CROSS-BORDER SUPPLIES OF INTANGIBLE SERVICES, DIGITAL CONTENT AND RIGHTS

Global Guide to VAT on Digital Services

FIFTH EDITION – DECEMBER 2021
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Introduction

Welcome to the Fifth Edition of DLA Piper’s Global Guide to VAT on Digital Services covering cross-border supplies of digital content, intangible services and, more generally, the various forms of e-commerce.

As business grows more global and the rules constantly change, the challenge for in-house counsels and in-house tax managers is intensifying. This guide is intended to meet that challenge head on. We hope it will be an invaluable resource for you.

Focusing on supplies of intangible services, digital content and e-commerce, this guide is a tool to avoid costly pitfalls in international services given that revenue authorities around the world are increasingly focused on taxation issues for the growing e-commerce sector, both in a direct and indirect tax context.

The release of this Guide follows recent developments in this area, including:

- important VAT changes concerning e-commerce;
- essential developments in the Mini One Stop Shop procedure; and
- the relevant current tax regulations in different countries

For convenience, we have used the term VAT in this guide to refer to the various international forms of value added taxes. Such taxes may be known by other names, including Goods and Services Tax (GST), Consumption Tax or Sales Tax. We have also adopted the commonly used terms B2B to refer to business-to-business, and B2C to refer to business-to-consumer.

Technically speaking, under “VAT terms,” this guide focuses on the supply of services in the area of cross-border e-commerce. Obviously, cross-border forms of e-commerce nowadays also includes the supply of tangible goods and assets. Covering also the supply of tangibles would exceed the scope of this guide. In this respect, however, we do point your attention to the section below “Digitalization of the supplies and VAT collection on digital platforms” which contains information on the supply of goods and VAT collection on digital platforms.

We have used our global experience and local knowledge to bring you this guide. With over 380 world-class lawyers, DLA Piper’s Global Tax Group is one of the largest in the world, with one of the largest geographical footprints of any global law firm. We partner with our clients, wherever they do business, to find solutions and manage risk in relation to their legal challenges and objectives.

While this guide provides high-level information, it is not a substitute for legal advice in relation to specific matters. This is particularly important for VAT matters, given that local laws and policy can change quickly and without notice, and the economic and factual circumstances are so critical.

Even though the VAT Directive provides a framework in the EU, in a European context, the details of the rules in different EU jurisdictions can vary significantly. If you wish to speak to any of our advisors, their contact details are set out towards the back of this guide.

We hope you find this guide valuable. We look forward to working with you and welcome your feedback on any aspect of this guide.

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## VAT revenue-to-GDP (OECD countries)

VAT revenue in % of GDP (2018)\(^1\)

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# Standard VAT rates 2020 (OECD countries)

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EU VAT changes

NOTE: The following commentary relates to supplies within the EU only.

2021 e-commerce package

GENERAL
Under the EU’s VAT e-commerce package which took effect from July 1, 2021, new VAT rules were implemented in the EU which cover distance sales of goods and any type of cross-border services.

The aim is to simplify VAT obligations for taxpayers carrying out cross-border sales of goods or services online to final consumers and also to ensure the correct VAT-payment to the Member State of destination.

The EU Commission has published Explanatory Notes in all official EU languages, as well as in Chinese and Japanese, on the new VAT e-commerce rules. The Explanatory Notes contain explanations, clarifications and practical examples on the application of the new rules. The new rules should apply especially to businesses, small and medium enterprises, suppliers or electronic interfaces involved in e-commerce transactions.

ONE STOP SHOP
The change to One Stop Shop (OSS) is the core of the EU VAT reform. The OSS is intended to develop a Mini One Stop Shop (MOSS) procedure, to simplify intra-Community trade and to unify the taxation in the country of destination from a supply value of EUR10,000. Up to this threshold, taxation takes place in the country of origin of the supply.

OSS allows taxable persons to:

• declare their transactions covered by the special scheme in a special VAT return;
• transmit this VAT return centrally to only one competent tax authority; and
• pay the resulting VAT in full.

MOSS previously covered only TBE (telecommunications, broadcasting and electronically supplied services) and has now been extended under OSS to cover all types of cross-border B2C services. The procedure is aimed at taxable persons who are established in a Member State and who, in return for payment, provide:

• services to consumers (private individuals) in the Member States in which they are not established; or
• make intra-Community distance sales of goods; or
• provide an electronic interface through the use of which they support the supply of goods within a Member State by a non-established taxable person and are therefore treated as if they had supplied the goods themselves.

In addition, the procedure is aimed at taxable persons who are not established in the EU and who have a domestic facility, such as a warehouse, from which goods are supplied to private individuals in other EU Member States.

A uniform threshold of EUR10,000 then applies across the EU. Above this value, VAT should always be payable in the country of destination. The settlement then takes place centrally at the local competent tax authority via OSS.

The idea of OSS is that the supplier should charge and collect VAT from EU customers at the moment of sale. However, the supplier will need to register only once. This should eliminate the need to register and to declare VAT in each Member State of destination.

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2 See topic “Registration for OSS and IOSS”.

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Note that there are various obligations associated with participation in the special scheme (e.g., timely submission of VAT returns, timely payment of VAT returns, retention obligations).

However, it turns out that OSS probably does not cover all transactions in online trade. This mainly affects the use of fulfillment centers outside the EU. In these cases, local registration in the country of destination will likely still be required.

**IMPORT ONE STOP SHOP (IOSS)**
The IOSS procedure is not obligatory for consignments below EUR150. In this case, the seller can choose to have import VAT collected by the customs declarant (e.g., courier, customs agent) from the final customer. The customs declarant should then pay the collected VAT to the customs authorities via a monthly payment. Duty exemptions for goods not exceeding EUR150 will stay in place.

If choosing the IOSS procedure, EU and non-EU sellers will have to charge and collect VAT for consignments of up to EUR150 at the point of sale. VAT should be charged and collected at the rate of the seller’s customer EU country of residence. The sellers will have to declare and pay the VAT to the Member State of identification in the IOSS. The consequence is that the goods will benefit from a VAT exemption upon importation which results in a fast and easy customs clearance procedure (Green Channel).

Sellers using IOSS will need to report distance sales of imported consignments up to EUR150 across EU borders on a quarterly basis. Therefore, sellers need to register for IOSS. Import VAT due in all EU countries can be declared and paid in a single cash payment in the Member State of registration. The VAT return shall be submitted in general within 20 days following the end of the tax period covered by the return.

The IOSS identification number (received at registration) needs to be listed on all packages sent to the EU which should indicate that VAT is being properly declared. Consequently, customs handling would become quicker.

IOSS can also be used by EU sellers selling goods located outside the EU to EU customers. However, non-EU sellers need to appoint a Fiscal Representative acting as agent.

**REGISTRATION FOR OSS AND IOSS**
Taxable persons who are already registered for the predecessor procedure Mini-One-Stop-Shop automatically participate in the special One-Stop-Shop EU scheme. Other taxable persons, in order to participate in the special scheme, must apply for their participation at the competent tax authority.

Suppliers who have already been refused participation in the MOSS or IOSS schemes are likely to be excluded for OSS as well.

For other suppliers, the pre-registration for OSS has been available in all Member States since April 1, 2021. The EU has published a Guide containing details of the registration procedure as well as the declaration and the payment of VAT via OSS and IOSS. Further, the competent tax authorities in each Member State have their own regulations on the registration procedure (e.g., requested documents). Our tax lawyers can support you with the registration. Please find the contact details at the end of this Guide.

Please do not hesitate to contact our tax lawyers if you need support with your registration.

**INPUT VAT RECOVERY**
A taxable person may only claim input VAT invoiced to them for inputs in EU Member States in which they have exclusively performed transactions covered by the special regulation in the input VAT refund procedure.

The prerequisite is that the input VAT amounts are related to these transactions. The input VAT refund must be claimed in the Member State in which the input VAT amounts were incurred. Please consider the respective requirements for the input VAT refund procedure of the respective competent tax authority.

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5 See topic “Registration for OSS and IOSS”.
6 Guide is currently available in English and should be made also in other EU languages, [https://ec.europa.eu/taxation_customs/sites/taxation/files/oss_guidelines_en.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/oss_guidelines_en.pdf)
7 Contact list, [https://ec.europa.eu/taxation_customs/sites/taxation/files/member_states_oss_contact_details.pdf](https://ec.europa.eu/taxation_customs/sites/taxation/files/member_states_oss_contact_details.pdf)
If the taxable person also performs other transactions in that EU Member State and therefore has to be registered there for VAT purposes, they have to claim, in general, the input VAT amounts there as a whole under the general taxation procedure. Please consider the respective requirements for the input VAT refund procedure of the respective competent tax authority.

Please feel free to reach out to our tax lawyers, who would be happy to support you.

**ABOLITION OF VAT EXEMPTION**

The current VAT exemption for goods in small consignment (value of up to EUR22) has been abolished. The reason for this is that the original intention to relieve customs from the burden of checking packages for small amounts of potential tax revenues has been misused. The exemption has encouraged sellers to commit large-scale fraud, as the sellers have often deliberately declared the values of goods to escape the import VAT bill. Further, the introduction of the IOSS regime should replace the current VAT exemption.

**Reminder: 2020 quick fixes**

Cross-border supplies can lead to tax exempt transactions in the European Single Market. The conditions and the evidence that a supply is a tax exempt intra Community supply have been adapted uniformly throughout the EU as of January 1, 2020, by means of the Quick Fixes with the aim of standardizing, simplifying and making more fraud proof regulations for trading that have been inconsistent throughout Europe. Taxpayers have had to comply with the new framework conditions for supplies in the internal market as of this date.

The measures concern

- the obligation to provide proof for intra-Community supplies;
- the VAT identification number (VAT-ID) and the recapitulative statement;
- chain transactions; and
- consignment stocks.

**OBLIGATION TO PROVIDE PROOF FOR INTRA-COMMUNITY SUPPLIES**

The proof that a supply from one EU Member State to another has actually taken place was previously regulated inconsistently. The “confirmation of receipt” was only available in a few countries (eg Germany). Other countries have had different regulations. Therefore, the EU Commission has standardized this “patchwork” of different proof regulations through the Quick Fixes.

If the supplier organizes the transport, two forms of proof are required, which may not be issued by the supplier, the recipient or affiliated parties. The proof must have been issued by two independent bodies. The proof can be, for example, a consignment note or the invoice of an (independent) forwarding agent. Alternatively to either of the above, an insurance policy for the transport, a bank certificate for the forwarding invoice or confirmation by a public body (eg the notary) may also apply.

If the recipient collects the goods themself, a confirmation of arrival is required in addition to the two aforementioned documents. This confirmation has to be available within ten days after the supply.

**VAT-ID AND RECAPITULATIVE STATEMENT**

The ECJ had not made the tax exemption as an intra-Community supply dependent on the submission of an accurate VAT-ID of the service recipient but regarded this as a formal requirement. However, without an accurate VAT-ID of the service recipient, an accurate recapitulative statement could not be submitted.

Therefore, the VAT-ID and the recapitulative statement are now mandatory requirements for the VAT-exemption for intra Community supplies. The recapitulative statement must contain the exact details of each intra Community supply and correspond exactly to the supplies reported in the monthly VAT return.
CHAIN TRANSACTIONS
Until 2020, chain transactions and the respective VAT handling have been treated differently in EU countries. The consequence was that there has been partly no taxation and partly a double taxation for VAT. Further, there was no uniform EU-wide regulation as to which of the supplies the moving (VAT-exempt) supply should apply.

Because of the 2020 Quick Fixes, there should now be a uniform, EU-wide regulation in regard to the chain transactions so VAT handling should also be unified.

CONSIGNMENT STOCKS
In general, suppliers in cross border transactions had to be registered for VAT in the country of destination. However, some EU countries had allowed simplifications. For example, depending on the country, goods were allowed to remain in a consignment warehouse for 3, 12 or 24 months before being called off by the customer. If all the conditions for simplification were met, the supplier was allowed to declare an intra-Community supply to its customer, thus avoiding registration for VAT in the country of destination.

The EU Commission has also unified this area. Under certain uniformly regulated conditions, goods may now remain in the consignment warehouse for 12 months without triggering registration necessity of the supplier. If the goods are not called off in time, the supplier may retrieve goods or sell them to another customer. However, transport from the warehouse in one country to another is not allowed. Shrinkage and inventory discrepancies may automatically lead to a VAT registration obligation.

Taxpayers, especially in the consumer goods and retail industries, should therefore:

• regularly check the VAT-IDs of their business partners;
• reconcile the recapitulative statement with the monthly VAT returns and avoid differences between both documents;
• check whether they (unknowingly) participate in chain transactions and re-examine the VAT treatment of these chain transactions; and
• ensure they meet the requirements for simplification if they use or operate consignment stock.
Digitalization of the supplies and VAT collection on digital platforms

Supply of services
Digital development has not only changed everyday life, it has also changed the way we provide or receive supplies. It seems like the first point of contract is now the online platform rather than a local service provider.

The focus of this Guide will be the supply of services. The number of jurisdictions implementing a full VAT liability regime for the taxation of cross-border services and intangibles is consistently growing. Such services might include the supplies of software services and maintenance (e.g., anti-virus software, data storage), broadcasting services and the licensing of content.

In general, in cases with B2B customers VAT is collected through a reverse charge or self-assessment mechanism as recommended by the OECD International VAT/GST Guidelines. Although the reverse charge mechanisms work well in a B2B context, they are not as effective in a B2C context. This makes the collection of VAT challenging and it is also becoming more relevant because of the growth of the B2C online interaction.

VAT collection on digital platforms
Regarding sales via digital platforms, many jurisdictions have already implemented provisions which make digital platforms liable to assess, collect and remit VAT. It is treated as if there are two VAT transactions: firstly, the seller is selling the goods on a B2B VAT exempt basis to the marketplace, and secondly the marketplace is selling the goods to the consumer by applying the VAT rate of the consumer’s country of residence (two-stage VAT transaction process).

Supply of goods
While this Guide focuses on the supply of services, the supply of goods should be discussed briefly at this stage.

One of the measures of the VAT e-commerce package is the amendment of the intra-community distance sales regime. While there are currently special domestic distance sales thresholds for each Member State, a new threshold of EUR 10,000 per year will be introduced and will apply in all EU-countries. The aim is to support micro businesses. Supplies below this threshold can remain subject to VAT in the Member State where the dispatch begins.

Consequently, businesses carrying out intra-Community distance sales of goods should declare and pay VAT in the Member State where the dispatch ends. To simplify the registration processes and to avoid registration in each Member State, the supplier can use the OSS procedure.

VAT collection on digital platforms
Online platforms therefore must keep records of deliveries and services. Such records must be sufficiently detailed to enable the tax authorities of the Member State in which those supplies and services are taxable to determine if VAT has been paid correctly. The digital platform may be made solely liable or liable for the collection and payment of VAT in the name and on behalf of the respective supplier who uses the digital platform to carry out online sales. A comparable provision for the digital supply of services is also already implemented in some countries; however, many countries do not yet have a similar provision but are considering implementing one. Tax authorities designing a full liability regime for the collection of VAT on supplies of services/intangibles need to take the necessary aspects into account to encourage greater consistency in the tax treatment of such platforms.

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9 Please note that this threshold already applies to cross-border TBE services.
10 See our article above “EU VAT changes” section “2021 e-commerce package”.
Further, there might be digital platforms facilitating both goods and services. In this case, there should be a registration and compliance system which can be used for both kind of supplies. This would not only reduce the administrative burden but also the costs for a potential registration and compliance.

**Digital Services Tax**

As there has been a major debate at international, EU and national levels about the taxation of global businesses and a compromise has not been achieved, some countries have introduced a Digital Services Tax (DST). The aim of the DST is to ensure profits are taxed where economic value is created.

Austria, France, Hungary, Italy, Poland, Spain, Turkey and the UK have already implemented a DST. While Belgium, the Czech Republic and Slovakia have published proposals to implement a DST, other countries like Latvia, Norway and Slovenia have either officially announced or shown intentions to implement DST. The tax rates range from 1.5% in Poland to 7.5% in Hungary and Turkey. However, the tax basis differs from country to country.

It needs to be kept in mind that such standalone initiatives – even if they include so called sunset clauses and will expire as soon as an EU/international consent is reached – may, potentially, lead to double taxation in certain cross-border transactions. This international consensus in now forthcoming with the agreement on Pillar 1 and Pillar 2, though certain details remain to be agreed.
Tips for minimizing VAT risks for cross-border supplies

Businesses that make cross-border supplies need to be mindful of potential VAT risks on a global basis.

To minimize these risks, we suggest the following:

• **All B2B supply contracts should expressly state prices on a VAT exclusive basis.** It is necessary though to confirm if this is permitted under local (regulatory) laws. The contract should also include a separate VAT gross up clause. This may allow the supplier to pass on VAT, or any VAT rate increase, if required. Ideally, any such clause should be drafted to cover VAT in the supplier’s home country, as well as any VAT that may apply in any destination country.

• **Consider whether any VAT can potentially be reverse charged and paid by a local business customer.** This may require the written agreement of the local business customer, which could be addressed in any VAT clauses in the contract. A reverse charge is unlikely to be available for supplies to a non-registered consumer.

• **For B2C supply contracts, prices should again be stated on a VAT exclusive basis (if permitted) and it should be made clear that VAT is chargeable on top.** Verify if this is allowed as there are some countries which do not permit VAT exclusive pricing for supplies to consumers.

• **If VAT exclusive pricing is not permitted (in either a B2B or B2C context), the contract should ideally permit the supplier to adjust prices if required.** The circumstances in which prices can be adjusted under the contract should be broad enough to cover the introduction of new VAT imports (or changes to VAT rates). It may be necessary to provide a period of notice to consumers before prices can be adjusted.

• **Businesses should consider how VAT compliance costs and risks can be best managed.** For example, in an EU context, the One Stop Shop is an option. Other options may include the establishment of new local subsidiary entities, the formation of VAT consolidated groups, the use of local resident agents and the reverse charging of VAT to business customers (where permissible).

• **Find out the invoicing rules in each jurisdiction.** Our global network of leading VAT practitioners can assist you with the above, in addition to any other relevant local VAT considerations.
Country Guides
**Australia**

**LOCAL NAME FOR VAT**
Goods and Services Tax or GST

**APPLICABLE RATES FOR DIGITAL SERVICES**

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>10%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**REGISTRATION REQUIREMENTS**

**Mandatory**
Entities are required to be GST-registered where they carry on an enterprise and have a GST turnover exceeding AUD75,000 in a rolling 12-month period from supplies that are “connected with the indirect tax zone” (referred to as the “connected with Australia” rules for convenience).

From July 1, 2017, non-residents may elect to use a limited registration option, which is a faster and simpler registration process. Limited registration entities are not entitled to claim input tax credits (GST credits) on their acquisitions and importations.

In some cases, the operator of electronic distribution platforms (such as online marketplaces and stores) is treated as the supplier of intangible supplies and may need to register for GST and charge GST to Australian consumers (rather than the overseas merchant). Further, redeliverers of goods can be liable for GST as if they were the supplier of the goods. A redeliverer is an entity that offers an offshore mailbox or shopping service (ie a service where goods are purchased and delivered to outside Australia and the redeliverer then facilitates the transport of the goods to Australia as a separate service).

**Optional**
An entity that carries on an “enterprise,” anywhere in the world, may be GST registered.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

From July 1, 2017, intangible supplies to Australian consumers are connected with Australia. GST will therefore apply to such supplies where the supplier's turnover from sales to Australian consumers (and any other sales made that are connected with Australia) exceeds the AUD75,000 registration threshold.

As explained below, non-resident suppliers without a GST permanent establishment in Australia only have a GST liability in a B2C context, not a B2B context.

The position for B2C intangible supplies before July 1, 2017, was quite different and is not addressed here. However, it is noted that, under transitional rules, the new rules can apply to certain supplies made before July 1, 2017.

Where a digital product or service is provided through an electronic distribution platform (EDP) (ie a website or app store), the EDP is generally responsible for the GST payable.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

GST cross-border rules that apply to B2B intangible supplies were introduced on October 1, 2016.

In general, intangible supplies to “Australian-based business recipients” are not connected with Australia and therefore GST should not apply to such supplies. The exception is where the supplier has a permanent establishment or other substantial presence in Australia, in which case all of the supplier’s intangible supplies (both B2C and B2B) are generally subject to GST where the supplier's turnover exceeds the AUD75,000 registration threshold. In broad terms, “Australian-based business recipients” are Australian, GST-registered businesses.

A mandatory reverse charge may apply if a GST-registered entity in Australia (ie a business) acquires rights or services through a supply that is not connected with Australia. The reverse charge should only apply if the entity will not use the rights or services acquired for a wholly “creditable purpose.”

The B2B rules recognize that most GST-registered businesses in Australia will be entitled to a full input tax credit (GST credit) for any GST that may be imposed on a B2B supply. GST-registered entities which would not be entitled to a full input tax credit are already subject to a mandatory reverse charge as outlined above.

If a supply from a non-resident is connected with Australia, a GST-registered business may voluntarily agree to reverse charge and pay that GST, provided that the supply by the non-resident is not made through an “enterprise” that it carries on in Australia. The parties must agree to the reverse charge in writing, which can normally be addressed in the VAT/GST clause in the supply contract. While relatively common before October 1, 2016, the voluntary reverse charge mechanism is likely to be rarely used under the new B2B rules.

Note that special rules can apply to telecommunications services.

RETAIL SALES OF LOW VALUE PHYSICAL GOODS

From July 1, 2018, retail sales of physical goods with a value less than AUD1,000 to Australian consumers are connected with Australia. GST will therefore apply to such supplies where the supplier’s turnover from sales to Australian consumers (and any other sales made that are connected with Australia) exceeds the AUD75,000 registration threshold.

Sales of physical goods with a value greater than AUD1,000 are taxed at the border, ie GST is payable by the customer to Customs on the importation of the goods.

B2B sales of physical goods are not subject to GST where the customer imports the goods into Australia (which will generally be the case for goods sent by post or courier). Where the supplier imports the goods into Australia (for example, under Delivered Duty Paid incoterms), the supplier will pay GST on importation of the goods and these sales are connected with Australia and therefore potentially subject to GST.

Operators of electronic distribution platforms are generally responsible for GST on goods sold through their platforms and redelivers are responsible for GST on goods they transport to Australia.
**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

As discussed above, the application of GST to intangible supplies made by non-resident suppliers to Australian customers generally depends on whether the customer is a consumer or a business. This means non-resident suppliers will generally need to determine whether their customers are Australian and also whether their customers are a consumer or a business. Accordingly, non-resident suppliers will want to collect an Australian Business Number (ABN) and a declaration from business customers confirming they are GST-registered when making supplies in a B2B context.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

**B2B Transactions**

Yes, prices can be displayed on a GST-exclusive basis for B2B transactions, provided that this is clearly indicated and not misleading.

**B2C Transactions**

Australian consumer protection laws require that all prices displayed to consumers must include GST. However, there is some uncertainty as to whether those laws apply to non-resident suppliers who do not have a presence in Australia.
Austria

LOCAL NAME FOR VAT
Umsatzsteuer (USt)

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
20% normal tax rate

Special Rate
10% for certain turnovers (eg the lease for residential use, delivery of books and food) 10% for certain turnovers (eg the lease for residential use, delivery of books and food, normally)

Due to the COVID-19 crisis, in the sectors of gastronomy, accommodation, culture and publications, a reduction of VAT to 5% has been in force since July 1, 2020. This is now planned to apply in 2021 – it was originally planned to apply only until December 31, 2020.

13% for turnovers of eg artists or the delivery of animals (but both special tax rates likely not applicable to e-commerce services).

19% for some supplies and services regarding the regions Jungholz and Mittelberg due to their geographic proximity to Germany.

Excursus digital tax
In 2020 a digital tax of 5% on online advertising for large companies (worldwide turnover of at least GBP750 million and domestic revenues from online advertising of at least GBP25 million) was implemented in Austria.

REGISTRATION REQUIREMENTS

Mandatory
Foreign entrepreneurs who do not have their residence, seat or habitual abode in Austria are obliged to register for VAT purposes in Austria, if they carry out revenues subject to VAT in Austria. The competent tax authority for the registration of such entrepreneurs is Graz-City.

If foreign entrepreneurs only carry out revenues subject to the reverse-charge-system, no registration (and thus no periodical VAT assessment) is required if the following applies:

• the foreign entrepreneur as the recipient of a service is debtor of the VAT (reverse-charge system) and is fully entitled to deduct the respective input-VAT; and

• the foreign entrepreneur has not become debtor of VAT due to invoicing.

Optional
An entrepreneur providing electronically supplied services or telecommunications, broadcast and television services to a consumer resident in an EU Member State in which the entrepreneur neither operates its business nor has a permanent establishment, may make use of the Mini One Stop Shop System (MOSS).

MOSS allows the entrepreneur to register only in one Member State of the EU and to declare all revenues subject to the special provision in the EU Member State. If an entrepreneur makes use of the MOSS system, there is no requirement to register in each EU Member State for the provision of electronically supplied services or telecommunications, broadcast and television services to consumers.
### Refund procedure

Foreign entrepreneurs resident in an EU Member State who (i) do not have a residence, seat or habitual abode nor a permanent establishment in Austria; and (ii) do not generate any revenues subject to VAT in Austria or only generate revenues exempt from VAT or subject to the reverse charge system may request electronically refund via FinanzOnline.

Foreign entrepreneurs resident outside the EU who (i) do not have a residence, seat or habitual abode nor a permanent establishment in Austria; and (ii) do not generate any revenues subject to VAT in Austria or only generate revenues exempt from VAT or subject to the reverse charge system or only provide certain electronic services to consumers and make use of the provision of Sec 25a Austrian Value Added Tax Act may request refund via the application form U5.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

Pursuant to the general provision, the place of supply for services provided to consumers (B2C) is the place the entrepreneur runs their business from. For services provided from a permanent establishment, the place of supply is considered to be at the location of the permanent establishment.

The Austrian Value Added Tax Act (Umsatzsteuergesetz) holds a number of exemptions from this general rule. Among others these include services in connection with real property, transport services or catering services.

The granting, transfer or exercising of rights resulting from copyright provisions to consumers not having their domicile, seat, habitual abode in the EU are considered to be performed in the third country the consumer has their domicile, seat or habitual abode in. The provision of such services to consumers resident in the EU follows the general rule as described above.

The place of supply for electronically supplied services as well as telecommunications, broadcast and television services to a consumer (B2C) is considered to be at the location of the consumer's residence, seat or habitual abode.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

Pursuant to the general rule, the place of supply for services provided to entrepreneurs (B2B) is the place the service receiving entrepreneur runs the its business from. For services provided to a permanent establishment of an entrepreneur, the place of supply is considered to be at the location of the permanent establishment.

The Austrian Value Added Tax Act (Umsatzsteuergesetz) holds a number of exemptions from this general rule. Among others these include services in connection with real property, transport services or catering services.

The general rule also applies to the granting, transfer or exercising of rights resulting from copyright provisions to entrepreneurs as well as for electronically supplied services and telecommunications, broadcast and television services to entrepreneurs (B2B).

### DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes

### CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Prices for supplies or services displayed to consumers must in general include VAT. Exemptions may apply.
Bahrain

**LOCAL NAME FOR VAT**
Value Added Tax

**APPLICABLE RATES FOR DIGITAL SERVICES**

<table>
<thead>
<tr>
<th>Rate</th>
<th>Rate Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>5% (as of January 1, 2019)</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**REGISTRATION REQUIREMENTS**

**Mandatory**
The mandatory threshold for persons established in Bahrain is where the value of their annual supplies exceeds BHD37,500 (the equivalent of SAR375,000). The Bahraini VAT regime was introduced as of January 1, 2019.

For persons not established in Bahrain, or any of the other Gulf Cooperation Council States, and which make taxable supplies in Bahrain, no threshold applies.

**Optional**
A voluntary registration threshold applies where the Bahraini established person’s annual supplies exceeds BHD18,750 (the BHD equivalent of SAR187,500).

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)**
For telecommunication services, telecommunications and electronic services, the place of supply is Bahrain if the services are used and enjoyed in Bahrain, regardless of the location of the contract and payment of consideration. As of February 1, 2021 the place of use and enjoyment will be the place of residence of the customer, regardless of whether the customer is a business or a consumer.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)**
For telecommunication services, telecommunications and electronic services, the place of supply is Bahrain if the services are used and enjoyed in Bahrain, regardless of the location of the contract and payment of consideration. As of February 1, 2021, the place of use and enjoyment will be the place of residence of the customer, regardless of whether the customer is a business or a consumer.

**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**
In general, the VAT number of the recipient should be collected (and verified) for the supplier to treat the supply as B2B. In addition, for telecommunication services, telecommunications and electronic services, the supplier will have to consider certain factors to determine the place of residence of the customer.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**
In principle, displayed prices must be inclusive of VAT. Exceptions may apply if, for example, the goods or services are displayed for customers outside Bahrain.
### Belgium

**Local Name for VAT**

Belasting op de toegevoegde waarde (BTW) (in Dutch)
Taxe sur la valeur ajoutée (TVA) (in French)

**Applicable Rates for Digital Services**

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>Special Rate</td>
<td>0% for the supply of digital periodical publications; 6% for the supply of e-books (and for digital periodical publications to which the 0% rate does not apply)</td>
<td></td>
</tr>
</tbody>
</table>

**Registration Requirements**

**Mandatory**

Any person liable to pay VAT in Belgium must register for VAT in Belgium. There is an exception for "small enterprises" (to the extent that their annual turnover does not exceed EUR25,000 (excl. VAT)).

VAT exempt taxable persons (with no right to deduct input VAT) are required to register for VAT in Belgium in the following cases:

- where they are liable to pay Belgian VAT on services received from foreign taxable persons; and
- where the threshold of EUR11,200 for intracommunity acquisitions of goods has been exceeded.

Public bodies are required to register for VAT when the threshold for intracommunity acquisitions of goods has been exceeded.

**Optional**

VAT exempt taxable persons and public bodies may opt to register for VAT in Belgium in order to report their intracommunity acquisitions of goods in Belgium which do not exceed EUR11,200 (excl. VAT).

**Place of Supply for Cross-Border Supplies of Intangibles and E-Commerce to Local Consumers (B2C)**

If the intangible qualifies as an electronic service for VAT purposes, the place of supply rules with respect to "telecommunications, broadcasting and electronically supplied services" apply. In this case, the service is deemed to be located where the consumer/recipient is established, has its permanent address or usually resides.

However, the general B2C localization rule (place of the supplier) applies when the following conditions are met:

- the supplier has established its business or, in the absence of an establishment, has its permanent address or usual residence in one Member State;
- the services are supplied to non-taxable persons that are established, have their permanent address or usual residence in a Member State other than that referred to above;
- the total amount of the services referred to above, excl. VAT, does not exceed EUR10,000 or the equivalent value in the national currency in the current year, and did not exceed this amount in the course of the preceding calendar year.
In case the cross-border supply of intangibles does not qualify as an electronic service, the general B2C localization rule (place of the supplier) shall apply. For well-defined services (e.g., the transfer of copyrights, patents, licenses, trademarks, and similar rights) and to the extent the service is supplied to a non-EU consumer, the service shall be deemed to be located where the consumer is established, has its permanent address or usually resides.

The effective use and enjoyment rules may apply.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)**

The place of supply of cross-border B2B intangible services is where the customer has established its business headquarters. If the services are supplied to a fixed establishment at another location than where its business is located, the services shall be deemed to be located where the fixed establishment is located. In the absence of such place of business or fixed establishment, the supply is where the customer has its permanent address or usually resides.

The effective use and enjoyment rules may apply.

**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

To properly determine the place of a cross-border supply of services and the person liable to pay the VAT, the supplier needs to ensure that the customer is a VAT taxable person. If the supplier has established that the customer is a taxable person via the VAT number communicated to them or through any other proof presented to the supplier to show that the customer is a taxable person, the general B2B localization rule shall apply.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

In a B2C context, prices need to be displayed inclusive of VAT.
Brazil

LOCAL NAME FOR VAT
Social contributions on imports (PIS and COFINS on Imports)

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
- PIS – Import: 1.65%
- COFINS – Import: 7.6%

Note that these taxes are not typical VAT because the offset/recoverability will depend on the type of activity and essentiality of the imported digital service for the business activity of the Brazilian entity. The Brazilian Superior Court of Justice and the Brazilian tax authorities have provided certain guidance on the type of costs and expenses which qualify to be recovered.

Other Applicable Taxes
Depending on the type of transaction, other taxes may apply, such as:
- Withholding Income Tax (WHT): 15% or 25% (if located in a tax haven jurisdiction);
- Contribution for Intervention on Economic Domain (CIDE), which is a charge on remittances for importation of IP, technical and administrative services, except software licenses unless the source code is granted: 10%; and,
- Service Tax (ISS): 2% to 5%.

Note that cross-border telecommunications services are subject to a State VAT (ICMS) usually at a 25% rate and not ISS.

In addition, tax on financial transactions (IOF) on currency exchange transactions apply at the standard rate of 0.38%, with a few exceptions depending on the type of transaction involved (ie 6.38% for credit card transactions).

REGISTRATION REQUIREMENTS

Mandatory
Legal entities domiciled in Brazil are required to register before the tax authorities at federal level (CNPJ), which is necessary to collect PIS and COFINS. Registrations for State (ICMS) municipal taxes (ISS) are also required.

Optional
Registration with the tax authorities not optional. There is no provision regarding the registration of foreign entities in Brazil.
**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

Only IOF is currently being charged at 6.38% over a payment abroad with international credit cards. However, there are Bills proposed in the Brazilian Congress to charge taxes over these transactions, particularly on Digital Services.

The most relevant Bill is the introduction of a new Contribution over Goods and Services (CBS) proposed to replace both PIS and COFINS, at a 12% rate, but with no limitations to recover from the acquisition of goods and services.

Foreign sellers without a presence in Brazil would be able to register with the Brazilian tax authorities to enable the collection and remittance of the 12% CBS over Digital Services.

The proposed CBS law does not provide a definition of Digital Services, but it is possible to identify two categories: (i) importation of Digital Services in general (Brazilian legal entity importing services would be the taxpayer); and (ii) digital platforms that work as an intermediary between suppliers and acquirers in non-presential sales of goods and services (the digital platform would be responsible to pay CBS).

It is important to emphasize that such Bill might be amended until its final approval.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)**

The Brazilian legal entity importing intangibles is subject to taxes. The type of transaction is necessary to define which taxes apply. The importer is also responsible for withholding income tax (WHT) and ISS at source from the amounts paid.

**RETAIL SALES OF LOW VALUE PHYSICAL GOODS**

Individuals can import for consumption goods up to USD3,000 via courier or postal service, subject to a flat importation tax of 60% plus ICMS (rates depend on the state).

Legal entities can import for resale, subject to Importation Tax, ICMS, PIS/COFINS and Excise Tax (IPI). The applicable rate depends on the type of good and the state of importation (for ICMS purposes).

In Brazil, companies can sell to consumers, being subject to ICMS, PIS/COFINS and IPI (first transaction in Brazil). The applicable rate depends on the type of good and the state of importation (for ICMS purposes).

**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

Yes, the business customer (legal entity) must hold a CNPJ, state and municipal tax registrations to be able to receive a supply and pay in a B2B context.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

**B2B Transactions**

If the transaction is between entities in Brazil, PIS and COFINS are inclusive in the price. In the case of ICMS and ISS, the amount of tax included in the price is reported in a tax invoice, but only for control purposes since it cannot be recovered by the purchaser. If the transaction is an importation into Brazil, the price is exclusive of any taxes and the local importer will be responsible for collecting the taxes.

**B2C Transactions**

In cross-border B2C transactions, when the supplier is located abroad and the individual consumer in Brazil, currently there is no legal provision for the individual in Brazil to pay any tax, except IOF at 6.38% over the international credit card.
Canada

LOCAL NAME FOR VAT

Goods and Services Tax, or GST

APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>5%</td>
</tr>
<tr>
<td>Special</td>
<td>13% or 15% Harmonized Sales Tax (HST) applies to taxable supplies made in provinces that have agreed to have the federal taxing authority administer in that province a combined VAT consisting of 5% GST and a provincial portion. The commentary below refers to GST only. However, the same rules and requirements apply to HST, if applicable.</td>
</tr>
</tbody>
</table>

REGISTRATION REQUIREMENTS

Mandatory

Registration is mandatory for Canadian resident persons, and non-resident persons carrying on business in Canada, with GST taxable supplies. Announced on November 30, 2020 and effective July 1, 2021, registration will be mandatory for non-resident vendors that supply, and for non-resident digital platforms that facilitate the supply of, digital products or services (including traditional services) to consumers in Canada. A simplified online registration and remittance process is available.

Also effective July 1, 2021, digital platforms (such as online marketplaces and stores) will be required to have GST charged on all goods or services supplied through the platform. The digital platform would be required to remit such GST under its GST registration (regular not streamlined process), to the extent that vendors are not registered and responsible for remitting the GST on their supplies.

The registration threshold is CAD30,000.

Optional

Registration is optional for persons with GST taxable supplies less than CAD30,000.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

Until July 1, 2021, a non-resident supplier that does not carry on business in Canada is deemed to make the supply outside of Canada and the non-resident supplier does not charge GST. Recipient consumers are required to self-assess (reverse charge) GST on an imported taxable supply of intangible property or services.

Starting July 1, 2021, a non-resident supplier of digital products or services (including traditional services) to consumers in Canada (B2C) generally charges GST if the consumer's usual place of residence is in Canada. An exception applies if the digital product or service is linked or restricted to a specific location outside of Canada.
## PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

The non-resident requirements effective July 1, 2021, do not apply to B2B transactions. Only recipient businesses which would not have been entitled to recover GST payable through an input tax credit are required to self-assess (reverse charge) GST on an imported taxable supply of intangible property or services.

## DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Starting July 1, 2021, non-resident suppliers will require evidence of a Canadian customer’s GST number to treat a supply as B2B.

Customers that provide a GST number to evade or attempt to evade tax on B2C purchases are subject to penalties.

## CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

For both B2C and B2B transactions, suppliers have the choice of displaying prices on either a GST inclusive or GST exclusive basis.

If prices are displayed on a GST exclusive basis, the GST payable must be displayed on the invoice issued to the customer.

Alternatively, if prices are displayed on a GST inclusive basis, this must be noted on the invoice so customers can determine the GST included in the price.
China

**LOCAL NAME FOR VAT**

VAT

**APPLICABLE RATES FOR DIGITAL SERVICES**

**Standard Rate**
- 13% (provision of digital content in hard copies)
- 13% (provision of digital content in hard copies)
- 6% (other services, provision of intellectual property rights)
- 0% (for qualified service exports)

**Special Rate**
3% (for taxpayers recognized as small-scale taxpayers, including individuals and taxpayers whose annual turnover is less than RMB5 million or who do not keep sound accounting records).

**REGISTRATION REQUIREMENTS**

**Mandatory**
VAT taxpayers are classified as either general taxpayers or small-scale taxpayers; each category is subject to different tax treatment. General taxpayers are subject to VAT registration but small-scale taxpayers are not. General taxpayers apply standard tax rates and can claim input VAT credit. Small-scale taxpayers apply special levy rates without being allowed to credit input VAT paid for purchases.

**Optional**
Foreign entities without a business registration within China, but which derive VAT taxable income, are not required to be VAT registered. Their VAT liabilities are settled by appointed agents inside China or through withholding by payers in China.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

China has not fully adopted the “destination principle” from the OECD VAT Guidelines.

Chinese VAT laws do not differentiate the place of taxation for B2B and B2C cross-border supplies of services and intangibles. VAT is charged on supplies of intellectual property rights and certain services if either the supplier or the recipient is inside China, unless the supplies of a non-China supplier are consumed completely outside China. China does not have specific tax rules dealing with cross-border supplies of digital content. Thus, the competent tax authorities normally make reference to the tax treatment in relation to the provision of intellectual property rights or sale of shrink-wrapped software in this regard.

China allows VAT exemptions, or grants VAT refunds, for the exportation of certain intangible supplies if relevant conditions are satisfied. For importation of intangible supplies, the Chinese tax laws require Chinese importers (recipients of the supplies) to withhold VAT from the payments and settle tax payments with local tax authorities. VAT gross-up clauses are allowed to be included in cross-border contracts for supplies of intangibles.

In practice, the above withholding rules are not strictly enforced against individual importers due to the administrative difficulties (i.e., the huge volume of transactions and the small amount typically involved in each transaction).
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

The place of supply rules in B2B transactions are the same as those set out above in the B2C context. However, the withholding rules as set out in the above section are strictly enforced in the case of importation of intangibles in a B2B context where the importers are corporations rather than individuals.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Chinese VAT laws do not differentiate between the place of taxation for B2B and B2C cross-border supplies of services and intangibles.

For the exportation of intangibles that are eligible for VAT exemption, tax laws may require customers outside China to provide documentation evidencing its foreign business or tax registration. This tax treatment will not change regardless of whether the customer is an individual or a business.

For the importation of intangibles, the importer, irrespective of whether it is an individual or a business, is required to withhold the relevant VAT from the gross payment. However, note that in the B2B context, the importer can claim VAT credit for the VAT withheld based on its general taxpayer registration number only if it is a general taxpayer (as opposed to a small-scale payer).

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Yes. Chinese tax laws do not have specific requirements on price display in cross-border supplies of intangibles.
## Chile

### LOCAL NAME FOR VAT

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impuesto a las Ventas y Servicios</td>
<td>(Tax on sales and services)</td>
</tr>
</tbody>
</table>

### APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>19%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### REGISTRATION REQUIREMENTS

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td>Registration before the Chilean Tax Agency (Servicio de Impuestos Internos)</td>
</tr>
<tr>
<td>Optional</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

Any jurisdiction other than Chile.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

Any jurisdiction other than Chile.

### RETAIL SALES OF LOW VALUE PHYSICAL GOODS

VAT Law applies the same taxation regardless the amount of the physical goods transferred.

### DO YOU REQUIRE EVIDENCE OF A CUSTOMER'S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes. It is required by the Chilean VAT Law to issue an invoice (factura) that enables the beneficiary of the sale/service to input VAT charged as credit against VAT debit.

### CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

**B2B transactions**

Yes, prices displayed shall include VAT. However, the invoice (factura) issue by the seller contains a breakdown of the price and VAT (and other taxes) charged.

**B2C transactions**

No, prices displayed shall include VAT. However, the last tax reform, approved in 2020, establish that the receipt issue (boleta) by the seller to the consumer must contain a breakdown of the price and VAT (and other taxes) charged on the transaction.
# Colombia

## Local Name for VAT
Value Added Tax

## Applicable Rates for Digital Services
Standard Rate of 19% and in some cases 0% (for example cloud computing services).

## Registration Requirements
**Mandatory**
Mandatory for B2C services. The foreign service provider will need to provide the following information to register with the Colombian Tax Authorities:

1. Communication requesting to be registered with the tax authorities indicating:
   - name of the director or legal representative of the foreign service provider with a copy of ID
   - description of service provided from abroad
   - country where the service is rendered
   - web page from where the service is rendered
   - service provider’s domicile
   - contact information (email and phone number)
2. Certificate of incorporation and certificate of good standing of the service provider duly apostilled.
3. Copy of the ID of the director or legal representative of the foreign service provider.

## Place of Supply for Cross-Border Supplies of Intangibles to Local Consumers (B2C)
Location of consumer. In Colombia services consumed in Colombia are subject to Colombian VAT.

## Place of Supply for Cross-Border Supplies of Intangibles to Business Customers (B2B)
Location of business customers. In Colombia services consumed in Colombia are subject to Colombian VAT.

## Retail Sales of Low Value Physical Goods
The sale of goods in Colombia is subject to VAT. If the goods are imported, as a general rule, they will be subject to VAT. Exemptions may apply.

## Do You Require Evidence of a Customer’s VAT Number to Treat a Supply as B2B?
Yes

## Can Prices Be Displayed on a Tax Exclusive Basis?
**B2B Transactions**
Yes

**B2C Transactions**
No
Czech Republic

LOCAL NAME FOR VAT
Daň z přidané hodnoty (DPH)

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
• 21% (applied to the vast majority of products and services)

Special Rate
The first reduced rate in Czech law in general is 15% (applied to products listed in Appendix 3 of Act No. 235/2004 Coll., on VAT, as amended, (VAT Act) eg food, non-alcoholic beverages, air conditioning, medical devices and to services listed in Appendix 2, eg restaurants, accommodation, fitness centers).
The second reduced rate in Czech law in general is 10% (applied to products listed in Appendix 3a of the VAT Act, eg pharmaceuticals, vaccination substances, books and other printed matter).

REGISTRATION REQUIREMENTS

Mandatory
All entities whose turnover in the previous 12 calendar months exceeded CZK1 million (approx. EUR39,000) or entities who provide services internationally throughout the EU.

Optional
For all entities whose turnover in the previous 12 months has not exceeded CZK1 million.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)
The place of supply for cross-border supplies of intangibles e-commerce in B2C is where the customer (recipient) is established – as to details of its determination, local VAT Act refers to applicable EU regulations (ie Regulation 282/2011 as amended by Regulation 2017/2459).
The supplier must register in the place of supply.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)
The place of supply of cross-border supplies of intangibles and e-commerce is where the customer is established or has its fixed establishment (ie the Czech Republic if the customer is established/has their fixed establishment there). Czech Republic-based customers must account for VAT under the reverse charge rules.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?
Generally, no. The evidence should be sufficient that it is an entity operating business activity subject to VAT.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?
So far as invoicing is concerned, there are strict rules as to what details the invoice must contain and the rules differ for services supplied B2B and B2C. On websites and advertising material, it is generally possible to show the VAT exclusive amount, provided it is not misleading. This applies especially in the B2B context, while prices marketed to consumers should always include VAT, due to consumer protection rules.
## Denmark

### LOCAL NAME FOR VAT

Moms

### APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>25%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### REGISTRATION REQUIREMENTS

**Mandatory**

Registration for VAT purposes is mandatory for taxable persons (Danish and foreign) performing taxable supplies in Denmark, which exceed the current VAT registration threshold of DKK50,000, unless the customer is appointed for VAT purposes.

**Optional**

VAT registration is optional for businesses with local Danish taxable supplies below the DKK50,000 threshold.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

The place of supply for cross-border supplies of e-commerce to local consumers is Denmark if the consumer has its permanent address or usual residence here, unless the supplier is located in only one EU Member State, has a yearly revenue of the e-commerce to Denmark below EUR10,000 and choses to pay VAT in the Member State where the supplier is located.

The place of supply of cross-border supply of intangibles to a local consumer in Denmark is Denmark, unless the effective use and enjoyment is outside of Denmark.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

The place of supply of cross-border supplies of intangibles and e-commerce is where the customer is established or has his or her fixed establishment (ie Denmark if the customer is established/has their fixed establishment there). Danish customers must account for VAT under the reverse charge.

The effective use and enjoyment rule applies to B2B supply of intangibles. Hence, if the effective use and enjoyment of the said services supplied to a Danish-based customer is outside of EU, the place of supply is not Denmark.

### DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes, VAT validation through eg VIES must be obtained (EU-based companies).

### CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

The prices marketed to consumers must include VAT. This is not due to local VAT legislation, but due to consumer protection rules. Prices to business customers are, however, usually marketed exclusive of VAT (ie stating the exact VAT amount).

According to invoice regulations, VAT must be stated explicitly (percentage as well as calculated amount) on the invoice, regardless of whether the customer is a private consumer or a business customer.
Finland

**LOCAL NAME FOR VAT**
Arvonlisävero, ALV

**APPLICABLE RATES FOR DIGITAL SERVICES**

- **Standard Rate**
  - 24%

- **Special Rate**
  - 0%, 10%, 14%

**REGISTRATION REQUIREMENTS**

- **Mandatory**
  Entities carrying out sales of intangibles supplies in Finland with turnover exceeding EUR10,000 during its financial year are required to be VAT registered. An entity purchasing intangible services as a reverse charge must register for VAT.

  Sale of e-commerce services (radio and TV broadcasting, electronic and telecom services) to Finnish local customers (B2C) requires that the selling entity must register in Finland for VAT purposes. However, an EU entity can use the special scheme where the local tax authority will collect the Finnish VAT and forward the Finnish VAT to Finnish tax authorities and thus a Finnish VAT registration is not required. A non-EU based entity has to register in Finland or in any other EU country to pay all local VAT via one tax authority the same way as an EU entity.

- **Optional**
  Optional registration is possible in case the entities not mandatorily subject to VAT registration wish to be VAT registered for business activities in Finland.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

In the case of e-commerce services, the place of supply to a consumer who is established or has its permanent address or usually resides in Finland, will always be deemed to be provided in Finland.

Other intangible supplies are deemed to be sold in the country where the seller is established or where the seller has a permanent establishment carrying out the supply providing activities.

Other intangible supplies are, as a rule, deemed to be sold in the country where the seller is established or where the seller has a permanent establishment carrying out the supply providing activities.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)**

In a B2B context, the place of supply is where the recipient of the services is located. The reverse charge system applies to the supply of the services.
**DO YOU REQUIRE EVIDENCE OF A CUSTOMER'S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

As the supplier has to charge VAT, it is the supplier’s general responsibility to obtain information about the supplier’s customer. The information to be obtained includes the VAT registration of a business customer.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

**B2B Transactions**

Prices can be displayed exclusive of VAT for B2B transactions, provided that the applicable VAT rate is displayed.

**B2C Transactions**

Prices must be displayed on a VAT inclusive basis.
France

LOCAL NAME FOR VAT
Taxe sur la valeur ajoutée (TVA)

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
20%

Special Rate
5.5% for electronic books
2.1% for electronic newspapers

REGISTRATION REQUIREMENTS

Mandatory
Foreign companies with their effective place of management or a permanent establishment in France have to register with the French tax authorities.

Companies established in another EU Member State carrying out VAT-able operations in France without an establishment there have to register with the French tax authorities, unless they only carry out operations subject to the reverse charge mechanism (i.e., B2B transactions with French taxpayers). Said companies may appoint an agent in France to carry out administrative formalities on their behalf.

Companies established in a non-EU Member State carrying out VAT-able operations in France, without having an establishment there, are subject to either of these requirements:

- If the foreign state has entered an agreement with France on mutual assistance for the recovery of tax claims, the company has to register with the French tax authorities.
- If such agreement has not been entered into between France and the foreign state, the company has to appoint a tax representative who is VAT taxable in France and who, unlike the aforementioned agent, is responsible for complying with VAT obligations relating to all transactions carried out in France by the company.

Optional
Foreign companies with no establishment in an EU territory, providing broadcasting, telecommunication or electronic services to EU-resident consumers (B2C services), may elect to register in a single EU Member State for the purpose of VAT (Mini One Stop Shop) and are therefore exempted from appointing a tax representative in France. A similar regime is also available to B2C providers of broadcasting, telecommunication or electronic services that are established in an EU Member State.

- For service providers established in another EU country, this option will be extended to the provision of all services, to intra-Community sale of goods and to the supply of goods facilitated by an electronic platform.
- For service providers established outside the EU, this option will concern all services.

From July 1, 2021:
- For service providers established in another EU country, this option will be extended to the provision of all services, to intra-Community sale of goods and to the supply of goods facilitated by an electronic platform.
- For service providers established outside the EU, this option will concern all services.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

As a general rule, the place of supply for provision of B2C services is deemed in France where the supplier is based in France.

In addition, the following specific rules apply to certain supply of intangibles (such as sale or licensing of IP rights):

- If the supplier is based in France but the customer is not resident of an EU Member State, the place of supply would be deemed outside France.
- If the customer is based in another EU Member State, but the service is used in France, the place of supply would be deemed in France.

As from January 1, 2015, a specific regime applies to electronic, telecommunication, radio and TV broadcasting services provided to customers. As at January 1, 2019, substantial adjustments have been made to this specific regime with the introduction of a threshold.

- The place of supply of these services would be deemed in France where the supplier is based in France, if the total value of the electronic, telecommunication, radio and VAT broadcasting services does not exceed, during the whole year, the threshold of EUR10,000 excluding VAT, and if the supplier has not elected for the application of the rules of the country of the customer. If this threshold is exceeded, the place of supply will be the country of the customer.
- The place of supply of these services would be deemed in France where the customer is based in France, regardless of the state in which the supplier is established, if the total value of the electronic, telecommunication, radio and TV broadcasting services exceed the threshold of EUR10,000 during the whole year or if the supplier has elected for the application of the rules of the place of the customer, regardless of the total value of the services provided. From July 1, 2021, the threshold of EUR10,000 will be global to all EU countries (ie turnover in all countries) and will be common with the threshold for distance selling (vente à distance), and will apply only if the supplier is located in a single Member State.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

Regarding services provided to business customers, the place of supply is deemed in France where the customer is established in France and where the services are not provided to a foreign fixed establishment, regardless of the supplier’s state of establishment.

The same principle applies to supply of intangibles and provision of electronic, telecommunication, radio and TV broadcasting services.

From July 1, 2021, the threshold of EUR10,000 will be global to all EU countries (ie turnover in all countries) and will be common with the threshold for distance selling (vente à distance), and will apply only if the supplier is located in a single Member State.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Prices should normally be displayed on a basis including VAT. However, where both parties are professionals, prices are deemed expressed on a tax exclusive basis, unless otherwise stated.
Germany

**LOCAL NAME FOR VAT**

USt (Umsatzsteuer)

**APPLICABLE RATES FOR DIGITAL SERVICES**

- **Standard Rate**
  - 19%

- **Special Rate**
  - 7% for certain turnovers (but likely not applicable to e-commerce services)

**REGISTRATION REQUIREMENTS**

**Mandatory**

Mandatory registration is required for Non-EU enterprises rendering B2C services provided the enterprise is not registered in another Member State for such purposes. For certain suppliers there shall be MOSS (and as of July 1, 2021 – OSS) available. A taxable person using MOSS / OSS is required to register in a Member State of their choice.

In general, this will be the Member State where the taxable person is seated. However, there is a choice when the taxable person has more than one fixed establishment in the EU. Non-EU suppliers can use the MOSS/OSS only if they have no EU establishment and can choose one jurisdiction they wish to make their electronic registration.

**Optional**

Optional registration is possible for all enterprises if they wish to be subject to the general VAT taxation rules. The German Federal Tax Administration has established certain competent tax offices for registration depending on the origin of the respective enterprise.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

Pursuant to the general rule regarding the place of supply, this is the place where the supplier is located (which is either the supplier's main establishment or a permanent establishment if the service is rendered from there) if the supplied item is transported or sent. The place of "use or enjoyment" of the service is of no importance.

In the case of e-commerce services where the supplier is located within the EU and the supply recipient is a consumer, the place of supply is the place of the recipient's location.

In the case of the supply of intangibles and e-commerce services where the supplier is located outside the EU and provides telecommunication services or broadcasting and television services, the place of supply is in Germany.

The German administration has amended the VAT Code in Sec. 3a para.5 together with new rules in Sec. 18 para. 4c to 4e and Sec. 18h regarding taxing procedures to reflect these changes for e-commerce services. Please note also the amendments as of 2019 and 2021 resulting from the European Directive 2017/2455 from December 5, 2017, and please note that the application of the new VAT e-commerce rules has been postponed by six months to July 1, 2021 due to the practical difficulties created by the measures taken to contain the COVID-19 pandemic. This provides the Member States and businesses additional time to prepare.

As mentioned above, the EU Commission published on September 30, 2020, explanatory notes on the new VAT e-commerce rules. These notes contain extensive explanations and clarifications on the new rules as well as practical examples on the application of the new rules for suppliers or electronic interfaces involved in e-commerce transactions, the European Regulations 2017/2454 and 2017/2459.
### Place of Supply for Cross-Border Supplies of Intangibles to Business Customers (B2B)

In a B2B context, the place of supply is in general the place where the recipient of services is resident or seated (be it the recipient’s main establishment or another permanent establishment). Once again, the place of “use or enjoyment” is of no importance.

### Do You Require Evidence of a Customer’s VAT Number to Treat a Supply as B2B?

As the supplier has to charge VAT and might be interested in the possibility of a deduction, it is the supplier’s general responsibility to obtain information about the supplier’s customer. The information to be obtained includes the VAT registration of a business customer.

### Can Prices Be Displayed on a Tax Exclusive Basis?

Prices have to be displayed on a tax inclusive basis.
Hungary

LOCAL NAME FOR VAT
Általános forgalmi adó or ÁFA

APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>27%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>5%</td>
</tr>
</tbody>
</table>

REGISTRATION REQUIREMENTS

Mandatory
In general, VAT registration in Hungary is mandatory if transactions falling under the scope of VAT are made by a taxable person with a place of supply in Hungary.

There is a special personal VAT exemption scheme available if the annual turnover of a taxable person in the previous year and the expected turnover of the current year does not exceed (separately) HUF12 million (approximately EUR33,350). Taxable persons electing for personal exemption are also obliged to register for VAT purposes.

Optional
In the case of “distance selling” to Hungarian non-taxable persons (or to taxable persons entitled for VAT exemption in respect of intra-Community acquisitions), an EU supplier may elect to register for Hungarian VAT purposes even if the annual sales volume of the current and preceding year concerning Hungary does not reach the statutory registration threshold of EUR35,000.

Subject to prior notification of the tax authority, in respect of “intra-Community acquisition of goods,” non-taxable legal persons or taxable persons carrying out VAT exempt activities or activities not entitled to VAT deduction may elect to register for Hungarian VAT purposes and treat these transactions as subject to Hungarian VAT even if the volume of acquisitions in the current and preceding year does not reach the statutory VAT registration threshold of EUR10,000.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)
The supply of intangibles is to be regarded as a supply of service for VAT purposes. If supplying intangibles to local non-taxable person customers (B2C), the place of supply is deemed to be where the supplier has established its business or in the absence of such, the place where the supplier has its permanent address or usually resides.

Special place of supply rules apply for e-commerce services. The place of supply is deemed to be where a non-taxable customer has its fixed establishment or, in the absence of such, where the customer has its permanent address or usual place of residence.
<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the case of the supply of intangibles and e-commerce to business customers (B2B), the place of supply is deemed to be where the recipient of the service has established its business, or in the absence of such, the place where the taxable person recipient has its permanent address or usually resides. In the case of a local B2B recipient, the reverse charge mechanism may apply.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Both, from a Hungarian perspective and on the basis of the EU VAT Implementing Regulation No 282/2011, it is necessary to verify the taxable person status of customers. The method of verification includes the analysis of the recipient’s VAT status based on the VIES VAT number validation system of the European Commission and in the case of local recipients, the review of the publicly available online database of the Hungarian tax authority.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B2C transactions</strong></td>
</tr>
<tr>
<td>In accordance with the consumer protection regulations, prices displayed shall include also VAT or any other applicable taxes in connection with the goods or services.</td>
</tr>
</tbody>
</table>

| **B2B transactions** |
| There is no regulation which prohibits that prices may be displayed excluding VAT. Prices in B2B transactions are in general to be set to exclude VAT unless otherwise agreed by the parties. |

| **Invoices** |
| VAT charged shall be displayed on invoices both in B2B and B2C transactions. As a further requirement, the VAT amount charged on the invoice must be displayed also in HUF regardless of the currency of the invoice. |
Ireland

**LOCAL NAME FOR VAT**

Value Added Tax or VAT

**APPLICABLE RATES FOR DIGITAL SERVICES**

**Standard Rate**

21% from September 1, 2020, to February 28, 2021 (23% thereafter).

**Special Rate**

Generally not applicable for intangibles and e-commerce services.

**REGISTRATION REQUIREMENTS**

**Mandatory**

VAT registration is obligatory where turnover exceeds or is likely to exceed specific thresholds set out in Irish VAT legislation.

The general position with respect to non-established traders is that they must register for Irish VAT where they supply goods and/or services in Ireland and this registration requirement is regardless of the specific threshold amounts.

**Optional**

It is possible under Irish VAT law for certain categories of taxable persons to elect to register for Irish VAT.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)**

The supply of intangibles (such as goodwill) is generally regarded as a supply of a service for VAT purposes such that the usual B2C place of supply rules apply.

In the case of a supply of e-commerce services consisting of the provision of telecommunications services, radio or television broadcasting services, or electronically supplied services to a non-taxable person, the place of supply for VAT purposes is where that non-taxable person is established, has a permanent address or usually resides. Telecommunication services, radio or television broadcasting services, or electronically supplied services, the value of which does not exceed GBP10,000 (VAT exclusive) in the previous calendar year nor in the current calendar year, made by a supplier who has a presence for VAT purposes in only one Member State, other than the Member State of the non-taxable person to whom such supplies are made, are regarded as supplied where the supplier is established (subject to an option for this place of supply rule not to apply). Special rules also apply where the services are regarded as connected with immovable goods for VAT purposes and in certain cases use and enjoyment provisions may need to be considered.

A number of important amendments have been made to the Valued Added Tax (VAT) Directive to simplify VAT obligations as regards e-commerce activities.

These changes will enter into force from July 1, 2021 and will significantly change the way VAT operates for cross-border business to consumer (B2C) e-commerce activities in the EU.
The main changes that will enter into force from July 1, 2021, are as follows:

- extension of the VAT Mini One Stop Shop to a One Stop Shop
- the treatment of Online Marketplaces and Platforms as deemed suppliers for certain transactions
- introduction of a new Import One Stop Shop
- introduction of special arrangements for certain imports of goods

The Irish Revenue Commissioners have confirmed that they will make more detailed guidance available in respect of the above changes in advance of the go-live date of July 1, 2021.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

In the case of a supply of services to a business customer (B2B) consisting of (i) intangibles or (ii) an e-commerce service (ie telecommunications services, radio or television broadcasting services, or electronically supplied services), the supply takes place for VAT purposes where the business customer has its business establishment, or if it has establishments in more than one jurisdiction, where its establishment is based which is most directly concerned with the supply. Similarly, a business customer established in Ireland that receives an intangible service or an e-commerce service from outside Ireland must self-account for VAT under the reverse charge rules.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

It is ultimately the responsibility of the supplier to confirm the correct classification of a customer for VAT purposes (ie whether the B2C or B2B rules apply).

The Irish Revenue Commissioners have confirmed that when supplying services to a business customer in another EU Member State, you must obtain that business customer’s VAT number and confirm the validity of same.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

As far as invoicing is concerned, there are strict requirements under Irish VAT law as to what details the invoice must contain and the rules differ for services supplied B2B and B2C. With respect to websites and advertising material these should be reviewed so as to ensure that they comply with any applicable legal requirements having regard to the targeted consumers etc.
## Italy

### Local Name for VAT

Imposta sul Valore Aggiunto or IVA

### Applicable Rates for Digital Services

<table>
<thead>
<tr>
<th>Rate</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>22%</td>
</tr>
<tr>
<td>Special</td>
<td>Reduced 4% VAT rate established for books applies also to e-books, starting from January 1, 2015.*</td>
</tr>
</tbody>
</table>

As of January 1, 2016, the reduced 4% VAT rate is extended to online newspapers and magazines. The Italian Revenue Agency has clarified (Resolution no. 120 of September 28, 2017) that also online databases of periodicals, newspapers and any other publishing product identified with the ISBN or ISSN code, for the reduced VAT rate.

In particular (Resolution no. 69 of March 1, 2019), the ISBN or ISSN code must identify the editorial content rather than the database itself. Hence, databases of normative codes, collections of case law and practice, which are not digital editions of newspapers and periodicals, cannot benefit from such reduced VAT rate (22% ordinary rate apply).

### Registration Requirements

**Mandatory**

As a general rule, entities performing habitually industrial, commercial and professional activities are obliged to register for VAT purposes in Italy.

For supplies of telecommunications, broadcasting and electronic services (together TBE) carried out by a VAT entity to Italian final customers, the VAT identification in Italy is required if the entity's yearly turnover exceeds the threshold of EUR10,000 (said threshold has been implemented by Legislative Decree no. 45 of June 1, 2020, running from June 10, 2020). EU and non-EU can also be identified for VAT purposes in Italy under MOSS regime.*

For “indirect e-commerce” (ie supply of movable goods performed using online platforms) carried out by a VAT entity directly from abroad to Italy, no VAT registration occurs if the entity's yearly turnover does not exceed EUR35,000 (in this case e-commerce transactions fall within “distance sales” regime). The draft of Legislative Decree transposing Directive (EU) 2017/2455, Articles 2 and 3, and Directive (EU) 2019/1995 will reduce the threshold to EUR10,000, starting from July 1, 2021.

**Optional**

Starting from June 10, 2020, even if the annual threshold of EUR10,000 is not exceeded, the supplier of TBE can always opt for the “taxation at destination” (ie in the state of the final consumer), which implies the taxpayer obtaining a VAT identification in Italy.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

Supplies of intangibles (patents, trademarks, license etc) qualify as a supply of services from a VAT perspective.

In the case of supplies of intangibles to Italian customers who are not registered for VAT, no Italian VAT is applied being the transaction subject to VAT in the country of the supplier.

Indeed the “destination principle” applies only to electronic supply of service (ie digital intangible assets) provided to final customers established in Italy. For said B2C transactions, from January 1, 2015, the place of supply is in Italy if the customer is resident or established in that state (for both of EU and non-EU suppliers).

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

In this case the transaction is subject to VAT in Italy according to the general EU VAT principle (art. 44 of the EU VAT Directive) that taxation occurs in the country of the recipient (if registered for VAT and duly registered in the VIES system). In that case VAT is assessed through the reverse charge mechanism, which must be mandatorily applied by the Italian recipient, even if the foreign entity is registered for VAT purposes in Italy through a VAT representative or through the so-called direct identification.

If the foreign entity has an Italian fixed place of establishment, the reverse charge mechanism still applies if the transaction has been performed from abroad without the involvement of the Italian fixed place of establishment. Otherwise, the fixed establishment must invoice charging VAT to the Italian business recipient.

In this case too, the place of “use or enjoyment” of the service is of no importance. Rather, the service is subject to the general B2B rule according to which service is taxed in the country of the recipient (Italy if the recipient is established there), regardless the place of use or enjoyment.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes. For intra-EU supplies, reference has to be made to the VIES system in order to get information about the VAT status of the customer.

Italian VAT entities, in order to apply for the ordinary B2B rules (usually, taxation in the country of the recipient pursuant to the reverse charge mechanism), must be registered in the VIES system. Despite Italy's failure to transpose Directive (EU)2018/1910, VIES registration already qualifies as a substantive requirement for carrying out B2B intra-EU transactions, under Italian legal framework.

When there is an Italian supplier and non-EU recipient, evidence must be gathered to demonstrate that the customer is liable for a consumption tax similar to VAT in its country, or that the acquisition has been performed in the course of business.

CAN PRICES BE WON A TAX EXCLUSIVE BASIS?

In B2B transactions prices can be displayed exclusive of VAT. It should be clear, however, that the price refers only to B2B transactions.

In B2C transactions the price should include any additional charges/taxes applied (including Italian or any applicable VAT).

If the price is displayed for both B2B and B2C transactions, the consumers’ interest shall prevail. Therefore, it is necessary to display the price reserved to the consumer underscoring that such price includes VAT.
ITALIAN NEW TAX ON DIGITAL SERVICES

The 2019 Budget Law, as modified by the 2020 Budget Law, introduced as of January 1, 2020, a new tax on revenues from the provision of “digital services” (Digital Service Tax, (DST)), inspired by the EU Commission proposal (COM(2018) 148).

The DST will be paid by service providers (Italian and non-Italian) on both B2C and B2B transactions. Non-Italian taxpayers with an Italian PE or identified in Italy for VAT purposes are entitled to pay DST; otherwise they should undertake the identification procedure or appoint a tax-representative in Italy.

The DST would apply at 3% rate and should be paid by March 16 of the following year (as amended by Legislative Decree no. 3 of January 15, 2021). Taxpayers shall file annual DST return by April 31 of the same year (as amended by the aforementioned Legislative Decree) and Italian subsidiaries of foreign entities could be jointly liable for the payment of DST.

Tax-relevant digital services are (i) the placing of advertising on a digital interface targeted at users of that interface; (ii) “intermediation services,” i.e. the making available of multi-sided digital interfaces to users, allowing them to find and interact with other users (including underlying supplies of goods or provision of services directly between users); and (iii) the transmission of users’ data generated from such users’ activities on digital interfaces.

The DST would apply at 3% rate and should be paid by March 16 of the following year (as amended by Legislative Decree no. 3 of January 15, 2021). Taxpayers shall file annual DST return by April 31 of the same year (as amended by the aforementioned Legislative Decree) and Italian subsidiaries of foreign entities could be jointly liable for the payment of DST.

Given that only digital services which implies a high degree of users’ involvement in the creation of value are relevant for DST, territorial requirement is linked to the location of the user. In particular, localization is done with reference mainly to the internet protocol (IP) address of the device itself or other geolocation system. The place where the payment is made would not, in principle, be relevant.
# Japan

## Local Name for VAT

Consumption Tax

## Applicable Rates for Digital Services

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Rate</strong></td>
<td>10% from October 1, 2019</td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
<td>A special reduced tax rate (8%) will be applicable to foods (excluding alcohol and restaurant meals) and newspaper subscriptions (excluding electronic editions and subscriptions published less than two times a week).</td>
</tr>
</tbody>
</table>

## Registration Requirements

### Mandatory

The following companies have to register as taxable business operators:

- a company with more than JPY10 million in taxable sales during the base period (generally two years prior to the current business year)
- a company with more than JPY10 million in taxable sales or salaries during the specific period (being the first six months of a business year prior to the current business year)
- a company within two years of incorporation (ie not having the base period) with JPY10 million or more in capital at the beginning of the business year
- a company that meets all of the conditions below:
  - less than JPY10 million in capital
  - not having the base period
  - directly or indirectly owned by an entity with more than 50% ownership, or otherwise controlled by an entity, where certain conditions are met (Controlling Entity)
  - either a Controlling Entity or persons having a special relationship with the Controlling Entity have taxable sales of more than JPY500 million during the period corresponding to the base period of the company.

### Optional

A company that does not fall within the above categories is not subject to the Consumption Tax, but they can register as a taxable business operator to get refund of input Consumption Tax.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

The place of supply is where the recipient of the services is located. An offshore service provider has an obligation to collect Consumption Tax from their B2C customers in Japan and to pay such collected Consumption Tax to the National Tax Agency (NTA) (the system is referred to as the Foreign Supplier Registration/Filling System). In order to report and pay collected Consumption Tax, offshore service providers must register. Instructions for an application for the registration are available at the NTA's website [https://www.nta.go.jp/foreign_language/consumption_tax/201606-9en.pdf].

96 offshore service providers are validly registered as of September 15, 2020. A list is available on the NTA's website [https://www.nta.go.jp/publication/pamph/shohi/cross/touroku.pdf].

There is no penalty if a B2C service provider does not register. However, as a tentative measure for a certain period, customers that operate businesses in Japan are unable to credit the amount of the consumption tax included in the price which the purchaser pays to a B2C service provider, unless the B2C service provider is registered.

Under the “tax credit system,” business operators are able to claim credits for certain business-related purchases. The credit effectively provides a deduction for the consumption tax amount that has been paid to a supplier.

Thus, offshore B2C service providers may be at a disadvantage by not registering, as they may be unable to claim a credit.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

As for B2B transactions, the place of supply is where the recipient of the services is located. Thus, e-commerce services provided to business enterprises in Japan are subject to Consumption Tax. This rule applies to transactions made after October 1, 2015, by the 2015 amendment to the Consumption Tax Act. A transaction under a contract executed before March 31, 2015, with a period continuing after October 1, 2015, may be subject to the un-amended Act and therefore be exempt from Consumption Tax.

For B2B transactions involving e-commerce services, the Consumption Tax is to be paid through a “Reverse Charge Mechanism.” Under the Reverse Charge Mechanism, fees or purchase price collected for cross-border e-commerce services are subject to Consumption Tax, but the offshore service provider would not be obliged to report and pay the Consumption Tax to the NTA. Instead, Japanese business customers that received the e-commerce services would be required to report and remit the Consumption Tax to the NTA.
DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

No.

B2B transactions are defined as transactions in which a Japanese customer is obviously recognized as a business operator considering the contents and conditions of the service. According to the NTA, the following are examples of services for which a Japanese customer is obviously recognized as a business operator from the nature of the service:

- distribution of advertisements on the internet; or
- provision of a market-place to sell applications and software, including games, on websites on the internet.

In addition, the NTA notes that certain services can be categorized as B2B transactions based on the terms and conditions of the service. For example, cloud services where (i) the terms and conditions are negotiable between the parties and (ii) it is clear that the customer uses the service for its own business purposes, will be treated as B2B services.

Also, the invoice system will be introduced from November 1, 2023, under which only the registered Consumption Tax business operators can issue the qualified tax invoices that are necessary for the recipient of the goods and services to credit the input tax. The customer’s registration for the invoice system is not clearly required for the transaction to be treated as B2B.

However, if a Japanese customer is registered as a taxpayer (and a qualified invoice issuer) for Consumption Tax purposes, this may be one relevant indicator that the supply is B2B.

CAN PRICES BE DISPLAYED ON A TAX-EXCLUSIVE BASIS?

As a general rule, prices must be displayed including Consumption Tax if an enterprise offers to sell goods or provide services to the general public other than through B2B transactions (Gross Pricing Display Obligation; Art. 63 of the Consumption Tax Act).

However, since the Consumption Tax Act is currently under a transition period due to changes in the tax rate, the Gross Pricing Display Obligation is currently suspended from October 1, 2013, to March 31, 2021. Therefore, business enterprises are allowed to show prices excluding consumption tax as long as it is clear that such pricing does not include the tax (eg displaying tax exclusive prices with a note stating “tax is not included”).
Luxembourg

LOCAL NAME FOR VAT
Taxe sur la valeur ajoutée, or TVA

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
17% as from January 1, 2015

Special Rate
3%, 8%, 14%

REGISTRATION REQUIREMENTS

Mandatory
In principle, any taxable person must register for VAT purposes. There is an exception for taxable persons performing only exempt supplies without a right to deduct input VAT and taxable persons subject to the small enterprises regime (where annual turnover is less than EUR30,000 (EUR10,000 before 2013)). However, these taxable persons must register for VAT purposes in the following cases:

- where they are liable to pay Luxembourg VAT on services received from foreign services providers (no threshold) or on their intra-Community acquisitions of goods exceeding EUR10,000 (excluding VAT) during the preceding or current year; or

- if they are established in Luxembourg and perform services that do not give rise to a right of input VAT deduction and provide taxable services in the other Member States where the recipient of the services liable to pay the tax is established.

Non-taxable persons (eg holding companies, pubic bodies) must register for VAT to pay the Luxembourg VAT on intra-Community acquisitions of goods when the value of the goods is more than EUR10,000 (excluding VAT) during the preceding or current year.

Any person registered to VAT in another Member State performing supply of goods, that the dispatching or transporting is made by or on behalf of the supplier, to persons which are established or domiciled in Luxembourg but not VAT registered in Luxembourg and that the annual amount of such sales is more than EUR100,000.

Optional
A taxable person may register for VAT to pay the Luxembourg VAT on intra-Community acquisitions of goods when the value of the goods is lower than EUR10,000 (excluding VAT) during the preceding or current year.

Please note that in relation to the provision of e-commerce services to non-VAT taxable persons located in any Member State, there is a special scheme known as Mini One Stop Shop (MOSS) that enables any provider of such e-commerce services to designate any Member State as a point of single contact in view of declaration and payment of VAT.

When Luxembourg is chosen as a point of single contact, any such provider will be given access to the VAT MOSS platform enabling them to declare the e-commerce services provided in all Member States.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

The transfer and licensing of intellectual property should be regarded as a supply of services for VAT purposes. The supply of intangibles when delivered in digital form is also treated as a service.

If the company supplies services to a private consumer, the services are in general taxable in the country of the supplier and therefore subject to Luxembourg VAT where supplied by a Luxembourg established business.

From January 1, 2015, supplies of telecommunications, broadcasting and electronically supplied services made by EU suppliers to private individuals and non-business customers will be taxable in the Member State of the customer.

In case of a non-EU-established business to an EU-established consumer, VAT will be levied at the rate applicable in the country where the customer is located.

The application of Article 59 of the VAT Directive (VATD) implies that the place of taxation in the case of a supply of services to consumers/customers located outside the EU is the place where the customer is established.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

As noted above, the transfer and license of intellectual property falls under the VAT rules on the place of supply of services, as does supplies of intangibles when delivered in digital form.

In the case of a Luxembourg established business supplying services to a foreign EU business customer, in general the supply of services is taxable in the country of the recipient under the reverse charge mechanism.

For a supply from a non EU-established business to an EU-established business, VAT will be payable in the business customer's state, pursuant to Article 44 VATD.

In the case of a supply of services to customers located outside the EU, the place of supply is where the customer is established.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

To properly determine the place of a cross-border supply of services, and the person liable to pay the VAT, the supplier needs to ensure its customer has a valid VAT number or is a non-taxable consumer.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Prices must in principal be displayed on a VAT inclusive basis.
# Mexico

## LOCAL NAME FOR VAT

Impuesto al Valor Agregado – IVA

## APPLICABLE RATES FOR DIGITAL SERVICES

### Standard Rate

16%

### Special Rate

Not applicable for Digital Tax services

## REGISTRATION REQUIREMENTS

### Mandatory

- Register with the national taxpayers' registry and obtain a tax identification number (RFC) within 30 days of providing digital services in Mexico (or within the first 30 calendar days of June 2020 if the foreign provider has been already providing digital services in Mexico).

- Designate and register a Mexican legal representative, establish a Mexican tax domicile, and register an electronic tax signature (FIEL).

### Optional

N/A

## PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

B2C digital services are subject to VAT when the receiver of the service is in Mexico.

## PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

B2B digital services are subject to VAT when the receiver of the service is in Mexico.

## RETAIL SALES OF LOW VALUE PHYSICAL GOODS

If a sale is made/provided through an application or via the internet and is automated, it is subject to VAT regardless of value.

## DO YOU REQUIRE EVIDENCE OF A CUSTOMER'S VAT NUMBER TO TREAT A SUPPLY AS B2B?

No

## CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

VAT in Mexico must be expressly shown separately from services/goods price in the applicable invoice.
## Netherlands

### Local Name for VAT

Omzetbelasting or btw

### Applicable Rates for Digital Services

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>21%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>Special Rate as of January 1, 2020 is 9% for supplies of e-books.</td>
</tr>
</tbody>
</table>

### Registration Requirements

**Mandatory**

Anyone who is liable for VAT in the Netherlands must register for VAT in the Netherlands. No VAT registration threshold applies in the Netherlands.

**Optional**

N/A

### Place of Supply for Cross-Border Supplies of Intangibles to Local Consumers (B2C)

If the intangible qualifies an electronic service for VAT purposes, the place of supply rules with respect to telecommunications, broadcasting and electronically supplied services apply. In that case, the place of supply is where the customer belongs.

If the cross-border supply of an intangible does not qualify as an electronic service and the intangible is supplied to a consumer that is established in the EU, the general B2C rule applies.

If the intangible is supplied to a consumer that is established outside the EU, the effective use and enjoyment rules apply. In that case, the place of supply is the state where the recipient of the service is established.

### Place of Supply for Cross-Border Supplies of Intangibles to Business Customers (B2B)

The place of supply of cross-border B2B intangible services is where the customer has established its business or has a fixed establishment from which the service is supplied, or, in the absence of such a place of business or fixed establishment, the place where they have their permanent address or usually reside.

The effective use and enjoyment rules do not apply.
DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes, when it comes to the assessment of the status of the customer, the supplier is assumed to have acted in good faith when the supplier has:

- established whether the customer is a taxable person via the VAT number communicated to them or through any other proof presented to the supplier to show that the customer is a taxable person or a non-taxable legal person identified for VAT purposes; and
- obtained confirmation of the validity of the VAT number of the customer and carried out a reasonable level of verification via the Commission website or existing security procedures.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

In accordance with the Dutch VAT Act 1968, suppliers are prohibited from displaying prices to B2C customers exclusive of VAT.
New Zealand

LOCAL NAME FOR VAT

Goods and Services Tax (GST)

APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>15% in certain circumstances, supplies may be zero-rated (including: certain exported services; and, some &quot;remote services&quot; supplied from offshore to GST-registered recipients in New Zealand).</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

REGISTRATION REQUIREMENTS

<table>
<thead>
<tr>
<th>Requirement Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory</td>
<td>Any person who makes or will make &quot;taxable supplies&quot; in New Zealand in excess of the registration threshold (currently, NZD60,000 in a 12-month period). From October 1, 2016, this has included offshore suppliers of &quot;remote services&quot; to New Zealand resident recipients. &quot;Remote services&quot; (those with no necessary connection between the place where the service is physically performed and the location of the recipient) will capture digital services (eg internet downloads, online services, and, in some circumstances, the operators of electronic marketplaces) and more traditional services when supplied remotely (eg legal, accounting, insurance).</td>
</tr>
<tr>
<td>Optional</td>
<td>Persons making taxable supplies in New Zealand below the registration threshold (note: the Revenue may question whether a &quot;taxable activity&quot; is being conducted in this scenario). A non-resident who is registered for consumption tax in their country of residence (or, if that country does not have a consumption tax, who has a level of activity in that country that would meet the New Zealand registration threshold if that activity were in New Zealand) and who meets certain other requirements.</td>
</tr>
</tbody>
</table>

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C*)

*Assumes recipient C (in B2C) is not receiving the supply in the course of its taxable activity. Note that a taxable activity does not extend to making exempt supplies (which includes financial services unless certain elections are made).

Fundamentally, GST is a tax on private/domestic consumption in New Zealand. However, as GST is collected as goods and services move through the supply chain, an input tax credit system operates to limit any snow-balling effect. New Zealand's GST system pre-dates, and differs in some ways from, that described in the OECD VAT Guidelines.

Whether a supply takes place in New Zealand or outside New Zealand will depend on a combination of factors, including whether the supplier is resident in New Zealand for GST purposes and, in relation to services, whether the services are physically performed in New Zealand by a person who is in New Zealand at the time of performance, whether they are "remote services," and the residence and GST status of the recipient.

If supplied from outside of New Zealand, there is potential for a "reverse charge" to apply. However, since October 1, 2016, "remote services" are deemed to be supplied in New Zealand in the B2C scenario.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B*)

*Assumes recipient B (in B2B) is receiving the supply in the course of its taxable activity. Note that a taxable activity does not extend to making exempt supplies (which includes financial services unless certain elections are made).

See above – a further factor in determining whether a supply occurs inside or outside New Zealand will be the contract between the supplier and recipient.

If supplied from outside New Zealand, the reverse charge will not be a concern if the recipient uses the services in making taxable supplies to the requisite extent (the percentage intended use and, thereafter, the percentage actual use, must be 95% or more). Since October 1, 2016, “remote services” are deemed to be supplied in New Zealand, but usually this will not apply in the B2B scenario.

Note that special rules apply to telecommunications services.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes, when it comes to the assessment of the status of the customer, the supplier is assumed to have acted in good faith when the supplier has:

- established whether the customer is a taxable person via the VAT number communicated to them or through any other proof presented to the supplier to show that the customer is a taxable person or a non-taxable legal person identified for VAT purposes; and
- obtained confirmation of the validity of the VAT number of the customer and carried out a reasonable level of verification via the Commission website or existing security procedures.

RETAIL SALES OF LOW VALUE PHYSICAL GOODS

In New Zealand it has been announced that certain non-resident suppliers of low value physical goods (being goods with a value of NZD1,000 or less) to New Zealand consumers will have an obligation to register for and charge New Zealand Goods and Services Tax (GST). Those rules are proposed to apply from October 1, 2019.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Generally, no. However, it will be needed in some scenarios, eg zero-rating of certain B2B land supplies, and, for determining that “remote services” are supplied to a registered person (a B2B supply).

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

In advertising, prices can be displayed on a GST-exclusive basis but must say “plus GST” (assuming the supplier wants to recover this from the recipient). However, in advertising to consumers, it is usual practice in New Zealand to display prices on a GST inclusive basis. Overall, the advertising must not be misleading or deceptive.

Tax invoices must be in a prescribed form.
## Norway

### LOCAL NAME FOR VAT

Merverdiavgift

### APPLICABLE RATES FOR DIGITAL SERVICES

**Standard rate**

- 25%

**Special rates**

- 15% – applies to foodstuffs
- 12% – applies to personal transport services, room rental (hotels etc), and access to cinema, sport events and amusement/adventure parks.

### REGISTRATION REQUIREMENTS

**Mandatory**

Businesses are liable to register in the Value Added Tax Register once the total turnover related to supplies and withdrawals within scope of the Norwegian VAT Act exceeds NOK50,000 during a 12-month period.

As a starting point, all supplies of goods or services delivered within the Norwegian VAT area (the Norwegian mainland and territorial area except Svalbard, Jan Mayen and the dependencies) are considered within the scope of the VAT Act.

Non-established vendors must charge VAT when supplying e-commerce services to Norwegian private individuals and non-business customers (B2C). These providers must be registered in the Value Added Tax Register. As an alternative to a normal registration in the Norwegian VAT register, foreign suppliers can use a simplified registration and reporting system when selling electronic services B2C (VOES). This simplified registration scheme can only be used by companies that merely supply e-services to private customers in Norway.

A simplified registration for e-services will not provide access to deduct input VAT, and the system for reimbursement of VAT must thus be used.

**Optional**

Based on certain conditions, it is possible to voluntarily register in the VAT register for the leasing out of real property in Norway (as a starting point this activity is treated as exempt from VAT).

N/A

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C*)

The place of supply for cross-border B2C electronic services is where the customer belongs. Thus foreign suppliers must register for VAT in Norway and charge Norwegian VAT when these services are rendered B2C.

If delivery of electronic communication services is performed via a fixed terminal in Norway, VAT is payable, even if the recipient is not resident in Norway. If delivery is effected via a fixed terminal outside Norway, VAT shall not be payable even if the recipient is resident in Norway.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

The place of supply of cross-border B2B e-commerce services and other intangible services is where the customer has its business establishment or other fixed establishment of which the service is delivered to. A business customer established in Norway, which acquires e-services from outside Norway, must account for and report Norwegian VAT under the reverse charge scheme. Reverse charge also applies to purchases of other intangible services from abroad. The reverse charge calculated and reported by the purchaser in these situations can normally be deducted if purchased for use in the company's VAT liable activities in Norway.

If the electronic service is to be used in Norway by an establishment resident in Norway, Norwegian VAT is payable, even if the service is delivered to a recipient resident outside Norway. However, this does not apply if it is documented that VAT is charged on the service outside of Norway.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER'S VAT NUMBER TO TREAT A SUPPLY AS B2B?

This is not a formal requirement, but the supplier should still be able to substantiate that the customer is a business customer (e.g. in the event of an audit). There is a mandatory invoicing requirement that either the customer's VAT number (organization number + the letters MVA (VAT)) or the customer's address is stated on the invoice. However, it is recommended to include both the VAT number and customer's address on the invoice.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

In B2C transactions the price must include any additional charges, including VAT and any other applicable taxes. Please note that this follows from the consumer protection legislation and not from tax legislation.

In B2B transactions the price can be displayed on a tax exclusive basis. However, please note that there are strict rules with regard to the content of the invoice. Among other things, the VAT amount must be included on the invoice (in NOK).
# Peru

<table>
<thead>
<tr>
<th>LOCAL NAME FOR VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impuesto General a las Ventas – IGV</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPLICABLE RATES FOR DIGITAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Rate</strong></td>
</tr>
<tr>
<td>18%</td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REGISTRATION REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandatory</strong></td>
</tr>
<tr>
<td>Proof of incorporation (local corporations) or Identification document (individuals)</td>
</tr>
<tr>
<td>Proof of address</td>
</tr>
<tr>
<td>Form 2119 submission</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply of intangibles to local consumers on a B2C scheme are not subject to VAT.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regardless of the place of supply, in a B2B scheme the intangible services are subject to taxes as long as the services are economically used in Peru, meaning whether the service is deducted by the client as an expense.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RETAIL SALES OF LOW VALUE PHYSICAL GOODS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subject to VAT.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B2B Transactions</strong></td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td><strong>B2C Transactions</strong></td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Taxes shall be displayed when applicable.</td>
</tr>
</tbody>
</table>
# Poland

## Local Name for VAT

Podatek od towarów i usług

## Applicable Rates for E-Commerce Services

### Standard Rate

23% (The temporarily increased VAT rates will continue to apply until the end of end of the year following the year when specific budget criteria are met)

### Special Rate

N/A

## Registration Requirements

### Mandatory

All entities performing taxable activities, except for small entrepreneurs (i.e. taxpayers whose annual value of sales does not exceed PLN200,000 (EUR44,000-45,000)). This exception is not applied, among others, to taxpayers who are not established in Poland.

### Optional

Small entrepreneurs and entities performing only activities that are tax exempt.

Registration in Poland might be avoided through the use of Mini One Stop Shop (MOSS) in another Member State – this refers only to B2C transactions on electronic, telecommunications and broadcasting services.

## Place of Supply for Cross-Border Supplies of Intangibles to Local Consumers (B2C)

The general rule regarding the place of supply is the place where the supplier is located, which is either the supplier’s main establishment, a permanent establishment or usual place of residence.

In relation to supplies of intangibles and e-commerce services the place of supply is the place where the recipient (consumer) is located, which is either the recipient’s main establishment, a permanent place of residence or usual place of residence.

## Place of Supply for Cross-Border Supplies of Intangibles to Business Customers (B2B)

In B2B, as a general rule, the place of supply is where the recipient of the services is located (the recipient’s main establishment, a fixed place of business or usual place of residence).

The reverse charge system applies to the supply of the services.

## Do You Require Evidence of a Customer’s VAT Number to Treat a Supply as B2B?

Yes. As the supplier has to charge VAT and is responsible for settling the VAT in a proper manner, it is the supplier’s responsibility to obtain information about the supplier’s customer, including the VAT registration of a business customer.

## Can Prices Be Displayed on a Tax Exclusive Basis?

### B2B Transactions

Yes, prices can be displayed on a tax exclusive basis; however, if there is no clear information, it is assumed the price includes VAT.

### B2C Transactions

No, prices must be displayed on a VAT inclusive basis.
# Portugal

<table>
<thead>
<tr>
<th>LOCAL NAME FOR VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>IVA (Imposto sobre o Valor Acrescentado)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPLICABLE RATES FOR DIGITAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Rate</strong></td>
</tr>
<tr>
<td>23%</td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
</tr>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>REGISTRATION REQUIREMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandatory</strong></td>
</tr>
<tr>
<td>Registration is required if and when the taxable person carries out an activity subject to VAT in Portugal.</td>
</tr>
<tr>
<td><strong>Optional</strong></td>
</tr>
<tr>
<td>Available special optional regime for electronically supplied services and telecommunication, radio and television broadcasting services: Mini One Stop Shop (MOSS).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The place of supply of B2C e-commerce services shall be deemed Portugal when the recipient is established or domiciled within the Portuguese territory. The use and enjoyment rule applies to all e-commerce services.</td>
</tr>
</tbody>
</table>

In what concerns the place of B2C supplies of intangibles (such as sale or licensing of IP rights) it shall be Portugal where the supplier has its headquarters, permanent establishment or domicile from which the services are provided in Portugal, except if the recipient is established or domiciled outside the EU.

<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The place of supply of intangibles and e-commerce services to a taxable person acting as such (B2B) shall be deemed Portugal when the recipient has its headquarters, permanent establishment or domicile to which the service is supplied in Portugal, regardless of the supplier's state of establishment (general B2B rule).</td>
</tr>
</tbody>
</table>

The use and enjoyment rule applies to all e-commerce services.

<table>
<thead>
<tr>
<th>DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prices for retail/B2C must be displayed on a VAT inclusive basis. However, where both parties are professionals (B2B) it is generally possible to show the VAT exclusive amount, provided it is not misleading.</td>
</tr>
</tbody>
</table>
## Romania

<table>
<thead>
<tr>
<th>LOCAL NAME FOR VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxa pe valoarea adăugată – (TVA)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPLICABLE RATES FOR DIGITAL SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Rate</strong></td>
</tr>
<tr>
<td>• 19%</td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
</tr>
<tr>
<td>• 9% for the following supplies of goods and/or services:</td>
</tr>
<tr>
<td>• supplies of prostheses of any type and accessories (except dental prostheses), orthopedic products, medicines for human and veterinary use;</td>
</tr>
<tr>
<td>• supplies of food (excluding alcohol) for both human and animal use, having certain classification codes;</td>
</tr>
<tr>
<td>• supplies of fertilizers, seeds and other agricultural products intended for the sowing or planting, as well as for supplies of services, such as those specifically used in the agricultural sectors;</td>
</tr>
<tr>
<td>• water supply and sewerage services; and</td>
</tr>
<tr>
<td>• supplies of water for agricultural irrigation.</td>
</tr>
<tr>
<td>• 5% for the following supplies of goods and/or services:</td>
</tr>
<tr>
<td>• supplies of school manuals, books, newspapers and magazines, except for those intended solely or principally for advertising (ie over 50% of content is advertising); access to museums, castles, cinemas, zoological and botanical gardens, and sporting events;</td>
</tr>
<tr>
<td>• supplies of social housing, including related land (ie. social housing includes, but is not limited to, houses that are a maximum of 120 m² and that do not exceed RON450,000 in value, net of VAT) provided that specific conditions are fulfilled;</td>
</tr>
<tr>
<td>• hotel accommodation and similar accommodation, including the rental of land for camping;</td>
</tr>
<tr>
<td>• supplies of buildings, including related land, to city halls in order to be granted with subsidized rent to persons or families whose economic situation does not allow them to buy or to rent a property;</td>
</tr>
<tr>
<td>• restaurant and catering services (excluding alcohol), except for draught beer;</td>
</tr>
<tr>
<td>• the right to use some sports facilities of which activities having the NACE code 9311 and 9313;</td>
</tr>
<tr>
<td>• transport services for tourism or entertainment activities, using historic trains or vehicles, animal-drawn vehicles or boats; and</td>
</tr>
<tr>
<td>• supplies of high quality food, respectively mountain, eco, and traditional products authorized by the Ministry of Agriculture and Rural Development.</td>
</tr>
</tbody>
</table>
REGISTRATION REQUIREMENTS

Mandatory for the following taxable persons:

- a taxable person that has the place of economic activity in Romania and carries out or intends to carry out an economic activity involving taxable operations, provided that the turnover to be obtained exceeds the threshold of EUR88,500 (the equivalent of RON300,000);
- a taxable person who has the place of economic activity outside Romania, but is established in Romania through a fixed establishment that will be involved in supplies/acquisitions of services or will perform taxable/exempt supplies of goods/services;
- a taxable person not established in Romania, nor registered for VAT purposes in Romania, performing operations in Romania that entitle it to VAT deduction, must register before performing such operations, except for the situations when the person liable to pay the VAT is the beneficiary; and
- a taxable persons that is neither established nor registered for VAT purposes intending to perform an intra-community acquisition of goods or an intra-community supply of goods.

Optional for the following persons

- a taxable person established in Romania whose annual turnover is lower than the threshold of EUR88,500 but it opts to apply for the registration; and
- a taxable person that is neither established nor registered in Romania that will perform in Romania an import of goods, a supply or rent of immovable property if the respective transaction is taxable by option.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

The general rule in respect of place of supply for services rendered to non-taxable persons is the place where the supplier has established its business or has a fixed establishment from which the services are rendered.

The place of supply of goods, in case of e-commerce to local consumers, is Romania provided that the value of the supplies performed in the previous year exceeds the revenue threshold of EUR35,000 or the supplier has opted, in the state from where the goods are delivered, to consider the respective supplies distance sales.

The place of supply in case of electronic services, telecommunications, radio and television broadcasting to non-taxable persons (B2C) is the place where the beneficiary is established.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

The general rule for B2B supplies is the place where the beneficiary has its place of business. Where services are provided to a fixed establishment of the beneficiary, located in another place than that in which the person is established, the place of supply is the place where the fixed establishment receiving the services is located. The reverse charge mechanism applies in this respect.

The place of supply for B2B supplies of goods is the place where the goods are located at the time when the dispatch or transport begins, in the case of goods dispatched or transported by the supplier, the buyer or by a third person.
DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?
Yes, when it comes to the assessment of customer's status, the supplier is assumed to have acted in good faith when they have:

- established whether the customer is a taxable person, via the VAT number communicated to them or through any other proof presented to him showing that the customer is a taxable person or a non-taxable legal person registered for VAT purposes; and
- obtained confirmation of the validity of the VAT number of the customer and carried out a reasonable level of verification via the Commission website or existing security procedures.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

**B2B transactions**
Yes, prices can be displayed on a tax exclusive basis.

**B2C transactions**
No, prices must be displayed on a tax inclusive basis.
## Russia

### Local Name for VAT

**VAT**

### Applicable Rates for Digital Services

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>20%</td>
</tr>
<tr>
<td>Special</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Registration Requirements

**Mandatory**

As a general rule, a foreign company carrying out its activity in Russia for a period of time exceeding one month must be tax registered in Russia. Once tax registered in Russia, the foreign entity becomes registered for all applicable local taxes, including VAT.

Since January 2017, specific rules for VAT registration/de-registration and the VAT payment mechanism apply for foreign suppliers rendering e-commerce services to “individuals located in Russia” (B2C). Such suppliers must file the relevant application to the Russian tax authorities within 30 calendar days of the day since they started providing e-commerce services deemed supplied in Russia. Such foreign organizations are obliged to file a VAT return to the Russian tax authorities which will be subject to an in-house tax audit. VAT registration as well as submitting VAT returns and other documents must be done using a taxpayer’s personal account (personal e-room set for each qualifying taxpayer – which is a foreign organization).

A foreign supplier of e-commerce services to “individuals located in Russia” (B2C) is required to perform VAT registration in Russia and to pay Russian VAT unless another Russian or foreign entity-intermediary is interposed between the foreign supplier and the individual for the purposes of collecting payments. In the latter case, such entity-intermediary will perform the responsibilities of a VAT agent in respect to the e-commerce services rendered.

Starting January 1, 2019, the similar tax registration and VAT payment requirements are applied to the foreign suppliers rendering e-commerce services to “business customers – legal entities and individual entrepreneurs” (B2B) unless there are Russian or foreign intermediaries (agents) in the e-services supply chain that have concluded agency or commission agreements and collect payments from the clients. Such intermediaries (agents) will act as tax agents and withhold and pay Russian VAT instead of foreign vendors.

**Optional**

N/A
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

The place of supply for transfer (provision) of patents, licenses, trademarks, copyrights and other similar rights shall be determined as the place where the consumer resides. However, there is no VAT payment mechanism established for B2C supplies unless the foreign supplier is tax registered in Russia.

In respect to e-commerce services, Russia implements the widely used “destination principle,” which implies charging VAT in the country of the services recipient’s location. The Russian Tax Law establishes certain conditions for individuals in order to have them qualified as recipients of e-commerce services in Russia. In particular, e-commerce services are deemed supplied in Russia if one of the following criteria is met:

- the individual who is a recipient of e-commerce services resides in the Russian Federation;
- the bank where the individual has their bank account used for paying for the e-commerce services (or the bank of the operator of electronic money used for payment) is located in Russia;
- the IP address of the individual used when purchasing the e-commerce services is registered in Russia; or
- the individual used a Russian international telephone code when purchasing the e-commerce services.

The list (non-exhaustive) of VAT-able services deemed supplied in Russia if provided by foreign organizations includes:

- transferring software and database rights, including access to online games on the internet, including through remote access;
- installing (downloading) games on PCs and cell phones, banner and blocking programs, accounting and antivirus software, web filters;
- enabling the placement of goods (work, services, property rights) offers on the internet;
- furnishing information via the internet, including making available e-books and other e-publications, graphic images, pieces of music both with and without text and audio-visual works through the internet, including by providing remote access for viewing or listening to them through the internet;
- making search engines and other portals available;
- web-hosting services;
- cloud services and cloud-based e-platforms;
- providing websites’ visitor statistics;
- broadcasting TV and radio channels using the internet and other services;
- providing advertising services on the internet, including by using computer software and databases functioning on the internet as well as providing advertising space on the internet;
- providing online calculating capacity for placing information in information systems; and
- providing search services and/or providing information regarding potential buyers to service recipients.

It may be difficult to determine whether any specific cross-border activity or service may fall into the definition of the e-commerce services under the Russian Tax Law; answering that question may require knowledge not only of tax but also IP and IT issues. Resolving such questions may be complex, since the definition of many e-commerce services is extremely broad.
The following transactions shall not be considered to be e-commerce services under the Russian Tax Law:

- sale of goods (works, services) through the internet if the supply of goods (works, services) ordered is performed beyond the Internet platform of supply;
- sale of computer software (including computer games) and databases on physical sources;
- consultancy services rendered via email; and
- internet access services.

In the B2C supply context, a foreign organization-seller of e-commerce services is to register with the Russian tax authority and administer Russian VAT liability itself.

Russian tax law provides for a VAT exemption for provision of exclusive rights for inventions, utility and design models, ECM software, databases, integrated circuit layouts, know-how as well as rights to use such intangibles under a license agreement. Formally, the VAT Exemption can be applied by both Russian and foreign companies, if they qualify for this tax incentive under the generally applicable requirements. This means that certain e-commerce services covered by the incentive, such as the provision of rights to use computer software and databases, will continue to be exempt from VAT. However, even though the qualifying foreign supplier of such e-commerce services may not be obliged to charge and collect VAT from Russian customers, it shall not be released from the obligation to register with the tax authorities in Russia and submit the relevant VAT returns showing no VAT payable.

Starting from January 1, 2021, the VAT exemption for granting use rights for software and databases under a license agreement will cease to have effect. The new VAT exemption will be applicable to licensing “national software” ie software and databases included in the Unified Register of Russian Software and Databases (the register is available at https://reestr.minsvyaz.ru/).

In addition, the VAT exemption will not apply to software and databases used for advertising on the internet that permit such actions as placing offers for purchase/sale on the internet, searching for information on potential customers, etc.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

The place of supply for transfer (provision) of patents, licenses, trademarks, copyrights and other similar rights shall be determined as the place where the service recipient performs its activity. A reverse charge VAT payment mechanism functions in relation to B2B supplies if the foreign supplier is not tax registered in Russia.

As mentioned above, e-commerce services are deemed supplied in Russia if the recipient of these services is “located” in Russia. This rule applies for B2B supplies as well. The Russian location in respect to legal entities and individual entrepreneurs is defined on the basis of the state registration.

Starting from January 1, 2019, in the B2B e-commerce services supply context the reverse charge mechanism is no longer applied (unless there are Russian or foreign intermediaries (agents) in the e-services supply chain that have concluded agency or commission agreements and collect payments from clients). Instead, the obligation to collect and pay VAT is transferred to foreign e-commerce suppliers with tax registration in Russia.

Meanwhile, the Russian payor will have the right to recover the VAT so charged as input tax credits, to the extent that such services are used in its taxable operations. This VAT recovery will be available on the condition that the Russian payor has in its files an agreement and/or a payment document showing the VAT amount, the Taxpayer Identification Number (INN) and the Tax Registration Reason Code (KPP) of the foreign company and documents confirming the actual payment (including VAT) to a foreign e-commerce services provider.

As discussed above, there is a VAT exemption available for provision of exclusive rights for inventions, utility and design models, ECM software, databases, integrated circuit layouts, know-how as well as rights to use such intangibles under a license agreement. While certain e-commerce services (eg provision of rights to use computer software and databases) may be covered by this exemption, the qualifying foreign supplier of such e-commerce services shall not be released from the obligation to register with the tax authorities in Russia and submit the relevant VAT returns showing no VAT payable.

In addition, as discussed above, it shall be considered that the VAT exemption for granting use rights for software and databases will be limited to “national software” starting from January 1, 2021.

It shall be noted that the Federal Tax Service of Russia (FTS) de facto has allowed Russian customers to act as VAT tax agents on payments made to foreign vendors of e-commerce services. According to the FTS, if the Russian client has voluntarily reverse charged VAT from the amount of the purchase price, remitted this VAT to the Russian budget and further claimed this VAT for recovery, the Russian tax authorities are instructed not to impose VAT on the foreign services provider or disallow VAT recovery to such Russian client. Although this position is rather positive for the taxpayers, formally it violates the Russian Tax Code. Therefore, until this mechanism is reflected in the Russian Tax Code, this FTS guidance is legally non-binding for the Russian taxpayers and courts and may not provide full protection against potential tax claims.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER'S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Yes.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

B2B Transactions

No, prices should be displayed on a VAT inclusive basis.

B2C Transactions

No, prices should be displayed on a VAT inclusive basis.

1. Letter of the FTS dated April 24, 2019, No. СD-4-3/7937@.

2. This was confirmed in the Letter of the Russian Ministry of Finance of April 10, 2020, No. 03-07-14/28744.
Saudi Arabia

<table>
<thead>
<tr>
<th>LOCAL NAME FOR VAT</th>
<th>Value Added Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPLICABLE RATES FOR DIGITAL SERVICES</td>
<td></td>
</tr>
<tr>
<td>Standard Rate</td>
<td>15% (increased from 5% as per July 1, 2020)</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
<tr>
<td>REGISTRATION REQUIREMENTS</td>
<td></td>
</tr>
<tr>
<td>Mandatory</td>
<td></td>
</tr>
<tr>
<td>The mandatory threshold for persons established in Saudi Arabia is where the value of their annual supplies exceeds SAR375,000.</td>
<td></td>
</tr>
<tr>
<td>For persons not established in Saudi Arabia, or any of the other Gulf Cooperation Council States, and which make taxable supplies in Saudi Arabia, no threshold applies.</td>
<td></td>
</tr>
<tr>
<td>Optional</td>
<td></td>
</tr>
<tr>
<td>A voluntary registration threshold applies where the Saudi Arabia established person's annual supplies exceeds SAR187,500.</td>
<td></td>
</tr>
<tr>
<td>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)</td>
<td></td>
</tr>
<tr>
<td>For telecommunications and electronic services, the place of supply shall be Saudi Arabia to the extent this is the customer's usual place of residence when it consumes and enjoys the service. If services are provided at a particular physical location (such as a telephone box, Wi-Fi hotspot, internet café), the place of supply should be that location.</td>
<td></td>
</tr>
<tr>
<td>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)</td>
<td></td>
</tr>
<tr>
<td>For telecommunications and electronic services, the place of supply shall be Saudi Arabia to the extent this is the customer's usual place of residence when it consumes and enjoys the service.</td>
<td></td>
</tr>
<tr>
<td>DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?</td>
<td></td>
</tr>
<tr>
<td>Yes, the VAT number of the recipient should be collected (and verified) for the supplier to treat the supply as B2B. Alternative evidence may be used to indicate that the recipient of the services is a business.</td>
<td></td>
</tr>
<tr>
<td>CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?</td>
<td></td>
</tr>
<tr>
<td>Displayed prices must in principle be inclusive of VAT.</td>
<td></td>
</tr>
</tbody>
</table>
## Singapore

### LOCAL NAME FOR VAT

<table>
<thead>
<tr>
<th>Goods and Services Tax or GST</th>
</tr>
</thead>
</table>

### APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Standard Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>The current tax rate is 7%. It has been announced that the GST rate will increase gradually to 9% sometime between 2021 to 2025. Exports of goods and international services can be zero-rated.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Special Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
</tr>
</tbody>
</table>

### REGISTRATION REQUIREMENTS

<table>
<thead>
<tr>
<th>Mandatory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Businesses with taxable turnover of SGD1 million in a 12-month period must register for GST. Note that this threshold is applied both retrospectively (ie to supplies made in the past 12 months) and prospectively (anticipated supplies in the next 12 months).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Optional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business below the mandatory taxable turnover threshold may voluntarily register for GST, subject to certain conditions.</td>
</tr>
</tbody>
</table>

### TAXING IMPORTED SERVICES

Prior to January 1, 2020, a supply of services procured from a local GST-registered supplier is subject to GST, while the same supply of services, if provided by an overseas supplier (ie imported), is not subject to GST even if the services are consumed in Singapore. To level the GST treatment for services consumed in Singapore regardless of whether they are procured from local or overseas suppliers, the following regimes have been implemented from January 1, 2020, to tax imported services:

- Overseas Vendor Registration (OVR) regime for B2C supplies of imported digital services; and
- Reverse Charge (RC) regime for B2B supplies of imported services.

B2C supplies refer to supplies made to non-GST registered persons, which include individuals and businesses that are not registered for GST.

B2B supplies refer to supplies made to GST-registered persons, including companies, partnerships and sole-proprietors.
SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

The OVR regime applies to supplies of digital services made by Overseas Vendors to non-GST registered customers in Singapore. Broadly, digital services are services which are supplied over the internet or an electronic network and the nature of which renders their supply essentially automated with minimal or no human intervention, and impossible without the use of information technology.

An Overseas Vendor who supplies digital services will be liable for GST registration under the OVR on either the retrospective or prospective basis, if it satisfies the following conditions:

Retrospective basis:

Its global turnover and value of digital services made to non-GST registered customers in Singapore for the calendar year (ie January 1 to December 31) exceed SGD1 million and SGD100,000 respectively.

Prospective basis:

It reasonably expects the value of its global turnover and supplies of digital services to non-GST registered customers in Singapore to exceed SGD1 million and SGD100,000 respectively for the next 12 months.

The GST-registered Overseas Vendor is required to charge GST on supplies of digital services made to non-GST registered customers belonging in Singapore and report only the value of supplies made and the GST collected in the relevant accounting period on a quarterly basis under a simplified GST return.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

The responsibility to perform the RC is the service recipient. The following persons are required to apply the RC:

• GST-registered persons who are not entitled to full input tax credit or who belong to GST groups that are not entitled to full input tax credit; or

• non-GST registered persons who procure services from overseas suppliers exceeding SGD1 million in a 12-month period and would not be entitled to full input tax credit even if GST-registered are liable to register for GST by virtue of the RC rules.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

Under the OVR regime, the responsibility lies with the GST-registered customer to provide its GST registration number. Where the customer fails to do so, the overseas vendor is required to charge GST.

For the RC regime, there is no requirement for GST-registered customer to provide its GST registration number as the responsibility to perform the RC is the service recipient.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

For both the OVR and RC regime, no additional invoicing and GST-inclusive price display requirements are imposed on overseas vendor, beyond its usual business practices.

However, under OVR, the overseas vendor is required to maintain proper business and accounting records for at least five years, to support its GST declarations. For example, under the simplified regime, while the overseas vendor is not required to display or print its customer’s GST registration number on invoices issued, such customer information should be maintained as part of its records.
The Act has been gazetted on December 27, 2018. The date of its entry into force has not yet been announced. Nevertheless, the following changes are anticipated to take effect from January 1, 2020:

**Overseas vendor registration (B2C supplies)**

Persons who do not belong in Singapore but who make:

- taxable supplies, if these were made in Singapore, in excess of SGD1 million; and
- supplies of digital services to customers in Singapore in excess of SGD100,000 in a calendar year are also required to register for GST.

**Reverse charge (B2B supplies)**

The following persons are required to apply the reverse charge provisions:

- GST-registered persons who are not entitled to full input tax credit or who belong to GST groups that are not entitled to full input tax credit; and
- non-GST registered persons who procure services from overseas suppliers exceeding SGD1 million in a 12-month period and would not be entitled to full input tax credit even if GST-registered.
South Africa

LOCAL NAME FOR VAT
Value-Added Tax (VAT)

APPLICABLE RATES FOR E-COMMERCE SERVICES

Standard Rate
15% is applicable if the supply is subject to SA VAT. The zero rate (0%) may apply if the supply is rendered by a SA VAT vendor to a non-resident in certain circumstances.

Special Rate
N/A

REGISTRATION REQUIREMENTS

Mandatory
In general, registration is mandatory where (i) the value of taxable supplies has exceeded ZAR1 million in any consecutive 12-month period or (ii) taxable supplies in terms of a contractual obligation in writing to be made in the next 12-month period will exceed ZAR1 million. The same rule applies for electronic services.

Optional
Where it is anticipated that the value of the taxable supplies has or is reasonably expected to exceed ZAR50,000 within 12 months from the date of registration.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF E-SERVICES TO LOCAL CONSUMERS (B2C)
South Africa does not have explicit place of supply rules. Any person or business that supplies “electronic services” as defined from a place outside South Africa to a resident in South Africa, or where any payment made to that person or business in respect of such electronic services originates from a bank in South Africa, is regarded as carrying on an “enterprise” in South Africa. Registration is mandatory if the value of the supplies made through the enterprise exceeds the registration threshold (see above).

Regulations have been published that list the electronic services in respect of which a foreign service provider must account for VAT in South Africa.

Until April 1, 2019, these electronic services will include the following:

- educational services, excluding educational services provided by a supplier that is regulated by an educational authority in the foreign country;
- games and games of chance;
- internet-based auction services;
- the supply of e-books, audio visual content, still images or music; and
- subscription services to any journal, magazine, newspaper, game, publication, web application etc.
From April 1, 2019, the regulations have been expanded significantly to include all electronic services supplied by an electronic agent, electronic communication or the internet for any consideration, other than:

- educational services supplied from a place in an export country;
- telecommunications services; or
- certain services supplied from a place in an export country that is not a resident of South Africa to company part of the same group of companies in South Africa.

Where the foreign person or business is not required to register for VAT in South Africa under the specific electronic services provisions, the recipient of the services may be required to account for VAT on a reverse charge basis to the extent that the supply constitutes an “imported service.” VAT is levied on “imported services” as defined, being services supplied by a supplier who is a non-resident or carries on business outside South Africa to a recipient who is a South African resident, to the extent that services are not used in South Africa for the purposes of making a taxable supply. In respect of an “imported service,” the recipient would need to account for VAT to SARS within 30 days of the import and a VAT 215 form must be completed and submitted to SARS.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF E-SERVICES TO BUSINESS CUSTOMERS (B2B)

As noted above, South Africa does not have explicit place of supply rules. Unfortunately, there is no explicit exclusion of B2B transactions and the same rules apply as B2C transactions.

### DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

The general VAT rules require the VAT number to be displayed on an invoice if the person or business is a VAT registered vendor.

### CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Yes. The usual practice in South Africa is to display the price on a tax exclusive basis, with the applicable VAT and total consideration indicated separately. Unless a vendor specifically states otherwise, the purchase price payable for a supply of goods/services is deemed to be inclusive of VAT.
## Spain

### LOCAL NAME FOR VAT

Impuesto Sobre el Valor Añadido

### APPLICABLE RATES FOR E-COMMERCE SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Rate</strong></td>
<td><strong>21%</strong></td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
<td><strong>As of April 22, 2020, a reduced VAT rate of 4% applies to the supply of e-books.</strong></td>
</tr>
</tbody>
</table>

### REGISTRATION REQUIREMENTS

**Mandatory**

Registration is required when the taxable person needs to pay VAT to the Spanish tax authorities (intra-Community transactions).

**Optional**

When the EU non-resident supplier has chosen Spain as the country of registration under the special regime for electronically supplied services and telecommunication, radio and television broadcasting services.

### PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

As from January 1, 2019, B2C e-services are deemed to be supplied in the EU Member State where the supplier is established, if the following conditions are met:

- the recipient is not a VATable person;
- the supplier is established in only one Member State; and
- the maximum B2B transactions has not exceeded EUR10,000 during the previous year (VAT excluded).

However, the supplier can choose Spain as the place of supply of the e-service regardless of whether the abovementioned threshold has not been exceeded.

If the abovementioned EUR10,000 threshold is exceeded, the place of supply of services shall be deemed Spain when the recipient is established within the Spanish territory, or has a permanent address or usually resides within such territory.

The use and enjoyment rule applies to all e-commerce and intangible services.
PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

The place of supply of services to a taxable person acting as such shall be the place where the recipient has established its business or has a fixed establishment to which the service is supplied, or, in the absence of such a place of business or fixed establishment, the place where the recipient has a permanent address or usually resides.

The use and enjoyment rule applies to all e-commerce and intangible services.

DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

To treat a supply as B2B, the customer’s VAT number (VIES registered) is required by the supplier.

CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

This is not possible, as prices must be displayed on a VAT inclusive basis.
# Sweden

## LOCAL NAME FOR VAT

Mervärdesskatt, moms

## APPLICABLE RATES FOR DIGITAL SERVICES

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rate</td>
<td>25%</td>
</tr>
<tr>
<td>Special Rate</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## REGISTRATION REQUIREMENTS

**Mandatory**

Registration for VAT is normally mandatory if sales of taxable goods or services are made in Sweden by a taxable person. A registration for VAT is required when selling within Sweden to consumers. A taxable person who purchases goods or services where a reverse charge is applicable must register for VAT.

**Optional**

Non-EU businesses who sell e-services are free to register at a single national tax agency within the EU, for example with the Swedish Tax Agency. Sweden will then be that business’s one stop shop for registering, declaring and paying such VAT.

## PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO LOCAL CONSUMERS (B2C)

The main rule is that the place of supply of cross-border B2C e-commerce services is where the customer has their permanent address or usually resides. However, from January 1, 2019, there will be exceptions to the general rule, which means that the place of supply, under certain circumstances, is where the supplier is based. Under certain circumstances, the supplier can choose the place of supply.

The main rule in case of other supply of intangibles than e-commerce supply to EU-based consumers is that the supply takes place where the supplier is based.

## PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES TO BUSINESS CUSTOMERS (B2B)

When e-commerce services are provided to a taxable person, the main rule is that the services are provided in Sweden if the buyer is established in Sweden and the service is not provided to a fixed establishment abroad. Reversed charge applies if the seller is established outside Sweden.

## DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?

In most cases the buyer’s VAT number is sufficient, but the tax agency may also accept other evidence showing that the buyer is a taxable person. If the buyer is outside of the EU, there may not be a VAT number recognizable in Sweden and the Seller must use other means to show that the buyer is a taxable entity established outside of the EU. Any evidence, other than a VAT-number, is at the supplier’s risk.

## CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?

Prices stated to consumers must include VAT as a main rule. If the price is stated exclusive of VAT and it is not clear to the consumer that there will be a VAT charge, the consumer will only have to pay the price exclusive of VAT. Please note that this follows from consumer protection legislation and not from the tax legislation.

Prices stated to businesses are usually stated exclusive of VAT.

With respect to invoices, there are strict rules regarding what information the invoice must contain.
# Ukraine

<table>
<thead>
<tr>
<th>LOCAL NAME FOR VAT</th>
<th>Value Added Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>APPLICABLE RATES FOR DIGITAL SERVICES</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Standard Rate</strong></td>
<td>20%</td>
</tr>
<tr>
<td><strong>Special Rate</strong></td>
<td>7% for supply of:</td>
</tr>
<tr>
<td>- certain pharmaceuticals and medical products and devices</td>
<td></td>
</tr>
<tr>
<td>- accommodation services</td>
<td></td>
</tr>
<tr>
<td>- services on performances (opera, ballet, etc), organized tours, etc</td>
<td></td>
</tr>
<tr>
<td>0% for specific list of supplies.</td>
<td></td>
</tr>
<tr>
<td><strong>REGISTRATION REQUIREMENTS</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Mandatory</strong></td>
<td>Ukrainian entities and individual contractors become subject to obligatory registration as a VAT payer once the volume of their supplies (including supplies via internet, other local and global networks) exceeds UAH1 million (approx. USD35,000) for the preceding 12 months. Non-resident entities cannot be registered as VAT payers. Where non-residents perform business activities in Ukraine, they must register a permanent establishment which, then, is subject to VAT registration upon exceeding the thresholds indicated above. There are legislative initiatives on introducing obligatory registration of non-resident businesses providing electronical and digital services to local individual consumers. Respective draft law is under consideration of the parliament, with new rules aimed to become effective as of January 1, 2022.</td>
</tr>
<tr>
<td><strong>Optional</strong></td>
<td>Voluntary VAT registration is available upon submission of an application to local tax authorities. Non-residents without any legal presence in Ukraine (e.g., subsidiary or permanent establishment) have no possibility for voluntary VAT registration.</td>
</tr>
<tr>
<td><strong>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)</strong></td>
<td>VAT treatment of supplies depends on whether a particular service is treated to be supplied on the territory of Ukraine. With this, the status of a consumer (either business or individual) does not matter in this respect. However, depending on such status, different VAT implications will arise. As a general rule, the place of supply of services is the place of registration of supplier.</td>
</tr>
</tbody>
</table>
However, for certain types of services different rules will apply. According to these rules, for specific types of services, their place of supply is the place of the recipient's registration, (i.e., Ukraine, in case the consumer is registered in Ukraine). This is envisaged for the following types of services:

- telecommunication services
- television and radio broadcasting services
- services on consulting on the matters of informatization
- services on IP creation, supply and licensing
- processing services and other IT-related services

Therefore, where digital and other electronic services fall within the above list, they will be treated as provided on the territory of Ukraine and, thus, subject to Ukrainian VAT. If the services do not correspond to the list, they will not be subject to Ukrainian VAT.

Further, where a non-resident provides VAT-able digital and other electronic services to Ukrainian customers, given that a non-resident cannot be registered for VAT purposes, technically no Ukrainian VAT is charged on supplies. No reverse-charge mechanism is envisaged for consumers.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)**

Place of supply rules in B2B operations work similarly to B2C operations.

Where digital and other electronic services fall within the specific types of services, they will be treated as provided on the territory of Ukraine and, thus, subject to Ukrainian VAT. If the services do not correspond to the list, they will not be subject to Ukrainian VAT.

Where a non-resident provides VAT-able digital and other electronic services to Ukrainian business customers, they will account for VAT under reverse-charge mechanism. Those customers that are registered for VAT purposes will be able to credit input VAT, whereas for those customers not registered for VAT purposes such tax will become irrecoverable cost.

Importantly, a temporary VAT exemption on supplies of software is available until January 1, 2023. If a VAT-able transaction falls under the definition of software supply, no VAT shall be charged on top of service value.

**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

Generally, there is no such requirement. However, in a VAT-able supply to an entity registered as a VAT payer (which could be only in the case of B2B supplies), the service supplier should obtain customer’s VAT number in order to properly register VAT invoice. Such VAT invoice will be grounds to account VAT credit for the customer. Where a non-resident is a supplier, it will not need to register VAT invoice and, thus, will not require a VAT number of a customer.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

In B2C transactions – no, prices should be indicated inclusive of VAT and other indirect taxes. In B2B transactions – generally yes, however, it is preferable for the supplier to avoid any ambiguities here and make it clear whether VAT is to be added to the price.
United Arab Emirates

**LOCAL NAME FOR VAT**
Value Added Tax

**APPLICABLE RATES FOR DIGITAL SERVICES**

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>5%</td>
</tr>
<tr>
<td>Special</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**REGISTRATION REQUIREMENTS**

**Mandatory**
The mandatory threshold for persons established in the UAE is where the value of their annual supplies exceeds AED375,000.

For persons not established in the UAE, or any of the other Gulf Cooperation Council States, and which make taxable supplies in the UAE, no threshold applies.

**Optional**
A voluntary registration threshold applies where the UAE established person's annual supplies exceeds AED187,500.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)**
For telecommunications and electronic services, the place of supply shall be the UAE to the extent the use and enjoyment of the supply is in the UAE.

**PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)**
For telecommunications and electronic services, the place of supply shall be the UAE to the extent the use and enjoyment of the supply is in the UAE.

**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**
Yes, the VAT number of the recipient should be collected (and verified) for the supplier to treat the supply as B2B. Alternative evidence may be used to indicate that the recipient of the services is a business.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**
For UAE VAT purposes, displayed prices should in principle be displayed inclusive of VAT.

Prices may only be declared exclusive of VAT in the case of (zero rated) export or where the customer is a registrant for UAE VAT purposes (further conditions apply as to how the price is displayed).
LOCAL NAME FOR VAT
Value Added Tax or VAT

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
20%

Special Rate
0% for publications supplied electronically (eg books, newspapers, journals, periodicals etc)

REGISTRATION REQUIREMENTS

Mandatory
VAT registration is mandatory for non-UK established businesses that make any supplies in the UK, and for UK established businesses that exceed the current VAT registration threshold of GBP85,000.

Optional
VAT registration is optional for UK established businesses trading below the GBP85,000 threshold.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

Any supplier making supplies of digital services on a B2C basis to a UK private customer will be treated as having made a taxable supply in the UK.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)

For e-commerce services, the supply takes place where the customer has its business establishment, or if it has establishments in more than one jurisdiction, where its establishment is based that is most directly concerned with the supply. Similarly, a business customer established in the UK, that receives an e-commerce supply from outside the UK must account for VAT under the reverse charge.

The effective use and enjoyment rule applies to B2B e-commerce services. Where the usual rules would dictate that the place of supply is outside the UK, but the services are effectively used and enjoyed in the UK, the place of supply shifts to the UK to the extent of such effective use and enjoyment inside the UK. Similarly, if the usual rules would dictate that the place of supply is in the UK, but the effective use and enjoyment occurs outside the UK, the liability to account for UK VAT will arise only to the extent that the services are effectively used and enjoyed inside the UK. Great care must therefore be taken if the services are consumed in a different country from the one in which the customer is established.

So far as the B2B supply of services of intangibles is concerned, the supply takes place where the business customer is located. The effective use and enjoyment rules do not apply.
**DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?**

The VAT registration number is the best evidence, but UK HMRC accept alternative evidence of the customer being in business; for example, contracts, business letterheads, publicity material or certificates from fiscal authorities. It is, however, at the supplier’s risk.

To check whether a business is UK VAT registered, visit [https://www.gov.uk/check-uk-vat-number](https://www.gov.uk/check-uk-vat-number).

Post Brexit, the place of many supplies taking place B2B and B2C is the same, where the recipient of the supply belongs outside the UK, and in these cases the evidence of the place of belonging of the recipient, rather than its status as a consumer or business, is more significant.

**CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?**

As far as invoicing is concerned, there are strict rules as to what details the invoice must contain, and the rules differ for services supplied B2B and B2C. On websites and advertising material, it is generally possible to show the VAT-exclusive amount, provided it is not misleading; for example, if all those to whom the price is clearly addressed pay no VAT or can recover the VAT in full. If VAT-exclusive prices are shown, they must be accompanied by a prominent statement of the amount or rate of VAT payable.
LOCAL NAME FOR VAT
State Sales and Use Tax

APPLICABLE RATES FOR DIGITAL SERVICES

Standard Rate
Varies by US state. There are 50 states plus the District of Columbia. Sales and use tax is imposed by 45 states at varying rates. There is generally a state rate and a local rate based on a particular subdivision of a state, such as a county or special district. The combined state and local rate in some jurisdictions can exceed 10%. State and local sales taxes are not imposed in Alaska, Delaware, Montana, New Hampshire or Oregon. The tax is generally collected by the vendor from the customer and then reported and remitted to the state. Failure to collect can result in the vendor being held liable for the tax by the state.

Special Rate
Special rates, if any, vary by jurisdiction. For example, the state sales tax rate in Connecticut is 6.35%, but the rate on computer and data processing services is 1%. A number of additional US states are now considering the taxation of digital advertising services and similar services. The tax rates and precise definitions for these services are still being evaluated.

REGISTRATION REQUIREMENTS

Mandatory
Registration is required for vendors who have “nexus” in a state. Nexus may be triggered by engaging in an activity that under state law, constitutes “doing business,” “engaging in business,” or some other similar designation. Prior US Constitutional principles established in federal case law imposed a “physical presence” requirement for nexus in the state. In June 2018, however, the US Supreme Court determined in the Wayfair case that physical presence was no longer a nexus prerequisite. Accordingly, in addition to a physical presence, taxpayers may now acquire nexus solely by making sales to customers in the state. The Wayfair Court indicated that USD100,000 of sales or 200 separate transactions with in-state customers might suffice for annual nexus tests. Nexus in some cases might also be established by the presence of licensed software, or a vendor's software code (a “cookie”) that is placed on a customer's computer to track the customer's online purchasing activity. Since each state may have different nexus standards, out-of-state or foreign sellers should carefully examine the nexus requirements in each state in which they have customers. Such sellers should also pay close attention to any specific parameters that might apply to state taxation of digital advertising and similar services given the recent focus by states on applying tax to these services.

Optional
Most states permit vendors who are not required to register, to voluntarily register and collect and remit tax.

PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO LOCAL CONSUMERS (B2C)

In most jurisdictions, the place of supply is the place of delivery of the goods or products to the customer. Special rules may apply when use occurs in jurisdictions other than the place of delivery.
<table>
<thead>
<tr>
<th>PLACE OF SUPPLY FOR CROSS-BORDER SUPPLIES OF INTANGIBLES AND E-COMMERCE TO BUSINESS CUSTOMERS (B2B)</th>
</tr>
</thead>
</table>

In most jurisdictions, the place of supply is the place of delivery of the goods or products to the business purchase. Special rules may apply when use occurs in jurisdictions other than the place of delivery. Unlike VAT, however, the sales and use tax in the US is intended to be imposed only on the final sale to the end user. As a result, a B2B sale where the business purchaser resells the goods or services to an end user customer (instead of consuming the goods or services itself), may be exempt from tax if the purchaser provides the vendor with a resale certificate, evidencing an intent to resell the goods or services.

<table>
<thead>
<tr>
<th>DO YOU REQUIRE EVIDENCE OF A CUSTOMER’S VAT NUMBER TO TREAT A SUPPLY AS B2B?</th>
</tr>
</thead>
</table>

Yes, see above. For a sale to be exempt as a sale for resale, the business purchaser must generally furnish the vendor with a resale certificate. The specific requirements for the use and form of resale certificates varies by jurisdiction.

<table>
<thead>
<tr>
<th>CAN PRICES BE DISPLAYED ON A TAX EXCLUSIVE BASIS?</th>
</tr>
</thead>
</table>

This varies by state. Many states permit prices to be displayed on a tax exclusive basis as long as the state’s specific requirements are met.
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<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Role</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary</td>
<td>Akos Becher</td>
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</tr>
<tr>
<td></td>
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</tr>
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<td></td>
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<td>Giovanni Iaselli</td>
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