# Inside Indirect Tax

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## About this Newsletter

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

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# Global Rate Changes

- **Austria:**[i] Effective July 1, 2026, Austria reduced the VAT rate for selected staple foods from 10 percent to 4.9 percent.
- **Bahamas:**[ii] On May 27, 2026, the Bahamian Ministry of Finance presented the 2026-2027 annual budget statement to Parliament, which, among other measures, proposes expanding the zero percent VAT rate for first-time homebuyers for low value properties to multi-unit properties, provided that at least one unit is owner-occupied. The VAT proposal also expand the reduced 4 percent VAT rate for first time homebuyers to properties valued up to BSD 600,000, increasing the current threshold. In addition, the proposal would clarify that fuel transshipment will qualify for VAT exemption only if the fuel remains in continuous transit and is not altered. The statement also proposes reducing the tariff tax on chair lifts for elderly and disabled individuals from 45 percent to zero percent.
- **Bangladesh:**[iii] On June 11, 2026, Bangladesh published the National Budget for fiscal year 2026/27, proposing, among other things, exempting services by registered startup enterprises, including imported services and rental of premises until June 30, 2035, as well as for services provided by content creators and freelancers. The budget further exempts fertilizers at the trading stage and certain medical products at the producer stage. Conditional VAT exemptions for mobile phone manufacturing, technology products, and electric vehicles were extended until June 30, 2030, while metro rail services remain exempt until June 30, 2028. Finally, the budget reduced VAT on locally manufactured consumer durables from 15 percent to 7.5 percent until June 30, 2030.
- **Canada:**[iv] On May 25, 2026, Revenu Québec announced that certain food items and hygiene products will be zero-rated for Quebec Sales Tax (QST) purposes, effective July 15, 2026. The measure applies to a range of specified food products, including certain frozen desserts, baked goods, fruit and vegetable platters, seasoned nuts and seeds, and certain cereal-based snack mixes, with restrictions for restaurants, catering, and vending machines. According to the guidance issued by Revenu Quebec on May 27, 2026, it appears that the new QST relief measures for eligible food items may be limited to some retailers at the retail level, while the new QST relief measures for toilet paper and facial tissues may apply throughout the supply chain. Items benefiting from QST relief continue to be subject to GST. To read a report prepared by KPMG in Canada, click here.
- **Denmark:**[v] On June 19, 2026, the Danish government announced plans to abolish VAT on books and eliminating the coffee excise duty, subject to parliamentary approval. The government intends for these measures to take effect from 2027.
- **Germany:**[vi] On June 9, 2026, the German Bundestag accepted for consideration Bill No. 21/6333, proposing to permanently reduce the VAT rate applicable to sales of gas and heat from 19 percent to 7 percent effective July 1, 2026.

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- **Kazakhstan:** On June 2, 2026, the Ministry of Artificial Intelligence and Digital Development issued Order No. 281/HK, establishing a VAT exemption for imports of specified goods by Astana Hub participants. The exemption applies to equipment used for approved information and communication technology (ICT) activities, covering 41 product categories identified by HS codes, including computer hardware, electronic components, and data storage devices. Under Article 479(1)(11) of the Tax Code, eligibility requires that the goods be listed, imported in accordance with applicable customs legislation, and used exclusively for qualifying ICT activities. The measure takes effect on June 19, 2026, with retroactive application from January 1, 2026, and will remain in force until January 1, 2029. To read a report prepared by the KPMG member firm in Kazakhstan, click here.
- **Kazakhstan:**[vii] On June 24, 2026, Kazakhstan adopted VAT amendments through Government Order No. 542, including adding additional laboratory tests and broadening the list of medicaments eligible for VAT exemption. Kazakhstan further simplified the procedure for claiming VAT exemptions on imports of medicines supplied under the guaranteed volume of free medical care and compulsory social health insurance programs, as well as medicines intended for the treatment of orphan and socially significant diseases, by allowing greater flexibility in supporting documentation and by using information available through government information systems to reduce administrative requirements. In addition, the amendments updated the list of medical products eligible for reduced VAT rates and clarified the conditions for applying reduced VAT rates to imports, including requirements relating to licenses, registration certificates, notification slips, and other authorization documents. Some changes are effective June 24, 2026, others on July 12, 2026.
- **Lithuania:**[viii] On June 30, 2026, the European Union published Decision (EU) 2026/1407, authorizing Lithuania to continue granting relief from import duties and exemptions from VAT for humanitarian goods imported by, or on behalf of, Lithuanian state bodies, public organizations, and approved charitable or philanthropic organizations for free distribution or use. The decision also permits the transfer of eligible goods to approved Ukrainian organizations for humanitarian purposes and covers goods imported by disaster relief agencies for humanitarian operations. The Commission extended the measures for an additional three months and requires Lithuania to submit monthly reports on the goods benefiting from the customs duty relief and VAT exemption, together with information on compliance controls. The decision applies retroactively to imports made from January 1, 2026, through March 31, 2026.
- **Saint Lucia:**[ix] On June 9, 2026, Saint Lucia's government announced that it will maintain zero-rated and VAT-exempt treatment for a range of essential grocery items. The government will also extend VAT concessions on selected building materials for a further two years. This measure, originally introduced in 2023, removes VAT from certain construction inputs, including lumber, cement, steel, and galvanized sheeting, with the objective of reducing construction costs and supporting economic activity in the sector.
- **Slovenia:**[x] On June 17, 2026 the Slovenian Financial Administration updated its guidance on VAT rates, clarifying the application of standard and reduced rates to specific sales of goods and services. It confirmed that sales of live crickets and grasshoppers attract the standard 22 percent VAT rate, regardless of their intended use as animal feed, as they fall outside the list of animals eligible for reduced rates. It stated that drinking water and wastewater disposal services qualify for the reduced 9.5 percent VAT rate, treating wastewater disposal as a public hygiene service. It also clarified that technological well water and demineralized water attract the standard rate, and that services for removing invasive alien plants remain subject to the 22 percent rate.
- **Spain:**[xi] On June 1, 2026, Spain's Tax Agency terminated early the temporary reduction in the special tax on electricity. The measure reduced the tax rate from approximately 5.11 percent to 0.5 percent and was originally scheduled to remain in force until June 30, 2026. The regulation included an automatic expiry mechanism linked to the consumer price index (CPI) for electricity. Because the CPI condition was met, the mechanism triggered the early termination, and the reduced rate ceased to apply effective June 1, 2026. As a result, the Tax Agency reinstated the standard rate of approximately 5.11 percent.

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- **Sweden:**[xii] On June 3, 2026, Sweden published legislation amending the VAT Act to reduce the VAT rate on admission to dance events from 25 percent to 6 percent. Following the amendment, the 6 percent reduced VAT rate applies more broadly to admission to cultural and recreational events, including concerts, circus, theatre, opera, and ballet performances, as well as entry to zoos and designated natural areas, such as national parks, nature reserves, national city parks, and Natura 2000 areas. The amended law enters into force on July 1, 2026.
- **Sweden:**[xiii] On June 4, 2026, the Swedish Board for Advance Tax Rulings ruled that a housing association's leasing of parking spaces to its members may be treated as VAT-exempt as part of the exemption for real estate rentals. The Board found that the association's grant of a parking space in the case at hand is linked to the association's grant of a right of use to a residential apartment within the same property. The association's grants of the rights of use to the parking space and the residential apartment thus have such a connection that they must be regarded as a single economic transaction covered by the VAT exemption.
- **Switzerland:**[xiv] On June 19, 2026, the Swiss parliament approved an increase in VAT rates. The measure still requires a mandatory referendum, expected in November 2026. Under the proposal, the standard VAT rate would increase from 8.1 percent to 8.5 percent starting in 2028. The special rate for the hotel sector would rise from 3.8 percent to 4.0 percent while the reduced rate for essential goods, such as food and medicine, would remain at 2.6 percent.
- **Türkiye:**[xv] On June 16, 2026, Türkiye published Communiqué No. 58, clarifying the scope of several VAT exemptions. The VAT exemption for the construction of places of worship and religious education facilities was extended to properties owned by certain foundations. Conversely, effective January 1, 2027, the VAT exemption for healthcare services provided by foundation university hospitals will be abolished, except where services are provided directly by tax-exempt foundations. Moreover, donations of specified goods to qualifying entities are confirmed as VAT-exempt. Finally, transfers of immovable property to public bodies under expropriation rules are exempt from VAT from June 1, 2026.
- **Ukraine:**[xvi] On May 30, 2026, Ukraine published Law No. 4894-IX, introducing a temporary VAT exemption for sales of specified ground-based robotic systems. The exemption applies to qualifying goods sold under government defense procurement contracts and to designated end users, including the military, law enforcement agencies, and other entities responsible for national security. The exemption entered into force on May 31, 2026 and remains in effect until the termination or cancellation of the martial law.
- **Ukraine:**[xvii] On June 12, 2026, the Ukrainian Ministry of Finance published a binding tax clarification on how certain VAT exemptions apply to defense-related transactions under the Tax Code and the Defense Procurement Law No. 808. The guidance confirms that VAT exemptions for the import and first sale in Ukraine of defense goods, as well as for certain other defense and security-related goods listed in the Customs Commodity Classification (UKT ZED), apply regardless of who pays for the goods or what funding source they use.
- **United Kingdom:**[xviii] HM Revenue & Customs recently launched a consultation on the VAT treatment of land intended for social housing construction across the United Kingdom. The government proposes introducing a new zero VAT rate for land acquired for the development of social housing and seeks stakeholder input on the scope, design, and administration of the measure.
- **Zambia:**[xix] On July 1, 2026, the government extended the temporary suspension of excise duty on petrol and diesel and continued the zero-rating of VAT on both fuel products until September 30, 2026.

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# Digitalized Economy Indirect Tax Updates

### Botswana: VAT on Remote Services Introduced

On May 29, 2026, the Botswana Unified Revenue Service (BURS) issued the Value Added Tax (Remote Services) Regulations, 2026, which introduce non-resident VAT rules for remote services effective October 1, 2026, alongside a new reverse charge mechanism effective August 1, 2026. The rules define remote services broadly as services with no necessary connection between where the service provider performs the service and where the customer is located, excluding accredited degree or diploma programs. The regulations cover a wide range of activities, including digital content (such as streaming, apps, and software), electronic data management (such as hosting and cloud storage), webinars and distance learning, website design and publishing, inbound tourism services, professional services (legal, accounting, consultancy) whether delivered remotely or physically in Botswana, services provided through electronic marketplaces, and other similar remote services.

For business-to-consumer (B2C) transactions, non-resident providers must charge VAT where they meet the registration threshold and the customer is treated as resident in Botswana, based on at least two indicators such as billing address, IP address, bank details, SIM card country code, fixed landline location, or other relevant information. For business-to-business (B2B) transactions, including government entities and large unregistered persons, a reverse charge applies, and these customers must inform the non-resident provider of their VAT registration status and provide their VAT ID and address so the provider can include this information on the invoice. The regulations also introduce marketplace rules: operators of electronic platforms generally bear the VAT collection obligation on remote services they facilitate, except where the underlying provider already registers for VAT.

Non-resident remote service providers must register for Botswana VAT when their annual remote services to Botswana customers exceed, or are expected to exceed, BWP 500,000 in any 12-month period. Registration requires basic business details, contact information, website details, and supporting corporate and tax documentation from the country of incorporation, translated into English. Registered providers must issue invoices that show the customer's name and VAT registration number, which the local firm interprets as requiring VAT-compliant invoices for B2B customers to support input VAT recovery. Monthly VAT returns are due by the 25th of the following month. To read a report prepared by the KPMG member firm in Botswana, click here.

### Rwanda: VAT on Remote Services Introduced

On April 29, 2026, Rwanda issued Ministerial Order No. 004/26/10/TC, introducing VAT compliance obligations for nonresident sellers of goods and services provided online. The order applies to a broad range of digital and remote transactions, including intangible goods and services such as software, streaming, cloud computing, platforms, and other marketplace activities. It does not distinguish between business and consumer customers, meaning the rules apply to all customers located in Rwanda regardless of status. A transaction is treated as taxable in Rwanda when the customer is in Rwanda, consumption occurs in Rwanda, or indicators such as billing address, SIM card, bank account, phone number, or IP address link the customer to Rwanda.

Non-resident sellers must register through an electronic registration system to be established by the tax authority, regardless of their sales volume. They can register directly or appoint a local representative. While marketplaces are included within the scope of taxable services, the order does not shift VAT collection obligations to platform operators. However, financial intermediaries may be required to withhold VAT if the seller is not registered. The order does not introduce specific VAT invoicing rules, and general VAT penalty provisions apply. It took effect upon publication in the official gazette, although no timeline is provided for implementing the electronic registration system. For more information, click here.

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## Ukraine: Digital Platform Reporting and Withholding Rules Adopted

On June 9, 2026, Ukraine's Parliament adopted Law No. 15111-d to implement the OECD digital platform information exchange framework, including the automatic exchange of information on income earned through digital platforms. The rules require reportable platform operators with a Ukrainian nexus to register in Ukraine and annually report detailed information on reportable sellers, unless another operator has formally assumed full reporting responsibility before the Ukrainian tax authorities. The framework covers digital platforms that facilitate reportable activities by Ukrainian tax-resident sellers or sellers renting out immovable property located in Ukraine, while excluding qualified foreign operators from jurisdictions that exchange a full set of information with Ukraine.

Under the rules, reportable sellers include active platform users that carry out at least one reportable activity during the year and meet the relevant tax residence or immovable property criteria. Reportable activities include the rental of immovable property, provision of personal services, sale of tangible goods, and rental of vehicles through a digital platform. Platform operators must aggregate all reportable transactions by quarter and include the seller's income and activity details in the annual DPI report, regardless of the buyer's location or, for goods and services, where the activity takes place.

Reportable platform operators must also conduct tax-specific due diligence to identify reportable sellers and determine their tax residence. They must collect and verify seller information, including names, addresses, tax identification numbers, dates of birth or registration numbers, VAT numbers where applicable, and property details for rental listings. Operators may use existing platform data, seller self-certifications, reliable independent documents, and Ukrainian state verification services where available. They must retain supporting records for at least five years after the filing deadline. If a seller fails to provide the required information after reminders, the operator must terminate the relationship, block platform access, or suspend payouts until the seller provides the information.

For digital reporting compliance, reportable platform operators must securely store seller identification data and transactional data, including quarterly consideration amounts, the number and type of transactions, and any fees, commissions, or taxes withheld. They must submit an annual electronic DPI report to the Ukrainian tax authority by January 31 of the following year in the prescribed format and provide each reported seller with an individual income summary. The first reporting period covers the 2027 calendar year, and the first report will fall due in 2028, with the Ministry of Finance setting the exact deadline, which cannot occur before January 31, 2028. For more information, click here.

## Other Developments

- **Australia:**[xx] On June 10, 2026, the Australian Taxation Office opened a consultation on Draft GST Ruling No. GSTR 2026/D1, updating its guidance on when cross-border services and digital products provided by nonresident businesses are subject to GST in Australia. The draft explains that GST applies when services are provided to an "Australian consumer," meaning a customer who is an Australian resident and either not registered for GST or not buying for business purposes. It also sets out how vendors can determine a customer's status, including a "reasonable steps" approach and reliance on business systems and available customer information. Under these rules, vendors must collect enough evidence to support their conclusion about whether the customer is an Australian consumer. In addition, the draft provides practical guidance on compliance methods, including the use of customer declarations, business information, and verification of GST registration, to help determine whether GST applies to a transaction.
- **Canada:**[xxi] On June 3, 2026, the Canadian government directed the Canadian Radio-Television and Telecommunications Commission (CRTC) to review its decision requiring large streaming platforms to contribute a share of their revenues to Canadian programming. This follows a May 21, 2026, decision by the CRTC requiring large streaming platforms to contribute 15 percent of their Canadian revenues to

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support Canadian content. The government moved to review this requirement, citing concerns that the costs could be passed on to consumers through higher subscription prices.

- **Chile:**[xxii] On June 2, 2026, the Chilean tax authority issued Resolution Ex. SII No. 69-2026, clarifying nonresident providers of online gambling, betting, casino, and similar services to register, report, and pay VAT under the simplified VAT regime. The SII changed its prior position, which excluded such providers, and clarified that nonresident digital service providers must comply with VAT obligations regardless of the legal status of the underlying activity. The resolution confirms that these services qualify as taxable digital entertainment services and that qualifying providers must follow the rules applicable to foreign digital service providers under the simplified regime. Upon registration, taxpayers must settle any outstanding VAT liabilities for the preceding 36 months and apply VAT to the full amount of consideration received. To read a report prepared by KPMG in Chile, please click here.
- **European Union:**[xxiii] On June 24, 2026, the European Commission adopted a tax simplification package that includes a recast of the Directive on Administrative Cooperation (DAC). The proposal consolidates the nine existing DAC directives into a single legal instrument to improve clarity and legal certainty. Among other things, it removes the activity threshold for DAC7 (reporting by digital platform operators) for sales of goods. The proposal also introduces a Taxpayer Identification Number verification tool to improve the quality of exchanged information. The proposal will be submitted for consultation and adoption, with the implementation of simplification measures expected from 2028 and full implementation by 2030.
- **Greece:**[xxiv] On June 3, 2026, Greece's Ministry of National Economy and Finance launched a public consultation on a draft omnibus bill proposing changes to the taxation of online gaming. The bill clarifies that the existing withholding tax rates for video lottery terminal (VLT) gaming apply only to those machines and introduces a new rate structure for online games of chance: no tax on the first EUR 100 per session, 20 percent on amounts up to EUR 500, and 30 percent on amounts above EUR 500. The tax applies on a final withholding basis per gaming session, bringing all online gaming winnings within scope and applying higher rates to non-VLT digital gaming activities.
- **India:**[xxv] On May 27, 2026, India's Supreme Court published its decision in *Gameskraft Technologies and Others*, in which it held that organized online gaming activities, including fantasy sports and similar formats involving pooled stakes, give rise to actionable claims that are subject to goods and services tax (GST). The Supreme Court held that the full amount staked by players, rather than only the platform fee or commission, constitutes the amount subject to GST. It also confirmed that the 2023 amendments to the GST framework are clarificatory and apply retrospectively, as they do not create a new tax but instead clarify the valuation and collection rules for online gaming and casino transactions. In addition, the Supreme Court found that online gaming operators act as primary providers, not intermediaries, because they control the games, prize pools, wallets, and related features.
- **Kenya**:[xxvi] On June 24, 2026, the president of Kenya assented to the Finance Bill 2026, introducing VAT and excise duty amendments effective July 1, 2026. The Finance Act extends the tax treatment of digital payments and virtual assets, including new withholding tax, VAT, and excise measures. The Act broadens the definition of "royalties" to include fees paid for access to or use of private digital payment systems and networks, such as card networks and related processing, clearing, or settlement systems. As a result, fees charged by payment service providers (PSPs) fall within the scope of withholding tax, requiring local customers to withhold tax on such payments regardless of how the fees are described or charged. In addition, VAT applies to PSP fees charged by foreign providers under the digital services rules. The Act also introduces excise tax on virtual or digital assets, defined as digital representations of value that can be traded or transferred digitally and used for payment or investment purposes, excluding fiat currencies, securities, and other financial assets. These amendments took effect on July 1, 2026.
- **Mauritius:**[xxvii] On June 19, 2026, Mauritius presented its 2026-2027 Budget, , which proposes several changes to the VAT digital services regime, including clarifying that foreign providers of digital or electronic services do not need to register for VAT if their annual taxable sales remain below MUR 3

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million or if they sell exclusively to VAT-registered customers (in which case the reverse charge applies), removing the requirement to appoint a Mauritian tax representative, and allowing providers to withhold customer details where disclosure would breach home-country confidentiality rules, while also confirming that online marketplaces and digital platforms fall within the scope of digital and electronic services, with further details to follow. To read a report prepared by KPMG in Mauritius, click here.

- **OECD**:[xxviii] On June 15, 2026, the OECD launched a public consultation on targeted amendments to the Model Reporting Rules for Digital Platforms. The proposal would simplify reporting by removing the activity threshold for low-value goods sellers and increasing the reporting threshold to EUR 3,000. It would also limit reporting where a seller is itself a reporting platform operator, so that only identification details are reported and transactional data is excluded. In addition, the proposal would exclude certain intra-group transactions by introducing a “Related Entity” concept. Further measures would clarify the definitions of “Platform” and “Platform Operator,” including confirming that platforms may consist of multiple integrated applications and that operators may provide access directly or indirectly, while excluding pure payment processors. The proposal also considers changes to address intermediary sellers to ensure reporting better reflects underlying service providers.
- **Philippines:** On June 2, 2026, the Philippine Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 59-2026, providing guidance on the application of VAT to digital services under Revenue Regulations No. 3-2025. The guidance explains the registration, reporting, and compliance obligations for nonresident digital service providers (NRDSPs) and local businesses. The circular confirms that NRDSPs must register and file VAT returns, even when providing VAT-exempt digital services, and must report such transactions as exempt sales. It also clarifies that, in business-to-business (B2B) transactions, the Philippine customer must apply the self-assessment mechanism including withholding and remitting 12 percent VAT. Additional guidance addresses complex structures, including cross-border cost-sharing arrangements, where the party controlling the transaction may be treated as the service provider for VAT purposes. The circular also explains that VAT applies only to the portion of sales qualifying as digital services and provides rules for timing, prior period payments, and filing obligations. The guidance further clarifies that e-marketplaces may be treated as digital service providers for VAT purposes, even if they do not directly receive payments, provided they collect VAT in advance. It also confirms that treaty relief does not override VAT rules, which are determined under domestic law. To read a report prepared by the KPMG member firm in Philippines click here.
- **Poland:**[xxix] On June 4, 2026, the European Commission opened an infringement procedure against Poland for incorrectly implementing the EU tax transparency rules for digital platform operators (DAC7). The Commission identified shortcomings that allow certain non-EU platform operators to avoid registration and reporting obligations, where their home jurisdictions do not have equivalent information-exchange arrangements with all EU Member States. The Commission stated that these deficiencies undermine the proper functioning of the EU framework and its alignment with the OECD model reporting rules for digital platform operators in the sharing and gig economy. Under DAC7, platform operators must report information on sellers and transactions conducted through digital platforms to tax authorities. Poland has two months to respond, after which the Commission may issue a reasoned opinion that could lead to a referral to the Court of Justice of the European Union.

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- **Poland:**[xxx] On June 19, 2026, the Polish tax authority issued an individual ruling confirming that the sale of in-game virtual currency constitutes a taxable provision of electronic services for VAT purposes. The tax authority determined that transactions involving virtual currency used exclusively within an online game do not qualify for the VAT exemption for financial services. It concluded that such currency does not function as a legal means of payment, as it can only be used to acquire virtual goods or enhance gameplay within the game environment. The tax authority relied on recent EU case law confirming that the exemption applies only where a virtual currency serves solely as a means of payment. As the currency in question lacks acceptance outside the gaming platform, it does not meet the exemption criteria. As a result, these transactions are fully subject to VAT, with services provided to private individuals taxed in Poland under the sourcing rules for digital services.
- **Portugal:**[xxxi] On June 3, 2026, Portugal published Law No. 26/2026 to implement the EU DAC8 reporting requirements. DAC8 introduces reporting obligations for digital platforms and intermediaries involved in crypto-asset transactions within the European Union. Under DAC8, these entities must provide detailed information to tax authorities about users' crypto-related activities, including transaction amounts, asset types, and account details. DAC8 also facilitates the automatic exchange of this information among EU Member States, enabling coordinated efforts to combat tax evasion and improve cross-border tax enforcement. EU Member States must incorporate the main provisions into domestic law by December 31, 2025, with application starting on January 1, 2026.
- **United Kingdom:**[xxxii] On June 12, 2026, the UK Court of Appeal published its judgment in Bolt Services Uk Limited, [2026] EWCA Civ 720, ruled that on-demand ride-hailing services do not qualify for the Tour Operators' Margin Scheme (TOMS) under VAT law, which are taxable based on the margin rather than on the sales price. The court held that such services are not comparable to those provided by travel agents or tour operators, and therefore standard VAT treatment applies. As a result, VAT must be charged on the full fare rather than on the margin.
- **United Kingdom:**[xxxiii] On June 23, 2026, HMRC launched a consultation on extending the UK's online marketplace (OMP) VAT rules to cover sales made by UK sellers where goods are located in the UK. HMRC states that the objective is to address ongoing non-compliance and market distortions. The consultation proposes making marketplaces responsible for VAT on UK sellers' transactions, subject to a per-platform threshold. One option would set the threshold at GBP 90,000 per platform, aligned with the VAT registration threshold. An alternative would set the threshold below GBP 90,000 to bring more sellers within the rules and reduce avoidance through fragmented sales. HMRC also considers introducing VAT rate relief for small UK businesses whose sales remain below the VAT registration threshold, even where marketplaces would charge VAT on their behalf. Individuals not carrying on a business, such as those selling personal secondhand goods, would remain outside the scope. The consultation further explores how to treat second-hand goods, including whether to exclude them from the rules or require marketplaces to account for VAT on the full selling price without applying the Second-hand Margin Scheme. For more information, click here.
- **United States:**[xxxiv] On June 5, 2026, U.S. lawmakers recently introduced a bipartisan House resolution opposing DSTs and urging countries to pursue a multilateral approach to taxing the digital economy. The resolution states that DSTs and similar measures unfairly target U.S. technology companies and warns that countries maintaining such taxes may face U.S.-led trade or tax retaliation.
- **United States:**[xxxv] On June 26, 2026, U.S. President Donald Trump announced that the United States impose tariffs of up to 100 percent on imports from countries that implement digital services taxes (DSTs). The proposed measure would apply to goods from any country introducing such taxes and would override existing trade agreements, including the recently approved EU-US trade arrangement that sets a 15 percent tariff ceiling on most EU exports to the US.

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### Developments Summary of the Taxation of the Digitalized Economy

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

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# E-Invoicing Updates

- **Bolivia:**[xxxvi] On May 27, 2026, Bolivia's National Tax Service enacted Resolution No. 102600000017, extending deadlines for compliance with certain tax obligations. The deadline for aligning invoicing systems with registered economic activities in the National Taxpayer Registry has been extended to July 31, 2026. The resolution takes effect upon publication.
- **France:**[xxxvii] On June 8, 2026, French tax authorities updated the publication "E-Reporting Requirements for Foreign Companies Without a Permanent Establishment in France." The document confirms that e-invoicing applies only to taxpayers established in France and excludes foreign companies without a permanent establishment. However, foreign companies conducting transactions in France and liable for French VAT must meet e-reporting requirements for transaction and payment data. E-reporting starts on September 1, 2026, for large and intermediate-sized enterprises, and on September 1, 2027, for smaller businesses and VAT-liable buyers.
- **Gambia:**[xxxviii] On June 22, 2026, the Gambia Revenue Authority announced a pilot e-invoicing system for VAT and other taxes. Selected taxpayers will test the system, supporting the nation's strategy to digitalize tax administration and improve revenue collection.
- **North Macedonia:**[xxxix] On June 4, 2026, the tax authority launched the third phase of its e-invoice project, enabling companies to test the e-Invoice system through a web application. This phase allows businesses of all sizes to create, send, accept, reject, and reverse invoices while testing 12 tax indicators. About 200 selected companies are conducting structured testing with IRS-appointed tax agents.
- **Norway:**[xl] On June 15, 2026, the Norwegian Parliament approved legislation mandating e-invoicing and digital bookkeeping for all bookkeeping-obligated businesses. Starting January 1, 2027, businesses must send e-invoices to others registered in the Electronic Recipient Register (ELMA). By January 1, 2030, all businesses must also receive e-invoices and use qualifying digital accounting systems. Exemptions apply to businesses with annual turnover below NOK 50,000, certain bankruptcy estates, financial enterprises, banks, insurance companies, and pension funds.
- **United Arab Emirates:**[xli] On May 2026, the UAE Ministry of Finance issued Ministerial Decision No. (66) of 2026, amending provisions of Ministerial Decision No. 244 of 2025 on the Electronic Invoicing System. Businesses with revenue equal to or exceeding AED 50,000,000 must appoint an Accredited Service Provider by October 30, 2026, and implement the system by January 1, 2027. Previously, this group of taxpayers were required to comply with the mandate to appoint an Accredited Service Provider by July 31, 2026.

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### Global E-invoicing Developments Timeline

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

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# Other Indirect Tax Developments and News from Around the World

## The Americas

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

**KPMG in Canada** published a report discussing the Canada Revenue Agency's (CRA) extension of the enforcement date for applying goods and services tax / harmonized sales tax (GST/HST) to services related to mutual fund trailing commissions provided by mutual fund dealers. The CRA extended the deadline from July 1, 2026, to January 1, 2028, where dealers have not claimed input tax credits on related inputs. In cases where dealers have claimed such ITCs, they must collect and remit GST/HST on these services from the tax point. The updated GST/HST Notice 344 confirms transition rules and reflects the CRA's position that treats these services as taxable rather than exempt financial services.

### United States: Rental of Pallets for Shipping Product not Eligible for Sale for Resale Treatment in Arkansas

On June 4, 2026, the Arkansas Supreme Court published its judgment in Tyson Chicken, Inc., rejecting a refund claim for sales tax paid on the rental of pallets used in delivering a taxpayer's products. The taxpayer, a meat products producer, rented reusable wooden pallets that it used when shipping its product (in this case chicken) to distributors and others in the supply chain. After delivery, the pallets were returned to the pallet vendor and placed back in its rental inventory. The taxpayer paid Arkansas sales tax to the vendor, which was subsequently remitted to the state. The taxpayer later sought sales tax refunds, arguing that the pallet rentals were tax exempt sales for resale. The Department of Finance and Administration denied the refund, and a circuit court upheld that denial. The taxpayer appealed to the state high court.

The court framed the issue as resolving what the taxpayer sold – "is chicken just chicken (as the circuit court concluded)? Or is it chicken on a pallet (as [the taxpayer] argues)?" Under Arkansas law, "proceeds derived from sales for resale to persons regularly engaged in the business of reselling the articles purchased" are exempt from the sales tax. An item "sold for use in manufacturing, printing, compounding, processing, assembling, or preparing for sale" only qualifies for this exemption if the item "becomes a recognizable integral part of the manufactured, printed, compounded, processed, assembled, or prepared products." "[G]oods, wares, merchandise, and property" that are not made part of the product are treated as goods consumed by the purchaser rather than purchased for resale. Applying this provision, the court contrasted its previous rulings on Coca-Cola bottles (which were deemed to be an integral part of the product being sold) with boxes in which the bottles were shipped (which were not). Here, the court held that the pallets were, like the shipping boxes, merely a convenient way to market and deliver the product, not an integral part of the product itself. Accordingly, the Department's denial of the refund was upheld. For more information, click here.

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## Miscellaneous Developments in the Americas

- **Brazil:**[xlii] The Brazilian Federal Revenue Service recently clarified the treatment of indirect tax credits during the transition to the new federal VAT system, the Contribution on Goods and Services (CBS), scheduled for January 2027 under Complementary Law No. 214/2025. The guidance confirms that accumulated PIS, PASEP, and COFINS tax credits will remain valid after these contributions are repealed and will be automatically transferred to the new regime. Such credits may be used to offset CBS liabilities or other federal taxes or alternatively be refunded through the PER/DCOMP Web system. The rules apply to both existing credit balances and those accrued up to the transition, ensuring continuity and liquidity for affected taxpayers. However, taxpayers should be aware that the refund of such credits is subject to a number of procedural requirements. The recovery of these amounts will not be automatic and will require review and validation by the Brazilian Federal Revenue Service, in accordance with the rules established under the CBS Regulations.
- **Bolivia:**[xliii] On May 27, 2026, Bolivia enacted Law No. 1733 (Tax Transparency and Amnesty Law), introducing a comprehensive tax amnesty and administrative reform framework. The law provides full forgiveness of tax, interest, penalties, and customs-related fines for liabilities arising before December 31, 2017, subject to certain thresholds, and also grants a full waiver of tax debts and penalties for fiscal year 2020. The law further establishes a regularization regime for 2018-2025 liabilities (excluding 2020), under which taxpayers may obtain partial relief on inflation adjustments, interest, and penalties if they settle outstanding taxes within a specified period or through installment agreements of up to 36 months. In addition, the law introduces permanent administrative measures, including a reduction in the statute of limitations for certain tax assessments and collections, and amendments to VAT rules to align the effective rate with the statutory rate. The law entered into force on May 28, 2026.
- **Canada:**[xliv] On June 3, 2026, the Canada Revenue Agency (CRA) issued GST/HST Memorandum 17-6-2, updating guidance on registration and reporting requirements for listed financial institutions (LFIs) and selected listed financial institutions (SLFIs). The memorandum clarifies when such entities must register for GST/HST purposes, and when voluntary registration is permitted. The guidance confirms that LFIs and SLFIs are generally subject to the same registration requirements as other taxpayers, including mandatory registration where taxable sales are made in Canada, subject to certain exceptions. It also outlines special rules for group registration, prescribed SLFIs, and investment plans, as well as procedures for voluntary registration. In addition, the memorandum provides detailed guidance on reporting periods, return filing obligations, and compliance requirements for both registrant and non-registrant LFIs and SLFIs, including the use of specific forms and filing deadlines based on the entity's status and structure.
- **Canada:**[xlv] On June 2, 2026, the Canadian Tax Court issued Decision No. 2026 CCI 107, confirming that taxpayers must meet GST installment payment obligations within the prescribed deadlines, regardless of existing credit balances from prior periods. The court rejected the taxpayer's position that a prior-year credit balance could automatically satisfy future installment obligations. It held that no automatic compensation or set-off applies against the state, and that a taxpayer cannot rely on prior overpayments to discharge future obligations without having provided explicit instructions to apply those amounts. The court also found that prepayment of future GST installment obligations is not possible where the obligation had not yet arisen, and that prior-period overpayments do not constitute payments of future liabilities.
- **Canada:**[xlvi] On June 12, 2026, Revenu Québec announced that it will postpone the application of Québec sales tax (QST) to mutual fund trailing commissions until January 1, 2028, aligning its approach with the Canada Revenue Agency's revised administrative position and delayed enforcement of GST/HST.
- **Chile**:[xlvii] On June 10, 2026, the Chilean tax authority clarified the VAT treatment of training services provided remotely by nonresidents. The guidance confirms that remote training services provided from abroad are exempt from VAT where they qualify as educational services. This applies when the activity is

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considered teaching in nature, meaning it is aimed at delivering knowledge or technical skills in a specific discipline.

- **Chile:**[xlviii] On June 10, 2026, Chile's tax authority clarified the tax consequences of using false or non-credible invoices for VAT. It confirmed that invoices that are false, non-credible, or fail to meet legal requirements do not allow the taxpayer to claim VAT credits. However, taxpayers may retain the credit if payment is made using traceable methods, such as a nominative cheque, bank draft, or direct electronic transfer to the issuer.
- **Chile:**[xlix] On June 23, 2026, Chile's tax authority introduced a voluntary regime shifting the VAT liability on certain agricultural services from the service provider to the customer. Under the regime, qualifying agricultural businesses that opt in become responsible for withholding, reporting, and remitting 100 percent of the VAT on covered services, including support activities in agriculture and post-harvest services, as well as certain labor provision arrangements directly linked to those activities. The customer must issue a purchase invoice and account for the tax, while the service provider is relieved from issuing an invoice for those transactions. Service providers subject to withholding retain the right to recover VAT on their purchases and may request refunds of excess VAT credits where applicable. The regime is available to qualifying agricultural taxpayers that meet specified compliance and activity requirements and applies from its publication date.
- **Chile:**[l] On June 22, 2026, Chile's tax authority clarified the VAT treatment applicable to invoice intermediation activities under the Fintech Law. The guidance distinguishes between transactions conducted on an entity's own account and those performed for third parties. Where an entity buys and sells invoices on its own account, the margin earned is treated as business income rather than consideration for a service. As the transaction involves the assignment of credit rights, it does not qualify as a taxable sale, and no VAT applies to the margin. By contrast, fees charged to third parties for intermediation or related services are treated as consideration for taxable services and are subject to VAT.
- **Saint Lucia:**[li] On June 9, 2026, Saint Lucia's government approved an extension of its tax amnesty program, allowing taxpayers to settle outstanding tax liabilities through December 2027 with a full waiver of accrued interest and penalties. The measure applies broadly across tax types, including VAT, income tax, and property tax, and also covers VAT collected but not yet remitted to the government.

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## Europe, Middle East, Africa (EMEA)

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

- **KPMG in Germany** published a report discussing recent German VAT developments. The report highlights several German Federal Fiscal Court (BFH), fiscal court, and Ministry of Finance (BMF) developments. First, the BFH clarified that sellers may rely on the VAT exemption for intra-EU sales under the protection of legitimate expectations principle even when they do not obtain a confirmation of arrival, provided they maintain sufficient supporting documentation and exercise due diligence. The BFH also clarified the conditions for claiming VAT deductions on advance payments and confirmed that Germany's VAT interest regime remains valid under domestic law. In addition, fiscal courts ruled that taxpayers may deduct import VAT despite the immediate re-export of imported goods under certain circumstances and addressed the VAT consequences of changes in asset use within the year of acquisition. Furthermore, the BMF issued guidance on determining the taxable amount for multi-purpose

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voucher distribution chains and extended the transitional VAT treatment for travel services provided by certain non-EU businesses through December 31, 2029.

- **KPMG in Nigeria** published a report discussing the indirect tax implications of the Nigeria Tax Act 2025. The report highlights that nonresident companies selling goods or services to customers in Nigeria must register for VAT and comply with e-invoicing requirements. It further notes that the legislation expands the significant economic presence regime for the digital economy by creating a taxable nexus for nonresident providers of digital services that derive value from Nigerian users. The report also explains that payments originating from Nigeria may trigger tax obligations for nonresident businesses even where they lack a physical presence in the country, reflecting broader efforts to strengthen the taxation of cross-border and digital transactions.
- **KPMG in Poland** published a report discussing recent tax developments, including a Supreme Administrative Court decision, it which it held that the settlement of expenditure incurred for the construction of a building on land owned by a third party, carried out upon termination of an agreement and in exchange for monetary consideration, constitutes a taxable sale of goods under the VAT Act.
- **KPMG in Poland** published a report discussing recent tax developments, including VAT-related judicial and legislative updates. The Supreme Administrative Court held that transactions between a foreign head office, forming part of a VAT group in another EU Member State, and its Polish branch, which is not included in that VAT group, are subject to VAT, as the VAT group is treated as a separate taxpayer. Additionally, the Council of Ministers adopted a bill proposing to introduce effective October 1, 2026, a VAT warehouse regime, revising purchaser joint and several liability rules, and updating taxpayer registration requirements.
- **KPMG in Poland** published a report discussing recent tax developments, including a recent Supreme Administrative Court decision, confirming that meal box preparation and delivery services qualify for the reduced 8 percent VAT rate as food and beverage services. In addition, the Ministry of Finance proposed amendments to the System for Electronic Transport Supervision (SENT), including higher reporting thresholds and exclusion of certain domestic, intra-Community, and export transactions, which may affect VAT-related transport monitoring and compliance requirements.
- **KPMG in Poland** published a report discussing, among other things, a clarification issued on June 3, 2026, regarding input VAT adjustments for corrective invoices issued outside the National e-Invoicing System (KSeF). When a seller issues a corrective invoice reducing the amount due outside KSeF and delivers it to the purchaser, the purchaser must reduce the deductible VAT in the period in which it actually receives the corrective invoice. A seller’s subsequent submission of the corrective invoice to KSeF does not affect the timing of the purchaser’s VAT adjustment.
- **KPMG in Rwanda** published a report discussing indirect tax measures included in Rwanda’s 2026/2027 budget, including efforts to strengthen VAT compliance through expanded use of electronic billing machines to reduce revenue leakage and improve tax administration as well as customs measures aimed at improving import valuation and classification, restoring tariff rates on selected imports, and further aligning Rwanda’s customs framework with the East African Community Common External Tariff.
- **KPMG in Slovakia** published a report discussing a proposed amendment to the VAT Act that would further implement the EU’s VAT in the Digital Age (ViDA) package. The report explains that the proposal would introduce new VAT rules for the platform economy and expand the Single VAT Registration system to reduce multiple VAT registrations across EU Member States. It further notes that, from July 1, 2028, platforms facilitating short-term accommodation and passenger road transport services may become liable for VAT under the deemed seller regime. The proposal would also broaden the scope of the One Stop Shop (OSS) regime to cover additional sales of goods and services, introduce a new OSS regime for transfers of own goods between Member States, and amend Import One Stop Shop (IOSS) rules for imported goods.

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- **KPMG in Slovakia** published a report discussing a draft amendment to the Slovak VAT Act that focuses on preventing abuse of the VAT system, including broader powers for tax authorities to cancel VAT registrations in cases of fictitious invoicing, a legal presumption that certain non-compliant taxpayers have ceased economic activity, extended deregistration rules for specific registrants, a new right to appeal deregistration decisions with suspensive effect, and a longer 60-day registration review period in doubtful voluntary cases, along with new procedures to object to terminations of excess VAT refund entitlements.
- **KPMG in Uganda** published a report discussing indirect tax measures included in Uganda's 2026/2027 budget. The report notes that the amendments would exempt e-invoiced transactions from VAT withholding, increase the VAT registration threshold from UGX 150 million to UGX 300 million, provide VAT credits for developers of hotels and tourism facilities, revise the interest forfeiture threshold for VAT refunds, and reduce the refund threshold for non-taxpayers using e-invoices. It further highlights potential deferred VAT payments in the mining sector, updates to VAT exemptions for specified institutions, the introduction of stamp duty on vehicle registration and transfers, and revisions to excise duty rates on various goods.
- **KPMG in the United Kingdom** published a report discussing the *Sinclair & Anor* decision issued on May 29, 2026, in which the First-tier Tribunal examined the application of stamp duty land tax (SDLT). The tribunal determined that a field acquired alongside a farmhouse did not qualify for mixed-use SDLT treatment and instead attracted higher residential rates. In reaching its conclusion, the tribunal assessed factors such as the land's contiguity with the dwelling, its contribution to privacy and character, and its overall function. It found that the informal and non-exclusive grazing arrangement did not constitute sufficient commercial use to alter the property's residential classification for SDLT purposes.

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

On June 3, 2026, the General Court of the European Union (GCEU) published the nonbinding opinion of its Advocate General (AG) in *Segelbootwartung* Case T-383/25, in which the AG opined that the mere physical introduction of a non-EU good into the EU for repair, without placing it under an inward processing procedure, constitutes an importation triggering VAT, even if the goods are later re-exported without being used. In the absence of customs supervision under a special procedure, the presumption that the goods entered the EU economic network is not rebutted. Accordingly, import VAT is due unless a retroactive inward processing authorization is granted by the customs authorities. The AG further clarified that maintenance and repair activities constitute "use" of the goods for customs purposes and warned that exempting such transactions based solely on subsequent re-exportation could create opportunities for fraud or abuse.

On June 3, 2026, the GCEU published its decision in *G Kft*. Case T-198/25, in which it held that an EU Member State can require the taxpayer to provide new information before allowing a VAT correction, even if there is no risk of tax loss. However, the GCEU also made clear that these rules are only acceptable if the taxpayer still has a real and reasonable opportunity to make the correction.

On June 10, 2026, the ECJ published its decision in *Cavert*, Case T-444/25, in which it held that a VAT group may use the medical and social care VAT exemptions only where the member providing the services to outside customers itself meets all the conditions for those exemptions, including being formally recognized by the relevant country's authorities as a qualifying medical or social care provider where such recognition is required.

On June 17, 2026, the ECJ published its decision in *Veronsaajien oikeudenvalvontayksikkö*, Case T-184/25, in which it held that VAT exemptions for credit transactions do not apply where a lender grants a loan, transfers it to another financial institution, and continues to manage that loan for a fee, as those management services are taxable even if they relate to credit, guarantees, or transferred debt.

**Source:** European Union, Germany- ECJ Advocate General Opines Sailboat Imported for Repair Triggers Import VAT in Absence of Inward Processing Authorization: Segelbootwartung (Case T- 383/25) (Customs,

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VAT) (June 3, 2026), News IBFD; European Union, Hungary- ECJ Decides Exercise of Right to Adjust Improperly Invoiced VAT May Be Subject to Additional Requirement, Provided Taxpayer Had Reasonable Opportunity to Seek Adjustment: Case T-198/25 (VAT), (June 3, 2026), News NBFD; European Union, Netherlands- ECJ Decides Application of Public Interest Exemptions for VAT Groups Require Supplying Member to Meet Exemption Conditions Individually: Case T-444/25 (VAT), News IBFD.; European Union, Finland- ECJ Decides VAT Exemption for Credit Management Does Not Extend to Servicing of Transferred Loans: Case T-184/25 (VAT) (June 17, 2026) News IBFD.

### European Union: Legislation and Guidance on Fixed Customs Duty for E-Commerce

The European Commission recently published an amended Delegated Regulation, Implementing Regulation, and related guidance introducing a temporary EUR 3 customs duty on low-value imports. From July 1, 2026, the EU applies a EUR 3 duty per item for packages valued at EUR 150 or less shipped from outside the EU to consumers, replacing the current duty exemption. The measure applies broadly to cross-border e-commerce sales (i.e., online purchases by consumers from non-EU sellers), including transactions reported under the import one-stop shop (IOSS) and postal shipments. The duty is generally paid by the party filing the customs entry, such as the online seller, marketplace, or their customs agent.

The guidance clarifies that the EUR 3 charge applies per "item" as defined for customs reporting, meaning products may be grouped or separated depending on how they are classified in the customs declaration. It also notes that some goods may still require a full customs filing even if they are below the EUR 150 threshold. The rules also introduce new reporting requirements for product identifiers, which will become mandatory for in-scope e-commerce imports from November 1, 2026. The temporary duty is expected to apply until July 1, 2028, when broader EU customs reform measures for e-commerce take effect. For more information, click here.

### Miscellaneous Developments in EMEA

- **Austria:**[lii] On May 27, 2026, the Austrian Federal Finance Court held that a taxpayer cannot claim expense deductions or recover VAT on subcontractor invoices where it cannot clearly identify the actual recipients of the payments. Because the company did not properly identify the true payment recipients as required by § 162 of the Federal Fiscal Code and could not show that the invoicing entities were the real service providers, the court denied both the expense deductions and the related VAT.
- **Austria:**[liii] On June 1, 2026, the Austrian Federal Finance Court held that no VAT recovery is available where the invoicing company did not actually perform the billed services, confirming that the right to recover VAT depends on the service being provided by the invoicing party itself. The court found that a real estate company claimed VAT on a large advisory invoice from a related entity, but the evidence showed that the invoicing company did not provide the services, there was no substantiated subcontractor relationship, and the payment flow could not be reliably traced to the invoicing entity. It concluded that where the invoiced vendor is not the actual service provider, the substantive conditions for VAT recovery are not met, and this applies regardless of whether the taxpayer believed the arrangement was valid or whether any underlying services may have been performed.
- **Austria:**[liv] On June 5, 2026, the Austrian Federal Finance Court held that a taxpayer commits attempted VAT evasion where it claims a VAT reduction for allegedly uncollectible receivables without sufficient evidence that the amounts were truly uncollectible and fails to remit VAT shown on an invoice, confirming that both actions constitute violations even if the tax shortfall is ultimately corrected following an audit and that a taxpayer's professional expertise can support a finding of intent.
- **Botswana:**[lv] On May 29, 2026, Botswana published the Value Added Tax (Government Entities and Large Unregistered Persons) Regulations 2026 (SI No. 73 of 2026), requiring government entities and certain large, unregistered persons to register for VAT and self-assess VAT on specified purchases. Applications must include key entity and contact details, business activities, and the responsible contact,

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and must be supported by an accounting officer's letter or board resolution. Affected entities must apply within two months of the start of the VAT amendments and begin self-assessing and reporting VAT after the transitional period ends in August 2026.

- **Bulgaria:**[lvi] On June 4, 2026, the European Commission closed an infringement procedure against Bulgaria for failing to implement EU rules on the special VAT regime for small businesses. The procedure related to Bulgaria's delay in adopting changes required under the EU directive on simplified VAT rules for small enterprises. The Commission had opened the case in January 2025 and later issued a formal follow-up notice in July 2025.
- **Croatia:**[lvii] On June 2, 2026, the Croatian Tax Administration issued guidance on the VAT treatment of free transfers of goods to customers in Croatia, the European Union, and third countries. The guidance clarifies that a free transfer is treated as a taxable sale if the business claimed a VAT credit on the goods and then uses them for non-business purposes. In that case, the transaction is treated as if it were sold for consideration and is subject to Croatian VAT. If the goods are shipped to another EU Member State or exported outside the EU, the transfer may qualify be zero-rated as an intra-EU sale or export, provided the required conditions and reporting are met. If the business did not claim a VAT credit when acquiring the goods, the free transfer falls outside the scope of VAT and is not reported in the VAT return.
- **Croatia:**[lviii] On June 15, 2026, the Croatian Tax Administration issued guidance on the VAT treatment of services provided to the European Union Aviation Safety Agency (EASA) in Germany. The guidance explains that VAT applies based on where the service is treated as performed and the customer's tax status. Under the general rule, authorities treat services provided to a business customer as performed where that customer is established. If the EASA qualifies as a business customer and has a valid VAT identification number, the place of taxation shifts to Germany. In that case, the EASA reports and pays the VAT in Germany. If the EASA does not have a VAT identification number, Croatia treats the service as performed domestically and applies Croatian VAT unless a specific exemption applies. The Tax Administration notes that the provider must analyze the nature of the service to determine whether it is taxable or exempt. The Tax Administration also requires service providers to confirm the customer's VAT status and reflect the correct treatment on the invoice, including citing the appropriate legal basis when they do not charge VAT.
- **Czech Republic:**[lix] On May 26, 2026, the Ministry of Finance published a draft bill to implement parts of the EU's VAT in the Digital Age (ViDA) package into domestic law. The bill introduces changes to the One-Stop Shop (OSS) regime, reflecting the first phase of the ViDA reforms. It also provides for the gradual elimination of the call-off stock simplification, which will be fully abolished. The OSS updates and the phase-out of call-off stock represent the key operational changes included in this initial implementation phase. The measures would take effect beginning January 1, 2027, for OSS changes, while the call-off stock regime would be discontinued from July 1, 2028.
- **Denmark:**[lx] On June 2, 2026, the Danish Customs and Tax Administration published National Tax Court decision SKM2026.258.LSR, clarifying the application of the margin mechanism for second-hand goods. The case addressed whether VAT registration is required to use this mechanism, which allows a seller to pay VAT only on the profit margin (the difference between the purchase price and resale price) rather than on the full sales price. The court found that VAT registration is not required; instead, the key condition is that the company carries on business activity. The court also noted that EU VAT rules allow eligible dealers to apply the margin mechanism without linking it to VAT registration status. Based on this, the court concluded that the company could report VAT on its sales of used goods using the margin mechanism, provided it met the relevant conditions, and it overturned the tax authority's decision.
- **Denmark:**[lxi] On June 3, 2026, the Danish Tax Council issued Binding Answer *SKM2026.263.SR*, clarifying the VAT treatment of cross-border e-commerce sales supported by fulfillment services. The ruling addresses scenarios where businesses sell goods online to EU consumers and ship products directly from outside the EU to the final customer without using EU warehouses. The businesses did not

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apply the EU's import one-stop shop (IOSS) regime. The Tax Council determined that when delivery terms state that goods are delivered unpaid of duties (DDU) or delivered at place (DAP), and the customer is responsible for import formalities, the consumer is treated as the importer. As a result, the consumer must pay import VAT upon delivery. Because the customer is treated as the importer, the place of taxation for the sale is not in Denmark and the sellers are thus not required to collect or pay sales VAT on these transactions.

- **Denmark:**[lxii] On June 3, 2026, the Danish Customs and Tax Administration published National Tax Court decision SKM2026.262.LSR, clarifying the VAT treatment of construction costs related to a mixed-use real estate project. The case addressed whether costs incurred to build an underground parking garage of a mixed used building as fully deductible. The company operated a real estate leasing business that included both taxable commercial rentals and VAT-exempt residential rentals. The Tribunal found that part of the construction costs formed an integral part of the building structure and therefore qualified as general expenditure subject to partial recovery. However, it allowed full VAT recovery on the portion of costs that directly related to the construction of the parking garage itself, except for a specified amount allocated to foundational elements. The Tribunal also upheld the tax authority's treatment of additional project costs as general expenditure subject to partial recovery.
- **Denmark:**[lxiii] On June 8, 2026, the Danish Customs and Tax Administration issued Binding Answer No. SKM2026.274.SR, clarifying the scope of the VAT exemption for vocational training. The ruling covers Danish language courses designed for individuals from a specific country working or planning to work in agriculture or the cleaning sector. The Tax Council determined that these courses qualify as vocational training because they primarily serve a business purpose. The courses focus on industry-specific terminology and practical understanding of safety procedures, work instructions, and technical materials relevant to the participants' jobs. Based on this, the Tax Council concluded that the training is closely linked to participants' current or future employment. As a result, the training services are exempt from VAT as qualifying vocational education.
- **European Union:**[lxiv] On June 2, 2026, the European Parliament's Subcommittee on Tax Matters (FISC) held a public hearing on combating VAT fraud, focusing on the role of customer-accounted VAT rules and digital reporting systems. The discussion highlighted VAT fraud as a key driver of the EU VAT gap, with attention on both organized fraud schemes and broader non-compliance among small and medium-sized businesses. Participants noted that requiring customers, rather than sellers, to account for VAT in certain high-risk sectors has helped reduce fraud. However, speakers emphasized that this approach is not a standalone solution. They cautioned that applying it too broadly could shift VAT collection toward the final point of sale, increasing reliance on retail-level compliance and potentially creating new risks. The hearing also addressed the growing complexity of multiple VAT rules and the administrative burden on businesses. Participants highlighted upcoming digital reporting requirements under the VAT in the Digital Age (ViDA) package, which will introduce transaction-level reporting and e-invoicing for cross-border transactions starting in 2030.
- **European Union:**[lxv] On June 8, 2026, the European Commission published a technical study on how to measure indirect emissions under the Carbon Border Adjustment Mechanism (CBAM). The study finds that using an average country electricity emission factor is the most practical approach for calculating default indirect emissions, while more complex methods may be difficult to implement. It also recommends clearer and more verifiable rules for companies that want to report actual indirect emissions, including requirements for documentation, metering, and traceability. The study further evaluates whether CBAM should expand to cover indirect emissions in additional sectors. It notes that the current limited scope may not fully address carbon leakage in electricity-intensive industries but cautions that any expansion should align with existing compensation mechanisms to avoid overlapping benefits and added complexity.

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- **European Union:**[lxvi] On June 12, 2026, the Council of the European Union agreed on its position to strengthen the Carbon Border Adjustment Mechanism (CBAM) ahead of negotiations with the European Parliament. The CBAM has applied in its full phase since January 1, 2026, covering sectors such as steel, cement, aluminum, fertilizers, electricity, and hydrogen, and discussions with the European Parliament will determine the final framework. The proposal would expand CBAM beyond raw materials to cover certain downstream products, addressing concerns that imports of finished goods could replace EU-produced goods subject to carbon pricing rules. The Council also backed measures to prevent avoidance, including bringing certain metal scrap into scope and giving the European Commission authority to act against misleading or inaccurate reporting. It further clarified that temporary exemptions from CBAM may be granted in exceptional situations causing serious disruption to the EU market, provided clear and objective criteria are met.
- **European Union:**[lxvii] On June 12, 2026, the Economic and Financial Affairs Council (ECOFIN) approved its biannual report on tax developments, summarizing progress on excise taxes, VAT, and customs measures. The report highlights ongoing work on updating EU tobacco tax rules, including proposals to modernize excise structures and rates to reflect new products and market developments. While Member States broadly support reform, they raised concerns about higher minimum tax rates, transition periods, and how rates would be adjusted. On VAT, the report notes agreement on proposals to expand access to VAT data for EU enforcement bodies to strengthen fraud detection. Discussions also continued on customs-related VAT issues, including removing the EUR 150 threshold for low-value imports and the treatment of goods stored in customs warehouses. The Council also signaled plans to extend rules that allow the customer to report and pay VAT in certain cases, helping Member States respond to fraud. The report also covers energy tax discussions, including temporary national tax measures adopted to address rising energy prices.
- **European Union:**[lxviii] On June 17, 2026, the European Parliament approved a legislative resolution to strengthen cooperation among EU countries and enforcement bodies in combating VAT fraud. The resolution expands existing rules to cover import procedures involving VAT exemptions and deferrals, including transactions handled through the import one-stop shop system. It also broadens access to VAT-related data for EU enforcement authorities, including VAT identification numbers and information on cross-border transactions. In addition, the rules require EU countries that do not participate in the European Public Prosecutor's Office (EPPO) to assign a national authority to carry out similar cooperation functions with EU anti-fraud bodies.
- **European Union:**[lxix] On June 22, 2026, the European Parliamentary Research Service published a study assessing the use and effectiveness of customer-accounted VAT rules and rapid response measures in combating VAT fraud across the EU. The study finds that requiring customers to report and pay VAT in specific high-risk sectors remains an important anti-fraud tool, particularly in areas such as electronics, energy, and commodities. Tax authorities generally view the approach as effective in reducing fraud. However, differences in how countries apply these rules have created compliance challenges and legal uncertainty for businesses. The study also reviews the EU's rapid response mechanism, which allows countries to act quickly in cases of significant fraud. Although authorities have not used this tool to date, the study concludes it remains relevant but is difficult to apply in practice due to procedural constraints. The report recommends maintaining targeted anti-fraud measures beyond 2026, while improving their design and usability, particularly as the EU transitions toward broader digital VAT reporting systems.
- **European Union:**[lxx] The European Commission's tax department (DG TAXUD) recently published a study on the taxation of the financial sector, evaluating the EU's VAT framework and national sector-specific taxes. The study finds that the current VAT exemption for financial services does not reflect how the modern financial sector operates. Financial service providers generally cannot recover VAT on their costs and instead bear significant unrecovered VAT, which creates inefficiencies and can influence how businesses structure their operations. The study also highlights inconsistencies across EU countries, driven by different interpretations of the exemption and the widespread use of national taxes

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such as insurance premium taxes and financial sector levies. These differences increase complexity and compliance costs for businesses operating across borders. The study outlines potential reform options, including updating the scope of the exemption, allowing more flexibility to recover VAT, or introducing broader structural changes such as taxing certain fee-based financial services. It is intended to support future policy discussions on modernizing the EU tax framework for the financial sector.

- **Finland:**[lxxi] On June 10, 2026, the Finnish Ministry of Finance opened a public consultation on proposed amendments to the VAT Act to align the legislation with the CJEU decision in the *Sögård Fastigheter*, Case C-787/18. The proposal would change how VAT recovery on real estate investments is adjusted when a property is sold. Instead of adjusting VAT deductions over time, the rules would require a one-time adjustment covering the entire remaining adjustment period at the time of sale. Since real estate sales are generally VAT-exempt, the property would be treated as used for non-creditable purposes for the rest of that period. The proposal also introduces an option to apply VAT to certain real estate sales. The amendments are scheduled to take effect on January 1, 2028.
- **France:**[lxxii] On May 29, 2026, the French Administrative Court of Appeal of Paris issued its decision in Case No. 25PA00482. The court confirmed that the company could not deduct VAT "by anticipation" on unpaid service invoices because it failed to show that the transactions met the strict conditions for continuous services under the reverse charge rules (in particular, that the providers were non-established in France and that the services ran continuously for more than one year without interim billing or payment). The court also agreed that the company had deducted more VAT than its vendors had actually invoiced and rejected the argument that a VAT credit recorded by one vendor eliminated that discrepancy, since the company did not prove a pre-existing deductible VAT balance that it later regularized. Finally, the court confirmed the tax authority's characterization of invoices from three security subcontractors as sham invoices (factures de complaisance) because the company could not substantiate the reality of the services (imprecise descriptions, no supporting documents, abnormal hourly rates, and non-compliance of the subcontractors with their own tax and social obligations), so those invoices did not give a right to input VAT deduction.
- **France:**[lxxiii] On June 17, 2026, the French General Directorate of Public Finance updated its administrative guidance on VAT recovery for costs related to advertising alcoholic beverages. The updated guidance provides that, as of February 21, 2026, taxpayers may recover VAT incurred for advertising alcoholic beverages under standard VAT rules, without specific restrictions. Businesses can claim VAT credits on these costs provided the VAT incurred relates to taxable activities that give rise to a right to recover VAT. The update removes prior limitations and aligns the treatment of alcohol advertising expenses with the general VAT recovery framework.
- **France:**[lxxiv] On June 17, 2026, the French Council of State issued a decision involving VAT treatment of bike rental services. The case involved a company that entered into six-month agreements to make a fleet of bicycles available to tour operators. The operators marketed the rentals to their customers, who collected and returned the bicycles directly from the provider in France. Customers typically used the bicycles for short periods, generally less than two weeks, and the provider charged the operators a daily fee per bicycle used, subject to a minimum payment based on guaranteed availability. The court found that the arrangement constituted a single service of short-term vehicle rental rather than a long-term availability or reservation service. It concluded that the guaranteed access to a specified number of bicycles was ancillary to the main rental service and did not change its overall characterization. As a result, the court held that the rentals were subject to French VAT under rules applicable to short-term rentals where the vehicles are made available in France.
- **France:**[lxxv] On June 30, 2026, the French Ministry of Economy and Finance announced the suspension of the small-parcel tax on low-value imports. The tax, introduced earlier in 2026, imposed a EUR 2 charge on goods imported from outside the EU with a value not exceeding EUR 150. It was designed as a temporary measure pending broader EU reforms and was intended to remain in place until the

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introduction of an EU-wide fee or no later than December 31, 2026. The suspension follows the introduction of a new EU flat-rate customs duty on similar low-value shipments, effective July 1, 2026.

- **Germany:**[lxxvi] On June 1, 2026, the German Ministry of Finance issued guidance updating VAT procedures for non-EU businesses seeking to recover VAT. The guidance requires non-EU businesses to submit VAT refund applications electronically through the Federal Central Tax Office portal, including a detailed itemized list of expenses and supporting documentation. As a transitional measure, businesses may submit documents on physical storage media, such as a USB device, in exceptional cases. The rules specify that supporting documentation must be provided for invoices or import documents exceeding EUR 250. Tax authorities may also request original invoices or import documents during the review process. The guidance applies to VAT refund claims submitted after December 31, 2025.
- **Greece:**[lxxvii] On June 26, 2026, the Greek tax authority (AADE) issued Circular E.2031/2026, clarifying the VAT treatment of settlement payments under contracts for differences (CFDs). The circular reverses earlier guidance that treated such payments as consideration for taxable hedging services. It now confirms that payments made between counterparties when settling CFDs do not constitute payment for a service and therefore fall outside the scope of VAT. The clarification follows discussions at the EU level, which questioned whether a direct link exists between the payments and any underlying service, given that settlement amounts depend on price movements of underlying assets. The circular also states that these payments are not subject to the digital transaction levy and that no stamp duty is imposed on such amounts for periods up to its abolition (i.e., until November 30, 2024), and confirms that prior administrative guidance treating CFD payments as taxable no longer applies.
- **Guernsey:**[lxxviii] Guernsey recently released its 2026 Tax Reform Package, which includes the introduction of a three percent goods and services tax (GST) from 2028, expected to raise EUR 55 million annually, most of it from businesses. To mitigate the impact on households, the package provides for increases in the States Pension, income support, and other benefits to cover higher goods and services costs, with these increases to be implemented ahead of GST. It also introduces a new annual Essential Costs Relief Payment for low-income households that do not, or cannot, claim income support.
- **Italy:**[lxxix] On May 25, 2026, the Italian Supreme Court published Decision No. 16016, clarifying the control requirement for the VAT grouping regime. The court held that a parent company can aggregate participations held through wholly owned subsidiaries to meet the required ownership threshold exceeding 50 percent. This interpretation allows entities to benefit from VAT grouping, including the offsetting of VAT debits and credits within the group, even where control is exercised indirectly. The decision also aligns domestic rules with broader EU VAT principles, emphasizing a flexible interpretation of control to ensure consistency with the VAT Directive framework.
- **Italy:**[lxxx] On May 29, 2026, the Italian Revenue Agency issued Letter No. 111/2026. In this case, a German VAT-registered furniture distributor bought goods from a Polish vendor and resold them to an Italian customer, with direct shipment from Poland to Italy, treating the deal as an EU triangular transaction without indicating reverse charge on the invoice. The Agency held that the German company qualifies as the intermediate operator as the goods moved from Poland to Italy and the German VAT number was used. The Polish–German leg thus qualified as intra-EU sale and the German–Italian leg qualified as domestic sale in Italy. The Agency concluded that the German company had to register for VAT in Italy and treat its sale to the Italian customer as a local transaction.
- **Italy:**[lxxxi] On June 1, 2026, the Italian Ministry of Economy and Finance published Tax Court judgment No. 176/2026, clarifying the VAT deductibility of consulting services in leveraged merger buyouts (MLBOs). The court held that consulting costs incurred for preparatory feasibility studies directly linked to an acquisition qualify as economic activity and are therefore eligible for VAT deduction. It further confirmed that such deductions are permissible even when the services are invoiced through a parent company to an acquiring entity. Additionally, the decision recognizes that purchases of goods and

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services by a special purpose vehicle established to carry out an MLBO may be eligible for VAT deduction, provided they are connected to taxable economic activities.

- **Italy:**[lxxxii] On June 1, 2026, the Italian Ministry of Economy and Finance published Tax Court judgment No. 44/2026, clarifying the treatment of VAT refund claims following tax settlement agreements. The court held that once a VAT assessment is settled and payment is made under such an agreement, the taxpayer forfeits the right to claim a refund of any overpaid amount related to that settlement. It emphasized that any entitlement to reimbursement must be asserted at the time of concluding the agreement; otherwise, the right is deemed implicitly waived.
- **Italy:**[lxxxiii] On June 1, 2026, the Italian Ministry of Economy and Finance published Tax Court judgment No. 196/2026, clarifying the VAT refund treatment for assets acquired under financial leasing arrangements. The court held that leasing contracts may be treated as sales of goods, rather than services, where they transfer the essential risks and benefits of ownership and the payments substantially correspond to the asset's value. Under such conditions, the lessee is considered to exercise economic control similar to ownership. Consequently, VAT paid on such qualifying leased assets is eligible for refund, even prior to the exercise of any final purchase option.
- **Italy:**[lxxxiv] On June 1, 2026, the Italian Ministry of Economy and Finance published Tax Court judgment No. 150/2026, clarifying the VAT treatment of payments made under novation settlement agreements. The court held that where a settlement agreement replaces prior contractual obligations, the resulting payment constitutes consideration for a taxable sale if it is made in exchange for the waiver of litigation. Consequently, such payments fall within the scope of VAT. The ruling further emphasized that taxpayers have an obligation to identify and regularize incorrect VAT treatment where the error is objectively evident. Failure to do so justifies the imposition of VAT and associated penalties, and the taxpayer's appeal was therefore denied.
- **Italy:**[lxxxv] On June 8, 2026, the Italian Revenue Agency issued Letter No. 120/2026, clarifying the VAT treatment of water quality testing services in residential buildings. The Agency clarified that the reduced 10 percent VAT rate applies only to services qualifying as ordinary building maintenance aimed at ensuring the functionality and efficiency of systems. In this case, the services—comprising inspections, sampling, and chemical and microbiological analysis—were deemed not to constitute maintenance activities, as they primarily ensure water safety for human consumption.
- **Italy:**[lxxxvi] On June 15, 2026, the Italian Ministry of Economy and Finance published Tax Court judgment No. 123/2026, clarifying that, to deny VAT deductions, the tax authorities must provide sufficient evidence to establish that the seller was fictitious and that the taxpayer had actual or constructive knowledge of the fraud. In this case, the taxpayer demonstrated good faith by maintaining proper documentation, cooperating with audits, and undertaking reasonable verification measures. As a result, the court held that the taxpayer was not knowingly involved in fraudulent activity and allowed the VAT deduction.
- **Italy:**[lxxxvii] On June 17, 2026, the European Commission adopted Implementing Decision No. COM (2026), allowing Italy to continue requiring government entities and certain state-controlled companies to pay VAT directly to the tax authorities instead of paying it to service providers. The measure applies to transactions involving sales of goods and services to those entities. The extension runs through June 30, 2029, and is intended to prevent VAT fraud in public sector transactions by removing the risk that VAT collected by vendors is not remitted. The Commission also clarified that this will be the final extension of the measure, after which Italy will rely on standard domestic VAT rules to address and prevent fraud.
- **Italy:**[lxxxviii] On June 22, 2026, the Italian Revenue Agency issued Ruling Prot. 186865/2026 on procedures and deadlines for reporting obligations under DAC8 applicable to crypto-asset service providers. It defines the entities subject to reporting (crypto-asset operators, or CAO, and users), introduces a single electronic registration with the Agency (including assignment of an individual identification number and updates/transfers within the EU), and regulates annual notifications where

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operators fulfill equivalent obligations in another EU or qualifying non-EU jurisdiction. It establishes how and when CAO must transmit XML reports via the Agency's online services (first reporting by June 30, 2027 and first automatic exchange with other tax authorities by September 30, 2027), designates the Pescara Operational Center as the office responsible for controls, cancellations and related litigation, and details the GDPR-compliant processing, security, and retention of the data collected for automatic exchange of information on crypto-assets.

- **Italy:**[lxxxix] On June 16, 2026, the Italian Supreme Court published Order No. 20063, ruling that swimming lessons and aquatic fitness courses, including aquagym and hydrogym, do not qualify for the VAT exemption available for educational services.
- **Italy:**[xc] Italy's tax authority recently published Ruling No. 128/2026, clarifying the VAT group treatment of a merger involving entities representing separate VAT groups. The ruling concerned a merger legally effective on April 20, 2026, after one VAT group representative acquired approximately 80.69 percent of the representative of another VAT group on July 28, 2025. Although the ordinary VAT group rules would generally defer entry into the acquiring VAT group until January 1, 2027, the authority held that the companies already belonging to the acquired VAT group may enter the acquiring VAT group without interruption from the merger's legal effective date. The acquired VAT group would cease simultaneously, consistent with the VAT group principles of single taxpayer treatment and the "all in, all out" rule.
- **Latvia:**[xci] On May 29, 2026, the Latvian State Revenue Service published updated methodological guidance on VAT for services, which explains the general sourcing rules for B2B and B2C services, the obligation to register in the VAT register (including a new, simplified VAT registration regime for small businesses that mainly receive cross-border digital/platform services and have no VAT deduction rights), and the VAT treatment of both sold and received services. The material details special sourcing and registration rules for specific service categories—such as cultural, educational, entertainment, and sports services; services related to real estate; shipment of goods and passengers; loading, storage, and other transport-related services; services connected with movable property; leasing of goods and vehicles; restaurant and catering services; and digital services—covering when Latvian VAT, a zero percent rate, or another EU Member State's VAT applies, and when operators may or must use the One-Stop Shop (OSS) or register in other Member States.
- **Latvia:**[xcii] On May 29, 2026, the Latvian State Revenue Service issued updated methodological guidance on the application of VAT to public persons and private entities performing delegated public administration functions. The guidance explains when such entities are treated as non-taxpayers(for core public-authority functions) and when they must register for VAT and charge VAT, for example when selling goods or commercial services (water, energy, shipment, warehousing, tourism, rentals, etc.) or receiving cross-border goods and services from EU/third-country vendors. It also clarifies registration thresholds and deadlines, special registration for construction services, the new simplified VAT registration regime for small public bodies, and the rules on input VAT deduction, and it includes updated and new examples illustrating the correct VAT treatment in typical scenarios.
- **Lithuania:**[xciii] On June 4, 2026, Lithuania adopted Law No. XV-984, amending the import VAT deferment regime. In the past, businesses had to pay import VAT by the end of the second month after the tax became due, which was a separate rule from customs. Under the new system, import VAT will follow the customs payment rules: if a payment deferral applies, it will usually be due by the 16th day of the next month; if not, it must be paid when the goods are released from customs. These new rules will apply from 1 July 2026.
- **Luxembourg:**[xciv] On June 8, 2026, the Luxembourg Registration Duties, Estates and VAT Authority issued Circular No. 814, clarifying the VAT treatment of photovoltaic solar installations connected to the electricity grid. The guidance confirms that such installations qualify as immovable property and that VAT treatment depends on the use of the electricity produced. Where all electricity is provided to the grid for remuneration, the operator is deemed a taxpayer, subject to VAT obligations, eligible for the reduced VAT

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rate on electricity sales, and entitled to full VAT deduction. In cases of mixed use, input VAT remains deductible, with self-consumption treated as a taxable private use, potentially triggering adjustment obligations within the ten year period.

- **Malta:**[xcv] The Malta Tax and Customs Administration recently announced that requests to change VAT registration types under Article 10 and Article 11 of the VAT Act may be submitted through the VAT e-Services portal. Article 10 applies to standard VAT registration, while Article 11 covers exempt registration for small domestic enterprises below the EUR 35,000 annual threshold. The guidance clarifies that taxpayers registered under Article 10 may request a change both within the first 12 months and after this period, subject to varying eligibility conditions. All applicable qualifying criteria must be satisfied for a registration change to be approved under the VAT framework.
- **Moldova:**[xcvi] On June 4, 2026, Moldova published Order No. 294, simplifying the VAT registration certificate by removing the requirement for a stamp effective June 11, 2026.
- **Moldova:**[xcvii] On June 17, 2026, the Moldovan government rejected a draft law that sought to allow taxpayers to cancel their VAT registration under specified conditions. The proposal would have permitted taxpayers whose gross receipts remained below the mandatory threshold of MDL 1.7 million over the preceding 12 months, and who had no other grounds for compulsory registration, to deregister upon request.
- **Niger:**[xcviii] On June 6, 2026, Niger issued Circular No. 00041/ME/F/SG/DGI/DL/CFI/DIV.L/SEL, clarifying VAT deferral rules for vendors providing goods and services to public sector entities. The measure allows eligible vendors to defer VAT liability until payment is actually received from the Treasury or relevant public body, aligning VAT chargeability with cash receipt. To qualify, vendors must submit a request with supporting contractual and invoicing documentation. For VAT reporting purposes, gross receipts and VAT are declared in the period of payment, with deductions made for VAT withheld at source. The rules also apply proportionally to installment payments, without affecting the determination of taxable turnover under accrual accounting.
- **Norway:**[xcix] On June 19, 2026, the Norwegian Ministry of Finance launched a public consultation proposing to extend the VAT exemption for postal shipments sent abroad so that individual mail items can be exempt from VAT when it can be documented that they are being sent to a recipient outside Norway's VAT area. However, the sale of stamps and other franking methods, where the recipient and destination are not documented, would remain subject to VAT.
- **Norway:**[c] On June 11, 2026 the Norwegian Tax Administration published Tax Appeals Board decision SKNA1-2022-26, clarifying the conditions for retrospective VAT adjustment in commercial property leasing. In the case, a Norwegian property company appealed a tax office decision that reversed its VAT deduction claimed through backdated VAT adjustment on a newly built commercial property. The core issue was whether the company met the six-month deadline to have the premises rented out after the building was considered completed, which under the rules occurs when a temporary use permit is issued. The company argued that parts of the premises were still "shell" space and not actually usable, so the building should not be treated as completed for VAT purposes, or that these areas should count as separate, unfinished capital items. Both the tax office and the Tax Appeals Board held that once the municipality has issued temporary use permits for the whole building, the capital goods are deemed completed, the six-month deadline runs from that date, and the leases were entered into too late. The company therefore had no right to backdated VAT deduction.
- **Poland:**[ci] On June 2, 2026, Poland's Cabinet of Ministers approved a draft law amending the VAT Act and the taxpayer registration rules to simplify VAT compliance, reduce administrative burdens, and strengthen the tax system. The draft removes certain reporting and payment obligations, introduces simplifications such as a new "VAT warehouse" for international trade and electronic TAX FREE processing, and clarifies rules on small business exemptions, energy transactions, the deposit-refund

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system, and reduced VAT rates on specific disinfectant products. It also enhances tax system protection through stricter purchaser liability, revised VAT registration, and further digitalization of cash registers, while aligning Polish law with CJEU case law, including on VAT treatment of jointly run farms and VAT deductions. Most changes would take effect on October 1, 2026.

- **Portugal:**[cii] On June 1, 2026, Portugal published Ordinance No. 244/2026/1, approving the VAT group declaration form and related submission requirements. The ordinance establishes the format and instructions for VAT group filings and requires the Tax and Customs Authority to pre-populate the group declaration based on the aggregated VAT positions of individual group members. The parent company must confirm the declaration within the VAT return deadline; otherwise, it is deemed submitted on its behalf. The rules also require adjustments to the group declaration where underlying VAT returns are amended. The ordinance enters into force on June 2, 2026, and applies to tax periods beginning on or after July 1, 2026.
- **Saudi Arabia:**[ciii] The Zakat, Tax and Customs Authority recently published the third edition of its VAT Guideline, reflecting amendments to the VAT Implementing Regulations and updated e-invoicing controls introduced through prior board resolutions. The guidance provides clarifications on VAT registration, deregistration, deemed sales, VAT deduction restrictions, and the VAT treatment of used goods. It also outlines revised conditions for VAT grouping, confirming that intra-group sales are disregarded and members remain jointly liable. Additionally, it details updated e-invoicing requirements, including enhanced technical specifications, mandatory data elements for tax and simplified invoices, and clarified rules governing self-billing and third-party invoicing arrangements under the electronic invoicing framework.
- **Saudi Arabia:**[civ] Saudi Arabia recently approved amendments to the Gulf Council Cooperation (GCC) Unified VAT Agreement, introducing changes to the VAT framework governing intra-GCC transactions (i.e., between Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates), import VAT collection, and administrative cooperation. The amendments revise the VAT treatment of certain cross-border movements of goods and confirm that import VAT will be collected at the first point of entry into the GCC, with subsequent allocation to the destination Member State. Additionally, the changes enhance mechanisms for the exchange of information between tax authorities involved in intra-GCC sales. The amendments also address VAT recovery in specific cases, thereby clarifying the application of existing rules and strengthening coordination among Member States.
- **Slovakia:**[cv] On May 26, 2026, the Slovak Ministry of Finance issued a public consultation on a draft law to amend the VAT Act and several related tax laws, primarily to transpose two EU Council directives: one on “VAT in the digital age” and another on VAT rules for businesses that facilitate distance sales of imported goods and for special VAT mechanism on such distance sales.
- **Slovenia:**[cvi] On June 2, 2026, the Slovenian Financial Administration issued Clarification No. 4230-98/2026, clarifying the VAT treatment of property renovations. The guidance confirms that VAT exemption may apply to sales of buildings used prior to renovation, even in the absence of explicit first-use criteria in domestic law. It emphasizes that transactions must be assessed based on their economic substance, with artificially split arrangements capable of recharacterization as a single taxable sale. Additionally, substantially renovated properties may be treated as new and subject to VAT where the renovation significantly alters their use or conditions.
- **Slovenia:**[cvii] Slovenia’s tax authority recently issued the third edition of its detailed VAT group guidance, following the introduction of VAT grouping rules applicable from January 1, 2026. The guidance explains that two or more taxpayers established in Slovenia, or Slovenian fixed establishments, may be treated as a single taxpayer for VAT purposes if they are financially, economically, and organizationally linked throughout the VAT group’s existence. A financial link exists where a taxpayer directly or indirectly owns more than 50 percent of another taxpayer’s capital or voting rights. The guidance also clarifies VAT identification, monthly VAT reporting, invoice requirements, VAT deduction and pro rata rules, intra-group

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transactions being outside the scope of VAT, joint liability for VAT debts, member entry and exit procedures, and VAT group termination rules.

- **Slovenia:**[cviii] On June 2, 2026, the Slovenian Financial Administration issued Clarification No. 0920-4576/2025, clarifying that land on which only foundations exist does not qualify as a building and is instead treated as building land for VAT purposes. Under both the VAT Directive and Slovenian rules, sales of building land and new buildings are not eligible for VAT exemption and are therefore subject to VAT.
- **South Africa:**[cix] On June 17, 2026, the South African Revenue Service issued guidance on the VAT treatment of schools exiting the VAT system. The guidance confirms that, from January 1, 2026, almost all sales and services by schools are VAT-exempt, so most schools should deregister and calculate "exit VAT" on business assets (including certain goods, rights, and fixed property) on which they previously claimed VAT deductions. The guide clarifies which assets count as enterprise assets, how to determine the lower of cost or open market value, how to apply claw-back and adjustment rules, and which items are excluded. It also addresses special issues like public versus independent school property rights, transitional timing rules around January 1, 2026, limited ongoing VAT registration for qualifying welfare organizations, and an interest- and penalty-free arrangement that allows schools to pay their exit VAT in installments starting January 1, 2027.
- **South Africa:**[cx] On June 23, 2026, South Africa's Constitutional Court in *Lueven Metals (Pty)* Ltd held that VAT zero-rating under section 11(1)(f) does not extend to sales of second-hand gold that previously underwent a manufacturing process other than refining or manufacture into the prescribed forms. The case concerned sales of gold bars refined to at least 99.5 percent purity to a prescribed purchaser, which the taxpayer had treated as zero-rated instead of subject to the standard 15 percent VAT rate. The Court ruled that zero-rating applies only where the gold is sold to prescribed purchasers in prescribed forms and has not undergone disqualifying earlier manufacturing, so recycled gold from sources such as jewelry does not qualify.
- **Sweden:**[cxi] On May 18, 2026, the Swedish Advance Rulings Board issued Advance Notice No. 101-25/I, confirming that the VAT deduction restriction for permanent residences applies to VAT on one-time connection fees paid to connect residential property to the municipal water and sewage system. The Board held that such connections form part of the building's general residential function, so the related VAT is not deductible. In line with earlier Supreme Administrative Court case law, it also noted that VAT on equipment used to measure and charge residents for their individual water and electricity consumption remains deductible, because that equipment does not constitute part of the residential structure itself.
- **Sweden:**[cxii] On June 9, 2026, the Swedish Ministry of Finance announced the submission of Bill No. 2025/26:278 to Parliament, proposing amendments to the VAT Act in line with Directive 2025/516/EU on VAT in the digital age (ViDA). The changes focus on cross-border trade, the time of taxation, when VAT reporting obligations arise, and detailed rules for the non-EU, Union, and import one-stop-shop compliance mechanisms, including modest extensions of their scope (for example, certain cross-border sales of gas, electricity, heat, and cooling) and new rules for reporting VAT where businesses enable sales via electronic interfaces. The proposal mainly codifies existing Swedish Tax Agency practice and EU guidance, clarifies the treatment of threshold rules for intra-EU remote sales of goods, tightens and harmonizes rules on when VAT becomes due within the special compliance mechanisms, and refines deduction and refund mechanisms for businesses inside and outside the EU. The amendments are proposed to take effect on January 1, 2027.
- **Sweden:**[cxiii] On June 11, 2026, the Council on Legislation issued a memorandum on proposed amendments to the VAT Act (2023:200) concerning the allocation of VAT deductions in mixed activities. The proposal establishes gross receipts apportionment as the primary method for determining the deductible proportion of VAT, while introducing exceptions such as area-based allocation for goods and services related to buildings, and special rules for certain financial activities that exclude specific taxable

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turnover from calculations. The amendments also require separate calculation of deductible proportions for each line of business and mandate year-end adjustments based on final proportions. The changes are proposed to take effect on January 1, 2027.

- **Sweden:**[cxiv] On June 16, 2026 the Swedish Tax Agency issued a position statement clarifying on the effect of VAT registration on the taxpayer status and VAT deduction rights. The Agency explains that a VAT registration (or an amendment to it) only confirms that, at the time of registration, the person intended to carry out an economic activity, and it does not create legitimate expectations of VAT deduction for new or additional activities. The statement clarifies that taxpayers cannot rely on registration to claim deductions where the underlying transactions are exempt from VAT or form part of a non-economic activity, and that registration can never grant deduction rights that conflict with the Swedish VAT Act or the EU VAT Directive. The Agency further stresses that registration decisions lose relevance when case law from the CJEU or the Swedish Supreme Administrative Court changes the legal position, and that taxpayers must continuously assess whether their transactions fall within the VAT system. The Tax Agency may therefore deny input VAT deductions, including retroactively, if the legal conditions are not satisfied.
- **Sweden:**[cxv] On July 2, 2026, the Swedish Government submitted a legislative referral proposing amendments to the VAT Act to simplify VAT rules for sales of used goods and food donations. The proposal would extend the simplified margin scheme to used goods with a purchase price not exceeding SEK 10,000, so that the taxable margin can be calculated per VAT period instead of per item and would tighten the condition for including other goods in the scheme by replacing the ‘main part’ threshold with a ‘virtually exclusive’ threshold, interpreted as at least 90 percent. For food donations, the bill would introduce a qualified VAT exemption for transfers without consideration to approved donees engaged in social assistance activities, while preserving the donor’s right to deduct input VAT. The background notes that Sweden applies a 6 percent reduced VAT rate on food from April 1, 2026, through December 31, 2027, and 12 percent thereafter. The amendments are proposed to enter into force on January 1, 2028.
- **Uganda:**[cxvi] On June 23, 2026 the Ugandan Revenue Authority issued guidance on tax amendments for 2026-2027 affecting VAT and excise duty. The guidance removes VAT withholding requirements where taxpayers issue e-invoices, thereby shifting compliance to e-invoicing systems. It also increases the mandatory VAT registration threshold to UGX 300 million. In addition, the authority introduces excise duties on additional goods, including paints, varnishes, and cooking fat.
- **Ukraine:**[cxvii] On May 27, 2026, the Ukrainian Parliament accepted for consideration Bill No. 15275, aimed at clarifying the rules governing the entitlement to deduct VAT. The proposed measure specifies that the absence of accounting indicators for unfinished production at the end of a reporting period should not be used as grounds to deny a taxpayer’s right to claim a VAT credit or to classify related activities as outside the scope of economic activity.
- **United Arab Emirates:**[cxviii] On June 17, 2026, the United Arab Emirates ratified amendments to the GCC Common Excise Tax Agreement through Federal Decree-Law No. 57 of 2026, revising key aspects of excise tax application. The amendments expand the scope of taxable goods to include items harmful to human health or the environment, as well as luxury goods, based on a list to be periodically updated by the Ministerial Committee. The changes also introduce flexibility in tax calculation, allowing excise tax to be imposed either as a percentage of the taxable value or as a fixed amount per unit. Additionally, Member States are granted discretion to determine payment deadlines, conditions, and compliance controls under the revised framework.
- **United Arab Emirates:**[cxix] In June 2026, the UAE recently issued the first version of its VAT guide for the education sector, clarifying that sales made in the UAE by a taxpayer are generally subject to 5 percent VAT, unless they qualify for zero-rating or exemption. Qualifying educational services may be zero-rated where provided by a qualifying educational institution under a qualifying curriculum. Higher education institutions qualify only if government-owned or if they receive more than 50 percent of their annual

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funding directly from federal or local government sources. The guide also states that several education related sales are generally subject to 5 percent VAT, including application fees for prospective students, certain field trips, serviced accommodation, healthcare administrative fees, leasing premises to healthcare providers, school buses, merchandise, equipment rentals, and replacement access cards.

- **United Kingdom:**[cxx] On June 3, 2026, the United Kingdom First-Tier Tribunal issued its decision in *Big and Small Construction Ltd*, [2026] UKFTT 816 (TC), regarding the denial of VAT deduction in transactions linked to VAT fraud. HMRC argued that the construction company, which claimed VAT credits on subcontractor invoices, knew or should have known that its supply chains involved fraudulent defaulting traders. The Tribunal found no allegation of actual knowledge had been put to the director and held that, save for one subcontractor, the arrangements reflected normal industry practice and showed no objective indicators requiring enhanced due diligence. However, it held that eight invoices from one vendor showing two sets of VAT and UTR numbers were an obvious irregularity that should have prompted further checks, which would have revealed fraud, so input VAT was partially disallowed for those periods. All associated penalties were nevertheless reduced to nil on the basis that the company had acted in good faith by engaging accountants to review its invoices.
- **United Kingdom:**[cxxi] On June 8, 2026, UK Upper Tribunal recently published its decision in *Barclays Services Corporation & Barclays Execution Services Ltd*, [2026] UKUT 211 (TCC), concerning VAT group membership. The Tribunal found that, at the application date, the UK branch did not constitute a "fixed establishment" because it had no staff or technical resources under its own ownership or comparable control, and therefore the company did not meet the statutory condition of being established or having a fixed establishment in the UK for VAT grouping. It also held that the UK grouping rules could not be reinterpreted to introduce an EU-style territorial restriction, as that would conflict with a fundamental feature of the UK's whole-entity regime, and indicated that HMRC may reasonably refuse grouping on protection-of-the-revenue grounds in cases where minimal UK substance is combined with very large VAT savings.
- **United Kingdom:**[cxxii] On June 16, the United Kingdom First-Tier Tribunal issued its decision in *Lucky Voice Group Ltd*, [2026] UKFTT 903 (TC), clarifying the scope of the temporary reduced 5 percent VAT rate applicable to cultural events and facilities during the coronavirus period. The tribunal held that privately booked karaoke rooms did not fall within the temporary reduced-rate provision for sales "of a right of admission to similar cultural events and facilities," treating the sales as exclusive room hire rather than a qualifying right of admission to attractions comparable to cinemas, fairs, or amusement parks, and rejecting reliance on HMRC's treatment of other leisure activities or fiscal neutrality to extend the reduced rate.

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

- **KPMG in India** published a report discussing GST Appellate Tribunal ruling in *Dow Chemical International Private Limited (2026-VIL-26-GSTAT-DEL)*. The tribunal held that global procurement services provided by a Switzerland-based group entity did not qualify as intermediary services under section 2(13) of the IGST Act, 2017. It was determined that the foreign entity rendered services on its own account as a centralized procurement hub, rather than facilitating sales between the taxpayer and third parties. Consequently, the services were treated as an import of services, which are sourced in India under section 13(2), and the taxpayer was held to have correctly discharged IGST under the reverse charge mechanism.
- **KPMG in India** published a report discussing recent High Court rulings on GST issues involving corporate guarantees and input tax credit eligibility. In one case, the High Court held that corporate

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guarantees issued without consideration do not constitute taxable sales under section 7 of the CGST Act, 2017, as both "sale" and "consideration" must coexist for GST liability to arise. However, the Court upheld the constitutional validity of rule 28(2), which prescribes deemed valuation for corporate guarantees between related parties at one percent per annum of the guaranteed amount. In another case, the Gujarat High Court upheld section 16(2)(c) of the CGST Act, 2017, holding that GST credit may be denied where tax is not paid by the vendor, while urging the government to improve vendor-payment visibility and recovery mechanisms.

- **KPMG in Malaysia** published a report discussing that effective July 1, 2026, the government will exempt sales tax on all vessels classified under tariff codes HS 8901 to HS 8908 and the exemption is granted to any person who manufactures, purchases, or imports all types of vessels classified under tariff codes HS 8901 to HS 8908, including for the purpose of repair and maintenance, without granting refunds for previously paid sales tax. The government has also exempted service tax on, amongst others, consultation fees charged by professional doctors at registered private healthcare facilities, practitioners of traditional and complementary private medical practices, and private allied health service providers. As of June 1, 2026, the government amended several customs and excise duty orders, including updates aligned with the ASEAN-Australia-New Zealand Free Trade Area agreement and revised duty exemptions for goods to be used or for sale on international flights.
- **KPMG in Malaysia** published a report discussing Service Tax Policy 2/2026 issued on June 18, 2026, which clarifies the service tax treatment for construction works performed on completed residential buildings. The policy confirms that, prior to amendments to the Service Tax Regulations 2018, construction services on completed residential properties are exempted from service tax, subject to meeting specified conditions. It also allows registered construction service providers who previously charged and collected service tax on construction works services on completed residential buildings to claim refunds, provided they first refund the collected tax to customers and submit the refund applications by June 30, 2026. The policy applies retrospectively from July 1, 2025.
- **KPMG in Malaysia** published a report discussing the extension of the Special Voluntary Disclosure Programme for Stamp Duty. The Ministry of Finance agreed to extend the program until December 31, 2026, from the original end date of June 30, 2026. The extension reflects a pragmatic approach, allowing taxpayers additional time to review historical documentation and assess stamp duty compliance positions. The program provides a 100 percent waiver of late stamping penalties for eligible unstamped instruments executed between January 1, 2023, and December 31, 2025. The additional six-month window gives businesses an opportunity to conduct comprehensive stamp duty health checks and make accurate voluntary disclosures.
- **KPMG in Malaysia** published a report discussing service tax and sales tax policy updates issued by the Royal Malaysian Customs Department in June 2026. Under Service Tax Policy 3/2026, maintenance or repair services, including maintenance management services for non-residential premises provided by Joint Management Body ("JMB") or Management Corporations ("MC"), are treated as non-taxable services. Accordingly, maintenance charges and sinking fund contributions for residential and non-residential buildings charged by JMB and MC to property owners are not subject to service tax from July 1, 2026 in the form of a ministerial exemption, while service tax payable up to June 30, 2026, must be remitted. The amended Sales Tax Policy 1/2026 updates documentation requirements for manufacturers seeking sales tax exemption on raw materials used to manufacture animal feed, fertilizers, or pesticides. Effective May 18, 2026, manufacturers must submit a manufacturing license or exemption confirmation letter issued by the Malaysian Investment Development Authority ("MIDA"), and refund applications must be filed by October 31, 2026.
- **KPMG in Pakistan** published a report discussing recent indirect tax developments, including sales tax changes and customs updates. In May 2026, the authorities revised the sales tax return format and introduced a reduced sales tax rate for two-wheeler ride-hailing services in Sindh. The report also

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notes the implementation of mandatory electronic monitoring for key manufacturing sectors to enhance tax compliance. Additionally, the authorities designated an additional customs area for empty container storage.

- **KPMG in Pakistan** published a report detailing proposed indirect tax measures under the Finance Bill, 2026, presented on June 12, 2026. The proposals include, among other measures, introducing an electronic system for the adjustment of debit and credit notes and expanding the authority's powers to suspend or blacklist businesses that fail to integrate with the e-invoicing system. The bill also proposes extending the reduced 1 percent sales tax rate for locally assembled electric vehicles until June 30, 2027 and introducing a 1 percent reduced rate for electric trucks in CBU condition. In addition, the government proposes a new special excise duty of 40 percent-41 percent on imported luxury vehicles exceeding 2000cc and reductions in federal excise duty on selected items, alongside customs duty reductions on certain industrial inputs and exemptions for specified goods.
- **KPMG in Vietnam** published a report discussing recent VAT developments and administrative updates. The transfer of Verified Emission Reduction certificates is treated as a provision of services, subject to ten percent VAT where consumed domestically and zero percent where qualifying as exported services. VAT refunds for domestic enterprises providing construction services to export processing enterprises ("EPEs") are not dependent on the EPE being granted with a construction permit. Decree No. 144/2026/ND-CP introduces changes including the classification of certain financial transactions as non-taxable, inclusion of insurance brokerage commissions as VAT-exempt, and revised rules on input VAT allocation and credit claims. Additional guidance outlines conditions for non-cash payments to support VAT refunds on export and clarifies VAT treatment for transactions involving EPEs.

### Miscellaneous Developments in ASPAC

- **Fiji:**[cxxiii] Fiji recently proposed the Value Added Tax (Budget Amendment) Bill 2026, which would amend the Value Added Tax Act 1991 to introduce several VAT-related changes. The bill would add concession code 313 for Drug Rehabilitation Centre Incentives, allowing VAT exemption on the importation of capital goods used to establish drug rehabilitation centers. It would also delete an existing provision to reflect the imposition of import VAT on electric vehicles. Additionally, the bill would amend the tax point rules for hotel and accommodation services, allowing VAT to be accounted for at checkout or at the end of the stay. If enacted, the amendments would generally take effect on August 1, 2026, except the provision on electric vehicles coming into force on June 26, 2026.
- **Nepal:**[cxxiv] On May 29, 2026, Nepal's Finance Minister presented the 2026-2027 Budget, introducing several indirect tax measures effective immediately. For VAT, reforms include automation of the refund system, introduction of a consumer invoice incentive lottery, and a ten percent VAT rebate for purchases made through digital payments. Additional measures mandate large businesses issuing e-invoices to connect to a central monitoring system and promote digital payments.
- **New Zealand:**[cxxv] On May 22, 2026, Inland Revenue issued Commissioner's Statement CS 26/02, clarifying the GST treatment of goods and services acquired prior to GST registration. The guidance states that registered persons cannot claim GST deductions for pre-registration acquisitions where the GST-exclusive value does not exceed NZD 10,000. For higher-value items, GST deduction adjustments may be permitted post-registration, provided adequate documentation is maintained, and a fair and reasonable method is applied to determine taxable use. The statement also outlines ongoing adjustment requirements, requiring taxpayers to reassess actual use of such goods and services in subsequent periods and make corresponding GST adjustments where usage differs.
- **Philippines:**[cxxvi] On June 4, 2026, the Philippine Bureau of Internal Revenue issued Revenue Memorandum Circular No. 60/2026 clarifying the VAT treatment of government-mandated charges. The circular confirms that VAT does not apply to specified charges, including energy tax, universal charges, benefits to host communities, feed-in tariff allowance, franchise taxes, real property tax, and the green

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energy auction allowance. It also clarifies that creditable withholding taxes on VAT do not apply to these amounts. The guidance effectively excludes such mandated charges from the VAT base and withholding obligations, ensuring consistent treatment in line with their regulatory nature.

- **Singapore:**[cxxvii] The Inland Revenue Authority of Singapore (IRAS) recently updated its guidance on changing GST accounting periods. The update introduces a clearer structure and enhanced instructions for taxpayers seeking to modify their GST filing frequency or adopt special accounting periods. It outlines the procedural requirements for submitting such requests, including providing business justifications and supporting documentation, such as financial statements or fiscal calendars. The guidance also clarifies the criteria for approval of special accounting periods to ensure alignment with taxpayers' financial reporting cycles.
- **Singapore:**[cxxviii] On June 4, 2026, the IRAS updated its guidance on GST rules and reporting requirements for partial payment deposits and refundable security deposits. The guidance clarifies that GST on partial payment deposits for goods or services is chargeable upon receipt, with required adjustments supported by documentation if the deposit is later refunded. It further specifies that refundable security deposits are not subject to GST unless applied to settle outstanding payments, in which case GST becomes applicable. Additionally, the update includes illustrative examples outlining GST reporting treatment for partial payments and refundable deposits under rental agreements, including scenarios where deposits are forfeited due to early lease termination.
- **Singapore:**[cxxix] On June 4, 2026, the Inland Revenue Authority of Singapore updated its guidance on the GST treatment of gifts and samples, introducing clarifications on compliance and valuation rules. Businesses are required to account for GST on gifts where the value per recipient per occasion exceeds SGD 200 (excluding GST), or where GST deduction was claimed on the purchase or import. The guidance also sets out specific rules for gift vouchers and provides new clarification on determining the open market value (OMV) of gifted goods. Additionally, it outlines procedures for accounting or recovering output GST and confirms that GST is generally due on samples based on their OMV.

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

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