



Global Indirect Tax Headlines

October - November 2021

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Corona: Global

Managing the impacts of COVID-19

Companies on a global level are faced with the effects of the globally spreading Coronavirus (COVID-19).

The current situation poses huge challenges regarding labor issues, personal data processing, public health, contracts, corporate governance, tax obligations and sanctions-related matters. This raises substantial questions and concerns from a tax and legal point of view.

Our experts from WTS Global have collected information and advice on managing the impact of COVID-19 in their home markets. We are pleased to offer you a bundled overview on over 35 countries [here](#).

We remain entirely at your disposal for further advice and guidance to support you in professional challenges you might currently face.



Australia

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Status of legislation to implement a reporting regime for the “sharing economy”

Legislation to implement a reporting regime for the “sharing economy” that would require operators of electronic distribution platforms to report information to the Australian Taxation Office (ATO) relating to transactions facilitated through their platform, was passed by the House of Representatives on 18 October 2021.

The “Treasury Laws Amendment (2021 Measures No. 7) Bill 2021” proposes to:

- » Require electronic platform operators to provide information on transactions made through the platform to the ATO
- » Facilitate the closure and any transitional arrangements associated with Australian Financial Complaints Authority (replacing the Superannuation Complaints Tribunal)
- » Remove the \$250* non-deductible threshold for work-related self-education expenses

The bill now goes to the Senate for its consideration.



Mining and exchange of cryptocurrencies as a tax-exempt service

No right to deduct input VAT related to mining and exchange of cryptocurrencies exists, as

- » The mining of cryptocurrencies (e.g. bitcoins) has gambling character and qualifies as a tax-exempt activity pursuant to Sec 6 para 1 no 9 lit d sublit aa Austrian VAT Act.
- » The exchange of various cryptocurrencies for other cryptocurrencies is to be regarded as a tax-exempt service under Sec 6 para 1 no 8 lit b Austrian VAT Act, analogously to the ECJ case Hedqvist (Federal Tax Court 19.11.2019, RV/5100226/2021).

Online platforms, providers of streaming services must collect retail sales tax (Manitoba)

Under changes were included in legislation enacted in October 2021, online platform operators and providers of streaming services must collect Manitoba's 7% retail sales tax beginning 1 December 2021.

Manitoba recently expanded its retail sales tax rules to require online platform operators to register and collect retail sales tax on taxable sales facilitated through their platforms—regardless whether they are located inside or outside the province. As a result, operators of online sales platforms and online accommodation platforms are now subject to these rules and must prepare their systems to reflect the province's retail sales tax.

The new retail sales tax rules also require providers of streaming services to register and collect retail sales tax on streaming services, effective 1 December 2021.



European Union

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UK, France, Spain, Italy, Austria to repeal Digital Services Tax

Austria, France, Italy, Spain, the United Kingdom and the United States on 21 October issued a joint statement on a compromise reached regarding digital services taxes (DSTs) and related unilateral measures. It follows the OECD Inclusive Framework (IF) statement of 8 October which contained details on unwinding existing DSTs and an agreement not to introduce further unilateral measures in the lead-up to the implementation of Pillar One. Under the joint statement, Austria, France, Italy, Spain, and the United Kingdom undertake to withdraw their DST rules for all companies once Pillar One takes effect. The same countries also agreed that DST liabilities accrued in their territories in the period beginning on 1 January 2022 and ending on the earlier of the date the multilateral convention (MLC) implementing Pillar One comes into force, or 31 December 2023 (the Interim Period) would be credited against the tax liability arising from the introduction of Amount A under Pillar One.

In return, the United States agrees to terminate proposed trade actions, including for periods before 8 October, and not to impose any new trade actions, until the end of the Interim Period with respect to the existing DSTs imposed by the countries participating in the joint statement.



Georgia

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Imposes VAT on foreign suppliers of digital services

As part of recent Value Added Tax (VAT) reform in Georgia, effective from 1 July 2021, foreign suppliers of digital services to non-entrepreneurial natural persons (consumers) in the territory of Georgia are required to assess and pay VAT to the state budget of Georgia. There is no minimum revenue threshold.

Digital services are treated as rendered in the territory of Georgia if any one of the following criteria is met:

- » The bank account used by recipient is with a financial institution located in Georgia
- » The recipient is physically located in Georgia
- » The IP address of the device used by recipient is in Georgia
- » The telephone code used by the recipient belongs to Georgia

Assuming any of the above criteria is met, such foreign suppliers will undergo a simplified online registration procedure through the special platform created on the website of the Georgian Revenue Service.

To complete the registration procedure, the foreign supplier will have to submit some basic information such as the legal name of the organization, the headquarters' address, its website, country of residence for tax purposes, tax ID, and contact persons, among others. There is no requirement to present any documents.



Georgia

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VAT returns can be submitted through the same online platform. The VAT reporting period is quarterly. The deadline for submission of a VAT return is the 20th of the month following the reporting period. Thus, the first VAT return under the new rules is due by 20 October 2021.

As to the payment deadline, it is the end of the month following the reporting period. Thus, the first VAT payment under the new rules is due by 1 November 2021. Payment can be made either in US dollars or in Euro. Since foreign currency payments are accepted, a supplier can transfer the VAT amount from its regular foreign bank account.

The taxable base is compensation received for delivery of digital services to consumers in the territory of Georgia. The VAT rate is 18%.



Italy VAT electronic cash register reporting changes

From 1 January 2022, retailers subject to the 2019 internet-linked cash register transaction reporting– *registratore telematico*– face new obligations. This applied to all retailers, resident and non-resident, with a turnover above €400,000 per annum.

The new requirement oblige eligible retailers to upgrade their electronic register for the transmission of daily transactions and VAT liabilities. This measure was designed to be implemented from 1 October 2021, but was delayed due to COVID-19 disruption.

National VAT receipt lottery

Since 2020, shoppers accepting invoices from the electronic registers are automatically entered into a state wide lottery for cash prizes. This encourages compliance as shoppers are encouraged to demand their receipt from the register. Countries such as Greece, Latvia and Portugal operate similar VAT receipt lotteries.



Kenya

Kenya continues with its DST despite OECD agreement for 2023 global corporate tax reforms

The latest Kenyan Finance Act has limited the application of the 1.5% Digital Services Tax (DST) to non-resident digital marketplaces. DST came into effect on 1 January 2021. This is in addition to Kenyan VAT on digital services which was implemented for non-residents from 2020. Follow global Digital Service Tax implementations via our tracker.

Kenya questions OECD agreement

Kenya is one of the countries refusing to accept the OECD-backed global tax deal on reforms, signed by 136 countries, which would effectively replace DST's. Kenya believes its DST would bring in revenues from many more companies – an estimated 89 compared to just 11 under the OECD deal according to the Kenya Revenue Authority's commissioner, Terra Saidimu. Nigeria, Sri Lanka and Pakistan are also holding out. Kenya and Nigeria have also questioned the OECD's dispute resolution requirements.

What services are liable to Kenyan DST?

Income from the following services will be liable to DST:

- » Download and streaming media, TV, films, music, podcasts etc
- » Sale of user data
- » Marketplace services
- » Subscriptions to online news and journals
- » Search engine services
- » E-learning
- » Any other services via a digital marketplace



Kenya

How to calculate Kenyan DST

DST is levied at 1.5% of the gross invoice amount for the digital service. This shall be the payment received as consideration for services in the case of provision of digital services or the commission or fee paid to the digital marketplace provider for the use of the platform in the case of a digital marketplace.

This is exclusive of VAT.

Determining if Kenyan DST is due

Non-residents must monitor the following to determine if DST is due:

- » The services is consumed by computer, mobile or tablet etc with Kenyan IP address
- » Mobile phone country code
- » Credit or debit card with Kenyan address
- » Bill address of the customer

DST registration and compliance on iTax platform

Since there is no DST registration threshold, non- residents must register before supplying their first transaction. Non-residents may opt instead to appoint a Fiscal Representative and have them register and report the taxes. Otherwise, it is not required to appoint a local agent unless the Kenyan Commissioner requests so.



Kenya

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Whilst DST is due at the time of the transaction, practically it is reported and remitted via monthly returns. DST registration will be done online on the iTax platform. This is due by the 20th of the month following the month of the supply.

The fine for non-compliance is 5% of DST due for a missed filing or missed payment. Interest on late payments is also due at 1% per month.



Malaysia

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Malaysia Sales Tax on low-value B2C imported goods 2023; Service Tax on delivery services 2022

In the 2022 National Budget, published on 29 October 2021, Malaysia extended its 6% Service Tax to delivery services. Secondly, it will require sellers of imported goods not exceeding RM500 to charge 10% Sales Tax at the checkout or face border tax collections.

Sales Tax on imported e-commerce low value goods

From 1 January 2023, any online sellers to consumers of imported goods shipped by air not exceeding RM500 (approx. €105; \$120) will have to charge 10% Sales Tax in the checkout or be subject to import tax. Currently, such sales are exempt. Both resident sellers and foreign will be required to follow this new obligation – meaning non-resident tax registrations for foreign sellers. It is not yet clear how collections online will be coordinated with border control to prevent double taxation.

This follows the examples of shifting the import tax burden from the border customs control to the checkout in jurisdictions including Australia, New Zealand and the EU e-commerce package.

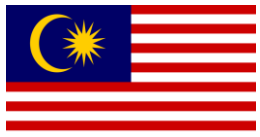
Service Tax on delivery services

From 1 July 2022, goods delivery service providers, including electronic platforms, will be required to charge 6% Service Tax. This will not include food delivery services.

Malaysia's Sales Tax and Services Tax (SST)

Malaysia's operates two main consumption taxes:

- » 10% Sales Tax (lower 5% on certain supplies such as Basic foodstuff; construction supplies; telecoms and IT; oil



Malaysia

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» 6% Service Tax. This included digital services provided by non-residents from January 2020.

SST was temporarily replaced by a Goods and Services Tax (GST) between April 2015 and September 2018.



Netherlands

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Fund Management Exemption Decree updated

On November 2, 2021, the decision on the VAT exemption for fund management was updated. The reason for this is a decision of the Supreme Court of December 2020, whereby service providers with an AFM license for individual asset management could also qualify for the VAT exemption.



Norway

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Norway demands digital platform home sharing income data

Home renters to provide more platform sales VAT info. In last week's Norwegian 2022 budget, the government is proposing obliging homeowners renting out their properties on digital platforms to share transaction details. This includes sundry services alongside any rental income details. This is to help drive improved Value Added Tax collections.

The Norwegian VAT registration threshold is NK 50,000 (just over €5,000) per annum. This means any regular house renter will quickly be liable to register and charge VAT. The current VAT rate in Norway is 25%. Income tax may also be due on short-term rentals. This is calculated on a tax base of 85% on income earned about a NOK 10,000 threshold.

eVAT returns following OECD standard launch 2022 Per Jan 1 , 2021, Norway will replace its bi-monthly Value Added Tax return with the OECD's Standard Audit File for Tax (SAF-T).



Oman

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VAT on non-resident digital service providers

Oman implemented its 5% Value Added Tax regime on 16 April 2021, including making electronic or digital services providers and electronic marketplaces liable to tax on B2C supplies.

Draft VAT measures: VAT in Digital Economy, extend VAT exemptions, life insurance policies subject to VAT

To be approved by the President:

- » Establish a mechanism for the collection of VAT in the digital economy (online platforms)
- » Extend the current VAT exemptions
- » Subject life insurance policies to VAT



Modifications in the split payment mechanism (SPM)

Obligatory split payment mechanism (SPM) came into force from the 1st of November 2019. We have written about the main rules of SPM in the below article: <https://polishtax.com/obligatory-split-payment-in-poland-from-the-1st-of-november-2019/>. Since that time, the SPM regulations have been modified.

Until recently, it was possible to pay only VAT liabilities using the VAT account (VAT amount resulting from the VAT returns, VAT interest or liabilities with the suppliers for the purchased goods or services in the VAT part resulting from the invoices).

Now, a taxpayer has the right to pay additional public liabilities, such as social security's contributions, income tax, customs duty, excise duty, interest for the late payment and other liabilities indicated in art 62b p.2 of Banking law Act.

Also, the taxpayer can recover the VAT amount accumulated on the VAT account by applying to the Head of the tax office to transfer them to his basic bank account or the VAT bank account opened in other banks. The tax authorities should consider the VAT refund application within 60 days following the submission date. If the decision is positive, the specified VAT amount is transferred to the indicated bank account.

As of 1st of July 2021, the transactions covered by the SPM are no longer marked with the MPP symbol in the SAF-T reports. This applies to both the seller and buyer (both input tax and output tax). However, it should be remembered that the designation is still obligatory used on the invoices.



Poland

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Additionally, attachment no. 15 to the PL VAT Act has been modified in positions nr. 60 and 79. Currently, position nr. 60 covers only computers and other automatic data-processing machines. From the obligatory SPM have been excluded: projectors, monitors, keyboards. The current wording of the position nr. 79 is "38.11.49.0 Used cars, computers, televisions and other appliances intended for scrapping". Thus, although the scope of the above grouping has not changed, its current description seems to explain better what goods fall under this heading.



Poland

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Poland implements e-invoicing from 2022

Poland is a world leader in implementing digital tax requirements. There are already a lot of e-tax obligations in place in Poland, including SAF-T (JPK_V7 in particular), the 'White List' (Biała Lista), and electronic financial statements.

Yet another one is coming into force in 2022, as Poland introduces structured e-invoicing. Initially, electronic invoicing will be voluntary, but is set to become mandatory in 2023.



Romania

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Romania SAF-T obligations

Following Poland, Romania will also introduce a periodic SAF-T. Recently it has been made clear which companies are in scope for this new reporting requirement. Romanian legal entities and the foreign businesses without Romanian legal personality but with a Romanian Vat Registration number will have the obligation to prepare and submit the standard SAF-T fiscal control file through the Informative Declaration D406, as follows:

- » taxpayers already in the category of large taxpayers - from January 1, 2022 (reference date for large taxpayers);
- » taxpayers already in the category of medium taxpayers – as from 01.01.2023;
- » taxpayers already in the category of small taxpayers and foreign businesses- as from 01.01.2023.

Companies that are part of VAT groups or of a tax group that apply the tax consolidation system in the field of profit tax will report the SAF-T file individually and not at group level. Non-resident companies registered for VAT purposes will have the obligation to draw up and submit Information Return D406 in a ~~simplified form~~.



Guidance regarding VAT and e-commerce transactions

Guidance from the Saudi tax authorities with regard to e-commerce transactions reflects how the Zakat, Tax and Customs Authority (ZATCA) is rethinking the value added tax (VAT) treatment with regard to e-commerce in Saudi Arabia, with the guidance mostly addressing ride-sourcing or ride-sharing applications.

While, generally, the recent guidance (September 2021) aggregates previous guidance from the tax authorities, it also clarifies certain aspects of the VAT treatment of some specific e-commerce situations.

Issuing a tax invoice by the online platform

The ZATCA guidance states that when a VAT-registered agent (i.e., online platform) makes a supply on behalf of a principal, the agent may issue a tax invoice in relation to that supply as if that agent had made the supply itself. A tax invoice issued by the agent must contain all the usual required information, but it may include the agent's, rather than the supplier's, details—in which case, the invoice would need to contain a reference to the principal supplier (including the supplier's name and tax number) somewhere on the invoice.

The guidance also mentions that when an agent is an undisclosed agent, the undisclosed agent has a responsibility to issue a tax invoice in its own name. With this clarification, it appears that the previous rule was intended to address a situation when an online platform acts as a disclosed agent.



Certain examples provided by the ZATCA guidance include:

- » The e-commerce application must issue an invoice to the buyer. It is further clarified when the invoice is to be issued in the name of the platform as the seller (the example may be interpreted as applicable for supplies on behalf of VAT-registered and not VAT-registered sellers).
- » If the seller is registered for VAT, the e-commerce application must indicate the seller's tax identification number in the invoice, and then tax is to be collected on its behalf and remitted to the government if the seller is responsible for reporting and paying the tax to ZATCA. It is unclear whether ZATCA wants the platform to invoice, collect, and pay the VAT on behalf of those not registered for VAT. The uncertainty stems from a reading of the previous guidance on invoices and records, in which the ZATCA opined that third-party invoicing is subject to a pre-approval under a special procedure to be developed in future.
- » The e-commerce application is responsible for declaring/reporting the value of the commission from the sale and of the fees collected from users as entry fees. The platform's obligation to disclose its portion of the charge to the customers in the tax invoice is not addressed; hence, this could be a concern for such online platforms.

Returned goods

Previously, in its digital economy guide, the ZATCA reported: "The Customs Authority or GAZT will not refund import VAT paid on goods which are subsequently returned. The cost of bearing import VAT for returned goods falls on the importer of the goods."

In the new guide, this language is amended, thus shifting the burden by default from the importer to the end-customer: "ZATCA will not refund import VAT paid on goods which are subsequently returned. The cost of bearing import VAT for returned goods falls on the importer of the goods – end customer."



Ride-sourcing applications

In ZATCA's view, the business (online platform) acts as principal in performing the transportation service, and individual drivers provide their services to the business (not to the end-customer) provided all of the following conditions are met:

- » An individual traveler or company holds an account with a business offering taxi or similar land transportation services (including a business operating a mobile ride sourcing application)
- » The requests for transport are made through the business
- » The payment is collected by the business. The ZATCA's guidance aligns its approach to ride-sourcing applications compared to other businesses. Previously, the tax authorities used the following criteria: "In many cases, the platform has the ability to set the parameters of the supply (such as arranging the delivery of goods and services, determining the selling price and setting terms and conditions of sale) and may also take on commercial risks for the supply (e.g. offering refund to a customer where the goods and services are not satisfactory)."

Food delivery applications

The recent guidance from ZATCA differentiates the following business models and their VAT regime interpretations:

- » Connection services with restaurants—the application is not considered to be the principal in this process due to the fact that the name of the restaurant is visible to the end-consumer. The restaurant is free to change menus and prices; accordingly, the application does not have to disclose the transferred products from the restaurant to the end-consumer as its own purchases.
- » Connection services with drivers—the application will be considered to be the principal in this transaction, and it must disclose the entire delivery value as revenue in its VAT return. The ZATCA guidance does not provide any further detail for this model. Still, it could be assumed to be aligned with the ride-sourcing applications approach as outlined above.
- » Resale model—the full amount is considered subject to VAT in hands of the online platform.



Switzerland

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VAT treatment of vouchers (court decision)

A decision by the Federal Administrative Court changes the definition of a “voucher.”

According to prior Swiss value added tax (VAT) practice, a voucher qualified as means of payment for a service or certain goods, so the sale of the voucher was not deemed to be a transaction under Swiss VAT law. Thus the tax-relevant date (giving rise to tax liability) was the date the voucher was redeemed. At this point the supplier had to charge VAT at the applicable tax rate according to the general principles of the VAT law. In other words, the sale of vouchers was not to be categorized by the issuer (or seller) because this sale was out of scope of the Swiss VAT law and the tax-relevant date was in the future at the time of the voucher’s redemption.



VAT Registered Businesses Not Already Making Tax Digital Compliant Need To Prepare For Changes Next Year

There is currently a requirement for VAT registered businesses with a taxable turnover above the VAT registration threshold to keep records digitally and to file their VAT returns directly from their digital systems. This system is referred to as Making Tax Digital for VAT or MTD.

The digital system can be a software program on a computer or an app on a tablet or smartphone. Whichever system is used it must record certain information, such as the date supplies were made and their value for income and the date of supply and value of purchases made plus the amount of VAT to be reclaimed. Generally this means recording each sales and expense invoice.

There are specific rules for certain types of businesses including retailers or businesses using margin, Flat Rate and other schemes. MTD does not remove the requirement to keep and preserve particular records (including those required by margin or retail schemes or for Partially Exempt businesses) but it does specify which records must be kept digitally.

If records are kept on a variety of software the transfer of data between them has to be made using a digital link and not manually.

At present HMRC only receives the values for the nine boxes of a VAT return, not the detail of how these have been calculated. Businesses required to use MTD have to submit these figures to HMRC directly from their software and not enter them manually into the HMRC system.

In short MTD means businesses have to keep their VAT records and submit their VAT returns electronically. From April 2022 MTD for VAT is being extended to all VAT registered businesses. The change will apply from the first VAT return period beginning on 1 April 2022 or later.



United Kingdom

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HMRC may grant exemption if they are satisfied MTD is not practical, the examples they give are due to age, disability or location, if a business is subject to an insolvency procedure or it is run entirely by practicing members of a religious society (or order) whose beliefs are incompatible with using electronic communications or keeping electronic records.

VAT registered businesses that are not yet fully MTD compliant need to consider how to prepare for MTD sooner rather than later. Businesses that are registered for VAT on a voluntary basis could deregister although this may not be without a cost. In some circumstances deregistering will trigger a VAT liability on stocks and assets that are on hand when the business leaves the VAT system. This may include high value assets such as property on which an Option to Tax has been exercised or which has recently been purchased plus VAT where the cost may be considerable. The implications of deregistering do need to be carefully considered.

HMRC also plan to introduce MTD for Income Tax Self-Assessment in stages, starting in April 2024. So, deregistering for VAT may simply delay the inevitable.

For businesses that wish to, or have to, remain VAT registered and who are not eligible for exemption there are a number of options. Most off the shelf accounting packages are MTD compliant or for businesses using spreadsheets bridging software can be used to link the spreadsheet to the HMRC systems.



Revised VAT rules regarding “designated zones” and goods sold via electronic platforms

The UAE Cabinet in October 2021 issued guidance— Decision No. 88 of 2021—that amends the value added tax (VAT) rules regarding “designated zones.” The VAT regulations (specifically Article 51(5)) are amended to revise the rules for the following situations when the supply of goods within a designated zone will be treated as having a place of supply outside the UAE so that the supply of the goods will not be subject to (or will be outside the scope of) VAT in the UAE.

- » The goods were intended to be incorporated into or used in the production of other goods in the designated zone.
- » The goods are delivered to a place outside the UAE (as supported by official and commercial evidence kept by the supplier).
- » The goods are imported from the designated zone to the mainland UAE (as supported by proof that import VAT has been paid).

Shipping and delivery services

Existing Article 51(6) of the VAT regulations treats the supply of services within a designated zone as having the place of supply inside the UAE and therefore is subject to VAT. New Article 51(7) has been added to provide an exception to this rule for shipping and delivery services.

There are a number of cumulative conditions that need to be satisfied to qualify for this exception— namely, the services need to relate to goods supplied by a non-resident and unregistered entity, and only if the goods are being sold through an independent electronic platform (which itself cannot be the owner of the goods).

When the supply of the goods will be out of scope by virtue of revised Article 51(5), the related shipping and delivery services will then also be out of scope.



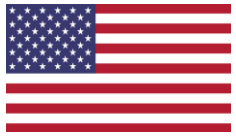
United States of America

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Illinois: Proposed Rules Include Marketplace Facilitator Obligations for Food Delivery Services

The Illinois Department of Revenue has proposed permanent rule amendments which provide, among other changes, that the Metropolitan Pier and Exposition Authority Retailers' Occupation Tax (MPEA) and the Chicago Home Rule Municipal Soft Drink Tax are required to be collected and remitted by food delivery services that are considered marketplace facilitators meeting Illinois' tax remittance thresholds, including information regarding the manner in which these taxes are imposed under these circumstances. Comments on these proposed permanent rule changes are due by November 22, 2021.



United States of America

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New Mexico: Adopted Rules Address Gross Receipts Taxation of Marketplaces and Services Performed

The New Mexico Taxation and Revenue Department adopted administrative regulations covering the new method of sourcing for marketplace providers and sellers. The rules include an explanation of how a service provider's receipts derived from performing a service in New Mexico, or performing a service outside New Mexico the product of which is initially used in New Mexico, generally are subject to New Mexico's gross receipts tax unless a specific exemption or deduction provided under state law applies. The rules provide definitions for relevant terms, explain instances of partial performance of services within New Mexico, and include a possible credit for taxes paid on services performed outside New Mexico. Please contact us with any questions.



Vietnam

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From January 1, 2022, e-commerce and digital businesses need to register and declare tax on B2C transactions

The Ministry of Finance (MoF) of Vietnam recently issued a Circular 80 (80//2021/TT-BTC) regarding the implementation of Vietnam's tax law (Law on Tax Administration in 2019, Law 38/2019/QH14). As per Circular 80 from January 1, 2022, business-to-consumer (B2C) transactions will also be subjected to withholding taxes, meaning that foreign businesses who earn Vietnam-sourced income from Vietnamese individuals through digital platforms (f.e. Netflix, Steam, Ebay or Amazon) will also have to pay taxes in Vietnam.

Various I

e-Invoicing mandates in 2021 and beyond

Albania

Albania initiated its new online billing system in 2020. Taxpayers must use certified software to transmit e-Invoices to a centralized invoicing platform in real-time. Invoices can be exchanged electronically or in paper form. There are two types of certified software in place, so-called fiscalization systems:

- » For cash transactions (e.g. point-of-sale), invoices should be issued using approved fiscal devices with printing capabilities.
- » For non-cash transactions, invoices should be issued through an approved software solution which is capable of performing certain functions, including digital signing.

Businesses are affected by the mandates, depending on size and kind of business, from Sep 2020 onwards:

- » The Sep. 2020 mandate covers: All cash transactions by taxpayers subject to VAT and corporate income tax (CIT) with an annual turnover exceeding 8 million lek.
- » From Jan. 2021 the mandate applies to: Cash transactions by taxpayers subject to VAT and simplified CIT with an annual turnover between 2 million and 8 million lek; Cash transactions by taxpayers subject to simplified CIT with an annual turnover not exceeding 2 million lek.

From July 2021 onwards the mandate also applies to: Non-cash B2G transactions.

On the other hand, Albania also begins to mandate B2B and B2C e-Invoicing. From July 1, 2021, any company that conducts B2B transactions must declare e-Invoicing to the General Directorate of Taxes. And as of Sept. all companies that conduct B2C transactions must also comply.

Various II

Cyprus

The implementation of mandate e-Invoicing for all public procurement transactions (including public and private suppliers) is planned as from Jan. 1, 2022. A centralized e-Invoicing platform to process invoices will become operational as of Jan. 1, 2022.

France

France has published its timeline for the B2B e-Invoicing mandate:

- » July 2024: All businesses shall be ready to receive e-invoices; about 300 large invoice issuers will be required to fully support e-invoicing and e-reporting through the system of the tax authority or accredited private industry solution providers.
- » January 2025: About 8000 mid-sized suppliers will be required to support the issuance of e-invoices and e-reports.
- » January 2026: The remaining businesses have to support the system.

Greece

Greece is mandating e-Invoicing for all B2B and B2G transactions. This mandate came into effect on 31 October 2020. And starting November 2021, Greece's new e-Tax compliance system goes live. Companies must issue tax information electronically via the national myDATA platform.

Italy

From Jan 1, 2022, Italy will require e-reporting for cross-border/import and export invoices. Cross-border invoices include invoices sent from Italian suppliers to non-Italian buyers and invoices received by Italian buyers from non-Italian suppliers.

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Poland

Poland has postponed their B2G e-Invoicing mandate deadlines. The deadline for large companies and enterprises came into effect in December 2020 but the deadline for SMEs has been pushed to June 1 2021, and Dec 31st, 2021 for micro-enterprises. Issuing e-Invoices has been working on a voluntary basis, while the receiving of e-Invoices is mandatory for all central and local authorities. All the public authorities have to register their accounts on the PEF platform, thus every invoice sent in a structured electronic way must be transmitted through the platform. Economic operators can also use the platform which is free of charge, but they can also decide to use other market solutions.

The platform will only allow the exchange of EN conformant eInvoices – using PEPPOL eDelivery Network and Access Points. End-users will be able to use an e-Invoicing platform as well via web and desktop applications as via their software, thanks to the simple API interface that was successfully prepared.

The use of structured eInvoices in Poland is low. This is the main reason why the B2G mandate has been phased and delayed. Nevertheless, one of the main goals of the developed PEF platform is to encourage issuers to handle eInvoices.

For B2B e-Invoicing, the Polish Ministry of Finance announced that the introduction of the Polish CTC e-Invoicing clearance system will be delayed to January 2022 (initially scheduled for October 2021). B2B e-Invoicing is expected to become mandatory from 2023.

Portugal

Portugal's B2G e-Invoicing mandate came into force on Dec 31 2020, for large companies. The deadline for SME's is slated for July 1, 2021 and Jan. 2022 for micro-enterprises. 'Entidade de Serviços Partilhados da Administração Pública' (eSPAP) will coordinate and is responsible for receiving and sending e-Invoices between public contractors and public authorities. However, the central platform eSPAP is, as we understand it, not yet fully operational, with several local authorities not connected and so we expect further delays to these deadlines.

Various IV

B2B e-Invoicing is not yet mandatory, although from January 1 2021 the government requires that taxpayers must apply for a unique series of invoice numbers from the government in advance of issuance. They must then use certified software to produce a QR code on each invoice including this unique document code (ATCUD).

Romania

Romania will introduce the obligatory SAF-T reporting, known as the D406 Informative Declaration from Jan. 2022. About 3000 large companies will be required to submit SAF-T. SAF-T is an international standard for digitally sharing accounting data between companies and national tax authorities.

Russia

From July 1, 2021, Russia introduced the new procedure for the traceability system, which means B2B e-Invoicing will become mandatory for the taxpayers dealing with traceable goods such as industrial trucks, household and laundry facilities and etc.

San Marino

On May 26 this year, the State Secretariat for Finance and Budget of San Marino and the Italian Ministry of Economy and Finance signed a new agreement for B2B transactions between two countries. Businesses in San Marino with an annual turnover of more than 100.000 euro are required to issue e-Invoice as of July 1, 2022. Between Oct.1 2021 to June 30, 2022, companies are able to do so voluntarily.

Serbia

Serbia is aiming to mandate B2B & B2G e-Invoicing by 2022. The Minister expected the law to be approved by the end of 2020 and for its implementation to begin on January 1, 2022. The second law (on e-Invoices) is expected to be adopted in the first quarter of 2021, with implementation due to begin on January 1, 2022. Public companies will be required to start using e-Invoicing since then. Private sectors will start using it in 2023.

Various V

Slovakia

Ministry of Finance of the Slovak Republic plans to establish a pre-clearance system on e-Invoices. Test for B2G invoices is scheduled for the end of 2021. Tests for B2B and B2C invoices will follow suit. The Ministry of Finance plans to launch the system officially at the beginning of 2023 at the latest.

Bolivia

Bolivia resumes its implementation process for e-Invoicing system after a year-long break. From Dec. 2021, 171 large companies will be required to issue e-Invoicing and other fiscal documents.

Chile

Chile was one of the pioneering e-Invoicing nations in Latin America, introducing a voluntary e-Invoicing system back in 2001. The gradual implementation of mandatory e-Invoicing began in 2014 according to the size of the companies. Practically all Chilean businesses are now required to use e-Invoicing. And starting from 1 March 2021, Chilean taxpayers are also obliged to process B2C invoices electronically.

Ecuador

In Ecuador, the e-Invoicing rollout process has been underway since Jan 2019. It is currently mandatory for two groups of taxpayers (those who carry out commercialization activity of heavy machinery and road equipment; and individuals or entities carrying out wholesale and retail operations of liquefied gas). It is expected to become mandatory for all taxpayers in 2023.

El Salvador

El Salvador is paving its way ahead towards the use of electronic invoices. The Ministry of Finance of El Salvador began a pilot program in 2020, with the participation of 50 large companies from various sectors. The plan is to incorporate into the e-Invoice issuance system both small and medium-sized enterprises by 2021.

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Guatemala

As of Sept. 2020, the new e-Invoicing system, FEL (Facturacion Electronica en Linea) model replaced the older FACE model. The recent resolutions have been announced by The Superintendence of Tax Administration (SAT) to include also taxpayers who invoice public entities or companies that manage state resources to transition to Guatemala's new e-Invoicing system, FEL (Facturacion Electronica en Linea) from April 1, 2021.

Panama

Panama began the implementation of e-Invoicing in 2016 with the establishment of the Panamanian Electronic Invoicing System (SFEP). The SFEP rollout was composed of 4 phases: Design, Construction, Voluntary Pilot Plan and Widespread Adoption. Following the completion of this Pilot Plan, in which 43 companies participated, the system entered the voluntary adoption phase in Sept. 2021. On the other hand, starting back in August of 2020, the Government of Panama enacted a new Decree, requiring all taxpayers excluded from having to use electronic fiscal machines attached to their POS systems to start issuing e-Invoices. The DGI still needs to define specific dates for certain groups of taxpayers to meet this requirement.

Paraguay

Paraguay government began its rollout towards mandatory e-Invoicing in May 2020 and has recently approved the launch of a pilot plan called EKUATIA to test the new system (Ekuatia'i system) for issuing electronic tax documents. The Paraguayan tax authority (SET) will proceed to select a group of taxpayers to participate in and implement during the pilot program.

Peru

The Peruvian Tax Authority SUNAT determined that, as of January 1, 2021, Electronic Service Providers must now be certified under the ISO/IEC-27001 framework, and electronic users must begin to use the OSE and/or SOL Electronic Delivery System (SEE).

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United States of America

The Business Payments Coalition, an organization that has been leading a long-term effort to explore the feasibility of building an e-Invoicing interoperability framework, has achieved a major milestone towards a U.S. e-Invoicing framework, as the group published the result of its e-Invoice Exchange Framework: Approach to Managing a Federated Registry Services Model in a Four-Corner Network. Currently the coalition is preparing for the in-market pilot program for early 2022, which the Coalition will test the exchange of e-Invoices between businesses by establishing a secure e-Invoice delivery framework between providers

Canada

Canada is gearing up for the full adoption of e-Invoicing in the public and private sectors. The Canada Revenue Agency (CRA) has published a run of circulars on e-invoices, including the e-Invoicing guide (IC05-1RA) that outlined the legal e-Invoicing requirements in Canada.

Egypt

The Egyptian Ministry of Finance has completed its e-Invoicing pilot period and is now in the first phase of mass implementation, with 134 companies selected to comply. In Feb. 2021, the 2nd compliance phase starts with more companies on board. As of July 2021, the B2G/B2B e-Invoicing mandate becomes active for all public sector companies. By Jan. 2022, e-Invoicing will become mandatory for all companies operating in Egypt.

Saudi Arabia

On December 4, 2020, The Saudi Arabian Monetary Authority (SAMA) & the General Authority of Zakat and Tax (GAZT) signed an agreement on the implementation of e-Invoicing. A national e-Invoicing platform ESAL will be used to digitalize the payment process for government entities and businesses in the Kingdom. Within the next six months, the Saudi authorities will release further details on the e-Invoicing framework, including system and technical requirements. The e-Invoicing mandate is expected to go live by December 4, 2021.

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Lesotho

Lesotho has received financing from the African Development Fund towards the implementation of the Lesotho Tax Modernization Project and intends to apply part of the agreed amount for this loan to payments under the contract for the implementation of VAT e-Invoicing solution.

Australia

Australia is currently proactively promoting the value of e-Invoicing in preparation for the e-Invoicing mandate in July 2022. The Commonwealth will mandate e-Invoicing for all agencies by 1 July 2022, with over 80% of invoices being able to be received electronically by 1 July 2021.

China

China has been pushing the digitization of general VAT invoices for years. New progress is being made as the Chinese State Tax Administration (STA) has provided a concrete plan allowing for electronic special VAT invoices (e-fapiaos). It is expected to begin adoption in 2021. So far, certain taxpayers of 31 regions in China have voluntarily issued e-fapiaos since 2020.

Japan

Japan's Digital Agency established its Access Point with PEPPOL Network on September 14, 2021. From here, the Digital Agency will become the central governmental PEPPOL authority in Japan. This is all part of Japan's move to mandate tax-compliant e-Invoicing before October 2023.

New-Zealand

New Zealand has not yet decided on when the official deadline for the mandate becomes valid, but based on current information we can expect the mandate to be implemented by the end of 2022.

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Philippines

Early in 2019, the Department of Information and Communications Technology released The Philippine Digital Transformation Strategy 2022, outlining the government strategy to achieve the digital transformation by launching a new eGovernment system by 2022. As part of the plan, the e-Invoicing/e-receipt program is expected to be implemented in a pilot phase by 2021 and become mandatory by 2022, based on the South Korean model.

Thailand

In 2016, the Thai government introduced the national policy of "Thailand 4.0", outlining the two major long-term objectives: to transform Thailand into a "Digital Economy" and thus become an "advanced economy" by 2032. Currently, the government is eyeing to pilot the e-Tax invoicing system (e-Tax invoice and e-Receipt) for all business operations in Thailand in 2021. An e-Tax invoice is an invoice, credit note, or debit note provided in electronic format with a digital signature or time stamp under the e-Tax System by email. Like the e-Tax invoice, an e-Receipt is a receipt document provided according to the Thai Revenue Code in an electronic format.

Vietnam

Vietnam will be mandating e-Invoicing for all enterprises from July 1, 2022. Businesses are encouraged to apply early and start to implement e-Invoicing for their businesses.

Various X

News

Netherlands: Uber drivers to be considered employees for wage tax purposes (in Dutch).
[Uber moet chauffeurs in dienst nemen en volgens cao betalen | NOS](#)

UK: The Guardian, UK business rates review may tax streaming services and online goods
[UK business rates review may tax streaming services and online goods | Retail industry | The Guardian](#)

UK: HM Treasury, UK agrees transition toward new global tax system
[UK agrees transition toward new global tax system](#)

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