



# Inside Indirect Tax

August 2025



## About this Newsletter

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

## Table of Contents

- **Global Rate Changes**

- Belgium
- Colombia
- Dominica
- Egypt
- Finland
- France
- France
- Guyana
- Italy
- Kazakhstan
- Kenya
- Lithuania
- Malaysia
- Moldova
- Malta
- Portugal

- Romania
- Saint Lucia
- Slovakia
- Tanzania
- Türkiye
- Uganda
- Venezuela
- Vietnam

- **Digitalized Economy Indirect Tax Updates**

- Chile
- China
- Ethiopia
- Sri Lanka

- **Digitalized Economy – other developments**

- Barbados
- Bhutan

- Brazil
- Chile
- European Union
- European Union
- Indonesia
- Ireland
- Kenya
- Kosovo
- Latvia
- Mauritius
- Mexico
- Nigeria
- Pakistan
- Philippines
- Vietnam

- **Taxation of the Digitalized Economy – Developments Summary**

- **E-invoicing Updates – other developments**
    - Argentina
    - Belgium
    - Bulgaria
    - Colombia
    - Egypt
    - Greece
    - Hungary
    - Kenya
    - Moldova
    - Nigeria
    - Norway
    - Philippines
    - Romania
    - Slovakia
    - Tunisia
    - United Arab Emirates
    - Vietnam
  - **Other Indirect Tax Developments and News from Around the World**
    - **Overview of Indirect Tax Developments in the Americas from KPMG International Member firms**
      - KPMG in Costa Rica
      - KPMG in Mexico
      - United States: Virginia Commissioner rules that software and maintenance contracts are presumed to be delivered electronically
    - **Miscellaneous developments in the Americas**
      - Canada
      - Colombia
      - Curaçao
      - Venezuela
  - **Overview of Indirect Tax Developments in Europe, Middle East, and Africa from KPMG International Member firms**
    - KPMG in Bahrain
    - KPMG in Belgium
    - KPMG in Croatia
    - KPMG in Cyprus
    - KPMG in Germany
    - KPMG in Nigeria
    - KPMG in Poland
    - KPMG in Poland
    - KPMG in Pakistan
    - KPMG in South Africa
    - KPMG in Spain
    - KPMG in the United Arab Emirates
  - **Roundup of Latest Court of Justice of the European Union Cases**
  - **Miscellaneous Developments in EMEA**
    - Austria
    - Belgium
    - European Union
    - European Union
    - European Union
    - European Union
    - European Union
    - European Union
    - Georgia
    - Germany
    - Germany
    - Ghana
    - Ghana
    - Gibraltar
    - Greece
    - Hungary
    - Iceland
  - Isle of Man
  - Italy
  - Italy
  - Italy
  - Mauritius
  - Mauritius
  - Moldova
  - Moldova
  - Poland
  - Slovakia
  - Slovenia
  - Slovenia
  - Slovenia
  - South Africa
  - Sweden
  - Türkiye
  - United Kingdom
- **Overview of Indirect Tax Developments in APAC from KPMG International Member Firms**
    - KPMG in Malaysia
    - KPMG in South Korea
    - KPMG in Vietnam
  - **Miscellaneous Developments in APAC**
    - Australia
    - Australia
    - Australia
    - Azerbaijan
    - Malaysia
    - New Zealand
    - Singapore

# Global Rate Changes

- **Belgium:**<sup>i</sup> Effective July 1, 2025, Belgium extended the application of the reduced VAT rate of 6 percent to the demolition and reconstruction of residential buildings. To read KPMG's previous discussion of this reduced rate measure, click [here](#).
- **Colombia:**<sup>ii</sup> On July 25, 2025, Colombia published Bill 507 of 2025, outlining indirect tax reform proposals to support economic reactivation. The bill proposes a four-year VAT exemption for hotel services in municipalities with fewer than 200,000 inhabitants and a one-time VAT zero rate for small transporters that replace up to two conventional vehicles with electric or EURO VI models. VAT exemptions are also proposed for assets and services related to renewable energy and energy efficiency projects.
- **Dominica:**<sup>iii</sup> On July 30, 2025, the government of Dominica published its 2025-2026 national budget in which it announced a six-month VAT exemption on additional essential food items starting October 1, 2025, to ease household costs. This measure builds on prior exemptions for basic goods. The budget also revises the environmental surcharge and excise tax structure for imported vehicles, including a USD 10,000 charge on vehicles over 15 years old and a reduced excise tax rate of 25 percent for newer vehicles. These changes are effective October 1, 2025.
- **Egypt:**<sup>iv</sup> On June 29, 2025, Egypt's Parliament approved amendments to VAT Law No. 67 of 2016, effective in 2025. Key changes include imposing 10 percent VAT on crude oil, removing VAT exemptions for advertising and news agency services (now taxed at the 14 percent standard rate), and subjecting construction services to the standard 14 percent VAT rate, instead of the 5 percent reduced VAT rate that applied.
- **Finland:**<sup>v</sup> On June 2, 2025, Finland's Ministry of Finance announced a public consultation on a proposal to impose tax soft drinks based on sugar content (increasing the tax by EUR 0.15 per liter) and to increase the excise duty on fermented beverages with 1.2-2.8 percent alcohol, effective January 1, 2026. For more information, click [here](#).
- **France:**<sup>vi</sup> On June 23, 2025, the French Senate accepted for consideration Bill No. 768, which proposes reducing the VAT rate on electricity and natural gas sales to final consumers from 20 percent to 5.5 percent, effective August 1, 2025. The bill mandates full pass-through of the VAT reduction to consumers and introduces quarterly reporting obligations for energy providers, with penalties for noncompliance.
- **France:**<sup>vii</sup> On July 23, 2025, the French tax authorities published [updated guidance](#) establishing differentiated VAT exemption lists for imports into Guadeloupe, Martinique, and Réunion. Effective from March 1, 2025, to December 31, 2027, the regime includes a common list of exempt goods for all three areas and specific lists for each. Réunion's list covers certain technology items, while Guadeloupe and Martinique's list focuses on essential household goods. The changes aim to address regional economic conditions through targeted fiscal measures.
- **Guyana:**<sup>viii</sup> On January 17, 2025, the Guyanese Ministry of Finance presented the [2025 budget](#), which proposes removing VAT on agricultural machinery not previously exempted, automated poultry pens, veterinary supplies, and backup electricity generators. The budget also maintains the zero percent excise tax rate on petroleum products. If approved, the changes will take effect during the 2025 fiscal year.
- **Italy:**<sup>ix</sup> On June 30, 2025, Italy published [Law Decree No. 95/2025](#), which includes a VAT rate reduction to 5 percent on supplies of works of art, antiques, and collectors' items for which the EU margin scheme does not apply. The decree also postpones the effective date of the sugar tax to January 1, 2026. These measures entered into force on July 1, 2025, pending parliamentary approval.

- **Kazakhstan:**<sup>x</sup> On July 21, 2025, Kazakhstan enacted a tax reform law that raises the standard VAT rate from 12 percent to 16 percent effective January 1, 2026. The reform introduces a reduced VAT rate of five percent for medicines and medical products and services; the rate will increase to 10 percent in 2027. A listing of specific medical products and services to be subject to the reduced rate will be provided by the government. Certain free medical services and printed media will be exempt, while periodicals will be subject to a 10 percent VAT rate. The VAT registration threshold will be lowered from KZT 80 million to KZT 40 million, and banking commissions will become subject to the standard VAT rate.
- **Kenya:**<sup>xi</sup> On June 26, 2025, Kenya enacted the Finance Act, 2025, which came into effect on July 1, 2025. The Act expands VAT to include fuels and tires for aid-funded projects, goods for extractive industries, and certain storage media and textile inputs. It mandates e-TIMS for all invoicing, redefines the place of supply for digital services, and shortens VAT refund timelines. VAT exemptions were granted for tea and coffee packaging materials and Defense Forces Welfare Services. Excise duty at 10 percent now applies to virtual asset transaction fees, while betting and gaming deposits are taxed at five percent. Inputs for mosquito repellent manufacturing were exempted from Import Declaration Form (IDF) fee and the Railway Development Levy (RDL).
- **Lithuania:**<sup>xii</sup> On June 27, 2025, Lithuania [adopted](#) amendments to its VAT law which grant VAT exemption to social services provided by entities recognized under the national Social Services Law. The exemption applies to both profit-seeking legal entities and individuals, aligning with EU Directive 2006/112/EC. The changes will take effect on January 1, 2026.
- **Malaysia:**<sup>xiii</sup> Effective July 1, 2025, Malaysia implemented changes to its sales and service tax regime. A zero percent sales tax now applies to essential goods, including selected food items, medicines, and pet food, with imported apples, oranges, mandarin oranges, and dates newly added. A five percent rate applies to certain premium and imported goods, while a ten percent rate applies to luxury items. The government also withdrew the proposed service tax on beauty services and raised registration thresholds for leasing and financial services to MYR 1 million.
- **Moldova:**<sup>xiv</sup> On June 10, 2025, Moldova approved Law No. 187, which extends the application of the reduced VAT rate of 8 percent to supplies of medical devices registered in the State Register, effective January 1, 2026.
- **Malta:**<sup>xv</sup> In May 2025, Malta's Minister of Finance issued Legal Notice 88 of 2025 to amend the VAT Act. The amendment expands the scope of VAT exemptions (with credit) for scheduled passenger transport services to include those provided by specific authorized operators. For more information, click [here](#).
- **Portugal:**<sup>xvi</sup> On June 30, 2025, the Portuguese Parliament [accepted](#) for consideration Bill No. 66/XVII/1, which proposes removing the sunset date for the reduced 6 percent VAT rate on specified renewable energy equipment. The measure, if approved, would maintain the reduced rate for the acquisition, installation, and maintenance of equipment used primarily for solar, wind, geothermal, and other alternative energy sources, effective January 1, 2026.
- **Romania:**<sup>xvii</sup> On July 3, 2025, the Romanian government submitted an amended draft bill to parliament proposing to repeal the VAT exemption for NGOs, effective August 1, 2025. The bill also introduces significant VAT rate changes, including measures to raise the standard VAT rate from 19 percent to 21 percent and consolidate the reduced rates to 11 percent, effective the same date. The standard rate will apply to a broader range of goods and services, including those previously taxed at 9 percent, while the 11 percent rate will apply to selected supplies previously subject to 6 or 9 percent. NGOs must submit reimbursement claims for qualifying supplies made before this date by October 31, 2025.



- **Saint Lucia:**<sup>xviii</sup> On July 23, 2025, the government of St. Lucia announced an extension of the VAT waiver on select building materials until May 2026. Originally introduced in August 2023, the waiver applies to essential construction inputs such as plywood, lumber, cement, steel, galvanized materials, and solar photovoltaic systems. The measure reduces costs by 12.5 percent and aims to support home improvement and development projects, stimulate the construction sector, and ease financial burdens for citizens and contractors. The extension forms part of a broader economic relief initiative focused on employment and recovery.
- **Slovakia:**<sup>xix</sup> On July 9, 2025, Slovakia's Parliament approved legislation applying a reduced 5 percent VAT rate to qualifying state-supported rental housing, effective upon enactment. The measure broadens eligibility to include converted non-residential buildings and mixed-use developments, repeals the minimum unit threshold, and introduces biometric data processing for identity verification. For more information, click [here](#).
- **Tanzania:**<sup>xx</sup> On June 30, 2025, Tanzania enacted the Finance Act 2025, expanding VAT exemptions to include reinsurance premiums, clean energy equipment, select agricultural inputs, and locally produced double-refined edible oil from domestically grown oil seeds. A reduced 16 percent VAT rate will apply to B2C transactions for which payment is made via approved electronic payments from September 1, 2025. The Act also introduces VAT withholding and repeals the sunset clause on VAT deferment for imported capital goods. To read KPMG's previous discussion of these measures, click [here](#).
- **Türkiye:**<sup>xxi</sup> On July 20, 2025, Türkiye published [Law No. 7555](#) which includes a VAT exemption for immovable property sales by certain foundations. The sale of immovable properties by the General Directorate of Foundations and by foundations governed and represented by the General Directorate of Foundations will be expressly exempt from VAT.
- **Uganda:**<sup>xxii</sup> Effective July 1, 2025, Uganda amended its VAT law by expanding VAT-exempt supplies to include solar lanterns and biomass pellets, and applying an 18 percent VAT rate to billets for further value addition. Other changes include exempting United Nations-related agencies from VAT, updating the name of the International Atomic Energy Agency, and zero-rating the supply of aircraft. These amendments were enacted through the Value Added Tax (Amendment) Act 2025.
- **Venezuela:**<sup>xxiii</sup> Venezuela suspended VAT exemptions for the import of a wide range of food, agricultural products, medicines, industrial inputs, and publishing materials, such as seeds, meats, grains, medicines, publishing supplies, fertilizers, and natural gas for fertilizer production. However, a 1-year VAT exemption is available for certain tangible goods listed in Appendix I of the Tariff Code, including food, seeds, agricultural chemicals, disinfectants, and orthopedic instruments. These exemptions apply to imports by public agencies and private entities, subject to certain requirements. Further, Venezuela has also granted 1-year VAT and customs duty exemptions, starting June 30, 2025, for the import of a wide range of goods essential to manufacturing, agriculture, agro-industry, and distribution of key products. There is a 90 percent exemption for 1,409 goods imported by public agencies and private entities, and a 100 percent exemption for specific goods imported by ministries and state corporations.
- **Vietnam:**<sup>xxiv</sup> On July 1, 2025, Vietnam temporarily reduced its standard VAT rate from 10 percent to 8 percent, effective through December 31, 2026. The rate reduction does not apply to goods and services already subject to a 0 percent or 5 percent VAT rate, including e-commerce services supplied by nonresidents without a permanent establishment in Vietnam. The resolution is effective immediately.

[Back to top](#)



[Back to top](#)

# Digitalized Economy Indirect Tax Updates

## Chile: New Obligations for Digital Marketplaces and Payment Facilitators

On June 26, 2025, the Chilean tax administration enacted Resolution 79/2025. To strengthen the oversight of commercial activities in Chile, the measure mandates that government entities, financial institutions, and digital platforms verify that businesses operating within Chile have informed the tax authority (*Servicio de Impuestos Internos* (SII)) regarding the commencement of their commercial activities.

Specifically, government agencies, regional governments, municipalities, financial entities facilitating payments, and operators of digital platforms must confirm that businesses have notified the SII of their operational status. This verification process involves cross-checking the tax ID (RUT) of the business or individual against the SII's database to confirm compliance.

Resolution 79/2025 also requires digital marketplaces and payment facilitators to verify the same information regarding the commencement of commercial activities of their existing domestic clients. By October 30, 2025, these entities must submit their client databases to the SII for verification. During November 2025, the SII will notify these platforms of any clients not registered as active taxpayers. These clients must then inform the SII of their commercial activities or provide proof of exemption by December 31, 2025. Platforms must report exempt clients to the SII by the fifth business day of December.

Additionally, Chilean payment facilitators and marketplace platforms enabling commercial activities in Chile are required to verify tax compliance before contracting services with clients and conduct biannual checks in July and January. This verification can be done through the SII portal using the clients RUT or via an automated API. For January checks, operators must submit their client database as of December 31 of the previous year by the fifth business day of January, and the SII will respond within the month. Similarly, for July checks, operators must submit their client database as of June 30 by the fifth business day of July, with the SII responding during July.

Non-compliance with the obligations set forth in Resolution 79/2025 will result in sanctions per the Chilean Tax Code. Public entities will be penalized under Article 102, while other taxpayers will face penalties under Article 109. For more information, click [here](#).

## China: Reporting and Withholding Rules for Digital Platforms

On June 20, 2025, China's State Administration of Taxation (SAT) issued new regulations requiring digital platform operators to submit tax-related information to the authorities in digital format. The rules apply immediately and place ongoing reporting obligations on platform operators; operators must provide details about their business, including domain name, business type, and the main operating entity's Unified Social Credit Code, within 30 days of implementation or business commencement. Operators are also required to submit quarterly reports on the identities and revenues of enterprises and individuals conducting activities on their platforms, with these reports due within one month of each quarter-end. While platform operators must verify the information they submit, they are not held responsible for any false, inaccurate, or incomplete information provided by users of their platforms. In a tax audit, authorities may request additional documentation, such as contracts, transaction details, bank account information, and logistics data.

In addition, individual platform users who receive service income from internet platform enterprises are subject to VAT. The internet platform enterprises are liable to withhold VAT and additional charges/fees on behalf of such users. The small-scale taxpayer regime may apply, such

that monthly sale proceeds below CNY 100,000 are exempt from VAT, and if applicable, VAT will be imposed at the reduced rate of 1%. If an individual platform user's total income exceeds CNY 5 million within 12 consecutive months, the internet platform enterprise must advise the individual user to register as a VAT filing entity and handle the filing independently. In cases in which an individual platform user derives revenue from multiple platforms that collectively exceed the VAT exemption threshold, the tax authority shall notify the relevant internet platform enterprises to withhold and remit the taxes on behalf of the platform user.

Source: China (People's Rep.) – State Tax Administration Clarifies Tax Filing and Withholding Tax Procedures by Internet Platform Enterprises for Individual Users (July 2, 2025), News IBFD.

### **Ethiopia: Guidance on New VAT Rules for Nonresident Digital Services Providers**

Ethiopia published additional guidance on its VAT rules for nonresident digital service providers. (To read KPMG's previous discussion of Ethiopia's VAT digital services rules, click [here](#).)

The regulations require nonresident and unregistered persons providing telecommunications or electronic services to individuals in Ethiopia, unless through a VAT-registered agent, to register for VAT. The regulations apply to nonresident providers that provide electronically ordered goods, remote services, or operate electronic distribution platforms. Taxable electronic services include a broad range of activities, such as electronic games and betting, internet-based bidding, digital content, mobile apps, subscription media services, software, hosting and cloud services, music provision, search engine and automated desk services, online ticket sales, and other electronic supplies as determined by the Ministry of Finance.

Nonresident providers are required to register online using a form approved by the Tax Authority, providing relevant business and compliance details. The Tax Authority may request additional documents to verify the information. Upon registration, nonresident providers receive a TIN and VAT registration number for filing returns and paying VAT.

In addition, registered nonresident providers must issue electronic invoices or receipts for taxable sales, including specific details such as serial number, seller and recipient information, supply date, description, and the VAT charged. VAT returns must be filed electronically for each accounting period by the end of the following month, although vendors may apply to file quarterly returns. Failure to file or pay on time may result in the withdrawal of quarterly filing permission. VAT payments must be made electronically by the return due date and may be reported and paid in US dollars, euros, British pounds, or other approved foreign currencies. For more information, click [here](#).

### **Sri Lanka: Regulations Implementing Nonresident Digital Services Rules**

Effective October 1, 2025, Sri Lanka will require non-resident persons providing electronic services through an electronic platform to customers in Sri Lanka to register for VAT. The regime covers a wide range of services supplied via electronic platforms, such as cloud computing, SaaS, e-commerce, digital marketing, cybersecurity, IT support, streaming, fintech, social media, on-demand services, content sharing, cloud collaboration, marketplaces, gaming, blockchain and NFT platforms, subscriptions to membership websites, and the use of apps for hotel reservations and ticket booking.

Non-resident providers must register for VAT if the value of their services provided to Sri Lankan consumers exceeds LKR 60,000,000 (approx. USD 200,000) in the previous twelve months or LKR 15,000,000 in the previous three months. Once registered, nonresident persons are required to issue VAT invoices containing all information mandated by the VAT law and to specify whether VAT is included in or added to the value of the service supply. For more information, click [here](#).

## Other Developments

- **Barbados:**<sup>xxv</sup> On July 30, 2025, the Barbados government tabled the [Tourism Levy \(Amendment\) Bill 2025](#) to digitize the collection of the shared economy levy. The proposed legislation requires international online booking platforms to register with the Barbados Revenue Authority and collect the levy at the point of transaction, remitting it directly to the authority. The bill also introduces registration and remittance obligations for digital platforms offering tourism services.
- **Bhutan:**<sup>xxvi</sup> Bhutan approved a new Finance Law, effective January 1, 2026, which includes provisions requiring nonresident providers of digital services to register for GST. These rules were originally enacted in 2022 but had been delayed.
- **Brazil:**<sup>xxvii</sup> On July 24, 2025, a bill was introduced in Brazil's House of Representatives proposing a seven percent "digital social contribution" on gross revenue from digital advertising and data transactions involving user data. The measure targets large tech companies operating in Brazil and aims to fund infrastructure, technological development, and income transfer initiatives. If enacted, the tax would apply to services that utilize, sell, or transfer user data within the country.
- **Chile:**<sup>xxviii</sup> On July 10, 2025, Chile's tax authority (Servicio de Impuestos Internos, SII) published Resolution Ex. SII No. 84-2025, establishing VAT registration procedures under the Simplified Tax Regime for certain nonresident suppliers. Effective October 25, 2025, the regulation applies to nonresident entities that remotely sell low-value goods (CIF under USD 500) to Chilean consumers, operate digital intermediation platforms, or facilitate delivery through re-delivery or drop shipping models. These entities must register via the SII's Digital VAT Portal starting in August 2025 and charge VAT on supplies to final consumers.
- **European Union:**<sup>xxix</sup> On July 25, 2025, the European Union published Council Directive (EU) 2025/1539, to modernizes the VAT framework for distance sales of imported goods in the EU, particularly addressing digital trade and cross-border e-commerce. The Directive establishes that VAT on imported goods will generally be paid by the person designated under national law, but for distance sales from non-EU countries qualifying for the Import One-Stop Shop (IOSS regime, the supplier or deemed supplier, such as online platforms, will be liable for import VAT. It also allows Member States to require non-EU sellers to appoint a tax representative if there is no mutual assistance agreement, with the representative potentially liable for VAT. Additionally, Member States may hold third parties, including tax representatives, jointly and severally liable for import VAT to reinforce compliance. The Directive enters into force 20 days after publication, with Member States required to transpose and apply its provisions by July 1, 2028.
- **European Union:**<sup>xxx</sup> On July 25, 2025, the European Commission published its 36th Annual Report on the Protection of the European Union's Financial Interests and the Fight Against Fraud 2024. The report provides a comprehensive account of the EU's efforts to counter fraud affecting its funds and revenues, with a particular focus on VAT. In 2024, the European Public Prosecutor's Office (EPPO) investigated 488 VAT-related fraud cases, representing over half of the total financial damage in its active investigations. The report highlights various fraud schemes, such as carousel fraud, e-commerce fraud, and the use of fictitious companies; it underscores the importance of cross-border cooperation, with Eurofisc facilitating data sharing among Member States. Spain's use of artificial intelligence to combat e-commerce VAT fraud is noted as a best practice. The Commission has announced that from January 1, 2028, all national authorities must use Arachne+, a centralized risk-scoring and audit platform, to strengthen fraud prevention and detection. The report also



urges Member States to improve national anti-fraud strategies, ensure effective follow-up on VAT fraud, and enhance data sharing between customs and tax authorities.

- **Indonesia:**<sup>xxxi</sup> On July 14, 2025, Indonesia's Ministry of Finance published Regulation No. 37/2025, providing that appointed electronic trading platforms may withhold income tax on behalf of domestic traders conducting business on their platforms. Domestic and qualifying foreign e-commerce platforms must withhold 0.5 percent of gross turnover (excluding VAT and luxury goods tax) from domestic sellers at the time of payment and remit the tax monthly. The regulation applies to individuals and companies selling goods or services online, with exemptions for traders with annual turnover not exceeding IDR 500 million holding valid tax exemption certificates, and certain transactions. Domestic traders must provide identification and gross receipts status to platforms and notify them when exceeding the exemption threshold. E-commerce platforms are responsible for issuing proof of withholding, reporting transactions and taxpayer data, and filing monthly tax returns. Non-compliance may result in penalties.
- **Ireland:**<sup>xxxii</sup> On July 22, 2025, the Irish Revenue Commissioners issued updated guidance confirming that social media influencers are subject to standard VAT rules. Influencers must register for VAT if their taxable gross receipts exceed the applicable threshold and account for VAT at the 23 percent rate on income from advertising, affiliate marketing, subscriptions, and barter transactions. The guidance outlines VAT obligations including invoicing, recordkeeping, and self-billing arrangements, as well as clarifying place of taxation rules for B2B and B2C transactions, including electronically supplied services. Optional VAT registration and the One-Stop-Shop (OSS) regime are available for cross-border sales.
- **Kenya:**<sup>xxxiii</sup> On June 27, 2025, Kenya enacted the Finance Act 2025. Among other changes, the Act updates the types of businesses subject to the Significant Economic Presence Tax (SEPT) to include businesses conducted over the internet or electronic networks, in addition to those operating through a digital marketplace. Further, the Act removes the exemption from SEPT previously accorded to nonresidents with annual gross receipts of less than KES 5 million (approx. USD 38500). It also repeals the three percent digital asset tax. For more information, click [here](#).
- **Kosovo:**<sup>xxxiv</sup> On July 30, 2025, the Kosovo tax administration [published](#) a clarification on the VAT treatment of digital services. It provides that when a taxpayer not established in Kosovo provides digital services to nontaxpayers persons in Kosovo (B2C), the place of taxation is Kosovo. These nonresident entities must appoint a tax representative and register for VAT within five days of the representative's appointment. The guidance also confirms that e-commerce is taxed similarly to traditional commerce and outlines the scope of electronic services subject to VAT when delivered via automated digital platforms.
- **Latvia:**<sup>xxxv</sup> On July 1, 2025, the Latvia State Revenue Service issued [updated guidance](#) on VAT for online platform transactions. The guidance covers intra-EU B2C sales of goods, place of taxation criteria, availability of the EU OSS simplification for cross-border transactions, registration procedures, and the special VAT regime for small enterprises with EU gross receipts under EUR 100,000.
- **Mauritius:**<sup>xxxvi</sup> Mauritius published its Finance Bill 2025, including measures requiring nonresident providers of digital services to register for VAT in Mauritius, effective January 1, 2026. If enacted, the rules apply to business-to-consumer (B2C) transactions, but nonresident providers are not required to charge VAT if the recipient is VAT-registered in Mauritius and accounts for VAT under the self-assessment mechanism. Registration

is required from the first sale, with no minimum threshold, but nonresident providers must appoint a tax representative if annual sales exceed or are expected to exceed MUR 3 million. Determining whether a customer is located in Mauritius relies on at least two non-contradictory indicators, such as billing address, bank location, or other commercially relevant information. Nonresident providers must file VAT returns and remit payments electronically within 20 days after each taxable period, including a list of taxable sales made to Mauritian customers. It is not certain if marketplaces and platforms are required to collect VAT on behalf of third-party sellers. Further guidance is anticipated.

- **Mexico:**<sup>xxxvii</sup> On July 25, 2025, the Mexican tax authority published an updated list of nonresident digital service providers registered in Mexico. As of June 30, 2025, the list includes 266 registered nonresident providers.
- **Nigeria:**<sup>xxxviii</sup> On July 24, 2025, the Federal High Court in Lagos affirmed the authority of the Federal Inland Revenue Service (FIRS) to designate nonresident platform operators as VAT collection agents. The ruling upheld the FIRS directive requiring a ride-hailing and food delivery platform to collect and remit VAT on food and transport services provided by third-party vendors and drivers using its platform. The court confirmed that such designation aligns with the Nigerian VAT law, reinforcing the FIRS power to enforce VAT compliance on digital service intermediaries operating in Nigeria.
- **Pakistan:**<sup>xxxix</sup> On July 30, 2025, Pakistan issued SRO 1366/I/2025 to withdraw the digital presence proceeds tax, retroactively nullifying the law from its original effective date of July 1, 2025. The tax had imposed a five percent final liability on foreign entities with substantial digital presence supplying digitally ordered goods and services to Pakistani users. The repeal, reportedly influenced by trade discussions with the United States, applies to all foreign entities and removes the requirement to withhold tax on such digital transactions. To read KPMG's previous discussion of Pakistan's digital presence proceeds tax, click [here](#).
- **Philippines:**<sup>xl</sup> On July 14, 2025, the Philippines introduced House Bill 1,351, proposing a ten percent tax on gross revenues of gambling operators. The bill aims to regulate and formalize the online gaming sector which continues to operate informally despite prior crackdowns on offshore gambling operators.
- **Vietnam:**<sup>xli</sup> On June 14, 2025, Vietnam passed Law No. 67/2025/QH15 which expands the definition of permanent establishment to cover digital platforms. Effective October 1, 2025, the definition now includes e-commerce and digital platforms through which foreign enterprises provide goods and services in Vietnam.

## 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 Organisation for Economic Cooperation and Development (OECD), European Union (EU), and G20 meetings where discussion of the taxation of the digitalized economy is anticipated.

---

[Back to top](#)



[Back to top](#)

# E-Invoicing Updates

## Other Developments

- **Argentina:**<sup>xlii</sup> On June 27, 2025, Argentina's tax authority, ARCA, updated the rules for issuing VAT receipts through General Resolution 5716/2025. The resolution simplifies the criteria for class 'A' and 'M' receipts. Taxpayers must electronically record their transactions quarterly using the "Libro de IVA Digital" or Form F. 2051. ARCA will evaluate this data and the taxpayer's compliance to determine their eligibility for issuing these receipts, requiring records for at least two months of the quarter.
- **Belgium:**<sup>xliii</sup> On July 8, 2025, Belgium introduced a Royal Decree mandating businesses to use structured e-invoicing for domestic transactions, effective January 1, 2026. They must use the Peppol BIS format via the Peppol network to meet European standards. The decree excludes transactions with private individuals but requires VAT rounding for amounts with more than two decimal places. Non-compliance can result in fines ranging from EUR 1,500 to EUR 5,000.
- **Bulgaria:**<sup>xliv</sup> On July 25, 2025, Bulgaria's National Revenue Agency mandated SAF-T reporting, detailing the report format, submission procedures, and validation rules. The SAF-T requirement applies to Bulgarian entities and branches or permanent establishments of foreign entities. It excludes foreign entities with only Bulgarian VAT identification. Implementation will be phased over five years, beginning with the largest businesses in January 2026 and reaching all VAT-registered entities by 2030.
- **Colombia:**<sup>xlv</sup> On July 10, 2025, the Colombian Council of State ruled that electronic messages confirming receipt of invoices for goods and services are not legally required before claiming deductible VAT. The decision nullified Official Letter 908749 of 2022 and Concepts 2999 and 70581 of 2024 issued earlier by the tax authority.
- **Egypt:**<sup>xlvi</sup> On July 26, 2025, the Egyptian Tax Authority issued Decision No. 281 of 2025, mandating that specified taxpayers begin issuing electronic tax receipts for sales to final consumers by September 15, 2025.
- **Greece:**<sup>xlvii</sup> On July 25, 2025, Greece passed a bill mandating e-invoicing for business-to-business (B2B) transactions, including domestic transactions, exports to non-EU B2B customers, and public contract invoicing. The Independent Authority for Public Revenue (IAPR) will set the e-invoicing format and procedures. Greek entities must issue e-invoices through authorized providers or IAPR's application to ensure authenticity and integrity. Incentives are available for early adoption. The effective date of the B2B e-invoicing mandate will be determined at a later stage by the Greek tax authorities.
- **Hungary:**<sup>xlviii</sup> In July 2025, Hungary began requiring invoices from legal successors to include the predecessor's tax numbers, as well as requiring VAT groups to report both group and individual member tax numbers. Starting July 1, 2025, taxpayers can switch to hardware-based e-cash registers that will store receipt data for 10 years, with traditional registers being phased out by July 1, 2028. According to the proposed schedule, a daily data reporting obligation would be introduced for receipts which are not issued by a cash register or e-cash register beginning September 2026. The reporting deadline for payment service providers is now 7 days, and tax audit deadlines for complex VAT assessments have been adjusted.
- **Kenya:**<sup>xlix</sup> On June 26, 2025, Kenya's Finance Act 2025 began exempting payments for emoluments, imports, interest, investment allowances, airline ticketing, and final withholding tax from mandatory electronic tax invoices. Effective July 1, 2025, the Act also

introduced certain tax administration changes, including relief for electronic system errors and extended refund timelines.

- **Moldova:**<sup>i</sup> On April 29, 2025, the Moldovan Government announced a measure to eliminate the need to print fiscal receipts from virtual cash registers and to allow merchants to send eReceipts via SMS or email.
- **Nigeria:**<sup>ii</sup> On July 9, 2025, Nigeria announced the National E-invoicing Regime. Starting August 1, 2025, large taxpayers with greater than NGN 5 billion gross receipts must onboard the E-invoicing solution and integrate their systems with the FIRS platform for real-time invoice generation and validation.
- **Norway:**<sup>iii</sup> On July 1, 2025, Norway's Ministry of Finance proposed mandatory digital bookkeeping and receiving of e-invoices starting January 1, 2030. Exceptions apply to small sole proprietorships and bankruptcy estates. Stakeholders can submit comments by October 31, 2025.
- **Philippines:**<sup>iiii</sup> On July 2, 2025, the tax authorities of the Philippines clarified acceptable Books of Accounts registration under RMC No. 065-2025, allowing options like Manual Books, LLBA, or CBA. RMC No. 066-2025 removed the need for sworn declarations to utilize the VAT zero-percent rate, relying instead on VAT Zero-Rate Certificates issued by Investment Promotion Agencies.
- **Romania:**<sup>lv</sup> On June 30, 2025, Romania issued Emergency Government Ordinance No. 37/2025 to delay the mandatory e-invoicing deadline for foreign cultural institutes and farmers under the special VAT regime from July 1, 2025, to October 1, 2025.
- **Slovakia:**<sup>lv</sup> On July 29, 2025, Slovakia proposed electronic invoicing and reporting for taxpayers starting January 1, 2027. From July 1, 2030, domestic B2B reporting becomes mandatory, and control statements will be abolished. The law takes effect January 1, 2026 and fines of up to 100,000 euros can be levied for repeated violations. Comments are due August 18, 2025.
- **Tunisia:**<sup>lvi</sup> On June 19, 2025, Tunisia released Administrative Note No. 10/2025, detailing mandatory e-invoicing requirements effective July 1, 2025. On that date, large companies (as defined) must use e-invoicing for transactions with public institutions and local authorities, as must those entities engaged in B2B sales of pharmaceuticals and fuel, but not including retail distribution.
- **United Arab Emirates:**<sup>lvii</sup> On July 2, 2025, the Ministry of Finance of the United Arab Emirates issued Federal Decree-Law No. 16 of 2024, which updates VAT regulations to mandate e-invoicing systems and e-invoices for B2B transactions starting July 1, 2026.
- **Vietnam:**<sup>lviii</sup> On May 31, 2025, Vietnam issued Circular No. 32/2025/TT-BTC, effective June 1, 2025, to regulate e-invoicing. Key points include invoice formats, consumer incentives, high-risk taxpayer criteria, and standards for service providers. The Circular replaces earlier.

## Global E-invoicing & Digital Reporting Tracker

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 developments timeline](#) which will be regularly updated.

---

[Back to top](#)



[Back to top](#)



# 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 Costa Rica** published a [report](#) discussing the implementation of the new digital tax system “TRIBU-CR,” which will replace several existing platforms, including EDDI-7, ATV, TRAVI, Declara7, and SIC, effective August 4, 2025. The transition will centralize tax compliance and administration. The Tax Administration has suspended deadlines for taxpayer procedures and obligations during the system migration. Specific tax forms related to the transfer of real estate, movable goods, and vehicles will remain operational under EDDI-7 until late August. Once TRIBU-CR is active, all tax-related processes must be conducted exclusively through the new platform.
- **KPMG in Mexico** published a [report](#) (in Spanish) discussing recent judicial criteria regarding the emissions tax in the State of Mexico. On July 11, 2025, the First Collegiate Administrative Court of the Second Circuit upheld the constitutionality of the tax, emphasizing its alignment with the “polluter pays” principle. The rulings confirm that the tax is based on the quantity of atmospheric emissions, using electricity and thermal energy consumption as objective parameters. The court clarified that the tax does not target electricity itself but the environmental impact of its use. Additionally, the State of Mexico’s legislature was affirmed to have authority to impose such a tax. These decisions reinforce the legitimacy of environmental taxation aimed at promoting sustainability.

### United States: Virginia Commissioner rules that software and maintenance contracts are presumed to be delivered electronically

As part of a determination following the appeal of a sales tax audit, the Virginia Tax Commissioner recently ruled that the Department of Taxation (Department) was updating its documentation standards regarding software delivery. Virginia law provides that software is considered taxable tangible personal property if it is delivered in tangible form; if it is delivered via electronic transmission, it is exempt. Historically, the Department imposed a rebuttable presumption that software was conveyed in tangible form and therefore subject to sales and use tax. To overcome the presumption, taxpayers were required to provide documentation in the form of a sales invoice, contract, or other sales agreement expressly certifying that the software was delivered electronically and that no tangible medium was included in the transaction.

The determination notes that the process of delivering computer programs and software updates has evolved significantly since the Commonwealth adopted its presumption. The widespread use of the internet and other technologies has transformed how software is bought and sold, rendering the prior presumption outdated. Going forward, the Department will no longer require taxpayers to provide documentation expressly certifying the electronic delivery of software. Instead, software will be presumed to be electronically delivered unless documentation indicates otherwise or the software is provided in connection with the sale of tangible personal property. The Department may request documentation demonstrating that software was not provided in connection with the sale of tangible personal property.

The determination setting forth the new policy involved several purchases of software, maintenance contracts, licensing fees, and setup fees. Upon review, invoices related to electronically delivered software and maintenance contracts not related to tangible personal property were removed from the audit. Notably, though, the Department reaffirmed that maintenance contracts involving both hardware and software remain taxable, and software provided in conjunction with tangible personal property is still subject to tax. Invoices held to be taxable included computers and network switches with installed software and maintenance contracts. For more information, click [here](#).

### Miscellaneous Developments in the Americas

- **Canada:**<sup>lix</sup> On July 4, 2025, the Canada Revenue Agency issued [updated guidance](#) on the GST/HST credit for low- and modest-income residents. The guidance outlines eligibility criteria, application requirements, and credit amounts for the 2024 base year. Payments will be issued quarterly starting July 5, 2025. It also details procedures for notifying the agency of changes affecting credit calculations, such as marital status or dependents.
- **Colombia:**<sup>lx</sup> On July 25, 2025, Colombia published Bill 507 of 2025, outlining indirect tax reform proposals to support economic reactivation. The bill proposes an 80 percent discount on vehicle tax penalties and interest for overdue debts, and temporary reductions in penalties and interest to 15 percent for omissions or corrections in tax, customs, and foreign exchange declarations. For more information, click [here](#).
- **Curaçao:**<sup>lxi</sup> On July 1, 2025, Curaçao's tax authorities issued [guidance](#) addressing VAT filing errors caused by a portal glitch that allowed quarterly filers to submit monthly returns. For Q2 2025, quarterly filers must submit a single VAT return covering the full gross receipts and VAT due for the entire quarter, regardless of whether a monthly return was previously filed for April. Any VAT payment already made for April will be treated as a partial payment toward the second quarter liability. Taxpayers are reminded to use the correct payment period code, ending with 2522, when making payments for the second quarter. For the first quarter of 2025, the tax authorities confirmed the following treatment: If a quarterly VAT return was filed, this is considered the official return, even if monthly returns were also submitted. If only quarterly were filed, these will be consolidated and processed as one quarterly return. Penalty leniency will apply if correct returns are filed and outstanding VAT is promptly paid.
- **Venezuela:**<sup>lxii</sup> On July 16, 2025, Venezuela published Administrative Resolution SNAT/2025/000054, expanding VAT withholding obligations to individuals designated as large taxpayers operating personal firms. Previously, only non-individual large taxpayers were required to withhold VAT. Effective August 1, 2025, individuals qualifying as large taxpayers must withhold VAT on relevant transactions, aligning their obligations with those of corporate entities. The resolution applies to taxable events occurring from the effective date onward.

---

[Back to top](#)



[Back to top](#)

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

- **KPMG in Bahrain** published a [report](#) discussing recent indirect tax developments across the Gulf Cooperation Countries. The National Bureau for Revenue (NBR) in Bahrain issued updated VAT guides, including the VAT General Guide and VAT Healthcare Guide. In Saudi Arabia, tax authorities announced workshops on e-invoicing (phase two), bonded zones, and excise tax. The Qatari General Tax Authority conducted a workshop on tax compliance for small businesses and referred 13 companies to prosecution for tax evasion.
- **KPMG in Belgium** published a [report](#) discussing the federal government approval of a second draft tax law that was recently submitted to the Parliament. While the general 4-year statute of limitation period for nonfiling or late filing of the tax return is maintained, the periods of 6 and 10 years for semi-complex and complex tax returns will be reduced to 4 years, eliminating the need for a distinction as all will be called complex tax returns. In addition, the period of limitations for fraud will be reduced from 10 to 7 years for both income tax and VAT.
- **KPMG in Croatia** published a [report](#) discussing a preliminary of the General Court of the Court of Justice of the European Union which held that Croatian legislation imposing excise duty on fictitious supplies based on falsified invoices is incompatible with EU law. The case involved a trader who deducted VAT on petroleum products that were never actually supplied. The court ruled that excise duty may only be charged when goods are released for consumption, as defined by the EU Excise Duty Directive. Since the goods were never supplied, the imposition of excise duty was deemed unlawful.
- **KPMG in Cyprus** published a [report](#) discussing the launch of new digital service channels under the “Tax For All” (TFA) system, aimed at simplifying tax procedures and enhancing transparency. A new support page offers guides and FAQs, while the upgraded Digital Assistant on the gov.cy portal provides 24/7 help with VAT declarations, refunds, objections, corrections, exemption requests, and other special procedures. The TFA system will gradually replace existing platforms, integrating all tax services into a single secure and user-friendly digital environment.
- **KPMG in Germany** published a [report](#) discussing recent indirect tax developments in the country. Among other topics, it addresses a recent ruling by the federal tax court (BFH) on the VAT treatment of drying third-party wood chippings free of charge, the apportionment of total remuneration in system catering, and the VAT treatment of the protective mask flat rate. The report also covers recent tax authority opinions regarding the confirmation of foreign VAT ID numbers.
- **KPMG in Nigeria** published a [report](#) discussing the impact of recent tax reform laws on the power sector, effective January 1, 2026. A key change is the reclassification of electricity supplied by generating and transmission companies from VAT-exempt to zero-rated, allowing affected suppliers to recover VAT on taxable supplies. Renewable energy equipment, previously VAT-exempt, will now fall under a new category of chargeable, but suspended, items, pending activation by ministerial order. The reforms also introduce a five percent surcharge on fossil fuel products, potentially affecting generation companies reliant on natural gas.

- **KPMG in Poland** published a [report](#) discussing recent indirect tax and VAT-related developments. Among other things, it discusses the raising of the VAT exemption threshold was raised from PLN 200,000 to PLN 240,000), and corrected VAT returns may now be submitted during or after audits. In addition, it also discusses a recent decision of the Supreme Administrative Court (SAC) clarifying that for a building to be considered "occupied in whole" under the VAT Act, the entire building must be occupied, not just a part. The SAC explained that when the VAT Act refers to the handover of a building or part thereof, legal separation of the part is not required for it to be considered as part of the building. If legal separation occurs, it creates a new, separate building, making the provision inapplicable. Furthermore, handing over part of a building for fit-out works qualifies as handover for use, since the VAT Act does not specify additional conditions for "use."
- **KPMG in Poland** published a [report](#) discussing recent indirect tax developments. Among other topics, it discusses that the Ministry of Finance launched consultations on draft VAT clarifications for deposit-refund schemes, proposing VAT exemptions for entities not directly involved in introducing beverage packaging. Further, proposed amendments to the VAT law allowing simplified customs procedures to be settled via VAT returns are discussed.
- **KPMG in Pakistan** published a [report](#) discussing key changes introduced through the Punjab and Sindh Finance Acts, 2025. Punjab has transitioned from a positive to a negative list regime, making all services taxable unless specifically exempted. A new category of tax-free services has been introduced, and the First and Second Schedules have been restructured to reflect standard, fixed, and reduced tax rates. Notably, telecommunication services are taxed at 19.5 percent, while services such as carriage of goods and construction are subject to reduced or fixed rates. Sindh has similarly adopted a negative list framework, repealed the Second Schedule, and introduced a revised First Schedule for exemptions. The standard sales tax rate remains 15 percent.
- **KPMG in South Africa** published a [report](#) discussing a landmark ruling by the Supreme Court of Appeal (SCA) *Commissioner for SARS v African Bank Limited*. The court held that a vendor has the right to appeal a ruling issued by the South African Revenue Service (SARS) that approves an alternative method of apportionment, even if the vendor did not request that specific method. Under current practice, vendors dissatisfied with the standard turnover-based method may apply to SARS for an alternative. Historically, SARS would sometimes approve a different method than the one requested, leaving vendors unable to object. The SCA clarified that vendors may still object in such cases. The court emphasized a purposive interpretation of the VAT Act, reinforcing vendors' rights to challenge SARS decisions that undermine equitable apportionment.
- **KPMG in Spain** published a [report](#) discussing the procedures and deadlines for claiming VAT and IGIC refunds for quotas borne during 2024. Spanish companies must submit claims for VAT incurred in other EU countries by September 30, 2025, via the Spanish Tax Authority portal. For VAT incurred in non-EU countries, claims must be filed directly with the respective foreign tax authorities. Similarly, EU and non-EU businesses not established in Spain may claim refunds of Spanish VAT by the same deadline, with non-EU entities required to file Form 361 and appoint a Spanish tax representative. Refunds of IGIC for non-resident companies must be submitted to the Canary Islands Tax Administration using Form 414.
- **KPMG in the United Arab Emirates** published a [report](#) discussing a recent guidance issued by the Federal Tax Authority (FTA) to address the requirement to issue tax invoices by financial institutions with respect to SWIFT Messages, and the documentary requirements for VAT recovery related to these services. UAE banks and exchange houses incur international bank



charges from foreign banks for using the SWIFT communication system. These charges are evidenced by SWIFT Messages, which do not meet all the tax invoice requirements. Financial institutions must apply the VAT self-assessment mechanism and issue self-tax invoices for interbank services from foreign banks. However, the FTA allows them not to issue these invoices for each SWIFT transaction if the SWIFT Message contains enough details (a "qualifying SWIFT Message"). VAT expenses on these charges can be recovered only if the costs relate to taxable sales and sufficient documentation is kept; a qualifying SWIFT Message is accepted as adequate evidence for VAT expense recovery.

### Roundup of Latest Court of Justice of the European Union Cases

On July 3, 2025, the Court of Justice of the European Union (ECJ) published the nonbinding Opinion of its Advocate General (AG) in *Česká síť*, Case [C-796/23](#), in which the AG opined that a taxpayer is not required to have its own legal personality but must have its own legal capacity to qualify as a taxable person. Economic activity is carried out "independently" when the taxpayer is acting in his or her own name. This independence is determined by the actions and dealings with third parties (outwardly). For the purposes of VAT legislation, it is irrelevant whether such actions infringe internal agreements (such as, for example, a partnership agreement).

On July 3, 2025, the ECJ published its decision ruled in *Ati-19*, Case [C-605/23](#), in which it held that EU Member States may levy taxes on products in addition to excise duty, provided these taxes are separate from excise duty (e.g., allocated to different public authorities and subject to different exemption rules) and serve a specific purpose distinct from excise duty. In addition, it also held that EU law does not obligate national courts to disregard national tax rules in disputes between private parties, even if those rules conflict with EU law. However, if a consumer cannot recover a wrongly paid tax from the seller, EU law requires that the consumer must be able to claim reimbursement directly from the state.

On July 3, 2025, the ECJ published its decision in *Beach and bar management*, Case [C-733/23](#), in which it held that national legislation may not impose both a coercive administrative measure and a financial penalty for the same VAT-related offense. The issue at hand was the combination of closing a business for failure to issue fiscal cash register receipts and imposition of a penalty for the same offense. In addition, EU law does not allow national laws to impose high financial penalties for VAT offenses without giving courts the ability to reduce the penalty or choose a more lenient sanction when reviewing the case. Penalties must be proportionate and subject to judicial discretion.

On July 3, 2025, the ECJ published its decision in *Höggkullen*, Case [C-808/23](#), in which it held that tax authorities cannot automatically treat services provided by a parent company to its subsidiaries in the context of active management as a single VAT transaction that prevents determining their open market value using the comparison method set out in Article 72 of the VAT Directive. Each situation must be assessed individually.

On July 10, 2025, the ECJ published its decision in *Konreo*, Case [C-276/24](#), in which it held that EU law does not preclude national rules imposing joint and several VAT liability on a recipient of goods when the right to deduct VAT is denied due to the recipient's knowledge or involvement in VAT evasion. The Court emphasized that such measures are permissible if they comply with the principle of proportionality.

On July 10, 2025, the ECJ published the nonbinding Opinion of its AG in *Agrupació de Neteja Sanitaria* and *Educat Serveis auxiliars* ([Joined Cases C-379/24 and C-380/24](#)), stating the VAT Directive exempts the services a group provides to its members from VAT, if those services are reimbursed at cost and are used by the members for their own VAT-exempt activities.

The exemption applies to services that are necessary and typically used for the exempt activity. Such services generally do not distort competition if they are normally provided internally by large companies. However, distortion of competition may arise if the exemption is applied inappropriately. The case involved two groups that provided VAT-exempt medical and educational services joining together to share cleaning services.

Sources: ECJ Advocate General Opines: Determination of VAT Liability Should Depend on Independence of Economic Activities, not Legal Capacity: *Česká síť* (Case C-796/23) (VAT), IBFD News; ECJ Decides on Provisional Measures to Ensure VAT Collection and Prevent Evasion in Context of Judicial Review: *Ati-19* (Case C-605/23) (VAT), IBFD News; ECJ Decides on Proportionality and Objective of Single Overall Coercive Administrative Measure in Event of Multiple Offences: *Beach and bar management* (Case C-733/23) (VAT), IBFD News; ECJ Decides on Application of Open Market Value to Active Holding Company's Services: *Höggkullen* (Case C-808/23) (VAT), IBFD News; ECJ Decides on Whether Denying Right to Deduct VAT Ensures VAT Payments and Appropriate Tool to Combat Tax Evasion: *Konreo* (Case C-276/24) (VAT), IBFD News; ECJ Advocate General Opines That VAT Exemption for Cost-Sharing Groups Applies to Services Necessary for Members' Tax-Exempt Activities Without Distorting Competition: *Agrupació de Neteja Sanitaria* and *Educat Serveis auxiliars* (Joined Cases C-379/24 and C-380/24) (VAT), IBFD News.

## Miscellaneous Developments in EMEA

- **Austria:**<sup>lxiii</sup> On July 10, 2025, the Austrian Federal Ministry of Finance published [Federal Finance Court Decision No. RV/3100261/2024](#), clarifying that expenditure for exterior paneling of the taxpayer's private residence was not VAT deductible because the costs constituted improvements for private purposes, including enhanced weather protection and insulation for the taxpayer.
- **Belgium:**<sup>lxiv</sup> On July 4, 2025, the Belgian Federal Public Service-Finance [clarified](#) VAT deduction rules for partial and mixed taxpayers applying actual allocations. The guidance outlines the data to be included in periodic VAT declarations, extends the reporting deadline to the respective filing dates, and allows estimated figures for 2025. Final figures must be reported by October 25 for Q3 and December 22 for November. From 2026, small and medium-sized enterprises will no longer be required to report final figures.
- **European Union:**<sup>lxv</sup> On July 2, 2025, the Council of the European Union confirmed that amendments to the EU-Norway Agreement on administrative cooperation in VAT matters will enter into force on August 1, 2025. The revised agreement introduces enhanced tools to combat VAT fraud, including non-standard information exchange methods, joint audits, and strengthened coordination through the Eurofisc network. These measures aim to improve cross-border enforcement and recovery of VAT claims between the EU and Norway.
- **European Union:**<sup>lxvi</sup> On July 8, 2025, the Group on the Future of VAT (GFV) published the minutes of its 49th [meeting](#), held online on June 24, 2025. The meeting addressed ongoing challenges in the VAT system beyond the VAT in the Digital Age (ViDA) initiative, and highlighted the need for harmonization, simplification, legal certainty, and digitalization. Members supported the interim report's recommendations and called for broader stakeholder engagement. Discussions also focused on best practices for e-invoicing and digital reporting, technical support for implementing new digital requirements, and progress on ViDA implementation, particularly the harmonization of reporting rules. The meeting also featured updates on efforts to improve the Import One Stop Shop (IOSS) and related systems, as well as a proposed Directive to incentivize IOSS use by making deemed

suppliers liable for import VAT in distance sales. The meeting noted delays in rolling out new small and medium enterprise VAT rules and IT systems, and the resumption of work on a VAT package for the travel and tourism sector, with a legislative proposal expected by the end of 2026.

- **European Union:**<sup>lxvii</sup> On July 8, 2025, the VAT Expert Group (VEG) of the European Commission released the [minutes](#) of its 40th meeting, held online on 27 June 2025. The meeting included discussion of an interim report on VAT challenges beyond the VAT in the Digital Age (ViDA) initiative, which highlighted inefficiencies in the current VAT system and recommended improvements through harmonization, simplification, legal certainty, digitalization, and consideration of environmental issues. Members supported the findings and called for wider stakeholder involvement before finalization. The European Commission reviewed progress on ViDA implementation, stressing the need for harmonized digital reporting requirements and clarifying Member States' flexibility in e-invoicing. It also featured updates on single VAT registration, the proposed Directive to incentivize IOSS use, delays in SME rule implementation, and the resumption of work on a VAT package for travel and tourism.
- **European Union:**<sup>lxviii</sup> On July 10, 2025, the European Commission [proposed](#) authorizing the signature of an updated agreement with Switzerland, introducing provisions for mutual assistance in VAT recovery. The draft diverges from the EU-Norway model. Key differences in the VAT recovery provisions include higher thresholds for assistance requests in the Swiss deal (EUR 10,000, with possible adjustments to EUR 5,000 or back to EUR 10,000 depending on the volume of requests), and a provision allowing the assisting country to retain a percentage of the recovered amount, subject to minimum and maximum limits. Unlike the Norway agreement, which waives reimbursement of costs, the Swiss deal permits cost retention. Additionally, the Swiss draft requires that a country seeking assistance to first pursue recovery from jurisdictions in which assets are likely available, adding a step not present in the Norway model. The agreement is expected to provisionally enter into force in 2026.
- **European Union:**<sup>lxix</sup> On July 17, 2025, the European Commission issued reasoned opinions to Belgium, Bulgaria, Greece, Spain, and Romania for failing to fully transpose the VAT Rates Directive (2022/542) into national law by the December 31, 2024, deadline. The Directive allows broader use of reduced and zero VAT rates for essential goods. The countries now have two months in which to respond and adopt needed measures. On the same day, the Commission opened an infringement procedure against Cyprus and closed the procedure against Portugal, which has now completed transposition.
- **European Union:**<sup>lxx</sup> On July 17, 2025, the European Commission issued reasoned opinions to Bulgaria, Greece, Romania, and Spain for failing to transpose the VAT Directive (2020/285) on the special scheme for small enterprises. Under the regime, effective January 1, 2025, the EU allows member states to exempt small businesses established within the EU with annual gross receipts up to EUR 85,000 from being required to charge VAT (To read KPMG's previous discussion of the EU small business VAT reform, click [here](#).) On the same day, the Commission closed the infringement procedure against Ireland, confirming that it has now completed transposition of the SME scheme into national law.
- **European Union:**<sup>lxxi</sup> On July 24, 2025, the European Commission launched a 12-week public consultation to reform VAT rules in the travel and tourism sectors. The consultation seeks feedback on two core issues: (1) Special VAT scheme for travel agents – Current rules tax travel agents based on their margin and where they are established, but inconsistencies

in application across member states and advantages that exist for non-EU operators have led to unfair competition. Options under review include leveling the playing field with non-EU travel agents and clarifying the scope of the scheme. (2) VAT rules for passenger transport – Existing rules, which determine taxation by distance travelled within the EU, impose administrative burdens on small operators and contribute to disparities between transport modes (e.g., zero-rating for international air transport versus higher rates for land transport). Options under review include simplifying the rules regarding the place of taxation. For more information, click [here](#).

- **Georgia:**<sup>lxxii</sup> On July 22, 2025, Georgia’s Ministry of Finance issued a [public ruling](#) clarifying that self-constructed buildings used for business purposes are subject to VAT if specific conditions are met. VAT liability arises when the building is constructed by a taxpayer, used in an economic activity, and would not qualify for full VAT deduction if purchased. Only construction-related costs are included in the VAT base, and land value is excluded.
- **Germany:**<sup>lxxiii</sup> On July 1, 2025, the German Ministry of Finance published [BMF Letter No. COO.7005.100.2.12275453](#), clarifying VAT exemption requirements for export deliveries in line with recent ECJ and BFH rulings. The guidance confirms that exemptions may apply if substantive legal conditions are objectively met. It also outlines acceptable substitute documentation, such as military transport records and non-EU customs clearance, as well as providing procedures for verifying exports without confirmation from border customs offices.
- **Germany:**<sup>lxxiv</sup> On July 29, 2025, the German Ministry of Finance published [Federal Finance Court Decision No. XI R 24/23](#), clarifying the VAT treatment of emergency medical services. The court ruled that services provided by a self-employed general practitioner on behalf of assigned emergency physicians are VAT-exempt. However, income from blood draws performed for police authorities is subject to VAT, as such services are not primarily intended for therapeutic purposes.
- **Ghana:**<sup>lxxv</sup> On July 1, 2025, the Ghana Revenue Authority issued [VAT FAQs](#) clarifying the treatment of estate developer supplies and rentals of immovable property. The guidance confirms a 5 percent VAT rate and a one percent COVID-19 levy on taxable property values, outlines the VAT registration threshold, and affirms VAT obligations for developers and rental suppliers. It also addresses VAT deductions, exemptions for certain sales, and the monthly VAT return filing deadline.
- **Ghana:**<sup>lxxvi</sup> On July 3, 2025, the Ghana Revenue Authority issued [FAQs](#) clarifying the VAT treatment of non-life insurance products. A 15 percent VAT rate applies to policies such as fire, property, marine, and travel insurance issued or renewed on or after July 1, 2025. Motor insurance and policy claims are exempt. Insurers offering taxable services may reclaim VAT on operational costs. The guidance also outlines invoicing, registration, and reporting requirements, along with penalties for noncompliance.
- **Gibraltar:**<sup>lxxvii</sup> On July 8, 2025, the Gibraltar Government confirmed plans to introduce a transaction tax on goods, replacing import duties. The tax will apply at a rate of 15 percent from the date the new treaty with the EU enters into force, increasing to 17 percent over two years. Reduced and zero rates will apply to selected goods, aligning with EU VAT practices. Excise duties on tobacco, alcohol, and fuel will also be introduced at minimum EU levels.
- **Greece:**<sup>lxxviii</sup> On June 24, 2025, the Greek Ministry of Finance launched a public consultation on a [draft bill](#) to align national VAT rules with EU law. The proposal includes measures to implement the special VAT regime for small enterprises, update VAT rules on cross-border transactions, and exempt certain small enterprises from registration and filing. The bill also addresses VAT calculation, collection, and cancellation procedures.



- **Hungary:**<sup>lxxxix</sup> On July 2, 2025, the Hungarian Tax Authority and Ministry of Finance issued joint Guideline No. 2025/6, clarifying VAT group treatment in succession scenarios. The guidance addresses VAT implications for group formation, termination, and membership changes, including rules on intra-group and third-party transactions, invoice requirements, corrections, VAT returns, EC Sales Lists, and asset adjustments. The Guideline aims to ensure consistent VAT compliance during structural changes within VAT groups.
- **Iceland:**<sup>lxxx</sup> On July 22, 2025, Icelandic Revenue and Customs issued guidance on lodging tax and infrastructure charges applicable to cruise ships. Operators are required to submit electronic reports detailing passenger numbers within seven days of departing Iceland's customs territory. A lodging tax of ISK 400 applies per passenger for each 24-hour period on domestic voyages, while an ISK 2,500 infrastructure charge applies to international voyages when docked in Iceland. Exceptions apply for emergencies and crew members. For more information, click [here](#).
- **Isle of Man:**<sup>lxxxii</sup> On July 1, 2025, the Isle of Man Treasury confirmed legislative changes to VAT penalties and filing deadlines. Effective July 31, 2025, late payment penalties will increase for VAT periods beginning on or after June 1, 2025, with rates rising to three percent after 15 days, an additional three percent after 30 days, and ten percent after 30 days. From July 1, 2025, the Treasury may extend the final VAT return deadline for businesses deregistering due to processing or compliance delays.
- **Italy:**<sup>lxxxiii</sup> On July 3, 2025, the Italian tax authorities published [FAQs](#) clarifying the exclusion of FTSE MIB-listed companies from the split payment mechanism. Effective July 1, 2025, these companies are no longer subject to the split payment regime for transactions invoiced on or after that date, regardless of when the sale occurred. The guidance confirms that VAT must be applied under ordinary rules if the invoice is issued from July 1, 2025 onward, even for earlier sales.
- **Italy:**<sup>lxxxiii</sup> On July 14, 2025, the Italian tax authorities issued [guidance](#) clarifying the VAT treatment of reimbursements and legal fees between unaffiliated professionals. It confirmed that payments for unpaid shared expenses constitute taxable services subject to VAT, while court-ordered legal fee reimbursements are compensatory and not subject to VAT. Additionally, VAT paid on the reimbursements is deductible to the extent the expenses are necessary for the taxpayer's economic activity.
- **Italy:**<sup>lxxxiv</sup> On July 29, 2025, the Italian tax authorities clarified that the VAT obligations of a fixed establishment depend on its substantive role in contract negotiations, rather than its economic impact. In a recent ruling, they concluded that an Italian fixed establishment of an EU-based company must account for VAT under the self-assessment mechanism for intra-EU goods transfers and charge VAT on domestic sales, due to its active involvement in sales negotiations. This includes autonomy in client relations, pricing, and strategic decisions. Purchases negotiated solely by the head office remain outside this scope, with related transactions to be recorded separately in the VAT books and declared in a distinct section of the annual VAT return.
- **Mauritius:**<sup>lxxxv</sup> On July 5, 2025, Mauritius published [VAT Ruling No. 121](#), clarifying that a taxpayer who failed to register for VAT after exceeding the registration threshold cannot retroactively charge VAT or issue invoices for past supplies. Consequently, the taxpayer is not entitled to deduct VAT on those sales, as the taxpayer was not legally authorized to charge VAT during the relevant period.

- **Mauritius:**<sup>lxxxvi</sup> On July 5, 2025, Mauritius published [VAT Ruling No. 122](#), clarifying that manufacturing and sales activities in the Freeport Zone are subject to VAT. Imports of raw materials not exclusively used within the zone are taxable, and manufacturing carried out in the zone constitutes a taxable transaction. Local sales of assembled kits to clients are also subject to VAT at the applicable rate.
- **Moldova:**<sup>lxxxvii</sup> On July 1, 2025, Moldova's State Tax Service announced that the VAT self-assessment mechanism for electricity, natural gas, and related services will take effect on January 1, 2026. The mechanism applies to transactions between VAT-registered entities, requiring buyers to calculate and record VAT, which must not appear on the seller's invoice. Buyers must also submit compliance declarations, and failure to apply VAT self-assessment correctly may result in the loss of VAT deduction rights.
- **Moldova:**<sup>lxxxviii</sup> On July 16, 2025, Moldova's State Tax Service [clarified](#) that services for constructing and installing a photovoltaic park, when provided by a Moldovan resident to a non-resident, are zero-rated. Since the park is considered immovable property located outside Moldova, the place of taxation is deemed to be abroad, qualifying the services as an export exempt from VAT.
- **Poland:**<sup>lxxxix</sup> On July 14, 2025, the European Commission proposed authorizing Poland to extend its restriction on VAT expense deductions for certain motor vehicles not used exclusively for business purposes. The measure, if approved, would allow Poland to maintain the 50 percent deduction cap for vehicles not used entirely in business until December 31, 2028.
- **Slovakia:**<sup>xc</sup> On July 9, 2025, the Slovakian tax authority issued guidance clarifying VAT treatment for leasing contracts with a purchase option, effective for agreements entered into on or after January 1, 2025. In line with the *Mercedes Benz Financial Services UK* case, such contracts are treated as a sale of goods if exercising the purchase option is economically rational. The amendment does not affect contracts concluded before the effective date. Additionally, insurance related to leased goods is excluded from the VAT taxable amount and treated as a separate sale, with specific invoicing guidance provided. For more information, click [here](#).
- **Slovenia:**<sup>xc i</sup> On June 30, 2025, Slovenia's Financial Administration issued [guidance](#) on VAT refunds for non-EU taxpayers without a registered office, fixed establishment, or residence in the EU. To qualify, such persons must not make sales in Slovenia during the refund period, except for specific exempt transactions. Refunds apply to VAT paid on local purchases or imports, and applications must be submitted electronically via the eDavki portal by June 30 of the following year.
- **Slovenia:**<sup>xc ii</sup> On July 8, 2025, the Slovenian Financial Administration issued [updated guidance](#) on VAT recordkeeping and pre-filled VAT returns. From July 1, 2025, VAT-registered taxpayers must electronically maintain and submit records of VAT charges and deductions. The guidance outlines filing deadlines, exceptions for certain taxpayers, and conditions under which the tax authority will not generate pre-filled returns. It also provides details on the structure and use of pre-filled VAT returns to streamline compliance.
- **Slovenia:**<sup>xc iii</sup> On July 23, 2025, the Slovenian Financial Administration issued [updated FAQs](#) on VAT recordkeeping and reporting procedures. Key updates address corrections to VAT invoices, exemptions for nontaxable domestic sales, and requirements for recording invoices issued to certain legal entities. The guidance also clarifies VAT record fields for intra-EU transactions, adjustments to the VAT base for imports following supplementary declarations, and conditions for submitting VAT deduction and return data in the new format for periods before July 1, 2025.

- **South Africa:**<sup>xciv</sup> On July 4, 2025, South Africa's Revenue Service published [Supreme Court of Appeal Decision No. 863/2023](#), confirming that VAT expenses on underwriting services related to a rights offer are deductible. The court held that the services were part of the taxpayer's enterprise and used to raise capital for taxable investments. It also ruled that the 10 percent understatement penalty was unjustified, as the taxpayer had relied on a professional tax opinion.
- **Sweden:**<sup>xcv</sup> On June 4, 2025, the Swedish Tax Court issued [Advance Notice No. 102-24/I](#), confirming that VAT expenses are deductible for cross-border services provided to an EU-based entity. The court ruled that the taxpayer, who offered transaction structuring services to a Luxembourg institution, was entitled to deduct its VAT expenses under the VAT Act, as the services would qualify for deduction if provided domestically.
- **Türkiye:**<sup>xcvi</sup> On July 31, 2025, the Turkish government [launched](#) a public consultation on proposed amendments to the VAT General Implementation Communiqué, aiming to align with recent changes under Law No. 7555 and clarify refund and exemption procedures. The draft Communiqué outlines full VAT exemptions for deliveries and imports of vehicles designated for national defense and internal security and sets conditions for revocation of exemptions due to misuse of investment incentive certificates. It also introduces VAT exemptions for immovable property sales by foundations under the Directorate General of Foundations and includes Special Consumption Tax amounts secured by guarantee in the VAT base for certain imports. A proportional refund mechanism is proposed for VAT incurred on depreciable assets used in exempt activities. Additionally, a minimum threshold of TRY 10,000 for VAT refund claims, effective April 1, 2025, is reaffirmed, and temporary exemptions for public housing services are extended until December 31, 2028.
- **United Kingdom:**<sup>xcvii</sup> On June 30, 2025, the UK First-Tier Tax Tribunal (FTT) [published](#) its decision in *Harry Construction Limited*, Case No. TC09565, clarifying VAT recovery and invoice validity in the construction sector. The taxpayer, a construction company, sought to reclaim VAT expenses on purchases from vendors that were later linked to VAT fraud. The taxpayer submitted VAT claims based on invoices lacking sufficient details. The tax authority, HMRC, denied the VAT claims due to fraud-linked transactions and invalid invoices, leading the taxpayer to appeal. The FTT dismissed the appeal, finding that the taxpayer knew or should have known about the VAT fraud due to repeated use of high-risk vendors and failure to conduct proper due diligence. The taxpayer's VAT claims were invalid because the invoices lacked adequate descriptions and were not corrected by HMRC's deadline.

[Back to top](#)



[Back to top](#)

### Overview of Indirect Tax Developments in APAC from KPMG International Member Firms

- **KPMG in Malaysia** published a [report](#) discussing recent indirect tax developments, including updated Service Tax Policies covering financial, rental, construction, education, and private healthcare services. New guides were issued for sales and service tax transactions, with revised guidance for insurance and Shariah-compliant financing. It also discusses legislative amendments effective July 1, 2025, include, changes to sales and service tax rates and exemptions, and additional customs orders addressing anti-dumping duties, ASEAN-Australia-New Zealand trade area updates, and import prohibitions, with some measures effective through 2030.
- **KPMG in South Korea** published a [report](#) discussing recent Korean tax developments, including a recent decision of the Tax Tribunal regarding the denial of zero-rated VAT treatment for the domestic portion of international freight services. A taxpayer provided international freight forwarding services under a master agreement with overseas affiliates and zero rate VAT to the domestic portion of transport services for prepaid transactions. However, the tax authority denied the zero-rating and imposed standard VAT, arguing that the taxpayer did not have a direct contract with the consignor, lacked authority over freight charges, and was paid by the affiliate rather than the consignor. The taxpayer appealed, claiming joint provision of services with the affiliate. The Tax Tribunal strictly interpreted the law, finding no direct contract or payment from the consignor and concluded that the requirements for zero-rated VAT treatment were not met.
- **KPMG in Vietnam** published a [report](#) discussing recent indirect tax developments. Key updates include clarification on the zero VAT rate for services provided to organizations in non-tariff zones and Export Processing Enterprises, expanded definitions of non-cash payments, and new conditions for VAT credit and refunds. Notably, VAT refunds are now allowed for businesses producing goods and services subject to multiple VAT rates, with stricter conditions requiring sellers to have declared and paid VAT. Transitional provisions apply to ongoing investment projects and tax periods from July 2025 onward.

### Miscellaneous Developments in APACC

- **Australia:**<sup>xcviii</sup> On July 23, 2025, the Australian Taxation Office issued [GST Ruling No. GSTR 2025/1](#), clarifying the GST exemption for sales other than goods or real property made to nonresident entities. The exemption applies if the sale is made under an agreement with a nonresident but excludes sales involving Australian property or Australia input-taxed transactions. Partial exemption applies when sales are shared with resident entities. The ruling applies to sales made before and after its issuance.
- **Australia:**<sup>xcix</sup> On July 24, 2025, the Australian Taxation Office issued [Taxpayer Alert TA 2025/2](#), warning against fraudulent GST refund schemes in the property and construction industry. The alert highlights practices such as false invoicing, duplicate claims, and fictitious transactions aimed at inflating GST refunds. The ATO has launched an enforcement campaign to address these abuses, emphasizing that such schemes may result in civil or criminal penalties.
- **Australia:**<sup>c</sup> On July 15, 2025, the Australian Taxation Office issued [guidance](#) on the GST treatment of refunds received by material recovery facility operators under container deposit schemes. The ATO clarified that GST applies when operators provide something of



value in exchange for the refunds, such as agreeing to recycle eligible beverage containers under a specific scheme or complying with scheme requirements. This guidance helps determine when such refunds constitute taxable supplies for GST purposes. For more information, click [here](#).

- **Azerbaijan:**<sup>ci</sup> Effective July 1, 2025, Azerbaijan introduced a VAT refund mechanism allowing taxpayers to reclaim 50 percent of VAT paid on tickets for cultural services, including entry to films, theater, and museums. Refunds apply only to non-cash payments under the existing business-to-consumer framework. The measure, enacted earlier this year, aims to boost cultural engagement and improve tax compliance. To read KPMG's previous discussion of this measure, click [here](#).
- **Malaysia:**<sup>cii</sup> On July 29, 2025, Malaysia's Ministry of Finance confirmed withdrawal of the proposed high-value goods tax (HVGT), which had been introduced in the revised Budget for 2023. The HVGT was originally intended to apply a 5 percent tax on luxury goods sold to Malaysian consumers by foreign entities. Instead, the government has incorporated the principle behind the HVGT into its revised sales tax framework, effective July 1, 2025. Under this framework, luxury and discretionary goods are now subject to sales tax at rates of 5 percent or 10 percent. This shift reflects stakeholder feedback and aims to streamline tax administration while maintaining revenue objectives.
- **New Zealand:**<sup>ciii</sup> On July 29, 2025, New Zealand's Inland Revenue issued [Technical Decision Summary No. 25/15](#), clarifying GST deductions, government grants, and omitted sales. The taxpayer, a GST-registered company, filed GST returns claiming GST expense tax deductions for various expenses and received COVID-19 support payments. Following a review by Customer and Compliance Services (CCS), the taxpayer sought clarification of whether the GST expense deductions were allowed, whether GST should be returned on the COVID-19 payments, and whether the GST return should be amended to include an omitted sale caused by an error in the working paper. The Tax Counsel Office (TCO) found that the GST deductions claimed by the taxpayer were not allowed, GST should be returned on the COVID-19 payments received, and the taxpayer's GST return should be amended to include the omitted sale.
- **Singapore:**<sup>civ</sup> On July 1, 2025, Singapore's Inland Revenue Authority updated its GST e-Tax guides covering the GST self-assessment and Overseas Vendor Registration (OVR) regimes. Key updates include revised GST registration effective dates based on forecast timing, obligations for GST-registered and non-registered persons under the self-assessment regime, and rules for imported low-value goods and remote services under the OVR regime. The guidance also clarifies timing and valuation for cross-border digital and goods transactions.

[Back to top](#)



[Back to top](#)

## 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.

## Footnotes

- i. Belgium – Reduced VAT Rate for Demolition, Reconstruction of Residential Buildings Continues to Apply. IBFD News
- ii. Colombia – Draft legislation includes direct and indirect tax reform proposals, KPMG TaxNewsFlash
- iii. Dominica – 2025-2026 Budget: Government Expands VAT Exemptions for Essential Items, Hikes Tourist and Vehicle Levies, IBFD News
- iv. Egypt – Egypt Approves VAT Amendments Effective in 2025. IBFD News
- v. Finland – Consultation on proposal to increase tax on soft drinks, certain fermented beverages, KPMG TaxNewsFlash
- vi. France – France Senate Considers Bill to Reduce VAT on Energy Supplies, Bloomberg Tax
- vii. France – French Tax Authorities Introduce Differentiated VAT Exemption Lists for Overseas Departments, IBFD News
- viii. Guyana – Guyana MOF Presents 2025 Budget Speech, Bloomberg Tax
- ix. Italy – Italy Introduces Urgent Economic Measures, Including Postponement of Sugar Tax, IBFD News
- x. Kazakhstan – Kazakhstan Enacts Major Tax Reform Bill, CCH AnswerConnect
- xi. Kenya – Finance Act 2025 in Depth: Government Expands List of Taxable Supplies, IBFD News
- xii. Lithuania – Lithuania Expands VAT Exemption to Qualified Social Service Providers, IBFD News
- xiii. Malaysia – Malaysia Makes Last-Minute Sales And Service Tax Changes, CCH AnswerConnect
- xiv. Moldova – Moldova Approves Extension of List of Supplies Subject to Reduced VAT Rate, IBFD News
- xv. Malta – Malta: Scope of VAT exemptions for scheduled passenger transport services expanded, KPMG TaxNewsFlash
- xvi. Portugal – Portugal Parliament Considers Bill to Remove Sunset for Reduced VAT for Renewable Energy Equipment
- xvii. Romania – Romania Proposes to Repeal Indirect VAT Exemption for NGOs, IBFD News
- xviii. Saint Lucia – Government Extends VAT Waiver on Building Materials to May 2026, IBFD News
- xix. Slovakia – Reduced VAT rate on state-supported rental housing approved by Parliament, KPMG TaxNewsFlash
- xx. Tanzania – Finance Act 2025 In Depth: Government Expands List of VAT Exempt Supplies, IBFD News
- xxi. Türkiye – Parliament Adopts Law Amending R&D Incentives, Corporate Tax Reductions, Special Consumption Tax on Passenger Vehicles, IBFD News
- xxii. Uganda – Budget 2025 In Depth: Government Exempts Certain Supplies from VAT, Charges Standard Rate for Other Supplies, IBFD News
- xxiii. Venezuela – Venezuela Suspends VAT Exemptions for Key Imports Amid Economic Emergency, IBFD News
- xxiv. Vietnam – Vietnam Gazettes Resolution Reducing VAT Rate on Specified Goods, Services, Bloomberg Tax
- xxv. Barbados Tables Legislation to Digitize Shared Economy Levy Collection via Online Booking Platforms, IBFD News
- xxvi. KPMG International Local Jurisdiction Contact
- xxvii. Brazil – Brazilian Lawmaker Proposes 7% Tax on Large Digital Companies
- xxviii. Chile – Tax Authority Regulates Digital Platform Providers’ Obligation to Verify Users’ Tax Registration, Tax Compliance, IBFD News
- xxix. European Union – EU Adopts New Rules on Import VAT Collections, Reporting, Bloomberg Tax
- xxx. European Union – European Commission’s 2024 Annual Report Reveals Scale of VAT Fraud and Urges Stronger Coordination Among Member States, IBFD News
- xxxi. Indonesia – MoF Mandates E-Commerce Platforms Withhold Income Tax from Domestic Traders, IBFD News
- xxxii. Ireland – Social Media Influencers Are Subject to Standard Tax, VAT Rules, Revenue Clarifies, IBFD News
- xxxiii. Kenya – Finance Act 2025 in Depth: Government Repeals Digital Asset Tax, IBFD News

- xxxiv. Kosovo – Kosovo Tax Administration Clarifies Definition and VAT Treatment of Digital Services Supplied by Non-Resident Companies, News IBFD
- xxxv. Latvia – Latvia Tax Agency Issues Updated Methodological Material on VAT for Online Platform Transactions, Bloomberg Tax
- xxxvi. Mauritius – Finance Bill 2025
- xxxvii. Mexico – Tax Administration Updates List of Non-Resident Digital Service Providers Registered for VAT purposes, IBFD News
- xxxviii. Nigeria – Federal High Court Affirms FIRS’s Power to Collect VAT on Food and Transport Services Through Ride-Hailing Platforms, IBFD News
- xxxix. Pakistan – Pakistan Withdraws Digital Presence Proceeds Tax, IBFD News
- xl. Philippines – Philippines Eyeing 10pc Tax On Gambling Operators, CCH AnswerConnect
- xli. Vietnam – Vietnam Enacts New Law on Corporate Income Tax, Expands PE Definition, Amends Preferential CIT Regime, IBFD News
- xl.ii. Argentina – Changes to tax receipt issuance regime for VAT purposes; partial deferral of increase in tax on fuels, KPMG TaxNewsFlash
- xl.iii. Belgium – Guidance addressing structured e-invoicing, KPMG TaxNewsFlash
- xl.iv. Bulgaria – Guidance on standard audit file for tax (SAF-T) report, KPMG TaxNewsFlash
- xl.v. Colombia – No legal deadline for sending electronic messages confirming receipt of invoices, KPMG TaxNewsFlash
- xl.vi. Egypt – New taxpayers required to comply with mandate to issue electronic receipts for B2C transactions, KPMG TaxNewsFlash
- xl.vii. Greece – Parliament passes bill on B2B e-invoicing mandate. KPMG TaxNewsFlash
- xl.viii. Hungary – Amendments to Certain Tax Obligations and Certain Tax Laws – KPMG TaxNewsFlash
- xl.ix. Kenya – Government Exempts Certain Transactions from Mandatory Issuance of Electronic Tax Invoices, KPMG TaxNewsFlash
- l. Moldova – Proposal to allow issuance of e-receipts; guidance for SMEs exceeding VAT registration threshold, KPMG TaxNewsFlash
- li. Nigeria – Introduction of National E-Invoicing Regime for Large Taxpayers, KPMG TaxNewsFlash
- lii. Norway – New consultation about imposing an e-invoicing mandate, KPMG TaxNewsFlash
- lii.iii. Philippines – Revenue Memorandum Circular (RMC) No. 065-2025, KPMG Member Firm R.G. Manabat & Co
- li.v. Romania – Ghid privind utilizarea Sistemului național privind monitorizarea transporturilor rutiere de bunuri RO e-Transport, ANAF
- lv. Slovakia – Legislatívny proces LP/2025/396 Sprievodná dokumentácia, Slovak Ministry of Finance
- lv.ii. Tunisia – Tunisia Clarifies New Mandatory Electronic Invoicing Measures for B2B and Large Companies, IBFD News
- lv.iii. UAE – United Arab Emirates MOF Posts Federal Decree Law Amending VAT Framework, IBFD News
- lv.iii.iii. Vietnam – Circular 32/2025TT-BTC On Invoices and Documents, KPMG TaxNewsFlash
- lv.iii.iii.iii. Canada – Canada Tax Agency Issues Updated Guidance on GST/HST Credit, Bloomberg Tax
- lv.iii.iii.iii.iii. Colombia – Draft legislation includes direct and indirect tax reform proposals, KPMG TaxNewsFlash
- lv.iii.iii.iii.iii.iii. Curaçao – Tax Authorities Clarify VAT Filing Errors Caused by Portal Glitch, IBFD News
- lv.iii.iii.iii.iii.iii.iii. Venezuela – Venezuela Expands VAT Withholding Obligations to Individuals with Personal Firms, IBFD News
- lv.iii.iii.iii.iii.iii.iii.iii. Austria – Austria MOF Clarifies Input VAT Deductions, Income Classification Regarding Luxury Holiday Rentals, Bloomberg Tax
- lv.iii.iii.iii.iii.iii.iii.iii.iii. Belgium – Belgium MOF Clarifies Information on VAT Deductions Based on Actual Allocations, Bloomberg Tax
- lv.iii.iii.iii.iii.iii.iii.iii.iii.iii. European Union – Council of the European Union Confirms Entry into Force of Amended EU-Norway Agreement on Administrative Cooperation Combatting VAT Fraud, IBFD News
- lv.iii.iii.iii.iii.iii.iii.iii.iii.iii.iii. European Union – Group on Future of VAT Publishes Minutes of 49th Meeting Addressing ViDA Implementation, Platform Economy and SME Reforms, IBFD News

- Ixvii. European Union – VAT Expert Group Publishes Minutes of 40th Meeting Advancing Work on Implementation Issues Concerning VAT in Digital Age (ViDA) Package, IBFD News
- Ixviii. European Union – EU-Switzerland Tax Deal Ready for Signature, Tax Notes
- Ixix. European Union – European Commission Urges Belgium, Bulgaria, Greece, Spain and Romania to Fully Transpose Directive on VAT Rates, IBFD News
- Ixx. European Union – European Commission Urges Bulgaria, Greece, Romania and Spain to Fully Transpose New Special Scheme for Small Enterprises (SME), IBFD News
- Ixxi. European Union – European Commission Launches Public Consultation to Reform VAT Rules in Travel and Tourism, IBFD News
- Ixxii. Georgia – MoF Clarifies That Self-Constructed Buildings for Business Purposes Are Subject to VAT Under Conditions, IBFD News
- Ixxiii. Germany – Germany MOF Clarifies VAT Exemption Requirements for Export Deliveries Under Anti-Abuse Case Law, Bloomberg Tax
- Ixxiv. Germany – Germany MOF Posts Decision Clarifying VAT Treatment of Emergency Medical Services, Bloomberg Tax
- Ixxv. Ghana – Ghana Tax Agency Issues VAT FAQs on Estate Developer Supplies, Rentals of Immovable Property, Bloomberg Tax
- Ixxvi. Ghana – Ghana Tax Agency Issues FAQs on VAT Treatment of Non-Life Insurance Products, Bloomberg Tax
- Ixxvii. Gibraltar – Gibraltar Confirms Plans For New Sales Tax On Goods, CCH AnswerConnect
- Ixxviii. Greece – Greece MOF Seeks Comments on Draft Bill to Align VAT Rules With EU Law, Bloomberg Tax
- Ixxix. Hungary – Hungary Provides Guidance on VAT Group Issues Arising from Succession, IBFD News
- Ixxx. Iceland – Guidance on lodging tax, infrastructure charges for cruise ships, KPMG TaxNewsFlash
- Ixxxi. Isle of Man – Isle of Man Increases VAT Late Payment Penalties, Extends Final VAT Return Filing Deadline, IBFD News
- Ixxxii. Italy – Tax Authorities Issue FAQs on Effectiveness of Excluding Top-Listed Companies from Split Payment Mechanism, IBFD News
- Ixxxiii. Italy – Italy Tax Agency Clarifies VAT Treatment of Reimbursements, Legal Fees, Bloomberg Tax
- Ixxxiv. Italy – Fixed Establishment’s Role in Contract Negotiations, Not Economic Impact, Determines VAT Obligations, IBFD News
- Ixxxv. Mauritius – Mauritius Gazettes Ruling on Invoicing, Input VAT for Supplies Made When Registration Was Required, Bloomberg Tax
- Ixxxvi. Mauritius – Mauritius Gazettes Ruling on VAT Implications of Manufacturing, Sales Activities in Freeport Zone, Bloomberg Tax
- Ixxxvii. Moldova – Moldova Tax Agency Announces Entry Into Force Date for VAT Reverse Charge Mechanism, Bloomberg Tax
- Ixxxviii. Moldova – STS Clarifies That Services for Construction and Installation of Photovoltaic Park Provided by Resident to Non-resident Are Exempt from VAT, IBFD News
- Ixxxix. Poland – European Commission Proposes to Authorize Poland to Continue Restricting Right to Deduct Input VAT in Relation to Certain Vehicles, IBFD News
- xc. Slovakia – VAT rules clarified for leasing contracts with purchase option, KPMG TaxNewsFlash
- xci. Slovenia – Slovenia Tax Agency Issues Guidance on VAT Refunds for Taxable Persons in Non EU Countries, Bloomberg Tax
- xcii. Slovenia – Slovenia Tax Agency Issues Updated Guidance on VAT Recordkeeping Obligations, Pre-Filled VAT Returns, Bloomberg Tax
- xciii. Slovenia – Slovenia Tax Agency Issues Updated FAQs on VAT Recordkeeping, Reporting Procedures, Bloomberg Tax
- xciv. South Africa – South Africa Tax Agency Posts Decision on Deductibility of Input VAT for Underwriting Services, Bloomberg Tax
- xcv. Sweden – Sweden Tax Court Issues Advance Notice on Deductibility of Input VAT in Providing Cross-Border Services, Bloomberg Tax

- xcvi. Turkey – Government Launches Public Consultation on VAT Refunds, Certain Exemptions and Procedural Amendments, IBFD News
- xcvii. United Kingdom – United Kingdom Tax Tribunal Clarifies VAT Recovery, Invoice Validity in Construction Sector, Bloomberg Tax
- xcviii. Australia – Australia Tax Agency Issues Ruling on GST Exemption for Specified Supplies to Nonresident Entities, Bloomberg Tax
- xcix. Australia – Australia Challenging Construction, Property Industry GST Fraud, CCH AnswerConnect
- c. Australia – GST treatment on refunds under container deposit scheme, KPMG TaxNewsFlash
- ci. Azerbaijan – Azerbaijan Halves VAT On Certain Entertainment Services, CCH Answer Connect
- cii. Malaysia – Malaysia Withdraws High-Value Goods Tax Proposal, IBFD News
- ciii. New Zealand – New Zealand Tax Agency Issues Technical Decision Clarifying GST Input Tax Deductions, Grants, Omitted Sales, Bloomberg Tax
- civ. Singapore – Singapore Tax Agency Updates E-Tax Guides on GST Reverse Charge, Overseas Vendor Registration Regime, Bloomberg Tax

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:  [kpmg.com](https://www.kpmg.com)

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. USCS033646-2A