

# Digital services tax Jurisdiction activity summary

As of 1 December 2020





# Digital services tax Jurisdiction activity summary

## Important note

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# 1. Argentina



<b>Status</b>	<ul style="list-style-type: none"><li>▶ Enacted in two of Argentina's largest provinces, Buenos Aires City and Buenos Aires Province. The entry into force has been postponed several times. As per the current rules, the tax would enter into force on 1 August 2020 in the City of Buenos Aires and on 1 January 2021 in the Province of Buenos Aires.</li><li>▶ Argentina's "turnover tax" is a gross receipt tax that is levied on a provincial basis on the gross revenues generated by businesses. There are 24 provincial jurisdictions throughout Argentina. While the turnover tax existed for many years, two of Argentina's main provinces have now extended the tax to foreign providers of digital services used in Argentina. This expansion represents a distinct addition to previously in-force rules.</li></ul>
<b>Scope</b>	<p><b>City of Buenos Aires</b></p> <ul style="list-style-type: none"><li>▶ Digital services are understood to be those developed through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or another network through which equivalent services are provided which, by their nature, are basically automated, require minimal human intervention and require the use of devices for download, display or use.</li></ul> <p><b>Province of Buenos Aires</b></p> <ul style="list-style-type: none"><li>▶ Digital services will be considered, whatever the device used for downloading, viewing or use, those carried out through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or other network through which equivalent services are provided that, by their nature, are basically automated and require minimal human intervention, comprising, among others, the following:<ol style="list-style-type: none"><li>a) The supply and hosting of computer sites and webpages, as well as any other service consisting of offering or facilitating the presence of companies or individuals in an electronic network</li><li>b) The supply of digitized products in general, including, but not limited to, computer programs, their modifications and updates, as well as access and/or download of digital books, designs, components, patterns and the like, reports, financial analysis or data and market guides</li><li>c) The remote maintenance, in an automated way, of programs and equipment</li><li>d) Remote system administration and online technical support</li><li>e) Web services, comprising, among others, the storage of data with remote or online access, memory services and online advertising</li><li>f) Software services, including, among others, software services provided on the internet ("software as a service" or "SaaS") through cloud-based downloads</li><li>g) Access and/or download to images, text, information, video, music, games. This section includes, among other services, the downloading of movies and other audiovisual content to devices connected to the internet, online downloading of games – including those with multiple players connected remotely – the dissemination of music, movies, bets or any other digital content – although it is done through streaming technology, without downloading to a storage device – obtaining jingles, mobile and music tones, viewing online news, traffic information and weather forecasts – even through satellite benefits – weblogs and website statistics</li><li>h) The provision of databases and any service generated automatically from a computer, through the internet or an electronic network, in response to a specific data entry by the customer</li><li>i) The services of online clubs or dating websites</li><li>j) The service provided by blogs, magazines or newspapers online</li><li>k) The provision of internet services</li><li>l) Distance education or test or exercises, performed or corrected automatically</li><li>m) The granting, for consideration, of the right to market a good or service on an internet site that functions as an online market, including online auction services</li><li>n) The manipulation and calculation of data through the internet or other electronic networks</li></ol></li></ul>

# 1. Argentina (contd.)



<b>Rate</b>	The rate usually varies between 3% and 5%, but lower or higher rates may apply depending on the province and type of activity. In the two provinces listed, the tax is levied at a rate of 2%, slightly lower than the average rate for this tax, and viewed as a “special rate” on service providers not located in Argentina.			
<b>Thresholds</b>	None specified			
<b>Exclusions</b>	None specified			
<b>Effective date</b>	Announced for 1 August 2020 in the City of Buenos Aires and 1 January 2021 in the Province of Buenos Aires. It is expected that other provinces will follow suit, extending their existing turnover taxes to foreign providers of digitally delivered services.			
<b>EY Global Tax Alerts</b>	<a href="#">Argentine Province of Buenos Aires and City of Buenos Aires impose turnover tax withholding systems on digital services provided by nonresidents</a> (23 December 2019)			
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## 2. Australia



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 20 March 2019, the Government announced that it would not proceed with an interim DST at this stage and is instead focusing on discussions at the OECD. The EY submission letter to Treasury is available upon request.</li><li>▶ A Treasury discussion paper on concepts for a corporate tax system for the digital economy included a DST. Public consultation on the paper closed on 30 November 2018.</li></ul>			
<b>Scope</b>	Online advertising and certain digital intermediary activities			
<b>Rate</b>	Not yet specified			
<b>Thresholds</b>	Not yet specified			
<b>Exclusions</b>	Not yet specified			
<b>Effective date</b>	Not yet specified			
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">Australian Treasury releases discussion paper on taxation of digital economy</a> (20 October 2018)</li><li>▶ <a href="#">Australian Treasury Discussion Paper on the digital economy and Australia's corporate tax system: A detailed review</a> (18 October 2018)</li></ul>			
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# 3. Austria



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li> <li>▶ On 23 October 2019, the bill was enacted.</li> <li>▶ On 4 April 2019, the Austrian Federal Ministry of Finance published a draft bill introducing a new digital advertising tax. The bill, with no significant changes, was passed by the National Council (lower house) on 19 September 2019 and by the Federal Council (upper house) on 10 October 2019.</li> </ul>		
<b>Scope</b>	Online advertising		
<b>Rate</b>	5% (on revenues/turnover)		
<b>Thresholds</b>	EUR750m of global annual revenue and EUR25m from digital advertising sales in Austria		
<b>Exclusions</b>	None included in bill		
<b>Effective date</b>	1 January 2020		
<b>Notes</b>	The DST is part of a package of measures that includes the proposed elimination of the VAT exemption for small value imports and a proposal for information reporting requirements for online intermediaries.		
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li> <li>▶ <a href="#">Austrian Parliament approves digital advertising tax bill</a> (18 October 2019)</li> <li>▶ <a href="#">The Latest on BEPS – 8 April 2019</a> (8 April 2019)</li> <li>▶ <a href="#">Austria publishes draft digital advertising tax bill</a> (8 April 2019)</li> <li>▶ <a href="#">Austria announces new digital tax</a> (15 January 2019)</li> </ul>		
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# 4. Belgium



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 30 September 2020, in the coalition agreement to form a new government, the Belgian executive branch stated that some form of digital taxation is required. However, as Belgium favors an international solution on this matter, only insofar no agreement can be reached at an international level would Belgium introduce such taxes unilaterally, by 2023.</li><li>▶ Following the release of the advice of the Belgian Council of State, amendments to the draft DST legislation were made on 29 May 2020. The Finance and Budget Committee of the lower house has examined the proposal on 16 June 2020. This law is meant to expire when an OECD or EU consensus enters into force.</li><li>▶ A new proposal was introduced – based on the previous one – in July 2019. On 11 May 2020, the Belgian Council of State released its advice on the draft DST legislation. At this stage, it is unclear what next legislative steps will be – with sponsoring parties of the draft bill still representing a minority in Parliament.</li><li>▶ Belgium had in 2019 a draft bill that was rejected. 23 January 2019, lawmaker Vanessa Matz and others submitted a draft bill on a DST to the lower house of the Belgian parliament. On 13 March 2019, the Finance and Budget Committee of the lower house rejected the proposal.</li></ul>
<b>Scope</b>	Not yet specified
<b>Rate</b>	Not yet specified
<b>Thresholds</b>	Not yet specified
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	Not yet specified
<b>Notes</b>	Not yet specified
<b>EY Global Tax Alerts</b>	None
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# 5. Brazil



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ On 19 August 2020, a new proposal was submitted to the Chamber of Deputies as <a href="#">Complementary Bill (PLP) 218/2020</a>. PLP 218/2020 is being analyzed by the Chamber of Deputies and, similarly to Bill 2,358/2020, it is also proposing to establish a contribution on digital services (Contribuição Social sobre Serviços Digitais or CSSD). The rate however is of 3%, to be charged on the gross revenue generated by both resident and non-resident companies from digital services located in Brazil.</li> <li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li> <li>▶ Proposal stage (May 2020).</li> <li>▶ On 4 May 2020, Brazilian Congressman João Maia proposed Bill 2,358/2020, which would establish an annual federal digital services tax called the Contribution for Intervention in the Economic Domain – Digital (CIDE-Digital). Like the DSTs introduced in many European and OECD countries, the CIDE-Digital is targeted at large digital groups. Both chambers of the National Congress (i.e., Chamber of Deputies and Senate) still need to discuss and approve the bill, in different voting rounds. The legislative process usually takes time in Brazil and there may be changes to the current wording of the bill during this process.</li> </ul>			
<b>Scope</b>	<p>The CIDE-Digital would be levied on gross revenues derived from:</p> <ol style="list-style-type: none"> <li>a) Placing advertisements on a digital platform targeted at Brazilian users of that interface (i.e., digital-targeted advertising)</li> <li>b) Making online platforms and multi-sided digital interfaces available to allow users to interact for purposes of facilitating the marketing of goods or services to those users (at least one user must be located in Brazil)</li> <li>c) Transmitting data collected about users and generated by users' activity on digital interfaces</li> </ol>			
<b>Rate</b>	<p>Should the bill be approved as presented, local and foreign legal entities that provide digital services and are part of groups whose income exceeds the thresholds would have to collect the CIDE-Digital. The CIDE-Digital would apply progressively as follows:</p> <ol style="list-style-type: none"> <li>a) 1% on the portion of the annual gross revenue up to R\$150 million</li> <li>b) 3% on the portion of the annual gross revenue over R\$150 million and up to R\$300 million</li> <li>c) 5% on the portion of the annual gross revenue that exceeds R\$300 million</li> </ol>			
<b>Thresholds</b>	<p>Annual worldwide gross revenue and local gross revenue exceed R\$3 billion and R\$100 million, respectively.</p>			
<b>Exclusions</b>	<p>Not yet specified</p>			
<b>Effective date</b>	<p>Not yet specified</p>			
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li> <li>▶ <a href="#">Brazil Congressman proposes digital services tax</a> (8 May 2020)</li> </ul>			
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# 6. Canada

## 6.1. Canada - Federal Government



<b>Status</b>	<ul style="list-style-type: none"><li>▶ The Canadian Government published its Fall Economic Statement on 30 November 2020. The statement outlines a number of policy measures proposed by the Government to ensure that digital businesses are paying tax, including the introduction of a digital tax in 2022 if no consensus is reached at the international level, and an extension in the scope of Goods and Services Taxes (GST) and Harmonized Sales Tax (HST) to catch sales by digital businesses.</li><li>▶ The Government said it “remains committed to a multilateral solution, but was concerned about the delay in arriving at a consensus” at the international level. As an interim measure, the Government proposes “a tax on corporations providing digital services” to apply from 1 January 2022 “until such time as an acceptable common approach comes into effect”. Further details will be provided in Budget 2021. The statement includes a provisional estimate that the measure would increase federal revenues by CAD3.4 billion over 5 years, starting in 2021-22.</li><li>▶ The Parliamentary Budget Office’s costing and revenue estimation can be viewed <a href="#">here</a>.</li><li>▶ During the October 2019 federal general election, Prime Minister Justin Trudeau’s ruling Liberal Party’s election platform contained a proposal for implementation of a DST. The <a href="#">campaign proposal</a> would “replicate the proposed DST announced by the French Government.” It would apply a 3% tax to companies with revenue over CAD1 billion (approx. USD755 million) and would be effective from April 2020.</li></ul>
<b>Scope</b>	The tax would apply to targeted advertising and digital intermediation services.
<b>Rate</b>	3%
<b>Thresholds</b>	Businesses with worldwide revenues of CAD1 billion (approx. USD755 million) and over Canadian revenues of more than CAD40 million.
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	Not yet specified
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# 6. Canada

## 6.2. Canada - British Columbia



<b>Status</b>	<ul style="list-style-type: none"><li>▶ British Columbia's 2020 Budget (tabled on 18 February 2020) contained a proposal to extend the registration and collection requirements for the BC sales tax to include both Canadian and foreign sellers of software and telecommunication services, effective 1 July 2020. See the Budget and Fiscal Plan, specifically page 64 <a href="#">here</a>.</li><li>▶ As part of BC's COVID-19 Relief Plan, several measures announced in the budget, including this one to expand PST registration requirements and impose PST on e-commerce transactions, were suspended "until further notice." See further detail <a href="#">here</a> from BC Government.</li><li>▶ On 2 September 2020, the BC Ministry of Finance issued a revised Tax Notice announcing a new effective date of 1 April 2021. See <a href="https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/notice-2020-002-covid-19-sales-tax-changes.pdf#page4">https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/notice-2020-002-covid-19-sales-tax-changes.pdf#page4</a></li></ul>
<b>Scope</b>	Software and telecommunication services
<b>Rate</b>	7%
<b>Thresholds</b>	Specified BC revenues exceeding CAD10,000
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	1 July 2020 (proposed, but currently postponed until further notice)
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">BC relief plan – COVID-19</a> (24 March 2020)</li></ul>
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# 6. Canada

## 6.3. Canada - Quebec



Status	Effective 1 January 2019, foreign businesses and operators of digital platforms for the distribution of intangible property or services have been required to collect and remit Quebec sales tax (QST) on taxable sales to specified consumers in Québec. A “specified Quebec consumer” is one who is resident in Quebec and not registered for QST. See further detail <a href="#">here</a> from the Quebec Government.
Scope	Digital platforms for the distribution of intangible property or services
Rate	9.975%
Thresholds	A nonresident supplier must register for the new QST regime from the first day of a calendar month in which their income exceeds CAD30,000, based on their sales to Quebec consumers. For nonresident suppliers selling through a qualifying intermediary platform, it is the digital platform that must register, not the nonresident supplier.
Exclusions	None specified <a href="https://www.revenuquebec.ca/en/businesses/consumption-taxes/gsthst-and-qst/special-cases-gsthst-and-qst/suppliers-outside-quebec/qst-registration-for-suppliers-outside-quebec/operators-of-specified-digital-platforms/">https://www.revenuquebec.ca/en/businesses/consumption-taxes/gsthst-and-qst/special-cases-gsthst-and-qst/suppliers-outside-quebec/qst-registration-for-suppliers-outside-quebec/operators-of-specified-digital-platforms/</a>
Effective date	1 January 2019
EY contact	<b>Fred O’Riordan</b> Ernst & Young LLP – Canada Tax Policy Leader <a href="mailto:fred.r.oriordan@ca.ey.com">fred.r.oriordan@ca.ey.com</a>



# 6. Canada

## 6.4. Canada - Saskatchewan



<b>Status</b>	Like Quebec, the Province of Saskatchewan imposed its provincial sales tax on out-of-province digital service providers effective 1 January 2019.
<b>Scope</b>	Not yet specified
<b>Rate</b>	6%
<b>Thresholds</b>	None specified
<b>Exclusions</b>	None specified. Operators of electronic distribution platforms and online accommodation platforms, as well as online marketplace facilitators must be licensed for purposes of collecting and remitting Saskatchewan PST. Electronic Distribution Platform means a website, internet portal, gateway, application or other means prescribed in the regulations that allow a consumer or user to purchase at a retail sale, whether singly, by subscription or in any other manner, including maintenance, updates and support, tangible personal property, services, or contracts of insurance that are delivered through an electronic format. Online Accommodation Platform means an electronic marketplace that enables or facilitates transactions in relation to accommodation services located in Saskatchewan. <a href="https://www.sets.saskatchewan.ca/rptp/wcm/connect/b1d71f7e-f92e-4982-95c9-130ebf3fe8d4/IN+2017-20+Non-Resident+Vendors+PST+Registration+.pdf?MOD=AJPERES&amp;CACHEID=ROOTWORKSPACE-b1d71f7e-f92e-4982-95c9-130ebf3fe8d4-nbdKQbr">https://www.sets.saskatchewan.ca/rptp/wcm/connect/b1d71f7e-f92e-4982-95c9-130ebf3fe8d4/IN+2017-20+Non-Resident+Vendors+PST+Registration+.pdf?MOD=AJPERES&amp;CACHEID=ROOTWORKSPACE-b1d71f7e-f92e-4982-95c9-130ebf3fe8d4-nbdKQbr</a>
<b>Effective date</b>	1 January 2019
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# 7. China (mainland)



Status	No DST proposed	
Scope	N/A	
Rate	N/A	
Thresholds	N/A	
Exclusions	N/A	
Effective date	N/A	
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# 8. Cyprus



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ Further to reactions during the consultation process, the DST was put on hold by the Ministry of Finance.</li> <li>▶ On 29 August 2019, the Cyprus Ministry of Finance opened a public consultation on taxing the digital economy, which specifically referred to the introduction of a digital advertising services tax (DST). Interested parties were asked to provide comments by 20 September 2019. No formal communication has been made by the authorities as to the outcome of the public consultation process. As per discussions with the authorities, the introduction of a DST in Cyprus has been deferred until a consensus is reached at a global and EU level. As such, at this stage (October 2020) Cyprus is unlikely to unilaterally adopt a DST.</li> </ul>				
<b>Scope</b>	Income from targeted advertising through the value creation of user data by digital interfaces				
<b>Rate</b>	3% on taxable revenues				
<b>Thresholds</b>	Global revenues of over EUR750m and revenues from taxable services in excess EUR50m in the EU				
<b>Exclusions</b>	Provision of intragroup taxable services				
<b>Effective date</b>	Not yet specified				
<b>EY contact</b>	<b>Petros P. Krasaris</b> Ernst & Young Cyprus Ltd International Tax and Transaction Services Partner <a href="mailto:petros.p.krasaris@cy.ey.com">petros.p.krasaris@cy.ey.com</a>	<b>George Liasis</b> Ernst & Young Cyprus Ltd Indirect Tax Partner <a href="mailto:george.liasis@cy.ey.com">george.liasis@cy.ey.com</a>	<b>Maria P. Raspa</b> Ernst & Young Cyprus Ltd Indirect Tax Senior Manager <a href="mailto:maria.raspa@cy.ey.com">maria.raspa@cy.ey.com</a>	<b>Eleni Papachristodoulou</b> Ernst & Young Cyprus Ltd International Tax and Transaction Services Senior Manager <a href="mailto:eleni.papachristodoulou@cy.ey.com">eleni.papachristodoulou@cy.ey.com</a>	<b>Annita Petridou</b> Ernst & Young Cyprus Ltd International Tax and Transaction Services Staff/Assistant <a href="mailto:annita.petridou@cy.ey.com">annita.petridou@cy.ey.com</a>

# 9. Czech Republic



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ On 10 June 2020, the Czech ruling coalition parties agreed to decrease the tax rate of the proposed digital tax to 5% of the local revenues of global internet businesses. It was not immediately clear if any of the current proposed thresholds would change. The initial plan was to impose a 7% tax on big tech companies' local revenues from targeted advertising, digital marketplace provision and user data sales. The Czech legislation is still subject to parliamentary approval - the draft law was approved by the Government and is currently being discussed in the second reading in the Chamber of Deputies (the legislative process has not been completed and the legislation may still be amended). Moreover, the coalition parties agreed to shift the expected effective date from mid-2020 to the beginning of 2021.</li> <li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li> <li>▶ On 5 September 2019, the Czech Ministry of Finance published information stating that a draft proposal on the introduction of a digital tax had been sent to the Government. The Czech Government decided to introduce a domestic DST following the delay in a unified approach at both the global (Organisation for Economic Co-operation and Development) and regional level (European Union). The Czech DST is expected to apply temporarily, until an international approach is implemented. The Government approved this proposal on 18 November 2019 and submitted it to the Czech Parliament. Subsequently, a revised draft proposal was published on 26 November 2019. That proposal has not yet been debated by the Czech Parliament.</li> </ul>			
<b>Scope</b>	Local revenues of targeted advertising, sale of user data by internet platforms and the making available to users of a multilateral digital interface			
<b>Rate</b>	5% on taxable revenues			
<b>Thresholds</b>	Global revenue of over EUR750m (approx. USD853 million) and Czech revenue of CZK100m (approx. EUR2m, and USD4.28m). Along with more than 200,000 user accounts of a multilateral digital interface and partial tax base from a targeted ad campaign or supply of user data during the base period higher than CZK5m.			
<b>Exclusions</b>	Provision of a regulated financial/payment services, provision of communication services, digital content, operating gambling, computer game-playing services			
<b>Effective date</b>	Expected from the beginning of 2021			
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li> <li>▶ <a href="#">Czech Republic proposes introduction of new digital tax</a> (25 September 2019)</li> <li>▶ <a href="#">Czech Government proceeds with legislation on Digital Services Tax</a> (20 October 2020)</li> </ul>			
<b>EY contact</b>	<b>Gabor Kiss</b> Ernst & Young LLP International Tax and Transaction Services Czech Republic Tax Desk <a href="mailto:gabor.kiss2@ey.com">gabor.kiss2@ey.com</a>	<b>Lucie Rihova</b> Ernst & Young, s.r.o. Business Tax Advisory Partner <a href="mailto:lucie.rihova@cz.ey.com">lucie.rihova@cz.ey.com</a>	<b>Martina Malekova</b> Ernst & Young, s.r.o. Business Tax Advisory Senior Manager <a href="mailto:martina.malekova@cz.ey.com">martina.malekova@cz.ey.com</a>	<b>Filip Krajcuska</b> Ernst & Young, s.r.o. Business Tax Advisory Senior <a href="mailto:filip.krajcuska@cz.ey.com">filip.krajcuska@cz.ey.com</a>



# 10. European Union



## Status

- ▶ On 16 September 2020, European Commission President Ursula von der Leyen delivered the State of the Union address. She confirmed that an agreement that falls short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year. The letter of intent sent to the European Parliament and Germany as current EU presidency holder includes the legislative proposal for a digital levy.
- ▶ On 7 September 2020, it was reported that the European Commission plans to launch an EU digital tax from June 2021, and outlined its proposals to EU tax officials at the High-level Working Group on Taxation last week. The published EU Council agendas indicate that digital taxation is on the agenda for the December ECOFIN meeting of the EU finance ministers.
- ▶ On 21 July 2020, the European Council (the Council) agreed on a recovery plan and the EU budget for 2021 - 2027. The agreement reached by the leaders of the 27 Member States was reflected in the Council conclusions (the conclusions) published on the same day. The conclusions also include an agreement to introduce EU-wide taxes and levies to complement the existing own resources and to cover more than half of the Next Generation EU (NGEU). The proposed resources include a digital levy from 1 January 2023.
- ▶ On 1 July 2020, Germany assumed the rotating six-month Presidency of the Council of the European Union (EU) following the Croatian Presidency. Germany will hold the Presidency of the Council of the EU until 31 December 2020. On 30 June 2020, the Germany Presidency of the Council of the EU published its Programme. In the tax area, the program indicates the implementation of the OECD proposals on addressing the tax challenges arising from the digitalization of the economy in the EU.
- ▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.
- ▶ On 27 May 2020, the European Commission presented its proposal for a recovery plan from the crisis that societies and economies face due to COVID-19. To ensure the recovery is sustainable and fair for all EU Member States, the Commission proposed to create a new recovery instrument worth EUR750 billion, called "Next Generation EU." As part of the funding proposal for the instrument, the Commission proposed the introduction of EU taxes to complement the existing own resources. The proposal includes a digital tax applied on companies with a turnover above EUR750 million that could generate up to EUR1.3 billion per year for the EU budget. The analysis and assessment of the Commission's proposal will start immediately in the bodies of the EU institutions with the aim to reach a political agreement at the level of the European Council by July.
- ▶ In a document dated 1 March 2019 (6873/19, LIMITE, FISC 135, ECOFIN 242, DIGIT 44) the Council of the EU indicated that the initial scope should be limited to the taxation of revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface. Thresholds, rates (3%), etc., remain unchanged in this proposal.
- ▶ In the first proposal, laid down in a document dated 21 March 2018, the Commission proposes a new Council Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services (COM (2018) 148 final, 2018/0073 (CNS)). The following revenues resulting from the provision of each of the following services are taxable under this proposal:
  - a) The placing on a digital interface of advertising targeted at users of that interface
  - b) The making available to users of a multi-sided digital interface that allows users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users
  - c) The transmission of data collected about users and generated from users' activities on digital interfaces
- ▶ As a general rule, "taxable person" covered by the proposal are entities meeting both of the following conditions:
  - a) The total amount of worldwide revenues reported by the entity for the relevant financial year exceeds EUR750 million
  - b) The total amount of taxable revenues obtained by the entity within the Union during the relevant financial year exceeds EUR50 million
- ▶ Rules are proposed for determining whether and how revenue should be allocated to various jurisdictions, as well as the calculation of the tax. The rate is set at 3%.

# 10. European Union (contd.)



<b>Scope</b>	Revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface.
<b>Rate</b>	3%
<b>Thresholds</b>	EUR750 million (revenues reported worldwide) and EUR50 million (taxable revenues obtained within the EU)
<b>Exclusions</b>	Revenues resulting from the provision of a service by an entity belonging to a group to another entity in that same group shall not qualify as taxable revenues for the purposes of this Directive.
<b>Effective date</b>	1 January 2022
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li><li>▶ <a href="#">European Commission publishes proposal for recovery plan and adjusts 2020 Work Programme</a> (28 May 2020)</li></ul>
<b>EY contact</b>	<b>Jeroen Bijl</b> Ernst & Young Belastingadviseurs LLP Indirect Tax Associate Partner <a href="mailto:jeroen.bijl@nl.ey.com">jeroen.bijl@nl.ey.com</a>

# 11. France



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ On 12 October 2020, the OECD released its Blueprint report on Pillar 1 whereby an absence on consensus of a global solution with respect to the taxation of the digitalization of the economy has been acknowledged. While discussions will continue in 2021, DST payment postponed to December 2020 is more than ever due and payments in April 2021 (balance payment for 2020 and first instalment for 2021) and October 2021 should be processed as set by law.</li> <li>▶ On 18 June 2020, the French Finance Minister reacted to a letter received from US Treasury Secretary Steven Mnuchin, after discussions on how digital giants should be taxed, i.e. OECD discussions as part of Pillar 1 are halted because they reach an “impasse.” The Minister rejected the threats of sanctions by the US and claimed that French DST will apply in 2020 insofar an agreement is not reached in 2020 at the level of the OECD over taxation of the digital economy, as agreed in August 2019.</li> <li>▶ On 30 March 2020, the French tax authorities published a comprehensive draft guidance on the French DST (scope, taxable revenues, compliance ...). This guidance was subject to consultation up to the end of May 2020 and is likely to be updated, yet the published version is already enforceable against the tax authorities.</li> <li>▶ After discussions between the French and US presidents at the August 2019 G7 summit in France, a postponement of 2020 French DST payments was announced (optional deferral of the two advanced payments due in April and October 2020 to a single payment in December 2020). Such optional postponement was officially confirmed on 10 February 2020 by the French tax authorities. Enacted (July 2019).</li> <li>▶ The French Senate and National Assembly Joint Committee agreed a revised text of the draft French DST bill on 26 June 2019, after which the National Assembly approved it on 4 July 2019 and the Senate followed on 11 July 2019. French President Emmanuel Macron signed the levy into law on 24 July 2019 and it came into force the following day with its publication in the Journal Officiel.</li> <li>▶ On 2 December 2019, the U.S. Trade Representative announced that it has completed the first segment of its investigation under section 301 of the Trade Act of 1974 and concluded that France’s DST discriminates against US companies, is inconsistent with prevailing principles of international tax policy, and is unusually burdensome for affected US companies. French products subject to potential duties includes 63 tariff subheadings with an approximate trade value of USD2.4 billion. Before any tariffs are confirmed, there will be a period for public comment, including a hearing in Washington in January.</li> <li>▶ On 10 July 2019, the USTR announced it would commence an investigation under Section 301 of the Trade Act of 1974 into France’s pending DST. The US action is utilizing the trade mechanism under Section 301 to address what is seen as unfair treatment of US-based companies under the DST.</li> </ul>
<b>Scope</b>	<p>Imposition of the DST in France requires four cumulative conditions:</p> <ul style="list-style-type: none"> <li>▶ Existence of a taxable service</li> <li>▶ Location of the taxable service in France</li> <li>▶ Receipt of income in return for the taxable service</li> <li>▶ Satisfaction of the revenue thresholds for application of the DST, determined on the basis of all entities that are directly or indirectly affiliated based on control</li> </ul>
<b>Rate</b>	<p>3% (on revenues)</p>
<b>Thresholds</b>	<p>Gross amounts received from worldwide taxable services (as defined by the French DST law) more than EUR750m and gross amounts received from deemed French taxable services (as defined by the French DST law i.e. based on the computation of the so-called French presence ratio) more than EUR25m</p>
<b>Exclusions</b>	<p>Certain regulated financial services; provision of a digital interface by which a person or entity uses it as a single or main basis for providing users with digital content, communication services, payment services, services provided intragroup, direct sale of goods or services online, and nontargeted advertising</p>

# 11. France (contd.)



<b>Effective date</b>	1 January 2019		
<b>Notes</b>	<p>An advance payment will be due in November 2019, based on 2018 taxable amounts (allocation percentage of taxable services in France determined using data of the period from 26 July 2019 up to 31 October 2019).</p> <p>The French tax authorities have offered the option for taxpayers to postpone the payment of two prepayments due in 2020 to a single payment due in December 2020 (on the November 2020 VAT return). Yet, April 2020 balance payment for DST due in 2019 based on 2019 data (ratio of French deemed services made on the period 26 July 2019 to 31 December 2019) is still due.</p>		
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">France issues comprehensive draft guidance on digital services tax</a> (13 April 2020)</li><li>▶ <a href="#">French tax authorities confirm postponement of Digital Services Tax payments for 2020, but 2019 payments remain due</a> (11 February 2020)</li><li>▶ <a href="#">G7 leader's declaration addresses international tax, France discusses future of French Digital Services Tax</a> (28 August 2019)</li><li>▶ <a href="#">French President signs bill on Digital Services Tax and partial freeze of corporate income tax rate decrease</a> (25 July 2019)</li><li>▶ <a href="#">French Parliament approves draft bill on partial freeze of corporate income tax rate decrease</a> (16 July 2019)</li><li>▶ <a href="#">US initiates action against France's Digital Services Tax, issues additional exclusions on China-origin goods and supplements list of products under EU subsidies dispute</a> (12 July 2019)</li><li>▶ <a href="#">France's Parliamentary Commission agrees on Digital Services Tax</a> (3 July 2019)</li><li>▶ <a href="#">French Government submits draft bill on digital services tax to Council of Ministers</a> (8 March 2019)</li></ul>		
<b>EY contact</b>	<table border="0"><tr><td><b>Jean-Pierre Lieb</b> Ernst &amp; Young, Société d'Avocats EMEIA Tax Policy &amp; Controversy Leader Partner <a href="mailto:jean.pierre.lieb@ey-avocats.com">jean.pierre.lieb@ey-avocats.com</a></td><td><b>Morgan Vail</b> Ernst &amp; Young, Société d'Avocats International Tax &amp; Transaction Services Senior Manager <a href="mailto:morgan.vail@ey-avocats.com">morgan.vail@ey-avocats.com</a></td></tr></table>	<b>Jean-Pierre Lieb</b> Ernst & Young, Société d'Avocats EMEIA Tax Policy & Controversy Leader Partner <a href="mailto:jean.pierre.lieb@ey-avocats.com">jean.pierre.lieb@ey-avocats.com</a>	<b>Morgan Vail</b> Ernst & Young, Société d'Avocats International Tax & Transaction Services Senior Manager <a href="mailto:morgan.vail@ey-avocats.com">morgan.vail@ey-avocats.com</a>
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# 12. Hong Kong



<b>Status</b>	Currently (October 2020), Hong Kong does not impose a DST. The HKSAR Government has not indicated that it has any plan to introduce DST in the near future.		
<b>Scope</b>	N/A		
<b>Rate</b>	N/A		
<b>Thresholds</b>	N/A		
<b>Exclusions</b>	N/A		
<b>Effective date</b>	N/A		
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# 13. Hungary



<b>Status</b>	<ul style="list-style-type: none"><li>▶ Suspended (as of 1 July 2019).</li><li>▶ The applicability of procedural provisions containing sanctions are suspended for the period between 1 July 2019 and 31 December 2022. Consequently, taxpayers do not have to comply with the reporting obligations concerning this period if the customer would be subject to the tax. Furthermore, it will not be possible to impose a specific sanction for failure to comply with the registration obligation or to determine presumptive tax.</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>▶ Advertisements displayed for consideration:<ul style="list-style-type: none"><li>a) In media services</li><li>b) In press products published or distributed in Hungary predominantly in the Hungarian language</li><li>c) By means of outdoor advertising media provided for in the Advertising Act</li><li>d) On any means of transport, on real estate properties, or in any printed matter</li><li>e) Over the internet, predominantly in the Hungarian language or on websites written predominantly in Hungarian</li></ul></li><li>▶ Placing an order for advertisement, unless specific conditions are met to prove that the entity who displayed/published is either exempt from the tax or committed to pay the tax and meet its compliance obligations.</li></ul>
<b>Rate</b>	0% for a specified period – between 1 July 2019 and 31 December 2022 – for both the publisher and the customer of the advertisement
<b>Thresholds</b>	Not yet specified
<b>Exclusions</b>	In case the advertisements are displayed/published by certain sport associations and sport organizations
<b>Effective date</b>	Not yet specified
<b>EY contact</b>	<b>Tamas Gergely-Toth</b> Ernst & Young Advisory Ltd Indirect Tax/Global Compliance and Reporting Senior Manager <a href="mailto:tamas.gergely-toth@hu.ey.com">tamas.gergely-toth@hu.ey.com</a>

# 14. India



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 22 July 2020, it was reported that further to Section 301 investigations by the United States Trade Representative, the Government has issued a response regarding the 2% Equalization Levy that has been introduced with effect from 1 April 2020 on e-commerce supplies or services. The response does not cover the 6% Equalization Levy on advertising services.</li><li>▶ On 16 July 2020, it was reported that the recently amended GST Act implements the collection of a 1% tax deducted at source (TDS) from sellers by e-commerce platforms.</li><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced that investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ On 27 March 2020, India passed Finance Act 2020, including an unexpected expansion of the Equalization Levy (EL) to tax nonresident entities on their online sales of goods and services. The provisions came into effect from 1 April 2020, with compliance requirements on a quarterly basis. The EL provisions are quite complex, and detailed rules or frequently asked questions are likely to be notified by the Government in response to industries' requests).</li><li>▶ Before this amendment, the EL at 6% was restricted only to payments toward online advertisements and other related payments to nonresidents not having permanent establishment (PE) in India (subject to certain exceptions). EL was required to be deducted and paid by residents carrying on business or profession and nonresidents having PE in India in case payments exceed threshold of INR0.1m. However, the expanded charge of EL is to include consideration received or receivable by "e-commerce supply or services" to specified taxpayers. With effect from tax year 2020-21.</li><li>▶ On 1 February 2020, "significant economic presence" (SEP) provisions that were introduced by the Finance Act 2018, have now been deferred until 1 April 2021. The provisions stated that the SEP of a nonresident in India shall constitute "business connection" in India.</li><li>▶ In May 2019, tax officials issued a consultation paper on profit attribution in case of permanent establishment. The final rules are now awaited (June 2020).</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>▶ The tax is on the amount of consideration received/receivable by a nonresident (NR) e-commerce operator from "e-commerce supply or services" made, provided or facilitated by such NR (beyond threshold of INR20m) during a tax year to:<ul style="list-style-type: none"><li>a) A person resident in India</li><li>b) NR (which entails) sale of advertisement targeted at a customer resident in India or accessing such advertisement through an Indian IP address</li><li>c) NR (which entails) sale of data collected from a person resident in India or from a person who uses Indian IP address</li><li>d) A person who buys goods or services using Indian IP address</li></ul></li></ul>
<b>Rate</b>	2%
<b>Thresholds</b>	INR20m (approx. USD265,000) during a tax year

# 14. India (contd.)



<b>Exclusions</b>	EL on “e-commerce supply or services” shall not apply where: <ul style="list-style-type: none"><li>▶ NR e-commerce operator has a PE in India and such supply or services is effectively connected with such PE</li><li>▶ Sales/turnover/gross receipts of NR e-commerce operator from e-commerce supplies</li></ul> Or <ul style="list-style-type: none"><li>▶ Services are less than INR20m during the relevant tax year</li><li>▶ The existing EL on online advertisement and related services covers such supply or services</li></ul>		
<b>Effective date</b>	1 April 2020		
<b>EY contact</b>	<table border="0"><tr><td data-bbox="273 575 772 742"><b>Ganesh Raj</b> Ernst &amp; Young LLP Business Tax Advisory India Tax Policy and Controversy Leader <a href="mailto:ganesh.raj@in.ey.com">ganesh.raj@in.ey.com</a></td><td data-bbox="772 575 2488 742"><b>Shalini Mathur</b> Ernst &amp; Young LLP Business Tax Advisory/Tax Policy and Controversy Director <a href="mailto:shalini.mathur@in.ey.com">shalini.mathur@in.ey.com</a></td></tr></table>	<b>Ganesh Raj</b> Ernst & Young LLP Business Tax Advisory India Tax Policy and Controversy Leader <a href="mailto:ganesh.raj@in.ey.com">ganesh.raj@in.ey.com</a>	<b>Shalini Mathur</b> Ernst & Young LLP Business Tax Advisory/Tax Policy and Controversy Director <a href="mailto:shalini.mathur@in.ey.com">shalini.mathur@in.ey.com</a>
<b>Ganesh Raj</b> Ernst & Young LLP Business Tax Advisory India Tax Policy and Controversy Leader <a href="mailto:ganesh.raj@in.ey.com">ganesh.raj@in.ey.com</a>	<b>Shalini Mathur</b> Ernst & Young LLP Business Tax Advisory/Tax Policy and Controversy Director <a href="mailto:shalini.mathur@in.ey.com">shalini.mathur@in.ey.com</a>		



# 15. Indonesia



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li> <li>▶ In a fast-moving development as part of the country's COVID-19 stimulus efforts, the President of Indonesia released a "Government Regulation in Lieu of Law" that provides for new taxes on digital transactions. This was subsequently ratified as law. Notably, while the regulation is in immediate effect, implementing regulations are required before each taxing measure can take effect, to set key thresholds needed to enable impacted taxpayers to comply. Specifically, the new rules provide (i) an offshore VAT regime; and (ii) digital PE thresholds, and certain electronic transaction taxes (ETT).</li> <li>▶ The offshore VAT regime has been implemented from 1 July 2020, with the Indonesian authorities provided the power to register certain offshore parties who conducts Trading Through Electronic System/ e-commerce trade (Perdagangan Melalui Sistem Elektronik - "PMSE") to collect and to remit 10% Indonesian VAT on their digital transactions with the Indonesian customers.</li> <li>▶ On 25 June 2020, the Directorate General of Taxes ("DGT") issued an implementing regulation which governs detailed criteria for certain offshore parties to be appointed as a Value Added Tax ("VAT") collector, to collect, to pay as well as to report the VAT, at 10% on the utilization of intangible taxable goods and/or taxable services from outside the Indonesian Customs Area ("ICA") within the ICA on the trading done through electronic system/e-commerce trade, among others:             <ul style="list-style-type: none"> <li>▶ a. the value of the transaction with the Buyer in Indonesia exceeds Rp. 600,000,000.00 (six hundred million rupiah) in 1 (one) year or Rp. 50,000,000.00 (fifty million rupiah) in 1 (one) month; and / or b. number of traffic or accessor in Indonesia exceeds 12,000 (twelve thousand) in 1 (one) year or 1,000 (one thousand) in 1 (one) month.</li> <li>▶ The appointed VAT collector is given a Tax Identification Number and must pay the VAT collected for every tax period by the end of the following month after the tax period ends, in IDR, USD or other currencies determined by the DGT. The VAT collector must submit reports on a quarterly basis that is due by the end of the following month after the quarter. The quarterly periods are January to March, April to June, July to September, October to December.</li> <li>▶ This regulation is effective on 1 July 2020 and there are some certain offshore parties that have been appointed as VAT collectors, requiring those parties to implement the new rules starting from August 2020 transactions, and make the first VAT payment by the end of September 2020.</li> </ul> </li> <li>▶ On the Corporate Income Tax side, the primary approach is to define a new concept of permanent establishment and subject to in-scope foreign entities to corporate income tax. If the PE definition under a treaty overrides this domestic law, an electronic transaction tax (ETT) is imposed to tax income sourced from Indonesia. Implementing regulations in respect of the types of transactions, thresholds, rate of ETT and other administrative arrangements have not been issued yet.</li> </ul>
<b>Scope</b>	Foreign service providers who sell intangible goods or services to Indonesian customers through electronic system/e-commerce and appointed as VAT Collectors for Indonesian VAT purposes are obliged to collect 10% VAT, to remit the VAT to the State Treasury and to report the VAT to the relevant tax office.
<b>Rate</b>	10%
<b>Thresholds</b>	For VAT purposes, the value of the transaction with the Buyers in Indonesia exceeds Rp. 600,000,000.00 (six hundred million rupiah) in 1 (one) year or Rp. 50,000,000.00 (fifty million rupiah) in 1 (one) month; and / or the amount of traffic or access in Indonesia exceeds 12,000 (twelve thousand) in 1 (one) year or 1,000 (one thousand) in 1 (one) month.
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	1 July 2020

# 15. Indonesia (contd.)



<b>Effective date</b>	<ul style="list-style-type: none"><li>▶ <a href="#">Indonesia issues implementing regulations for VAT collection on digital transactions (8 July 2020)</a></li><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020)</a></li><li>▶ <a href="#">Indonesia issues measures to mitigate impact of COVID-19 (15 May 2020)</a></li></ul>			
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# 16. Israel



<b>Status</b>	<ul style="list-style-type: none"><li>▶ In late April 2019, press reports suggested that the Israeli Tax Authority would propose a DST to the finance minister once they are in place, following recent elections.</li><li>▶ A draft circular was published by the Israeli Tax Authority (ITA) in April 2015, on internet activity of foreign companies in Israel. Later, on 11 April 2016, the ITA released their official circular on internet activity of foreign companies in Israel.</li><li>▶ The circular focuses on instances in which income of a foreign company could be attributed to a permanent establishment in Israel in the context of the digital economy. The Israeli Tax Authority provides its view on implementation of the permanent establishment principles, distinguishing between foreign companies resident in a treaty country of Israel and companies resident in a non-treaty country.</li><li>▶ The ITA recognizes the Organization for Economic Co-operation and Development's work in the final report on Base Erosion and Profit Shifting (BEPS), Action 1: Addressing the Tax Challenges of the Digital Economy, and it notes that traditional principles used to determine the existence of a PE should also apply in the context of digital environment. However, the ITA uses the concept of a significant economic presence to address digital economy challenges even though this concept was dropped from the final BEPS recommendations.</li></ul>
<b>Scope</b>	Not yet specified
<b>Rate</b>	3%-5% (base – not yet specified)
<b>Thresholds</b>	Not yet specified
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	Not yet specified
<b>EY contact</b>	<p><b>Sharon Hovel</b> Kost Forer Gabbay &amp; Kasierer International Tax and Transaction Services Partner <a href="mailto:sharon.hovel@il.ey.com">sharon.hovel@il.ey.com</a></p>

# 17. Italy



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ The law was enacted with effect from 1 January 2020.</li><li>▶ The Italian Budget Law 2020 (Law no.160/2019) provided for the entry into force – as of 1 January 2020 – of a “new” DST replacing the “web tax” introduced by the Italian Budget Law 2019 (Law no.145/2018). No implementing Decree is required for the entry into force of the DST (as was previously the case for the “web tax”); the Italian Tax Authority will issue one or more measures in order to implement the application of the provisions set forth by the DST law. At this stage, no measures have been published by the Italian Tax Authority yet.</li></ul>		
<b>Scope</b>	Roughly follows EU compromise text		
<b>Rate</b>	3% (on revenues/turnover from qualifying service, net of VAT)		
<b>Thresholds</b>	Global revenues of over EUR750m, standalone or at group level, and revenues from qualifying services of over EUR5.5m in Italy		
<b>Exclusions</b>	Qualifying services provided to related entities		
<b>Effective date</b>	1 January 2020		
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li><li>▶ <a href="#">Italy's Digital Services Tax enters into force as of 1 January 2020</a> (17 January 2020)</li><li>▶ <a href="#">Italy's unilateral Digital Services Tax advances</a> (8 November 2019)</li><li>▶ <a href="#">Italy introduces new digital services tax</a> (14 January 2019)</li></ul>		
<b>EY contact</b>	<table><tr><td><b>Emiliano Zanotti</b> Ernst &amp; Young LLP International Tax and Transaction Services Italy Tax Desk <a href="mailto:emiliano.zanotti2@ey.com">emiliano.zanotti2@ey.com</a></td><td><b>Domenico Borzumato</b> Ernst &amp; Young LLP International Tax and Transaction Services Partner <a href="mailto:dborzumato@uk.ey.com">dborzumato@uk.ey.com</a></td></tr></table>	<b>Emiliano Zanotti</b> Ernst & Young LLP International Tax and Transaction Services Italy Tax Desk <a href="mailto:emiliano.zanotti2@ey.com">emiliano.zanotti2@ey.com</a>	<b>Domenico Borzumato</b> Ernst & Young LLP International Tax and Transaction Services Partner <a href="mailto:dborzumato@uk.ey.com">dborzumato@uk.ey.com</a>
<b>Emiliano Zanotti</b> Ernst & Young LLP International Tax and Transaction Services Italy Tax Desk <a href="mailto:emiliano.zanotti2@ey.com">emiliano.zanotti2@ey.com</a>	<b>Domenico Borzumato</b> Ernst & Young LLP International Tax and Transaction Services Partner <a href="mailto:dborzumato@uk.ey.com">dborzumato@uk.ey.com</a>		



# 18. Kenya



Status	▶ Digital Service Tax will be charged on income from services provided through a digital marketplace in Kenya, as from 1 January 2021. A digital marketplace has been defined to mean a platform that enables the direct interaction between buyers and sellers of goods and services through electronic means		
Scope	The DST will be payable via a withholding tax system. Withholding tax agents will be appointed by the Commissioner		
Rate	1.5% on the gross transactional value		
Thresholds	No threshold has been set for the tax.		
Exclusions	Not applicable		
Effective date	1 January 2021		
EY Global Tax Alerts	<ul style="list-style-type: none"><li>▶ <a href="#">Kenya gazettes VAT regulations on electronic tax invoices</a> (28 October 2020)</li><li>▶ <a href="#">Kenya gazettes VAT regulations on digital marketplace supply</a> (26 October 2020)</li><li>▶ <a href="#">Kenya introduces VAT regulations on supply of digital services</a> (19 June 2020)</li></ul>		
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# 19. Mexico



Status	<ul style="list-style-type: none"> <li>▶ On 14 July 2020, the tax authority (Servici de Administración Tributaria) published on their website the fourth version of the second resolution of amendments to the Miscellaneous Fiscal Resolution for 2020 which includes rules and guidance on the remission of withholding tax by foreign digital service providers.</li> <li>▶ Currently Mexico does not impose a DST (July 2020).</li> <li>▶ In 2018, a DST Bill was submitted to the Mexican Congress to apply a 3% tax on the revenue of digital providers that are residents in Mexico or that have a permanent establishment in the country. The Bill was not approved by the Congress.</li> <li>▶ As of June 2020, a 16% VAT is applicable on digital services provided by foreign residents with no permanent establishment in Mexico when the recipient of the service is located in Mexico. This tax applies to certain digital services such as providing access to content for users, gaming and learning, and also to platforms providing intermediation services. The foreign digital supplier is obligated to meet several compliance and disclosure obligations before the Mexican tax authorities. These obligations include, but are not limited to, registering in Mexico, reporting and remitting tax on a monthly basis and providing certain disclosures as to services provided in Mexico.</li> </ul>		
Scope	N/A		
Rate	N/A		
Thresholds	N/A		
Exclusions	N/A		
Effective date	N/A		
EY Global Tax Alerts	<ul style="list-style-type: none"> <li>▶ <a href="#">Mexico's Tax Administration issues additional regulations on obligations of foreign digital service providers</a> (13 May 2020)</li> <li>▶ <a href="#">Mexico's tax authorities issue temporary regulations for nonresident providers of digital services</a> (28 January 2020)</li> <li>▶ <a href="#">Mexico's tax reform: Implications for foreign digital service providers</a> (18 November 2019)</li> </ul>		
EY contact	<p><b>Koen van't Hek</b> Mancera, S.C. International Tax and Transaction Services Partner <a href="mailto:koen.van-t-hek@mx.ey.com">koen.van-t-hek@mx.ey.com</a></p>	<p><b>Terri Grosselin</b> Ernst &amp; Young LLP International Tax and Transaction Services Associate Partner <a href="mailto:terri.grosselin@ey.com">terri.grosselin@ey.com</a></p>	<p><b>Abril Rodriguez</b> Mancera, S.C. International Tax and Transaction Services Associate Partner <a href="mailto:abril.rodriquez@mx.ey.com">abril.rodriquez@mx.ey.com</a></p>

# 20. New Zealand



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ As at October 2020, the Government has not made further commitments to a timeline for introducing a DST in New Zealand, though with the recent General Election in New Zealand, the governing party has recommitted to its introduction should the OECD fail to reach consensus stating that the Government will “seriously consider implementing a DST” if the OECD fails to reach consensus.</li> <li>▶ In June 2019, the New Zealand Inland Revenue opened a consultation on options for taxing the digital economy, which included introducing a DST or alternatively waiting for changes to the current international corporate tax framework that are being discussed by the OECD. That discussion document remains the latest thinking from Policy Officials, in terms of the potential design of a DST.</li> </ul>			
<b>Scope</b>	Supplies made through: intermediation platforms, social media platforms, content sharing sites, search engines and the sale of user data			
<b>Rate</b>	3% (on revenues/turnover)			
<b>Thresholds</b>	<ul style="list-style-type: none"> <li>▶ A group needs to exceed both below thresholds in the previous income year for the DST to apply:             <ol style="list-style-type: none"> <li>First, there must be more than EUR750m consolidated global annual turnover.</li> <li>Second, there must be NZD3.5m (approximately EUR2m) of turnover attributable to New Zealand from in-scope services.</li> </ol> </li> </ul>			
<b>Exclusions</b>	Intragroup transactions; sales of ordinary goods and services, provision of online content, services delivered directly through the internet (i.e., software as a service), ICT providers, standard financial services, and TV and radio broadcasting.			
<b>Effective date</b>	Originally expected to be possibly as early as 2020-2021, if consensus at the OECD does not emerge in 2020. However, given the current lack of progress and the impact of COVID-19, this could be deferred further.			
<b>Notes</b>	The Government’s estimates for the amount that could be raised by the DST range from NZ\$30m to NZ\$80m, depending on the ultimate design of the tax. The measure is intended to be interim in nature, until agreement can be reached at OECD level.			
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">New Zealand Government to “seriously consider” a Digital Services Tax</a> (5 June 2019)</li> <li>▶ <a href="#">New Zealand announces proposal to implement Digital Services Tax</a>(26 February 2019)</li> <li>▶ <a href="#">New Zealand Tax Working Group considers future of tax in New Zealand</a> (9 October 2018)</li> </ul>			
<b>EY contact</b>	<b>Paul Dunne</b> Ernst & Young Limited New Zealand Tax Policy Leader <a href="mailto:paul.dunne@nz.ey.com">paul.dunne@nz.ey.com</a>	<b>Paul Smith</b> Ernst & Young Limited New Zealand Indirect Tax Leader <a href="mailto:paul.smith@nz.ey.com">paul.smith@nz.ey.com</a>	<b>Sladjana Freakley</b> Ernst & Young Limited Tax Policy Senior Manager <a href="mailto:sladjana.freakley@nz.ey.com">sladjana.freakley@nz.ey.com</a>	<b>Daniel Doughty</b> Ernst & Young Limited Global Compliance and Reporting Staff/Assistant <a href="mailto:daniel.doughty@nz.ey.com">daniel.doughty@nz.ey.com</a>

# 21. Nigeria



Status	<ul style="list-style-type: none"> <li>▶ The Finance Act, 2019 and the Companies Income Tax (Significant Economic Presence) Order, 2020 expanded the scope of taxation of nonresident companies (NRCs) performing digital services in Nigeria.</li> <li>▶ NRCs deriving income from digital services are deemed to derive income from Nigeria to the extent that such NRCs have a significant economic presence (SEP) in the country.</li> <li>▶ NRCs deemed to have a SEP in Nigeria are required to register for taxes and to comply with the relevant income tax filing and payment obligations in Nigeria.</li> </ul>		
Scope	<p>Foreign companies undertaking the following activities are deemed to have a SEP in Nigeria:</p> <ul style="list-style-type: none"> <li>▶ Category 1 - A foreign company using digital platforms to derive gross income equal to or greater than N25 million (or its equivalence in other currencies) in a year of assessment, from any of the following activities (or combination thereof):             <ul style="list-style-type: none"> <li>▶ Streaming, or downloading services of digital contents to any person in Nigeria</li> <li>▶ Transmission of data collected about Nigerian users, which has been generated from such user's activities on a digital interface, including a website or mobile application.</li> <li>▶ Provision of goods or services directly or indirectly to Nigerians through digital platforms.</li> <li>▶ Provision of intermediation services through digital platforms that link suppliers and customers in Nigeria.</li> </ul> </li> <li>▶ Category 2 - A foreign company that uses a Nigerian domain name (.ng) or registers a website address in Nigeria.</li> <li>▶ Category 3 - A foreign company that has a purposeful and sustained interaction with persons in Nigeria by customizing its digital platform to target persons in Nigeria or reflecting the prices of its products, services or options of billing or payment in the local currency, Naira.</li> </ul>		
Rate	Corporate income tax at 30% of taxable profits.		
Thresholds	N25 million (approximately US\$55,000) for Category 1 transactions		
Exclusions	Foreign companies covered under any multilateral/consensus agreement to address tax challenges arising from digitalization of the economy to which Nigeria is a party, to the extent that such agreement is effective in Nigeria.		
Effective date	14 January 2020		
EY Global Tax Alerts	<ul style="list-style-type: none"> <li>▶ <a href="#">Update on Finance Bill 2019</a> 10 December 2019</li> <li>▶ <a href="#">Nigeria issues order on definition of significant economic presence in Nigeria</a> 2 June 2020</li> </ul>		
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# 22. Poland



<b>Status</b>	<ul style="list-style-type: none"><li>▶ 1 July 2020 – DST has been imposed based on the Act of 14 May 2020 on the amendment of certain Acts regarding protective measures in relation to with the spread of COVID-19.</li><li>▶ Poland taxes revenue of streaming providers as part of a new set of virus relief measures submitted to Parliament for approval. The money is intended to benefit the Polish Film Institute, a state-owned developer and promoter of Polish cinematography.</li><li>▶ September 2019 – Poland no longer intends to introduce a general DST. The country had been expected to introduce a DST from 2020, however, the 2020 draft budget plan no longer includes revenues from a general DST.</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>▶ Revenue from membership fees (fees for access to on-demand audio-visual media services) or from commercials (broadcasting commercial communications) if this revenue in a given settlement period is higher.</li><li>▶ For streaming providers (“entities providing audiovisual media service on demand”) established in another EU Member State the tax is levied based on the revenues received in the Polish territory.</li></ul>
<b>Rate</b>	1.5%
<b>Thresholds</b>	N/A
<b>Exclusions</b>	<ul style="list-style-type: none"><li>▶ The following smallest streaming companies will be exempt from the tax:<ul style="list-style-type: none"><li>a) Microentrepreneurs</li><li>b) Entities whose number of subscribers did not exceed 1% of the number of users of data transmission services providing broadband access to the internet</li></ul></li></ul>
<b>Effective date</b>	1 July 2020. Since the settlement period for DST in Poland is a quarter and DST are to be paid in 30 days after closing the settlement period, first payments of DST will be made in the period 1-30 October 2020 (for the period 1 July-30 September 2020).
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">Poland introduces new levy on VOD platforms</a> (7 July 2020)</li></ul>
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# 23. Slovenia



<b>Status</b>	<ul style="list-style-type: none"><li>▶ In June 2020, EY Slovenia contacted the responsible Ministry to check on the DST developments. The Ministry confirmed that the project is on hold and that no drafts are being prepared.</li><li>▶ Due to the change of Government in Slovenia earlier this year, the project regarding DST is on hold. Consequently, the draft legislation has not been prepared, despite the plans that the draft Act would be sent to the National Assembly for consideration by 1 April 2020.</li></ul>		
<b>Scope</b>	Not yet specified		
<b>Rate</b>	Not yet specified		
<b>Thresholds</b>	Not yet specified		
<b>Exclusions</b>	Not yet specified		
<b>Effective date</b>	Not yet specified		
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# 24. Spain



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 16 October 2020, the Spanish law (the Law) on Digital Services Tax (DST) was published in the Spanish Official Gazette after its prior approval by the Spanish Congress and Senate</li><li>▶ On 14 September 2020, it was reported that Spain is proposing to tax companies providing calls and instant messaging services based on their revenue. Levies would be imposed on instant messaging providers in the same way as it is on telecoms operators, under a draft law which has been published for consultation. Companies with a turnover of more than EUR1 million a year would be subject to the tax which would not exceed EUR1 for every EUR1,000 of gross revenue.</li><li>▶ On 30 July 2020, the Lower House approved the Bill on the DST and sent it to the Senate for approval. The Bill is fully aligned with the previous version and the DST initially proposed by the Commission, with a rate of 3% imposed on gross income derived from certain digital services and only companies whose worldwide annual revenue is at least EUR750 million and whose annual taxable revenue in Spain exceeds EUR3 million are subject to the DST.</li><li>▶ On 4 June 2020, the Spanish Congress rejected the proposal by three political parties to block the Bill on a DST. Thus, the Bill will continue the legislative process through the Congress and the Senate, during which amendments to the wording could still be introduced. Further details are yet to be announced concerning amendments which may be considered, as well as the timing for the Bill to be discussed and, eventually, approved by the Congress and the Senate.</li><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ On 28 February 2020, the Spanish Council of Ministers sent a bill on DST to the Parliament (Congress and Senate) for a vote. The current Bill is fully aligned with the previous version. Its main features are like the DST initially proposed by the European Union Commission on 21 March 2018 (see below).</li><li>▶ A DST bill was published after approval by the Council of Ministers on 18 January 2019, before being passed to Parliament for debate. The Budget of the minority Government was then rejected, and elections were called for April 2019.</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>▶ DST is imposed on the provision of the following digital services:<ol style="list-style-type: none"><li>a) The placing on a digital interface of advertising targeted at users of that interface (online advertising services)</li><li>b) Services consisting in making available multi-sided digital interfaces to users that allow them to find other users and to interact with, and which may also facilitate the provision of underlying supplies of goods or services directly among users (online intermediation services)</li><li>c) The transmission of data collected about users that has been generated from such users' activities on digital interfaces (data transfer services)</li></ol></li></ul>
<b>Rate</b>	3% of gross revenues from Spanish in-scope activities above threshold
<b>Thresholds</b>	Worldwide revenues of EUR750 million per annum, with a total amount of taxable revenues obtained in Spain exceeding EUR3 million per annum
<b>Exclusions</b>	In addition to the relevant EU compromise text exclusions; intragroup transactions when there is a direct or indirect participation of 100%, regulated financial services rendered by regulated financial entities, and income derived from the transfer of data by regulated financial entities
<b>Effective date</b>	Three months following the publication of the Law in the Spanish Official Gazette, i.e., as of 16 January 2021.

# 24. Spain (contd.)



<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">Spanish DST is enacted, effective 2021 (16 October 2020)</a></li><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020)</a></li><li>▶ <a href="#">Spain sends 2020 bill on Digital Services Tax to Parliament for approval (3 March 2020)</a></li><li>▶ <a href="#">Spanish Parliament rejects 2019 State Budget Bill; Government calls for elections (15 February 2019)</a></li><li>▶ <a href="#">Spain sends bill on Digital Services Tax to Parliament for approval (29 January 2019)</a></li><li>▶ <a href="#">Spain releases draft bill on Digital Services Tax (25 October 2018)</a></li></ul>				
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# 25. Taiwan



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ Starting from 1 May 2017, for foreign e-commerce operators (FECOs) who have no fixed place of business in Taiwan and provide e-commerce services to domestic individuals, such FECOs shall register for the VAT purpose in Taiwan if their annual business-to-consumer (B2C) sales amount exceed NTD480,000. The VAT will be computed based on an applicable tax rate of 5% and shall be filed on a bimonthly basis.</li> <li>▶ Following the regulation above, FECOs should issue cloud government uniformed invoices (GUIs – formal VAT invoices in Taiwan) to domestic purchasers starting from 2019. FECOs that fail to issue cloud GUIs would be imposed penalties after 1 January 2020.</li> </ul>		
<b>Scope</b>	<ul style="list-style-type: none"> <li>▶ E-commerce services sold to individuals (B2C transactions) in Taiwan are defined as below:               <ol style="list-style-type: none"> <li>a) Services provided via internet with the download or storage onto computers or mobile devices</li> <li>b) Services provided via internet without the download or storage onto computers or mobile devices</li> <li>c) Services provided via internet or other electronic methods</li> </ol> </li> </ul>		
<b>Rate</b>	5% of gross revenues for the e-commerce services sold to individuals (B2C transactions) in Taiwan		
<b>Thresholds</b>	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceed NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.		
<b>Exclusions</b>	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceeds NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.		
<b>Effective date</b>	1 May 2017		
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">Taiwan's uniform invoice regulations require action by foreign e-commerce operators</a> (29 Jan 2019)</li> <li>▶ <a href="#">Taiwan issues ruling on new tax guidelines on cross-border e-commerce transaction</a> (4 May 2017)</li> <li>▶ <a href="#">Taiwan issues new tax guidelines on cross-border e-commerce transactions to be effective from 1 May 2017</a> (22 March 2017)</li> </ul>		
<b>EY contact</b>	<p><b>ChienHua Yang</b> Ernst &amp; Young Business Tax Advisory Partner <a href="mailto:chienhua.yang@tw.ey.com">chienhua.yang@tw.ey.com</a></p>	<p><b>Vivian Wu</b> Ernst &amp; Young Indirect Tax Partner <a href="mailto:vivian.wu@tw.ey.com">vivian.wu@tw.ey.com</a></p>	<p><b>Olivia Li</b> Ernst &amp; Young Indirect Tax Senior Manager <a href="mailto:olivia.yh.li@tw.ey.com">olivia.yh.li@tw.ey.com</a></p>

# 26. Tunisia



<b>Status</b>	<ul style="list-style-type: none"><li>▶ Pursuant to Article 27 of the Finance Act for the year 2020, companies that are not resident in Tunisia that sell computer software and internet-based services are subject to a royalty of 3% on the turnover earned with resident individuals and corporate entities.</li><li>▶ Non-resident companies affected by these provisions should proceed with filing their turnover on a quarterly basis. Reporting and payment procedures will be established by a governmental decree.</li><li>▶ Until November 2020, the governmental decree that should have been issued to apply the law provisions is not yet published.</li></ul>
<b>Scope</b>	Companies non-resident in Tunisia selling computer software and internet-based services
<b>Rate</b>	3%
<b>Thresholds</b>	Not yet specified
<b>Exclusions</b>	Not yet specified
<b>Effective date</b>	1 January 2020
<b>EY contact</b>	<b>Omar Rekik</b> AMC Ernst & Young Associate Partner International Tax and Transaction Services <a href="mailto:omar.rekik@tn.ey.com">omar.rekik@tn.ey.com</a>

# 27. Turkey



<b>Status</b>	<ul style="list-style-type: none"><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ A DST has been levied for the first time in Turkey. DST return filings and payments for the first taxation period (March 2020) have been made by taxpayers' subject to the DST who exceed the thresholds in 2019 accounting period. Filings and payments were made through the following link: <a href="https://digital.service.qib.gov.tr">digitalservice.qib.gov.tr</a> by the last day of April.</li><li>▶ On 20 March 2020, General Communiqué on the Implementation of the Digital Services Tax ("DST Communiqué") was published in the Official Gazette, effective from 1 March 2020.</li><li>▶ On 5 February 2020, the Turkish Government published the Draft DST Communiqué. Draft DST Communiqué was updated on 28 February 2020 and republished on the website of the Turkish Revenue Administration. Draft DST Communiqué clarifies how the scope of DST would apply by providing several examples and explanations. As revised, storage of digital data on online platforms, tickets sold in the digital environment that provides the right to use services to an actual presentation (e.g., cinema, transport, concerts) and software activation that is required for a sold product to operate (and is incorporated within the product) are now out of scope of the DST. Some companies that provide a digital environment with which users can interact are also in scope. Companies that mediate the sale of various culture, art, sports and transport, as well as companies that provide a platform for people to share professional careers and professional interests are now in scope of the DST.</li><li>▶ On 5 December 2019, the Turkish Parliament enacted Law no.7194, which provides for a DST. This law was published in the Official Gazette on 7 December 2019 and the DST will enter into force as of 1 March 2020.</li><li>▶ On 24 October 2019, the Turkish Government submitted an initial bill that would introduces a DST into Turkish tax legislation. The bill proposes a DST at a rate of 7.5% on gross revenues and sets forth the scope of the tax, the taxpayers and exemptions.</li></ul>
<b>Scope</b>	<ul style="list-style-type: none"><li>▶ Services in scope are as follows:<ol style="list-style-type: none"><li>a) All types of advertisement services provided through digital platforms (including advertisement control and performance measurement services, as well as data transmission and management services concerning users, and technical services for providing advertisements)</li><li>b) The sale of all types of auditory, visual or digital contents on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing of this content or downloading of the content to the electronic devices or using of the content in these electronic devices</li><li>c) Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users)</li></ol></li><li>▶ Intermediary services of digital service providers on digital platforms are subject to DST, as well.</li><li>▶ If a digital service provider fails to comply with provisions of the tax, there would be irregularity fines. However, there is a specific sanction for failure to comply with the registration. In this case of noncompliance, the Ministry of Treasury and Finance with cooperation may block access to the services provided by these service providers until the obligations are fulfilled. The blockage of access will be executed by the Information and Communication Technologies Authority in Turkey upon the notification form the Ministry of Treasury and Finance.</li></ul>
<b>Rate</b>	7.5% on gross revenues. The President retains the authority to reduce the rate to 1% or double it from 7.5% in relation to specific services.
<b>Thresholds</b>	EUR750 million in global revenues and TRY20 million (approximately USD2.9 million) in local revenues

## 27. Turkey (contd.)



<b>Exclusions</b>	<ul style="list-style-type: none"><li>▶ Services that are subject to “treasury duty” paid in accordance with the Telegram and Telephone Law</li><li>▶ Services that are subject to the “special communication tax”</li><li>▶ Services within the scope of Article 4 of the Banking Law no.5411</li><li>▶ Payment services within the scope of Article 12 of the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions</li><li>▶ Sales of products and services provided exclusively through these products developed because of research and development (R&amp;D) activities in R&amp;D centers that are defined under Article 2 of the Law on Supporting Research, Development and Design Activities dated 28 February 2008, no.5746</li></ul>			
<b>Effective date</b>	1 March 2020			
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li><li>▶ <a href="#">Turkey collects Digital Services Tax payments</a> (6 May 2020)</li><li>▶ <a href="#">Turkey updates draft DST Communiqué</a> (28 February 2020)</li><li>▶ <a href="#">Turkey's 7.5% Digital Services Tax to be effective 1 March 2020</a> (15 January 2020)</li><li>▶ <a href="#">Turkey introduces Digital Services Tax</a> (25 October 2019)</li></ul>			
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# 28. United Kingdom



Status	<ul style="list-style-type: none"><li>▶ On 10 August 2020, the tax authority (HMRC) updated the Digital Services Tax Manual and added a list of countries that have taxes that are considered to be similar to the UK DST for the purposes of cross-border relief.</li><li>▶ On 16 July 2020, it was reported that the DST has been recently approved as part of the Finance Act 2020 and has effect as from 1 April 2020.</li><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ It was announced in the 2020 Budget that the UK would be introducing a 2% DST with effect from 1 April 2020 and the DST provisions were included in the Finance Bill 2020. The Bill is currently progressing through Parliament and still needs to receive Royal Assent, but it is not expected to change prior to enactment.</li><li>▶ The UK tax authority published its <a href="#">DST manual</a> on 19 March 2020, which explains the structure and details of the UK DST. This manual includes: what is meant by digital services activity and revenue, definitions of a user and identifying revenue of UK users, detail on the role and responsibilities of the responsible member, as well as further details of the administration and compliance framework that applies for DST. This guidance reflects the legislation contained in the Finance Bill. As the Finance Bill is potentially subject to amendment during passage through Parliament the guidance should be treated as draft until Royal Assent has been received.</li></ul>
Scope	<ul style="list-style-type: none"><li>▶ Revenues derived from UK users from in-scope activities, which includes the provision of social media platforms, internet search engines or online marketplaces. In addition, to the extent a business carries out an in-scope activity, revenues arising from an “associated online advertising business” should also fall within the scope of the DST.</li><li>▶ A group will be within the scope of UK DST if it provides one or more of the three digital services activities. Further guidance on the definitions of each of the activities, along with examples, are available in separate sections of the manual.</li></ul>
Rate	2% of gross revenues from UK in-scope activities above threshold; however, taxpayers may apply an alternative calculation method calculated based on operating margin in respect of in-scope activities where they are loss-making or have a very low profit margin
Thresholds	<ul style="list-style-type: none"><li>▶ £500m revenues from in-scope activities provided globally and £25m of revenue from in-scope activities provided to UK users per 12-month accounting period. The first £25m of revenues is not subject to the tax. £500m and £25m thresholds are applied to total revenues arising to a group from in-scope activities, rather than on an activity by activity basis.</li><li>▶ The group upon which the thresholds are tested is determined by reference to accounting consolidation principles.</li></ul>
Exclusions	Provision of an online marketplace by a financial services provider where upwards of 50% of revenues relate to the creation/trading of financial assets
Effective date	1 April 2020
EY Global Tax Alerts	<ul style="list-style-type: none"><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li><li>▶ <a href="#">UK releases draft clauses and guidance on Digital Services Tax</a> (12 July 2019)</li><li>▶ <a href="#">UK proposes Digital Services Tax: unilateral measure announced in Budget 2018</a> (5 November 2018)</li></ul>

## 28. United Kingdom (contd.)



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# 29. United States

## 29.1. United States - Federal



Status	<ul style="list-style-type: none"><li>▶ On 14 September 2020, resolution H.Res.1097 was published and expresses a strong opposition towards other countries imposing a DST and discriminating US established companies.</li><li>▶ On 10 July 2020, the US Trade Representative announced that the US would take action against France's DST in the form of an additional 25% ad valorem duty on specified French-origin goods. The tariffs are scheduled to take effect on 6 January 2021, 180 days after the determination of action. The list covers 21 tariff subheadings, with an estimated trade value for calendar year 2019 of approximately US\$1.3 billion.</li><li>▶ On 2 June 2020, the United States (US) Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the United Kingdom.</li><li>▶ Investigations will be conducted pursuant to Section 301 of the Trade Act of 1974 (Section 301), with the goal of determining whether the adopted or contemplated DST of the relevant jurisdiction is unreasonable or discriminatory, as well as whether it burdens or restricts US commerce.</li></ul>
Scope	N/A
Rate	N/A
Thresholds	N/A
Exclusions	N/A
Effective date	N/A
EY Global Tax Alerts	<ul style="list-style-type: none"><li>▶ <a href="#">USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions</a> (4 June 2020)</li><li>▶ <a href="#">US initiates action against France's Digital Services Tax, issues additional exclusions on China-origin goods and supplements list of products under EU subsidies dispute</a> (12 July 2019)</li></ul>
EY contact	<p><b>Lynlee Brown</b> Ernst &amp; Young LLP Indirect Tax/Global Trade/National Tax Partner <a href="mailto:lynlee.brown@ey.com">lynlee.brown@ey.com</a></p>

# 29. United States

## 29.2. United States - Maryland



Status	<ul style="list-style-type: none"> <li>▶ On 7 May 2020, Maryland Governor Larry Hogan vetoed two bills (HB 732 and HB 932) that would have imposed a new tax on digital advertising and extended the state's existing sales and use tax to digital goods, respectively. It is expected that the Maryland legislature, which currently is out of session, will consider a veto override vote when it reconvenes in January 2021</li> <li>▶ Proposed. Maryland Senate Bill 2 (SB 2)/House Bill 695 (HB 695), introduced on 8 January 2020, would create a new state tax called the Digital Advertising Gross Revenues Tax (DAGRT). Both bills have stalled in their respective chambers and are not expected to pass during the upcoming legislative session.</li> </ul>			
Scope	<ul style="list-style-type: none"> <li>▶ Under SB 2/HB 695, "Digital advertising services" would be defined as "advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising and other comparable advertising services."</li> <li>▶ "Annual gross revenues" would be defined as income or revenue from all sources, before any expenses or taxes, computed according to generally accepted accounting principles. Persons with annual gross revenues derived from digital advertising services within Maryland of at least USD1 million would have been required to file a return with the Office of the Maryland Comptroller of Treasury on or before 15 April of the next year.</li> <li>▶ Persons that reasonably expected their annual gross revenues derived from digital advertising services in the state to exceed that amount would have been required to file a declaration of estimated tax on or before 15 April of that year and pay quarterly estimated taxes.</li> <li>▶ Persons subject to the tax would have had to maintain records of the digital advertising services they provided in the state to substantiate the basis for their apportionment and calculation of the tax owed on digital advertising gross revenues.</li> <li>▶ Failure to comply with provisions of this new tax would have resulted in criminal penalties, including fines and imprisonment.</li> </ul>			
Rate	<p>A progressive tax rate schedule would apply, ranging from 2.5% of the annual gross revenues derived from digital advertising services in Maryland (i.e., the assessable base) for persons with annual gross revenue of USD100 million through USD1 billion, and to 10% of the assessable base for persons with global annual gross revenues exceeding USD15 billion.</p>			
Thresholds	<ul style="list-style-type: none"> <li>▶ Global revenues of at least USD100 million.</li> <li>▶ Persons that reasonably expect their annual gross revenues from digital advertising services in Maryland to exceed USD100 million would be required to file a declaration of estimated tax, and then file a tax return on or before 15 April of the next year if the assessable base exceeds USD100 million.</li> </ul>			
Exclusions	<p>None specified</p>			
Effective date	<p>Uncertain at this time. However, if enacted as currently drafted, the DAGRT would apply to tax years beginning after 31 December 2020.</p>			
EY Global Tax Alerts	<ul style="list-style-type: none"> <li>▶ <a href="#">Maryland Governor vetoes new taxes on digital advertising and digital goods, override uncertain</a> (7 May 2020)</li> <li>▶ <a href="#">Maryland and Nebraska propose taxing revenues from digital advertising</a> (21 January 2020)</li> </ul>			
EY contact	<p><b>Steve Wlodychak</b> Ernst &amp; Young LLP Indirect Tax/State and Local/National Tax Principal <a href="mailto:steven.wlodychak@ey.com">steven.wlodychak@ey.com</a></p>	<p><b>Michael Woznyk</b> Ernst &amp; Young LLP Indirect Tax/State and Local/National Tax Principal <a href="mailto:michael.woznyk@ey.com">michael.woznyk@ey.com</a></p>	<p><b>Scott Roberti</b> Ernst &amp; Young LLP Indirect Tax/State and Local/National Tax Executive Director <a href="mailto:scott.roberti@ey.com">scott.roberti@ey.com</a></p>	<p><b>Karl Nicolas</b> Ernst &amp; Young LLP Indirect Tax/State and Local/National Tax Associate Director <a href="mailto:karl.nicolas@ey.com">karl.nicolas@ey.com</a></p>



# 29. United States

## 29.3. United States - Nebraska



Status	▶ Introduced on 14 January 2020. See <a href="#">LB 989</a> .
Scope	▶ Introduced on 14 January 2020, LB 989 would amend Nebraska's existing sales and use tax law by expanding the definition of taxable gross receipts to include retail sales of digital advertisements. This provision would specifically define "digital advertisement" for these purposes to mean "an advertising message delivered over the internet that markets or promotes a particular good, service or political candidate or message." The bill did not advance and, on 13 August 2020, was "indefinitely postponed" by the Nebraska Legislature.
Rate	Average rate of 7.0% (composed of a Nebraska state-wide rate of 5.5%, plus a variety of local rates of between 0.5% and 2.5%, for a top rate of as high as 8.0%) Rates are routinely updated by the Nebraska Department of Taxation. Combined state and local tax rates as of 1 January 2020 can be found <a href="#">here</a> .
Thresholds	▶ Sellers with a physical presence in Nebraska would have to collect in any case. ▶ Remote sellers (i.e., businesses without a physical presence in Nebraska) would have to collect if they made more than USD100,000 of sales or entered into 200 or more transactions with Nebraska-based customers. For more information, see Nebraska's Department of Revenue " <a href="#">South Dakota v. Wayfair, Inc. Collection of Sales Tax by Remote Sellers FAQs</a> ."
Exclusions	General sales tax exceptions and exemptions may apply.
Effective date	N/A
EY Global Tax Alerts	▶ <a href="#">Maryland and Nebraska propose taxing revenues from digital advertising</a> (21 January 2020)
EY contact	<b>Steve Wlodychak</b> Ernst & Young LLP Indirect Tax/State and Local/National Tax Principal <a href="mailto:steven.wlodychak@ey.com">steven.wlodychak@ey.com</a>

# 29. United States

## 29.4. United States - New York



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ SB 8166 introduced on 13 April 2020; AB 10321 introduced on 22 April 2020 (bills are identical). The bills have been with the Assembly Committee and the Senate Budget and Revenue Committee, respectively, since introduction.</li> </ul>		
<b>Scope</b>	<ul style="list-style-type: none"> <li>▶ Adds “digital advertising services” to the list of taxable services under NY Tax Law §1105(c). “Digital advertising services” means advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services that markets or promotes a particular good, service, or political candidate or message. “Digital interface” means any type of software, including a website, part of a website or application that a user can access.</li> <li>▶ Funds generated from the tax would be earmarked exclusively for the providing zero interest refinancing of eligible education loans by the New York State Higher Education Services Corporation.</li> </ul>		
<b>Rate</b>	The New York State sales tax rate is 4%. Additional local rates also may apply, including the New York City sales tax rate of 4.5%, and the Metropolitan Commuter Transportation District surcharge of 0.375%. Total sales and use tax rate, depending on situs of transaction, can be as high as 8.875%. The bill does not specify any sourcing methodology for digital advertising services.		
<b>Thresholds</b>	<ul style="list-style-type: none"> <li>▶ Under New York’s economic nexus provisions, service providers with a physical presence in New York would have to collect and remit in any case. Remote service providers (i.e., businesses without a physical presence in New York) would have to collect if they made more than USD500,000 of sales or entered into more than 100 separate transactions with New York-based customers in the immediately preceding four quarterly periods ending on the last day of February, May, August and November. Note that New York uses a nonstandard quarter measurement starting on 1 March of each calendar year in determining whether the thresholds have been met.</li> </ul>		
<b>Exclusions</b>	General sales tax exceptions and exemptions may apply – including the resale exemption.		
<b>Effective date</b>	The law would become effective on the 30th day after it becomes law and would apply to sales made and uses occurring on and after such date (even if made, occurring or rendered under a prior contract). The law would expire and be deemed repealed five years after such effective date.		
<b>EY Global Tax Alerts</b>	<ul style="list-style-type: none"> <li>▶ <a href="#">Maryland and Nebraska propose taxing revenues from digital advertising</a> (21 January 2020)</li> </ul>		
<b>EY contact</b>	<table border="0"> <tr> <td> <b>Steve Wlodychak</b>  Ernst &amp; Young LLP  Indirect Tax/State and Local/National Tax  Principal  <a href="mailto:steven.wlodychak@ey.com">steven.wlodychak@ey.com</a> </td> <td> <b>Frank Guerino</b>  Ernst &amp; Young LLP  Indirect Tax/State and Local/New York  Managing Director  <a href="mailto:frank.guerino@ey.com">frank.guerino@ey.com</a> </td> </tr> </table>	<b>Steve Wlodychak</b> Ernst & Young LLP Indirect Tax/State and Local/National Tax Principal <a href="mailto:steven.wlodychak@ey.com">steven.wlodychak@ey.com</a>	<b>Frank Guerino</b> Ernst & Young LLP Indirect Tax/State and Local/New York Managing Director <a href="mailto:frank.guerino@ey.com">frank.guerino@ey.com</a>
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# 30. Zimbabwe



<b>Status</b>	<ul style="list-style-type: none"> <li>▶ With effect from 1 January 2019, the supply of radio and television services from outside Zimbabwe to an address in Zimbabwe or of an electronic service by an electronic commerce operator domiciled outside Zimbabwe to a person resident in Zimbabwe shall be deemed to be a supply made in Zimbabwe for VAT purposes, chargeable at the standard rate of 14.5%. The obligation to charge and account for tax shall be that of the supplier or their duly appointed representative in Zimbabwe. Operators are required to appoint a representative taxpayer who will be responsible for accounting for the tax.</li> <li>▶ With effect from 1 January 2019, amounts received by or on behalf of an electronic commerce operator or satellite broadcasting services domiciled outside Zimbabwe from persons resident in Zimbabwe for provision or delivery of goods and services are considered to be from a source in Zimbabwe for Income tax purposes, therefore taxable in Zimbabwe at a rate of 5%. Turnover threshold is USD 500 000. Electronic commerce operator is defined as an operator selling, providing or delivering services from outside Zimbabwe by the use of a telecommunications network or electronic means to customers or users in Zimbabwe. Representative taxpayer should be appointed. The provision does not apply to a foreign company with PE presence.</li> <li>▶ For goods and services deemed to be supplied from a source within Zimbabwe the supplier, through an appointed representative taxpayer, is responsible for accounting for both VAT and Income Tax. In cases of imported services not covered by the deeming provision, the customer is responsible for accounting for VAT (income tax does not apply). Registration can be done online. In cases of manual registration, five working days may be adequate (Note that due to Covid-19 restrictions only online registration or emailing of registration forms is currently used).</li> </ul>	
<b>Scope</b>	Supply of radio and television services, satellite broadcasting services and electronic services by electronic commerce operators	
<b>Rate</b>	VAT - 14.5% Income Tax - 5%	
<b>Thresholds</b>	Income tax: USD 500,000 VAT: ZWL 1,000,000 (approximately)	
<b>Exclusions</b>	Not specified	
<b>Effective date</b>	1 January 2019	
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