KPMG

Inside Indirect Tax

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About this Newsletter

Welcome to *Inside Indirect Tax*—a monthly publication from the KPMG U.S. Indirect Tax practice focusing on global indirect tax changes and trends from a U.S. perspective. We look forward to your feedback to help us provide you with the most relevant information to your business.

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Global Rate Changes

- **Armenia:**[i] On September 14, 2023, the Armenian Cabinet of Ministers approved a proposal to extend the VAT exemption for the import and sale of electric vehicles until January 1, 2025. The exemption was introduced on July 1, 2019, and is currently set to expire on January 1, 2024.
- **Azerbaijan:**[ii] On September 6, 2023, the Azerbaijani Cabinet of Ministers approved a VAT exemption regime for specified fixed assets. Covered assets include air filtering equipment, machinery for the textile industry, printers, furnaces for processing metallic ores, and motion picture cameras. The exemption applies retroactively from January 1, 2023.
- **Belgium:**[iii] On September 19, 2023, the Belgian parliament accepted for consideration, a bill to make permanent and expand the application of the reduced VAT rate to the demolition and reconstruction of qualified residential dwellings. The measure was originally enacted due to the COVID-19 pandemic. The bill includes measures to remove the December 31 sunset date for the reduced 6 percent VAT rate on the demolition and reconstruction of buildings for usage as single owner-occupied dwellings, or as supported housing buildings that constitute a single unit. It also repeals the condition that the total livable area must not exceed 200 square meters and allows the reduced rate to apply to the demolition of energy-intensive homes for replacement by low-energy homes. The law would apply for VAT payable from January 1, 2024.
- **Bosnia and Herzegovina:**[iv] On September 4, 2023, the Bosnia and Herzegovina tax authority published rules to implement a VAT exemption for food donations. Per the published rules, food donations will be VAT-exempt if donated within 5 days before its expiration date. The food donation can include baby food under certain conditions. The rules apply from September 16, 2023.

- **Cyprus:**[v] The Cyprus Council of Ministers has extended the application of the VAT zero-rate on basic goods, including all types of bread, milk, eggs, baby food, baby diapers, feminine hygiene products, and adult diapers, through April 30, 2024. The regime was previously set to expire on October 31, 2023.
- **Estonia:**[vi] On September 21, 2023, the Estonian parliament accepted for consideration a measure to apply a 5 percent reduced VAT rate on foodstuffs, including potatoes, fruits, and vegetables, medicines, and medicines for the treatment of cancer and other malignant tumors for private individuals and legal entities.
- **Kazakhstan:**[vii] Kazakhstan has proposed to increase its standard VAT rate from 12 percent to 16 percent, effective January 1, 2025.
- **Lebanon:**[viii] Lebanon has proposed to increase its standard VAT rate from 11 percent to 12 percent, effective January 1, 2024.
- **Moldova:**[ix] Moldova has extended the application of the reduced 6 percent VAT rate for hotel and restaurant services until December 1, 2023.
- **Netherlands:**[x] The Netherlands has proposed to abolish the reduced VAT rate for certain agricultural goods from January 1, 2025. Currently, the reduced VAT rate applies to agricultural goods such as legumes and grains not intended for human consumption, seed potatoes, livestock, beetroots, agricultural and horticultural seeds, round wood, straw, animal feed, flax, and wool, both raw and unwashed. It also proposes to amend Excise duty rates for alcoholic beverages, diesel fuel oil, and tobacco taxes due to inflation.
- **New Caledonia:**[xi] New Caledonia has reduced the rate of the general consumption tax (taxe générale à la consommation, TGC) on operations related to photovoltaic energy storage batteries and solar water heaters from 22 percent to 3 percent. The reduced rate applies to the import and sale of photovoltaic energy storage batteries from September 8, 2023, and to solar water heaters from September 9, 2023.
- **Portugal:**[xii] Portugal has extended the VAT exemption for specified food products, including bread, potatoes, pasta, rice, various vegetables, five fruits (apples, bananas, oranges, pears, and melons), legumes, dairy products including milk, yogurt, and cheese, meat, fish, eggs, oils and butter, and vegetable-based drinks and yogurts through December 31, 2023. The VAT exemption began in April and is set to expire on October 31, 2023.
- **Singapore:**[xiii] On September 4, 2023, the Inland Revenue Authority of Singapore published updated guidance on preparing for the GST rate change. Singapore increased its GST rate from 7 percent to 8 percent on January 1, 2023, and will increase it again to 9 percent on January 1, 2024. The guidance provides transitional rules and identifies certain errors to avoid when preparing for the second GST rate change.
- **Suriname:**[xiv] Suriname has implemented changes to its VAT rate regimes, including (1) expanding the list of items eligible for the zero VAT rate to include domestic deliveries of goods and the provision of services to contractors, subcontractors, state-owned enterprises, and gold mining companies; (2) removing rentals of furnished residential immovable properties from the VAT zero rate list, effective November 1, 2023; (3) introducing a VAT exemption for specified goods and services including gold mining, medical and healthcare services, delivery and import of goods and services by social, cultural, charitable, sports, or religious non-profit organizations, certain financial transactions, basic food products, and childcare services; (3) introducing a 25 percent VAT rate for luxury goods, including certain cars and motorcycles, speed boats, fireworks, guns and ammunition, and a 5 percent reduced VAT rate for water and water electricity, related services, cooking gas, and domestic transportation by road, water, and air.

- **Thailand:**[xv] On September 13, 2023, the Thai Cabinet approved the extension of the application of the 7 percent reduced VAT rate through September 30, 2024. The reduced rate was originally scheduled to revert to 10 percent on October 1, 2023.
- **United Kingdom:**[xvi] The United Kingdom announced that it will extend application of the zero VAT rate applicable to medicines, to also include drugs and medicines provided under patient group directions, from October 9, 2023, through March 31, 2027. A patient group direction is a written instruction that allows healthcare professionals to provide and administer specified drugs and medicines to a pre-defined group of patients without a prescription.
- **Uruguay:**[xvii] Uruguay extended application of the 13 percent reduced VAT rate to the tourism sector through April 30, 2024. The measure was initiated on November 16, 2020, to address the COVID-19 pandemic. The measure applies to food and drink, accommodation services, services for parties and events including catering, and the lease of a vehicle without a driver. The reduction is determined by applying a discount of 7.38 percent on the total transaction amount. The VAT reduction is subject to the condition that payment is made through credit cards, debit cards, electronic money instruments, and similar mediums.
- **Uzbekistan:**[xviii] Effective September 20, 2023, Uzbekistan exempted the import of certain technological equipment not produced in Uzbekistan from customs duties and VAT. The list of exempt equipment includes pumps, volumetric reciprocating compressors, tower cranes, elevators, and conveyors for the transportation of goods.

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Digitalized Economy Indirect Tax Updates

United Kingdom: Platform Facilitating Sale of Academic Papers Liable for VAT

On August 23, 2023, the UK's First-tier Tribunal published its decision in *All Answers Ltd. v. HM Revenue & Customs*, [2023] UKFTT 737 (TC), dismissing an appeal by a platform company that facilitates the sale of academic papers (essays, coursework, etc.). The Tribunal found that the company was acting as principal as opposed to an agent for VAT purposes. In the case, customers using the taxpayer's platform could order academic work written by third parties who were not employed by the taxpayer. The taxpayer retained approximately two-thirds of the fee paid for the work, and the writer received the remainder. The taxpayer took the position that it merely acted as the writers' agent, and that writers sold their works to the customers. HMRC disagreed and argued that the company was acting as principal in relation to the sales and must account for VAT on the total fees paid by the customers. It also contended that the company paid the writers consideration for a separate sale of services. In a July 2020 decision, the Upper Tribunal found for HMRC, holding that the taxpayer was liable for VAT on the total fees charged because the writers who produced the work were not the party selling to the customers. It reached this conclusion by interpreting the contractual terms between the parties to determine whether the obligation to provide the academic work was imposed on the taxpayer or the writers. The Tribunal observed that a customer purchased the work from the taxpayer's website, paid the taxpayer directly for the work, and could address its concerns about quality and timeliness only to the taxpayer. It also highlighted that when writers submit work to the taxpayer's portal, they effectively transfer all of their copyright in the works to the taxpayer, and only the taxpayer could provide the customer with intellectual property rights. Further, the Tribunal said it was irrelevant that the writer, and not the taxpayer itself, was directly liable under a "no-plagiarism guarantee" in the contract to pay the customer if plagiarism was discovered.

Following this decision, the taxpayer updated the terms of its contracts with its customers and writers to be consistent with its position that it held an agency relationship with both the writers and the customers. The taxpayer then filed an appeal against an HMRC assessment for the relevant period arguing that such revisions altered its VAT obligation. The First-tier Tribunal dismissed this appeal, relying on the July 2020 decision of the Upper Tribunal. It held that the circumstances of the transactions and overall business operations were the same before and after the updates to the contracts. Notwithstanding the updates, the "core" obligations were still imposed on the taxpayer, and not on the writers, and were therefore consistent with the commercial and economic reality that the taxpayer delivered the academic work. For more information, please click here.

Other Related Developments

- **European Union:**[xix] On September 13, 2023, the European Parliament adopted a resolution on the proposal to extend the Directive on Administrative Cooperation (DAC) to cover, among other things, the exchange of information on crypto-assets, as well as tax rulings for individuals (DAC8). DAC8 will require all crypto asset service providers, without regard to size or location, to report transactions of clients resident in the EU. In some cases, reporting obligations will also cover non-fungible tokens (NFTs). It also requires financial institutions to report on e-money and central bank digital currencies; extends the scope of the automatic exchange of advance cross-border rulings for high-net-worth individuals who hold a minimum of EUR 1 million in financial or investable wealth, or in assets under management (excluding the individual's main private residence); and establishes a common minimum level of penalties for situations of serious non-compliance. Following the adoption, the EU parliament has also proposed a one-year delay to the implementation of DAC8, requiring enactment of domestic legislation by December 31, 2026, and implementation from January 2027. To read KPMG's previous discussion of DAC8, please click here.
- **Greece:**[xx] Greece enacted a law that transposes the EU DAC7 reporting requirements into national law. Under DAC7, digital platform operators located both inside and outside the EU are required to report income earned by sellers on sales of goods, accommodation, personal services, and transportation services on their platforms. EU Member States are required to automatically exchange this information. For more information, click here.
- **Kenya:**[xxi] On September 22, 2023, the Kenyan government issued a notice to remind all nonresident providers of digital services to comply with their registration obligations within 30 days from the issuance of the notice. If there is a failure to comply, the tax authority will commence enforcement measures against them as provided by law, including seeking the intervention of other relevant government authorities and appointing tax agents to collect and remit VAT.
- **Lithuania:**[xxii] Following a request from the European Commission, Lithuania amended its DAC7 implementation rules to clarify information that must be reported by a reporting platform operator. The amendments clarify that covered information includes account numbers. It also specifies registration terms and provides that reporting platform operators, both local and foreign, must register within 5 working days from the start of activities using designated forms. Under DAC7, digital platform operators located both inside and outside the EU are required to report income earned by sellers on sales of goods, accommodation, personal services, and transportation services on their platforms. EU Member States are required to automatically exchange this information.
- **Netherlands:**[xxiii] On October 10, 2023, the Dutch Senate passed the act to transpose into Dutch law, the obligatory parts of the EU VAT rate directive. The act, effective from January 1, 2025, includes adjustments to the sourcing rules for online events and a measure to make it impossible to apply the VAT margin mechanism to art objects purchased under the reduced VAT rate regime.

- **North Macedonia:**[xxiv] The North Macedonian parliament adopted measures to impose VAT on nonresident providers of digital services and to discontinue the 5 percent reduced VAT rate on pellets, pellet stoves, and kettles. To read KPMG's previous discussion of these measures, please click here.
- **Malta:**[xxv] On August 31, 2023, the Maltese tax authority updated the country's guidelines for the implementation of the DAC7 reporting requirements. The updated guidelines extend the registration deadline for specified and excluded platform operators from August 31 to October 31 and provide that excluded platform operators must register and provide justification for the exclusion by that date. It also provides that platform operators starting activities after October 31 must register by December 31. Under DAC7, digital platform operators located both inside and outside the EU are required to report income earned by sellers on sales of goods, accommodation, personal services, and transportation services on their platforms. EU Member States are required to automatically exchange this information.
- **Mexico:**[xxvi] On September 11, 2023, the Mexican tax authority published an updated list of nonresident providers of digital services who are registered under the Mexican VAT digital services rules as of August 31, 2023.
- **Rwanda:**[xxvii] On September 14, 2023, Rwanda amended its VAT law to impose VAT on online goods and services. The law also authorizes the Rwandan Ministry of Finance to issue further guidance on the taxation of these transactions.

Developments Summary of the Taxation of the Digitalized Economy

KPMG has prepared a development summary to help multinational companies stay abreast of digital services tax developments around the world. It covers both direct and indirect taxes and includes a timeline of key upcoming Organization for Economic Cooperation and Development (OECD), European Union (EU), and G20 meetings where discussion of the taxation of the digitalized economy is anticipated.

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E-Invoicing Updates

Romania: Mandatory E-Invoicing to be Implemented in 2024

Effective January 1, 2024, Romania will implement e-invoicing requirements. Under the regime, taxpayers established in Romania must issue and submit invoices via the RO e-factura system (Virtual Private Space) for all B2B and B2G transactions for which Romanian VAT is due. During the transition (January 1, 2024 – June 30, 2024), invoices must also be submitted through regular channels (e.g., PDF) unless both parties are registered in the RO e-factura Registry. In addition, effective July 1, 2024, all B2B transactions between Romanian taxpayers must be reported on the e-invoice platform. This applies as well to non-established taxpayers registered for Romanian VAT. Further, the regime requires taxpayers to submit invoices in XML format within 5 working days from the issuance of the invoice. Taxpayers failing to meet this timeframe may be subject to penalties for each missing electronic invoice. Applicable fines range from RON 5,000 ($1,056) to 10,000 ($2,113) for large taxpayers, RON 2,500 to 5,000 for medium-sized taxpayers, and between RON 1,000 and 2,500 for all other taxpayers. Fines will not be imposed until March 31, 2024. If a taxpayer established in Romania receives and books an invoice that was not submitted in XML format via the RO e-factura system), they could be subject to a fine equal to the value of the stated VAT (regardless of whether they deducted the VAT). Fines are applicable only for invoices issued after July 1, 2024. For more information, click here.

Other Related Developments

- **Bolivia:**[xxviii] On August 23, 2023, the Bolivian tax authority (SIN) issued National Resolutions (RND) N°102300000029 extending the September 12, 2023 deadline for taxpayers whose NIT (número de identificación tributaria) ends in digits 5, 6, 7, 8, or 9, to register or confirm tax documents in the "Registry of Purchases and Sales VAT" for the August 2023 fiscal period.
- **Colombia:**[xxix] Colombia's National Tax and Customs Directorate (DIAN) announced that it is launching a nationwide campaign to ensure businesses issue e-invoices. DIAN will deploy 1,200 officials to verify that retailers and hospitality businesses are accurately issuing electronic invoices to consumers. Taxpayers need to provide their name or company name, tax identification number, and email address to secure an invoice. Colombia's e-invoicing requirements were phased in for all Colombian taxpayers between February and June 2023**.**
- **Ecuador:**[xxx] On September 5, 2023, Ecuador's tax administration released Resolution NAC-DGERCGC23-00000023, requiring individuals providing transportation services to issue a monthly electronic summary invoice. This requirement applies to taxi drivers and others offering intra-city, inter-provincial, and inter-municipal transportation who do not have organized accounting and were previously exempt from issuing e-invoices. The summary invoice must be labeled "Final Consumers" (Consumidor Final) and include all transactions for that period. If a customer requests an invoice, the provider must issue a separate one, not included in the summary. This Resolution became effective on September 7, 2023.
- **Egypt:**[xxxi] On September 4, 2023, the Egyptian Tax Authority (ETA) clarified that all importers/exporters and taxpayers using the NAFEZA electronic customs platform are required to register their business in the e-invoicing system immediately. Unregistered businesses will be unable to participate in import/export activities. Beginning July 1, 2023, fees and expenses will be non-deductible unless issued through the e-invoicing or receipt system.
- **France:**[xxxii] On September 14, 2023, the French tax administration (Direction Général des Finances publiques) announced in a public forum the following new draft implementation calendar of the country's e-invoicing mandate: 2024: complete the technical aspects of the Invoicing Public Portal (PPF); 2025: carry out an extensive pilot program and system testing; March 1, 2026: launch the mandate for large companies; October 1, 2026: the mandate will apply to medium-sized companies; 2027: the mandate will apply to small companies. For more information, click here. To read KPMG's previous discussion of France's e-invoicing requirements, click here.
- **Greece:**[xxxiii] On September 7, 2023, Greece enacted a law that requires businesses utilizing the "Electronic Funds Transfer at the point of sale, EFT/POS" terminals from domestic or foreign providers to establish interconnections and furnish information to the tax authority regarding transactions conducted through these terminals. This can be achieved either by linking the terminals with electronic tax mechanisms or by directly interfacing with the tax authority's information systems. Non-compliance will result in significant, progressively increasing penalties.
- **Poland:**[xxxiv] On September 4, 2023, Poland's Ministry of Finance initiated consultation on a proposed regulation to exempt certain transactions from the e-invoicing requirements. These transactions include (1) toll motorway services documented by a single ticket invoice, (2) rail, water, and air passenger transport services over any distance documented by a single ticket invoice, and (3) traffic control and supervision services with route charges, excluding zero-rated services. The deadline for submitting comments on this proposal is September 18, 2023.

New! E-invoicing developments timeline

The world of taxation and compliance is constantly becoming more digitalized and governments are continuously issuing new regulations and requirements for taxpayers. To help businesses stay up-to-date with tax administration developments in e-invoicing, digital reporting, and real-time reporting, we have created this e-invoicing calendar of developments which will be regularly updated.

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Other Indirect Tax Developments and News from Around the World

The Americas

Overview of Indirect Tax Developments in The Americas from KPMG International Member Firms

- **KPMG in Canada** published a report discussing a proposal to temporarily increase the GST rebate on qualifying new rental apartments effective September 14, 2023. The GST rebate for eligible newly built residential rental properties would increase to 100 percent (from 36 percent) for construction started after September 13, 2023 and would phase out any thresholds for qualifying rental housing projects. The regime will apply to new rental housing, such as apartment buildings, student housing, and senior residences built specifically for long-term rental accommodation started before 2031. The rebate will effectively remove the GST (and the federal portion of the HST) on qualifying new apartments.
- **KPMG in Colombia** published a report discussing a recent decision of the Colombia Supreme Court regarding the definition of "taxpayer" for purposes of the single-use plastic products tax. The court suspended the tax authority's interpretation that a taxpayer is the producer or importer of single-use plastic products because the tax authority failed to refer to or apply specific statutory definitions of the terms 'producer' and 'importer', resulting in a violation of the law.

United States: Michigan Clarifies Taxability of Software and Digital Goods

The Michigan Department of Treasury recently issued a comprehensive Revenue Administrative Bulletin (RAB 2023-10) addressing the taxation of computer software, computer software service contracts, and digital goods. The new RAB replaces RAB 1999-5 and is retroactive to all tax periods open under the statute of limitations. Generally, prewritten computer software is subject to Michigan sales or use tax as a sale or use of tangible personal property. The RAB notes that although some products can be easily identified as prewritten computer software, other types of products (particularly those characterized as cloud computing) often require a fact-intensive review of the product and how that product is delivered to the consumer to determine whether it qualifies as "prewritten computer software." Characterizations such as IaaS, PaaS, and SaaS are not dispositive as to the taxation of a product; the product will need to be evaluated under applicable statutory provisions and legal principles developed from Michigan case law. The RAB sets forth an analysis that the Department of Treasury will follow when examining software delivery models to determine whether computer software will be taxable. Notably, the Department will examine whether there is some delivery of the software in Michigan and, if so, will apply the incidental to services test to determine whether the transaction is taxable. The RAB also addresses the taxation of digital goods, including NFTs, and micro-transactions, which are commonly referred to as "in-app" or "in-game" purchases. Generally, to the extent that an item or product constitutes a "digital good" that does not fall within the definition of "prewritten computer software," it is not subject to sales tax or use tax regardless of whether it is downloaded, streamed, or accessed through a subscription service. However, there are products that may appear to be "digital goods" but actually constitute taxable "prewritten computer software." These products include certain applications and video games downloaded or otherwise installed onto electronic devices such as smartphones, tablets, and game consoles. The RAB provides numerous examples of taxable and nontaxable transactions. For more SALT developments, check out This Week in State Tax (TWIST)

Miscellaneous Developments in the Americas

- **Argentina:**[xxxv] As part of efforts to counteract the impact of inflation on lower-income families, Argentina's tax authority announced it will introduce a VAT refund program called 'Buy without VAT' for purchases of basic goods such as fruit, vegetables, meat, and personal hygiene products. The program will apply to retirees, Universal Child Allowance recipients, the Monotributario simplified regime taxpayers, employees with income up to ARS 708,000 ($2,022), and private home workers. The 21 percent VAT will be automatically refunded within 48 hours to the debit card used for purchases, with a monthly cap of ARS 18,800 ($54).
- **Argentina:**[xxxvi] On September 22, 2023, the Argentinian Ministry of Economy issued Resolution 1416/2023, instructing the tax authority to postpone the due dates of VAT returns and payments for certain taxpayers. The postponement applies to VAT return payments for September to December 2023 for taxpayers registered in the social security regime for autonomous workers, excluding administrators and partners of companies. Additionally, it instructed the tax authority to issue new payment dates for this period, but the dates must be after February 28, 2024. Further, it suspended exclusion procedures for the simplified tax regime (Monotributo) until December 31, 2023. This includes cases in which a taxpayer's gross receipts exceed the maximum gross receipts amount to be eligible for the regime and cases of lack of payment of the tax quotas under the regime, such as fixed monthly payments.
- **Ecuador:**[xxxvii] On September 4, 2023, the Ecuadorean tax authority published Resolution No. NAC-DGERCGC23-00000021, establishing the requirements and procedures for certain international entities to request VAT refunds. The Ecuadorean VAT law allows refunds on VAT charged on local acquisitions or imports of goods and services for specific organizations. The resolution establishes requirements for submitting a request to be verified as one of these taxpayers. These requirements include being registered in the Single Taxpayer Registry (RUC), submitting entity identity and registration codes, a project registration form endorsed by the Ministry of Foreign Relations, a certificate from the financial institution, a pre-validation report of sales receipts, and sales receipts supporting the total value of VAT subject to 0 percent and 12 percent in PDF format.

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Europe, Middle East, Africa (EMEA)

Overview of Indirect Tax Developments in EMEA from KPMG International Member Firms

- **KPMG in Austria** published a report discussing recent tax developments in the country. The report reminds taxpayers of the September 30 deadline to apply for a reduction of preliminary tax payments for 2023, filing VAT refund claims by taxpayers not established in Austria for 2022, and submitting financial statements to the Austrian companies' register. It highlights potential consequences for noncompliance (e.g., interest arrears and fines for missed deadlines). The report also discusses a recent decision of the Federal Finance Court, holding that an authorized officer (Prokurist) is not liable for VAT of a bankrupt private limited company.
- **KPMG in Bahrain** published a report discussing recent tax developments in the Gulf Cooperation Council (GCC) states, including publication of an updated excise tax guide in Bahrain and release of a 'FATOORA' documentary in Saudi Arabia, showcasing its e-invoicing system.
- **KPMG in Bahrain** published a report discussing recent tax developments in the Gulf Cooperation Council (GCC) states. Discussions include publication of the first version of the VAT deregistration manual for taxpayers in Bahrain and results of VAT and Excise compliance inspections conducted by the tax authority in August. In addition, the report notes that the United Arab Emirates has introduced a VAT self-assessment mechanism for the sale of specified electronic devices.
- **KPMG in Belgium** published a report discussing a tax authority guidance on the VAT treatment of company cars provided by foreign employers to Belgian resident employees. The provision of company cars by foreign employers to Belgian resident employees is subject to Belgian VAT and is treated as providing car rental services to the employees. The same treatment also applies to Belgian employers providing company cars to Belgian resident employees who may pay rent to the employer and renounce part of their gross salary or choose to treat the provision of the car as the provision of a rental service by the employer. The taxable basis is either the consideration paid by the employee or the normal value (when the consideration is lower than the normal value), which is calculated by reference to the leasing rents and costs related to the car, multiplied by the recovery and professional percentages.
- **KPMG in the Czech Republic** published a report discussing updated tax authority guidance on the VAT treatment of donated goods. If a taxpayer has legitimately claimed the right to deduct VAT on donated goods (i.e., when acquiring the goods, the payer did not yet know that they would later donate these goods), then they must pay VAT on it. To determine the VAT tax base, the guidance distinguishes several options, depending on the method of acquisition of the goods. If donors originally purchased the goods, the tax base is basically the current residual value at the date of donation. If the goods were obtained differently, the tax base is basically the price of similar goods or the total cost of acquiring them. For unique goods with no market value, the tax base is the total cost of acquisition. Further, a minimum or almost zero tax base is allowed for unsaleable or perishable goods. However, for tradable goods (e.g., electronics) the market value is the tax base, regardless of charitable intentions. Moreover, donors must provide documentation supporting the base determination and cannot claim a VAT deduction if they knew they would donate the goods at the time of purchase. The August 1, 2023, guidance cancels a 2014 version applying only to food donations to food banks.

- **KPMG in the Czech Republic** published a report discussing a recent court decision on the VAT treatment of accommodation services versus lease of real estate. In the case, a company purchased housing units to lease to another company, which then subleased them to a third company, which provided them to its employees for use. The sublessee classified the letting of the housing units to employees as an accommodation service and paid VAT. All three companies then claimed the right to deduct VAT, which the tax authority rejected. The court determined that the letting was a VAT-exempt lease of real estate, not a taxable accommodation service, based on factors such as long-term use, lack of typical accommodation services, and apartment classification. The court concluded that the transactions were artificially created for tax advantage and confirmed the rejection of the right to deduct VAT.
- **KPMG in Germany** published a report discussing recent indirect tax developments in the country, including proposed changes to e-invoicing from 2025, recent court decisions on VAT recovery in certain business events, economic integration in the context of VAT groups, and tax authority guidance on application of the self-assessment mechanism in the transfer of emissions certificates.
- **KPMG in Italy** published a report discussing an Italian law that directs the government to issue, within 24 months, one or more legislative decrees to implement tax reform measures. The law is effective August 29, 2023. Proposed reforms include reviewing the VAT law to bring it closer in line with EU VAT rules, revising VAT exemption rules, and simplifying the registration tax, inheritance and gift tax, and stamp duty regimes. To read KPMG's previous discussion of Italy's tax reform measures, please click here.
- **KPMG in the Netherlands** published a report discussing tax measures in the "2024 Tax Plan." Among other things, the plan proposes measures to cancel the reduced VAT rate for certain agricultural goods, and to transpose the EU Directive requiring payment service providers to report on cross-border payments and their recipients into national law, effective January 1, 2024.
- **KPMG in Poland** published a report discussing recent court decisions, including a decision of the Polish Regional Administrative Court that a delivery of goods as a result of fraud to a place from which they were stolen is not subject to VAT. The transfer of the right of owner-like possession has not taken place.
- **KPMG in the United Arab Emirates** published a report discussing application of a new self-assessment mechanism on local sales of electronic devices. Under the regime, recipients of qualifying electronic devices will have the responsibility to account for VAT on the value of the electronic devices and to meet all UAE VAT obligations resulting from the sale, subject to specified conditions. Electronic devices are defined as mobile phones, smartphones, computer and tablet devices, and their connected spare parts. The new mechanism does not apply to electronic devices with 0 percent VAT (e.g., exports) or when the recipient does not submit the required written declarations. Additionally, recipients may face restrictions on VAT recovery if they do not submit these declarations.

Roundup of Latest Court of Justice of the European Union Cases

- On September 7, 2023, the Court of Justice of the European Union (ECJ) published its decision in *Michael Schütte v. Finanzamt Brilon*, Case C-453/22, in which it held that a buyer can directly claim reimbursement of improperly invoiced VAT directly from the tax authority, with related interest, if they are not at fault for fraud, abuse, or negligent, and cannot claim reimbursement from the seller due to the limitation period. In turn, the seller may subsequently claim reimbursement of the overpaid tax from the tax authority after having adjusted the invoices that were issued to the buyer. The tax authority must compensate with default interest if reimbursement is delayed.

- On September 7, 2023, the ECJ published the nonbinding Opinion of its Advocate General (AG) in *HPA – Construções*, Case C-433/22, in which the AG opined that the reduced VAT rate on renovation and repair of private dwellings in Portugal applies only if the dwelling is used as such during the renovation and repair services. It is not necessary, however, for the dwelling to be occupied at the time the services are provided. The reduced rate also applies if the property is made available to a third party as a dwelling.
- On September 7, 2023, the ECJ published the nonbinding Opinion of its AG in *Consortium Remi Group*, Case C-314/22, in which the AG opined that the EU VAT directive's bad debt relief provisions permit a limitation period that does not start until the taxpayer can reduce the taxable amount due to total or partial non-payment. In addition, the provisions do not allow a limitation period starting from the transaction or invoice issuance date. If not specified by law, the limitation period cannot begin until there is a near certainty that the debt is irrecoverable.
- On September 7, 2023, the ECJ published its decision in *Cartrans Preda*, Case C-461/21, in which it held that to benefit from the VAT exemption for carriage services connected to imported goods in the EU, recording the import transaction does not automatically mean that the costs of carriage are included in the taxable amount of the imported merchandise. In addition, the EU VAT directive prevents a Member State from automatically denying VAT exemption for carriage services connected to imported goods if the specific required documents are not provided, as long as other authentic and reliable documents prove the conditions for VAT exemption are met. Further, under the Treaty on the Functioning of the European Union (TFEU) an activity consisting of recovering VAT and excise duties from the tax authorities of several Member States constitutes a provision of services, applying withholding tax on income for non-resident service providers, while not applying it to resident providers, restricts the freedom to provide services. Nonetheless, this restriction can be justified if it ensures effective tax collection and does not exceed what is necessary to achieve that objective.
- On September 21, 2023, the ECJ published the nonbinding Opinion of its AG in *Dyrektor Izby Administracji Skarbowej w Lublinie*, Case C-442/22, in which the AG opined that the apparent issuer of an invoice for fictitious transactions is liable for the VAT only if the recipient cannot be denied VAT recovery, the invoice issuance by a third party is attributable to the issuer due to particular responsibility (or proximity), and the issuer did not act in good faith. Good faith can be ruled out only if the issuer is at fault, which may include a taxpayer's negligent selection or supervision of employees.
- On September 28, 2023, the ECJ published the nonbinding Opinion of its AG in *6 Cigarettenfabrik*, Case C-336/22, in which the AG opined that Member States may enact legislation that imposes a supplementary tax on heated tobacco, which is calculated using pipe tobacco and cigarette tax rates.
- On September 28, 2023, the ECJ published the nonbinding Opinion of its AG in *Agenzia delle Entrate*, Case C-341/22, in which the AG opined that a Member State cannot deny a person taxpayer status solely on the reason that the value of their relevant VAT transactions does not align with the income reasonably expected from available assets for three consecutive years. However, a Member State may refuse VAT recovery if transactions for three consecutive years do not match expected income from available assets and the taxpayer cannot provide evidence of objective circumstances. In addition, the conditions for providing evidence must not make it excessively difficult to exercise VAT recovery rights.

Source: European Union; Germany – ECJ Decides on Reimbursement of Overpaid VAT from Upstream Suppliers: *Schütte* (Case C-453/22) (VAT), (September 7, 2023), News IBFD; European Union; Portugal ECJ Advocate General Opines on Application of VAT Reduced

Rate to Repair and Renovation Work on Private Dwellings: *HPA – Construções* (Case C-433/22) (VAT), (September 7, 2023), News IBFD; European Union; Bulgaria – ECJ Advocate General Opines on Conditions for Application of Bad Debt Relief: Consortium Remi Group (Case C-314/22) (VAT), (September 7, 2023), News IBFD; European Union; Romania – ECJ Decides on Compatibility of National Rules for Taxation of Non-Resident Service Providers with Freedom to Provide Services: *Cartrans Preda* (Case C-461/21), (September 7, 2023), News IBFD; Poland; European Union – ECJ Advocate General Opines on VAT Liability When Employee Issues Fraudulent VAT Invoices on Behalf of Employer: *Dyrektor Izby Administracji Skarbowej w Lublinie* (Case C-442/22) (VAT), (September 21, 2023), News IBFD; European Union; Germany – ECJ Advocate General Opines on Compatibility of Supplementary Tax on Heated Tobacco with Excise Duties Directives: *f6 Cigarettenfabrik* (Case C-336/22) (Excise), (September 28, 2023), News IBFD; European Union; Italy – ECJ Advocate General Opines on Right to Deduct VAT Where Minimum Threshold for Taxable Output Transactions Is Not Met: *Feudi di San Gregorio Aziende Agricole SpA v. Agenzia delle Entrate* (Case C-341/22) (VAT), (September 28, 2023), News IBFD; European Union; Italy – ECJ Advocate General Opines on Right to Deduct VAT Where Minimum Threshold for Taxable Output Transactions Is Not Met: *Feudi di San Gregorio Aziende Agricole SpA v. Agenzia delle Entrate* (Case C-341/22) (VAT), (September 28, 2023), News IBFD; European Union; Italy – ECJ Advocate General Opines on Right to Deduct VAT Where Minimum Threshold for Taxable Output Transactions Is Not Met: *Feudi di San Gregorio Aziende Agricole SpA v. Agenzia delle Entrate* (Case C-341/22) (VAT), (September 28, 2023), News IBFD

France: Proposed Amendments to VAT Act

The French government presented its 2024 Finance Bill to parliament. The bill includes proposed measures to transpose the EU's small business VAT reform into French law. Under the regime, effective January 1, 2025, EU member states will be allowed to maintain small business exemptions, which cannot be higher than EUR 85,000 ($89,323) (maximum exemption threshold). However, thresholds continue to be at the discretion of individual member states. In addition, the exemption will be opened to small businesses established in other EU member states than the one in which the VAT is due. Nonetheless, the exemption will apply only if the gross receipts in the member state in which the small business is not established are below the national threshold, and if the annual gross receipts in the entire EU are below EUR 100,000 ($105,086). For more information on the EU small business VAT reform, please click here.

Source: France – Finance Bill for 2024 Transposes New Rules on VAT Scheme for Small Businesses, (September 29, 2023), News IBFD

Miscellaneous Developments in EMEA

- **Bulgaria:**[xxxviii] On September 26, 2023, the Bulgarian Ministry of Finance published proposed changes to the country's VAT and Excise tax regimes. The proposed changes to the VAT Act include introducing deferred payment of import VAT for goods subject to centralized clearance, allowing taxpayers to issue tax documents with applicable VAT for periods they should have been registered, extending the 0 percent VAT rate for bread and flour until June 30, 2024, allowing buyers to withhold payment if the seller fails to provide a fiscal receipt at the time of the transaction, amending regulations for application of the VAT Act, and introducing new reporting obligations for payment service providers. The proposed changes to the Excise Duties and Tax Warehouse Act (EDTWA) include extending the scope of goods subject to excise duties to include heated non-tobacco products from January 1, 2024, with a rate of BGN 331 per kilogram. Additionally, a regime for distance sales of excise goods in Bulgaria sent to individuals in other EU Member States will be introduced, along with clarifications for customs formalities related to goods subject to excise duties involving certain third countries. The proposed changes were open to consultation through October 26, 2023.

- **Denmark:**[xxxix] On September 29, 2023, the Council of the European Union extended Denmark's authorization to apply the VAT flat-rate mechanism for private use of business cars until December 31, 2026. This decision allows taxpayers to pay a flat-rate charge of DKK 40 ($5) per day for using their business-registered vehicle for private purposes for a maximum of 20 calendar days while preserving their full right of deduction.
- **European Union:**[xl] The European Commission has proposed enhancing UK-EU cooperation on VAT fraud and tax debt collection by establishing electronic forms for communication and a "Service Level Agreement" for information exchange systems. The proposal would also set rules for tax recovery requests and determine the UK's financial contributions to the EU budget for the adaptation and maintenance of electronic forms and IT solutions.
- **European Union:**[xli] On September 12, 2023, the European Commission published the agenda and documents from the Group on the Future of VAT (GFV) meeting held on September 8, 2023. Topics discussed include a follow-up to the Tax Action Plan, updates on the VAT e-commerce package, the travel and tourism package, and the VAT in the Digital Age (ViDA), implementation of the new SME mechanism, and reporting on vouchers. Additionally, delegations from France, Hungary, Italy, Poland, and Spain presented overviews of their respective domestic Digital Reporting Requirements (DRR) systems.
- **European Union:**[xlii] On September 22, 2023, the VAT Committee published Working Document 1067, clarifying that the VAT treatment of fuel sales using a fuel card depends on the person to whom the right to dispose of the fuel as owner is transferred. Thus, if the right to dispose of the fuel as owner is transferred to the fuel card issuer, they may be considered as buying and then selling the fuel. However, in some cases, a fuel card issuer may be considered as selling fuel without the transfer of the right to dispose as owner. This happens when the issuer acts under a commissionaire model under the EU VAT Directive, provided there is a transfer of legal title, the sales to and from the fuel card issuer are similar, and an agreement exists between the issuer and the principal.
- **France:**[xliii] The French tax authorities issued administrative guidelines on tax audits for VAT group members. It provides that members of a tax group may undergo audits as if they were not part of the group, except for sales to another member of the same group. Further, the guidelines clarify obligations and reporting formalities for VAT groups, control of the VAT group regime, the time limit within which tax authorities can conduct an audit, and restrictions on the tax authority conducting repeated tax audits within a certain timeframe. Additionally, the tax authority published a list of information required for a VAT group tax audit.
- **Kenya:**[xliv] Kenya launched a tax amnesty program providing a waiver of interest and penalties for tax debts up to December 31, 2022. The tax amnesty runs from September 1, 2023, through June 30, 2024. The program grants an automatic waiver of penalties and interest to taxpayers who have paid all principal taxes due as of December 31, 2022, without needing an amnesty application. For taxpayers with unpaid principal taxes, they must apply for amnesty on interest and penalties and propose a payment plan for outstanding taxes, to be paid by June 30, 2024.
- **Lithuania:**[xlv] The Lithuanian tax authority published an updated commentary on the VAT Law that lists the evidence required to apply the zero VAT to intra-EU sale of goods between taxpayers. The commentary provides that in addition to the evidence specified in the Implementing Regulation of the EU VAT Directive (the Regulation), acceptable evidence includes a free-form confirmation issued by the appropriate government authority, goods

transportation documents, VAT invoices, goods packaging documents, and insurance documents. When the seller is responsible for transporting the goods, the seller must have two non-contradictory proofs from independent parties, as specified in the Regulation. However, when the buyer handles goods transportation, the seller needs two non-contradictory proofs from independent parties and a written confirmation from the buyer with relevant details. The written confirmation should include the destination Member State, confirmation issue date, buyer's details, goods type and quantity, arrival date and place, the person accepting the goods, and vehicle identification number if applicable.

- **Malta:**[xlvi] Malta's tax authority issued a guidance to clarify the application of the VAT exemptions for healthcare services. Malta's VAT law offers VAT exemptions for medical care services provided by individuals practicing professions regulated by the 'Health Care Professions Act' or the 'Psychology Act'. To qualify for the exemption, two conditions must be met: the services must be "medical care," and they must be provided by a health care professional. The guidance clarifies that "medical care" includes services aimed at protecting, diagnosing, treating, and curing diseases or health disorders in humans, and "health" includes the mental health of a patient. For services provided by hospitals or institutions, the exemption applies if the service is care or medical/surgical treatment provided by a government-approved hospital or institution. The guidance defines "care or medical or surgical treatment" to include activities closely related and essential to such care. Services that are not primarily for the patient's benefit do not qualify as medical care for exemption purposes.
- **Moldova:**[xlvii] On September 7, 2023, the Moldovan State Tax Service clarified that although IT services carried out in Moldova and provided by a resident of Moldova to a nonresident beneficiary are regarded as a zero-rated export of services, zero-rated transactions should still be considered when calculating the threshold for mandatory VAT registration.
- **Netherlands:**[xlviii] On September 8, 2023, the Dutch Supreme Court ruled that the reduced VAT rate for registered medicinal products does not apply to skincare products, despite their similarities. In the case, the taxpayer argued that the principle of fiscal neutrality should allow the reduced rate, but the tax authority disagreed. The principle of fiscal neutrality in EU VAT law ensures equal tax treatment for similar goods and services, preventing competition distortion and maintaining fairness in VAT distribution. The court sided with the tax authority, finding that the products were not similar, as they were not interchangeable in the eyes of the average consumer due to stricter requirements, procedures, and controls for registered medicinal products.
- **Poland:**[xlix] Effective October 5, 2023, Poland reduced interest rates on tax arrears, late payments, tax advances, and social security contributions due to the National Bank of Poland lowering the prime interest rate. The new rates are 14.5 percent standard, 7.25 percent reduced (for justified corrected returns paid within 7 days), and 21.75 percent increased (for VAT and customs duty arrears).
- **Romania:**[l] Effective September 1, 2023, Romania implemented a VAT refund procedure for hospital-run NGOs. In June 2023, Romania introduced a zero VAT rate for acquisitions used for hospitals owned and operated by NGOs or public hospitals. The exemptions cover hospital construction, modernization and rehabilitation services, and various medical equipment and services related to healthcare and disability support. The procedure requires NGOs to file a VAT refund request within 90 days from the end of the month for which it is requested. The request must include a detailed list of VAT documents, copies of these documents, proof of the acquisitions' destination, and an affidavit from the NGO's legal

representative confirming that the acquisitions are used for healthcare or supporting persons with disabilities. If the VAT refund request misses the 90-day deadline, it can still be filed within 5 years, but this is subject to the approval of the tax authority.

- **Romania:**[li] Romania updated its VAT return forms. Changes include adding sections for businesses to report recent exemptions in healthcare and other sectors. These sections cover VAT exemptions for hospital construction and medical equipment and the sale of prostheses and orthopedic products. For more information, click here.
- **Rwanda:**[lii] Effective September 14, 2023, Rwanda amended its VAT law. The amendments include defining "exported services," levying VAT on online transactions, amending the list of exempted and zero-rated goods and services, reducing the period to recover VAT without documentation from 2 years to 12 months, and introducing rewards to encourage consumers to request VAT invoices.
- **South Africa:**[liii] On September 8, 2023, the South African Revenue Service launched a consultation on a proposal to modernize the country's VAT administration, intending to make it more agile and easier to administer through real-time or near real-time transmission of VAT data from vendors to the tax authority and using modern VAT returns for reporting. The consultation was through October 31, 2023.
- **Sweden:**[liv] The Swedish Government plans to raise the country's VAT registration threshold from SEK 80,000 ($7,248) to SEK 120,000 ($10,872), to ease VAT obligations for smaller businesses. The provisions will be included in the 2024 budget bill and take effect from January 1, 2025.
- **Sweden:**[lv] On September 26, 2023, the Swedish Supreme Administrative Court ruled in *AB Volvo v. Skatteverket*, that a parent company providing management services to its subsidiaries can recover VAT related to the sale of shares in the subsidiaries. The court determined that the costs were directly and immediately connected to the parent company's economic activities, allowing for VAT recovery. Furthermore, the fact that the parent company's business consists of providing services to its subsidiaries does not exclude VAT recovery on consultancy costs, as they can be considered general overheads in the economic activity.
- **United Kingdom:**[lvi] On September 26, 2023, the UK's Upper Tribunal ruled in *Intelligent Money v HMRC*, that the VAT exemption for insurance transactions and related services does not extend to self-invested pension plans (SIPP). The Tribunal held that for the exemption to apply, an insurer must assume financial risk, and the financial risk must be held by someone other than the individual being insured. SIPP members do not make payments that could be considered risk premiums, and the financial risk is not held by the insurer but rather by the insured individual. Therefore, SIPPs do not qualify for the VAT exemption.

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Overview of Indirect Tax Developments in ASPAC from KPMG International Member Firms

- **KPMG in Australia** published a report discussing two pieces of new legislation that allow taxpayers to correct fuel tax and GST errors for prior tax periods in specified circumstances. Neither measure covers errors before July 1, 2012. The accompanying explanatory statements contain definitions of what constitutes an error along with examples of when these measures apply and how taxpayers can correct these errors.
- **KPMG in Cambodia** published a report discussing a new VAT refund procedure guidance. The guidance provides that taxpayers should submit VAT refund requests within three to six months (or one year at most) to avoid VAT cost accumulation and reduce the burden on the tax authority in conducting audits. In addition, taxpayers with excess VAT credits from 2020 and prior periods must apply for VAT refunds by the end of 2023, or their requests may be denied.
- **KPMG in Malaysia** published a report discussing recent tax developments, including the launch of a new special voluntary disclosure program in Sabah State for the state sales tax imposed on fishery commodities and scrap iron.
- **KPMG in Pakistan** published a report discussing federal and provincial sales tax withholding requirements.
- **KPMG in the Philippines** published a report discussing amended VAT rules for certain registered business enterprises (RBEs). The rules have been amended to state that: (1) RBEs that continue to avail of their existing tax incentives can benefit from duty exemption, VAT exemption on importation, and VAT zero-rating on local purchases as provided in their respective Investment Promotion Agency (IPA) registrations; (2) Registered export enterprises (REEs) whose income tax-based incentives have expired can continue to benefit from VAT zero-rating on local purchases until the electronic sales reporting system of the tax authority is fully operational or until the expiration of the transitory period, whichever comes earlier; and (3) RBEs classified as Domestic Market Enterprise (DMEs) which are located inside the economic or freeport zone during the transitory period will be allowed to register as a VAT taxpayer. DMEs inside the economic or freeport zone that will opt to register as VAT taxpayers shall not be allowed to claim VAT refunds for transactions prior to the commencement of the foregoing rules, which shall apply prospectively.
- **KPMG in Sri Lanka** published a report discussing a bill to amend the country's VAT law. The bill proposes to amend the definition of "taxable period," and revise the remittance procedure for VAT collected by the customs administration on imports, effective January 1, 2024. Additionally, the bill proposes to remove certain VAT exemptions, effective on the last day of the month on which the bill is enacted.

Miscellaneous Developments in ASPAC

- **Australia:**[lvii] The Australian Department of Climate Change, Energy, the Environment and Water (DCCEEW) announced that it will be reviewing the feasibility of a carbon border adjustment mechanism. The review will be informed by two rounds of consultation with Australian industry, environmental groups, research experts, international trade partners, and local communities, with the final report to be presented to the federal government by September 30, 2024.
- **China:**[lviii] On September 5, 2023, the Chinese Ministry of Finance and State Taxation Administration extended application of the VAT exemption/refund regime for domestic equipment purchased by domestic-funded research and development institutions and

foreign-funded R&D centers through December 31, 2027. To qualify for the full VAT refund, a foreign-funded R&D center must have investments totaling at least $8 million and have purchased at least CNY 20 million ($2.7 million) of equipment since its establishment in China. The foreign-funded R&D center must also have at least 80 full-time research and experimental development personnel.

- **China:**[lix] On September 6, 2023, the Chinese Ministry of Finance issued a guidance clarifying the VAT "additional credit policy" for advanced manufacturing enterprises. The policy allows these enterprises to offset 5 percent of deductible VAT in the current period against VAT payable from January 1, 2023, to December 31, 2027. The announcement specifies that advanced manufacturing enterprises are high-technology enterprises and provides calculation procedures for the additional credit and the requirement for separate calculations from the "super credit" as well as restrictions on applying both additional VAT credits in a period. The guidance also notes possible penalties in cases of fraud.
- **China:**[lx] China announced tax incentives to encourage entrepreneurship and innovation in designated spaces, including technology business incubators, university science parks, and maker spaces. The regime exempts properties in these spaces from property tax and land use tax, as well as land and properties leased or provided free-of-charge to businesses located within them. Additionally, businesses within the spaces may receive various services without VAT. To qualify for the regime, taxpayers must account for incubation service income separately and retain property land ownership details, information about the property's original value, property land lease contracts, and incubation agreements. The exemptions will be available from January 1, 2024, to December 31, 2027.
- **India:**[lxi] The Indian Cabinet of Ministers approved the creation of 31 state benches of the GST Appellate Tribunal (GSTAT), which will serve as the forum for second appeal in GST law matters and the first common forum of dispute resolution in GST disputes between the center and states and between states. The creation of the new state tribunals is intended to ensure uniformity in the outcome of GST disputes across India.
- **Kazakhstan:**[lxii] The President of Kazakhstan called for a reform of the country's VAT refund procedure to reduce its complexity and suggested that regional governments should receive a portion of VAT revenues.
- **Nepal:**[lxiii] On September 22, 2023, the Nepalese tax authority released a VAT implementation guideline for transport services. The guideline mandates transport providers with gross receipts up to NPR 10 million ($74,190) to pay taxes quarterly and continuously report transaction details. It also includes key definitions, VAT implementation rules, and invoicing requirements.
- **New Zealand:**[lxiv] On September 11, 2023, New Zealand released a Technical Decision Summary stating that GST deductions can be claimed only if the taxpayer is registered for GST with continuous taxable activity, uses, or has goods and services available for taxable sales with paid GST, and possesses a valid tax invoice. In the case at hand, it denied the taxpayer's GST deduction on the basis that the invoices it provided in support were issued to another party and therefore did not evidence that it acquired the goods or services. It also canceled the taxpayer's GST registration due to its inability to establish ongoing taxable activity.
- Thailand:[lxv] On September 22, 2023, the Thai Revenue Department clarified that VAT deductions are not allowed on transfers of assets resulting from a joint venture in a liquefied natural gas (LNG) receiving terminal project.

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About *Inside Indirect Tax*

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

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