



Inside Indirect Tax

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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.

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Global Rate Changes

- **Argentina:**ⁱ On March 6, 2026, Argentina [enacted](#) Law No. 27,802/2026, including measures introducing a reduced 10.5 percent VAT rate for electricity services used in irrigation systems and related equipment in the agro industrial sector.
- **Austria:**ⁱⁱ On March 13, 2026, Austria's Ministry of Finance [advanced](#) a proposal to reduce VAT on selected staple foods from 10 percent to 4.9 percent effective July 1, 2026, covering items such as dairy products, certain fruits and vegetables, grains, bread, pasta, and salt, as defined by EU Combined Nomenclature codes. The draft bill includes detailed CN classifications to ensure consistent application, with public consultation open until April 8, 2026.
- **Bahamas:**ⁱⁱⁱ On March 3, 2026, the Bahamas tabled the [Value Added Tax \(Amendment\) Bill 2026](#), which proposes to remove VAT on qualifying food items when sold unprepared by food stores in the Bahamas or imported by food stores for unprepared sale, with qualifying items defined as those currently subject to the five percent reduced VAT rate. The bill also proposes extending the existing five percent reduced VAT rate on essential non food items, currently limited to sales by food stores and pharmacies, to sales by all VAT registrants and to imports by all people. Covered essential non food items include baby and adult diapers, feminine hygiene products, medications, and medical supplies. The amendments are expected to take effect on April 1, 2026.
- **Cambodia:**^{iv} On March 20, 2026, Cambodia's General Department of Taxation [announced](#) a temporary reduction of the VAT rate on domestic sales of regular gasoline and diesel from 10 percent to 4 percent, while confirming that importers and distributors may continue to credit VAT actually paid on imports or local purchases.
- **Canada:** On March 24, 2026, Manitoba's Minister of Finance presented the province's 2026 budget, which includes several indirect tax measures focused on retail sales tax administration and relief. The budget proposes to expand the retail sales tax exemption for food and beverage items for human consumption sold by grocery stores to cover a broader range of products, including ready to eat prepared foods, food platters, carbonated beverages, and beverages containing one percent or less alcohol by volume. It would also eliminate retail sales tax on prenatal vitamins. These measures are scheduled to take effect on July 1, 2026. Retail sales tax would continue to apply to beverages with higher alcohol content, dietary supplements, and other taxable non food items. For more information, click [here](#).
- **Cyprus:** Cyprus recently introduced temporary VAT and excise duty relief measures to ease higher energy and food costs. The measures include a reduced 5 percent VAT rate on residential electricity from May 1, 2026, to March 31, 2027; an 8.33 cent per liter reduction in excise duty on motor fuels from April through June 2026; and a zero percent VAT rate on meat, poultry, and fish from April 1, 2026, to September 30, 2026. The government also confirmed it will not introduce the proposed Green Tax on fuels. For more information, click [here](#).
- **France:**^v On March 25, 2026, the French tax authorities [confirmed](#) that the reduced 10 percent VAT rate for certain forestry services provided to farmers has been extended for three additional years, through December 31, 2028. The reduced rate continues to apply to forestry work such as forest path maintenance and forest fire prevention services carried

out by authorized trade union associations and also covers income from longshoring activities when linked to forestry and fire prevention services for farmers. The guidance also reiterates the application of a 5.5 percent reduced VAT rate to equines intended for agricultural production, entrance fees for equestrian sporting events, and animal breeding activities carried out as part of agricultural production.

- **Gabon:**^{vi} On December 30, 2025, Gabon [enacted](#) Law No. 041/2025 as part of its 2026 budget, introducing a range of indirect tax measures. Among other things, the law revises the scope of VAT by expanding and amending exemptions and reduced-rate sales while reaffirming the 18 percent standard rate, restricts VAT deductions to amounts supported by standardized electronic invoices subject to a transitional exception, and introduces or adjusts several environmental taxes.
- **Italy:**^{vii} On March 3, 2026, the Italian Revenue Agency [issued](#) Ruling Answer No. 4/2026, clarifying that laundry services for the personal clothing of guests in Residential Health Care Facilities do not qualify for VAT exemptions or reduced rates. These services are optional, incidental, and not essential to the facilities' core socio sanitary or welfare functions and therefore fall outside the scope of the reduced five percent VAT rate. As a result, such services are subject to the standard VAT rate, regardless of the service provider.
- **Italy:**^{viii} On March 3, 2026, the Italian Revenue Agency [issued](#) Ruling Answer No. 61/2026, confirming that a spreadable medical device used as a primary dressing for acute and chronic wounds qualifies for the reduced 10 percent VAT rate. Following technical and laboratory analysis, the Customs and Monopolies Agency classified the product under CN code 3004 as medicinal preparation with therapeutic and prophylactic effects. Based on this classification, the tax authority confirmed that sales of the product fall within the scope of the reduced rate.
- **Italy:**^{ix} On March 3, 2026, the Italian Revenue Agency [issued](#) Ruling Answer No. 64/2026, clarifying the VAT treatment of 21 food supplements and nutritional products. Based on binding tariff classifications issued by the Customs and Monopolies Agency, products classified under CN code 2106 as other food preparations and products containing cocoa classified under CN code 1806 qualify for the reduced 10 percent VAT rate, provided they are not syrups and do not have premium packaging. As a result, all products covered by the ruling benefit from the 10 percent reduced VAT rate under their respective legal bases.
- **Italy:**^x On March 17, 2026, the Italian Revenue Agency [clarified](#) that waste transportation services remain subject to the reduced 10 percent VAT rate, regardless of the VAT treatment applicable to the related waste disposal activities or the waste's final destination. The Agency confirmed that the standard 22 percent VAT rate applies only to certain waste disposal activities, such as landfill disposal or incineration without efficient energy recovery, and does not extend to shipping services, which qualify as an autonomous waste management activity.
- **Kyrgyzstan:**^{xi} On March 9, 2026, Kyrgyzstan [approved](#) amendments granting a one year VAT exemption for certain goods sold from free economic zones (FEZs) into the domestic market. The changes reduce the import content threshold for qualifying import substituting goods from 80 percent to 50 percent. Goods produced by FEZ residents are eligible if they are interchangeable with imported products, including imports from Eurasian Economic Union Member States. The VAT exemption applies for one year from the date the goods are included on the approved list.

- **Malaysia:** On March 13, 2026, Malaysia [published](#) Service Tax (Rate of Tax) (Amendment) Order 2026, reducing the service tax rate on rental and leasing services from eight percent to six percent, giving effect to a policy announced on January 6, 2026. Although published in March, the change applies retroactively from January 1, 2026. To read a report prepared by KPMG in Malaysia, click [here](#).
- **Morocco:**^{xii} Morocco [introduced](#) several indirect tax measures under its 2026 Finance Law. The law introduces a harmonized 24 month extension for VAT exempt imports and domestic acquisitions linked to qualifying construction projects or state investment agreements and applies VAT self assessment obligations to industrial purchasers of new industrial waste and recovered materials. It also expands the VAT exemption to cover domestic sales and imports of short, uncooked, unfilled pasta; blood and blood derivatives for medical or veterinary use; and agricultural fertilizers and growing media, explicitly extending the fertilizer exemption to imports. In addition, the law temporarily exempts imports of live domestic bovine and camelid animals from VAT, subject to quota limits, until December 31, 2026.
- **North Macedonia:**^{xiii} On March 23, 2026, North Macedonia temporarily [reduced](#) the VAT rate on fuel from 18 percent to 10 percent for the period from March 24 through April 6, 2026. The Public Revenue Office also reminded taxpayers selling motor fuels and lubricants through specialized retail outlets to update their accounting systems, pricing, and invoicing processes to ensure correct application and reporting of the reduced rate.
- **Philippines:**^{xiv} On March 5, 2026, the Philippine Senate [accepted](#) Bill No. 1935 for consideration, proposing the automatic suspension of VAT and excise taxes on certain fuel products when international oil prices reach a specified threshold. Under the bill, the 12 percent VAT and applicable excise taxes on refined mineral oils and motor fuels would be suspended once the average Dubai crude oil price reaches or exceeds USD 80 per barrel, with the measure taking effect 15 days after publication if enacted.
- **Philippines:**^{xv} On March 23, 2026, the Philippines [issued](#) regulations granting a VAT exemption for domestic natural gas and related power generation activities. The exemption covers domestic natural gas, aggregated gas (to the extent attributable to indigenous natural gas), and electricity generated from these gases, including directly related ancillary services. The measures apply across the downstream natural gas value chain, subject to certification and endorsement requirements from the Department of Energy's Oil Industry Management Bureau.
- **Poland:**^{xvi} On March 9, 2026, Poland's Ministry of Finance [clarified](#) the application of the zero-rating for certain defense-related transactions financed under the EU Security Action for Europe instrument, confirming that vendors may still deduct VAT incurred earlier in the supply chain. The clarification also requires a VAT exemption certificate issued by the competent authority of the purchasing entity's EU Member State and confirms that the exemption applies only to the final transaction, covering domestic sales, intra-EU acquisitions, and imports. The measures apply to eligible transactions carried out on or after May 29, 2025, financed through SAFE loans expiring on December 31, 2030.
- **Poland:**^{xvii} On March 26, 2026, the Polish Council of Ministers [proposed](#) a bill proposing a reduction in the VAT rate on fuel from 23 percent to 8 percent.
- **Portugal:**^{xviii} On March 17, 2026, Portugal's Supreme Administrative Court [clarified](#) that the reduced six percent VAT rate applies only to urban rehabilitation works carried out within a designated Urban Rehabilitation Area (ARU) that is covered by an approved Urban Rehabilitation Operation (ORU). The court confirmed that ARU designation or municipal certification alone is insufficient to qualify for the reduced rate.

- **Slovakia:**^{xxix} On February 16, 2026, the Slovak tax authority [issued](#) guidance, clarifying VAT rates applicable to food and beverages sold as part of restaurant and catering services following legislative amendments effective January 1, 2026. The guidance confirms that several items previously subject to the reduced 19 percent VAT rate have been reclassified to the standard 23 percent rate. It also introduces a tool to help businesses determine the correct VAT rate and provides a detailed list of items now subject to the standard rate in this context.
- **South Africa:**^{xx} On March 5, 2026, South Africa’s Western Cape High Court ruled in *Democratic Alliance v. Minister of Finance* that Parliament cannot delegate the power to set or amend VAT rates to the executive. The court held that section 7(4) of the VAT Act—allowing the finance minister to change the VAT rate by budget announcement for up to 12 months—is unconstitutional because VAT rate changes require prior parliamentary approval. The invalidity was suspended for 24 months to allow Parliament to amend the law, and the matter was referred to the Constitutional Court.
- **South Korea:**^{xxi} On March 19, 2026, South Korea’s National Assembly [accepted](#) for consideration a bill proposing to extend existing special tax exemptions on petroleum products sold for use in agriculture, forestry, and fisheries. The bill would extend the exemptions, including VAT relief, to December 31, 2028, from the current expiration date of December 31, 2026. If enacted, the amendments would take effect on January 1, 2027.
- **Spain:**^{xxii} On March 20, 2026, Spain [approved](#) Royal Decree Law 7/2026 introducing temporary and permanent indirect tax measures to mitigate energy costs. From an indirect tax perspective, the decree extends the reduced 10 percent VAT rate on electricity, natural gas, biomass derived fuels, firewood, and certain petrol, diesel, and biofuels until June 30, 2026, subject to conditions. It also temporarily reduces excise duties on hydrocarbons to EU minimum levels, lowers the special electricity tax rate to 0.5 percent, reduces the electricity production tax base for 2026, and introduces municipal level indirect tax relief linked to solar and renewable energy installations.
- **Sweden:**^{xxiii} On March 3, 2026, the Swedish Ministry of Finance [introduced](#) a draft bill proposing to reduce the VAT rate on admission to dance events from 25 percent to six percent. The proposal is intended to strengthen support for dance and cultural activities.
- **Türkiye:**^{xxiv} On March 2, 2026, Türkiye [introduced](#) a draft omnibus law, proposing, among other things, to convert several zero-rated transactions to exemptions certain health services, printed books, and residential property rentals.

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Digitalized Economy Indirect Tax Updates

Italy: Annual contribution applicable to digital, media, and platform activities

Italy's 2026 Budget Law introduced a new tax-qualified contribution to AGCOM, the National Authority for Communications, that targets a wide range of digital, media, platform, and intermediary activities. The regime applies to both Italian and non-Italian entities that earn in-scope revenues connected to Italy. In-scope activities include electronic communications and digital infrastructure, postal and courier services, audiovisual and media services (including video sharing platforms and online advertising), publishing and related online information services, and a broad set of digital and intermediary services under the EU Digital Services Act. Taxpayers must segment revenues by activity when they operate in more than one covered sector and apply the relevant per mille rate to each segment.

Taxpayers calculate the contribution on revenues realized in Italy, as reflected in the most recently approved financial statements or equivalent accounting records. AGCOM does not impose a specific sourcing method, but expects taxpayers to apply a reasonable, consistent, and auditable approach (for example, based on billing address, customer location, or place of consumption), and to retain supporting documentation. For most digital, e-commerce, and platform services, the 2026 rate is 2 per mille, with different rates for electronic communications and postal services and a de minimis exemption where the liability does not exceed EUR 100. Each entity that books Italian-sourced revenues must independently compute, file, and pay the contribution via the AGCOM portal using electronic payment channels. Late payment triggers statutory interest, and failure to file by the deadline can lead to penalties of up to EUR 130,000, potentially reducible if the taxpayer files late and settles the contribution with interest. For more information, click [here](#).

European Union: CJEU confirms sale of in-game "gold" subject to VAT

On March 3, 2026, the Court of Justice of the European Union (CJEU) issued its judgment in MB "*Žaidimų valiuta*," case [C-472/24](#), clarifying the VAT treatment of in game virtual currencies, specifically in game "gold" traded for consideration. The case concerned a taxpayer who purchased and resold in game gold from an online video game at a profit, exceeding the domestic VAT registration threshold. The tax authorities assessed VAT on the full resale amounts, which the taxpayer contested.

The CJEU held that the sale of in game gold does not fall within the VAT exemption for transactions in legal tender. It confirmed that, unlike certain virtual currencies, in game gold is neither accepted as an alternative to legal tender nor used as a means of payment outside the game environment. Its sole function is within the game, and the related terms of use do not grant players ownership comparable to currency.

The CJEU further ruled that in game gold does not qualify as a voucher, including a multi purpose voucher. The in-game gold is consumed directly as part of a digital service rather than used as a payment instrument for a separate transaction. As a result, VAT applies to the full consideration received for each sale, rather than only to any margin. For more information, click [here](#).

Other Developments

- **Azerbaijan:** On February 23, 2026, Azerbaijan introduced a mandatory VAT registration and collection obligations for nonresident digital services providers. From August 23, 2026, nonresident providers must register and collect VAT once annual gross sales to Azerbaijani consumers exceed the AZN equivalent of USD 10,000. The rules apply to digital services

to non registered customers, while certain services, such as consulting and legal services, remain outside scope. For more information, click [here](#).

- **Belgium:**^{xxv} On March 12, 2026, the Belgian parliament [adopted](#) a bill implementing the EU DAC8 reporting requirements. DAC8 introduces reporting obligations for digital platforms and intermediaries involved in crypto-asset transactions within the European Union. Under DAC8, these entities must provide detailed information to tax authorities about users' crypto-related activities, including transaction amounts, asset types, and account details. DAC8 also facilitates the automatic exchange of this information among EU Member States, enabling coordinated efforts to combat tax evasion and improve cross-border tax enforcement. EU Member States must incorporate the main provisions into domestic law by December 31, 2025, with application starting on January 1, 2026. To read KPMG's previous discussion of DAC8, please click [here](#).
- **Canada:**^{xxvi} On March 26, 2026, Canada [adopted](#) Bill C 15, which, among other things, repeals the Digital Services Tax retroactively to June 20, 2024, requiring the government to refund prior DST payments with interest and removing the risk of retaliatory trade actions.
- **Chile:**^{xxvii} On March 6, 2026, Chile's Internal Revenue Service [issued](#) Letter No. 578, clarifying that payments made to a foreign vendor for the licensing of non standard software are subject to Chilean VAT, notwithstanding the application of the Chile–United States tax treaty, unless the vendor has a permanent establishment in Chile. The Agency also confirmed that sublicensing software to entities with no domicile or residence in Chile constitutes a taxable event for Chilean VAT purposes, even where the sublicensees are located abroad.
- **Colombia:** On March 12, 2026, Colombia issued Decree 240 introducing temporary tax and compliance measures following the declaration of a climate-related emergency. From an indirect tax perspective, the decree imposes a 16 percent national consumption tax on the bimonthly gross gaming revenue of authorized online gaming operators. The triggering event of the tax is the money deposit (understood as the payment of cash, transference of or crypto) to be credited to the user account for the respective bet. For more information, click [here](#).
- **Costa Rica:**^{xxviii} On March 11, 2026, Costa Rica's Tax Administration [extended](#) the first annual reporting deadline for digital platform operators under the automatic exchange of information framework. For income earned during the 2025 calendar year, the reporting window now runs from April 6 to May 6, 2026, replacing the original April 30, 2026, deadline. The extension applies to both domestic and foreign platform operators and was granted due to the planned closure of tax offices during Easter Week.
- **Germany:**^{xxix} Germany recently [published](#) draft legislation proposing the ratification of several international agreements aimed at expanding automatic exchange of tax information. Among other things, the draft bills cover the Multilateral Competent Authority Agreement under the Crypto Asset Reporting Framework, and the agreement on automatic exchange of information on income derived through digital platforms.
- **Greece:**^{xxx} On February 26, 2026, the Greek tax authority [clarified](#) that telemedicine services are VAT exempt if they constitute medical care provided for a therapeutic purpose. The exemption applies to both in person and remote services aimed at diagnosing, treating, or preventing disease, while general advisory or informational services remain subject to the standard 24 percent VAT rate.
- **India:**^{xxxi} On March 5, 2026, India expanded financial reporting rules to include crypto assets, specified electronic money, and central bank digital currencies within the scope of reportable financial assets. The amendments impose additional due diligence and

reporting obligations on financial institutions, including identification and self certification requirements, and apply to non US accounts.

- **Lithuania:**^{xxxii} On March 24, 2026, Lithuania registered for consultation a draft order to amend the State Tax Inspectorate’s Order No. VA-119 (December 10, 2025), which sets out the procedure for crypto-asset service providers (data providers) to collect and report information on reportable crypto-asset users to the Lithuanian tax authorities. The draft amendment includes technical clarifications (including the definition of “existing” users by reference to relationships established by 31 December 2025). At EU level, DAC8 expands administrative cooperation to crypto-assets; Member States were required to transpose the rules by 31 December 2025 and apply them from 1 January 2026.
- **Japan:** On March 31, 2026, Japan adopted the 2026 tax reform legislation, which includes notable consumption tax (JCT) measures, including repealing the current consumption tax exemption for low-value imported goods (taxable value of JPY 10,000 or less) and applying JCT to specified low-value goods shipped to Japan through mail-order sales at the point of sale, supported by a new registration system for domestic and foreign sellers (with foreign sellers required to appoint a Japanese tax agent) from October 1, 2027, and new rules applying from April 1, 2028. The reform further introduces a platform taxation regime under which designated digital platform operators that exceed certain gross receipts thresholds will be treated as the seller for consumption tax purposes and will become responsible for collecting and remitting the tax, with notification obligations starting April 1, 2027, and designations effective April 1, 2028, subject to transitional rules. In parallel, the reform restricts the small business consumption tax exemption to reflect these new low-value asset and platform measures, including modified assumptions for determining taxable sales during transitional periods. To read a report prepared by KPMG member firm in Japan, click [here](#).
- **Lithuania:**^{xxxiii} On March 26, 2026, Lithuania [updated](#) its draft VAT Law amendments to implement the first stage of the EU VAT in the Digital Age directive. The revisions refine—without materially changing—the rules on cross border e commerce, deemed seller obligations, the One Stop Shop (OSS) regimes, and related simplifications, with implementation scheduled between January 1, 2027, and June 30, 2029. The updated draft clarifies when electronic interfaces facilitating sales by non EU sellers qualify as deemed sellers, confirms the expanded scope of the EU and non EU OSS regimes, refines the calculation of the EUR 10,000 distance sales threshold, maintains the phased repeal of the call off stock regime by June 30, 2029, and clarifies the interaction between the IOSS and the small business regimes.
- **Luxembourg:**^{xxxiv} On March 27, 2026, Luxembourg [published](#) a law implementing the EU DAC8 reporting requirements. DAC8 introduces reporting obligations for digital platforms and intermediaries involved in crypto-asset transactions within the European Union. Under DAC8, these entities must provide detailed information to tax authorities about users’ crypto-related activities, including transaction amounts, asset types, and account details. DAC8 also facilitates the automatic exchange of this information among EU Member States, enabling coordinated efforts to combat tax evasion and improve cross-border tax enforcement. EU Member States must incorporate the main provisions into domestic law by December 31, 2025, with application starting on January 1, 2026.
- **Malawi:**^{xxxv} On February 27, 2026, Malawi’s Minister of Finance [presented](#) the 2026–27 Budget Policy Statement, which, among other things, would require nonresident digital services providers to register, for, and collect VAT.
- **Malta:**^{xxxvi} On March 10, 2026, Malta enacted indirect tax measures under [Law No. III/2026](#)

as part of its 2026 budget, which, among other things, introduces VAT deeming rules for certain digital platforms and online marketplaces, aligning Maltese law with EU rules on platform facilitated intra EU sales under the VAT in the Digital Age [package](#).

- **Mexico:** On March 20, 2026, Mexico’s tax authority published an updated list of 277 foreign digital service providers registered for tax purposes as of February 28, 2026. The update reflects five new registrations and one deregistration during the preceding two months. For more information, click [here](#).
- **Netherlands:**^{xxxvii} On March 26, 2026, the Dutch government [submitted](#) draft amendments to the VAT Act to implement the Single VAT Registration (SVR) pillar of the EU VAT in the Digital Age [package](#) (ViDA). The proposal introduces significant changes to the VAT treatment of, and compliance obligations for cross-border transactions, with the aim of reducing the need of foreign VAT registrations for businesses operating in the EU. The most important amendments are: (i) the expansion of the OSS regime as from July 1, 2028, to cover additional sales of goods (for sales of electricity and other energy carriers, this applies already from January 1, 2027); (ii) the introduction of a new OSS regime for the transfer of own goods from July 1, 2028 combined with the phased withdrawal of the call-off stock simplification; and (iii) an extension of the cross-border reverse charge mechanism as from July 1, 2028.
- **Norway:**^{xxxviii} Norway’s Tax Appeals Board [upheld](#) a binding ruling confirming that data center operating services provided to foreign business customers comprise multiple distinct taxable sales rather than a single zero-rated composite transaction. The Board emphasized that physically performed services such as server storage, cooling, electricity, and on site security are location bound and taxable in Norway, regardless of the customer’s foreign status. For more information, click [here](#).
- **Paraguay:**^{xxxix} On March 10, 2026, Paraguay’s State Undersecretariat of Taxation [issued](#) Resolution No. 47/26, introducing new reporting obligations for crypto asset transactions. The resolution requires crypto asset platform owners, administrators, or managers, as well as resident individuals and entities with annual crypto asset transactions exceeding \$5,000, to file a sworn information statement on such transactions. The statement must be filed electronically on an annual basis by the third month following the end of the relevant fiscal year, with the rules applying from fiscal year 2026 for taxpayers with December 31 year ends and from fiscal year 2027 for taxpayers with April 30 or June 30 year ends. Affected taxpayers must register or update their status in the single taxpayer registry (RUC) for crypto asset obligations, and a fine of PYG 1 million applies for late filing.
- **Poland:**^{xl} On March 11, 2026, Poland enacted [approved](#) legislation implementing the EU DAC8 reporting requirements. DAC8 introduces reporting obligations for digital platforms and intermediaries involved in crypto-asset transactions within the European Union. Under DAC8, these entities must provide detailed information to tax authorities about users’ crypto-related activities, including transaction amounts, asset types, and account details. DAC8 also facilitates the automatic exchange of this information among EU Member States, enabling coordinated efforts to combat tax evasion and improve cross-border tax enforcement. EU Member States must incorporate the main provisions into domestic law by December 31, 2025, with application starting on January 1, 2026. Poland also adopted implementing regulations establishing guarantee deposit procedures for crypto asset operators. Where registration is revoked due to non compliance, re registration is permitted only after the operator demonstrates compliance with EU reporting obligations and posts a deposit ranging from PLN 100,000 to PLN 1 million, as determined by the Head of the

National Revenue Administration.

- **Romania:**^{xlii} On February 27, 2026, Romania [launched](#) a public consultation on a draft order introducing Form 709 for the registration, amendment, or deregistration of crypto asset operators subject to DAC8 reporting obligations. Operators must comply with registration and reporting deadlines, with penalties and potential deregistration for noncompliance.
- **Romania:**^{xliii} On February 11, 2026, Romania [signed](#) the Multilateral Competent Authority Agreement on Automatic Exchange of Information on Income Derived Through Digital Platforms (DPI MCAA), implementing the OECD Model Rules for reporting by digital platform operators. The agreement enables participating jurisdictions to automatically exchange information reported by digital platforms on transactions and income earned by platform sellers, including activities in the sharing and gig economy and sales of goods. As of March 4, 2026, thirty-three jurisdictions have signed the DPI MCAA, and the framework remains open for additional jurisdictions to join.
- **Russia:**^{xliiii} On March 19, 2026, Russia's Ministry of Finance [proposed](#) introducing VAT on imported goods purchased by individuals through online marketplaces, reversing the current exemption for such transactions. The proposal would phase in VAT at seven percent in 2027, 14 percent in 2028, and 22 percent in 2029, subject to government approval. It would apply to foreign sourced goods currently eligible for duty free import into the Eurasian Economic Union and would be accompanied by a gradual reduction of the duty free threshold from EUR 100 to EUR 50 in 2027, with full elimination from 2030.
- **South Africa:**^{xliiv} On March 1, 2026, South Africa [implemented](#) the OECD Crypto Asset Reporting Framework, introducing mandatory reporting obligations for crypto asset service providers. The framework requires intermediaries to report transaction data to the tax authority, while individual taxpayers continue reporting crypto income through standard tax returns. The South African Revenue Service (SARS) subsequently [published](#) an explanatory note outlining the scope of the obligations, reporting timelines, and preparatory steps expected of affected providers. From March 1, 2026, providers must begin collecting reportable information, with the first reporting period running from March 1, 2026, to February 28, 2027, and CARF returns for that period due by May 31, 2027. The first automatic exchange of CARF information between participating jurisdictions is scheduled for September 2027. SARS also indicated that it would conduct readiness activities, including system alignment and testing against published specifications. Providers must assess whether they qualify as Reporting Crypto Asset Service Providers, identify in scope products and services, implement procedures to obtain and review self certifications from users, and monitor changes that may affect a user's reportable status. Individual taxpayers are not required to submit separate CARF reports and must continue reporting crypto related income through standard income tax returns.
- **Türkiye:**^{xliiv} On March 2, 2026, Türkiye [introduced](#) a draft omnibus law proposing new indirect tax measures, including a transaction tax on crypto asset transfers and withholding obligations on crypto gains. The proposal also removes VAT from crypto transactions subject to the transaction tax.
- **United Arab Emirates:**^{xlivi} On March 29, 2026, the United Arab Emirates Cabinet [approved](#) the ratification of the Multilateral Competent Authority Agreement under the Crypto Asset Reporting Framework. The agreement establishes a standardized framework for the reporting of tax relevant information on crypto asset transactions by reporting entities.
- **United Nations:**^{xlvii} On March 23, 2026, the United Nations Committee of Experts on International Cooperation in Tax Matters opened its 32nd Session in New York and

approved new multiyear work plans. The [work plan](#) of the Subcommittee on the Digitalized and Globalized Economy, which includes a focused evaluation of service permanent establishment rules and digital services provisions under the 2025 United Nations Model Tax Convention, followed by the development of a practical implementation guide to support countries in treaty negotiation and domestic implementation.

- **United States:** On March 18, 2026, the Supreme Court of South Carolina [published](#) its decision in Case No. 2024-000625, clarifying whether a marketplace is liable for sales tax before the South Carolina implement its marketplace law. The taxpayer in this case was assessed by the South Carolina Department of Revenue for approximately \$12 million in unpaid sales tax, penalties, and interest for sales made by third-party merchants on the taxpayer’s marketplace platform during the first quarter of 2016. The state’s Administrative Law Court and court of appeals had previously ruled in favor of the Department. The key issue analyzed by the court was whether the taxpayer was “engaged...in the business of selling” as contemplated by the state’s tax imposition statute. The court held that the taxpayer was engaged in the business of selling because its business model was “purposefully crafted” in a manner that made involvement of the taxpayer integral to every transaction made by the third-party merchants. As such, the court was unconvinced by the taxpayer’s arguments that it was not a “seller” of the products listed by the merchants because it did not list those products and did not receive consideration for those sales.
- **World Trade Organization:**^{xlviii} On March 30, 2026, the World Trade Organization [concluded](#) its Fourteenth Ministerial Conference without reaching agreement on extending the long-standing moratorium on customs duties on electronic transmissions. As a result, the existing moratorium, which has been in place since 1998 and exempts electronically provided services and digitally transmitted content from customs duties, expired on March 31, 2026. The moratorium covered items such as software, applications, games, music, videos, and other digital files. Its continuation has been increasingly questioned in light of the digitalization of the global economy and ongoing challenges in classifying digital services. Discussions on unresolved issues are expected to continue at the WTO’s headquarters in Geneva.

Developments Summary of the Taxation of the Digitalized Economy

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

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E-Invoicing Updates

Other Developments

- **Argentina:**^{xlix} On February 24, 2026, the tax authority (ARCA) **issued** Resolution 5827/2026, repealing the requirement to issue class “E” e-invoices for non-commercial exports. Exporters can now choose to issue invoices with a zero amount. This change simplifies processes for samples, promotional shipments, and free exports. Resolution 5827/2026 took effect immediately upon publication.
- **Belize:** On March 10, 2026, Belize **announced** its Fiscal Reform Priorities for Fiscal Year 2026/2027, which, among other things, states that the Belize Tax Service Department will fully implement e-invoicing, supported by the Inter-American Development Bank and the Inter-American Center of Tax Administrations. For more information, click [here](#).
- **Bolivia:**ⁱ On March 23, 2026, Bolivia’s National Tax Service **extended** the deadline for taxpayers in the 9th, 10th, 11th, and 12th groups to adopt mandatory e-invoicing to September 30, 2026. Starting October 1, 2026, these taxpayers must exclusively issue tax documents through the assigned e-invoicing system.
- **Bosnia and Herzegovina:**ⁱⁱ On February 12, 2026, Bosnia and Herzegovina **adopted** an e-invoicing and real-time reporting mandate. Taxpayers must comply within two years for B2C transactions and three years for B2B/B2G transactions. Detailed rules will be issued by August 10, 2026, with measures taking effect 18 months later.
- **Costa Rica:** On March 20, 2026, the tax administration of Costa Rica (DGT) **published** Resolution MH-DGT-RES-0010-2026, extending reporting deadlines for transactions not covered by e-invoicing and clarified the scope of Form 270 reporting obligations. Taxpayers must now report these transactions through the TRIBU-CR portal within 25 calendar days after the end of each month. Annual returns for 2025 can be filed by June 25, 2026, instead of December 31, 2025. A transitory measure allows monthly returns for January to December 2026 to be submitted by January 25, 2027. Regulated financial entities are exempt from reporting certain interest payments under specific conditions. To read a report prepared by KPMG in Costa Rica, click [here](#).
- **Denmark:** On March 11, 2026, Denmark **launched** a public consultation on transitioning Nemhandel’s e-invoicing format to Peppol BIS 4 by mid-2029. This transition aligns with EU standards and aims to streamline processes and enhance interoperability. For more information, click [here](#).
- **Denmark:** On February 10, 2026, the Danish Business Authority **published** SAFT 2.0 to enhance the sharing of bookkeeping data. From January 1, 2027, entities with registered bookkeeping systems must generate complete SAFT files under the new standard. Entities without such systems must continue using SAFT 1.0 for header information only. To read a report prepared by KPMG in Denmark, click [here](#).
- **European Union:** On March 18, 2026, the European Commission **opened** a public consultation on revising EU e-invoicing rules. Running until June 10, 2026, it seeks input to address uneven adoption, interoperability, and governance issues. Stakeholders can respond online, and contributions will be published with privacy options available.
- **France:**ⁱⁱⁱ On February 24, 2026, the French authorities **launched** a pilot for the September 1, 2026, e-invoicing and e-reporting mandate. Businesses can voluntarily test invoice lifecycle and reporting processes, with no penalties for good-faith mistakes. Final decrees and enforcement will follow by mid-2026.

- **Gabon:**^{liii} On December 30, 2025, Gabon [introduced](#) mandatory e-invoicing through the Finance Law for 2026. E-invoices are required for tax deductions, with penalties for non-compliance. A six-month grace period allows deductions supported by customs duty payment documents. Most measures apply from January 1, 2026.
- **Namibia:**^{liv} On February 26, 2026, the Namibian Ministry of Finance [presented](#) the 2026-2027 Budget Statement, which, among other things, includes plans to modernize the VAT Act and implement electronic invoicing. The specific effective date of the mandate has not been disclosed.
- **Norway:** On March 16, 2026, Norway's Ministry of Finance [announced](#) mandatory e-invoicing for business-to-business transactions starting January 1, 2027. Businesses must adopt electronic accounting systems and receive e-invoices by January 1, 2030. The Elektronisk Handelsformat (EHF) will be the required format, ensuring compliance and automated processing. For more information, click [here](#).
- **Oman :**^{lv} The Oman Tax Authority (OTA) has started notifying the large taxpayers selected to begin the second phase of implementation of electronic invoicing (e-invoicing) in the first quarter of 2027, and as part of the process, to complete a survey form by April 2, 2026. In addition, the OTA has also launched an online portal for Accredited Service Provider (ASP) registration. To read a report prepared by KPMG in Oman, click [here](#).
- **Spain:** On March 31, 2026, Spain [published](#) Royal Decree 238/2026, establishing e-invoicing requirements. Taxpayers earning above EUR 8 million and e-invoicing providers must comply 12 months after the Ministerial Order's publication. All other entities face a 24-month deadline. Technical specifications are expected by July 2026. For more information, click [here](#).
- **Türkiye :**^{lvi} On March 16, 2026, Turkey's tax authority [announced](#) the e-Beyan system expansion for VAT returns to Bartın, Bilecik, Karabük, Karaman, Amasya, Burdur, Bolu, Kastamonu, **Niğde**, and Yozgat. Taxpayers must file electronically starting with the March 2026 VAT period. User guides are available in the e-Beyan application. For more information, click [here](#).

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.

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Other Indirect Tax Developments and News from Around the World

The Americas

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

- **KPMG in Barbados** published a [report](#) discussing the indirect tax measures announced as part of the 2026 Barbados budget, presented on March 16, 2026. Key proposals include increasing the VAT registration threshold to BBD 350,000 from October 1, 2026; applying a reduced 10 percent VAT rate to eligible rental car services; and granting duty free treatment and VAT exemptions on commercial kitchen equipment for stand alone restaurants, subject to foreign exchange earning conditions. The budget also introduces cost of living measures, including capping VAT on gasoline and diesel, temporarily reducing fuel excise duties, increasing the de minimis threshold for duty free personal imports, and calculating customs duties on selected essential goods based on FOB values only. Additional measures extend VAT and excise duty holidays on electric vehicles and waive customs duties and VAT on specified security and resilience related equipment.
- **KPMG in Canada** published a [report](#) discussing British Columbia's extension of provincial sales tax to certain professional services, effective October 1, 2026. The report outlines that accounting, engineering, architectural, security, and a broad range of non residential real estate services will become subject to seven percent PST. It highlights new collection, self assessment, and compliance obligations for both vendors and purchasers, including resident and non resident transactions and transitional rules for services spanning the effective date. Businesses are advised to assess impacts on pricing, contracts, systems, and compliance processes ahead of implementation.
- **KPMG in Canada** published a [report](#) discussing Ontario's 2026 Budget changes affecting the Harmonized Sales Tax (HST) and certain excise type levies. The report explains the temporary enhancement of the provincial portion of the HST rebate for qualifying new homes and new residential rental properties, which removes the eight percent provincial HST for purchases made between April 1, 2026 and March 31, 2027. It also notes that this relief will end after that period, eliminating the existing provincial HST rebate. In addition, the report outlines changes to alcohol taxation through the introduction of simplified, single tax rates for beer, wine, and spirits effective April 1, 2026.
- **KPMG in Chile** published a [report](#) (in Spanish) discussing recent VAT-related guidance issued by the Chilean Tax Authority on practical compliance matters. The report addresses the VAT treatment of insurance premium refunds, and the timing of credit note issuance, the late issuance of purchase invoices for services received from abroad and the deductibility of irrecoverable VAT, and VAT invoicing obligations in intermediation transactions where digital platforms perform sales functions. It also analyzes VAT implications of donations and inventory losses linked to natural disasters, confirming that such donations do not constitute taxable inventory withdrawals and do not affect VAT recovery, subject to documentation and notification requirements.

- **KPMG in Costa Rica** published a [report](#) (in Spanish) discussing recent indirect tax developments across Costa Rica, Guatemala, Panama, the Dominican Republic, and Honduras. The report highlights updates to specific taxes on alcoholic beverages and procedural reforms in Costa Rica; a municipal construction tax exemption and the introduction of the “total price” rule in Panama; the repeal of inheritance related taxes in Guatemala; temporary tax debt relief measures and judicial developments in the Dominican Republic; and the introduction of broad tax amnesty measures in Honduras with implications for indirect tax liabilities and penalties.

United States: Arizona Supreme Court Holds that Machinery and Equipment Used in the Sanitization of Healthcare Textiles are Exempt

On March 3, 2026, the Arizona Supreme Court [published](#) its decision in 9W HALO OPCO, LP, regarding the scope of Arizona’s sales tax exemption for machinery and equipment. In this case, the taxpayer rented reusable healthcare textiles to hospitals, outpatient facilities, and long-term care centers within Arizona. As part of its operations, the taxpayer cleaned and disinfected the textiles for reuse by its customers. From 2014 to 2018, the taxpayer purchased equipment to be used in the disinfecting process before remitting use taxes to Arizona and the City of Phoenix. The taxpayer then filed a refund claim on the grounds that such equipment qualified for the state’s exemption provided for machinery and equipment used directly in manufacturing or processing operations. The Department of Revenue denied the refund claim, and the taxpayer’s subsequent appeal reached the state supreme court.

In its analysis, the supreme court focused on the meaning of “processing operations,” which was not a defined term in the exemption statute. The court synthesized various dictionary definitions into a single operative definition: a “processing operation” is a “series of integrated actions or methods that prepares a product for the market or converts a product into marketable form.” In addition, only machinery or equipment that touches, manipulates, affects, or adds value to a product will qualify for the exemption. Applying this framework to the taxpayer’s operations, the court found that the taxpayer’s textile laundering and disinfecting process involved a series of actions that transformed the healthcare textiles into a marketable form. The textiles were not marketable for their intended use prior to the taxpayer’s operations. Therefore, the taxpayer’s machinery and equipment that touched, affected, or added value to the textiles qualified for the exemption.

Miscellaneous Developments in the Americas

- **Argentina:**^{lvii} On March 6, 2026, Argentina [published](#) Law No. 27,802/2026, introducing several indirect tax measures. Among other things, the law eliminates duties previously applied to insurance services, mobile phone and satellite telecommunications services, luxury goods and vehicles, engines, recreational or sports boats, and aircraft. It also provides for the abolition, effective January 1, 2028, of the 10 percent tax on cinema tickets and video sales, as well as the requirement to earmark a portion of audiovisual tax revenues for the national film institute. The law entered into force on the date of enactment.
- **Canada:**^{lviii} On March 3, 2026, the Tax Court of Canada [issued](#) Decision 2026 TCC 39, dismissing a taxpayer’s appeal seeking a goods and services tax (GST) / harmonized sales tax (HST) rebate of tax paid in error on exempt residential rent, because the rebate claim was filed more than two years after the tax was paid and there was no outstanding GST/ HST liability against which the amount could be offset. The decision confirms that GST/ HST rebates for tax paid in error are only available if claimed within the statutory two-year period, and that audit delays or the taxpayer’s lack of awareness of the error do not extend this deadline.

- **Canada:**^{lix} On April 1, 2026, the Canada Revenue Agency [published](#) the prescribed interest rates applicable for the second calendar quarter of 2026, covering the period from April 1 to June 30, 2026. For GST/HST, excise tax, and other administered indirect taxes and duties, the interest rate on overdue amounts is set at seven percent, consistent with the rate applicable to overdue income tax liabilities. Interest payable by the tax authorities on overpaid amounts generally aligns with income tax rates, although interest in GST/HST overpayments does not apply in certain circumstances.
- **Canada:**^{lix} On March 10, 2026, the Canadian Tax Court [issued](#) Decision No. 2026 TCC 46, clarifying the strict application of statutory deadlines for the GST/HST new residential rental property rebate. The case concerned an individual taxpayer who purchased a newly constructed residential property, leased it to tenants, and applied for the rebate more than two months after the two year filing deadline prescribed under the Excise Tax Act. The court upheld the denial of the rebate, confirming that the application was indisputably late and that the legislation provides no discretion to extend the statutory time limit. It further held that the general assessment provisions could not cure the late filing, as the rebate denial did not involve an assessment of tax payable. The court also rejected arguments based on balances shown on prior rebate assessments, emphasizing that they were unrelated to the denied rebate claim.
- **Canada:**^{lxi} On March 18, the Canadian Tax Court [issued](#) Decision 2026 TCC 50, clarifying the conditions for the GST/HST new residential rental property rebate. The Court found that the taxpayers did not meet the statutory requirements because the initial lease was only six months, there was no reasonable expectation at the outset that the tenants would remain for at least one year, and the first-use condition was already established by the short-term tenancy. The court also confirmed it has no discretion to override the clear legislative conditions set out in the Excise Tax Act.
- **Chile:**^{lxii} On March 9, 2026, Chile’s tax authority (SII) [issued](#) Resolution Ex. No. 38 2026, amending the monthly VAT return (Form 29) to introduce two new reporting codes for VAT taxpayers acting as intermediaries, such as commission agents and consignees. The changes address inconsistent reporting of transactions documented through billing invoices and require intermediaries to separately report, on Form 29, both the number of documents issued and the VAT relating to third party sales, clearly distinguishing these from their own fees. The new reporting requirements apply from the July 2026 tax period, with the first returns due from August 1, 2026.
- **Chile:**^{lxiii} On March 6, 2026, Chile’s tax authority (SII) [issued](#) Resolution Ex. SII No. 37 2026, clarifying the conditions for obtaining a VAT refund where an invoice has been rejected by the SII after payment, applicable to exporters and taxpayers under the changed VAT taxpayer mechanism. To qualify, taxpayers must evidence payment, proper accounting of the related bank movement, compliance with invoice formalities, and that the underlying transaction is genuine and the reported amount accurate. Where only the genuineness and accuracy of the transaction can be demonstrated, taxpayers must also prove that VAT was withheld and paid.
- **United Nations:**^{lxiv} On March 25, 2026, the United Nations Committee of Experts on International Cooperation in Tax Matters [released](#) the work plan for its Subcommittee on Indirect Taxes. The plan prioritizes value added tax and goods and services tax issues, with a focus on challenges faced by developing countries. Key workstreams include VAT in the digitalized economy, VAT fraud prevention and refund management, small and medium sized enterprise compliance, cross border VAT dispute prevention and resolution, and the VAT

treatment of financial services, including FinTech and crypto assets. An additional potential workstream on VAT regressivity and compensation mechanisms may be developed subsequently, with guidance expected to be delivered progressively through October 2028.

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Europe, Middle East, Africa (EMEA)

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

- **KPMG in Bahrain** published a [report](#) discussing recent VAT related and tax compliance developments in Bahrain. The report highlights the National Bureau for Revenue's [updated](#) Imports and Exports VAT Guide issued on March 11, 2026, which provides new guidance on the VAT treatment and accounting of deposits paid in import and export transactions. The guidance confirms that VAT paid as a customs deposit constitutes a security against potential future VAT and does not represent finally settled import VAT. As a result, the deposited amount is not recoverable at the time of payment. VAT deduction becomes available only once Customs Affairs collects the deposit and formally reclassifies it as VAT. To claim recovery, VAT registered persons must obtain appropriate customs documentation evidencing the status change and may reclaim the VAT through the relevant VAT return or within five years from the end of the calendar year in which the VAT became recoverable, subject to the general recovery conditions.
- **KPMG in Belgium** published a [report](#) discussing recent indirect tax developments, including updates to VAT rules and compliance obligations. Among other things, the report notes that the 15 year VAT adjustment period for immovable property (and 25 years for buildings let with VAT) now also applies to certain renovation services that were previously subject to the 5 year adjustment period, where the renovation results in an economic lifetime comparable to that of a new building.
- **KPMG in Cyprus** published a [report](#) discussing two Decrees amending Schedules 5 and 8 of the VAT Law, both effective from September 1, 2026. The Decrees revise the VAT treatment of the sale of buildings and the application of the reduced VAT rate for residential property by introducing harmonized definitions of "first occupation" and "first use." Under the amended Schedule 8, the VAT treatment of building sales will shift from a time based test to a use based test, with sales before first occupation subject to VAT and sales after first occupation falling under the general exemption for immovable property. The amendments to Schedule 5 similarly affect eligibility for the reduced VAT rate on the sale, construction, and renovation of residential property, including clarification of when a dwelling is considered newly occupied or previously used, which may have a significant impact on developers, contractors, and homebuyers.
- **KPMG in the Czech Republic** published a [report](#) discussing recent guidance issued by the Coordination Committee of the Chamber of Tax Advisors and the General Financial Directorate (GFD) on the timing of claiming VAT deductions. The guidance confirmed that taxpayers may not claim VAT credits for an earlier filing period by submitting an amended

return after receiving a tax invoice, as possession of a valid tax document determines the earliest period in which the VAT credit may be claimed.

- **KPMG in the Czech Republic** published a [report](#) discussing recent guidance issued by the General Financial Directorate (GFD) on the VAT treatment of real estate transactions effective July 1, 2025. The guidance explains new exemption rules for the sale of real estate, clarifies the distinction between first and subsequent sales of real estate, and provides detailed criteria for determining when land qualifies as building land. It also emphasizes that VAT treatment depends on the nature and use of the property at the time of sale, including whether the land forms a functional unit with a building.
- **KPMG in the Czech Republic** published a [report](#) discussing a March 2026 decision of the Supreme Administrative Court, which held that a one time provision of commercially exploitable contacts does not constitute economic activity for VAT registration purposes, even where the consideration is paid in installments over several years. The court emphasized that tax authorities must assess the actual nature of the activity and distinguish a single transaction paid over time from an ongoing sale of goods or services generating regular income.
- **KPMG in Germany** published a [report](#) discussing recent VAT developments, including a court decision confirming that pharmaceutical manufacturers reimbursing pharmacies for statutory discounts may reduce their VAT base only on a net of VAT basis. The report also covers recent case law on VAT deduction for mixed pallets, VAT adjustments where trade credits are not redeemed, and the VAT treatment of container rentals, as well as recent guidance on when permanently loss making entities are considered to carry out an economic activity for VAT purposes.
- **KPMG in Italy** published a [report](#) discussing new guidance from the Italian Tax Authority confirming that special purpose vehicles involved in merger leveraged buyout transactions qualify as VAT taxpayers, allowing recovery of VAT on transaction costs where the post merger company undertakes taxable activities based on a 2024 Italian Supreme Court case. The guidance clarifies that VAT incurred before 2025 cannot be recovered through amended VAT returns and must instead be claimed via a specific refund procedure, subject to strict deadlines, including a transitional deadline of August 9, 2026 for VAT incurred up to August 9, 2024. VAT on qualifying transaction costs incurred from 2025 onward may be recovered through the regular VAT return process.
- **KPMG in Italy** published a [report](#) discussing a recent Italian Supreme Court decision confirming that taxpayers may claim a VAT refund directly from the Treasury where VAT charged on sales cannot be recovered from customers involved in insolvency proceedings lasting more than ten years. The court held that, for insolvency proceedings initiated before May 26, 2021, the former VAT rules must be disapplied where recovery through a credit note is impossible and the irrecoverability of the debt is reasonably demonstrated, as denying recovery would breach the principle of VAT neutrality.
- **KPMG in Montenegro** published a [report](#) discussing amendments to the VAT Law enacted in early 2026. The amendments include an extension of the scope of taxable sales to cover the sale of construction land for which a building permit has been issued (effective April 1, 2026), clarification of the rules for appointing a VAT representative for nonresidents, a reorganization of the sourcing rules for services, confirmation that VAT may be adjusted in cases of uncollectible receivables, and clarification of when VAT deductions must be adjusted where the conditions for the initial deduction change during the year.

- **KPMG in Poland** published a [report](#) discussing recent Supreme Administrative Court (SAC) judgments addressing key VAT issues. In *I FSK 1367/23*, the SAC held that where remuneration for services (such as bonuses or margins) is subject to approval by the purchaser, the VAT taxable amount arises only once that approval is granted, as the service becomes definitive at that point. In *I FSK 1311/23*, the SAC confirmed that services of a purely technical nature, such as developing insurance products, implementing them in IT systems, or administering concluded contracts, do not qualify as VAT exempt insurance brokerage.
- **KPMG in Poland** published a [report](#) discussing guidance on the VAT exemption applicable to transactions involving defense related products under procurement contracts supported by the Security Action for Europe (SAFE) funds. The guidance clarifies when such transactions may qualify for VAT exemption in the context of EU financed defense projects.
- **KPMG in Poland** published a [report](#) discussing a range of recent legislative and policy developments, with particular relevance for indirect tax and digital compliance. The report explains that, during parliamentary sessions held between March 25 and 27, 2026, legislation was adopted allowing the Minister of Finance to reduce excise duty rates on petrol and diesel by regulation and to impose maximum retail fuel prices, with both measures taking effect immediately upon promulgation. It also highlights preliminary proposals for a digital tax on selected services provided in Poland, including targeted advertising on digital interfaces, to be levied at a rate of three percent on qualifying revenues of large multinational groups exceeding specified global and domestic thresholds. In addition, the report outlines the next phase of the National e Invoicing System, under which businesses with 2024 sales not exceeding PLN 200 million are required to issue invoices through the system from April 1, 2026, subject to limited exceptions and transitional thresholds.
- **KPMG in Spain** published a [report](#) discussing a recent National Court judgment, clarifying the VAT treatment of services provided by insurance comparison websites. The court confirmed that services provided by insurance comparison websites can qualify for the VAT exemption for insurance intermediation where the platform maintains relationships with both insurers and policyholders and carries out essential insurance agent functions, such as seeking customers and putting them in contact with insurers. The court rejected the tax authority's view that these activities are taxable advertising or marketing services and instead aligned its analysis with CJEU case law on insurance mediation.

Roundup of Latest Court of Justice of the European Union Cases

On March 5, 2026, the CJEU published its judgment in the joined [Case C 409/24 to C 411/24](#), in which it held that EU law does not prevent a Member State from applying the reduced VAT rate only to short term accommodation service and excluding ancillary elements such as parking, gym and wellness facilities, wi fi and breakfast, even if they are included in a single package price, provided the reduced rate still applies to concrete and specific aspects of accommodation services listed in Annex III to the VAT Directive and the principle of fiscal neutrality is respected.

On March 5, 2026, the CJEU published its judgment in *Lyko Operations*, [Case C 436/24](#), in which it held that loyalty points awarded to customers based on the value of their purchases and redeemable for low value goods on a subsequent purchase do not fall within the concept of a "voucher" under Article 30a of the VAT Directive. It was found that in the absence of an obligation on the seller to accept such points as consideration or part consideration for a later sale of goods, the statutory conditions for voucher treatment are not met.

On March 5, 2026, the CJEU published the nonbinding Opinion of its Advocate General (AG) in *QJ*, [Case C 158/25](#), in which the AG opined that EU law precludes national legislation that assigns joint and several VAT liability to a director without granting that person the right to contest the factual and legal basis of the underlying VAT assessment.

On March 12, 2026, the CJEU issued its judgment in *Aptiv Services Hungary*, [Case C 521/24](#), in which it held that a taxpayer should not lose the right to deduct VAT simply because the deduction was claimed in a later VAT return. If the taxpayer acted in good faith and claimed the deduction within the legal time limit, EU VAT law does not allow tax authorities to refuse it. The court emphasized that denying a deduction in these circumstances would go against core VAT principles, including neutrality and proportionality.

On March 12, 2026, the CJEU issued its judgment in *Harry and Associés*, [Case C 527/24](#), in which it held that taxpayers should not lose their right to a VAT refund solely because a technical problem occurred when submitting an electronic refund application. EU VAT rules protect taxpayers where the failure is purely technical and not their fault, and refund rights cannot be taken away on that basis alone.

On March 12, 2026, the CJEU issued its judgment in *Randstad España*, [Case C 515/24](#), in which it held that a Member State may deny VAT deductions for certain costs, such as tickets to sports or leisure events given to clients, employees, or others, if that rule was introduced when the country first joined the EU.

On March 19, 2026, the CJEU issued its judgment in *Oblastní nemocnice Kolín*, [Case C 513/24](#), in which it held a legal requirement to purchase certain goods or services does not automatically make those costs general overheads and, on its own, does not justify a proportional VAT deduction.

On March 25, 2026, the General Court of the European Union published its judgment in *TUI Belgium NV and Others*, [Case T 221/25](#), in which it held that EU VAT law allows a Member State to continue taxing services of travel agents relating to travel outside the European Union under the “standstill clause,” even if national law no longer contains an explicit provision that derogates from the exemption in the VAT Directive. As long as the Member State already taxed those services on January 1, 1978, and the later legislative changes keep the same core result (continued taxation) without changing the underlying approach in a material way, the Member State can rely on Articles 28(3)(a) and (4) of the Sixth Directive and Article 370 of the VAT Directive to maintain VAT on those travel-agent services.

Source : European Union; Germany - ECJ Decides Reduced VAT Rate for Hotel

Accommodation May Exclude Ancillary Services Not Directly Used for Accommodation (March 5, 2026), News IBFD; European Union; European Union; Sweden - ECJ Decides Loyalty Programme Points Redeemable for Low-Value Goods Do Not Fall Under Concept of ‘Vouchers’ for VAT Purposes (March 5, 2026), News IBFD; Bloomberg Tax, European Court of Justice Issues Advocate General Opinion on Director Liability for Unpaid Company VAT (March 10, 2026); European Union; Hungary - ECJ Decides Late Receipt of Invoices Cannot Justify Refusal of Deduction of Input VAT on Intra-Community Acquisitions: (Case C-521/24) (VAT) (March 12, 2026), News IBFD; European Union; Italy - ECJ Decides Technical Fault in Electronic VAT Refund Application Cannot Deprive Taxpayer of Right to Refund and Judicial Remedy : (Case C-527/24) (VAT)(March 12, 2026), News IBFD; European Union; Spain - ECJ Decides Standstill Clause Permits Exclusion from Right to Deduct Input VAT on Expenditure for Tickets to Sporting Events for Clients: (Case C-515/24) (VAT)(March 12, 2026), News IBFD; European Union; Czech Republic - ECJ Decides Statutory Requirement to Acquire Healthcare Equipment

Does Not Automatically Confer Proportional VAT Deduction as General Costs: (Case C-513/24) (VAT)(March 19, 2026), News IBFD.

Miscellaneous Developments in EMEA

- **Austria:**^{lxv} On February 25, 2026, the Austrian Ministry of Finance [published](#) Federal Finance Court decision RV/4100166/2021, clarifying that VAT incurred on the acquisition of co ownership shares in real estate is deductible only where, at the time of acquisition, taxable use is more likely than a VAT exempt sale. The court upheld the denial of the VAT deduction where the taxpayer initially indicated a VAT exempt resale as the most probable outcome, failed to demonstrate credible plans for taxable leasing, generated no taxable revenue, and ultimately disposed of the property interests VAT exempt.
- **Austria:**^{lxvi} On March 5, 2026, the Austrian Ministry of Finance [published](#) Federal Finance Court decision RV/2100601/2023, clarifying that a non EU taxpayer may claim a VAT refund only if they carry out an economic activity for VAT purposes. The court found that a Swiss association incurred expenses solely in connection with internal organizational activities, did not engage in taxable transactions, and therefore lacked entrepreneurial status, justifying denial of the VAT refund despite formally valid invoices.
- **Austria:**^{lxvii} On March 9, 2026, Austria's Federal Ministry of Finance [published](#) Federal Finance Court decision RV/7100961/2023, clarifying that VAT incorrectly charged on invoices for construction services is not deductible where the reverse charge mechanism applies and VAT is legally due by the recipient. The court clarified that VAT may be deducted only if the invoice is corrected or if it is proven that the VAT was actually remitted to the tax authorities and confirmed that no deduction or refund arises where a subcontractor becomes insolvent and payment of VAT cannot be demonstrated.
- **Austria:**^{lxviii} On March 9, 2026, Austria's Federal Ministry of Finance [published](#) Federal Finance Court decision RV/7101515/2022, clarifying that VAT may be deducted based on simplified invoices for small values, even where multiple low value purchases are made and each falls below the EUR 400 threshold. The court rejected the tax authority's aggregation approach, confirming that commercially justified purchase splitting is not abusive and that VAT deductions cannot be denied where recipient status and business use are credibly demonstrated, despite formal invoice deficiencies.
- **Austria:**^{lxix} On March 10, 2026, Austria's Federal Ministry of Finance [published](#) Federal Finance Court decision RV/7101917/2022, allowing a company to deduct VAT for 2021 based on many small invoices under EUR 400 for goods bought from a retailer that only sold in household quantities, finding that the company actually purchased, exported, and resold the goods. Even though the invoices showed various customer numbers and did not identify the company, the court held that small invoices are not required to name the customer and that the company had provided sufficient additional evidence to prove the material conditions for VAT deduction.
- **Austria:**^{lxx} On March 12, 2026, Austria's Federal Ministry of Finance [published](#) Federal Finance Court decision RV/7102623/2020, in which it upheld the denial of VAT deductions where a temporary staffing agency failed to substantiate the business use of assets such as a digital camera, tools, and a mobile phone, and could not support employee catering expenses with invoices or evidence qualifying them as business meals. The court further confirmed that, while 80 percent business use of a leased vehicle was acceptable, the deductible portion of an advance lease payment must be spread over the full 48 month lease term for VAT purposes.

- **Austria:**^{lxxi} On March 13, 2026, Austria’s Federal Ministry of Finance [published](#) Federal Finance Court decision RV/2100131/2026, clarifying that VAT refunds cannot be refused solely due to formal invoice deficiencies where the substantive conditions for deduction are met. The court held that missing details such as a VAT identification number or incomplete service descriptions do not justify denial of a refund where sufficient supporting evidence allows verification of the nature of the services and their place of performance.
- **Austria:**^{lxxii} On March 18, 2026, the Austrian Federal Ministry of Finance [published](#) Federal Finance Court decision RV/3100477/2019, clarifying that VAT deductions are not available for apartments included in hotel extensions where the facts indicate private use rather than genuine taxable activity. The court found that an apartment leased to a related party functioned as the taxpayer’s private residence, lacked arm’s length characteristics, and did not reflect a real income generating activity, justifying denial of the VAT deduction.
- **Belgium:**^{lxxiii} On February 20, 2026, Belgium began [modernizing](#) its VAT law to simplify VAT declaration, payment, and refunds. As part of the reform, the authorities will replace the existing VAT current account with a VAT provision account effective May 1, 2026. Taxpayers will deposit funds into this account, and the tax authorities will automatically offset VAT due when they process VAT returns. Taxpayers will be able to view account balances through the MyMinfin portal, and any credit balance remaining on April 30, 2026, will automatically be transferred to the new account. The reform also changes the VAT refund process by allowing taxpayers to request refunds directly through their VAT returns and enabling monthly refunds for monthly filers. In addition, Belgium extended the filing deadline for quarterly VAT returns to the twenty fifth day of the following month in 2025 and authorized the tax authorities to issue substitute returns where taxpayers fail to file on time.
- **Benin:**^{lxxiv} Benin’s tax administration recently [published](#) a consolidated compilation of fiscal rulings issued by the tax administration, presenting thematic responses provided to taxpayers between 2020 and 2025, with references to the General Tax Code and circular notes of the Director General of Taxes. The rulings provide practical clarification on the application of VAT and other indirect taxes, including VAT scope, exemptions, and compliance obligations, and address issues such as expenses that are rebilled to the customers, sales at cost, subsidies and grants, leasing of immovable property, VAT withholding at source, and transactions involving nonresident sellers. The rulings also cover VAT implications for NGOs, public entities, and externally funded projects, as well as VAT deductibility, reverse charge mechanisms, and timing of VAT chargeability, with the aim of promoting consistent treatment and greater legal certainty.
- **Bulgaria:**^{lxxv} Bulgaria recently [amended](#) its Social Security Code to introduce tax and VAT incentives for pension funds and insurance companies. From an indirect tax perspective, the amendments apply a zero percent VAT rate to management services provided through newly established lifetime and term pension payment funds. The amendments also redenominate administrative fines and sanctions from Bulgarian Lev to Euro and are generally scheduled to take effect on January 1, 2027.
- **Croatia:**^{lxxvi} On March 12, 2026, Croatia’s Tax Administration [clarified](#) that architectural and design services provided by a non resident Swiss company to a Croatian VAT registered customer are taxable in Croatia. It confirmed that architectural design services relating to immovable property in Croatia have a sufficiently direct connection to that property under EU rules, regardless of whether the building is ultimately constructed. As a result, the place of taxation is Croatia. The Tax Administration also clarified that, since the Swiss provider is not VAT registered in Croatia, it should issue invoices in accordance with Swiss invoicing rules.

- **Croatia:**^{lxxvii} On March 11, 2026, the Croatian Tax Administration [clarified](#) that no VAT arises when a tenant leaves leasehold improvements behind at the end of a lease, provided the improvements were made without consideration and solely to enable the tenant’s taxable activities during the lease term. Relying on CJEU case law, it confirmed that VAT requires a direct link between a sale and consideration, which is absent in these circumstances—even if the landlord ultimately benefits from the improvements. As a result, no VAT needs to be determined upon lease expiry.
- **Denmark:**^{lxxviii} On February 25, 2026, the Danish Tax Agency [published](#) National Tax Court decision SKM2026.99.LSR, upholding an increase of DKK 1,639,324 in margin VAT for a ski travel agency that had inserted a wholly owned subsidiary to purchase airline tickets in bulk and resell them at a marked-up, VAT-exempt price within the group. The court found that the subsidiary did not carry out an independent economic activity for VAT purposes: its pricing did not reflect market conditions, it depended on funding and decisions from the parent, and it served mainly to shift profit into VAT-exempt ticket sales while leaving the parent’s core travel business in loss. Because this structure artificially reduced the taxable margin under the Danish implementation of the EU travel agency mechanism, the court required the VAT calculation to disregard the intra-group markup and to treat the parent as if it had purchased directly from the airlines. The court also held that the company could not rely on an earlier binding ruling, since that ruling assumed arm’s-length pricing, which the facts did not support.
- **Denmark:**^{lxxix} On March 24, 2026, Denmark’s Customs and Tax Administration [published](#) Tax Council Binding Answer No. SKM2026.150.SR, clarifying that compensation paid to employees for electricity used to charge company cars at private residences does not constitute a price reduction for VAT purposes. The Council held that such reimbursement does not involve a taxable sale to employees, and therefore the employer cannot issue a VAT credit note or treat the compensation as a VAT inclusive price reduction.
- **Denmark:**^{lxxx} On March 24, 2026, the Danish Customs and Tax Administration [issued](#) Tax Council Binding Answer No. SKM2026.149.SR, clarifying that the VAT treatment of management and administrative services provided in fund structures with a common asset manager. The issue was whether such activities should be treated as a single service provided to the asset manager (potentially taxable) or as separate services provided directly to each investment fund, which is relevant for applying the VAT exemption for investment fund management. The Council held that, where contracts are concluded directly with each investment fund, the services must be treated as separate sales to the individual funds, even if the same services are coordinated through a shared manager. As a result, the services qualified for the VAT exemption for investment fund management and were not subject to VAT in the circumstances at issue.
- **European Union:**^{lxxxi} On March 27, 2026, the European Economic and Social Committee [issued](#) an opinion on the European Commission’s proposal to revise the Carbon Border Adjustment Mechanism (CBAM). The Committee emphasized that CBAM is a climate policy tool linked to the EU Emissions Trading System and should not operate as a fiscal or trade instrument, with revenue generation remaining secondary to preventing carbon leakage. It supported a cautious extension of CBAM to certain downstream goods in carbon intensive value chains, subject to robust impact assessments and consistent product classification. The Committee highlighted significant compliance challenges for small and medium sized enterprises, recommending a phased implementation and potentially deferring certificate obligations until 2028, while strongly endorsing enhanced anti circumvention measures

alongside clearer safeguards to ensure legal certainty and preserve international trade stability.

- **European Union:**^{lxxxii} On March 26, 2026, the Council of the European Union and the European Parliament **reached** a political agreement on a comprehensive reform of the EU customs framework aimed at modernizing customs controls and addressing growing trade volumes, particularly in e commerce. The reform introduces a decentralized EU Customs Authority responsible for EU level risk management, operation of a centralized customs data hub, and enhanced coordination among national customs administrations. A central feature is the creation of a single EU customs data hub, replacing national IT systems and requiring businesses to submit customs data only once for all Member States. The data hub is scheduled to go live for e commerce goods on July 1, 2028, with a phased rollout to cover all goods by March 1, 2034. The agreement also establishes a voluntary “trust and check” regime offering simplified customs procedures for eligible operators, subject to strict compliance requirements.
- **Finland:**^{lxxxiii} On March 26, 2026, the Finnish Tax Administration **published** preliminary ruling KVL:2026/2 of the Central Tax Board, clarifying that that the VAT exemption for social care requires formal supervision and authorization under the Finnish VAT Act. Where a meal and catering service provider was not registered nor operating under social authority supervision, sales to welfare district residential care units did not qualify as VAT exempt social care and were therefore subject to VAT.
- **France:**^{lxxxiv} On February 26, 2026, the Administrative Court of Appeal of Toulouse **issued** decision N° 24PA03149, clarifying that VAT applies in France where an Andorran company sells goods to French customers dispatched from France, notwithstanding the seller’s non EU establishment. The court confirmed that VAT is due in the EU Member State of dispatch where sales are effectively carried out from that Member State, including through the use of local warehousing, logistics, and operational resources, and clarified that VAT and penalties must be reassessed if the place of dispatch changes.
- **France:**^{lxxxv} On March 4, 2026, the French tax authority
- **issued** an administrative ruling on the VAT treatment of drop shipped cross border consumer sales of goods made to customers in France or other EU Member States by sellers that have not joined the Import One Stop Shop (IOSS). If goods enter the EU via France and then ship to customers in another EU country, VAT generally becomes due in the customer’s country; for parcels under EUR 150, customs clearance must occur in the destination country, while for parcels over EUR 150, the seller owes import VAT in France but can deduct it if the sale is taxed in another EU country. For goods delivered to customers in France, either the customer or the seller owes import VAT depending on how the transaction is structured; in some cases, the seller must register for French VAT, declare the e-commerce sales in France, and, if established outside the EU, appoint a fiscal representative unless covered by a mutual assistance agreement.
- **France:**^{lxxxvi} On March 6, 2026, the Administrative Court of Appeal of Paris **issued** decision N° 24PA03149, clarifying that consultancy and advisory services provided independently are subject to VAT, even when carried out on an occasional or one off basis. The court clarified that the requirement for continuing income applies only to the exploitation of property, not to service activities, and confirmed that general administrative guidance on occasional transactions does not protect taxpayers from reassessment.

- **France:**^{lxxxvii} On March 20, 2026, the French Administrative Court of Appeal of Paris [issued](#) Decision No. 24PA03463, clarifying that a VAT registered Cayman Islands company was not entitled to a full VAT refund on costs relating to boat parking spaces, as the services were used partly for non taxable or VAT exempt activities. The court confirmed that failure to substantiate taxable use and timely apply VAT deduction coefficients justifies denial of a full VAT deduction.
- **Germany:**^{lxxxviii} On February 26, 2026, the German Federal Fiscal Court [issued](#) decision V R 4/23, clarifying that a nonprofit sports club provides taxable services to its members in return for membership fees, rejecting the tax authority’s long-standing practice of treating such fees as non-taxable “pure membership” contributions. The court held that EU VAT law requires taxation where members pay for access to organized sports activities and facilities, and that even services in the club’s nonprofit area can fall within VAT. However, because the lower court did not properly analyze whether the club’s various sports offerings constituted one single service or several separate services—and whether any of these might qualify for VAT exemption or reduced VAT—the Federal Fiscal Court annulled the lower court’s decision and sent the case back for further fact-finding, including on the club’s right to deduct VAT on the costs of building its artificial turf field and on the VAT treatment of a municipal grant.
- **Germany:**^{lxxxix} On February 26, 2026, the German Federal Fiscal Court [issued](#) decision XI B 61/14, clarifying that dinner shows offered for a single all inclusive fee constitute a single taxable sale subject to the standard VAT rate. The court confirmed that no apportionment between food and entertainment is required where the elements are economically inseparable, and that the principle of fiscal neutrality does not allow taxpayers to rely on more favorable VAT treatment applied in other EU Member States.
- **Greece:**^{xc} On February 26, 2026, the Greek tax authority (AADE) [introduced](#) a special method for deducting VAT on immovable property used for both taxable and non taxable activities. The method allows deduction based on the actual use of each part of the property, primarily by reference to square meters, with a gross receipts based allocation applying where areas are used for mixed purposes. Application of the method requires prior approval through the AADE’ platform, maintenance of separate accounts, and triggers VAT credit adjustments if property use changes. Retroactive application to non time barred years is permitted, with applications due by April 30, 2026.
- **Greece:**^{xc1} On February 18, 2026, the AADE [clarified](#) that self use of professional pleasure craft for private or non business purposes constitutes a deemed sale subject to VAT. Use without crew is treated as the hire of a vessel without skipper and taxed at the standard rate, while use with crew is treated as passenger transport and taxed at the reduced rate. The taxable base includes all costs attributable to the use, such as fuel, port charges, provisions, and crew expenses; however, operational repositioning without passengers does not trigger VAT, and business use linked to activities that do not allow VAT deduction may also give rise to VAT.
- **Greece:**^{xcii} On March 9, 2026, the AADE [issued](#) a circular clarifying the scope and conditions of the VAT exemption applicable to donations made to public sector entities. The exemption applies only to donations of goods or services provided by a taxpayer subject to VAT in Greece, does not apply to monetary donations, and is unavailable where the donor and seller are the same person or where services are provided free of charge by the donor. Donors may be individuals or entities, whether established in Greece or abroad, and need not be VAT registered; sellers must issue VAT free invoices upon presentation of the approved exemption certificate, provided the donation agreement is approved before invoicing.

- **Greece:**^{xciii} Greece’s Supreme Administrative Court ruled that the Greek branch of a foreign non profit cooperative may, in principle, recover VAT related to zero-rated aeronautical telecommunications services. The court confirmed that the Greek branch and its foreign head office constitute a single taxpayer for VAT purposes, meaning that the absence of separate invoicing by the Greek branch did not preclude entitlement to a VAT refund. The court further held that the non profit nature of the entity does not prevent it from qualifying as a taxpayer where it carries out an independent economic activity. It accepted that the services provided to airline operators fell within the zero-rating for services connected with aircraft engaged in international transport, which carries a corresponding right to deduct or recover VAT.
- **Greece:**^{xciv} On March 24, 2026, the AADE [issued](#) guidance on the mandatory transition of farmers from the special VAT regime to the standard VAT regime where annual subsidies exceed EUR 5,000. Farmers crossing the threshold must move to the standard regime with effect from that date, and failure to submit the required change of status declaration does not affect the substantive obligation to transition. Due to delays in issuing 2025 subsidy certificates, the authority granted one off administrative relief for 2026, allowing affected farmers to submit the declaration by April 30, 2026, without penalties. The same deadline applies to related inventory filings, VAT returns for January and February 2026, and recapitulative statements, with penalties already imposed to be cancelled or refunded upon request and temporary relief provided for certain invoicing and myDATA reporting issues during the transition period.
- **Italy:** Italy recently [increased](#) the threshold for submitting the “INTRA 2 bis” listing for intra EU arrivals of goods. VAT registered taxpayers must now file the form only when their intra EU purchases reach at least EUR 2,000,000 in any of the four preceding calendar quarters, compared with the previous EUR 350,000 threshold. The new threshold applies to listings due from February 25, 2026, for intra EU arrivals carried out from January 2026 onward. The form and its technical specifications remain unchanged.
- **Italy:**^{xcv} On March 4, 2026, the Italian tax authority (ITA)
- [issued](#) Letter No. 65/2026, clarifying the VAT treatment of intra EU sales involving milestone based payments. The clarification concerned a manufacturing company that produced steam generators for a related entity and issued non taxable invoices for milestone payments even though the goods remained in Italy for further assembly before dispatch to another EU Member State. The ITA confirmed that the intra-EU sale becomes relevant only when the finished goods are actually delivered for shipment abroad; the 90-day period starts from that shipment date (as evidenced, for example, by a shipping document or CMR), not from earlier milestone invoices. If the seller cannot prove arrival in the other EU country within 90 days, it must charge and pay VAT to avoid the penalty, but it can later recover that VAT (via credit note or refund claim) once it obtains proof that the goods left Italy and reached the other EU country.
- **Italy:** On March 12, 2026, the Ministry of economy [announced](#) that a forthcoming Italian legislative measure will amend the 2026 Budget Law (Law No. 199 of December 30, 2025) by (1) postponing until June 30, 2026 the start of the new administrative fee meant to cover costs tied to importing low-value parcels under EUR 150, to allow the Customs and Monopolies Agency to update its IT systems; and (2) clarifying the VAT taxable base rules for barter and “payment in kind” transactions by applying the new “total costs” method only to transactions carried out under contracts signed or renewed on or after January 1, 2026, while older contracts will continue to use the “normal value” method to preserve legal certainty.

- **Italy:**^{xcvi} On March 23, 2026, ITA [issued](#) Letter No. 83/2026, clarifying that, following the transfer of beauty service activities, VAT documentation and compliance obligations rest with the operator providing the services, even where another company continues to sell products or collects the consideration on the operator's behalf. The Agency confirmed that the service operator must document the transactions, comply with electronic storage and transmission requirements, and register the telematic recorder under its own VAT identification number, and remains responsible for VAT reporting regardless of the payment flow.
- **Latvia:**^{xcvii} On March 5, 2026, the Latvian tax authority [clarified](#) that one time compensation received for permanently renouncing a property right (in this case, the right to use a parking space) constitutes consideration for a taxable provision of services. It concluded that the renunciation amounted to a transfer of intangible rights or an obligation to refrain from an action, creating a direct link between the compensation and the service, and was therefore subject to VAT.
- **Malawi:**^{xcviii} On February 27, 2026, Malawi [announced](#) significant indirect tax reforms as part of the 2026–27 Budget Policy Statement presented to the National Assembly. The budget would remove import duties and taxes on certain educational, medical, and agricultural equipment, extend the motorcycle clearance moratorium for six months with reduced charges, and introduce new levies, including a 20 percent excise tax on powdered soft drink flavors, export duty on scrap metal, and higher carbon taxes on foreign registered vehicles. It would also increase the VAT registration threshold to MK50 million from April 1, 2026, shorten the VAT refund claim period to six months, and apply VAT to sugar exports subject to refund upon proof of export and repatriation of proceeds.
- **Malta:**^{xcix} On March 10, 2026, Malta enacted indirect tax measures under [Law No. III/2026](#) as part of its 2026 budget. The law revises the VAT refund framework by introducing a standard five month refund processing deadline and allowing the tax authorities to withhold refunds where taxpayers have outstanding income tax returns, without accruing interest. In addition, Malta amended the eco contribution regime for tourist accommodation by setting a charge of EUR 1.50 per adult per night, capped at EUR 22.50 per stay, effective July 1, 2026, and updated motor vehicle registration tax schedules based on vehicle category and engine capacity.
- **Norway:**^c On February 25, 2026, the Norwegian tax authority [launched](#) a public consultation on proposed changes to the VAT timing rules for cross border remotely deliverable services, aiming to align the regulations with legislative amendments effective July 1, 2026. The proposal would allow businesses required to self assess VAT on such services to report VAT based on budgeted amounts for a period of up to 12 months, allocate VAT evenly across the relevant tax periods, and reconcile the reported amounts with actual taxable values within six months after the period ends. It also requires businesses to retain the budget and any subsequent adjustments as part of their VAT documentation. The draft regulations are scheduled to enter into force on July 1, 2026, and the consultation closes on May 26, 2026.
- **Norway:**^{ci} On March 11, 2026, Norway's tax administration [issued](#) Binding Advance Ruling No. 1/2026, holding that interim financing provided in step with construction progress constitutes taxable partial payments for work performed rather than pure advances and therefore requires ongoing invoicing and VAT reporting. The ruling also rejected attempts to defer VAT until project completion by contractually redefining delivery, inserting an intermediary group company, or adopting a "complete contract" model, finding that such arrangements lacked commercial substance and amounted to VAT avoidance.

- **Norway:**^{cii} On March 11, 2026, Norway’s tax administration [issued](#) Binding Advance Ruling No. 2/2026, clarifying that the leasing of purpose built care housing to a municipality qualifies for voluntary VAT registration. The ruling further confirms that the lessor is entitled to deduct VAT upon entering into the lease agreement, based on the municipality’s documented intention to use the premises for qualifying care services, without requiring individual subleases with residents during the construction phase.
- **Norway:**^{ciii} On March 20, 2026, Norway’s tax administration [published](#) Tax Appeals Board Decision No. SKNA6 2026 27, clarifying that demolition and environmental remediation works constitute a separate taxable transaction with independent VAT invoicing and reporting obligations, even where later development of the same property is contemplated. The Board confirmed that, because the subsequent development work was conditional and not contractually secured, the demolition and remediation had their own completion date for VAT purposes, requiring the contractor to issue VAT invoices within one month of completion and precluding deferral of VAT invoicing until takeover of fully developed plots.
- **Norway:**^{civ} On March 27, 2026, Norway’s Ministry of Finance [proposed](#) a new Excise Duties Act aimed at consolidating and modernizing the country’s excise duty framework. The proposal is largely technical and does not introduce substantive policy changes but would consolidate existing excise duty rules into a single statute, covering duties on alcohol, electricity, road fuels, mineral products, motor vehicle registration, and document transfers. Under the proposed Act, key provisions on taxable goods and activities, chargeability, and liability for calculation and reporting would be set out directly in law, replacing the current structure based on enabling legislation supplemented by regulations and annual parliamentary tax decisions.
- **Poland:**^{cv} On March 6, 2026, Poland [reduced](#) the statutory interest rates applicable to tax arrears and late payments, including VAT and customs duties. The standard interest rate on tax arrears decreased from 11.0 percent to 10.5 percent per annum, while the reduced rate for voluntary self corrections paid within seven days fell from 5.5 percent to 5.25 percent. Poland also lowered the increased interest rate applicable in certain VAT and customs duty cases—from 16.5 percent to 15.75 percent—which continues to apply where tax authorities detect underreported liabilities, overstated refunds or overpayments, or failures to file returns or pay tax during tax audits.
- **Spain:**^{cvi} On March 11, 2026, the European Commission [referred](#) Spain to the CJEU for failing to fully transpose two VAT related EU directives into national law. The case concerns the directive introducing a special VAT regime for small enterprises and the directive modernizing the EU VAT rate framework, both of which had to be implemented by December 31, 2024. After Spain failed to comply despite formal notices and reasoned opinions, the Commission concluded that national measures were insufficient and is seeking judicial enforcement, including financial penalties.
- **Sweden:**^{cvi} On February 20, 2026, Sweden’s Advance Ruling Board [issued](#) Advance Notice No. 108-25/I, clarifying that the VAT exemption for medical care applies only to services whose primary purpose is the protection, preservation, or restoration of health. The court ruled that expert assessments and certifications issued to support legally binding decisions—such as driver’s license eligibility—do not qualify for the exemption, even if they have indirect health relevance. As a result, the taxpayer’s laboratory assessment and certification services were held to be subject to VAT.
- **Sweden:**^{cvi} On February 20, 2026, Sweden’s Advance Ruling Board [issued](#) Advance Notice No. 79 25/I, clarifying that a self storage company’s rental of storage containers does not

constitute the letting of immovable property for VAT purposes. The Board reasoned that, under the EU definition of real property, the decisive factor is the construction itself: these containers are designed so that one can easily move them without damage, even if they sit on fixed concrete bases, require a crane to position, need building permits, and may remain on site for 18–24 months or longer. Because their modular nature and ease of relocation mean they do not form “fixed property,” the Board classified them as movable goods, so the rental is a taxable service and not exempt real estate leasing.

- **Sweden:**^{cix} On March 16, 2026, Sweden’s Tax Agency [published](#) Position Statement No. 8-95140-2026, clarifying when services and related goods qualify for the VAT exemption for “social care.” The Agency states that services count as social care when legislation places responsibility on public authorities, and when the activity typically receives full or partial public funding (for example, municipal social services, childcare, disability support, special transport, prison care, and services of guardians or trustees). A provider qualifies as a “recognized social operator” if it carries out social-care activities under such legal responsibility, subject to public oversight, using its own organization; simple staff leasing or stand-alone cleaning services do not qualify. Goods or services have a “close connection” to social care, and can also be VAT-exempt, only if both buyer and seller are public bodies or recognized social operators, the item is absolutely necessary to deliver the exempt care, and the purpose is not to generate extra income in competition with commercial VAT-taxable businesses.
- **Sweden:**^{cx} On March 24, 2026, the Swedish Tax Agency [published](#) Position Statement No. 8 97473 2026, clarifying how transactions involving bundled goods or services should be assessed for VAT purposes. The guidance confirms that taxpayers must first identify the individual elements of a transaction and determine whether it constitutes a single transaction or multiple transactions. A single transaction should not be artificially split, and ancillary elements follow the VAT treatment of the principal transaction. Where no principal transaction exists, closely connected elements may be treated as a single transaction; otherwise, each element is taxed separately with the consideration apportioned on reasonable grounds.
- **United Kingdom:**^{cxii} On February 20, 2026, the UK First Tier Tax Tribunal (FTT) published its decision in *Mochars Ltd.*, [2026] UKFTT 00313 (TC), in which it upheld HMRC’s decision to deny most of a VAT repayment claim where VAT deductions was claimed without valid VAT invoices or alternative supporting evidence. The FTT held that HMRC is not obliged to inform taxpayers proactively of the possibility of providing alternative evidence under the VAT Regulations, provided discretion is considered. Given the taxpayer’s failure to produce invoices, bank statements, or other corroborative evidence despite repeated requests, the FTT found no error of law or failure to exercise discretion.
- **United Kingdom:**^{cxii} On February 26, 2026, the FTT published its decision in *Charge My Street Ltd.*, [2026] UKFTT 00318 (TC), in which it held that electricity provided at public electric vehicle (EV) charging points may qualify for the reduced VAT rate of 5 percent under the de minimis rules for domestic fuel and power, contrary to HMRC’s long standing guidance. The FTT found that sales of electricity to drivers at public charge points can fall within Note 5(g) of Schedule 7A VATA, as electricity is provided to a person at identifiable premises and the 1,000 kWh per month threshold may be met when assessed on a monthly, rather than per session, basis. The FTT further confirmed that third party apps or intermediaries may be treated as the provider of EV charging services, even where they do not own charging infrastructure or purchase electricity directly, and that contractual form must yield to economic and commercial reality.

- United Kingdom:**^{cxiii} On March 26, 2026, the UK Upper Tribunal (UT) [allowed](#) HMRC's appeal in *Boehringer Ingelheim Ltd.*, [2026] UKUT 00135 (TCC), holding that payments made by a pharmaceutical manufacturer to the Department of Health and Social Care (DHSC) under NHS voluntary pricing schemes do not generally constitute retrospective price reductions for VAT purposes under Article 90(1) of Directive 2006/112/EC. The UT found that DHSC is not the final consumer of medicines provided into the NHS through wholesalers, pharmacies, or healthcare providers, as its role is limited to general, non ringfenced budgetary funding rather than transaction specific reciprocal payment for goods. As a result, the payments lacked the direct link to sales into final consumption required to reduce the taxable amount. However, the UT accepted that an Article 90 adjustment may be available where medicines are sold directly to and paid for by DHSC, and where the payments can be referred to those sales. The UT further clarified that no VAT adjustment is permitted where medicines are zero rated at final consumption, as this would result in an impermissible VAT loss, overturning the FTT's broader approach.
- United Kingdom:**^{cxiv} On March 27, 2026, the UK Court of Appeal [issued](#) its decision in *Colchester Institute Corporation*, [2024] UKUT 00397 (TCC), upholding the Upper Tribunal's ruling that government funding paid to Colchester Institute Corporation (CIC) by the Education Funding Agency and Skills Funding Agency constituted consideration for VAT purposes. The Court of Appeal held that the funding was paid in return for the provision of approved education and vocational training services to eligible students, rather than being a general subsidy, with a sufficient direct link (reciprocity) established through the funding agreements, per student funding formulas, clawback mechanisms, and detailed reporting obligations. The Court of Appeal rejected HMRC's argument that the payments were merely conditional grants lacking a direct link to specific transactions, confirming that lump sum or formula based payments may constitute consideration where they are determined in advance by well established criteria and paid for identifiable services, drawing support from *Le Rayon d'Or* and related CJEU jurisprudence.
- United Kingdom:**^{cxv} On April 10, 2026, HMRC [updated](#) its Guidelines for Compliance (GfC18) setting out its recommended approach to determining the VAT sourcing in the oil and gas sector, with relevance also for wind and carbon capture projects. The guidance provides a structured approach that prioritizes special rules (notably land related services and use and enjoyment), then the general B2B rule, followed by analysis of any fixed establishment, including offshore installations, and other relevant factors. HMRC clarifies that services directly related to fixed offshore platforms may be treated as land related and outside the scope of UK VAT when the installation is beyond the 12 nautical mile limit, that use and enjoyment rules may move the place of taxation offshore for services such as equipment hire or software used exclusively offshore, and that provision of personnel are generally not land related and instead follow the general rule. The guidance also highlights the importance of assessing single vs mixed transactions, identifying the establishment most closely connected to the sale, and maintaining robust supporting evidence before treating the sale as outside the scope of UK VAT.

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

- **KPMG in Australia** published a [report](#) discussing a decision of the Federal Circuit and Family Court concerning the refund of overpaid GST where the excess tax was not “passed on” to purchasers. The court held on March 12, 2026, that a property developer was entitled to a GST refund after incorrectly overpaying GST under the margin mechanism by excluding non monetary consideration in calculating the taxable margin. The court noted that the GST amount was not disclosed on invoices and could not have been identified by purchasers, meaning the GST was not passed on in substance. It rejected assumptions that excess GST is automatically embedded in prices based on business profitability, emphasizing that the assessment must focus on actual pricing conduct. The court further held that granting the refund would not result in a windfall gain, as it merely restored tax that should not have been paid.
- **KPMG in Malaysia** published a [report](#) summarizing recent indirect tax developments. From a service tax perspective, the report highlights the issuance of a revised Service Tax guide on information technology services dated February 26, 2026, which provides additional clarification on the scope and tax treatment of IT related services. From a customs perspective, several amendments to the Customs Regulations took effect on February 16, 2026, expanding the list of approved customs ports and legal landing places in Johor and extended operating hours as well as anti-dumping duty measures relating to imports from Indonesia
- **KPMG in New Zealand** published a [report](#) summarizing recent indirect tax developments following the Finance and Expenditure Select Committee’s report on the Taxation (Annual Rates for 2025–26, Compliance Simplification, and Remedial Measures) Bill. From a GST perspective, the Committee’s recommendations focus on technical refinements rather than policy changes, including confirmation that joint ventures may continue applying the existing GST treatment by default, removing the need for a formal election and allowing Inland Revenue discretion to accept late elections to ease transition to the new regime. The revised Bill also clarifies that, for taxable sales exceeding NZD 1,000, the obligation to provide GST registration details and other taxable information rests with the unregistered purchaser, rather than the seller.

Miscellaneous Developments in APAC

- **India:**^{cxvi} On March 30, 2026, India enacted the [Finance Act 2026](#), which, among other measures implements the indirect tax proposals from the Union Budget for the 2026–2027 fiscal year. The Act aligns intermediary services with the general place-of-service rule so that tax applies based on the customer’s location, recognizes credit notes issued after a transaction as valid even if the original contract did not define such terms—provided the customer reverses the related GST credit, makes refunds arising from an inverted duty structure (where GST incurred exceeds GST collected) eligible for provisional refunds, temporarily allows the government to designate an existing authority to act as the National Appellate Authority until it formally constitutes that body, and removes the minimum refund threshold of INR 1,000 for export transactions with payment of tax so that exporters can claim smaller refund amounts as well.
- **New Zealand:**^{cxvii} On March 24, 2026, New Zealand’s Inland Revenue released

[Interpretation Statement IS 26/02](#), providing guidance on the GST treatment of payment processing and payment facilitation services provided to merchants. The statement clarifies how to assess whether such services, including payment technology services, qualify as financial services for GST purposes, confirming that services such as settlement services are generally GST exempt under the Goods and Services Tax Act 1985, with zero rating available where the seller is GST registered, has made the required election, and relevant conditions are met. It also explains that services not usually regarded as financial services may nonetheless be treated as such where they are reasonably incidental and necessary to the provision of financial services. Finally, the Interpretation Statement provides guidance on determining single versus multiple services and apportioning fees where different GST treatments apply.

- **Uzbekistan:**^{cxviii} Uzbekistan expanded its VAT refund regime for foreign visitors under a presidential resolution effective March 5, 2026, with key changes applying from April 1, 2026. VAT refunds are available in cash at all international airports, with foreign purchasers entitled to 85 percent of the VAT paid, while 15 percent is retained as a service fee. Bank-account refunds must be processed within three business days after export of the goods. The minimum purchase threshold is UZS 300,000 (VAT inclusive), and the removal of the restricted list of eligible goods (except for food products) significantly broadens the scope of the VAT refund mechanism
- **Vietnam:** On March 12, 2026, Vietnam's Ministry of Finance issued Circular No. 20/2026/TT BTC, providing clarifications on the taxation of foreign contractors, including foreign contractor VAT. The circular confirms that foreign enterprises doing business in Vietnam, including through e commerce and digital platforms, are subject to foreign contractor tax where the statutory conditions are met. It clarifies that taxable revenue is based on gross revenue, including amounts paid on behalf of the foreign contractor by the Vietnamese party, before any tax deductions. This aligns the revenue base for foreign contractor corporate income tax with that used for foreign contractor VAT, reversing prior guidance that excluded VAT elements from the income tax base. The circular also abolishes the hybrid tax calculation method for new contracts, with grandfathering for contracts concluded before March 12, 2026.

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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. Argentina - Argentina Gazettes Amendments to Income Tax, VAT and Specific Duties (March 11, 2026), News IBFD.
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