



# Inside Indirect Tax

May 2026



## 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

- **Barbados:**<sup>i</sup> On March 16, 2026, the Barbados Ministry of Finance [presented](#) the 2026 budget, announcing VAT measures that include designating rental car companies as eligible tourism service providers from July 1, 2026, allowing them to apply a reduced 10 percent VAT rate and access duty, excise, and VAT exemptions on qualifying hybrid and electric vehicles. The budget also extends the VAT and excise tax holiday for electric vehicles through March 31, 2029, while maintaining a 10 percent import duty on those vehicles.
- **Bahamas:**<sup>ii</sup> On March 31, 2026, the Bahamian Department of Inland Revenue [published](#) the Value Added Tax (Amendment) Bill, 2026, introducing a VAT exemption for the wholesale and retail sale and import of specified unprepared food items by grocery stores and a 5 percent reduced VAT rate for specified essential goods imported or purchased by consumers, with both measures applying from April 1, 2026.
- **Bahrain:**<sup>iii</sup> On March 31, 2026, Bahrain’s National Bureau for Revenue (NBR) published version 1.2 of the [VAT Healthcare Guide](#), explaining the VAT treatment of healthcare services, medical institutions, and the sale of medicines and medical equipment in Bahrain. The guide clarifies that medicines, medical equipment, and other medical products included on the lists published on the NBR website are zero rated throughout the supply chain, and their import from outside the Implementing States is exempt from VAT. Sales or imports of medicines and medical products not included on the lists are subject to VAT at the standard rate of 10 percent. The guide further explains that medicines and medical products forming an integral part of non-qualifying medical services are subject to VAT at 10 percent, even if they would be zero rated when sold on a standalone basis, requiring an assessment of whether the transaction constitutes a single composite sale or multiple sales on a case-by-case basis.
- **Cambodia:**<sup>iv</sup> Cambodia recently [announced](#) VAT relief measures under which the government will assume the 10 percent VAT on the sale of diesel and liquefied petroleum gas from April 1, 2026, until further notice. Importers and distributors must issue invoices without charging VAT, labeling the tax as “state-paid VAT,” while end-user invoices must show VAT-exclusive prices. Businesses must report the state-assumed VAT through the purchase-sale journal in the e-filing system, and any VAT actually paid at 4 percent or 10 percent may be claimed as VAT credits, subject to proper documentation.
- **Croatia:**<sup>v</sup> On March 27, 2026, Croatia [enacted](#) Law No. 377, extending the 5 percent reduced VAT rate on certain heating-related sales-including heating from natural gas and thermal stations, related service fees, and sales of firewood, pellets, briquettes, and wood chips-until March 31, 2027.
- **Cyprus:**<sup>vi</sup> On April 6, 2026, the Tax Department of Cyprus [announced](#) a temporary zero VAT rate on specified fresh, chilled, or frozen meat and fish products, applying through September 30, 2026, while prepared meat and fish products remain subject to the reduced VAT rate of 5 percent.

- **Cyprus:**<sup>vii</sup> On March 27, 2026, Cyprus [issued](#) Decree No. K.D.P. 167/2026, reducing the reduced VAT rate on certain electricity sales from 8 percent to 5 percent for private residences, public assistance recipients, and qualifying thermal energy storage systems, with the reduced rate applying from May 1, 2026, to March 31, 2027.
- **Dominica:**<sup>viii</sup> On April 10, 2026, Dominica's Parliament [approved](#) an extension of the VAT exemption and import duty waivers on essential goods until July 31, 2026.
- **Ecuador:**<sup>ix</sup> On March 26, 2026, the Ecuadorian tax authority [issued](#) Circular No. NAC-DGECCGC26-00000002, clarifying that the zero percent VAT rate applies only to food products expressly listed in article 55 of the Internal Tax Law and sold in their natural state, while processed, prepared, or transformed food products, and bundled goods where any item is taxed, are subject to the standard 15 percent VAT rate. The circular entered into force on March 31, 2026.
- **France:**<sup>x</sup> On April 15, 2026, the French tax authority [issued](#) updated guidance harmonizing the VAT treatment of household waste management services, confirming that the 55 percent reduced VAT rate applies to waste collection and treatment services from March 1, 2026, while certain related public cleaning services remain subject to a 10 percent reduced rate, and clarifying that bundled transactions must be treated as a single transaction with no artificial splitting of VAT rates.
- **Iceland:**<sup>xi</sup> On April 29, 2026, Iceland [adopted](#) temporary measures to address rising fuel costs and inflation, including a proposed reduction of VAT on petrol and diesel from 24 percent to 11 percent for the period from May 1 to August 31, 2026. The package also includes enhanced price monitoring to ensure savings are passed on to consumers and funding for expanded electric-vehicle charging infrastructure, with the measures framed as temporary and not affecting Iceland's long-term energy transition goals.
- **Ivory Coast:**<sup>xii</sup> On April 22, 2026, Ivory Coast extended the VAT exemption on certain export-related operations in the coffee and cocoa sector for the 2025-2026 campaign, as VAT has not yet been incorporated into the sector's price-setting mechanism. Although the VAT exemption for these operations was abolished under the 2017 Fiscal Annex, a temporary suspension introduced for the 2024-2025 campaign has been prolonged. The exemption applies to warehousing and technical inspection services for export goods, the sale of specific packaging materials, and the processing of coffee and cocoa. The tax authorities have been instructed not to pursue uncollected VAT during the campaign, while any VAT already charged must be remitted under normal rules.
- **Kenya:**<sup>xiii</sup> On April 15, 2026, Kenya further [reduced](#) the VAT rate on motor spirit (premium gasoline), illuminating kerosene, and gas oil used for automotive, light, and amber high-speed engines from 13 percent to 8 percent, following an earlier temporary reduction from 16 percent. The further reduced rate applies from April 16, 2026, through July 14, 2026.
- **Liberia:**<sup>xiv</sup> Effective May 1, 2026, Liberia will increase the standard GST rate from 12 percent to 13 percent. The GST rate on telecommunications services remains 15 percent, and exported goods remain zero-rated, under amendments approved by lawmakers in March 2026.
- **Madagascar:**<sup>xv</sup> Effective January 1, 2026, Madagascar [enacted](#) the Finance Law for 2026, repealing VAT exemptions on the import and domestic sale of certain goods, subjecting those items to the standard VAT rate of 20 percent, including specified insecticides, animal feed materials, mosquito nets, pharmaceutical waste, solar-related products, and wheat imports, while also reinstating the VAT exemption for books and confirming the VAT-exempt treatment of certain financial services.
- **Malta:**<sup>xvi</sup> On April 6 and April 7, 2026, the Malta Tax and Customs Administration [published](#) guidance clarifying the VAT treatment of certain gambling sales following legislative changes narrowing the scope of VAT exemptions, with effect from October 1, 2026. The guidance confirms that the VAT exemption will apply only to approved low-risk games, occasional junket events, and on-site gambling facilities linked to real-life events. As a result, live casino activities, including streamed and virtual games, and sports betting

services will be subject to VAT. Additional [guidance](#) confirms that live casino services are treated as entertainment activities, while online sports betting qualifies as an electronically provided service for VAT purposes.

- **New Zealand:**<sup>xvii</sup> On April 17, 2026, New Zealand Inland Revenue opened a public consultation on [Exposure Draft No. PUB00511](#) and an accompanying [fact sheet](#) addressing the reduced GST treatment for accommodation provided in commercial dwellings. The proposed guidance clarifies that a reduced taxable value, resulting in an effective GST rate of 9 percent, applies to domestic accommodation and related ancillary services provided for more than four consecutive weeks, generally from the fifth week. Where a residential establishment has an upfront agreement confirming that the stay will exceed four weeks, the reduced rate would apply from the commencement of the arrangement; otherwise, it would apply from week five. The guidance also confirms that the reduced rate does not affect GST deduction entitlements and does not apply to accommodation provided through electronic marketplaces.
- **Poland:**<sup>xviii</sup> On March 30, 2026, members of the Polish Parliament [submitted](#) a draft amendment to the VAT Act that would reintroduce a zero percent VAT rate on basic food products listed in Annex 10 (excluding catering services) from April 1, 2026, to December 31, 2026, replacing the current 5% rate.
- **Poland:** Effective, March 29, 2026, Poland temporarily reduced excise duty rates on fuels and lowered VAT on petrol and diesel to 8 percent, setting excise duties at PLN 1,239 per 1,000 liters for petrol and PLN 880 per 1,000 liters for diesel and biocomponents, through amendments to excise and fuel pricing regulations. To read a report prepared by KPMG in Poland, click [here](#).
- **Sri Lanka:** On April 8, 2026, the Department of Inland Revenue issued Notice PN/VAT/2026-04/1, confirming that the importation and sale of fabric are subject to VAT at 18 percent, effective April 1, 2026. A transitional provision exempts from VAT the sale of fabric that was imported before April 1, 2026, and subject to a CESS levy at importation, provided that proper and separate records and documentation are maintained. To read a report prepared by the KPMG member firm in Sri Lanka, click [here](#).
- **Sweden:**<sup>xix</sup> On April 13, 2026, Sweden [presented](#) its Spring Amending Budget for 2026, proposing, among other things, a temporary reduction in excise taxes on petrol and diesel to the minimum levels permitted under the Energy Taxation Directive, applicable from May 1 to September 30, 2026, and a temporary suspension of the indexation of energy and carbon dioxide taxes, under which 2027 rates would be set based on indexation as of August 1, 2026.
- **United Kingdom:** On April 21, 2026, the United Kingdom government announced changes to the electricity generator levy (EGL), increasing the levy rate from 45 percent to 55 percent effective July 1, 2026, and extending its application beyond the current end date of April 2028. The EGL, introduced in 2023, applies to electricity generators using nuclear, renewable, and biomass sources where revenues exceed a benchmark price, typically during periods of elevated gas prices. To read a report prepared by KPMG in United Kingdom, click [here](#).
- **Uzbekistan:**<sup>xx</sup> On March 27, 2026, Uzbekistan [enacted](#) Law No. 3PY-1126, introducing a framework for Islamic banking that includes VAT exemptions for markups on products sold by banks and microfinance organizations as part of Islamic financial services, as well as for certain Islamic financial transactions, with the law scheduled to enter into force on June 29, 2026.

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# Digitalized Economy Indirect Tax Updates

## Australia: Consultation on Draft Legislation Introducing News Media Bargaining Incentive Charge

On April 27, 2026, the Australian government [released](#) draft legislation for consultation that would introduce the News Media Bargaining Incentive Charge (NMI), a digital services tax–type measure targeted at large social media and search businesses with significant Australian user bases and Australian revenue above AUD 250 million. The NMI would apply to a “service group” (a parent and its controlled entities) that provides significant social media or search services in Australia—defined by user thresholds of more than 5 million active Australian users for social media and more than 10 million for search—and that has broad “consolidated revenue attributable to Australia,” which can include revenue from tangible goods and other services, not just digital advertising or platform revenue. The measure would apply from financial years starting on or after July 1, 2025 (effectively from 2025–26), and the NMI would equal 2.25 percent of the service group’s consolidated Australian-attributable revenue from the third-most-recent financial year. The consultation runs until May 18, 2026.

The proposal includes a distinctive offset mechanism that allows in-scope groups to reduce or eliminate their NMI liability through qualifying payments to “news business corporate groups” that serve an Australian audience and produce Australian public interest journalism. Taxpayers can uplift such expenditure to 170 percent when they pay small or medium news businesses (with revenue up to AUD 50 million) and to 150 percent for all other news businesses, subject to diversification rules that require engagement with at least four separate news business groups, each accounting for at least 25 percent of the uplifted offset pool to fully eliminate the NMI. Taxpayers can carry forward unused uplifted expenditure to future years. A parent entity must file an NMI return within six months of year-end, even if offsets reduce the liability to zero, and the NMI is payable within 21 days of assessment, with the parent and all service group members jointly and severally liable for the tax and any interest. For more information, click [here](#).

## Morocco: Nonresident Remote Services Providers Required to Register for VAT Effective June 2026

On December 11, 2025, the Moroccan authorities issued Decree No. 2.25.882, which introduces formalizes the VAT regime for nonresident providers of remote, dematerialized services (for example, digital or online services) to customers in Morocco who are not registered for VAT. The rules take effect six months after publication in the Official Gazette, on June 11, 2026. The regime covers digital services such as streaming and other online content, software and SaaS, cloud and hosting services, online advertising and digital marketing, as well as remotely delivered services, including training, consulting, and assistance services, when a Moroccan-resident customer uses them for personal purposes.

The decree focuses on business-to-consumer scenarios and requires nonresident providers to determine and document whether each customer is “subject to VAT” or “not subject to VAT” in Morocco. To treat a transaction as in scope, the provider must confirm that the customer has their tax residence or domicile in Morocco, using indicators such as a Moroccan billing address, a Moroccan-linked payment method (such as a bank card issued in Morocco), an IP address in Morocco, or a Moroccan telephone country code (+212). Although many jurisdictions shift VAT responsibility to online marketplaces or platforms in similar regimes, this decree does not assign VAT liability to platforms; the nonresident provider remains directly responsible.

Nonresident providers that fall within the regime must register on a dedicated electronic platform (with no minimum revenue threshold), issue VAT-compliant invoices to both B2C and B2B customers, and maintain a detailed service register for each transaction, including customer identity, VAT status, service description, amounts, payment details, and dates. They must keep these records for at least 10 years and file quarterly VAT returns electronically that report total B2C receipts and the related VAT. If they fail to comply, the general penalty provisions of Moroccan VAT law apply. For more information, click [here](#).

## Ukraine: Proposal Requiring Nonresident Sellers of Low-Value Imports to Collect VAT

On March 30, 2026, the Cabinet of Ministers of Ukraine submitted a draft law to parliament that would create a VAT framework for cross-border sales of low-value goods to individuals in Ukraine when they purchase through electronic interfaces (for example, online marketplaces and platforms). The proposal broadly aligns with international models used for low-value consignments and digital marketplaces, such as those in the European Union, and would shift VAT collection from postal operators to electronic interface enterprises, whether resident or nonresident. If enacted, the rules would take effect on January 1, 2027, with secondary legislation to follow within six months, although key elements remain uncertain because related Customs Code amendments have not yet been drafted or published.

The regime would apply to non-excisable goods sold to individual consumers via electronic interfaces, imported into Ukraine in consignments with a total invoice value not exceeding EUR 150. In these cases, the law would source the transaction to Ukraine and would require the electronic interface enterprise (and, in some cases, an appointed intermediary) to calculate and remit Ukrainian VAT based on the total invoice value, potentially in euros or U.S. dollars, using Customs Code exchange-rate rules. VAT would become due when the platform receives payment. Platforms operating under this regime would not need to issue Ukrainian VAT invoices for these transactions. The draft law would exempt the importation of qualifying goods sold under the new regime and would preserve existing exemptions for certain non-commercial low-value consignments, such as gifts not exceeding EUR 45, subject to current limits and conditions. For more information, click [here](#).

## Other Developments

- **Albania:** The Albanian tax authorities recently [announced](#) that they are in the process of harmonizing domestic legislation with EU Directive DAC7. DAC7 introduces enhanced reporting obligations for digital platforms, requiring marketplaces to collect, verify, and report specified information on sellers operating through their platforms when they sell transportation, accommodation, personal services as well as goods. While the detailed implementation framework has not yet been released, the direction of the legislation clearly points toward increased transparency and reporting requirements for digital marketplace operators. According to the tax authorities, the objective is to complete full legal harmonization by 2026, with the reporting system expected to become operational no later than 2027.
- **Belgium:**<sup>xxi</sup> On April 17, 2026, the Chamber of Representatives [accepted](#) for consideration Bill No. 56K1491001, proposing the introduction of a DST on multinational enterprise groups providing digital services in Belgium without a permanent establishment. The bill would impose a 3 percent tax on gross receipts from targeted online advertising, digital intermediation services, and the sale or provision of Belgian user-generated data, applicable to groups with global gross receipts exceeding EUR 750 million and Belgian gross receipts above EUR 3 million. Declarations and payments would be due within three months after the financial year end, with the proposed measures set to enter into force on January 1, 2027.
- **Cyprus:**<sup>xxii</sup> On April 2, 2026, the Cyprus Tax Department announced that 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. To read KPMG's previous discussion of DAC8, please click [here](#).
- **Ecuador:**<sup>xxiii</sup> On March 31, 2026, the Director General of Ecuador's Internal Revenue Service (SRI) [issued](#) Circular NAC-DGECCGC26-00000004, clarifying that digital services related to online gaming and

sports betting—such as paid online video games, sports prediction platforms, and streaming of sporting events—are digital services subject to Ecuadorian VAT. The circular explains who must collect and remit VAT depending on the provider’s tax residence and how payment occurs: if a nonresident platform with a financial intermediary (for example, a local bank or card issuer) provides the service, the intermediary must withhold 100 percent of the VAT; if a resident or voluntarily registered platform provides the service, that platform must invoice the user, charge the VAT, and pay it to the SRI (including issuing a monthly VAT invoice per user for sports betting platforms); and if a nonresident platform provides the service without a financial intermediary, the Ecuadorian consumer must self-assess, declare, and pay the VAT. The circular reiterates that nonresident providers must comply with the existing SRI resolution on VAT for digital services, and the SRI will monitor compliance with these rules.

- **Estonia:**<sup>xxiv</sup> On April 7, 2026, Estonia [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.
- **Grenada:**<sup>xxv</sup> On April 24, 2026, the Attorney General of Grenada [published](#) the Value Added Tax (Amendment) Bill 2026, which would extend Grenada’s VAT to digital services provided to consumers in Grenada, including by nonresident providers. The bill defines in-scope digital services broadly (e.g., streaming, online advertising, cloud, data storage, software and SaaS, e-learning, and other electronically delivered services), adopts a business-to-consumer model with reverse charge for services received by VAT-registered businesses, and relies on multiple indicators (such as billing address and IP address) to determine whether a consumer is in Grenada. It introduces deemed-provider rules that generally treat electronic marketplaces as the VAT provider where they control key elements of the transaction, requires nonresident providers to register for VAT (with a simplified regime to be set by regulations), and applies existing VAT penalty rules; the law will take effect on a date set by notice, with a six-month transition period for nonresident providers and marketplaces. For more information, [click here](#).
- **Hungary:** On April 23, 2026, Hungary published Government Decree 87/2026. (IV. 23), which reduces the advertisement tax rate to 0% effective July 1, 2026. This reduction applies during the state of danger declared by Government Decree 424/2022. (X. 28.), which established a state of emergency in response to the armed conflict and humanitarian catastrophe occurring in Ukraine. For more information, [click here](#).
- **Malawi:**<sup>xxvi</sup> Malawi’s parliament recently approved multiple tax bills implementing measures announced in the 2026–27 Budget. The reforms include requiring nonresident digital services providers including online advertising, software, electronic games, and audiovisual services, to register for, collect, and remit VAT when selling to customers in Malawi.
- **Netherlands:** On April 10, 2026, the Netherlands [published](#) 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.
- **OECD:**<sup>xxvii</sup> On April 1, 2026, the OECD published the updated list of jurisdictions that are signatories of the multilateral competent authority agreement on automatic exchange of information on income derived through digital platforms (DPI-MCAA). The DPI-MCAA is an OECD-developed legal [framework](#) enabling

tax authorities to automatically share information on income earned by sellers using digital platforms. It supports the automatic exchange of data on income from services (gig economy) and, optionally, the sale of goods/rental of transportation. As of April 1, 2026, 35 countries and counting have committed to implementing information reporting obligations on digital platforms by adopting the OECD's Model Reporting Rules (MRR), with Austria and France being the latest signatories.

- **Sri Lanka:**<sup>xxviii</sup> On April 2, 2026, Sri Lanka further [postponed](#) the application of VAT to digital services provided by nonresident service providers, revising the effective date from April 1 to July 1, 2026. To read a report prepared by KPMG in Sri Lanka, click [here](#). (To read KPMG's previous discussion of Sri Lanka's regulations implementing the nonresident digital services rules, click [here](#).)
- **Ukraine:**<sup>xxix</sup> On March 30, 2026, Ukraine's Cabinet of Ministers approved draft legislation proposing measures to introduce income withholding and information reporting requirements for income earned through digital platforms. The proposed measures, if approved by parliament, are scheduled to take effect from January 1, 2027. For more information, click [here](#).
- **United Arab Emirates:**<sup>xxx</sup> On March 29, 2026, the United Arab Emirates Cabinet [approved](#) ratification of the Multilateral Competent Authority Agreement on the Automatic Exchange of Information under the OECD Crypto-Asset Reporting Framework (CARF). CARF establishes reporting obligations for intermediaries facilitating crypto-asset transactions, requiring the collection and reporting of prescribed information on users' transactions for automatic exchange between tax authorities. The United Arab Emirates signed the agreement on July 21, 2025.
- **Vietnam:**<sup>xxxi</sup> On April 6, 2026, Vietnam published Circular No. 41/2026/TT-BTC, confirming that crypto-asset transactions themselves fall outside the scope of VAT, while services provided by crypto-asset service providers (for example, exchange, brokerage, or wallet services) are subject to standard VAT rules.

## 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:**<sup>xxxii</sup> On April 1, 2026, Argentina's Ministry of Economy [issued](#) Resolution RESOL-2026-1-APN-SICYPYME#MEC, modifying Resolution 220/2019 of the former Secretariat for Entrepreneurs and Small and Medium Enterprises. The resolution updates the categorization criteria for MiPyMES (micro, small, and medium enterprises) and includes annual adjustments to sales and asset limits. It also addresses cooperative registration processes and simplifies compliance requirements. Regarding electronic invoicing, the resolution grants registered MiPyMES access to the MiPyMES Electronic Credit Invoice (FCE) for B2B transactions, particularly with large companies.

- **Belgium:**<sup>xxxiii</sup> On April 2, 2026, Belgium [announced](#) the end of the general tolerance period for mandatory e-invoicing among VAT-registered businesses, effective since January 1, 2026. All VAT-registered entities, including those under the small business exemption mechanism, must issue structured e-invoices. Businesses that only invoice individuals but purchase from Belgian VAT-registered sellers must also comply and accept e-invoices. A specific tolerance for self-billing remains until June 30, 2026, provided technical implementation is ongoing. Exceptional cases may be reviewed individually to avoid penalties. For more information, visit [efacture.belgium.be](http://efacture.belgium.be) or submit cases via the contact form.
- **Brazil:**<sup>xxxiv</sup> On April 15, 2026, the Brazilian government [released](#) the Tax Classification Code Table for IBS and CBS. This table includes classification codes and indicators for CST (cClassTrib). The publication aims to standardize tax reporting procedures, ensuring consistency and clarity for taxpayers and tax authorities. As part of this update, 27 codes were updated effective April 15, 2026.
- **Chile:**<sup>xxxv</sup> On April 10, 2026, Chile's Internal Revenue Service (SII) [issued](#) Resolution Ex. SII No. 52, modifying the May 1, 2026 implementation date of the requirements established in Resolution Ex. SII No. 154 of 2025. These requirements, which include technological and operational adjustments for e-invoices and dispatch notes, will now take effect on November 1, 2026. Until October 31, 2026, taxpayers must continue using the current format for invoices and dispatch notes, although voluntary compliance with the new requirements is allowed. Other tax obligations remain unchanged. The SII has implemented training and communication programs to ensure smooth adoption of these changes.
- **Colombia:**<sup>xxxvi</sup> On April 7, 2026, Colombia's tax authority (DIAN) [reminded](#) taxpayers of the deadlines for submitting Exogenous Tax Information for 2025, starting from May. Large taxpayers must file between May 5, and May 19, 2026, while other legal entities and individuals have deadlines from May 14 to June 12, 2026, based on their tax ID's last number. The Exogenous Tax Information report helps DIAN monitor taxpayers' financial transactions and ensure compliance with tax obligations. Reporting for 2025 is mandatory under Resolution 00227, 2025, which compiles Resolutions 000162 of 2023 and 000188 of 2024. Specific deadlines apply to entities such as the National Registry and Ministry of Culture.
- **Congo, Democratic Republic:**<sup>xxxvii</sup> On April 8, 2026, the Ministry of Finance of the Democratic Republic of the Congo issued Official Notice No. 006, setting May 15, 2026, as the final deadline for mandatory use of standardized invoices for VAT purposes. Starting from this date, all VAT collected or deducted must be supported by these invoices, with no possibility of regularization. The Ministry announced additional measures to support compliance, including working sessions with monopolistic companies, sector-specific derogations, and case-by-case arbitration for payment disputes. Non-compliant VAT-liable companies are urged to adhere to the requirements promptly.
- **European Union:**<sup>xxxviii</sup> On March 30, 2026, the European Committee for Standardisation (CEN) [announced](#) that on March 18, 2026 it finalized the revision of EN 16931-1, the European standard for e-invoicing. The updated standard, EN 16931-1:2026, reflects advancements under the ViDA initiative, including automated VAT reporting requirements. Representatives from 17 Member States unanimously approved the revision, while others abstained without objections. The European Commission will soon publish the reference to the new standard, which includes a transition phase. National standardization bodies will now announce and publish the standard at the national level. CEN is also preparing a guidance document with practical examples to help implementers address complex invoicing requirements under the updated European e-invoicing Standard.
- **France:**<sup>xxxix</sup> On April 2, 2026, France [confirmed](#) that Chorus Pro will remain the primary platform for public sector e-invoicing. Operated by the State Financial Informatics Agency (AIFE), Chorus Pro has been facilitating e-invoice exchanges since January 1, 2017. Starting September 2026, it will also support issuing invoices to VAT-registered entities using formats like Factur-X, UBL, and CII. This expanded role aims to streamline transaction and payment data transmission while enhancing efficiency and payment processes within public administration. Chorus Pro will continue to modernize public sector operations and serve as a centralized invoicing hub for state, local, and public operators.

- **Germany:**<sup>xl</sup> On March 25, 2026, the Forum elektronische Rechnung Deutschland (FeRD) [announced](#) that ZUGFeRD 2.5 will be released on May 20, 2026, in collaboration with France's FNFE-MPE. This update will include the semi-annual revision of code lists used in the European e-invoicing standard EN 16931. Additionally, ZUGFeRD 2.5 will introduce support for gross invoices, meeting requirements in industries such as publishing, book retail, and oil. These enhancements aim to align with Germany's e-invoicing standards and improve compatibility across sectors.
- **Ghana:**<sup>xli</sup> On December 31, 2025, the Ghana Revenue Authority (GRA) [issued](#) Administrative Guideline GRA/AG/25/002, detailing protocols for managing downtime, upgrades, and invoicing compliance. Taxpayers must issue tax invoices or sales receipts through the Commissioner-General's certified system for taxable sales. If systems go offline, taxpayers must notify GRA within 24 hours and restore connectivity promptly. Taxpayers using their own computer-generated invoices, approved by the Commissioner-General, must configure their systems to reflect the prevailing VAT rate by January 1, 2026, when the Act takes effect. Additionally, taxpayers must inform GRA 24 hours before upgrading invoicing systems or installing antivirus software. These measures aim to ensure uninterrupted operations and compliance with invoicing requirements.
- **Greece:**<sup>xlii</sup> On April 3, 2026, Greece's Independent Authority for Public Revenue (IAPR) issued Circular E.2016/2026, clarifying the implementation of digital stock movement documents (e-waybill) and data transmission to the myDATA platform. These requirements apply to entities under Article 1 of Law 4308/2014. The circular provides guidance on digital documentation for agricultural product shipment, professional sellers in outdoor markets, and postal or courier services. It highlights exemptions for short-distance movements and specific cases, such as industrial goods sold exclusively in open markets. Entities must ensure compliance with digital reporting rules, including issuing and transmitting stock movement documents via myDATA, unless internal systems meet real-time tracking and reporting standards for inspections.
- **Malaysia:**<sup>xliii</sup> On April 21, 2026, the Ministry of Finance of Malaysia [announced](#) a further extension until December 31, 2027 of the transition period for the fourth wave of mandatory MyInvois e-invoicing for taxpayers with annual gross receipts between MYR1 million and MYR5 million. Under the revised phased timeline, this group will now enter the mandate from January 1, 2028, with a six-month soft-launch period, while earlier waves that commenced in 2024 and 2025 remain unchanged. The Cabinet had already cancelled the planned fifth wave for micro-businesses in December 2025, exempting taxpayers with turnover below MYR1 million. The Inland Revenue Board of Malaysia issued updated Frequently Asked Questions on April 22, 2026, reflecting the revised timeline and transition arrangements.
- **Mexico:**<sup>xliiv</sup> On March 31, 2026, Mexico's Tax Administration Service (SAT) [announced](#) an extension for the implementation of the Electronic Value Manifestation (MVE), now set to begin on June 1, 2026. The MVE, a new digital format replacing the traditional value declaration for import operations, aims to enhance oversight of foreign trade by requiring more detailed and verifiable information from the customs authority. It will be processed through the Single Window for Foreign Trade (VUCEM), providing users with more time and resources to comply. This change was published on March 30, 2026, in the First Resolution of Amendments to the General Rules for Foreign Trade 2026, updating Rule 1.5.1 and the Eleventh Transitional Article of the RGCE. SAT aims to support businesses by promoting streamlined, accessible processes for foreign trade compliance.
- **Oman:** In April 2026, Oman's Peppol authority released draft PINT specifications for e-invoicing. Mandatory invoice fields increased from 53 to 73, while QR codes, digital signatures, and invoice hashes were removed. The framework adds 28 mandatory fields and includes credit notes and self-billing standards needing more analysis. To read a report prepared by KPMG in Oman, click [here](#).
- **Pakistan:**<sup>xliv</sup> On March 30, 2026, Pakistan's Federal Board of Revenue (FBR) [issued](#) Sales Tax General Order No. 01(190) ST-L&P/2026/35900-R to streamline e-invoicing integration under the Sales Tax Act, 1990. Registered persons must integrate their invoicing systems with the FBR's computerized system

using licensed integrators. The order allows engagement with multiple integrators if needed and permits cancellation, deletion, or editing of electronic invoices within 72 hours of generation. Changes beyond this timeframe require approval from the Commissioner Inland Revenue under specified conditions. This order becomes effective immediately.

- **Poland:**<sup>xlvi</sup> On April 24, 2026, the Polish Ministry of Finance [made](#) available a new abuse reporting functionality in the KSeF 2.0 Taxpayer Application enabling taxpayers to report suspected fraudulent or abusive invoices directly to the tax administration. The functionality applies to taxpayers receiving purchase invoices or invoices where they appear as a third-party entity, and it does not apply to sales invoices. From this date, suspected fraud or abuse must no longer be reported via the KSeF Application Contact Form and must be submitted exclusively through the new reporting feature. The update forms part of the ongoing development of KSeF in response to operational feedback from businesses. Detailed procedural guidance is provided in the KSeF 2.0 Taxpayer Application User Manual version 2.3 issued in April 2026.
- **Slovakia:**<sup>xlvii</sup> On April 7, 2026, Slovakia [announced](#) the implementation of e-invoicing, set to become mandatory for VAT taxpayers starting January 1, 2027. This change, part of the EU's VAT in the Digital Age initiative, aims to modernize VAT systems and unify rules. All businesses, including sole traders, will need to issue and receive e-invoices when transacting with other businesses. Non-VAT taxpayers must also prepare to receive electronic invoices. Financial authorities recommend businesses verify their accounting software's compatibility with e-invoicing requirements and select a certified digital service provider. Voluntary adoption begins in May 2026, offering businesses an early opportunity to adapt to the new system.
- **Serbia:**<sup>xlviii</sup> On March 26, 2026, the Ministry of Finance in Serbia adopted the Amendment to the Rulebook on Electronic Invoicing, which is applicable for tax periods starting from April 1, 2026. The amendment contains seven primary provisions involving clarifications around advance payments, payments in foreign currency, negative amounts on an annulment document type, Electronic recording of VAT, and more.
- **United Arab Emirates:**<sup>xlix</sup> On April 21, 2026, the UAE officially [launched](#) an optional B2B 4-corner Peppol e-invoicing framework, marking the first operational step in its e-invoicing reform. Businesses can now exchange structured XML invoices through Accredited Service Providers (ASPs) via the Peppol network. This optional phase serves as a readiness period for the mandatory 5-corner model, scheduled for phased implementation in 2027. Large businesses must comply by January 1, 2027, smaller businesses by July 1, 2027, and government entities by October 1, 2027. Early onboarding through the EmaraTax platform is strongly recommended to avoid delays. The initiative aims to enhance VAT compliance, transparency, and align UAE invoicing processes with global standards.

## Global E-invoicing Developments Timeline

The world of taxation and compliance is constantly becoming more digitalized and governments are continuously issuing new regulations and requirements for taxpayers. To help businesses stay up to date with tax administration developments in e-invoicing, digital reporting, and real-time reporting, we have created this [e-invoicing 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 Argentina** published a [report](#) (in Spanish) discussing the introduction of the Provincial Strategic Investment Regime in the Province of Buenos Aires under Law No. 15,510. The regime provides tax exemptions of up to 65 percent from real estate tax, gross receipts tax, and stamp duty for qualifying investment projects, with incentives available for up to 15 years. Eligible projects may be carried out in sectors such as manufacturing, services, cultural industries, healthcare, and energy-related activities, subject to a minimum investment threshold of USD 5 million and minimum execution requirements. Additional tax benefits may apply to projects located in less developed districts or authorized industrial parks.
- **KPMG Canada** published a [report](#) discussing recent federal and Ontario indirect tax measures affecting housing rebates, including new federal rebates for first-time home buyers and purpose-built rental housing, proposed enhancements to Ontario HST rebates, and key GST/HST issues facing builders under current market conditions, such as self-assessment requirements when unsold units are converted to rental use or sales agreements are cancelled.
- **KPMG in Colombia** published a [report](#) discussing a draft resolution implementing Article 5 of Decree 240 of 2026, which establishes a transitional regime allowing taxpayers to voluntarily correct certain formal tax breaches, particularly invoicing-related omissions or non-compliant invoices. Eligible taxpayers may regularize such breaches by April 30, 2026, subject to payment of a reduced penalty equal to 3 percent of 2024 gross income or 2 percent of gross assets as of December 31, 2025, subject to minimum and maximum limits expressed in UVT. The regime excludes failures to file returns, transfer pricing breaches, and substantive validations of reported tax positions, and requires the declaration and electronic transmission of corrected invoicing information under a special contingency procedure.
- **KPMG in Colombia** published a [report](#) (in Spanish) discussing a draft decree proposing two new customs and tariff incentive regimes to promote the local assembly of electric and hybrid vehicles. The proposal would introduce reduced import tariffs and other benefits for qualifying projects, subject to local content, employment, and reporting requirements, with restrictions on eligibility and the accumulation of benefits.
- **KPMG in the Dominican Republic** published a [report](#) discussing the recent indexation of specific excise tax rates on cigarettes and alcoholic beverages applicable from April to June 2026. In addition, the report discussing several recent court cases, include a decision of the Superior Administrative Court, reinforcing taxpayers' rights to raise statute-of-limitations defenses and confirming due-process requirements in customs valuation procedures.

### United States: Indiana Tax Court holds telecommunications company not liable for use tax on handsets

On March 31, 2026, the Indiana Tax Court [published](#) its judgement in *New Cingular Wireless PCS, LLC*, clarifying whether certain cell phone handsets qualify for Indiana's telecommunications equipment sales and use tax exemption. The taxpayer, a wireless provider, purchased the phones using resale exemption certificates. It then withdrew some devices from inventory to provide "free" or discounted phones conditioned on entering into service agreements and to furnish replacement phones under insurance or protection plans. For 2018 and 2019, the taxpayer self-assessed and paid use tax on the inventory withdrawals but later sought

refunds, citing the exemption for purchases of certain telecommunications equipment under certain conditions. The Indiana Department of State Revenue denied the refunds, and the taxpayer appealed.

Indiana law exempts a specified list of telecommunications equipment, including “radio or microwave transmitting or receiving equipment” from sales and use tax when acquired by a person who sells telecommunication service at retail. The central dispute concerned whether the cell phone handsets are “radio or microwave transmitting or receiving equipment” within the meaning of the statute and whether the taxpayer was the qualifying “person acquiring the property.” The Department argued that the statute as a whole was intended to exempt only network infrastructure such as towers and switches, not customer devices. It further argued that customers, not the taxpayer, were the true acquirers and users of the phones in question here. The taxpayer countered that cell phones plainly transmit and receive radio or microwave signals and are essential endpoints in the telecommunications system. It further asserted that the relevant taxable acquisition is its own purchase of phones from sellers for use in providing telecommunications services, regardless of whether phones are later transferred to customers via promotions or insurance obligations.

The Tax Court agreed with the taxpayer. Looking to the plain and ordinary meaning of the statutory language, the court held that “radio or microwave transmitting or receiving equipment” encompasses cell phones and that there is no textual basis to confine the exemption to infrastructure under the provider’s direct control. The court also concluded that the taxpayer qualifies as the “person acquiring the property” for purposes of the exemption because, in this instance, the taxpayer was the purchaser in the transactions at issue (i.e., the purchaser of the handsets on which a use tax refund is now sought). The onward transfer of the handset to its customer did not negate the availability of the exemption to the taxpayer.

Accordingly, the court granted partial summary judgment in favor of the taxpayer on the legal issue, holding that the phones withdrawn from resale inventory and used in promotional offers and insurance replacements are exempt from Indiana use tax. However, the court declined to order a refund as it found that additional factual and computational issues remained regarding which specific phones and transactions qualified for the exemption.

### Miscellaneous Developments in the Americas

- **Barbados:**<sup>i</sup> On March 16, 2026, Barbados [presented](#) its 2026 budget statement, including an increase in the VAT registration threshold from BBD 200,000 to BBD 350,000 effective October 1, 2026.
- **Bolivia:**<sup>ii</sup> On April 11, 2026, Bolivia [enacted](#) Law No. 1717, repealing the Financial Transactions Tax (Impuesto a las Transacciones Financieras).
- **Canada:**<sup>iii</sup> On April 8, 2026, Revenu Québec [clarified](#) that mutual fund dealer services remunerated through trailing commissions are taxable sales for GST/HST and Quebec sales tax (QST) purposes. Among other things, it clarified that the authorities will apply GST/HST and QST to dealer services performed on or after July 1, 2026, aligning with the Canada Revenue Authority’s position. As a result, affected dealers may need to register, collect, and remit tax, and may also be eligible to claim refunds or VAT refunds for tax incurred in providing these taxable services.
- **Ecuador:**<sup>iiii</sup> On March 31, 2026, Ecuador’s Internal Revenue Service [issued](#) Circular No. NAC-DGECCGC26-00000003, clarifying that financial services provided by financial institutions, including commissions and charges such as merchant fees on card payments (in any modality), fees on domestic and international transfers, mobile and online payment services, and other authorized financial services, are subject to VAT at the standard rate of 15 percent. The circular confirms that financial entities must assess and settle VAT on taxable transactions regardless of the beneficiary’s status.
- **Ecuador:**<sup>liv</sup> On April 15, 2026, Ecuador’s Internal Revenue Service [published](#) Resolution No. NAC-DGERCGC26-00000016, amending the electronic VAT filing and payment rules to require that VAT returns be filed together with full payment of the tax due for returns submitted from June 2026 onward. The resolution updates the long-standing online compliance framework and introduces a temporary

exception for goods exporters and registered direct providers of exporters with active status in the VAT refund system, pending completion of system enhancements to support compliance under the revised rules.

- **Nicaragua:**<sup>lv</sup> On April 9, 2026, Nicaragua [enacted](#) Law No. 1279, introducing changes to the VAT and excise tax treatment of selected goods, including alcoholic beverages, beer, cigarettes, sugary and energy drinks, and certain food and agricultural products. The law revises the taxable base, applying VAT and excise taxes based on the distributor price rather than the retail price, and adjusts excise tax calculations for alcoholic beverages and specific tariff headings. The amendments took effect immediately on April 9, 2026.

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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 the release of an updated VAT Healthcare Guide issued by the National Bureau for Revenue (NBR). The NBR published version 1.2 of the guide on March 31, 2026, providing revised guidance on the VAT treatment of healthcare services and related transactions, including clarification of the application of VAT exemptions and taxable treatments across different healthcare providers and activities.
- **KPMG in Belgium** published a [report](#) noting that the Belgian VAT chain reform will enter into force on May 1, 2026, following confirmation by the federal authorities. The reform replaces the existing VAT current account with a VAT provision account, requires the transfer of existing VAT credits subject to timely filing of returns by April 30, 2026, and changes refund procedures so that only current-period credits can be refunded through VAT returns, with older balances requested separately via MyMinfin. The reform also introduces new bank accounts for VAT payments, updates the VAT calendar, and abolishes the traditional summer filing extension, with transitional penalty relief applying for 2026.
- **KPMG in the Czech Republic** published a [report](#) discussing a new methodological guidance issued by the General Financial Directorate following a ruling of the Supreme Administrative Court, standardizing how tax authorities handle cases when the statutory tax assessment period expires. According to the guidance, once the period expires, tax administrators can no longer assess tax, so if they do not issue a decision in time in cases such as VAT deduction reviews, they must discontinue proceedings without ruling, while allowing taxpayers to retain any previously granted VAT deduction advances without seeking separate state compensation. The guidance explains how to deal with expired time limits at all procedural stages and includes flowcharts for practical scenarios. It also reflects the court's second key conclusion that, if a taxpayer files an additional return reducing tax within the last 12 months of the 10-year objective period, the period can effectively extend to 11 years only for purposes of inspecting and possibly partially accepting or rejecting the reduced-tax claim, but not to increase the taxpayer's tax liability.
- **KPMG in the Czech Republic** published a [report](#) discussing a proposed amendment to the VAT Act, linked to the rollout of EET 2.0 (the new electronic sales registration system), focusing on three changes: easing conditions for reducing VAT on small, irrecoverable receivables (higher value thresholds and a shorter overdue period), requiring customers who claimed VAT on unpaid liabilities to adjust that deduction sooner (after three months instead of six), and applying a unified reduced 12 percent VAT rate to all non-alcoholic beverages served as part of meal services.

- **KPMG in Germany** published a [report](#) discussing recent indirect tax developments, including recent decisions of the German Federal Fiscal Court (BFH). The BFH addressed whether transfer companies that take over operational units from downsizing employers perform taxable services rather than VAT-exempt social welfare services, clarified that membership fees of non-profit sports clubs generally represent consideration for taxable services with potential VAT exemptions to be assessed case by case, examined VAT consequences when a sports club outsources match operations to a subsidiary and allows free use of assets (including possible input VAT adjustments and the absence of a VAT group), and considered how recent EU case law affects the timing and conditions for claiming VAT deductions when taxpayers receive corrected invoices.
- **KPMG in Kenya** published a [report](#) discussing the recent Tax Appeals Tribunal decision in Waweru, confirming that the VAT exemption for insurance intermediaries does not extend to asset management services. The Tribunal held that asset management commissions constitute taxable sales subject to VAT at 16 percent, even when earned by insurance brokers or agents whose core insurance activities are VAT-exempt.
- **KPMG in Malta** published a [report](#) discussing new VAT rules effective October 1, 2026, which significantly narrow the scope of the VAT exemption for gambling and betting services. Under the revised framework, only to low-risk games, approved occasional junket events, and on-site betting facilities linked to live sporting events will be VAT exempt. All other gambling and betting activities previously covered by the exemption will become subject to VAT at the standard rate of 18 percent.
- **KPMG in Norway** published a [report](#) discussing the extension of the EU Emissions Trading System (EU ETS) to maritime transport. The report notes that maritime emissions have been included in the EU ETS since 2024, with a phased implementation through 2027, making emissions pricing a direct cost for the sector. The rules apply to vessels over 5,000 gross tonnage calling at ports in the European Economic Area, covering emissions from intra-EEA voyages and portions of voyages to and from third countries.
- **KPMG in Oman** published a [report](#) discussing the establishment of the International Financial Center (IFC) in Madinat al Irfan, Muscat, under Royal Decree No. 8/2026, effective January 13, 2026. The decree introduces a preferential tax regime for eligible financial and related activities carried out within the IFC, offering long-term tax incentives of up to 50 years, including VAT incentives alongside income tax relief. Further details on eligibility, scope, and application of the VAT benefits are expected to be clarified through forthcoming executive regulations.
- **KPMG in Poland** published a [report](#) discussing recent tax developments, including proposed amendments to the VAT Act aimed at implementing the EU VAT in the Digital Age (ViDA) package and updating e-commerce rules. The proposals would clarify deemed-seller rules for electronic interfaces, revise how taxpayers calculate the EUR 10,000 threshold for intra-EU consumer sales and services, simplify One-Stop Shop (OSS) and Import One-Stop Shop (IOSS) registration, extend OSS to B2C energy sales, exclude VAT-exempt small taxpayers from IOSS, and abolish the call-off stock regime from July 1, 2028, replacing it with a simplified OSS framework for cross-border movements of own goods. The update also notes draft rules aligning VAT returns with the e-invoicing system (KSeF 2.0), a temporary extension of the reduced 8 percent VAT rate on motor fuels, and recent court rulings clarifying VAT deduction limits and pro-rata application.
- **KPMG in Qatar** published a [report](#) discussing recent amendments to Qatar's Excise Tax Law introduced under Law No. (2) of 2026, which was published on April 7, 2026. The amendments expand and clarify the scope of excisable goods, introduce sugar- and sweetener-based excise bands for sweetened beverages, and update excise valuation rules by reference to standard prices or product composition. The law also sets out transitional stock reporting and payment obligations for businesses holding excisable goods at the effective date and clarifies criminal proceedings and limitation periods for excise tax evasion. The amendments will take effect three months after publication, and further product lists and detailed guidance are expected from the General Tax Authority.

- **KPMG in Sweden** published a [report](#) (in Swedish) discussing the final report of a government-commissioned investigation on VAT aspects of property leasing and transfers, presented on March 26, 2026. The investigation examined whether the scope for voluntary VAT application should be expanded and how Sweden’s VAT adjustment rules for property investments could be aligned with the EU VAT Directive following recent Court of Justice of the European Union case law. The report confirms that the government does not propose expanding voluntary VAT application for property leasing, citing cost implications for tenants with limited deduction rights, but proposes introducing optional VAT treatment for certain property transfers to avoid mandatory adjustment of previously deducted VAT, subject to strict conditions and exclusions. The proposed changes would take effect on January 1, 2028.
- **KPMG in the United Kingdom** published a [report](#) discussing the launch of HMRC’s second consultation on draft regulations for the UK Carbon Border Adjustment Mechanism (CBAM). On April 9, 2026, HMRC released draft secondary legislation setting out detailed rules on the calculation of embedded emissions, record-keeping obligations, and monitoring and verification procedures. The consultation applies to importers of in-scope goods, including aluminum, iron and steel, fertilizers, cement, and hydrogen, as well as overseas manufacturers selling these products to the UK. While businesses may initially rely on default emissions values, they may opt to apply actual emissions data. The package also includes a Force of Law Notice explaining how the CBAM legislative components interact. The consultation remains open until May 21, 2026, ahead of the planned introduction of UK CBAM on January 1, 2027

### **Austria: VAT Applicable on Roaming Services Used in Austria Upheld**

On February 25, 2026, the Austrian Supreme Administrative Court (SAC) examined whether Austria may apply VAT to telecommunications roaming services provided by a non-EU mobile network operator to non-EU customers when those services are used and enjoyed in Austria, and whether Austria’s obligations under the International Telecommunication Regulations (ITR) restrict that taxing right. The case arose from Austria’s application of its domestic Telecommunications Order, which incorporates the EU VAT Directive’s optional use-and-enjoyment override to prevent non-taxation within the European Union.

The dispute concerned a UAE-based mobile network operator that provided telecommunications services to customers resident in the UAE. When those customers traveled to Austria, they accessed Austrian mobile networks under roaming arrangements. Austrian network operators granted the UAE operator access to their networks and charged roaming access fees plus Austrian VAT, and the UAE operator, in turn, charged roaming fees to its customers for the use of Austrian networks. For the periods January to December 2017 and January to December 2018, the UAE operator requested a refund of the Austrian VAT invoiced by the Austrian operators under the nonresident taxpayer refund procedure. The Austrian tax office denied the refund and subsequently assessed Austrian VAT on the roaming charges billed by the UAE operator to its customers, applying the Telecommunications Order. While the Federal Finance Court partially upheld the tax authority’s position, it allowed an ordinary appeal to the SAC, primarily to determine whether the “Melbourne Agreement”—Article 6.1.3 of the ITR—limited Austria’s right to tax those roaming services.

In assessing Austria’s taxing authority, the SAC first considered whether roaming services provided by a non-EU operator to non-EU customers may be treated as taking place in Austria when those services are actually consumed there. That issue turned on Austria’s implementation of Article 59a(1)(b) of the EU VAT Directive, which permits Member States to override the general place-of-taxation rules for telecommunications services based on use and enjoyment. The SAC aligned its analysis with the Court of Justice of the European Union’s decision in *SK Telecom* (C-593/19), which held that roaming services provided by a non-EU operator to non-EU customers are effectively used and enjoyed in the Member State whose network the customers access while temporarily present there. Applying that reasoning, the SAC confirmed that Austria may rely on the Telecommunications Order to treat the roaming services as taking place in Austria when customers use Austrian networks, even though both the provider and the customers are established outside the EU, because doing so prevents non-taxation within the European Union.

The SAC then addressed whether Article 6.1.3 of the ITR restricts Austria’s ability to levy VAT on those services. Although Austria is bound by the ITR, the Court interpreted those rules as governing international telecommunications primarily at the inter-operator level. In the SAC’s view, the ITR regulate charges exchanged between telecommunications providers—such as routing, transit, and termination fees for international network connections—but do not address the tax treatment of amounts charged by a telecommunications provider to its end customers. On that basis, the SAC concluded that the roaming charges the UAE operator billed to its customers fall outside the scope of Article 6.1.3 ITR. Because that provision does not govern the provider-to-customer relationship, it does not restrict Austria’s right to apply VAT to roaming services under the Telecommunications Order. For more information, click [here](#).

## European Union: VAT Expert Group Discusses ViDA Implementation

On April 20, 2026, the VAT Expert Group (VEG) published the minutes of its 42nd meeting (VEG No. 136), which took place on March 13, 2026, outlining discussions on several VAT in the Digital Age (ViDA)–related workstreams. The European Commission services presented and discussed first draft Explanatory Notes on the platform economy, focusing on chain transactions, obligations to provide VAT numbers, and the distinction between the deemed seller regime and the travel agents’ margin scheme. Members asked for more examples, clearer guidance on VAT number validation (including a “safe harbor” approach), treatment of non-standard passenger transport, error corrections, and the position of smaller platforms. The group also reviewed a first draft of Explanatory Notes and One-Stop Shop (OSS) guidelines on Single VAT Registration (SVR) changes effective January 1, 2027, which mainly address technical updates ahead of a fuller overhaul planned for July 1, 2028. Members raised questions about validation of traders’ VAT status, the categories of traders covered by the new rules, and the status of work on securing the Import One Stop Shop (IOSS).

The Commission services then presented a second draft of Explanatory Notes on Digital Reporting Requirements (DRR), including their interaction with e-invoicing. VEG members requested clarification on the interaction between DRR and e-invoicing (including formats, cross-border interoperability, hybrid invoices, and continuous transactions), data elements required for reporting (such as VAT rates and amounts when not included in the e-invoice), the exercise of deduction rights when a seller fails to issue an e-invoice, and penalties. Under “any other business,” the Commission confirmed that acquiring CBAM certificates does not form part of the taxable amount at import, noted a request to allow an option to tax exempt educational services, indicated that it continues to assess a possible extension of temporary self-assessment requirements under the VAT Directive, and mentioned exploratory work on green-economy measures.

**Source:** European Union - VAT Expert Group Publishes Minutes of 42nd Meeting Covering Explanatory Notes on Platform Economy, Single VAT Registration, Digital Reporting Requirements Related to Implementation of ViDA Package (April 22, 2026), News IBFD.

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

On April 15, 2026, the General Court of the European Union (GCEU) published the nonbinding opinion of its Advocate General (AG) in *A&P Deco*, [Case T-397/25](#), in which the AG opined that a taxpayer must still adjust previously deducted VAT on a property used for business purposes—such as VAT incurred on the purchase, construction, or renovation of the property—even where the business is transferred as a whole and the seller continues to lease the property to the buyer under a VAT-exempt lease. The fact that the business transfer qualifies as a transfer of a going concern does not remove the seller’s obligation to adjust the VAT where the continued exempt leasing of the property changes how the property is used for VAT purposes.

On April 22, 2026, the GCEU published the nonbinding opinion of its Advocate General (AG) in *Sampension Livsforsikring*, [Case T-268/25](#), in which AG analyzed whether Danish VAT-grouping rules that require 100 percent direct or indirect ownership for including entities engaged in exempt or non-economic activities are compatible with the EU VAT Directive. The AG concluded that the EU VAT Directive does not, in principle, preclude such an ownership requirement, provided the national rule genuinely aims to prevent tax

advantages from VAT grouping that go beyond administrative simplification, and complies with the EU principles of proportionality and fiscal neutrality.

On April 22, 2026, the GCEU published its decision in *Mokoryté*, [Case T-233/25](#), in which it held that where a subcontractor takes over a payment claim from a contractor—for example, by assignment—and the developer later fails to pay, the subcontractor cannot reduce the VAT previously charged. The GCEU explained that the right to adjust VAT because of non-payment belongs only to the party that originally provided the goods or services under the contract. Because the subcontractor did not provide the construction services directly to the developer under the underlying contract, it could not adjust VAT after the developer’s non-payment.

On April 23, 2026, the Court of Justice of the European Union published the nonbinding opinion of its AG in *Gidzhinov*, [Case C-321/25](#), in which the AG opined that EU law does not prevent a Member State from using an absolute limitation period for criminal proceedings in serious VAT fraud cases that is set solely by reference to the maximum statutory penalty, provided the period (e.g., 10–15 years) remains long enough in practice to allow effective prosecution and does not systematically lead to impunity. The AG also considered that [Framework Decision 2008/841](#) does not bar national rules that punish participation in or agreement to form a criminal organization to commit VAT fraud with a higher maximum prison term than the maximum sentence for the underlying VAT fraud itself, as long as the penalties remain proportionate in light of the seriousness and organized nature of the conduct.

On April 29, 2026, the GCEU published its decision in *Scrap-Transporteur*, [Case T-194/25](#), clarifying how excise duty on manufactured tobacco should be applied. The GCEU held that, for the purposes of excise classification, whether a product is “capable of being smoked” must be assessed objectively, rather than based on the perception of the general public. In addition, the requirement for a product to be usable “without further industrial processing” may still be met even where multiple steps are required, provided those steps can be carried out by consumers at home, rather than through industrial-scale processing.

On April 23, 2026, the CJEU issued its judgment in *Nekilnojamojo*, [Case C-544/24](#), confirming that EU law allows Member States to apply strict and automatic interest charges to unpaid VAT using a standard interest rate, regardless of how serious the taxpayer’s mistake or violation may be. Tax authorities cannot reduce or waive that interest, except in limited situations clearly defined in national law. The CJEU found these rules acceptable as long as they are fair and proportionate and help ensure that VAT revenues are effectively collected.

**Source:** European Union; Belgium - ECJ Advocate General Opines VAT Deduction Adjustment Obligation Remains Where Business Property Is Retained, Leased Exempt Following Transfer of Going Concern: *A&P Deco* (Case T-397/25) (VAT) (April 15, 2026), News IBFD; European Union; Denmark - ECJ Advocate General Opines 100% Ownership Requirement for VAT Grouping May Be Justified to Prevent Tax Advantages: *Sampension Livsforsikring* (Case T-268/25) (VAT) (April 22, 2026) News IBFD; European Union; Romania - ECJ Decides Article 90 VAT Directive Precludes Subcontractor from Reducing VAT Taxable Amount After Assignment of Irrecoverable Claim Originally Held by Contractor: *Case T-233/25* (April 22, 2026), News IBFD; European Union; Bulgaria - ECJ Advocate General Opines that Bulgarian Law Setting Absolute Limitation Periods, Allowing Harsher Penalties for Criminal Organization Agreements Is Compatible with EU Law: *Gidzhinov* (Case C-321/25) (VAT) (April 23, 2026), News IBFD; European Union; Germany - ECJ Decides Tobacco Not Immediately Consumable May Still Be Classified as Smoking Tobacco under Directive 2011/64: *Case T-194/25* (VAT) (April 29, 2026), News IBFD.

## Miscellaneous Developments in EMEA

- **Armenia:**<sup>lvi</sup> On March 19, 2026, the Cabinet of Ministers [adopted](#) a draft law establishing a special VAT regime for the jewelry industry. Under current rules, sales of gold and precious stones are VAT-exempt, while sales of finished jewelry are subject to VAT, resulting in VAT effectively applying to inputs used in jewelry manufacturing. The draft law proposes separate VAT treatment for manufacturers and resellers, with VAT applying only to the positive margin between the sale price and documented acquisition cost of

the gold and precious stones for manufacturers, and between the resale price and purchase price for resellers.

- **Austria:**<sup>lvii</sup> On March 16, 2026, the Austrian Federal Fiscal Court [issued](#) its decision in *RV/1100322/2021*, denying the application of zero-rated VAT to export sales where the exporter knowingly under-invoiced goods for customs purposes at the request of a non-EU customer. The court held that the VAT exemption for export sales under Austrian law does not apply where the seller knew, or should have known, that the transaction was connected to tax evasion by the purchaser, even if the goods were physically exported and the full consideration was recorded in the seller's accounts. Deliberately declaring reduced values in export documentation to lower foreign import duties was considered participation in tax avoidance, requiring denial of the VAT exemption for the entire transaction value rather than only the under-invoiced portion.
- **Austria:**<sup>lviii</sup> On March 12, 2026, the Austrian Federal Fiscal Court [published](#) its decision in *RV/7101621/2020*, rejecting a taxpayer's challenge to the VAT treatment of the sale of a Porsche 911 Carrera. The case concerned whether the vehicle constituted a fixed asset or trading stock. The court held that, although the taxpayer had previously rented the vehicle under a standard rental agreement, it acquired the car shortly before resale solely for onward sale and not for long-term business use. As a result, the transaction qualified as a taxable vehicle trading transaction rather than a disposal of a fixed asset. The court also ruled that margin taxation did not apply, as the purchase invoice showed VAT and the sales invoice did not refer to the margin mechanism.
- **Austria:**<sup>lix</sup> On March 12, 2026, the Austrian Federal Fiscal Court [published](#) its decision in *RV/7103652/2025*, denying VAT recovery for invoices that did not meet statutory requirements under Austrian VAT law. The case concerned a lessor claiming VAT deduction on invoices issued by its tenant, where the original invoice showed an incorrect issue date and neither the original nor subsequently produced invoices specified the date of sale. The court held that an incorrect invoice date does not permanently preclude VAT recovery but shifts the VAT deduction to the period in which a valid invoice is issued. However, the seller did not make an effective invoice correction. As a consequence, the court also found that the absence of any indication of the sale date or performance period constituted a substantive defect, and the taxpayer did not provide sufficient alternative evidence that the underlying sales had been performed.
- **Austria:**<sup>lx</sup> On April 21, 2026, the Austrian Federal Ministry of Finance [released](#) Federal Finance Court Decision *RV/6100109/2024*, clarifying that a taxpayer may recover VAT paid on purchases where goods are actually delivered, even if the seller was later found to be involved in VAT fraud, provided the purchaser acted with the care expected of an ordinarily prudent business and neither knew nor should have known of the fraud. In the case, an Austrian beverage wholesaler made advance payments to vendors and received the goods for most transactions, but two advance payments related to deliveries that ultimately never occurred. The court held that VAT paid on purchases was recoverable for all transactions where delivery took place, including those preceded by advance payments, because the taxpayer carried out reasonable checks and had no knowledge of fraud in the transaction chain. However, the court confirmed that VAT must be reversed where advance payments relate to goods that are never delivered, even if the purchaser acted in good faith. The court also emphasized that tax authorities may not impose overly burdensome due-diligence requirements on purchasers, such as requiring them to audit their vendors' internal operations or tax compliance.
- **Austria:**<sup>lxi</sup> Austria's Federal Fiscal Court recently [clarified](#) that VAT paid on purchases cannot be recovered where subcontracted construction services are supported by sham or "cover" invoices and the taxpayer failed to exercise reasonable due diligence. The case involved a construction company that claimed VAT credits based on invoices issued by multiple subcontractors that were later identified as shell companies with no real workforce, facilities, or ability to perform the invoiced work. While the court accepted that construction work was ultimately performed for customers, it found that the vendors listed

on the invoices were not the parties that actually performed the services and that the taxpayer knew or should have known the transactions were connected to VAT fraud. Key red flags included reliance on oral agreements, failure to independently verify vendors, lack of worker or job-site records, inconsistent and incomplete invoices, discarded supporting documentation, and widespread cash payments.

- **Croatia:**<sup>lxii</sup> On March 6, 2026, the Croatian tax authority [issued](#) an opinion addressing the VAT treatment of subsidies granted by a county to passenger transport operators providing public rail and road transport services. The opinion confirms that subsidies covering the cost of discounted or free tickets for certain categories of passengers form part of the consideration for the transport service where they are directly linked to the ticket price. In such cases, the subsidized portion paid by the county is treated as consideration for the provision of passenger transport services and is subject to VAT, with VAT calculated on the full price of the service, regardless of whether part of the price is paid by the passenger and part by the county.
- **Denmark:**<sup>lxiii</sup> On April 13, 2026, Denmark [issued](#) Tax Council Binding Answer No. SKM2026.175.SR, clarifying that payments made under a two-way price supplement/contract-for-difference model for offshore wind concessions fall outside the scope of VAT. The case concerned the VAT treatment of both positive price supplements paid by the public authority to the concession holder to guarantee minimum revenue, and negative price supplements paid back to the authority when market prices exceed the strike price. The Tax Council concluded that neither payment constitutes consideration for a sale for VAT purposes and, accordingly, neither is subject to VAT under Danish VAT law.
- **Denmark:**<sup>lxiv</sup> On April 14, 2026, Denmark [issued](#) Tax Council Binding Answer No. SKM2026.180.SR, clarifying that specialized investment-related advisory services provided to an alternative investment fund (AIF) qualify for the VAT exemption for the management of investment funds. The services involved in-depth technical, financial, and environmental assessments used exclusively by the fund to evaluate potential energy-sector investments. The Tax Council found that the services were not real-estate-related for VAT purposes, as property valuation was not the dominant element. Instead, the services were specifically tailored to the fund's investment decision-making and used solely for that purpose. As a result, the advisory services fall within the VAT exemption, and no VAT is due on the fees charged.
- **Denmark:**<sup>lxv</sup> On April 15, 2026, Denmark [issued](#) Tax Council Binding Answer No. SKM2026.190.SR clarifying that an operator of EV charging stations qualifies as a taxable electricity reseller for VAT purposes and is therefore required to self-assess VAT on electricity purchases, even though the electricity is resold to end users. When a charging station is used, the operator purchases electricity from the utility and resells it to the charging customer, meeting the definition of a taxable reseller under Danish VAT law. Because the purpose of the rule is to shift VAT accounting to taxable resellers, the sale of electricity to the operator fall within the self-assessment regime, with no applicable exception. As a result, the operator must calculate and report VAT on electricity acquired from its cooperation partners.
- **Denmark:**<sup>lxvi</sup> On April 17, 2026, Denmark [issued](#) Tax Council Binding Answer No. SKM2026.192.SR, clarifying that the analysis of the musculoskeletal system combined with follow-up advice is not a VAT-exempt healthcare service under Danish VAT law. Although the assessment and guidance could contribute to improved physical well-being, the Tax Council found that the service did not have the primary purpose of preventing, diagnosing, treating, or curing specific medical conditions, nor did it meet the applicable professional qualification requirements. Instead, the service was characterized as guidance and advisory in nature, aimed at helping customers optimize movement patterns rather than providing medical treatment.
- **Denmark:**<sup>lxvii</sup> On April 21, 2026, Denmark [published](#) City Court Decision *SKM2026.196.BR*, clarifying VAT recovery rules where activities include both economic and non-economic components. The case involved a statutorily established independent institution that provided user-funded video services to seafarers alongside welfare activities financed through mandatory statutory welfare charges. The institution treated both activities as a single taxable business and claimed full VAT recovery on its costs.

The City Court held that the welfare charges fell outside the scope of VAT, as they were compulsory and lacked a direct link between payment and services provided, rendering those activities non-economic. By contrast, the user-funded video services constituted taxable economic activity. The Court confirmed that the tax authorities correctly determined a partial VAT recovery entitlement for shared overhead costs by applying an estimated allocation based on the income split between taxable and non-taxable activities, as this method objectively reflected the use of costs across the two activities.

- **Denmark:**<sup>lxviii</sup> On April 22, 2026, Denmark [issued](#) Tax Council Binding Answer No. SKM2026.198.SR, clarifying that dance instruction provided by a private dance school is generally subject to VAT. The case involved a school specializing in teaching a single dance style through courses, individual lessons, workshops, and private events. The Tax Council found that the instruction does not qualify for the VAT exemption for school education, as it did not cover a broad or varied curriculum. However, where instruction is provided to students under age 30, it may qualify for the VAT exemption for education of children and young people. The Tax Council also rejected application of the cultural services VAT exemption, concluding that instruction in a specific dance style does not have the same cultural role or significance as activities such as museums, libraries, or zoos.
- **European Union:**<sup>lxix</sup> On April 16, 2026, the European Union presented a [study](#) examining the feasibility of introducing an optional “28th tax regime” aimed at simplifying cross-border business activity. The proposed regime would operate alongside national systems to reduce legal uncertainty, simplify compliance, and enhance interoperability. The study highlights key areas of fragmentation, including heterogeneous VAT procedures, withholding taxes, and divergent corporate tax rules, which increase compliance costs and double-taxation risks for businesses operating across Member States. It recommends a modular approach, allowing individual elements of the regime to be implemented gradually based on policy priorities and legal feasibility.
- **European Union:**<sup>lxx</sup> On April 29, 2026, the European Commission closed infringement procedures against Belgium and Bulgaria concerning their partial transposition of Directive (EU) [2022/542](#) amending the EU VAT Directive on VAT rates. The procedures had been launched after letters of formal notice in January 2025 and reasoned opinions in July 2025, due to the Member States’ failure to fully notify their national implementing measures. The directive allows more flexibility in applying reduced and zero VAT rates.
- **Finland:**<sup>lxxi</sup> On March 19, 2026, Finland’s Supreme Administrative Court (SAC) [issued](#) Decision No. KHO:2026:16, clarifying that public lending compensation paid to authors through a collective management organization is subject to VAT. The case concerned a collective management organization that received compensation from the state budget and distributed it to authors based on the actual lending of their works by public libraries. The SAC held that the compensation constituted consideration for a taxable service, namely the granting of the right for libraries to lend copyrighted works to the public, and that there was a direct link between the lending right and the compensation paid. It found that the organization acted in its own name on behalf of the authors, creating a commissionaire structure under EU VAT rules, and is therefore required to account for VAT on the compensation it receives from the state.
- **Finland:**<sup>lxxii</sup> On March 20, 2026, Finland’s SAC [issued](#) Decision No. KHO:2026:18, clarifying the VAT treatment of transactions involving jointly owned forests. The SAC examined a transaction in which a jointly owned forest, treated as a separate legal entity from its members, issued ownership interests in exchange for forest property contributed by its owners. The SAC held that the transfer fell outside the scope of VAT, as it was not a transaction carried out for consideration and was comparable to a share issuance, rather than VAT-exempt securities trading. The SAC further found that acquisition and transfer costs related to the transaction constituted general overhead expenses directly connected to the taxpayer’s VAT-taxable forestry activities. As a result, the taxpayer was entitled to recover VAT on those costs, overturning the more restrictive interpretation previously applied by the tax authorities.

- **France:**<sup>lxxiii</sup> Effective May 1, 2026, France [adopted](#) a new Customs Code, completing a comprehensive recodification of its customs legislation. The reform replaces the former *Code des douanes* enacted in 1948, which had not undergone a substantive overhaul. The legislative section of the new Customs Code is structured into seven books, covering general customs principles and administration, customs regimes applicable to goods and financial flows, payment and recovery of duties, inspection and assessment powers, customs offences and penalties, post-inspection procedures, and provisions specific to overseas territories.
- **Germany:**<sup>lxxiv</sup> Germany's Federal Fiscal Court recently [published](#) Decision No. V R 37/23, clarifying the VAT recovery and sourcing rules for advertising services. The case involved a taxpayer operating hotels and resorts in a non-EU country, which maintained a German liaison office responsible for marketing and promotional activities. The taxpayer sought to recover VAT paid on advertising costs paid by the German liaison office, arguing that the services were attributable to its German fixed establishment. The tax authorities denied the claim. On appeal, the Federal Fiscal Court held that the advertising services were not subject to German VAT because they served only the non-EU head office's business, meaning Germany was not entitled to tax the services and the VAT shown on the invoices incorrectly charged, and thus not recoverable.
- **Germany:**<sup>lxxv</sup> On April 9, 2026, Germany [issued](#) BMF Letter No. COO.7005.100.4.14450860, clarifying the VAT exemption for goods transferred prior to importation. The guidance confirms that the exemption applies not only to goods transferred immediately before import, but also to earlier transactions in the supply chain, provided the goods have not been released into free circulation in Germany at the time of the transaction. For goods delivered into or within a customs warehouse for sale to end customers without importation or reexport, the exemption applies only where the buyer or its agent formally ends the customs warehousing procedure. The guidance applies to open cases, replaces guidance issued on January 28, 2004, and took effect on April 9, 2026.
- **Germany:**<sup>lxxvi</sup> Germany's Federal Fiscal Court recently [published](#) Decision No. V R 38/23, clarifying the VAT recovery rules for advance payments. The case involved an investor who made advance payments for the purchase of a photovoltaic installation that was never delivered due to an investment fraud scheme. The court confirmed that VAT paid on the first invoice was recoverable, as the invoice was clearly identifiable as an advance payment relating to a future delivery. With respect to the second invoice, however, the court found that the lower court applied an overly strict legal standard by requiring the invoice to explicitly label the payment as an advance. The Federal Fiscal Court emphasized that formal wording alone is not decisive. Instead, VAT recovery depends on whether, at the time the payment was made, the buyer could reasonably expect the future delivery to still occur and whether the essential elements of the transaction, such as the goods and parties involved, were sufficiently defined. The court therefore sent the case back for further review using this correct standard.
- **Guinea:**<sup>lxxvii</sup> On March 31, 2026, Guinea [adopted](#) the Finance Law for 2026, which, among other things, expands eligibility for VAT credit refunds to taxpayers operating exclusively under externally financed contracts where VAT is settled through special treasury cheques.
- **Hungary:**<sup>lxxviii</sup> On March 30, 2026, the Hungarian tax authority [issued](#) guidance on the application of the domestic VAT self-assessment mechanism. The tax authority clarified that, from January 1, 2024, VAT self-assessment applies to construction, assembly, or installation services related to real estate where the activity involves the creation, expansion, conversion, demolition, or change of use of property and is subject to a permit or notification requirement. The guidance explains that this requirement may arise even for partial works or specific components of a project and can affect VAT treatment across relevant subcontracting chains, and it sets out corresponding written declaration obligations for customers and sellers to confirm whether the services performed are permit- or notification-based at the time of sale.
- **Hungary:**<sup>lxxix</sup> The European Commission referred [referred](#) Hungary to the Court of Justice of the European Union over concerns that its retail tax regime breaches the freedom of establishment under

Articles 49 and 54 of the Treaty on the Functioning of the European Union. The Commission considers that the progressive retail tax disproportionately affects foreign-controlled retail groups, as their gross receipts are consolidated and subject to higher marginal tax rates. In contrast, domestic retailers operating through franchise arrangements are taxed on a non-consolidated basis and typically avoid the highest rates. According to the Commission, the regime restricts foreign-controlled retailers' ability to structure their operations in a manner comparable to domestic businesses, thereby constituting an unjustified restriction on the freedom of establishment.

- **Isle of Man:**<sup>lxxx</sup> Effective May 1, 2026, the Isle of Man [increased](#) the interest rate applied to late payments of VAT and other indirect taxes by raising the prescribed percentage added to the Bank of England base rate from 2.5 percent to 4 percent. Interest continues to accrue from the first day a payment becomes overdue until settlement, and late payment penalties may apply where payment is more than 15 days late.
- **Isle of Man:**<sup>lxxxi</sup> Effective April 1, 2026, the Isle of Man [introduced](#) a new VAT relief allowing VAT-registered businesses to donate certain eligible goods to registered charities without accounting for VAT, even where VAT was previously recovered on purchase. The relief applies where the donated goods, generally valued at under GBP 100 per item, are intended for onward donation or use in a charity's non-business activities, provided the donation is made to a charity and appropriate evidence of receipt is obtained.
- **Italy:**<sup>lxxxii</sup> On March 30, 2026, the Italian tax authority [issued](#) Ruling Answer No. 88/2026, clarifying that a VAT credit generated by a VAT group cannot be used to offset tax liabilities of entities participating in a corporate income tax consolidation, as the VAT group is treated as a single, autonomous taxpayer for VAT purposes. The tax authority confirmed that, under the April 6, 2018 implementing decree, VAT credits accrued by the VAT group may not be used to compensate other taxes of individual group members, including the parent company, but may only be carried forward, claimed as a refund where the statutory conditions are met, or assigned to third parties, including group participants, in accordance with the civil-law rules on credit assignment.
- **Italy:**<sup>lxxxiii</sup> On April 1, 2026, the Italian tax authority [issued](#) Ruling Answer No. 94/2026, clarifying that services provided to facilitate the participation of nonresident taxpayers in events held in Italy—such as logistics coordination, accommodation, transport, security, and similar support services—do not qualify as services connected with access to events under the VAT Decree if the seller neither organizes the event nor commercializes admission rights. Instead, VAT territoriality must be determined separately for each service based on its own nature: accommodation, catering, and passenger transport services are taxable in Italy, while other services, including organizational and coordination activities remunerated through a mark-up, fall under the general B2B sourcing rule and are outside the scope of Italian VAT when provided to a non-EU taxable customer.
- **Italy:**<sup>lxxxiv</sup> Italy recently published multilingual versions of the annual VAT return form along with the corresponding filing instructions. The Italian tax authorities have made the documents available on their official website in [English](#), [German](#), and [Slovenian](#), in addition to the standard Italian version.
- **Kenya:**<sup>lxxxv</sup> On April 23, 2026, Kenya's tax authority [announced](#) the integration of export data captured in the Integrated Customs Management System with the VAT return filed through iTax, effective from May 2026. Under the new framework, export values validated by Customs will be automatically prefilled in the VAT return as zero-rated sales once the relevant export documents are issued. The integration applies to exports to the Single Customs Territory, other foreign destinations, Export Processing Zones, and Special Economic Zones. To enable accurate prefiling, exporters and their clearing agents must ensure that the exporter's Personal Identification Number (PIN) and the valid Tax Invoice Management System (TIMS) or eTIMS zero-rated invoice number are correctly captured when lodging export declarations. Only exports validated and linked in this manner will be reflected in the VAT return, while exports of taxable services will be prefilled based on transmitted TIMS or eTIMS invoices for the relevant period.

- **Lebanon:**<sup>lxxxvi</sup> Effective February 10, 2026, Lebanon [enacted](#) several indirect tax measures under its 2026 Budget Law. The law introduces a 1.5 percent advance tax on import transactions carried out by taxpayers that failed to comply with income tax or VAT filing obligations during the previous three years. Customs collects the levy as an advance payment creditable against the final tax liability, with refunds available where an excess arises. The Budget Law also extends the deadline for filing and paying quarterly VAT returns from 20 days after the end of the tax quarter to one month and introduces a minimum VAT refund claim threshold of LBP 200 million, except in cases of deregistration. VAT refund claims must be submitted within one month after year-end for general taxpayers or after the relevant reporting period for exporters.
- **Liberia:**<sup>lxxxvii</sup> On April 13, 2026, Liberia [announced](#) the registration and implementation timeline for its forthcoming VAT regime, which will replace the existing goods and services tax. The Liberia Revenue Authority confirmed that VAT registration will be open from July 1 through December 31, 2026, ahead of the full implementation of VAT on January 1, 2027. As part of the transition, the tax authority has launched a nationwide VAT awareness campaign to familiarize taxpayers with the new system. The campaign focuses on explaining how VAT works and identifying who must register. Taxpayers are encouraged to participate in the outreach efforts and seek guidance through the authority's offices across the country.
- **Lithuania:**<sup>lxxxviii</sup> On March 31, 2026, the State Tax Inspectorate of Lithuania [issued](#) Order No. VA-25, replacing in full the 2002 rules governing VAT registration, deregistration, and the small business regime. The revised rules consolidate and clarify mandatory and voluntary VAT registration obligations for Lithuanian and foreign taxpayers, detailed thresholds (including the EUR 14,000 intra-EU acquisition threshold and EUR 10,000 B2C sale of goods threshold), conditions for applying the Lithuanian small business mechanism, registration and deregistration processes via the tax authority's Mano VMI portal, grounds for refusal or deregistration (including non-activity and compliance risks), fiscal agent requirements for non-EU persons, and the issuance of VAT registration certificates in Lithuanian and English.
- **Malta:**<sup>lxxxix</sup> On April 1, 2026, Malta [published](#) amendments to the VAT exemption for gambling. Effective October 1, 2026, the amendments replace the previous exemption covering government lotteries, related agency services, and other approved gambling transactions with a new exemption for "betting, lotteries and other forms of gambling, as may be approved by the Minister." The changes introduced through the *Value Added Tax Act (Amendment of Fifth Schedule) (Amendment No. 2) Regulations, 2026* under Legal Notice 86 of 2026, narrow the scope of the exemption and are expected to result in a wider range of gambling transactions becoming subject to VAT. Further guidance is expected to clarify which sales will continue to qualify for the exemption.
- **Moldova:**<sup>xc</sup> On March 24, 2026, Moldova [submitted](#) a draft law to Parliament proposing to allow VAT-registered persons whose taxable sales over the preceding 12 consecutive months do not exceed the mandatory threshold of MDL 1.7 million, and who are not otherwise subject to compulsory registration, to apply for deregistration. The State Tax Service would be required to issue a cancellation decision within ten working days, generally without a prior tax audit, subject to risk analysis. The draft also allows VAT liabilities arising on inventories and fixed assets upon deregistration to be settled in equal instalments over up to twelve months, without penalties if the approved payment schedule is respected.
- **Norway:**<sup>xc1</sup> On April 22, 2026, the Norwegian Tax Administration published [Tax Appeals Board Decision No. SKNA2-2025-64](#), clarifying that VAT paid on purchases related to share acquisitions is not recoverable where the transaction lacks a close link to taxable business activities. In this case, a corporate group sought to recover VAT on advisory, legal, and due-diligence costs incurred in acquiring shares in another company. The Tax Appeals Board upheld the tax authorities' denial, finding that the share acquisition was not intended for use in the taxpayer's taxable operations and therefore was not sufficiently connected to taxable transactions. The Board also confirmed the imposition of a 20 percent

penalty, concluding that the taxpayer had claimed the VAT deductions based on incorrect or incomplete information, with no mitigating factors, such as voluntary disclosure, to justify relief.

- **Poland:**<sup>xcii</sup> On January 8, 2026, Poland's lower house of parliament (the Sejm) [accepted](#) for consideration Bill No. 2453, proposing amendments to the VAT Act. The bill would allow new members to join an existing VAT group without dissolving and re-registering the group, subject to certain conditions. It would also exclude packaging deposits covered by the deposit system from the VAT base, regardless of how those deposits are later treated. Additional proposed measures include simplifying import VAT settlement through the VAT return, expanding the types of evidence accepted for zero-rating exports outside the EU, and eliminating certain summary reporting requirements for intra-EU transactions. If adopted, the amendments would enter into force 30 days after publication.
- **Slovakia:**<sup>xciii</sup> Slovakia recently [proposed](#) raising VAT registration and deregistration thresholds effective July 1, 2026. Under the draft bill, the gross receipts threshold triggering VAT registration from January 1 of the following calendar year would increase from EUR 50,000 to EUR 83,000, while the threshold requiring immediate VAT registration in the current year would rise from EUR 62,500 to EUR 85,000. The proposal would also raise the VAT deregistration threshold from EUR 50,000 to EUR 85,000. In addition, the draft introduces a simplified deregistration process for VAT-registered taxpayers that no longer meet the revised thresholds, with the aim of reducing administrative burdens.
- **South Africa:**<sup>xciv</sup> On March 31, 2026, South African Revenue Service (SARS) [issued](#) VAT Ruling VR 017, clarifying the VAT treatment of artwork auctioned in South Africa on behalf of non-resident owners. The ruling confirms that a South African auctioneer acting as an agent may deduct VAT paid on importation of artwork on behalf of a non-resident principal, provided the documentary requirements are met. It further clarifies that, under the deemed seller rules, VAT becomes payable at the time of importation based on the value determined under section 10(22B), rather than at the time of the auction sale, with subsequent value adjustments made via vouchers of correction. The ruling also confirms that the auctioneer cannot apply zero-rating to foreign sales of artwork, as the sale is regarded as being made by the non-resident owner, not the agent. The ruling is effective from November 21, 2024, and is binding only on SARS and the applicant.
- **South Africa:**<sup>xcv</sup> On March 31, 2026, SARS [issued](#) VAT Ruling VR 018, approving the use of a transaction count-based apportionment method under sections 17(1) and 41B of the VAT Act for a vendor operating in the foreign exchange and money transfer sector. The ruling confirms that, where taxable, exempt, and other income transactions can be clearly identified and counted and mixed-use costs are incurred simultaneously for taxable and exempt transactions, the VAT credit may be apportioned based on the relative number of transactions. The ruling sets out detailed principles for counting different transaction types (including foreign exchange transactions, remittance fees, interest income, and other income) and applies for the period from March 1, 2023, to February 28, 2026, binding only on SARS and the applicant.
- **South Africa:**<sup>xcvi</sup> On March 31, 2026, SARS [issued](#) VAT Ruling VR 019, clarifying the VAT treatment of dental benefit management service fees. The ruling confirms that capitation fees paid by medical schemes to a dental benefit management company must be apportioned between amounts relating to the dental benefit entitlement, which are used to pay service providers or members, and amounts retained as remuneration for administration and managed care services. The portion relating to dental benefit entitlement is outside the scope of VAT, as it does not constitute consideration for a sale, while the portion attributable to management and administrative services constitutes consideration for a taxable sale and is subject to VAT at the standard rate. The ruling applies from September 9, 2024, remains valid for three years, and is binding only on SARS and the applicant.
- **South Africa:**<sup>xcvii</sup> On April 20, 2026, the South African Revenue Service (SARS) [published](#) Tax Court Decision No. VAT 32666, clarifying the VAT treatment of cashback rebates on monthly banking fees. The case involved a bank that charged monthly account fees and later credited qualifying customers with

cashback rebates under an incentive program, while seeking to recover VAT paid on purchases by treating the rebates as reductions in consideration. The Tax Court rejected SARS's argument that the cashback represented payment for a separate service by customers. Instead, the Tax Court held that the cashback rebates adjusted the original price of the banking services and constituted a valid credit-note event under the VAT Act. As a result, the Tax Court confirmed that the bank was entitled to recover the related VAT paid on purchases.

- **Sweden:**<sup>xcviii</sup> On April 22, 2026, Sweden's Tax Agency [issued](#) Position Statement No. 8-125142-2026, clarifying the VAT recovery rules for catering expenses related to entertainment. The guidance explains that when meal costs exceed SEK 300 per person per occasion (excluding VAT) and include items subject to multiple VAT rates, taxpayers must allocate VAT paid on purchases based on the actual net costs attributable to each rate. Alternatively, taxpayers may apply standard deduction amounts, provided the SEK 300 threshold is met: SEK 46 per person where food includes items taxed at 12 percent and 25 percent, or SEK 33 per person where items are taxed at 6 percent and 25 percent.
- **United Arab Emirates:**<sup>xcix</sup> On April 10, 2026, the United Arab Emirates' Federal Tax Authority [updated](#) its VAT guide (English version) on VAT refunds available to UAE nationals building new private residences. The revised guidance confirms that applicants may submit refund claims electronically through the EmaraTax portal or the Maskan application, and clarifies key eligibility conditions—namely, that the applicant must be a UAE national individual and the property must be a newly constructed residence used exclusively by the applicant or their family. The guide also explains which costs qualify for refunds, including VAT paid on incorporated building materials, contractor services, and certain shipping and customs-clearance costs for imported materials, while listing non-eligible expenses. In addition, it reiterates key deadlines: a 12-month period to file refund claims and a six-month period to claim retention payments. Finally, the update outlines required documentation, review procedures, rules for voluntary disclosures where claims are overstated, and common compliance errors to avoid.
- **United Kingdom:**<sup>c</sup> On April 9, 2026, HM Revenue & Customs (HMRC) [published](#) draft regulations for consultation relating to the carbon border adjustment mechanism (CBAM), focusing on emissions determination and the monitoring and verification of emissions data. The draft regulations set out requirements applicable to installation operators, verifiers, and accreditation bodies, including data, verification, and record-keeping obligations for registered or registrable persons. Draft statutory notices on monitoring and accreditation requirements, together with a draft system boundaries document defining relevant production processes for CBAM purposes, were issued alongside the regulations, with feedback also invited on these supporting materials.
- **United Kingdom:**<sup>ci</sup> On April 10, 2026, the U.K. First-tier Tax Tribunal issued its decision in *Clearwater Hampers Ltd*, [\[2026\] UKFTT 00567 \(TC\)](#), clarifying the VAT treatment of packaging used in food and drink gift baskets. The Tribunal held that the gift baskets represented a single combined transaction consisting of food and drink, with the lidded wicker baskets playing only a supporting role for presentation and protection. Customers could not purchase the food and drink separately from the baskets. The Tribunal also confirmed that administrative VAT guidance cannot override established case law on combined and supporting elements when determining the correct VAT treatment. As a result, the baskets did not give rise to a separate taxable charge, and VAT applied based on the overall character of the hamper.
- **United Kingdom:**<sup>cii</sup> On April 9, 2026, the U.K. First-tier Tax Tribunal issued its decision in *Nellstar properties Ltd*, [\[2026\] UKFTT 00564 \(TC\)](#), clarifying the VAT zero-rating rules, deliberate conduct, and assessment time limits in the context of construction services. The Tribunal held that construction work carried out at a hotel site constituted an extension of a commercial hotel, rather than residential accommodation, and was therefore subject to VAT at the standard rate. The Tribunal also found that the taxpayer deliberately applied zero rating, as the director was aware of the commercial nature of the

development when submitting the VAT returns. As a result, the tax authority was entitled to rely on extended assessment time limits when issuing the VAT assessments.

- **United Kingdom:**<sup>ciii</sup> On April 27, 2026, HMRC published [Revenue and Customs Brief 3\(2026\)](#), confirming that certain public funding received by further education institutions (FEIs) constitutes exempt educational services for VAT purposes, following the Court of Appeal's decision in *Colchester Institute Corporation*. Historically, HMRC treated such funding as non-business grants outside the scope of VAT, but courts have now confirmed that the funding represents third-party payment for delivering approved educational courses, and HMRC will not appeal this outcome. The brief sets out transitional arrangements: FEIs that continued to treat the funding as a non-business activity will not need to change their VAT treatment until a future date yet to be announced, may continue to apply existing reliefs in the interim, and will not face retrospective reassessment, while FEIs that adopted the third-party consideration approach may continue but cannot use non-business VAT reliefs.

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

- **KPMG in Australia** published a [report](#) discussing recent excise duty relief measures addressing high fuel costs, including the temporary reduction of fuel excise and excise-equivalent customs duty rates from April 1 to June 30, 2026, and new powers for the Transport Minister to vary the road user charge. The update also noted targeted administrative support from the Australian Taxation Office for eligible businesses affected by fuel costs and legislation passed to pause indexation of excise and customs duty rates on draught beer for two years from August 1, 2025, subject to Royal Assent.
- **KPMG in India** published a [report](#) discussing recent GST-related judicial developments, noting that the Bombay High Court ruled a complete assignment of leasehold rights, which extinguishes the assignor's interest, does not constitute a taxable service and is therefore not subject to GST, as it amounts to a sale not connected with the furtherance of business. Separately, the Andhra Pradesh High Court held that state GST authorities lack jurisdiction to detain or confiscate goods merely passing through a state in inter-state transit where both the origin and destination lie outside that state, as the state has no entitlement to integrated GST revenue from such transactions.
- **KPMG in Kazakhstan** published a [report](#) discussing amendments to the VAT return (Form 300.00) affecting VAT refunds starting with Q4 2025 filings. The changes simplify refund reporting by limiting disclosures in the main form to two refund types—simplified refunds and pilot-project refunds—and expand restrictions by prohibiting refund claims in initial and liquidation returns. The related appendix (Form 300.09) was updated to align with the new Tax Code and now reflects five specific refund categories used to calculate excess VAT.
- **KPMG in Kazakhstan** published a [report](#) discussing proposed amendments to the Tax Code that include reinstating the VAT exemption for factoring transactions, which is currently unavailable, with the aim of reducing financing costs. The proposals also address information-reporting requirements for taxpayers providing certain utilities and transport services by extending quarterly reporting to all taxpayers, excluding information already held by the tax authorities, and moving filing deadlines to the end of the month following each reporting quarter.
- **KPMG in Malaysia** published a [report](#) discussing the issuance of Public Ruling No. 1/2026 by the Director General of Customs on March 31, 2026, which clarifies how taxpayers must determine foreign-currency exchange rates for service tax and sales tax invoices. Where taxable services or goods

are invoiced in a foreign currency, businesses must also state the value in Malaysian ringgit using the applicable selling exchange rate at the time the service is provided or goods are sold. Acceptable exchange-rate sources include the Bank Negara Malaysia, licensed commercial banks, certain international market data providers, and foreign central banks, subject to consistent use for at least one year. The ruling also distinguishes the treatment of imported goods, using rates set by customs at importation, from imported taxable services, which must use the prevailing selling rate at the time the service occurs.

- **KPMG in Malaysia** published a [report](#) discussing key indirect tax developments for April 2026, noting that the Royal Malaysian Customs Department issued revised guidance on sales tax registration, healthcare services, and construction work services during March 2026. The update also highlights legislative changes affecting customs duties, including amendments implemented under the Regional Comprehensive Economic Partnership effective March 31, 2026, and revisions to customs regulations on port operations and duty administration. In addition, amendments to the Sales Tax (Persons Exempted from Payment of Tax) Order, effective April 9, 2026, updated the scope of sales tax exemptions for specified persons and products.
- **KPMG in Pakistan** published a [report](#) discussing recent guidance issued by the Federal Board of Revenue (FBR) aimed at tightening compliance and strengthening administrative controls. On the sales tax side, the government extended the concessional 0.25 percent sales tax rate and exemption from minimum value addition tax on imports and sales of white crystalline sugar until February 28, 2026. From a customs perspective, the FBR amended the Export Facilitation Scheme and international transshipment rules to enhance oversight, revise utilization timelines, introduce additional reporting and reconciliation obligations, expand controls to air cargo, and formalize new appeal and enforcement mechanisms, reflecting a broader move toward stricter indirect tax and trade compliance.
- **KPMG in Vietnam** published a [report](#) discussing measures introduced by the Vietnamese tax authorities to strengthen direct and indirect tax audits in 2026 for enterprises reporting long-term losses or low profit margins. The report notes that on March 31, 2026, the Department of Taxation issued a letter requiring enhanced tax administration and thematic audits targeting high-risk taxpayers, including businesses that continue to expand despite sustained losses. It also notes that on April 1, 2026, the tax authority approved a specialized audit plan listing 108 enterprises subject to review. The audits, scheduled to run from April through December 2026, will focus closely on VAT risks, including the timing and basis of revenue recognition and VAT, the accuracy of VAT declarations, and the validity and timing of invoices and supporting documents for VAT.

### Miscellaneous Developments in ASPAC

- **Australia:**<sup>civ</sup> On April 7, 2026, the Australian Taxation Office [clarified](#) that entities with annual gross receipts of at least AUD 10 million must use full business activity statement (BAS) reporting and account for GST on a non-cash (accrual) basis. Businesses with gross receipts of AUD 20 million or more are required to report GST monthly rather than quarterly. The ATO will begin transitioning businesses using incorrect GST reporting or accounting methods to the appropriate methods from July 1, 2026, where voluntary correction has not occurred. In addition, entities required to use full BAS reporting must complete all GST labels, and businesses accounting on a non-cash basis must report GST when invoices are issued and claim GST credits upon receipt of tax invoices, regardless of payment.
- **Indonesia:**<sup>cv</sup> On April 24, 2026, the Indonesian Ministry of Finance [issued](#) Ministerial Regulation No. 24/2026, introducing a VAT incentive for domestic commercial air transportation services. Under the regulation, eligible air transportation services remain subject to VAT but benefit from a 100 percent government-borne VAT incentive for fiscal year 2026 on the base fare and fuel surcharge. The incentive applies only to economy-class tickets purchased and flights undertaken within 60 days of the regulation's effective date. Airlines must issue tax invoices or equivalent documents, separately report the

government-borne VAT, and submit detailed transaction reports by July 31, 2026. Failure to meet the prescribed conditions, documentation, or reporting requirements will result in denial of the incentive.

- **Philippines:**<sup>cvi</sup> On April 29, 2026, the Philippine Bureau of Internal Revenue [issued](#) Revenue Memorandum Circular No. 38-2026, implementing mandatory online posting of proof of tax registration for persons conducting business through digital platforms. To address data privacy concerns, the authorities introduced a BIR Registration Seal Badge, which may be displayed in place of the Certificate of Registration or electronic Certificate of Registration on websites, e-commerce shops, and online platforms. The seal serves as proof of registration and includes a QR code for verification purposes. Covered taxpayers include online sellers of goods and Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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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.

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