be set-up in the ERP system, and if applicable, the tax engine to ensure full compliance with the various VAT/GST laws.

### Invoicing

A few jurisdictions also establish special invoicing requirements that companies should bear in mind if they are subject to foreign VAT rules. In India and South Africa, for instance, nonresident vendors that are registered for VAT and that sell taxable digital services must issue VAT compliant invoices meeting certain requirements (e.g., provide the name of the vendor, separately state the amount of tax, etc.).

<sup>34</sup> See Swiss Federal Act on Value Added Tax and Ordinance on Value Added Tax, available at <https://www.estv.admin.ch/estv/en/home.html>

<sup>35</sup> *Id.*; See also Japan National Tax Agency web site, Information about Consumption Tax (Guides, Notifications etc.), Basic knowledge, [https://www.nta.go.jp/foreign\\_language/consumption\\_tax/01.htm#o01](https://www.nta.go.jp/foreign_language/consumption_tax/01.htm#o01).

<sup>36</sup> Yuki Nishida, *Japan Consumption Tax on Cross-Border Supplies of Services*, IBFD Int'l VAT Monitor, July/Aug. 2015.

Full compliance with these requirements can be ensured only if the requirements are implemented in a company's ERP system and online portal used to make sales, meaning they may affect the customer experience.

The lack of harmonization within the different jurisdictions regarding invoicing requirements further increases the compliance burden on businesses. This has pushed the EU to include in its VAT proposal a rule imposing (under the VAT MOSS) the invoicing requirements of the Member State of Identification rather than those of the Member State of Consumption.

### Identifying the customers' location

Several jurisdictions have introduced rules to identify in which jurisdiction a customer is located for purposes of identifying the jurisdiction to which the sale is to be assigned for tax purposes. For example, the EU rules for B2C digital services include a set of rebuttable presumptions for certain transactions,<sup>37</sup> and for all other transactions, businesses must determine the customer location based on two non-contradictory pieces of evidence such as customer billing address, IP address, bank details, country code of the SIM card used, location of the residential fixed landline, and other commercially relevant information.<sup>38</sup> As a consequence of these customer location requirements, many vendors of digital services must gather and retain two or three pieces of information for each customer in up to 28 Member States. This information is not always readily available, which further increases the compliance burden. Because of that, the EU VAT proposal suggested a gross receipts threshold of EUR 100,000 under which businesses would not be required to collect a minimum of two pieces of non-contradictory evidence. Under this new threshold, businesses can presume the customer's location based on a single piece of evidence. Under the current draft, the thresholds apply only to EU-established businesses.

India and Belarus have implemented similar rules, but with some differences regarding the pieces of evidence that sellers may use to determine the customer location. In India, for example, a consumer will be deemed established in that country if two conditions among seven provided by the rules are satisfied (e.g., address in India, credit card issued in India, IP address in India, etc.).<sup>39</sup> In the case of Belarus, an individual purchasing digital services is deemed to be in Belarus if at least one of the following conditions is met: (1) the individual is resident in Belarus; (2) payment is made through a bank/e-payment operator located in Belarus; (3) the individual used a Belarusian IP address to purchase digital services; or (4) the individual used a Belarusian telephone number to purchase digital services.<sup>40</sup>

In practice, complying with these requirements may be challenging for businesses as they are likely not collecting the necessary pieces of evidence in advance. Finally, the use of different pieces of evidence may result in a customer being deemed to be located in two distinct taxing jurisdictions and a business would thus have to justify why one jurisdiction should be preferred to the other. In particular, this can be an issue when a transaction involves two jurisdictions with very different approaches. For instance, a sale will be deemed to be taxable in Australia if it is connected with the country (which is interpreted broadly). That same transaction may be subject to EU VAT if, based on various pieces of evidence collected, the consumer is deemed to be located in an EU member state. Belarus has developed an approach to avoiding double taxation (at least with the EU). If digital services are deemed to be provided in Belarus under the tax laws of Belarus and simultaneously are deemed to be provided at the place of the vendor under the applicable laws of a Member State of the EU, based on EU Directives, then the services will be sourced to the territory of the foreign state. If this occurs, the foreign entity must file a notice with the Belarusian tax authority informing it of the type of electronic service and the reference to the national and the EU legislation. Such a reference to EU legislation is unusual as Belarus is not an EU member state.

<sup>37</sup> Council Regulation 1042/2013, art. 24a.

<sup>38</sup> Council Regulation 1042/2013, arts. 24b(d), 24f.

<sup>39</sup> KPMG, India: Update on GST Reform, Inside Indirect Tax (2016).

<sup>40</sup> KPMG, Belarus: VAT on Remote Electronic Services Effective January 1, 2017, Inside Indirect Tax (2016).

### Other compliance and noncompliance items to consider

Beyond the above issues, businesses should also consider what recordkeeping requirements are triggered when registering for VAT/GST. Format, location, and length of recordkeeping requirements generally vary between jurisdictions. In the EU, for instance, the registration under MOSS triggers a 10-year recordkeeping obligation,<sup>41</sup> which is far beyond the average recordkeeping requirements throughout the EU. For that reason, the EU VAT proposal contemplates to replace that 10-year period with the recordkeeping period in the Member State of Identification.

Businesses should also consider the effect VAT/GST will have on pricing and the customer experience. This is especially important when a vendor sells B2B and B2C and must decide whether prices should be the same for both types of sales or whether a different price point should be adopted. Businesses should further review contracts and general terms and conditions once VAT/GST obligations are triggered to clarify the VAT/GST obligations of each party, especially when the law provides for a VAT/GST inclusive computation (e.g., Russia). Finally, businesses should be aware that because these rules are relatively new, guidance available with respect to audits of nonresident vendors of digital services is relatively sparse. Given that the VAT enforcement authority remains with the Member State of Consumption, taxpayers are potentially subject to multiple audits, each following potentially different administrative procedures, rules, and potential penalties.

Finally, while there is not yet a significant body of audit experience dealing with digital goods and services, tax authorities have started to build specialized teams targeting nonresident vendors of digital services. For instance, on 7 September 2016, the German federal financial court held that a US-based online dating platform was subject to VAT in Germany because it provided digital services to German customers.<sup>42</sup> Along with an increased audit presence, it is reasonable to believe that enforcement of these new rules

may well lead to increased cooperation and information exchange among tax authorities. The increased sharing may be accomplished by using conventional vehicles such as tax information exchange agreements or perhaps special treaties aimed at cooperation in VAT/GST matters. The EU is working on improving collaboration between tax authorities within the EU as well as with authorities from non-EU jurisdictions that also have a VAT system. In early June 2017, the European Commission announced that it had successfully completed the negotiation of an agreement between the EU and Norway on administrative cooperation, recovery assistance and combating fraud in the field of VAT.<sup>43</sup>

### VAT on low value goods (LVG): the final frontier?

For simplification reasons, many countries exempt the importation of certain goods for which value is under a specified threshold (e.g., between EUR10-20 in the EU and 1,000 Australian dollars (AUD) in Australia on the basis that the administrative and compliance costs of collecting the VAT due would be higher than the VAT collected.

The problem in these cases is that the significant growth in the importation of exempt LVG is allegedly affecting domestic brick-and-mortar retailers and reducing tax revenues. In the EU, the number of small consignments (i.e., under the exemption threshold) that entered from outside the EU rose from 30 million in 1999 to almost 115 million in 2013.<sup>44</sup> Similarly, in Australia, in 2009–2010, the total volume of air cargo imports reported was 11.2 million consignments, the majority of which were under the threshold for private importation of goods. Only one year later, the total volume of air cargo imports rose to 13.9 million consignments.<sup>45</sup> To address this situation, the OECD has proposed four different options, among which the “Vendor Collection Model” (i.e., the non-resident vendor is required to charge, collect, and remit the VAT in the country of importation) appears to be the one preferred by most countries that are in the early process of implementing new rules on this topic.

<sup>41</sup> EU Directive 2006/112/EC, art. 369.

<sup>42</sup> Supreme Tax Court Ruling, XI R 29/14 (June 1, 2016) (published on 7 September, 2016); see William Hoke, *US-Based Online Dating Platform Is Subject to VAT, German Court Says*, 2016 WTD 179-10 (15 Sept. 2016).

<sup>43</sup> European Commission, *EU-Norway agreement on VAT cooperation initialed*, available at [https://ec.europa.eu/taxation\\_customs/node/949\\_en](https://ec.europa.eu/taxation_customs/node/949_en).

<sup>44</sup> European Commission, *Assessment of the application and impact of the VAT exemption for importation of small consignments (2015)*, available at [https://ec.europa.eu/taxation\\_customs/sites/taxation/files/docs/body/lvcr-study.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/lvcr-study.pdf).

<sup>45</sup> See Australian Government, Dep’t of Immigration and Border Protection, *Low value import threshold Taskforce*, <https://www.border.gov.au/Busi/Duty/Low->; Laura Mattes, *VAT Aspects of Cross-Border Transactions in the BEPS Era*, IBFD Int’l VAT Monitor, May/June 2016.

Australia will be the first country to apply GST on the importation of LVG effective 1 July 2018. Australia will require either the vendor, the e-marketplace, or the freight carrier (depending on the specific facts and circumstances) to collect the import GST on these transactions.<sup>46</sup> The EU VAT proposal includes provisions that extend the VAT MOSS mechanism to the import of LVG and hold the carrier liable for the import VAT under certain circumstances.<sup>47</sup> In the meantime, the UK has taken a unique approach to fight VAT fraud involving LVG that could be followed by other countries. Since 2016, online marketplaces that provide a facility for UK consumers to view and place orders for goods being offered for sale by overseas businesses (i.e., those not physically located in the UK) may be held jointly and severally liable for VAT unpaid by these overseas businesses.<sup>48</sup> In addition, Russia's antimonopoly service recently announced that it was working on a draft legislation that would impose VAT on goods sold by foreign online retailers to Russian consumers.<sup>49</sup> Finally, on 2 June 2017, the Swiss Federal Council clarified that the amendments to the VAT computation threshold computation would be delayed for mail order companies and would be effective 1 January 2019.<sup>50</sup> Consequently, mail-order companies will be liable to tax from 2019 if their annual turnover from small consignments that are import-tax-free is at least CHF 100,000. Such mail-order companies will themselves bill customers for VAT and the customers will no longer have to pay the taxes and fees levied by customs upon importation.

These new rules will affect a new set of businesses that have until now been mostly spared by these growing VAT/GST challenges. Online retailers and freight carriers will soon

be in the scope of foreign tax authorities. These taxpayers will have to go through the same iterative process as their digital services counterparts and face the same compliance requirements.

### Further challenges: bitcoin, 3D printing, crowdfunding and crowdsourcing

Beyond the issues discussed above, companies should also prepare for the challenges that some cutting edge technological developments (e.g., digital currencies and 3D printing) and other disruptive business models (e.g., crowdfunding and crowdsourcing) are beginning to pose for companies within the VAT/GST world.

For several years, well known commercial retail organizations have been accepting digital currency<sup>51</sup> as payment for the purchase of goods and services. These digital currencies or crypto-currencies have not received much attention from most tax authorities, and their tax treatment is not yet clear. Should they be treated as regular currencies and legal tender? Should a business mining (i.e., creating) and selling digital currency charge VAT/GST on the value of the digital currency sold? If digital currency is not legal tender, should it be considered as a "voucher"? Could it be regarded as a type of "digital good" itself that would create a "barter transaction"? Some jurisdictions have provided guidance on at least some of these questions. During October 2015, the Court of Justice of the European Union issued its first ruling<sup>52</sup> on the digital currency known as Bitcoin and held that transactions involving the buying and selling of Bitcoins are exempt from VAT under the provision concerning transactions relating to "currency, bank notes and coins used as legal tender." On 27 March 2017, Japan

<sup>46</sup> Parliament of Australia; Treasury Laws Amendment (GST Low Value Goods) Bill 2017, [http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=ld%3A%22legislation%2Fbills%2F5819\\_first-reps%2F0000%22;rec=0](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=ld%3A%22legislation%2Fbills%2F5819_first-reps%2F0000%22;rec=0).

<sup>47</sup> Proposal for a Council Directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods (Dec. 1, 2016).

<sup>48</sup> HMRC, VAT Guidance: Overseas Business Using Online Marketplace to Sell Goods in the UK (last updated February 22, 2017).

<sup>49</sup> *Russian Legislation being Drafted to Impose VAT on Foreign Online Retailers* (Mar. 16, 2017), Orbitax Daily News.

<sup>50</sup> The Federal Council, *Federal Council brings revised Value Added Tax Act into force* (Jun. 2, 2017), available at <https://www.admin.ch/gov/en/start/documentation/media-releases.msg-id-66940.html>.

<sup>51</sup> The official website is <https://Bitcoin.org/en>. See also Aleksandra Bal, *Stateless Virtual Money in the Tax System*, 53 Eur. Tax'n. no. 7, at 351 (2013).

<sup>52</sup> Court of Justice of the European Union PRESS RELEASE No 128/15 Luxembourg (Oct. 22, 2015) (Judgment in Case C- 264/14 Skatteverket v David Hedqvist).

passed the 2017 tax reform bills that include amendments exempting the sale of virtual currency from Japanese Consumption Tax effective 1 July 2017.<sup>53</sup> Australia proposed in its latest budget to treat digital currencies as money and thus reverse the Australian Tax Office's practice of taxing transactions involving digital currencies.<sup>54</sup> However, the answers to the aforementioned questions are, in most cases, not clear and rather speculative due to the general absence of specific legislation, official guidance, and case law.<sup>55</sup>

Another challenge that businesses must be prepared to face is posed by 3D printing. This phenomenon may turn the manufacturing and distribution industries upside down and revolutionize longstanding business models. In the not-too-distant future, every person with a 3D printer at home will be capable of making physical goods from a digital file downloaded from the internet. VAT/GST is a tax on the value added by each actor in a supply chain. The current system is largely premised on the notion that full value is delivered to the consumer. However, 3D printing may be disrupting the traditional supply chain by moving the manufacturing activities from factories to the consumer's printing devices. As a result, much of the taxable value added may migrate to the end of the supply chain, thus increasing the number of potential "manufacturers." Government and businesses will have to find answers for a new set of issues, including: How will the VAT/GST be imposed? Who will be liable to collect the tax? Who will effectively bear it? Would the owner of the printer be considered a "business" or a "final consumer"?

Crowdfunding is another innovation that will exponentially increase the VAT/GST challenges of many companies. Crowdfunding generally refers to the process of raising funds for a specific project via an open call on the internet,

using specifically designed platforms that allow the peer-to-peer interaction between entrepreneurs and contributors (i.e., those that create a project and those that provide the financial support to that project, respectively). Crowdfunding platforms generally receive a fixed amount of the contribution made. Usually, a limited period of time is set up for the funding, and small contributions from a large number of parties are typically expected. Two main crowdfunding models can be identified: (1) non-financial return models, in which the return may range from either nothing (donation) to goods or services (reward-based model); and (2) financial return models, in which a financial return is expected, either a participation in the form of revenues or securities (crowd-investing), or interest on loans (crowd-lending).<sup>56</sup>

In 2015, the EU Commission started to examine the VAT implications of crowdsourcing.<sup>57</sup> In its working paper, the commission (1) considered whether the reward constitutes a sale of goods or services for VAT purposes; (2) considered whether the contribution should be considered as a payment on account before the goods or services are provided; (3) considered what the taxable base should be of the sale of goods or services; and (4) suggested potential VAT treatments for rewards of symbolic value. Concerning financial return models, the main questions that arise are:

- What should be the VAT treatment when the crowd-investing results in a participation in future earnings?
- What should be the VAT treatment when the crowd-investing is an investments in securities?
- What is the VAT treatment of crowd-lending?
- What should be the VAT treatment of intermediation services provided by online crowdfunding platforms?

<sup>53</sup> KPMG, Japan E-Tax News No. 131, (Mar. 28, 2017), available at <https://assets.kpmg.com/content/dam/kpmg/jp/pdf/jp-en-e-taxnews-20170328.pdf>.

<sup>54</sup> *Numerous GST Changes Confirmed in Australian Budget*, CCH Global Daily Tax News (May 12, 2017).

<sup>55</sup> See Machiel Lambooi, *Retailers Directly Accepting Bitcoins: Tricky Tax Issues?*, IBFD Derivatives & Financial Instruments, May/June 2014.

<sup>56</sup> VAT Committee (Article 398 OF Directive 2006/112/EC) Working Paper No. 836, at 2-3.

<sup>57</sup> VAT Committee (Article 398 OF Directive 2006/112/EC) Working Paper No. 836, at 5-19.

While most jurisdictions have not issued guidance on this topic, the Australian Tax Office found that the donation-based model is not subject to GST, the reward-based model is subject to GST, and the equity- and debt-based models are akin to GST exempt financial transactions.<sup>58</sup>

Similar challenges are posed by crowdsourcing (i.e., obtaining services, ideas, or content by soliciting contributions from a large group of people, especially from the online community rather than from traditional employees or suppliers), which is a popular practice among businesses worldwide. Several tax authorities have in recent years issued guidance, especially with respect to ride-sharing services, to clarify the VAT/GST responsibilities of the parties involved. For instance, in Australia, guidance clarifies that drivers of ride-sharing services may be considered to be providing taxable travel services for GST purposes and may thus be required to register for GST purposes and to issue tax invoices upon the passenger's request.<sup>59</sup> Moreover, in its latest budget, Canada proposes to amend the definition of taxi business in the Excise Tax Act, which would result in the drivers of ride sharing services to share the same GST consequences as taxi drivers and thus be liable to register for and collect GST on their services.<sup>60</sup>

## Conclusion

In this article, we have highlighted the potential VAT/GST challenges that technological changes and improvements have created in recent years. As long as businesses go through an iterative process and are capable of answering the basic questions governing VAT/GST (i.e., who, what, where, when, and how much), they should be able to identify their global VAT/GST footprint and related compliance obligations, regardless of the evolution of business models and laws.

New technologies have also been used by governments to increase VAT/GST compliance and reduce VAT fraud. In recent years, we have observed the spread of e-invoicing and electronic reporting. Audits are increasingly performed using data and analytics tools, and real time reporting is no longer a dream, but already a reality in a few jurisdictions. In the future, it may well be that VAT/GST compliance will be simplified by systems allowing a direct and secure interchange between businesses and authorities, thus obviating the need for issuing invoices, filing returns, and perhaps even audits. While new technologies may create challenges to the effective taxation of consumption, they may also be the key to reducing the administrative and compliance cost of taxation.

The information in this article is not intended to be "written advice concerning one or more federal tax matters" subject to the requirements of section 10.37(a)(2) of Treasury Department Circular 230 because the content is issued for general informational purposes only. The information contained in this article is of a general nature and based on authorities that are subject to change. Applicability of the information to specific situations should be determined through consultation with your tax adviser. This article represents the views of the author or authors only, and does not necessarily represent the views or professional advice of KPMG LLP.

<sup>58</sup> Australian Tax Office, GST and Crowdfunding, <https://www.ato.gov.au/Business/GST/In-detail/Rules-for-specific-transactions/GST-crowdfunding/>

<sup>59</sup> See, e.g., ATO, Providing Taxi Travel Services Through Ride-Sourcing and Your Tax Obligations, <https://www.ato.gov.au/business/gst/in-detail/managing-gst-in-your-business/general-guides/providing-taxi-travel-services-through-ride-sourcing-and-your-tax-obligations/>.

<sup>60</sup> See, e.g., Government of Canada, Budget 2017, Chapter 4 — Tax Fairness for the Middle Class, *available at* <http://www.budget.gc.ca/2017/docs/plan/chap-04-en.html>.

# VAT/GST and cross-border supplies of services

## Interpreting the survey's findings

By Lachlan Wolfers, Indirect Taxes Regional Leader, Asia Pacific; David Duffy, Director, KPMG in Ireland; and Peter Sanderson, Senior Manager, KPMG in Sweden

### Introduction

**KPMG International's 2017 survey of the Value Added Tax (VAT) and Goods and Services Tax (GST) treatment associated with cross-border supplies of services around the world is among the largest of its kind ever attempted. Covering 52 countries, the survey covers all of the major economies of the world, except the United States (US) given it has a State-based sales tax system.**

The purpose of carrying out the survey is, to put it simply, because there are major changes taking place to the VAT and GST treatment of cross-border supplies of services. The primary area where those changes are taking place concern electronic supplies of services, for example, in areas like digital content such as films, music and news, data hosting and storage (e.g. cloud computing), online gaming, telecommunications, payment services and advertising, etc.

The article<sup>1</sup> in this publication entitled *VAT/GST and the digital economy: the untold story of global challenges*, highlights the challenges for businesses attempting to comply with the VAT and GST laws around the world and outlines the steps required to do so. For clients of KPMG member firms, many of whom are multinational companies, complying with their obligations around the world, especially in such a dynamic and evolving commercial and regulatory environment, is immensely challenging. It is hoped that this survey goes some way towards providing them with a snapshot of their key VAT and GST compliance obligations.

Importantly though, what makes this area of VAT or GST so immensely challenging is that, in many cases VAT and GST compliance obligations can arise for organizations ranging from household names such as Amazon, Alibaba, Google and Facebook, through to 18 year-old tech savvy students who develop a successful app which they sell on an app store,

all while sitting in their bedroom in Mom and Dad's house in places like Silicon Valley in the US, Hangzhou in China, and Tel Aviv in Israel. The critical aspect of this is that the 18 year-old tech savvy student may technically have the same or similar levels of compliance obligations as large multinational companies, given that they may have little or no control over where their app is consumed around the world.

To highlight this point, KPMG's Global Indirect Tax Services was recently engaged by a provider of online digital content, who wanted to understand their VAT/GST compliance obligations "in every country around the world". When we questioned the client about whether they truly meant "every country", their answer was "Yes". They really did want to understand whether they had to pay VAT or GST in relation to sales of digital content to consumers in North Korea (notwithstanding the obvious barriers to such sales actually occurring), and when we pointed out that this would not be limited to just "countries" but would also include separate taxing jurisdictions in little known locations such as Niue and Labuan, their answer was that they needed to understand this too. While this provided the KPMG team with some interesting challenges, not to mention for some of us a refresher course in the geographies of the world, the key point here is that these rules do potentially require global compliance.

<sup>1</sup> KPMG in the US (2017), *VAT/GST and the digital economy: the untold story of global challenges*, Philippe Stephanny and Juan Vazquez (extern), KPMG LLP.



## Methodology

This survey was carried out by KPMG International in conjunction with KPMG member firms around the world. The survey does not seek to apply subjective criteria. Rather, the survey asks questions which bear upon the key compliance obligations which online providers of digital services need to understand. Issues such as whether those obligations apply not only to business-to-business (B2B) sales but also to business-to-consumer (B2C) sales, whether there are minimum registration thresholds, the scope of what digital services are taxed, tax invoicing obligations, etc., and perhaps most importantly given the evolving regulatory environment, whether there are changes on the horizon.

We anticipate that this survey is being launched mid-way through the cycle of implementation of these measures on a global basis. In other words, we are in the midst of frenetic changes to the regulatory environment, and therefore it is timely to pause for a moment and assess whether the compliance regimes being implemented around the world are consistent or not, and whether further change is still required.

This survey is intended to be up to date as at 1 July 2017. Inevitably though, given the size and scale of this survey, there may be instances where changes have since taken place, or errors, inaccuracies or minor nuances missed. Given this, it is necessary to obtain professional advice before acting on any of the survey findings.

## OECD-G20 recommendations

Before setting out the survey findings, it is imperative to go back to the primary source(s) for all of the regulatory changes we are seeing. That source is the report which has been issued by the Organisation for Economic Co-operation

and Development (OECD) and the G20 in response to the tax problems arising from the digitization of the economy.<sup>2</sup> However, to describe this as a tax problem is perhaps inapt. Rather, this is a fundamental change to the nature of the global economy (sometimes now referred to as the fourth industrial revolution) which has triggered the need for changes to the tax regulatory environment.

As the OECD/G20 report so succinctly put it, “the digital economy is now the real economy”. Put simply, it is the idea that our tax rules need to be updated in recognition of the fact that an 18 year-old student sitting in a bedroom in their parent’s house can derive significant income and carry out business activities for which taxes on consumption should be levied. Historically, our tax rules have largely been predicated on the assumption that to carry out such business activities requires the establishment of a shop front (or ‘bricks and mortar’ business), the hiring of staff, and customers who walk through the door.

While much of the OECD’s focus has been on corporate income tax issues, the world of indirect taxes has not been immune. However, where perhaps the indirect tax position is more aligned in terms of its goals than in corporate taxes, is in terms of the principles which should be applied. As Professor Rebecca Millar puts it so eloquently:<sup>3</sup>

“... the conclusion that “something needs to be done” simply does not have the same significance for VAT as it does for income tax. This is not because VAT on global digital transactions is easy to collect: it is not. Nor is it because VAT raises different collection problems than income tax: for the most part, it does not. What is different about VAT is the almost universal agreement on the substantive jurisdictional principle that should be used to determine the tax base. Some

<sup>2</sup> OECD (2015), “Addressing the Tax Challenges of the Digital Economy, Action 1 — 2015 Final Report”, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, 2015.

<sup>3</sup> Millar, R. (2014). Looking ahead: potential global solutions and the framework to make them work. *The Future of VAT in a Digital Global Economy 2014*, Vienna, Austria: Presentation.

countries might pay lip service to the destination principle, particularly countries with limited tax collection capacity and a high reliance on VAT to meet their revenue needs. Other countries — or their tax administrations and/or courts — might disagree about what the destination principle requires in particular circumstances. Nonetheless, there is little or no significant disagreement on the fundamental principle. Nor is there any significant disagreement about the most important aspect of the neutrality principle, which entails the notion that there should generally be no tax burden on business-to-business (B2B) transactions under a VAT. Thus, whatever it is that needs to be done, it is unlikely to involve a fundamental re-think of the jurisdictional basis upon which decisions are made about which country has the right to tax consumption.”

These principles have now found their way into the OECD’s International VAT/GST Guidelines.<sup>4</sup> In this regard, it is important to recognize that the OECD is not a regulatory body — it merely makes recommendations on policy issues for governments to consider, and furthermore membership of either body is not truly global. Notwithstanding this, the OECD has taken a global leadership role in this area and has perhaps been responsible for achieving a significantly greater level of alignment in terms of policy outcomes than would have otherwise happened.

The key guidelines proposed by the OECD in the International VAT/GST Guidelines as they pertain to VAT/GST and cross-border digitized services are helpfully set out in the article<sup>5</sup> in this publication entitled *VAT/GST and the digital economy: the untold story of global challenges*, and is therefore not repeated in detail again here. It merely suffices to note the principles may be succinctly stated as follows:

1. B2B and B2C transactions should generally be taxed in the country where the customer is established (except for those consumed ‘on the spot’);
2. B2C services which are consumed on the spot, such as personal services, accommodation and restaurants, should be taxed where the service is rendered;
3. Non-resident suppliers of B2C services should register for and charge VAT in the country where the customer is located, ideally through simplified registration and compliance regimes;
4. Resident business recipients of B2B services should self-assess VAT using a reverse charge.

## Key survey findings

With this background in mind, we now turn to consider five key themes which arise from the survey.



### Theme 1

**The intended policy outcomes are largely aligned, but the mechanisms to achieve them are not being implemented consistently**

When we look at the OECD’s recommendations, what we see is a relatively clear statement of the intended policy outcomes, but a less than consistent implementation of these mechanisms. Challenges in terms of implementation seem to be a function of three main factors:

1. In some areas, the OECD has perhaps been too flexible in its recommendations, with the result that countries are able to ‘pick and choose’ too much in the implementation of these measures, resulting in unnecessarily high levels of inconsistency. Having said that, the OECD is not a regulatory body and therefore its approach in providing flexibility is understandable;
2. Some countries have simply failed to implement, or failed to properly implement, the OECD’s recommendations at this stage. This will hopefully change over time;

<sup>4</sup> OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris.

<sup>5</sup> KPMG in the US (2017), *VAT/GST and the digital economy: the untold story of global challenges*, Philippe Stephanny and Juan Vazquez (extern), KPMG LLP.

3. The measures proposed by the OECD may require too significant a change to a country's own tax system to fully implement these measures. As such, some countries seek to find new ways to implement the OECD's recommendations in a way which is more workable under their tax legislative structures.

This inconsistency poses additional challenges for global businesses in ensuring compliance with tax rules in multiple jurisdictions. While there is a broad alignment to uniformly apply a consumption based taxation principle, non-implementation and variations in implementation mean that we remain far from harmonized. For example, a certain type of B2C service may be taxable in Australia under provisions capturing all B2C services, taxable in the EU as an electronic service, not taxable in South Africa as it does not fall under the local electronic service definition, and not taxable in Brazil given that consumption based taxation is yet to be introduced for B2C services. As a consequence, businesses are required to actively manage and monitor their global obligations to ensure compliance in this changing and non-harmonized environment.



## Theme 2

### The EU has a significant advantage in their implementation of these measures

The OECD/G20 report recognizes the practical difficulties which tax authorities will have in the enforcement of any new measures to tax cross border B2C supplies of digitized services, given that in almost all cases the offshore service provider will have no permanent establishment or other presence in the jurisdiction. The OECD/G20 report even goes so far as to say that compliance with these requirements is "essentially voluntary".<sup>6</sup>

The advantage which exists in the European Union (EU) is that the core rules are not only harmonized, but that they have arranged themselves to offer a simplified collection mechanism through the "Mini One Stop Shop" (or MOSS as it is known). This means, essentially, that an EU or non-EU supplier can register for VAT in a single country in the EU and use that registration to remit the VAT due on their sales to the various EU tax authorities.

If we contrast that with the position in other regions of the world, such as in Asia Pacific or Latin America, then the relative challenge and disadvantage is stark. Foreign suppliers of digitized services will, at least in theory, be obliged to register and account for VAT/GST in each country in which their services are consumed.

Thankfully though, as the survey highlights, a number of countries have responded to this problem, principally in two key respects. First, they have applied de minimis thresholds below which registration and VAT/GST compliance obligations do not apply. This means, for example, that a foreign supplier selling their digitized services to consumers in Australia is not required to register and account for GST if their turnover is below AUD75,000 per annum (approximately USD60,000) and similarly in Japan where their turnover is below 10 million Japanese yen (JPY) (approximately USD91,000).

Second, many countries have also implemented either optional or compulsory forms of simplified VAT/GST registration procedures. That is, those countries have offered a streamlined VAT or GST registration process, where the filing of VAT/GST returns merely reports output tax liabilities. Given that the premise for these measures is that foreign suppliers of digitized services do not have a permanent establishment (PE) in that country, the amount of input tax potentially 'lost' through a simplified registration process will often be relatively low.

<sup>6</sup> Ibid at p122.

Notwithstanding these simplification measures, purely from the perspective of compliance they do place the EU at an advantage relative to other regions because of the ability to capture a whole trading bloc in one hit. It does beg the question whether other trading blocs around the world may respond by implementing similar measures, as has been envisioned within the GCC VAT Framework, though the collection of tax by one country on behalf of another is not usually seen in these arrangements.



### Theme 3

#### The scope is expanding

One trend we have noted is that countries which were 'early adopters' of these measures have tended to tax only a narrow or specific scope of services, whereas those countries which are more recent adopters have applied a broader scope. Take for example, South Africa and Japan which initially applied these measures to specific services only, whereas more recent adopting countries like Australia, New Zealand and Russia have cast the net wider.

While there is no 'right' or 'wrong' answer here, in our view those countries initially adopting narrower or more targeted measures will inevitably need to expand their scope, as the range of services being delivered across borders digitally expands with technological advancement.



### Theme 4

#### Reverse charge versus withholding on B2B supplies

In a B2B context, the survey highlights the fact that there are two main mechanisms used throughout the world for the collection of VAT/GST on cross-border B2B supplies. The most common method is through the adoption of a reverse charge, whereby the VAT/GST is effectively self-assessed by the recipient who is located in the country in which the consumption takes place. The other method is through the use of VAT/GST withholding systems, in which the VAT/GST is withheld from the price paid to the service provider.

In each case, neutrality is only achieved by ensuring that services acquired for use in fully taxable businesses are eligible for credits (or in some cases, not subject to a reverse charge in the first place).

Interestingly though, the survey shows that withholding systems tend to be more commonly used amongst communist/socialist countries (China, Russia and though not surveyed, Vietnam too), and similarly are more common amongst countries with currency controls (for example, China, Russia, and again Vietnam). A possible explanation for this is that enforcement is better able to be achieved where the withholding of taxes is applied as a precondition or as part of the currency clearance process, which is certainly how it works in China. The EU, on the other hand, adopts the reverse charge procedure for purchases of services by business customers from foreign suppliers.

To date, the OECD appears to be relatively silent on the appropriateness of withholding systems for VAT/GST. While the OECD's International VAT/GST Guidelines do express a preference for reverse charge, one challenge with reverse charge systems is that they are routinely overlooked by finance staff, given that the receipt of an invoice is not ordinarily a trigger for accounting for output tax liabilities. By contrast, withholding systems have the propensity to catch foreign service providers unaware, resulting in them economically bearing the tax. Similarly, withholding systems can cause accounting problems too, given that invoices are short paid which later then need to be reconciled or written off.



### Theme 5

#### Placing trust in those who pay the tax

The final, and in some ways, most important theme is the new and novel ways in which governments around the world are trying to enforce the collection of tax on cross border B2C supplies of digitized services.

As the OECD/G20 report notes, measures to require the private consumer to remit or self-assess the VAT/GST have "proven to be largely ineffective".<sup>7</sup> Similarly, the OECD/G20 report acknowledges that placing compliance obligations on offshore businesses (especially those who are small-to-medium in size) is "essentially voluntary".<sup>8</sup> However, the OECD/G20 report also acknowledges that "high-profile operators, which occupy a considerable part of the market, wish to be seen to be tax-compliant notably for reputational reasons."<sup>9</sup>

This has led some countries to investigate new and novel ways of maximizing compliance. One approach has resulted

<sup>7</sup> Ibid at p.121.

<sup>8</sup> Ibid at p.122.

<sup>9</sup> Ibid at p.122.

in some countries requiring online marketplaces (e.g., companies such as Amazon, Apple and Alibaba) to account for the VAT/GST not only in respect of online sales they make on their own account, but also in respect of online sales they facilitate through their platforms. Already we are seeing Australia, India and the EU legislate to this effect. The theory behind this is that it is more efficient and perhaps more effective for tax authorities to collect the revenue from a smaller group of marketplace operators than it is to impose registration and compliance obligations on many of the small vendors who sell their goods or services through those online marketplaces. While debating the merits of these measures is beyond the scope of this article, a key concern which has been highlighted is that the *de minimis* measures effectively cease to apply because the turnover of the small vendors is aggregated with that of the marketplace operators. The result is an unequal playing field — the small vendors are effectively penalized in having VAT or GST imposed by using marketplace operators whereas no VAT or GST would be imposed on a standalone basis.

The second novel development is in the growing use of ‘split payment’ methods. Broadly speaking, these are measures designed to require purchasers of services (and potentially goods too), or potentially the payment processing company handing the payment, to effectively divert the VAT or GST included in the purchase price directly to a separate bank account held for the benefit of the tax authority. The objective being that the tax authority collects the VAT or GST at or near to the point of sale directly from the purchaser, thereby providing greater protection in the event of non-compliance, default or insolvency by the seller.

The split payment method is currently being adopted in Italy (in the context of B2B transactions with public agencies), and is at various stages of consultation or implementation in places like the United Kingdom (B2C online sales only), Poland (in a B2B context from 1 January 2018), and Romania (B2B and B2C, likely to be compulsory from 1 January 2018).

In its broadest form, what both the ‘marketplace operator’ and ‘split payment’ methods are about is avoiding a situation where trust to pay the tax is placed in the hands of smaller vendors. In the marketplace operator model, the obligation to account for the tax is placed in the hands of what (is perceived to be) a large company with significant resources and a lower level of risk of default or fraud. The split payment method effectively goes one step further and concedes that a trust based system is inherently prone to risk, so the tax

authorities effectively divert the VAT/GST and thereby obtain a first priority over the VAT/GST liability collected. It is akin to what happens in many countries with personal income taxes on salaries and wages being deducted at source, usually on a provisional basis.

In our view, both of these methods may grow until such time as technological advancement better enables point of sale tax collection on B2C transactions, and blockchain facilitated certifications overcome the need for remittances and crediting in B2B transactions. A discussion of these developments is unfortunately beyond the scope of this article.

## Conclusion

The work carried out by the OECD in terms of its International VAT/GST Guidelines have gone a long way to establish a clear and consistent framework for the taxation of cross-border supplies of services at both a B2B and a B2C level. However, and in spite of the efforts of the OECD, the survey highlights high levels of inconsistency in the implementation of these guidelines (especially outside of the EU), which will likely result in both excessive compliance costs for those businesses who do comply, and high levels of non-compliance for those who pragmatically conclude that the costs of compliance outweigh the risks and consequences of breaching them. Perhaps a new approach is needed here, along the lines of the OECD leaving less room for flexibility in implementation by countries, coupled with greater levels of cooperation being adopted in the implementation of these measures by various trade blocs outside the EU.

# Summary of key findings

Country	Supplies of e-services to consumers (B2C) (see footnote 1)			Supplies of e-services to businesses (B2B) (see footnote 2)	
	1(a). Is a non-resident supplier (see footnote 3) of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	1(b). If there is no current requirement, is there any anticipated change to that position?	1(c). Is an invoice compliant with the VAT/GST law in the customer's country required?	2(a). Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	2(b). If there is no current requirement, is there any anticipated change to that position?
Andorra	Yes	Not applicable — Requirement is already in place	Yes	No	No
Argentina	No	No	No	No	No
Australia	Yes	Not applicable — Requirement is already in place	No	No	No
Austria	Yes	Not applicable — Requirement is already in place	No	No	No
Bahamas	Yes	Not applicable — Requirement is already in place	Yes	Yes	Requirement is already in place
Belarus	No	There is a scheduled introduction of such a requirement on 1 January 2018	No	No	No
Belgium	Yes	Not applicable — Requirement is already in place	No	No	No
Brazil	No	No	No	No	No
Bulgaria	Yes	Not applicable — Requirement is already in place	Yes	No	No
Canada	Depends on all of the facts	In its 2014 federal budget, the government announced consultation on the issue	Yes	Depends on all of the facts	In its 2014 federal budget, the government announced consultation on the issue
China	No	No	Not applicable	No	No
Colombia	No	There is a scheduled introduction of such a requirement on 1 July 2018	Yes	No	There is a scheduled introduction of such a requirement
Croatia	Yes	Not applicable — Requirement is already in place	Yes	No	No
Cyprus	Yes	Not applicable — Requirement is already in place	Yes	No	No
Czech Republic	Yes	Not applicable — Requirement is already in place	No	No	No
Denmark	Yes	Not applicable — Requirement is already in place	Yes	No	No
Egypt	Yes	Not applicable — Requirement is already in place	Yes	Yes	Not applicable - Requirement is already in place
Finland	Yes	Not applicable — Requirement is already in place	Yes	No	No
France	Yes	Not applicable — Requirement is already in place	No	No	No
Germany	Yes	Not applicable — Requirement is already in place	Yes	No	No

Note: See page 26 for footnotes.

Country	Supplies of e-services to businesses (B2B) (see footnote 2)  2(c). If there is not a requirement for the non-resident supplier to register, are the services subject to any of the following by the customer?  i) VAT/GST withholding ii) Reverse charge VAT/GST	Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:			
		3(a). When did/will that requirement come into effect?	3(b). What is the applicable annual turnover threshold (in USD) for that requirement to apply? (see footnote 7)	3(c). Is simplified or standard registration required?	3(d). Does the requirement apply to all e-services?
Andorra	Reverse charge	1 January 2013	USD47,516	Standard	Yes
Argentina	Reverse charge	Not applicable	Not applicable	No registration is required	Not applicable
Australia	No	1 July 2017	USD60,043	Optional	Yes
Austria	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Bahamas	Not applicable	1 January 2015	USD100,000	Standard	Yes
Belarus	Reverse charge	1 January 2018	Nil	Optional	No (footnote 6)
Belgium	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Brazil	Not applicable	Not applicable	Not applicable	No registration is required	Not applicable
Bulgaria	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Canada	Reverse charge	Upon the introduction of GST	General rules apply	Standard	Yes
China	VAT withholding	Not applicable	Not applicable	No registration is required	Yes
Colombia	Reverse charge	1 July 2018	Nil	Simplified	Yes
Croatia	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Cyprus	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Czech Republic	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Denmark	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Egypt	Not applicable	8 September 2016	USD28,323	Standard	Yes
Finland	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
France	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Germany	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)

Note: See page 26 for footnotes.

# Summary of key findings

Country	Supplies of e-services to consumers (B2C) (see footnote 1)			Supplies of e-services to businesses (B2B) (see footnote 2)	
	1(a). Is a non-resident supplier (see footnote 3) of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	1(b). If there is no current requirement, is there any anticipated change to that position?	1(c). Is an invoice compliant with the VAT/GST law in the customer's country required?	2(a). Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	2(b). If there is no current requirement, is there any anticipated change to that position?
Ghana	Yes	Not applicable — Requirement is already in place	Yes	Yes	Requirement is already in place
Iceland	Yes	Not applicable — Requirement is already in place	Yes	No	No
India	Yes	Not applicable — Requirement is already in place	Yes	No	No
Indonesia	No	No	Not applicable	No	No
Ireland	Yes	Not applicable — Requirement is already in place	No	No	No
Isle of Man	Yes	Not applicable — Requirement is already in place	No	No	No
Italy	Yes	Not applicable — Requirement is already in place	No	No	No
Japan	Yes	Not applicable — Requirement is already in place	Yes	No	No
Kenya	Yes	Not applicable — Requirement is already in place	Yes	No	No
Lithuania	Yes	Not applicable — Requirement is already in place	No	No	No
Luxembourg	Yes	Not applicable — Requirement is already in place	Yes	No	No
Malaysia	No	Yes	Yes	No	Yes
Malta	Yes	Not applicable — Requirement is already in place	Yes	No	No
Mexico	No	No	Not applicable	No	No
Netherlands	Yes	Not applicable — Requirement is already in place	No	No	No
New Zealand	Yes	Not applicable — Requirement is already in place	No	No	No
Norway	Yes	Not applicable — Requirement is already in place	No	No	No
Poland	Yes	Not applicable — Requirement is already in place	Yes	No	No
Portugal	Yes	Not applicable — Requirement is already in place	Yes	No	No

Note: See page 26 for footnotes.

Country	Supplies of e-services to businesses (B2B) (see footnote 2)	Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:			
	2(c). If there is not a requirement for the non-resident supplier to register, are the services subject to any of the following by the customer?  i) VAT/GST withholding ii) Reverse charge VAT/GST	3(a). When did/will that requirement come into effect?	3(b). What is the applicable annual turnover threshold (in USD) for that requirement to apply? (see footnote 7)	3(c). Is simplified or standard registration required?	3(d). Does the requirement apply to all e-services?
Ghana	Not applicable	1 January 2014	USD27,096	Standard	Yes
Iceland	Reverse charge	1 November 2011	USD18,692	Standard	Yes
India	Reverse charge	1 July 2017	Nil	Simplified	No
Indonesia	Reverse charge	Not applicable	Not applicable	No registration is required	Not applicable
Ireland	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Isle of Man	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Italy	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Japan	Reverse charge	1 October 2015	USD90,482	Standard	No
Kenya	Reverse charge	2 September 2013	KES5 million	Standard	No
Lithuania	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Luxembourg	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Malaysia	Reverse charge	Not applicable	Not applicable	No registration is required	Not applicable
Malta	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Mexico	No	Not applicable	Not applicable	No registration is required	Not applicable
Netherlands	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
New Zealand	No	1 October 2016	USD43,530	Simplified	Yes
Norway	Reverse charge	1 July 2011	USD6,341	Optional	No (footnote 6)
Poland	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Portugal	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)

Note: See page 26 for footnotes.

# Summary of key findings

Country	Supplies of e-services to consumers (B2C) (see footnote 1)			Supplies of e-services to businesses (B2B) (see footnote 2)	
	1(a). Is a non-resident supplier (see footnote 3) of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	1(b). If there is no current requirement, is there any anticipated change to that position?	1(c). Is an invoice compliant with the VAT/GST law in the customer's country required?	2(a). Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	2(b). If there is no current requirement, is there any anticipated change to that position?
Romania	Yes	Not applicable — Requirement is already in place	Yes	No	No
Russia	Yes	Not applicable — Requirement is already in place	No	No	No
Serbia	Yes	Not applicable — Requirement is already in place	No	No	No
Singapore	No	There is a general proposal or review by the authorities as to whether to introduce such a requirement.	Not applicable	No	There is a general proposal or review by the authorities as to whether to introduce such a requirement.
Slovakia	Yes	Not applicable — Requirement is already in place	No	No	No
Slovenia	Yes	Not applicable — Requirement is already in place	Yes	No	No
South Africa	Yes	Not applicable — Requirement is already in place	Yes	Yes	Requirement is already in place
South Korea	Yes	Not applicable — Requirement is already in place	No	No	No
Spain	Yes	Not applicable — Requirement is already in place	Yes	No	No
Sweden	Yes	Not applicable — Requirement is already in place	No	No	No
Switzerland and Liechtenstein	Yes	Not applicable — Requirement is already in place	Yes	No	No
Tanzania	Yes	Not applicable — Requirement is already in place	Yes	Yes	Requirement is already in place
Thailand	No	There is a draft legislative proposal to introduce such a requirement	Yes	No	A draft legislative proposal to introduce such a requirement
Turkey	No	No	No	No	No
United Kingdom	Yes	Not applicable — Requirement is already in place	No	No	No

## Footnotes

1. The reference to "consumer" and "B2C" generally refers to a private individual but might also include companies, organizations or other bodies which are not regarded as carrying on a business for VAT/GST purposes in the recipient country (which would need to be confirmed on a case-by-case basis)
2. The reference to "business customer" and "B2B" generally refers to a business entity registered for VAT/GST purposes in the recipient's country but might also include other companies, organizations or bodies which are not already VAT/GST registered in the recipient country (which would need to be confirmed on a case-by-case basis)
3. The reference to "non-resident supplier" generally means a supplier of the services which does not have a permanent or fixed establishment in the relevant country where the customer is based, as the term "establishment" is defined or understood in the recipient country (which would need to be confirmed on a case-by-case basis)
4. There was already a requirement for suppliers established in countries outside the EU to account for local VAT on supplies of e-services to EU-based consumers in the country where the consumer was permanently resident, prior to 1 January 2015. This requirement typically applied from 1 July 2003 or the date the relevant country joined the EU if later than 1 July 2003.

Country	Supplies of e-services to businesses (B2B) (see footnote 2)	Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:			
	2(c). If there is not a requirement for the non-resident supplier to register, are the services subject to any of the following by the customer?  i) VAT/GST withholding ii) Reverse charge VAT/GST	3(a). When did/will that requirement come into effect?	3(b). What is the applicable annual turnover threshold (in USD) for that requirement to apply? (see footnote 7)	3(c). Is simplified or standard registration required?	3(d). Does the requirement apply to all e-services?
Romania	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Russia	VAT withholding	1 January 2017	Nil	Simplified	Yes
Serbia	No	1 January 2017	Nil	Standard	Yes
Singapore	No	Changes are under consideration	Not applicable	No registration is required	Not applicable
Slovakia	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Slovenia	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
South Africa	Not applicable	1 June 2014	USD3,802	Standard	No
South Korea	Reverse charge	1 July 2015	Nil	Simplified	No
Spain	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Sweden	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)
Switzerland and Liechtenstein	Reverse charge	1 January 2010	USD103,685 (Footnote: applies to worldwide turnover from 1 January 2018)	Standard	No
Tanzania	Not applicable	1 July 2015	Nil	Standard	Yes
Thailand	Reverse charge	Not yet known	Not applicable	No registration is required	No
Turkey	Reverse charge	Changes are under consideration	Not applicable	No registration is required	Not applicable
United Kingdom	Reverse charge	1 January 2015 (footnote 4)	Nil	Standard registration or MOSS (footnote 5)	Yes (footnote 6)

5. MOSS refers to the 'Mini One Stop Shop', a VAT filing simplification in the EU for non-resident suppliers of telecommunication, broadcasting and electronically supplied services to consumers in the EU.
6. The meaning of 'e-services' or 'electronically supplied services' is defined under local VAT law. For example, under the EU VAT Directive, which applies to all EU member states.
7. Amounts stated in USD for ease of comparison and are illustrative only based on recent exchange rates. Consult relevant country page for threshold in local currency.



## Andorra

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2013
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	EUR40,000 (amount stated exclusive of VAT)
	Is simplified or standard registration required?	Standard
	Does the requirement apply to all e-services?	Yes



## Argentina

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the Argentinian customer is obliged to self-assess for VAT on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	No registration is required.
	Does the requirement apply to all e-services?	No registration requirement exists.



## Australia

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	<p>Yes, from 1 July 2017, GST applies to services that are supplied electronically by non-residents who do not have a permanent establishment ("PE") for GST purposes in Australia where the supply is made to an Australian end consumer (i.e. an Australian resident who is not registered for GST).</p> <p>From 1 July 2017, non-resident suppliers without a GST PE are required to register for GST if the B2C supplies they make to Australian consumers meet or exceed AUD75,000 in a 12 month period (regardless of where the service is performed).</p> <p>Prior to 1 July 2017, non-resident suppliers without a GST PE were required to register for GST if the electronic services supplied using Australian servers met or exceeded AUD75,000 in a 12 month period.</p>
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, where these supplies are made to Australian-based business recipients (that are registered for GST), the supplies will not be subject to GST.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	1 July 2017
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	AUD75,000

*(Continued from the previous page)*

Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:

Is simplified or standard registration required?	<p>It is optional. From 1 July 2017, non-resident entities that are making taxable supplies to Australian consumers have the option to register for GST under the normal rules or under a simplified registration process.</p> <p>If the simplified GST registration is chosen the entity will only need to report GST payable on sales (and cannot claim any GST credits) on a quarterly basis.</p>
Does the requirement apply to all e-services?	Yes



## Austria

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Austria. However, a VAT registration in Austria can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Austria from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Austria from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Bahamas

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, Bahamas has two types of VAT compliant invoices — a "VAT Invoice" and a "VAT Sales Receipt". The VAT Invoice is used for B2B transactions and a VAT Sales Receipt is used for B2C transactions.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, the self-reporting requirements place the tax obligation jointly and severally on the importer and recipient and not on the vendor. This creates a potential double taxation problem. Furthermore, only services provided by electronic commerce are subject to the mandatory registration rule. Foreign suppliers of goods via the internet are not required to register. Supplies of intangible rights have not been addressed (e.g. digital content or media). Greater clarity and certainty from the Tax Authorities is needed.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2015 — with the introduction of VAT.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	100,000 Bahamian dollars (BSD) — Annual turnover is based on actual or expected turnover.
	Is simplified or standard registration required?	Standard. Foreign electronic commerce suppliers will need to obtain a business license prior to registering for VAT.
	Does the requirement apply to all e-services?	Yes



## Belarus

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, up to 31 December 2017. Yes, from 1 January 2018.
	If there is no current requirement, is there any anticipated change to that position?	From 1 January 2018, non-resident suppliers to Belarusian individuals are required to register for VAT for B2C electronically supplied services.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2018
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Optional.
	Does the requirement apply to all e-services?	No



## Belgium

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Belgium. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, there is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Belgium from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Belgium from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



# Brazil

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, as a general rule, only companies incorporated in Brazil are subject to taxation as residents, as in principle, Brazilian companies must register for tax purposes. The Brazilian Civil Code (BCC) prohibits foreign entities from operating in Brazil without authorization which is granted by means of establishing a branch. The branch is taxable in Brazil in the same manner as a Brazilian legal entity.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	Not applicable
	Does the requirement apply to all e-services?	Not applicable



## Bulgaria

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Bulgaria. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Bulgaria from suppliers established in another EU member state.</li> <li>— 1 January 2007 for B2C supplies of e-services to consumers in Bulgaria from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



Canada

**Supplies of e-services to consumers (B2C)**

**Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?**

It will depend on the exact facts and circumstances. In general, a non-resident vendor who carries on business in Canada is required to register for GST and collect GST if the non-resident vendor makes taxable supplies in Canada. The Canada Revenue Agency (CRA) has provided a list of various factors to consider when making this determination, including among others, the place of delivery, the place of payment, the place where purchases are made, the location of an inventory of goods and the location of a bank account. The weight of each factor for a particular business will depend on the specific facts and circumstances of the business. It is important to note that a non-resident vendor may carry on a business in Canada even if the vendor does not have a permanent establishment in Canada. In general, a supply of personal property or a service, except for certain supplies, made in Canada by a non-resident vendor not registered for GST is deemed to be made outside Canada unless the supply is made in the course of a business carried on in Canada. However, this deeming provision does not apply to the supply of an admission in respect of a place of amusement, a seminar, an activity or an event where the non-resident vendor did not acquire the admission from another person. However, depending on the specific facts, at the time of import, the GST will generally have to be paid on the taxable imported goods or self-assessed by Canadian residents on imported taxable intangible personal property and services.

**If there is no current requirement, is there any anticipated change to that position?**

In its 2014 federal budget, the government announced consultation on the issue of ensuring the effective collection for sales tax on e-commerce sales to Canadians made by non-resident vendors.

**Is an invoice compliant with the VAT/GST law in the customer's country required?**

Yes

<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	As for B2C supplies, this will depend on the exact facts and circumstances.
	If there is no current requirement, is there any anticipated change to that position?	In its 2014 federal budget, the government announced consultation on the issue of ensuring the effective collection for sales tax on e-commerce sales to Canadians made by non-resident vendors.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Yes. In general, where a non-resident vendor does not charge and collect GST, the recipient in Canada must self-assess GST on imported services if those supplies are not acquired exclusively in the course of the recipient's commercial activities.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	The current rules have been in place since the introduction of GST in Canada.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	General rules apply. In general, a vendor that makes taxable supplies in Canada must register for GST if the value of the taxable supplies made in Canada or outside Canada by the vendor and any associated entities exceeds 30,000 Canadian dollars (CAD) in the last four consecutive quarters or in a single quarter.
	Is simplified or standard registration required?	Standard
	Does the requirement apply to all e-services?	A non-resident vendor registered for GST must charge GST on all its taxable supplies made in Canada.



China

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Not applicable
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No. In China's VAT system, there is no VAT registration requirement for overseas companies. When an overseas company provides a service to a Chinese purchaser, it cannot register as a VAT taxpayer and pay VAT directly in China. Instead, the VAT will be collected through the withholding mechanism.  For digitized services, there is no special treatment, the above general regulations also apply.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Yes
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No registration requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	No registration requirement exists.
	Does the requirement apply to all e-services?	Yes, the VAT withholding requirement applies to all e-services.



## Colombia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	Yes, there is a scheduled introduction of such a requirement
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, in principle providers of foreign services would be required to issue invoices.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	Yes, there is a scheduled introduction of such a requirement
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Yes, to the extent that the beneficiary of the service (Colombian payer) has been designated by the Tax Authority as a withholding agent the beneficiary would apply the VAT withholding tax ("WHT"). This WHT would operate as a reverse charge. In the event that the customer is not a withholding agent, the non-resident vendor could be required to register under the "ordinary registration regime". The withholding would be via reverse charge.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 July 2018
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	In principle no threshold would be applicable.
	Is simplified or standard registration required?	The new regulations set forth a simplified registration regime.
	Does the requirement apply to all e-services?	Yes



## Croatia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Croatia. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Croatia from suppliers established in another EU member state.</li> <li>— 1 July 2013 for B2C supplies of e-services to consumers in Croatia from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Cyprus

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Cyprus. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Cyprus from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Cyprus from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Czech Republic

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Czech Republic. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No for individual consumers.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Czech Republic from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Czech Republic from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Denmark

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Denmark. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Denmark from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Denmark from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Egypt

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	8 September 2016
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	500,000 Egyptian pounds (EGP)
	Is simplified or standard registration required?	It is currently a standard registration. The tax authority has not issued any more detailed regulations about the type of registration.
	Does the requirement apply to all e-services?	Yes



# Finland

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes. There is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Finland. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Finland from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Finland from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



France

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in France. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in France from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in France from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Germany

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Germany. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, if the customer is a legal person which does not qualify as taxable person.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Germany from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Germany from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



Ghana

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes. There is an enacted legislative instrument requiring a non-resident or its agent to register and charge the tax. (Value Added Tax Act, 2013 Act 807). In addition, regulation 7 of the Value Added Tax Regulation, 2016 L.I. 2243 stipulates that; the Commissioner General may in writing and subject to satisfactory conditions permit a non-resident person providing telecommunication or electronic transactions to register for the VAT, file returns or account for the tax.
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2014
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	120,000 Ghanaian cedi (GHS)
	Is simplified or standard registration required?	Standard
	Does the requirement apply to all e-services?	Yes



Iceland

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 November 2011
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	2 million Icelandic krona (ISK)
	Is simplified or standard registration required?	Standard. In addition, non-resident vendors must register via a VAT representative.
	Does the requirement apply to all e-services?	Yes



<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, reverse charge applies. The requirement for a non-resident supplier to register in India for tax payment is triggered only in the case where the supply of digital services is to a government or a consumer in India. It is not applicable in the case of B2B supplies as the receiver of the services in India will be liable to pay tax under the reverse charge mechanism.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for GST on this price in its GST return.

<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	<b>When did/will that requirement come into effect?</b>	1 July 2017
	<b>What is the applicable annual turnover threshold (in local currency) for that requirement to apply?</b>	Under the GST law, a non-resident supplier providing digital services to a customer (other than a registered person) is mandatorily required to obtain GST registration in India.
	<b>Is simplified or standard registration required?</b>	Simplified
	<b>Does the requirement apply to all e-services?</b>	<p>No, only to digital services as defined in the law. Online information and database access or retrieval services is defined as services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimal human intervention and impossible to ensure in the absence of information technology and includes electronic services such as,</p> <ul style="list-style-type: none"> <li>— advertising on the internet</li> <li>— providing cloud services</li> <li>— provision of e-books, movie, music, software and other intangibles through telecommunication networks or internet</li> <li>— providing data or information, retrievable or otherwise, to any person in electronic form through a computer network</li> <li>— online supplies of digital content (movies, television shows, music and the like)</li> <li>— digital data storage; and</li> <li>— online gaming.</li> </ul>



## Indonesia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, a non-resident vendor, without a permanent establishment is not liable to register for VAT in Indonesia. The sale of cross-border electronically supplied services to consumers is subject to self-assessed VAT with the consumer in Indonesia being required to pay self-assessed VAT to the State Treasury.
	If there is no current requirement, is there any anticipated change to that position?	No
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Not applicable
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	No registration is required.
	Does the requirement apply to all e-services?	Not applicable



Ireland

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Ireland. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No. There is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Ireland from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Ireland from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Isle of Man

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Isle of Man. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Isle of Man from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Isle of Man from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Italy. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, there is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Italy from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Italy from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



Japan

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes  It is important to note that Japan Consumption Tax (JCT) law does not provide a precise definition of a Business and a Consumer. Rather, JCT law firstly tries to recognize a business recipient based on the characteristics of the services or the terms and conditions of the service agreement. Specifically, B2B digital services refer to the services that are normally consumed by business customers, and then B2C digital services are recognized as the digital services other than the B2B digital services.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, although currently there is not yet a formal tax invoicing regime in the context of JCT, a registered foreign supplier is required to issue invoices including relevant information (e.g. the registration number) upon the customers' request.
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, reverse charge applies. It is important to note that JCT law does not provide a precise definition of a Business and a Consumer. Rather, JCT law firstly tries to recognize a business recipient based on the characteristics of the services or the terms and conditions of the service agreement. Specifically, B2B digital services refer to the services that are normally consumed by business customers, and then B2C digital services are recognized as the digital services other than the B2B digital services.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for JCT on this price in its JCT return.

<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	<b>When did/will that requirement come into effect?</b>	1 October 2015
	<b>What is the applicable annual turnover threshold (in local currency) for that requirement to apply?</b>	10 million Japanese yen (JPY) — the foreign supplier who does not have a permanent establishment in Japan is required to register if their taxable sales excluding the turnover of the B2B digital services in the base period (generally referring to the 2 fiscal years prior to the current fiscal year) exceeds JPY10 million. In the case of newly established companies, a foreign supplier may also be required to file a JCT return and pay JCT to the Japanese government if its share capital or the turnover of the controlling party of the supplier exceeds a certain prescribed threshold.
	<b>Is simplified or standard registration required?</b>	Standard, JCT law does not provide for simplified registration.
	<b>Does the requirement apply to all e-services?</b>	<p>No, only digital services which is defined as ‘services supplied through telecommunications lines such as supplies of copyrighted works through telecommunications lines’.</p> <p>Examples of digital services indicated by the Japanese tax authorities are as follows:</p> <ul style="list-style-type: none"> <li>— provision of e-books, digital newspapers, music, videos, and software (including various applications such as games) via the internet;</li> <li>— services that allow customers to use software and databases in the cloud;</li> <li>— services that provide customers with storage space to save their electronic data in the cloud;</li> <li>— distribution of advertisements via the internet;</li> <li>— Services that allow customers to access shopping and auction sites on the internet (e.g., charges for posting goods for sale, etc.);</li> <li>— services that allow customers to access places to sell game software and other products on the internet;</li> <li>— provision via the internet of reservation websites for accommodation and restaurants (those who charge for posting on the website from the businesses that provide accommodation and operate restaurants);</li> <li>— English lessons provided via the internet;</li> <li>— consulting services provided continuously via telephone and emails.</li> </ul>



## Kenya

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes. They are required to register if they provide the services to persons who are not registered for VAT.
	If there is no current requirement, is there any anticipated change to that position?	N/A
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No change anticipated
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No. Kenya operates a reverse VAT regime where only those customers who make exempt sales are required to account for reverse VAT on imported services.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	2 September 2013
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	5 million Kenyan shilling (KES)
	Is simplified or standard registration required?	There is no provision for a simplified registration. However, there is a provision for the appointment of a local tax representative who is expected to account for VAT on behalf of the non-resident person.
	Does the requirement apply to all e-services?	No. The requirement is restricted to the following e-services when delivered through a telecommunication network: <ul style="list-style-type: none"> <li>a) web hosting</li> <li>b) remote maintenance of programs and equipment</li> <li>c) software and updating of software</li> <li>d) images, text and information</li> <li>e) access to databases</li> <li>f) music, films and games; and</li> <li>g) radio and television broadcasts.</li> </ul>



## Lithuania

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Lithuania. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, there is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Lithuania from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Lithuania from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Luxembourg

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Luxembourg. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, The business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Luxembourg from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Luxembourg from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Malaysia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	Yes
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	Changes are expected to the requirement for non-residents suppliers (of services) to register for GST in Malaysia soon. More details will come, following the 2018 National Budget announcement (scheduled for Friday, 27 October 2017).
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for GST on this price in its GST return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	No registration is required.
	Does the requirement apply to all e-services?	Not applicable



<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Malta. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, unless the services are being supplied under MOSS.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Malta from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Malta from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Mexico

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, however, while there is no formal obligation for the non-resident supplier to issue an invoice, if the Mexican resident asks for an invoice such document should comply with some simplified invoice requirements (mainly information), in order that the Mexican resident could deduct the cost of such digital services for Corporate Income Tax purposes (in a B2B context).
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists.
	Is simplified or standard registration required?	No registration is required.
	Does the requirement apply to all e-services?	No registration requirement exists.



## Netherlands

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Netherlands. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Netherlands from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Netherlands from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## New Zealand

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	The requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, B2B supplies of remote services are exempt as long as the supplier obtains confirmation of the customer's business status.
	If there is no current requirement, is there any anticipated change to that position?	Not required, but a non-resident supplier can opt in to register and charge GST.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 October 2016
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	60,000 New Zealand dollars (NZD)
	Is simplified or standard registration required?	Simplified
	Does the requirement apply to all e-services?	Yes, all electronic services are included, but the requirements are broader than that — they include all "remote services." The definition of a "remote service" in New Zealand refers to a service where there is no necessary connection between the location of the supplier and the location of the recipient at the time of service. Where a service can be provided via electronic means, it would indicate that there is no necessary connection between the locations of the supplier and the recipient. As such, prima facie, those services come within the scope of the remote services rule in New Zealand, but non-electronic remote services e.g. legal advice do also.



## Norway

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 July 2011
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	50,000 Norwegian krone (NOK)
	Is simplified or standard registration required?	Optional. The non-resident vendor can choose between simplified or standard registration.
	Does the requirement apply to all e-services?	No, only electronic services as defined in the Norwegian VAT law. This means services capable of delivery from a remote location which are supplied over the internet or electronic network and which cannot be obtained without the use of information technology, and where delivery of the services is essentially automated.



Poland

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Poland. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Poland from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Poland from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Portugal

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Portugal. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Portugal from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Portugal from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Romania

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Romania. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Romania from suppliers established in another EU member state.</li> <li>— 1 May 2007 for B2C supplies of e-services to consumers in Romania from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



Russia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Yes and withheld VAT is recoverable by the customer if necessary conditions of VAT recovery are met.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2017
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold
	Is simplified or standard registration required?	Simplified, non-resident vendors that supply electronically supplied services to Russian individuals or intermediary companies with respect to such services are liable to become tax registered in Russia and pay VAT. Non-resident vendors have no right to recover input VAT unless they create a presence in Russia.
	Does the requirement apply to all e-services?	Yes, similar requirements apply irrespective of the type of electronic service.



## Serbia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	There is no obligation to issue a VAT invoice for supplies to individuals not registered for VAT.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, a foreign entity which provides taxable supplies of goods and services in Serbia exclusively to VAT payers (i.e. entities registered for VAT in Serbia) or public bodies not considered taxable persons is not obliged to appoint a tax representative and register for VAT in Serbia.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2017
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Standard registration. Foreign entities supplying services in Serbia to entities which are not registered for VAT, are required to register for VAT via the appointment of VAT proxy. The VAT proxy, in the name and on behalf of the foreign entity, performs all activities related to fulfilment of obligations and performing rights of the foreign entity that it has as a VAT payer (issuance of invoices, submissions of VAT returns, payment of VAT to the tax authorities, etc.). The VAT proxy is jointly liable for VAT obligations of the represented foreign entity.

*(Continued from the previous page)*

**Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:**

**Does the requirement apply to all e-services?**

Yes, the VAT regulations provide the following exclusive (not indicative) list of services that are considered as electronically provided services:

1. Supply of web pages, storage and maintenance of web pages;
2. Supply of programs and their updating, remote maintenance of programs and computer equipment;
3. Supply of pictures, texts and information and enabling database access, as well as database archiving;
4. Supply of audio and video records, as well as supply of games;
5. Supply of political, cultural, art, sports, science, educational and entertainment programs and events during or after their shooting;
6. Services in the area of long distance learning.



## Singapore

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	As part of the budget for 2017, the Singapore government announced that it is looking at the growth of digital transactions and cross border trade and considering the GST impacts to ensure both domestic and foreign businesses are operating on an even playing field. Consultations were released in May 2017.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Not applicable, this is being considered as part of the ongoing consultation.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	A consultation was released in May 2017 for the proposed introduction of a reverse charge mechanism for B2B imported services.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	No registration or reporting obligation exists. This is being considered as part of the ongoing consultation.
	Is simplified or standard registration required?	No registration is required. This is being considered as part of the ongoing consultation.
	Does the requirement apply to all e-services?	Not applicable, this is being considered as part of the ongoing consultation.



Slovakia

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Slovakia. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Slovakia from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Slovakia from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Slovenia

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Slovenia. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Slovenia from suppliers established in another EU member state.</li> <li>— 1 May 2004 for B2C supplies of e-services to consumers in Slovenia from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## South Africa

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, (see additional comments below).
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, an electronic services supplier must issue a tax invoice for a supply of electronic services containing minimum information.
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	<p>Yes, for both B2C and B2B supplies, the South African VAT Act requires a person to register for VAT if the person carries on an enterprise and in the course of furtherance thereof, makes taxable supplies exceeding a threshold (of ZAR50,000 in the case of electronic services).</p> <p>The definition of an enterprise in the VAT Act includes:</p> <p>The supply of electronic services by a person from a place outside South Africa where at least two of the following circumstances are present:</p> <ul style="list-style-type: none"> <li>— The recipient of the electronic services is a resident of South Africa;</li> <li>— Any payment to that person in respect of such electronic services originates from a bank registered or authorized in terms of the Banks Act; and</li> <li>— The recipient of those electronic services has a business address, residential address or postal address in South Africa.</li> </ul> <p>Electronic services as envisaged above, are set out in a separate regulation.</p>
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable

<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 June 2014
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	50,000 South African rand (ZAR)
	Is simplified or standard registration required?	Standard. Deductions of input tax would be limited to instances where the non-resident vendor was charged South African VAT at 14 percent on the acquisition of goods or services for purposes of making electronic services supplied to a recipient in South Africa.
	Does the requirement apply to all e-services?	No, "electronic services" which are subject to these VAT rules are specifically listed in Government Notice R221. Other forms of e-services do not fall within these rules.



## South Korea

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	The requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 July 2015
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Simplified
	Does the requirement apply to all e-services?	No



## Spain

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Spain. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Spain from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Spain from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Sweden

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in Sweden. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, there is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in Sweden from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers in Sweden from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.



## Switzerland and Liechtenstein

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, subject to threshold as described below.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 January 2010
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	Prior to 1 January 2018, the threshold for non-resident sellers of e-services to non-VAT registered persons (B2C) to register for and charge Swiss VAT is turnover of more than 100,000 Swiss francs (CHF) from sales to customers in Switzerland. From 1 January 2018, threshold will be CHF100,000 of worldwide turnover from sales of e-services, with at least CHF1 of sales to customers located in Switzerland.
	Is simplified or standard registration required?	Standard
	Does the requirement apply to all e-services?	Yes



## Tanzania

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes
	If there is no current requirement, is there any anticipated change to that position?	Requirement is already in place.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	Not applicable
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	1 July 2015
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold.
	Is simplified or standard registration required?	Standard, the non-resident must appoint a fiscal representative.
	Does the requirement apply to all e-services?	Yes. "Electronic services" means any of the following services provided or delivered through a telecommunications network: <ol style="list-style-type: none"> <li>1. websites, web-hosting, or remote maintenance of programmes and equipment</li> <li>2. software and the updating thereof</li> <li>3. images, text, and information</li> <li>4. access to databases</li> <li>5. self-education packages</li> <li>6. music, films, and games, including gaming activities</li> <li>7. political, cultural, artistic, sporting, scientific, and other broadcasts and events including broadcast television.</li> </ol>



## Thailand

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, reverse charge applies. However, practically, there is no mechanism to force individuals to collect and report VAT.
	If there is no current requirement, is there any anticipated change to that position?	The timing of when the new law will become effective is unknown at this stage.  It is not clear whether the draft legislation on e-commerce, especially for VAT implications, will apply to B2C transactions only.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	Yes, however, it is unclear whether this requirement will be amended or simplified under the new law.
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, reverse charge applies. Currently, Thailand does not require a digital service provider who is residing outside of Thailand and has no permanent establishment in Thailand to register for VAT. Thus the reverse charge applies.
	If there is no current requirement, is there any anticipated change to that position?	There is a draft legislative proposal to introduce such a requirement.  Under the draft legislation, a foreign company that sells intangible goods or renders services through electronic media to a non-VAT registered person in Thailand will be required to register for VAT and will be subject to VAT on the Thai sales it concludes. It is unclear whether this will be limited to B2C or will extend to B2B, and if so, what the consequential changes will be in relation to the currently applicable reverse charge mechanism.
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	No requirement exists currently. The timing of when the new law will become effective is unknown at this stage.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	THB1,800,000 — Within 30 days after VAT revenue reaches this level. The same threshold is proposed under the draft legislation.
	Is simplified or standard registration required?	It is unclear whether the standard registration requirements will be amended or simplified under the new law. Current VAT registration requirements lead to creation of an income tax permanent establishment and various legal issues.
	Does the requirement apply to all e-services?	No, under the existing legislation.  Yes, under the draft legislation.



## Turkey

<b>Supplies of e-services to consumers (B2C)</b>	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No
	If there is no current requirement, is there any anticipated change to that position?	Currently the Ministry of Finance is investigating non-resident vendors' revenue generation in Turkey (e-commerce in Turkey such as pop-up ads etc.) and they are sending formal letters to companies' headquarters asking them to provide additional information. The Ministry of Finance's main aim is to subject any revenues to tax which are earned in Turkey. Double taxation engagements will need to be evaluated as well. This is currently a hot topic in Turkey.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No
<b>Supplies of e-services to businesses (B2B)</b>	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
<b>Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:</b>	When did/will that requirement come into effect?	Not applicable.
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	Not applicable.
	Is simplified or standard registration required?	Not applicable.
	Does the requirement apply to all e-services?	Not applicable.



## United Kingdom

Supplies of e-services to consumers (B2C)	Is a non-resident supplier of e-services to consumers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	Yes, there is an obligation for non-resident suppliers to charge VAT on B2C supplies of e-services to a consumer located in United Kingdom. However, a VAT registration can be avoided through the use of the Mini One Stop Shop (MOSS) in another EU member state.
	If there is no current requirement, is there any anticipated change to that position?	Not applicable, requirement is already in place.
	Is an invoice compliant with the VAT/GST law in the customer's country required?	No, there is no requirement to issue an invoice for VAT purposes on supplies to private consumers.
Supplies of e-services to businesses (B2B)	Is a non-resident supplier of e-services to business customers located in this country obliged to register and/or account for local VAT/GST on such supplies in this country?	No, the business customer must self-assess for VAT in its VAT return on a reverse charge basis.
	If there is no current requirement, is there any anticipated change to that position?	No
	If there is not a requirement for the non-resident supplier to register for VAT/GST, are the services subject to VAT/GST withholding by the customer?	No, the customer pays the full price to the supplier, and self-assesses for VAT on this price in its VAT return.
Where there is a current or future requirement for non-resident suppliers to register and/or account for local VAT/GST or a customer VAT withholding requirement:	When did/will that requirement come into effect?	<ul style="list-style-type: none"> <li>— 1 January 2015 for B2C supplies of e-services to consumers in United Kingdom from suppliers established in another EU member state.</li> <li>— 1 July 2003 for B2C supplies of e-services to consumers United Kingdom from suppliers established in a non-EU country.</li> </ul>
	What is the applicable annual turnover threshold (in local currency) for that requirement to apply?	There is no minimum threshold
	Is simplified or standard registration required?	Non-resident vendors have the option to register either in each EU member state where B2C sales are made, in which case the registration would be standard, or, subject to certain conditions, register in one EU member state under the Mini One Stop Shop (MOSS), an EU wide simplified registration (collection only).
	Does the requirement apply to all e-services?	Yes, as defined under EU VAT law. Under EU VAT law, electronically supplied services mean services delivered over the internet or an electronic network and the nature of which renders their supply essentially automated and involving minimum human intervention, and impossible to ensure in the absence of information technology. Similar VAT requirements apply in respect of telecommunication and broadcasting services.

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