Digital Services Taxes and other Taxes on the Digital Economy

As of 18 May 2022

Building a better working world

Digital services tax
Jurisdiction activity summary

Important note

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This summary is current as of 18 May 2022. Legislative changes or status updates since the publication of the previous summary (14 December 2021) have been made to the following jurisdictions

- Belarus
- Canada - Federal
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Contents

1. Argentina

Status	► On 17 March 2021, the Province of Buenos Aires published Resolution 9/2021 (the Resolution) in the Official Gazette. It sets out the procedure that "substitute taxpayers" (i.e. Argentine residents acting as withholding agents) must follow for "turnover tax" withholding payments related to taxable activities undertaken by non-residents for tax periods beginning 1 January 2021 onwards. ► A Law has been enacted in two of Argentina's largest provinces, Buenos Aires City and Buenos Aires Province. As per the current rules, the tax entered into force on 1 January 2021 in both Province of Buenos Aires and Buenos Aires City, applying to payments beginning on such date. It should be mentioned that this tax has also been included in the local regulations of other jurisdictions such as Cordoba, Mendoza, Salta, San Luis, among others with similar characteristics. ► Argentina's "turnover tax" is a gross receipt tax that is levied on a provincial basis on the gross revenues generated by businesses. There are 24 provincial jurisdictions throughout Argentina. While the turnover tax existed for many years, the jurisdictions are now extending the tax to foreign providers of digital services used in Argentina. This expansion represents a distinct addition to previously in-force rules.
Scope	City of Buenos Aires ► Digital services are understood to be those developed through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or another network through which equivalent services are provided which, by their nature, are basically automated, require minimal human intervention and require the use of devices for download, display or use. Province of Buenos Aires ► Digital services will be considered, whatever the device used for downloading, viewing or use, those carried out through the internet network or any adaptation or application of the protocols, platforms or technology used by the internet or other network through which equivalent services are provided that, by their nature, are basically automated and require minimal human intervention, comprising, among others, the following: a) The supply and hosting of computer sites and webpages, as well as any other service consisting of offering or facilitating the presence of companies or individuals in an electronic network b) The supply of digitized products in general, including, but not limited to, computer programs, their modifications and updates, as well as access and/or download of digital books, designs, components, patterns and the like, reports, financial analysis or data and market guides c) The remote maintenance, in an automated way, of programs and equipment d) Remote system administration and online technical support e) Web services, comprising, among others, the storage of data with remote or online access, memory services and online advertising f) Software services, including, among others, software services provided on the internet ("software as a service" or "SaaS") through cloud-based downloads g) Access and/or download to images, text, information, video, music, games. This section includes, among other services, the downloading of movies and other audiovisual content to devices connected to the internet, online downloading of games – including those with multiple players connected remotely – the dissemination of music, movies, bets or any other digital content – although it is done through streaming technology, without downloading to a storage device – obtaining jingles, mobile and music tones, viewing online news, traffic information and weather forecasts – even through satellite benefits – weblogs and website statistics h) The provision of databases and any service generated automatically from a computer, through the internet or an electronic network, in response to a specific data entry by the customer i) The services of online clubs or dating websites j) The service provided by blogs, magazines or newspapers online k) The provision of internet services

Scope	l) Distance education or test or exercises, performed or corrected automatically m) The granting, for consideration, of the right to market a good or service on an internet site that functions as an online market, including online auction services n) The manipulation and calculation of data through the internet or other electronic networks
Rate	The rate usually varies between 3% and 5%, but lower or higher rates may apply depending on the province and type of activity. In the two provinces listed, the tax is levied at a rate of 2%, slightly lower than the average rate for this tax, and viewed as a "special rate" on service providers not located in Argentina. The Province of Buenos Aires has issued regulations regarding the resident parties that should act as substitute taxpayers for nonresident providers of digital services.
Thresholds	The Province of Buenos Aires´ regulations foresee thresholds related with the revenues generated by the non-resident service providers, the number of users domiciled in the province and the number of transactions with the referred users. Please note that the amounts of these parameters will vary from year to year. In any case, in practical terms the foreign service providers will be subject to the tax to the extent that they are included in the list of foreign service providers prepared by the corresponding provincial tax authorities.
Exclusions	None specified
Effective date	1 January 2021 in the Province of Buenos Aires and City of Buenos Aires. It is expected that other provinces will follow suit, extending their existing turnover taxes to foreign providers of digitally delivered services.
EY Global Tax Alerts	Argentine Province of Buenos Aires and City of Buenos Aires impose turnover tax withholding systems on digital services provided by nonresidents (23 December 2019) Argentine Province of Buenos Aires issues regulations on turnover tax withholdings for nonresidents (29 March 2021)
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2. Australia

Status	▶ On 20 March 2019, the Government announced that it would not proceed with an interim DST at this stage and is instead focusing on discussions at the Organisation for Economic Cooperation and Development OECD. The EY submission letter to Treasury is available upon request. ▶ A Treasury discussion paper on concepts for a corporate tax system for the digital economy included a DST. Public consultation on the paper closed on 30 November 2018.
Scope	Online advertising and certain digital intermediary activities
Rate	Not yet specified
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	Not yet specified
EY Global Tax Alerts	▶ Australian Treasury releases discussion paper on taxation of digital economy (20 October 2018) ▶ Australian Treasury Discussion Paper on the digital economy and Australia's corporate tax system: A detailed review (18 October 2018)
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3. Austria

Status	▶ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the United Kingdom (UK) and the United States (US) was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▶ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▶ On 14 January 2021, the European Commission (the Commission) published a roadmap including a public consultation for the introduction of a digital levy. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and burdens or restricts US commerce. On 2 June 2021, the USTR announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the (UK) in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021 in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD. ▶ On 23 October 2019, the bill was enacted. ▶ On 4 April 2019, the Austrian Federal Ministry of Finance published a draft bill introducing a new digital advertising tax. The bill, with no significant changes, was passed by the National Council (lower house) on 19 September 2019 and by the Federal Council (upper house) on 10 October 2019.
Scope	Online advertising
Rate	5% (on revenues/turnover)
Thresholds	EUR750m of global annual revenue and EUR25m from digital advertising sales in Austria
Exclusions	None included in bill
Effective date	1 January 2020
Notes	The DST is part of a package of measures that includes the proposed elimination of the VAT exemption for small value imports and a proposal for information reporting requirements for online intermediaries.
EY Global Tax Alerts	▶ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY – Global (29 March 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January) ▶ European Commission launches consultation on EU digital levy | EY - Global (15 January 2021) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Austrian Parliament approves digital advertising tax bill (18 October 2019) ▶ The Latest on BEPS – 8 April 2019 (8 April 2019) ▶ Austria publishes draft digital advertising tax bill (8 April 2019) ▶ Austria announces new digital tax (15 January 2019) ▶ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021)
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4. Belarus

Status	► The tax rules for e-services provided by foreign companies have been effective in the Republic of Belarus since 2018. They relate to B2C services and require foreign companies to register with the tax authorities and charge value-added-tax (VAT) when providing services to Belorussian customers. Amendments to the Tax Code of the Republic of Belarus, which adjust the taxation procedures for electronically supplied services will enter into legal force on July 1, 2022. They include the introduction of a proceeds threshold for tax registration and the broadening of the range of persons required to pay VAT. ► They will significantly expand the list of situations where foreign companies will be required to assess and pay VAT in Belarus when selling e-services to Belorussian customers (B2C sales). These amendments primarily concern foreign settlement intermediaries, who will have to levy VAT when selling not only the services of foreign suppliers but also the services of Belorussian suppliers provided to Belorussian customers.
Scope	Electronically supplied services are services provided via the Internet on an automated basis by way of information technologies. TV and radio broadcasting as well as other telecommunication services will be regarded as electronically supplied services for the purposes of levying VAT on foreign companies as of 1 July 2022. The following do not qualify as electronically supplied services: ► The sale of goods (work, services) if, when ordered via the Internet, the goods (work, services) are provided without using the Internet ► The sale of (transfer of the rights to use) software (including computer games) and databases on physical media ► The provision of consulting services via email ► The provision of services for accessing the Internet An individual buying electronically supplied services is considered a Belorussian customer if at least one of the following conditions is met: ► The actual location of the individual is in Belarus ► The actual location of the bank, where an account has been opened to pay for the services, is in Belarus ► The IP-address of the device used to pay for the services is registered in Belarus ► The international country calling code, international postal code or international country code used for buying services or paying for them is that of Belarus
Rate	VAT 20%
Thresholds	Effective 1 July 2022, proceeds from the provision of e-services to Belorussian customers exceeds EUR 10,000.
Exclusions	Effective 1 July 2022, proceeds from the provision of e-services to Belorussian customer does not exceed EUR 10,000.
Effective date	1 July 2022 (amended code)
Notes	The Belarussian Tax Code contains examples of services that are treated as electronically supplied.

EY Global Tax Alerts	None
EY contact	

5. Belgium

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

Status	▶ On 19 August 2020, a new proposal was submitted to the Chamber of Deputies as Complementary Bill (PLP) 218/2020. PLP 218/2020 is being analyzed by the Chamber of Deputies and, similarly to Bill 2,358/2020, it is also proposing to establish a contribution on digital services (Contribuição Social sobre Serviços Digitais or CSSD). The rate however is of 3%, to be charged on the gross revenue generated by both resident and non-resident companies from digital services located in Brazil. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the EU India, Indonesia, Italy, Spain, Turkey and the UK. ▶ Proposal stage (May 2020). ▶ On 4 May 2020, Brazilian Congressman João Maia proposed Bill 2,358/2020, which would establish an annual federal digital services tax called the Contribution for Intervention in the Economic Domain – Digital (CIDE-Digital). Like the DSTs introduced in many European and OECD countries, the CIDE-Digital is targeted at large digital groups. Both chambers of the National Congress (i.e., Chamber of Deputies and Senate) still need to discuss and approve the bill, in different voting rounds. The legislative process usually takes time in Brazil and there may be changes to the current wording of the bill during this process.
Scope	The CIDE-Digital would be levied on gross revenues derived from: a) Placing advertisements on a digital platform targeted at Brazilian users of that interface (i.e., digital-targeted advertising) b) Making online platforms and multi-sided digital interfaces available to allow users to interact for purposes of facilitating the marketing of goods or services to those users (at least one user must be located in Brazil) c) Transmitting data collected about users and generated by users' activity on digital interfaces
Rate	Should the bill be approved as presented, local and foreign legal entities that provide digital services and are part of groups whose income exceeds the thresholds would have to collect the CIDE-Digital. The CIDE-Digital would apply progressively as follows: a) 1% on the portion of the annual gross revenue up to R$150 million b) 3% on the portion of the annual gross revenue over R$150 million and up to R$300 million c) 5% on the portion of the annual gross revenue that exceeds R$300 million
Thresholds	Annual worldwide gross revenue and local gross revenue exceed R$3 billion and R$100 million, respectively.
Exclusions	Not yet specified
Effective date	Not yet specified
EY Global Tax Alerts	▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY – Global (29 March 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Brazil Congressman proposes digital services tax (8 May 2020)
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7. Canada

7.1. Canada - Federal Government

Status	► In January 2022, Canada's Department of Finance issued a draft of the new Digital Services Tax Act. The DST is proposed to be a 3% tax on revenue derived from the sale of Canadian user data and the provision of digital services that implicate Canadian users in various ways. More specifically, the in-scope services include those relating to online marketplaces to facilitate third-party transactions, online advertising, and social media. ► The tax will only apply to companies, both private and public, with consolidated revenue of at least EUR 750 million. Only revenue from in-scope Canadian services greater than CAD 20 million will be taxed. ► The draft legislation stipulates that the DST applies to businesses on 1 January 2022 but is payable in 2024. However, the amount is payable only if legislation to implement the OECD's Pillar One initiative has not come into force by 2024. ► The Canadian government's intention to implement a DST was reiterated on 7 April in the 2022 federal budget, which stated (in the context of BEPS 2.0 Pillar One)[1]: "To ensure that Canadians' interests are protected in any circumstance, the government is prepared to advance legislation for a Digital Services Tax to ensure that corporations in all sectors, including digital corporations, pay their fair share of tax on that money they earn by doing business in Canada. It is Canada's sincere hope that the timely implementation of the new international system will make this unnecessary."
Scope	The tax would apply to targeted advertising and digital intermediation services.
Rate	3%
Thresholds	Businesses with worldwide revenues of CAD1 billion (approx. USD755 million) and over Canadian revenues of more than CAD40 million.
Exclusions	Not yet specified
Effective date	1 January 2022 for the DST; 1 July 2021 for the extension of the GST/HST to e-commerce.
EY Global Tax Alerts	► Canada's Minister of Finance tables Digital Services Tax | EY - Global 21 December 2021 ► The federal government tabled its 2021 Budget on 19 April 2021.
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1 Source: 2022 Budget Plan, page 209 https://budget.gc.ca/2022/pdf/budget-2022-en.pdf

7. Canada

7.2. Canada - British Columbia

Status	▶ British Columbia's 2020 Budget (tabled on 18 February 2020) contained a proposal to extend the registration and collection requirements for the BC sales tax to include both Canadian and foreign sellers of software and telecommunication services, effective 1 July 2020. See the Budget and Fiscal Plan, specifically page 64 here. ▶ As part of BC's COVID-19 Relief Plan, several measures announced in the budget, including this one to expand PST registration requirements and impose PST on e-commerce transactions, were suspended "until further notice." See further detail here from BC Government. ▶ On 2 September 2020, the BC Ministry of Finance issued a revised Tax Notice announcing a new effective date of 1 April 2021. See https://www2.gov.bc.ca/assets/gov/taxes/sales-taxes/publications/notice-2020-002-covid-19-sales-tax-changes.pdf#page4
Scope	Software and telecommunication services
Rate	7%
Thresholds	Specified BC revenues exceeding CAD10,000
Exclusions	Not yet specified
Effective date	1 April 2021 (July 2020 had originally been proposed, but was postponed as part of BC's COVID-19 Relief Plan)
EY Global Tax Alerts	▶ BC relief plan – COVID-19 (24 March 2020)
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7.3. Canada - Quebec

Status	Effective 1 January 2019, foreign businesses and operators of digital platforms for the distribution of intangible property or services have been required to collect and remit Quebec sales tax (QST) on taxable sales to specified consumers in Québec. A "specified Quebec consumer" is one who is resident in Quebec and not registered for QST. See further detail here from the Quebec Government.
Scope	Digital platforms for the distribution of intangible property or services
Rate	9.975%
Thresholds	A nonresident supplier must register for the new QST regime from the first day of a calendar month in which their income exceeds CAD30,000, based on their sales to Quebec consumers. For nonresident suppliers selling through a qualifying intermediary platform, it is the digital platform that must register, not the nonresident supplier.
Exclusions	None specified
Effective date	1 January 2019
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7.4. Canada - Saskatchewan

Status	Like Quebec, the Province of Saskatchewan imposed its provincial sales tax on out-of-province digital service providers effective 1 January 2019.
Scope	Businesses located outside Saskatchewan that make retail sales in the province, including the sale or lease of tangible personal property, taxable services, or contracts of insurance that are acquired for use or consumption in or relating to Saskatchewan (see link to Information Notice, below).
Rate	6%
Thresholds	None specified
Exclusions	None specified. Operators of electronic distribution platforms and online accommodation platforms, as well as online marketplace facilitators must be licensed for purposes of collecting and remitting Saskatchewan PST. Electronic Distribution Platform means a website, internet portal, gateway, application or other means prescribed in the regulations that allow a consumer or user to purchase at a retail sale, whether singly, by subscription or in any other manner, including maintenance, updates and support, tangible personal property, services, or contracts of insurance that are delivered through an electronic format. Online Accommodation Platform means an electronic marketplace that enables or facilitates transactions in relation to accommodation services located in Saskatchewan.
Effective date	1 January 2019
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8. China Mainland

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

Status	► Further to reactions during the consultation process, the DST was put on hold by the Ministry of Finance. ► On 29 August 2019, the Cyprus Ministry of Finance opened a public consultation on taxing the digital economy, which specifically referred to the introduction of a digital advertising services tax (DST). Interested parties were asked to provide comments by 20 September 2019. No formal communication has been made by the authorities as to the outcome of the public consultation process. As per discussions with the authorities, the introduction of a DST in Cyprus has been deferred until a consensus is reached at a global and EU level. As such, at this stage (August 2021), Cyprus is unlikely to unilaterally adopt a DST.
Scope	Income from targeted advertising through the value creation of user data by digital interfaces
Rate	3% on taxable revenues
Thresholds	Global revenues of over EUR750m and revenues from taxable services in excess EUR50m in the EU
Exclusions	Provision of intragroup taxable services
Effective date	Not yet specified
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10. Czech Republic

Status	▶ On 12 May 2021 the law passed its second reading in the Chamber of Deputies and could potentially still be introduced as of middle of 2021 or as of 1 January 2022. The inception and the basic parameters of the new tax are still not clear. For example, members of Parliament are debating what tax rate should apply and discussing a rate ranging from 2% to 7%. The current consensus appears to be that a 5% rate should apply, but the adoption of a variety of different rates for different types of services cannot be ruled out completely at this stage. ▶ On 10 June 2020, the Czech ruling coalition parties agreed to decrease the tax rate of the proposed digital tax to 5% of the local revenues of global internet businesses. It was not immediately clear if any of the current proposed thresholds would change. The initial plan was to impose a 7% tax on big tech companies' local revenues from targeted advertising, digital marketplace provision and user data sales. The Czech legislation is still subject to parliamentary approval - the draft law was approved by the Government and is currently being discussed in the second reading in the Chamber of Deputies (the legislative process has not been completed and the legislation may still be amended). Moreover, the coalition parties agreed to shift the expected effective date from mid-2020 to the beginning of 2021. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the EU, India, Indonesia, Italy, Spain, Turkey and the UK. ▶ On 5 September 2019, the Czech Ministry of Finance published information stating that a draft proposal on the introduction of a digital tax had been sent to the Government. The Czech Government decided to introduce a domestic DST following the delay in a unified approach at both the global (OECD) and regional level (EU). The Czech DST is expected to apply temporarily, until an international approach is implemented. The Government approved this proposal on 18 November 2019 and submitted it to the Czech Parliament. Subsequently, a revised draft proposal was published on 26 November 2019. That proposal has not yet been debated by the Czech Parliament.
Scope	Local revenues of targeted advertising, sale of user data by internet platforms and the making available to users of a multilateral digital interface
Rate	5% on taxable revenues
Thresholds	Global revenue of over EUR750m (approx. USD853 million) and Czech revenue of CZK100m (approx. EUR2m, and USD4.28m). Along with more than 200,000 user accounts of a multilateral digital interface and partial tax base from a targeted ad campaign or supply of user data during the base period higher than CZK5m.
Exclusions	Provision of a regulated financial/payment services, provision of communication services, digital content, operating gambling, computer game-playing services
Effective date	Expected from the middle of 2021 (not yet enacted)
EY Global Tax Alerts	▶ Czech Republic moves forward with Digital Services Tax (18 May 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY – Global (21 January 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY – Global (29 March 2021) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Czech Republic proposes introduction of new digital tax (25 September 2019) ▶ Czech Government proceeds with legislation on Digital Services Tax (20 October 2020)

10. Czech Republic (contd.)

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11. European Union

Status	► On 14 January 2021, the European Commission (the Commission) published a roadmap including a public consultation for the introduction of a digital levy - an EU-wide tax on digital business activities, to contribute to the EU's own resources. On 12 July 2021 the EU put digital levy plans on hold to work on finalizing the tax decision endorsed by the G20. ► On 16 September 2020, European Commission President Ursula von der Leyen delivered the State of the Union address. She confirmed that an agreement that falls short of a fair tax system that provides long-term sustainable revenues, Europe will come forward with a proposal early next year. The letter of intent sent to the European Parliament and Germany as current EU presidency holder includes the legislative proposal for a digital levy. ► On 7 September 2020, it was reported that the European Commission plans to launch an EU digital tax from June 2021, and outlined its proposals to EU tax officials at the High-level Working Group on Taxation last week. The published EU Council agendas indicate that digital taxation is on the agenda for the December ECOFIN meeting of the EU finance ministers. ► On 21 July 2020, the European Council (the Council) agreed on a recovery plan and the EU budget for 2021 - 2027. The agreement reached by the leaders of the 27 Member States was reflected in the Council conclusions (the conclusions) published on the same day. The conclusions also include an agreement to introduce EU-wide taxes and levies to complement the existing own resources and to cover more than half of the Next Generation EU (NGEU). The proposed resources include a digital levy from 1 January 2023. ► On 1 July 2020, Germany assumed the rotating six-month Presidency of the Council of the European Union (EU) following the Croatian Presidency. Germany will hold the Presidency of the Council of the EU until 31 December 2020. On 30 June 2020, the Germany Presidency of the Council of the EU published its Programme. In the tax area, the program indicates the implementation of the OECD proposals on addressing the tax challenges arising from the digitalization of the economy in the EU. ► On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. ► On 27 May 2020, the European Commission presented its proposal for a recovery plan from the crisis that societies and economies face due to COVID-19. To ensure the recovery is sustainable and fair for all EU Member States, the Commission proposed to create a new recovery instrument worth EUR750 billion, called "Next Generation EU." As part of the funding proposal for the instrument, the Commission proposed the introduction of EU taxes to complement the existing own resources. The proposal includes a digital tax applied on companies with a turnover above EUR750 million that could generate up to EUR1.3 billion per year for the EU budget. The analysis and assessment of the Commission's proposal will start immediately in the bodies of the EU institutions with the aim to reach a political agreement at the level of the European Council by July. ► In a document dated 1 March 2019 (6873/19, LIMITE, FISC 135, ECOFIN 242, DIGIT 44) the Council of the EU indicated that the initial scope should be limited to the taxation of revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface. Thresholds, rates (3%), etc., remain unchanged in this proposal. ► In the first proposal, laid down in a document dated 21 March 2018, the Commission proposes a new Council Directive on the common system of a digital services tax on revenues resulting from the provision of certain digital services (COM (2018) 148 final, 2018/0073 (CNS)). The following revenues resulting from the provision of each of the following services are taxable under this proposal: a) The placing on a digital interface of advertising targeted at users of that interface b) The making available to users of a multi-sided digital interface that allows users to find other users and to interact with them, and which may also facilitate the provision of underlying supplies of goods or services directly between users c) The transmission of data collected about users and generated from users' activities on digital interfaces ► As a general rule, "taxable person" covered by the proposal are entities meeting both of the following conditions: a) The total amount of worldwide revenues reported by the entity for the relevant financial year exceeds EUR750 million b) The total amount of taxable revenues obtained by the entity within the Union during the relevant financial year exceeds EUR50 million ► Rules are proposed for determining whether and how revenue should be allocated to various jurisdictions, as well as the calculation of the tax. The rate is set at 3%.

11. European Union (contd.)

Scope	Revenues resulting from the provision of digital advertising services. Taxable revenues obtained by an entity in a tax period shall be treated as obtained in a Member State in that tax period if users with respect to the taxable service are located in that Member State in that tax period. A user shall be deemed to be located in a Member State in a tax period if the advertising in question appears on the user's device at a time when the device is being used in that Member State in that tax period to access a digital interface.
Rate	3%
Thresholds	EUR750 million (revenues reported worldwide) and EUR50 million (taxable revenues obtained within the EU)
Exclusions	Revenues resulting from the provision of a service by an entity belonging to a group to another entity in that same group shall not qualify as taxable revenues for the purposes of this Directive.
Effective date	1 January 2022 Digital Levy 1 January 2023
EY Global Tax Alerts	► G20 Finance Ministers endorse key components of global tax changes and invite holdouts to back the agreement (11 July 2021) ► USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January 2021) ► European Commission launches consultation on EU digital levy | EY - Global (15 January 2021) ► USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ► European Commission publishes proposal for recovery plan and adjusts 2020 Work Programme (28 May 2020)
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12. European Union – Directive on Administrative cooperation in the field of taxation (DAC7)

Status	Unanimously voted on 22 March 2021 by Council of European Union
Scope	New rules adopted, introducing a reporting obligation for digital platforms located inside and outside of the EU. This will eventually lead to the aim of having within the EU an automatic exchange and collection of information between Member States' tax administrations on revenues generated by sellers on the digital platforms as of January 2023. The New rules for information from digital platforms are inspired by the OECD work in this area, but is much wider in terms of scope and businesses affected. The main difference, however, between the OECD framework and the DAC7, is the inclusion of the "sale of goods" in DAC7. Currently the OECD does not have the sale of goods within its scope under its released Model Rules for ***"reporting by platform operators with respect to Sellers in the Sharing and Gig Economy"*** (approved on the 29 June 2020). The aforementioned rules lay out a system requiring digital platforms to collect information on income realized by sellers offering accommodation, transport, and personal services through their digital platforms. The EU, however, through its aim toward a harmonization framework across the Member States for reporting of digital platform operators, sets guidelines in order to provide Member States with the full set of information on the sellers; ultimately, the EU strives to increase legal certainty, clarity and fairness across its Member States when taxing digital platforms. It is important to note, that the impact of the proposal is global, with the reporting obligations not limited to platforms in the EU or concerning immovable property in the EU. Digital platform operators are advised to timely establish due diligence and information collection processes. Furthermore, the affected companies should assess what changes to their processes and technology enabling them to correctly report the type contemplated in the revised DAC7.
Rate	N/A
Thresholds	N/A
Exclusions	Crowdfunding activities have been removed from the scope of the proposal. Moreover, non-EU platforms would be relieved from reporting to EU tax administrations where such companies have adequate arrangements within the selling Member State, ensuring that equivalent information is exchanged between a non-EU state and a Member State.
Effective date	No later than the 31 January 2024
EY Global Tax Alerts	EU adopts tax transparency rules for digital platforms (DAC7) (ey.com) See EY Global Tax Alert, OECD releases model rules for data reporting by platform operators for sellers in the sharing economy, dated 8 July 2020. See EY Global Tax Alert, European Commission opens public consultation into collection and exchange of taxpayer information from digital platform providers, dated 17 February 2020. See EY Global Tax Alert, European Commission adopts package for fair and simple taxation, dated 16 July 2020. See EY Global Tax Alert, European Commission proposes revision of Directive on administrative cooperation, dated 20 July 2020.
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13. France

Status	▶ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▶ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▶ On 12 October 2020, the OECD released its Blueprint report on Pillar 1 whereby an absence on consensus of a global solution with respect to the taxation of the digitalization of the economy has been acknowledged. While discussions will continue in 2021, DST payment postponed to December 2020 is more than ever due and payments in April 2021 (balance payment for 2020 and first instalment for 2021) and October 2021 should be processed as set by law. ▶ On 18 June 2020, the French Finance Minister reacted to a letter received from US Treasury Secretary Steven Mnuchin, after discussions on how digital giants should be taxed, i.e. OECD discussions as part of Pillar 1 are halted because they reach an "impasse." The Minister rejected the threats of sanctions by the US and claimed that French DST will apply in 2020 insofar an agreement is not reached in 2020 at the level of the OECD over taxation of the digital economy, as agreed in August 2019. ▶ On 30 March 2020, the French tax authorities published a comprehensive draft guidance on the French DST (scope, taxable revenues, compliance …). This guidance was subject to consultation up ▶ to the end of May 2020 and is likely to be updated, yet the published version is already enforceable against the tax authorities. ▶ After discussions between the French and US presidents at the August 2019 G7 summit in France, a postponement of 2020 French DST payments was announced (optional deferral of the two advanced payments due in April and October 2020 to a single payment in December 2020). Such optional postponement was officially confirmed on 10 February 2020 by the French tax authorities. Enacted (July 2019). ▶ The French Senate and National Assembly Joint Committee agreed a revised text of the draft French DST bill on 26 June 2019, after which the National Assembly approved it on 4 July 2019 and the Senate followed on 11 July 2019. French President Emmanuel Macron signed the levy into law on 24 July 2019 and it came into force the following day with its publication in the Journal Officiel. ▶ On 2 December 2019, the U.S. Trade Representative announced that it has completed the first segment of its investigation under section 301 of the Trade Act of 1974 and concluded that France's DST discriminates against US companies, is inconsistent with prevailing principles of international tax policy, and is unusually burdensome for affected US companies. French products subject to potential duties includes 63 tariff subheadings with an approximate trade value of USD2.4 billion. Before any tariffs are confirmed, there will be a period for public comment, including a hearing in Washington in January. ▶ On 10 July 2019, the USTR announced it would commence an investigation under Section 301 of the Trade Act of 1974 into France's pending DST. The US action is utilizing the trade mechanism under Section 301 to address what is seen as unfair treatment of US-based companies under the DST.
Scope	Imposition of the DST in France requires four cumulative conditions: ▶ Existence of a taxable service ▶ Location of the taxable service in France ▶ Receipt of income in return for the taxable service ▶ Satisfaction of the revenue thresholds for application of the DST, determined on the basis of all entities that are directly or indirectly affiliated based on control
Rate	3% (on revenues)

13. France (contd.)

Thresholds	Gross amounts received from worldwide taxable services (as defined by the French DST law) more than EUR750m and gross amounts received from deemed French taxable services (as defined by the French DST law i.e. based on the computation of the so-called French presence ratio) more than EUR25m
Exclusions	Certain regulated financial services; provision of a digital interface by which a person or entity uses it as a single or main basis for providing users with digital content, communication services, payment services, services provided intragroup, direct sale of goods or services online, and nontargeted advertising
Effective date	1 January 2019
Notes	An advance payment will be due in November 2019, based on 2018 taxable amounts (allocation percentage of taxable services in France determined using data of the period from 26 July 2019 up to 31 October 2019). The French tax authorities have offered the option for taxpayers to postpone the payment of two prepayments due in 2020 to a single payment due in December 2020 (on the November 2020 VAT return). Yet, April 2020 §balance payment for DST due in 2019 based on 2019 data (ratio of French deemed services made on the period 26 July 2019 to 31 December 2019) is still due.
EY Global Tax Alerts	► Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021)France issues comprehensive draft guidance on digital services tax (13 April 2020) ► French tax authorities confirm postponement of Digital Services Tax payments for 2020, but 2019 payments remain due (11 February 2020) ► G7 leader's declaration addresses international tax, France discusses future of French Digital Services Tax (28 August 2019) ► French President signs bill on Digital Services Tax and partial freeze of corporate income tax rate decrease (25 July 2019) ► French Parliament approves draft bill on partial freeze of corporate income tax rate decrease (16 July 2019) ► US initiates action against France's Digital Services Tax, issues additional exclusions on China-origin goods and supplements list of products under EU subsidies dispute (12 July 2019) ► France's Parliamentary Commission agrees on Digital Services Tax (3 July 2019) ► French Government submits draft bill on digital services tax to Council of Ministers (8 March 2019)
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14. Ghana

Status	On 17 November 2021, the Government issued the Budget for 2022. It announced the introduction of an Electronic Transaction Levy (E-Levy)
Scope	The E-Levy is charged on all electronic transactions covering mobile money payments, bank transfers, merchant payments and inward remittances. It is borne by the sender, except for inbound remittances when it is borne by the recipient.
Rate	1.5%
Thresholds	Transactions adding up to GHS100 or less per day or GHS3,000 (approximately) in a month are exempt from the E-Levy.
Effective date	1 May 2022
Notes	None
EY Global Tax Alerts	► Ghana issues Budget Statement and Economic Policy for 2022 Financial Year | EY - Global
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15. Hong Kong

Status	Currently (April 2021), Hong Kong does not impose a DST. The HKSAR Government has not indicated that it has any plan to introduce DST in the near future.
Scope	N/A
Rate	N/A
Thresholds	N/A
Exclusions	N/A
Effective date	N/A
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16. Hungary

Status	▶ Suspended (as of 1 July 2019). ▶ The applicability of procedural provisions containing sanctions are suspended for the period between 1 July 2019 and 31 December 2022. Consequently, taxpayers do not have to comply with the reporting obligations concerning this period if the customer would be subject to the tax. Furthermore, it will not be possible to impose a specific sanction for failure to comply with the registration obligation or to determine presumptive tax.
Scope	▶ Advertisements displayed for consideration: a) In media services b) In press products published or distributed in Hungary predominantly in the Hungarian language c) By means of outdoor advertising media provided for in the Advertising Act d) On any means of transport, on real estate properties, or in any printed matter e) Over the internet, predominantly in the Hungarian language or on websites written predominantly in Hungarian ▶ Placing an order for advertisement, unless specific conditions are met to prove that the entity who displayed/published is either exempt from the tax or committed to pay the tax and meet its compliance obligations.
Rate	0% for a specified period – between 1 July 2019 and 31 December 2022 – for both the publisher and the customer of the advertisement
Thresholds	Not yet specified
Exclusions	In case the advertisements are displayed/published by certain sport associations and sport organizations
Effective date	Not yet specified
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17. India

Status	▶ On 24 November 2021 the Government of India and the US Department of the Treasury announced that the US had reached a political agreement with India regarding the treatment of DSTs during the interim period prior to full implementation of the OCED's Pillar 1 agreement. ▶ Under this agreement, and consistent with and applying the same terms as the earlier agreements with Austria, France, Italy, Spain, the United Kingdom, and Turkey, in defined circumstances the liability from India's equalisation levy on e-commerce supply of services that U.S. companies accrue in India during the interim period will be creditable against future taxes accrued under Pillar 1 of the OECD agreement. The period during which the credit accrues will, however, be from 1 April 2022 until either the implementation of Pillar 1 or 31 March 2024, whichever is earlier. ▶ The Indian Tax Administration, on 3 May 2021, issued a notification prescribing revenue and user thresholds for the application of a new nexus rule for nonresidents in the form of significant economic presence (SEP) which was introduced under the Indian Tax Laws by the Finance Act, 2018. Under the SEP provisions, a nonresident could have a taxable presence by way of business connection in India based on value of transactions undertaken in India or by systematically engaging with a prescribed number of users in India through digital means. The notification prescribes a revenue threshold of INR20 million (USD280,000) for sales to Indian persons or a user threshold of 300,000 (Indian users). If a nonresident exceeds either of these thresholds, the SEP rules will apply, resulting in taxation of the nonresident in India. These thresholds are effective from 1 April 2022, i.e., tax year 2021-22 onwards which aligns with the effective date of the SEP provisions. While the expanded scope of 'business connection' in the form of SEP does not override a tax treaty, which follows the traditional permanent establishment (PE) definition, this development will be of relevance to nonresident taxpayers who are resident in a jurisdiction which does not have a bilateral or multilateral tax treaty with India or the nonresident taxpayer is not eligible for tax treaty benefits. In May 2019, the Indian Tax Administration issued a consultation paper on profit attribution in case of PE including in the case of SEP. The specific rules for attribution are yet to be notified. ▶ In India, the Finance Act, 2016 introduced equalisation levy (EL) with effect from 1 June 2016. The EL, as introduced by the Finance Act, 2016, is levied at 6% on the gross consideration received by nonresidents for online advertisement and related services from specified persons (Ad EL) (detailed description provided under subsequent sections). ▶ The Finance Act, 2020 expanded the scope of EL to cover gross consideration received by nonresident e-commerce operators (e-com EL). The e-com EL is levied at the rate of 2% on the gross consideration received or receivable by the nonresident e-commerce operator from specified transactions. Further, the Finance Act 2021 amended certain aspects of e-com EL which are applicable on a retrospective basis from 1 April 2020 (detailed description provided under subsequent sections). ▶ As a measure to widen and deepen the tax net, Finance Act, 2020 also introduced withholding tax obligation on e-commerce operators (both resident and nonresident). The withholding at the rate of 1% is applicable on the gross amount of sale or service paid or payable to a resident e-commerce participant if the sale of goods or provision of services is facilitated by the e-commerce operator. ▶ On 2 March 2021, the Supreme Court (Apex Court of India) ruled in favor of non-Indian taxpayers with computer software sales to Indian customers. The Court ruled that software sales should not be characterized as 'royalties' under the provisions of ITL read with applicable tax treaty, consequently not triggering Indian withholding tax in the absence of a PE (subject to the entity's tax treaty eligibility). Currently, MNEs are evaluating the impact of this decision on their past, present and future transactions. In addition, applicable from 1 April 2020, nonresidents will also need to evaluate the impact of the e-com EL (including the expanded scope as per the Finance Act 2021) and its interplay with the ruling. ▶ On 6 January 2021, further to the announcement made by the US Trade Representative (USTR) on 2 June 2020 that investigations will be conducted into certain jurisdictions (including India) under Section 301 relating to the adoption or contemplated adoption of a DST, the US Trade Representative released its findings that 2% e-com EL was unreasonable and discriminatory against US companies which burdens or restricts US commerce and is therefore actionable under Section 301. The Indian Government immediately responded by strongly defending its position on 2% e-com EL primarily on the grounds that the levy ensures a level-playing field for the resident and nonresident e-commerce players in India and does not discriminate against the US companies. On 2 June 2021, based on the investigations the USTR determined to impose additional tariffs on certain goods from India, however suspended the tariffs for up to 180 days to provide additional time to complete the ongoing multilateral negotiations on international taxation at the OECD and in the G20 process. ▶ Separately, the Indian Goods and Service Tax (GST) Act requires online marketplaces/platforms (referred in GST as e-commerce operators) to collect tax at source at 1% of value of taxable supplies made through it by other suppliers. The requirement to collect tax at source is applicable only in cases where the consideration with respect to such supplies is collected by the e-commerce operator. 6% Ad EL ▶ 6% Ad EL is charged on nonresident service provider engaged in providing the following services to any person in India and carrying on business or profession or nonresident having a PE in India, where payments exceed threshold of INR 0.1m. a) Online advertisement b) Any provision for digital advertising space c) Any provision of facility or service for online advertisement d) Any other service which may be notified later by the Indian Government

17. India (contd.)

Scope	2% e-com EL ▶ 2% e-com EL is on the amount of consideration received/receivable by a nonresident e-commerce operator from ‘e-commerce supply or services.’ ‘E-commerce supply or services’ should be made, provided or facilitated by such nonresident (beyond a threshold of INR20m) during a tax year to: a) A person resident in India b) Nonresident (which entails) sale of advertisement targeted at a customer resident in India or accessing such advertisement through an Indian internet protocol (IP) address c) Nonresident (which entails) sale of data collected from a person resident in India or from a person who uses Indian IP address d) A person who buys goods or services using Indian IP address ‘E-commerce supply or services’ means (i) online sale of goods; or (ii) online provision of services; or (iii) online sale of goods or online provision of services or both, facilitated by the nonresident. ▶ Finance Act 2021 amended the scope of ‘online sale of goods’ and ‘online provision of services’ to include one or more of the following online activities: a) acceptance of offer for sale; b) placing of purchase order; c) acceptance of the purchase order; d) payment of consideration; or e) supply of goods or provision of services, partly or wholly. ▶ Finance Act 2021 also amended the scope of ‘consideration received or receivable from e-commerce supply or services’ to include consideration for sale of goods or provision of services irrespective of whether the e-commerce operator owns such goods or provides/ facilitates such services or not. However, such consideration shall not include consideration for sale of goods which are owned or where services are provided by a person resident in India or if such sales or provision of services are effectively connected to the PE of nonresident in India. ▶ Taxation of royalty or fee for technical services under the ITL would have priority over EL. Further, the income of nonresident (other than royalty or fee for technical services) which is subject to EL, is exempt from the income tax. SEP Under the SEP provisions, taxable nexus will be constituted in India based on below parameters ▶ Scope of the provision a) Sale of goods, services or property by a non-resident to any Indian person, including download of data or software exceeding the prescribed threshold (INR 20m/ approx. USD 265,000) [revenue threshold]; or b) Systematic and continuous soliciting of its business activities or engaging in interaction with such number of users in India exceeding a prescribed threshold (300,000) [user threshold] ▶ Further, once the nonresident triggers SEP in India, only so much of the income attributable to the transactions or activities referred to in condition a) or b) above will be taxable in India. The specific rules for attribution are yet to be notified. Additionally, income attributable to transactions and activities referred to in condition a) or b) above will also cover income from all of the following: a) Advertisements which target a customer who resides in India or who accesses an advertisement through an IP address located in India. b) Sale of data collected from a person who resides in India or who uses an IP address located in India. c) Sale of goods or services using data collected from a person who resides in India or who uses an IP address located in India.

17. India (contd.)

Scope	▶ SEP will be determined independent of whether: a) Any agreement for such transactions or activities is entered into within India b) The nonresident has a residence or place of business in India c) The nonresident renders services in India
Rate	▶ Ad EL - 6% on the gross consideration. ▶ e-com EL - 2% on the gross consideration. ▶ SEP – Net basis taxation which is based on the profits that are reasonably attributable to the SEP. The specific rules for attribution are yet to be notified. Tax treaty would prevail over ITL for SEP, to the extent benefit available.
Thresholds	▶ Ad EL - Aggregate value of consideration for specified transactions exceeds INR0.1m (approx. USD1,300) in a FY. Threshold to be determined qua each payer, each payee and in each FY (FY refers to 1 April to 31 March) ▶ e-com EL - INR20m (approx. USD265,000) during a fiscal year ▶ SEP – (a) Revenue threshold - INR 20m/ approx. USD265,000; OR (b) User threshold – 300,000
Exclusions	**6% Ad EL** - Ad EL is not applicable if: ▶ Nonresident has a PE in India and specified services (as above) are effectively connected to PE in India; or ▶ Aggregate value of consideration for specified transactions do not exceed INR0.1m (approx. USD1,300) in a FY; or ▶ Where payment is not for the purpose of carrying out business or profession. **2% e-com EL** – e-com EL is not applicable if: ▶ Nonresident e-commerce operator has a PE in India and such supply or services is effectively connected with such PE; or ▶ Aggregate value of consideration for specified transactions do not exceed INR20m (approx. USD265,000); or ▶ Where Ad EL is levied on services; or ▶ Transactions are subject to taxation as royalty or fee for technical services. **SEP** ▶ Where the thresholds are not met [(a) Revenue threshold - INR 20 million/ approx. USD265,000; OR (b) User threshold – 300,000]; or ▶ If EL is paid on SEP covered transaction
Effective date	▶ Ad EL – 1 June 2016 ▶ e-com EL – 1 April 2020 ▶ SEP – Provision is effective from 1 April 2021, however operative subject to the tax treaty benefits. Further specific income attribution rules are yet to be notified

17. India (contd.)

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18. Indonesia

Status	▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK.
	▶ In a fast-moving development as part of the country's COVID-19 stimulus efforts, the President of Indonesia released a "Government Regulation in Lieu of Law" that provides for new taxes on digital transactions. This was subsequently ratified as law. Notably, while the regulation is in immediate effect, implementing regulations are required before each taxing measure can take effect, to set key thresholds needed to enable impacted taxpayers to comply. Specifically, the new rules provide (i) an offshore VAT regime; and (ii) digital PE thresholds, and certain electronic transaction taxes (ETT).
	▶ The offshore VAT regime has been implemented from 1 July 2020, with the Indonesian authorities provided the power to register certain offshore parties who conducts Trading Through Electronic System/e-commerce trade (Perdagangan Melalui Sistem Elektronik - "PMSE") to collect and to remit 10% Indonesian VAT on their digital transactions with the Indonesian customers.
	▶ On 25 June 2020, the Directorate General of Taxes ("DGT") issued an implementing regulation which governs detailed criteria for certain offshore parties to be appointed as a Value Added Tax (VAT) collector, to collect, to pay as well as to report the VAT, at 10% on the utilization of intangible taxable goods and/or taxable services from outside the Indonesian Customs Area ("ICA") within the ICA on the trading done through electronic system/e-commerce trade, among others:
	    ▶ a. the value of the transaction with the Buyer in Indonesia exceeds Rp 600 million in one) year or Rp. 50 million in one month; and/or b. number of traffic or accessor in Indonesia exceeds 12 thousand in one year or 1 thousand in one month.
	    ▶ The appointed VAT collector is given a Tax Identification Number and must pay the VAT collected for every tax period by the end of the following month after the tax period ends, in IDR, USD or other currencies determined by the DGT. The VAT collector must submit reports on a quarterly basis that is due by the end of the following month after the quarter. The quarterly periods are January to March, April to June, July to September, October to December.
	    ▶ This regulation is effective on 1 July 2020 and there are some certain offshore parties that have been appointed as VAT collectors, requiring those parties to implement the new rules starting from August 2020 transactions, and make the first VAT payment by the end of September 2020.
	▶ On the Corporate Income Tax side, the primary approach is to define a new concept of permanent establishment and subject to in-scope foreign entities to corporate income tax. If the PE definition under a treaty overrides this domestic law, an electronic transaction tax (ETT) is imposed to tax income sourced from Indonesia. Implementing regulations in respect of the types of transactions, thresholds, rate of ETT and other administrative arrangements have not been issued yet.

Scope	Foreign service providers who sell intangible goods or services to Indonesian customers through electronic system/e-commerce and are appointed as VAT Collectors for Indonesian VAT purposes are obliged to collect 10% VAT, to remit the VAT to the State Treasury and to report the VAT to the relevant tax office. Up to 28 February 2021, 53 such VAT Collectors have been appointed.
Rate	10%
Thresholds	For VAT purposes, the value of the transaction with the Buyers in Indonesia exceeds Rp. 600,000,000.00 (six hundred million rupiah) in 1 (one) year or Rp. 50,000,000.00 (fifty million rupiah) in 1 (one) month; and/or the amount of traffic or access in Indonesia exceeds 12,000 (twelve thousand) in 1 (one) year or 1,000 (one thousand) in 1 (one) month.
Exclusions	Not yet specified
Effective date	1 July 2020

18. Indonesia (contd.)

Effective date	▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▶ Indonesia issues implementing regulations for VAT collection on digital transactions (8 July 2020) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Indonesia issues measures to mitigate impact of COVID-19 (15 May 2020)
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19. Israel

Status	▶ In late April 2019, press reports suggested that the Israeli Tax Authority would propose a DST to the finance minister once they are in place, following recent elections. ▶ A draft circular was published by the Israeli Tax Authority (ITA) in April 2015, on internet activity of foreign companies in Israel. Later, on 11 April 2016, the ITA released their official circular on internet activity of foreign companies in Israel. ▶ The circular focuses on instances in which income of a foreign company could be attributed to a permanent establishment in Israel in the context of the digital economy. The Israeli Tax Authority provides its view on implementation of the permanent establishment principles, distinguishing between foreign companies resident in a treaty country of Israel and companies resident in a non-treaty country. ▶ The ITA recognizes the Organization for Economic Co-operation and Development's work in the final report on Base Erosion and Profit Shifting (BEPS), Action 1: Addressing the Tax Challenges of the Digital Economy, and it notes that traditional principles used to determine the existence of a PE should also apply in the context of digital environment. However, the ITA uses the concept of a significant economic presence to address digital economy challenges even though this concept was dropped from the final BEPS recommendations.
Scope	Not yet specified
Rate	3%-5% (base – not yet specified)
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	Not yet specified
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20. Italy

Status	▶ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▶ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and burdens or restricts US commerce. On 2 June 2021, the US Trade Representative announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the UK in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021 in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD ▶ The law was enacted with effect from 1 January 2020. ▶ The Italian Budget Law 2020 (Law no.160/2019) provided for the entry into force – as of 1 January 2020 – of a "new" DST replacing the "web tax" introduced by the Italian Budget Law 2019 (Law no.145/2018). No implementing Decree is required for the entry into force of the DST (as was previously the case for the "web tax"); the Italian Tax Authority will issue one or more measures in order to implement the application of the provisions set forth by the DST law. At this stage, no measures have been published by the Italian Tax Authority yet.
Scope	Roughly follows EU compromise text
Rate	3% (on revenues/turnover from qualifying service, net of VAT)
Thresholds	Global revenues of over EUR750m, standalone or at group level, and revenues from qualifying services of over EUR5.5m in Italy in the calendar year before
Exclusions	Qualifying services provided to related entities
Effective date	1 January 2020
EY Global Tax Alerts	▶ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▶ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Italy's Digital Services Tax enters into force as of 1 January 2020 (17 January 2020) ▶ Italy's unilateral Digital Services Tax advances (8 November 2019) ▶ Italy introduces new digital services tax (14 January 2019)
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21. Kenya

Status	▶ Digital Service Tax will be charged on the income of a resident or non-resident person derived from or accrued in Kenya from the provision of services through a digital marketplace as from 1 January 2021. A digital marketplace has been defined to mean a platform that enables the direct interaction between buyers and sellers of goods and services through electronic mean
Scope	▶ The DST will be payable via a withholding tax system. Withholding tax agents will be appointed by the Commissioner ▶ The Kenyan Digital Services Tax ("DST") scope is wider than originally proposed, with revenues from all 'digital services' (and not just 'online marketplace' services) potentially being within scope. Broadly, digital marketplace providers and digital service providers will be subject to DST at a rate of 1.5% of gross revenues in Kenya, if they provide or facilitate the provision of services to a user who is deemed to be located in Kenya. ▶ There is no threshold test. ▶ Kenya has not signed up to the OECD BEPS 2.0 agreement on the taxation of the digitalized economy.
Rate	1.5% on the gross transactional value
Thresholds	No threshold has been set for the tax.
Exclusions	Not applicable
Effective date	1 January 2021
EY Global Tax Alerts	▶ Kenya gazettes VAT regulations on digital marketplace supply (26 October 2020) ▶ Kenya introduces VAT regulations on supply of digital services (19 June 2020)
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22. Malaysia

Status	**Service Tax on Digital Services (SToDS):** In effect since 1 January 2020 **Tourism Tax (TTx) for DPSPs:** ▶ Effective date: 1 January 2023 ▶ Registration: a) Existing DPSPs - to register no later than three months before the effective date (namely by 1 October 2022) b) New DPSPs - to register within 30 days from date of providing service
Scope	▶ **SToDS:** With effect from 1 January 2020, foreign service providers who provide B2B or B2C digital services to consumers in Malaysia (i.e., individuals or businesses) are liable to be registered for service tax on digital services (SToDS). ▶ Foreign service providers who are liable to register for SToDS shall apply for registration not later than the last day of the month following the month in which they exceed the threshold. Foreign service providers may register by completing and submitting the DST-01 form online via the SToDS portal. ▶ **TTx for Digital Platform Service Providers (DPSPs):** As of 1 January 2023, any person, whether located in Malaysia or outside Malaysia, providing digital platform services **relating to online booking of accommodation premises in Malaysia** is required to register for and charge **Tourism Tax** ("TTx") on supplies to tourists that stay at such accommodation premises.
Rate	**SToDS:** 6% **TTx for DPSPs:** MYR (Malaysian Ringgit) 10.00 per room per night
Thresholds	**SToDS:** Total value of digital services provided to a consumer in Malaysia exceeds RM500,000 per year **TTx for DPSPs: no threshold**
Exclusions	**SToDS:** With effect from 14 May 2020, foreign-registered persons (FRP) may apply group relief (i.e., intragroup exemption) on the provision of digital services to any qualifying group company in Malaysia. However, should the FRPs **also** provide the same digital services to any Malaysian companies outside of the group of companies (i.e., a third party), all digital services provided to both companies within and outside the group of companies would be subject to SToDS. **TTx for DPSPs:** The following tourists are exempted from the payment of tourism tax as per the *Tourism Tax (Digital Platform Service Provider) (Exemption) Order 2021:* 1. Malaysian citizens 2. Malaysian permanent residents
Effective date	**SToDS:** 1 January 2020 **TTx for DPSPs:** 1 January 2022

22. Malaysia (contd)

EY Global Tax Alerts	▶ Malaysia updates service tax guide on digital services | EY - Global (September 2020) ▶ Malaysia introduces digital service tax | EY - Global (May 2019)		
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23. Mexico

Status	▶ Currently Mexico does not impose a DST (December 2021). ▶ Effective as of 2022, Mexico City has a contribution on deliveries (e.g., food, parcels) through digital platforms. The new tax is equal to 2% of the total charge before taxes for each delivery made through fixed or mobile devices that allow users to contract for the delivery of parcels, food, provisions, or any type of merchandise delivered in Mexico City's territory. This tax is to be paid by the platform and cannot be transferred to the clients or persons making the delivery. ▶ The tax authority (Servicio de Administración Tributaria) published the Miscellaneous Fiscal Resolution which includes rules and guidance on the remission of withholding tax by foreign digital service providers. ▶ In 2018, a DST Bill was submitted to the Mexican Congress to apply a 3% tax on the revenue of digital providers that are residents in Mexico or that have a permanent establishment in the country. The Bill was not approved by the Congress. ▶ As of March 2021, a 16% VAT is applicable on digital services provided by foreign residents with no permanent establishment in Mexico when the recipient of the service is located in Mexico. This tax applies to certain digital services such as providing access to content for users, gaming and learning; the law also applies to platforms providing intermediation services. The foreign digital supplier is obligated to meet several compliance and disclosure obligations before the Mexican tax authorities. These obligations include, but are not limited to, registering in Mexico, reporting and remitting tax on a monthly basis and providing certain disclosures as to services provided in Mexico ▶ On 9 March 2022, the tax authorities published a list of almost 141 foreign digital service providers registered before the Mexican tax authorities.
Scope	▶ Mexico City has a contribution on deliveries (e.g., food, parcels) through digital platforms for the delivery of parcels, food, provisions, or any type of merchandise delivered in the territory of Mexico City territory. This tax is paid by the platform and cannot be transferred to the clients or persons making the delivery. ▶ VAT is applicable on digital services provided by foreign residents with no permanent establishment in Mexico when the recipient of the service is located in Mexico. This tax applies to certain digital services such as providing access to content for users, gaming and learning; the law also applies to platforms providing intermediation services
Rate	Mexico City contribution on deliveries 2% VAT 16%
Thresholds	N/A
Exclusions	N/A
Effective date	Mexico City contribution on deliveries 2022 VAT March 2021
EY Global Tax Alerts	▶ Mexico's Tax Administration issues additional regulations on obligations of foreign digital service providers (13 May 2020) ▶ Mexico's tax authorities issue temporary regulations for nonresident providers of digital services (28 January 2020) ▶ Mexico's tax reform: Implications for foreign digital service providers (18 November 2019) ▶ Mexico City's 2022 economic proposal includes the imposition of new taxes on certain digital services (ey.com) (8 December 2021)

23. Mexico (contd.)

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24. New Zealand

Status	▶ As of March 2021, the Government has not made further commitments to a timeline for introducing a DST in New Zealand, though the governing party has recommitted to its introduction should the OECD fail to reach consensus stating that the Government will "seriously consider implementing a DST" if the OECD fails to reach consensus. ▶ In June 2019, the New Zealand Inland Revenue opened a consultation on options for taxing the digital economy, which included introducing a DST or alternatively waiting for changes to the current international corporate tax framework that are being discussed by the OECD. That discussion document remains the latest thinking from Policy Officials, in terms of the potential design of a DST.
Scope	Supplies made through: intermediation platforms, social media platforms, content sharing sites, search engines and the sale of user data
Rate	3% (on revenues/turnover)
Thresholds	▶ A group needs to exceed both below thresholds in the previous income year for the DST to apply: a) First, there must be more than EUR750m consolidated global annual turnover. b) Second, there must be NZD3.5m (approximately EUR2m) of turnover attributable to New Zealand from in-scope services.
Exclusions	Intragroup transactions; sales of ordinary goods and services, provision of online content, services delivered directly through the internet (i.e., software as a service), ICT providers, standard financial services, and TV and radio broadcasting.
Effective date	Originally expected to be possibly as early as 2020-2021, if consensus at the OECD did not emerge in 2020. However, given the current lack of progress and the impact of COVID-19, this has been deferred further.
Notes	The Government's estimates for the amount that could be raised by the DST range from NZ$30m to NZ$80m, depending on the ultimate design of the tax. The measure is intended to be interim in nature, until agreement can be reached at OECD level.
EY Global Tax Alerts	▶ New Zealand Government to "seriously consider" a Digital Services Tax (5 June 2019) ▶ New Zealand announces proposal to implement Digital Services Tax (26 February 2019) ▶ New Zealand Tax Working Group considers future of tax in New Zealand (9 October 2018)
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25. Nigeria

Status	▶ The Finance Act, 2019 and the Companies Income Tax (Significant Economic Presence) Order, 2020 expanded the scope of taxation of nonresident companies (NRCs) performing digital services in Nigeria. ▶ NRCs deriving income from digital services are deemed to derive income from Nigeria to the extent that such NRCs have a significant economic presence (SEP) in the country. ▶ NRCs deemed to have a SEP in Nigeria are required to register for taxes and to comply with the relevant income tax filing and payment obligations in Nigeria.

Scope	Foreign companies undertaking the following activities are deemed to have a SEP in Nigeria:
	▶ Category 1 – A foreign company using digital platforms to derive gross income equal to or greater than N25 million (or its equivalence in other currencies) in a year of assessment, from any of the following activities (or combination thereof):
	  ▶ Streaming, or downloading services of digital contents to any person in Nigeria
	  ▶ Transmission of data collected about Nigerian users, which has been generated from such user's activities on a digital interface, including a website or mobile application.
	  ▶ Provision of goods or services directly or indirectly to Nigerians through digital platforms.
	  ▶ Provision of intermediation services through digital platforms that link suppliers and customers in Nigeria.
	▶ Category 2 – A foreign company that uses a Nigerian domain name (.ng) or registers a website address in Nigeria.
	▶ Category 3 – A foreign company that has a purposeful and sustained interaction with persons in Nigeria by customizing its digital platform to target persons in Nigeria or reflecting the prices of its products, services or options of billing or payment in the local currency, Naira.

Rate	Corporate income tax at 30% of taxable profits.
Thresholds	N25 million (approximately USD55,000) for Category 1 transactions
Exclusions	Foreign companies covered under any multilateral/consensus agreement to address tax challenges arising from digitalization of the economy to which Nigeria is a party, to the extent that such agreement is effective in Nigeria.
Effective date	14 January 2020
EY Global Tax Alerts	▶ Update on Finance Bill 2019 10 December 2019 ▶ Nigeria issues order on definition of significant economic presence in Nigeria 2 June 2020
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26. Poland

Currently binding DST law Status	▶ 1 July 2020 – DST (on selected revenue of streaming providers;) has been imposed based on the Act of 14 May 2020 on the amendment of certain Acts regarding protective measures in relation to with the spread of COVID-19. ▶ The money is to benefit the Polish Film Institute, a state-owned developer and promoter of Polish cinematography.
Scope	▶ The levy is imposed on audio-visual media on-demand service streaming providers (further: "VOD streaming companies"). ▶ The revenue earned from fees for accessing on-demand audiovisual media services made available to the public or the income obtained from the issue of commercial communications as serving as basis for the levy calculation. ▶ The entities providing the on-demand audiovisual media service with its seat in another Member State are to calculate their duty and make the payments on the basis of revenues obtained on the territory of Poland. ▶ The levy paid constitutes a tax deductible cost for CIT purposes.
Rate	1.5%
Thresholds	N/A
Exclusions	▶ The levy is not imposed on smallest VOD streaming companies, understood as meeting either of the following criteria: a) Microentrepreneurs (as regulated under separate law) or b) Entities whose number of subscribers (for all on-demand audio-visual media services that it makes available to the public) did not exceed - in the previous year (to the one for which the tax obligation is contemplated) - 1% of the number of users of data transmission services providing broadband access to the internet.
Effective date	1 July 2020. Since the settlement period for DST in Poland is a quarter of a year and DST are to be paid in 30 days after closing the settlement period, first payments of DST were made until 30 October 2020 (for the period 1 July-30 September 2020).
DST law under discussion Status -	▶ On 7 July a Member of Parliament (MP)'s bill on the tax on certain digital services and the Digital Technologies Fund was referred for a first reading by the Sejm - the lower chamber of the Polish Parliament. ▶ The new law is to introduce a tax on specific digital services defined in the bill. Its aim is also to define specific obligations for digital sector companies, as well as to establish the new Digital Technologies Fund, which would act as a state special purpose fund financing the tasks of the operator of the National Educational Network and scientific activities carried out by public research institutes.
Scope	▶ The draft proposes that the tax on certain digital services should apply to the provision of digital services in Poland consisting in: ▶ Running campaigns with the use of profiled advertisements ▶ Enabling the use of a multilateral digital interface ▶ Transferring collected data about users, generated as a result of user activity on digital interfaces.
Rate	7%

26. Poland (contd.)

Thresholds	▶ The levy would be imposed on digital sector enterprises, regardless of their place of establishment, but with a significant digital presence in Poland. As such, it is understood this would involve enterprises that undertake one or more transactions with users located in Poland with an annual consolidated value exceeding EUR 4 million. Moreover, the annual consolidated gross revenue of such enterprise should exceed EUR 750 million. Both threshold conditions would need to be met jointly for an enterprise to be subject to the new levy.
Effective date	▶ The tax would be payable once a year, by 21 March of the following year. ▶ The respective tax return would also need to be filed (form to be designed).
DST legislation on hold Status	▶ In February 2021 the draft bill on additional revenues of the National Health Fund, the National Monument Protection Fund and the creation of the Fund for Supporting Culture and National Heritage in the Media Area has been announced. The works on this levy are – as far as known to the public – suspended. ▶ The levy was to cover online/digital advertising.
EY Global Tax Alerts	▶ Poland announces consultation period for regulations on premium to be imposed on advertising activity | EY - Global (8 February 2021) ▶ Poland introduces new levy on VOD platforms (7 July 2020)
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27. Russia

Status	▶ On 1 July 2021, the Bill was signed by the Russian President, became Law and was published.

Scope	1. **Foreign Internet company:**
	▶ A foreign entity operating on the Internet in Russia (foreign Internet company) is a legal entity that carries on any activities not prohibited in Russia and is the owner of an Internet site and/or a webpage and/or an information system and/or a computer program that are accessed daily by more than 500,000 Internet users located in the Russian Federation.
	2. **Activities of foreign internet companies in Russia:**
	▶ Place on its information resource an online contact form for use by Russian citizens and organizations, the requirements for which are to be established by the federal executive body in charge of mass media, mass communication, information technology and communications (Roskomnadzor)
	▶ Register an account on the official Internet site of Roskomnadzor and use it to communicate with Russian state authorities
	▶ Open a branch or representative office or establish a Russian legal entity and ensure that the branch or representative office or the Russian legal entity operates in Russian in accordance with the following requirements:
	    ▶ Receiving and considering communications addressed by Russian citizens and organizations to the foreign Internet company, and complying with court orders and decisions made by Russian state authorities in relation to the foreign company
	    ▶ Representing the interests of the foreign Internet company in courts
	    ▶ Taking measures in the territory of Russia to limit access to and/or remove information that is disseminated on the foreign company's information resource in breach of Russian law if such a requirement is laid down in Russian legislation on information, information technology and information protection
	3. **Types of measures to compel foreign Internet companies to comply with Russian law - violations of the law may result in:**
	▶ Prohibition on the distribution of advertising for an Internet resource and on the resource itself
	▶ Prohibition on the making of payments to the company
	▶ Prohibition on the collection and cross-border transfer of personal data
	▶ Partial or full restriction of access to a resource

Thresholds	N/A
Exclusions	N/A
Effective date	1 July 2021
EY Global Tax Alerts	▶ Russia: Law on activities of foreign Internet companies in Russia signed by the President (ey.com)
EY contact	

28. Slovenia

Status	▶ In June 2020, EY Slovenia contacted the responsible Ministry to check on the DST developments. The Ministry confirmed that the project is on hold and that no drafts are being prepared. ▶ Due to the change of Government in Slovenia earlier this year, the project regarding DST is on hold. Consequently, the draft legislation has not been prepared, despite the plans that the draft Act would be sent to the National Assembly for consideration by 1 April 2020.
Scope	Not yet specified
Rate	Not yet specified
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	Not yet specified
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29. Spain

Status	► On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ► Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ► At the beginning of 2021, the Spanish Tax Authority published a press release on its website, announcing a deferral of the deadline for the filing and payment of the Digital Services Tax (DST) return of Q1 2021 to 31 July 2021 (which would ordinarily be due by 30 April 2021), Accordingly, the Q1 2021 DST return must be submitted along the Q2 2021 DST return. ► On 14 January 2021, the US Trade Representative (USTR) published the results of the investigations of the Spanish DST, concluding that the features of Spanish DST are unreasonable, discriminatory and burdensome. Nonetheless, no retaliatory measures were imposed. ► On 15 December 2020, the Spanish Ministry of Finance has published the Draft Order n and Draft regulations regarding the tax return to be submitted, deadlines and related compliance obligations. As of the date no final texts have been approved. ► On 16 October 2020, the Spanish law (the Law) on DST was published in the Spanish Official Gazette after its prior approval by the Spanish Congress and Senate ► On 14 September 2020, it was reported that Spain is proposing to tax companies providing calls and instant messaging services based on their revenue. Levies would be imposed on instant messaging providers in the same way as it is on telecoms operators, under a draft law which has been published for consultation. Companies with a turnover of more than EUR1 million a year would be subject to the tax which would not exceed EUR1 for every EUR1,000 of gross revenue. ► On 30 July 2020, the Lower House approved the Bill on the DST and sent it to the Senate for approval. The Bill is fully aligned with the previous version and the DST initially proposed by the Commission, with a rate of 3% imposed on gross income derived from certain digital services and only companies whose worldwide annual revenue is at least EUR750 million and whose annual taxable revenue in Spain exceeds EUR3 million are subject to the DST. ► On 4 June 2020, the Spanish Congress rejected the proposal by three political parties to block the Bill on a DST. Thus, the Bill will continue the legislative process through the Congress and the Senate, during which amendments to the wording could still be introduced. Further details are yet to be announced concerning amendments which may be considered, as well as the timing for the Bill to be discussed and, eventually, approved by the Congress and the Senate. ► On 2 June 2020, the USTR announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. With the approval of the tax return form by the tax authorities, all that remains to be done is to publish a catalog of frequently asked questions to resolve the most operational and managerial issues and doubts that affect the filing of tax returns. ► On 11 June 2021, Order HAC/590/2021 was published, approving the tax form 490 and determining the form and procedure for its submission. This Order confirms the deadlines for the filing of tax returns of the first and second quarter returns, which must be filed and paid between 1 July to 2 August 2021. ► On 10 June 2021, the Ministry of Finance published the draft interpretative Resolution of the General Directorate of Taxes regarding the DST. A text widely demanded by the business sector, which aims to establish interpretative and clarifying criteria for the application of the DST. This draft has been subject to a public information and audience process until 21 June 2021. ► On 9 June 2021, Royal Decree 400/2021, whereby allocation of users' devices and formal obligations with regards to the Digital Services Tax (DST) is developed has been published in the Spanish Official Gazette The regulation develops two aspects of the tax: (i) the mechanisms for locating users' devices and (ii) the formal (ii) the formal obligations (the keeping of registers, the preparation of a descriptive report and the and the establishment of systems, mechanisms or agreements for the location of the users). ► Additionally, the STA have opened up the possibility of arranging informal meetings, in order to establish an exchange of opinions regarding their position and criteria on the applicability of the DST by studying the case of each company individually, according to its typology, operative, and the reality of its sector. As a general rule, the verbal impressions received at these meetings should provide a generally valid indication of the position of the STA with regards to the relevant case. ► During the Q1 of 2021, the Spanish Tax Authorities ("STA") started to require information to companies potentially subject to the Spanish DST, regarding income received and payments made in FY20 for services that could be included in any of the 3 categories of online services regulated as taxable events of DST (i.e. online advertising services, online intermediation services, data transfer services). ► On 28 February 2020, the Spanish Council of Ministers sent a bill on DST to the Parliament (Congress and Senate) for a vote. The current Bill is fully aligned with the previous version. Its main features are like the DST initially proposed by the European Union Commission on 21 March 2018 (see below). ► A DST bill was published after approval by the Council of Ministers on 18 January 2019, before being passed to Parliament for debate. The Budget of the minority Government was then rejected, and elections were called for April 2019.

29. Spain (contd.)

Scope	▶ DST is imposed on the provision of the following digital services: a) The placing on a digital interface of advertising targeted at users of that interface (online advertising services) b) Services consisting in making available multi-sided digital interfaces to users that allow them to find other users and to interact with, and which may also facilitate the provision of underlying supplies of goods or services directly among users (online intermediation services) c) The transmission of data collected about users that has been generated from such users' activities on digital interfaces (data transfer services)
Rate	3% of gross revenues from Spanish in-scope activities above threshold
Thresholds	Worldwide revenues of EUR750 million per annum, with a total amount of taxable revenues obtained in Spain exceeding EUR3 million per annum
Exclusions	In addition to the relevant EU compromise text exclusions; intragroup transactions when there is a direct or indirect participation of 100%, regulated financial services rendered by regulated financial entities, and income derived from the transfer of data by regulated financial entities
Effective date	Three months following the publication of the Law in the Spanish Official Gazette, i.e., as of 16 January 2021.
EY Global Tax Alerts	▶ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▶ USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January) ▶ Spain delays first reporting of Digital Services Tax and Financial Transaction Tax (20 January 2021) ▶ Spanish DST is enacted, effective 2021 (16 October 2020) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Spain sends 2020 bill on Digital Services Tax to Parliament for approval (3 March 2020) ▶ Spanish Parliament rejects 2019 State Budget Bill; Government calls for elections (15 February 2019) ▶ Spain sends bill on Digital Services Tax to Parliament for approval (29 January 2019) ▶ Spain releases draft bill on Digital Services Tax (25 October 2018)
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30. Taiwan

Status	▶ Starting from 1 May 2017, for foreign e-commerce operators (FECOs) who have no fixed place of business in Taiwan and provide e-commerce services to domestic individuals, such FECOs shall register for the VAT purpose in Taiwan if their annual business-to-consumer (B2C) sales amount exceed NTD480,000. The VAT will be computed based on an applicable tax rate of 5% and shall be filed on a bimonthly basis. ▶ Following the regulation above, FECOs should issue cloud government uniformed invoices (GUIs – formal VAT invoices in Taiwan) to domestic purchasers starting from 2019. FECOs that fail to issue cloud GUIs would be imposed penalties after 1 January 2020.
Scope	▶ E-commerce services sold to individuals (B2C transactions) in Taiwan are defined as below: a) Services provided via internet with the download or storage onto computers or mobile devices b) Services provided via internet without the download or storage onto computers or mobile devices c) Services provided via internet or other electronic methods
Rate	5% (VAT rate) of gross revenues for the e-commerce services sold to individuals (B2C transactions) in Taiwan, which is a VAT levied on FECOs generating B2C revenues in Taiwan.
Thresholds	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceed NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.
Exclusions	FECOs shall register for the VAT purpose in Taiwan if their annual B2C sales amount exceeds NTD480,000. Thus, if the annual B2C sales amount does not exceed NTD480,000, the FECOs do not need to register for the VAT purpose in Taiwan and file/pay the VAT.
Effective date	1 May 2017
EY Global Tax Alerts	▶ Taiwan's uniform invoice regulations require action by foreign e-commerce operators (29 Jan 2019) ▶ Taiwan issues ruling on new tax guidelines on cross-border e-commerce transaction (4 May 2017) ▶ Taiwan issues new tax guidelines on cross-border e-commerce transactions to be effective from 1 May 2017 (22 March 2017)
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31. Tunisia

Status	▶ Pursuant to Article 27 of the Finance Act for the year 2020, companies that are not resident in Tunisia that sell computer software and internet-based services are subject to a royalty of 3% on the turnover earned with resident individuals and corporate entities. ▶ Non-resident companies affected by these provisions should proceed with filing their turnover on a quarterly basis. Reporting and payment procedures will be established by a governmental decree. ▶ Until November 2020, the governmental decree that should have been issued to apply the law provisions is not yet published.
Scope	Companies non-resident in Tunisia selling computer software and internet-based services
Rate	3%
Thresholds	Not yet specified
Exclusions	Not yet specified
Effective date	1 January 2020
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32. Turkey

Status	▶ On 22 November 2021, the US reached a political agreement with Turkey regarding the treatment of DSTs during the interim period prior to full implementation of the OECD's Pillar 1 agreement. Under this agreement, and consistent with an earlier agreement concluded between the US, Austria, France, Italy, Spain, and the UK, Turkey will remove its existing DST prior to the entry into force of Pillar 1 and DST liabilities that companies accrue during the interim period will be creditable against future income taxes accrued under Pillar 1. In return, the US will terminate the currently suspended additional duties on goods from Turkey that had been adopted in the DST Section 301 investigation. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. These investigations were concluded in January 2021 when the USTR concluded that each of the DST regimes discriminates against US companies, is inconsistent with prevailing principles of international taxation and burdens or restricts US commerce. On 2 June 2021, the US Trade Representative announced the imposition of 25% punitive tariffs on goods from Austria, India, Italy, Spain, Turkey, and the UK in response to the countries' Digital Services Tax (DST) regimes.1 In the same announcement, the USTR suspended the imposition of tariffs for 180 days, with collection of the duties not beginning until 29 November 2021 in an effort to provide additional time for the ongoing multilateral negotiations among the nations regarding international taxation at the OECD ▶ A DST has been levied for the first time in Turkey. DST return filings and payments for the first taxation period (March 2020) have been made by taxpayers' subject to the DST who exceed the thresholds in ▶ 2019 accounting period. Filings and payments were made through the following link: digitalservice.gib.gov.tr by the last day of April. ▶ On 20 March 2020, General Communiqué on the Implementation of the Digital Services Tax ("DST Communiqué") was published in the Official Gazette, effective from 1 March 2020. ▶ On 5 February 2020, the Turkish Government published the Draft DST Communiqué. Draft DST Communiqué was updated on 28 February 2020 and republished on the website of the Turkish Revenue Administration. Draft DST Communiqué clarifies how the scope of DST would apply by providing several examples and explanations. As revised, storage of digital data on online platforms, tickets sold in the digital environment that provides the right to use services to an actual presentation (e.g., cinema, transport, concerts) and software activation that is required for a sold product to operate (and is incorporated within the product) are now out of scope of the DST. Some companies that provide a digital environment with which users can interact are also in scope. Companies that mediate the sale of various culture, art, sports and transport, as well as companies that provide a platform for people to share professional careers and professional interests are now in scope of the DST. ▶ On 5 December 2019, the Turkish Parliament enacted Law no.7194, which provides for a DST. This law was published in the Official Gazette on 7 December 2019 and the DST will enter into force as of 1 March 2020. ▶ On 24 October 2019, the Turkish Government submitted an initial bill that would introduces a DST into Turkish tax legislation. The bill proposes a DST at a rate of 7.5% on gross revenues and sets forth the scope of the tax, the taxpayers and exemptions.
Scope	▶ Services in scope are as follows: a) All types of advertisement services provided through digital platforms (including advertisement control and performance measurement services, as well as data transmission and management services concerning users, and technical services for providing advertisements) b) The sale of all types of auditory, visual or digital contents on digital platforms (including computer programs, applications, music, videos, games, in-game applications, etc.) and services provided on digital platforms for listening, watching, playing of this content or downloading of the content to the electronic devices or using of the content in these electronic devices c) Services related to the provision and operation services of digital platforms where users can interact with each other (including services relating to the sale or facilitation of the sale of goods or services among users) ▶ Intermediary services of digital service providers on digital platforms are subject to DST, as well. ▶ If a digital service provider fails to comply with provisions of the tax, there would be irregularity fines. However, there is a specific sanction for failure to comply with the registration. In this case of noncompliance, the Ministry of Treasury and Finance with cooperation may block access to the services provided by these service providers until the obligations are fulfilled. The blockage of access will be executed by the Information and Communication Technologies Authority in Turkey upon the notification form the Ministry of Treasury and Finance.

32. Turkey (contd.)

Rate	7.5% on gross revenues. The President retains the authority to reduce the rate to 1% or double it from 7.5% in relation to specific services.
Thresholds	EUR750 million in global revenues and TRY20 million (approximately USD2.9 million) in local revenues
Exclusions	▶ Services that are subject to "treasury duty" paid in accordance with the Telegram and Telephone Law ▶ Services that are subject to the "special communication tax" ▶ Services within the scope of Article 4 of the Banking Law no.5411 ▶ Payment services within the scope of Article 12 of the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions ▶ Sales of products and services provided exclusively through these products developed because of research and development (R&D) activities in R&D centers that are defined under Article 2 of the Law on Supporting Research, Development and Design Activities dated 28 February 2008, no.5746
Effective date	1 March 2020
EY Global Tax Alerts	▶ Turkey-announces-joint-statement-with-the-United-States-on-unilateral-measures-compromise-digital-services-tax (23 November 2021) ▶ USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ Turkey collects Digital Services Tax payments (6 May 2020) ▶ Turkey updates draft DST Communiqué (28 February 2020) ▶ Turkey's 7.5% Digital Services Tax to be effective 1 March 2020 (15 January 2020) ▶ Turkey introduces Digital Services Tax (25 October 2019) ▶ USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices (21 January 2021)
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33. Ukraine

Status	▶ On 3 June 2021, the Parliament of Ukraine adopted a draft law "On Amendments to the Tax Code of Ukraine on Abolishment of Taxation of Income Received by Non-residents in the Form of Payment for Production and/or Distribution of Advertisement and Improvement of Value Added Tax Procedure for Transactions on Supply of Electronic Services to Individuals by Non-residents" (draft law No. 4184). ▶ New VAT rules on supplies of electronic services by non-residents will be applicable to tax periods starting from 1 January 2022. ▶ There is no final wording of the Law so far. This summary is based on the available text of the draft Law signed by the Parliament's head (as of 14 June 2021). Please note that implementation of the Law will require adoption of bylaws (e.g., template for an application to register as a VAT payer, simplified VAT return, etc.) and issuance of further clarifications on how to apply its provisions

Scope	▶ The Law establishes that electronic services supplied by a non-resident to individuals, including private entrepreneurs not registered as VAT payers, with their place of supply within the customs territory of Ukraine are subject to VAT.
	▶ A non-resident who has no permanent establishment in Ukraine and supplies electronic services within the customs territory of Ukraine to mentioned individuals may be considered a VAT payer. At the same time, a non-resident shall not qualify as a VAT payer when it:
	  ▶ Supplies electronic services under intermediary agreements, if the invoices provided to services' customers define a list of electronic services and their actual provider
	  ▶ Only processes payments for electronic services, but does not participate in the provision of electronic services
	  ▶ Supplies electronic services directly through its permanent establishment in Ukraine (in this case, general VAT rules apply)
	▶ The Law establishes a non-exclusive list of taxable "electronic services", which includes in particular:
	  ▶ Supply of electronic copies, granting access to images, texts and information
	  ▶ Providing access to databases
	  ▶ Supply of electronic copies and/or provision of access to audiovisual works, video and audio on demand, games, including supply of services on participation in such games, supply of services for access to TV programs (channels) or their packages, except for access to TV programs simultaneously with their broadcasting via the television network
	  ▶ Access granted to information, commercial, entertainment electronic resources and other similar resources
	  ▶ Supply of distance learning services via the Internet, which do not require human participation (with certain exceptions)
	  ▶ Supply of cloud services where it relates to provision of computing, storage resources or electronic communications systems using cloud computing technologies
	  ▶ Supply of software and updates to it, including electronic copies, provision of access to them, as well as remote maintenance of software and electronic equipment
	  ▶ Provision of advertising services on the Internet, mobile apps and other electronic resources, providing advertising space
	▶ As a general rule, the place of supply for electronic services is considered to be the actual location of the services' recipient. For individuals registered as private entrepreneurs, the place of supply of electronic services is the place of their registration as business entities (i.e., Ukraine).

Rate	20% (VAT)
Thresholds	A non-resident is obliged to register as a VAT payer if the volume of the electronic services it supplied to Individuals within the customs territory of Ukraine in the previous calendar year exceeds UAH 1 million

33. Ukraine (contd.)

Exclusions	The following transactions are not considered to be electronic services (the list is exhaustive): ▶ Supply of services ordered via the Internet, where their actual provision is carried out without the use of the Internet (services for the placement, rent of cars, services of food outlets for the supply of products, etc.) ▶ Supply of goods and/or services that do not qualify as "electronic", but embed electronic services if the cost of the latter is included in the total cost of such goods or services ▶ Supply of distance learning services via the Internet, if the Internet is used exclusively as a means of communication between the teacher and the listener ▶ Supply of copies of works in the field of science, technology, art on material media ▶ Supply of consulting services via email ▶ Supply of internet access services
Effective date	1 January 2022 (although different interpretations of the Law are possible, it should be expected that non-residents reaching the threshold for VAT registration based on their 2021 supplies will have to register as VAT payers before April 2022)
EY Global Tax Alerts	▶ Introduction of VAT on electronic services of non-residents, abolishment of tax on non-residents' income from creation and/or distribution of advertisement
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34. United Kingdom

Status	▶ On 27 October 2021, the Chancellor of the Exchequer, Rishi Sunak, announced in his Autumn Budget statement that the UK is exploring the possibility of introducing an online sales tax. It is understood that the revenue from the tax would be used to reduce business rates for UK "bricks and mortar" retailers. A consultation is expected on this shortly to explore arguments for and against the introduction of such a tax. The scope of the tax is not clear at this stage, but it is expected that it would cover online retail transactions and that it would likely apply in addition to any other UK taxes that currently apply to digital activity, such as value-added tax (VAT)and DST. ▶ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new OECD Pillar One rules come into effect. ▶ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▶ On 10 August 2020, the tax authority (HMRC) updated the Digital Services Tax Manual and added a list of countries that have taxes that are considered to be similar to the UK DST for the purposes of cross-border relief. ▶ On 16 July 2020, it was reported that the DST has been recently approved as part of the Finance Act 2020 and has effect as from 1 April 2020. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. ▶ It was announced in the 2020 Budget that the UK would be introducing a 2% DST with effect from 1 April 2020 and the DST provisions were included in the Finance Bill 2020. The Bill is currently progressing through Parliament and still needs to receive Royal Assent, but it is not expected to change prior to enactment. ▶ The UK tax authority published its DST manual on 19 March 2020, which explains the structure and details of the UK DST. This manual includes: what is meant by digital services activity and revenue, definitions of a user and identifying revenue of UK users, detail on the role and responsibilities of the responsible member, as well as further details of the administration and compliance framework that applies for DST. This guidance reflects the legislation contained in the Finance Bill. As the Finance Bill is potentially subject to amendment during passage through Parliament the guidance should be treated as draft until Royal Assent has been received.
Scope	▶ The UK DST applies from 1 April 2020 and is payable annually, nine months after relevant accounting period The legislation was is included in Finance Act 2020, which received Royal Assent on 22 July 2020. ▶ The UK tax authority published its DST manual on 19 March 2020, which explains the structure and details of the UK DST. This manual includes: what is meant by digital services activity and revenue, definitions of a user and identifying revenue of UK users, detail on the role and responsibilities of the responsible member, as well as further details of the administration and compliance framework that applies for DST. There have been updates to the manual since its publication, including the definition of online services, the compliance framework and the list of countries that have taxes that are considered to be similar to the UK DST for the purposes of cross-border relief. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations into certain jurisdictions relating to the adoption or contemplated adoption of a DST, including the UK. On 14 January 2021, the USTR issued the findings of its investigations, concluding that the UK DST discriminates against US companies, is inconsistent with prevailing principles of international taxation, and burdens or restricts US commerce. On 26 March 2021, USTR announced proposed punitive tariffs of 25% on goods from the UK with regard to the DST, and provided a proposed list of impacted products and asked for public comments by 30 April 2021.
Rate	2% of gross revenues from UK in-scope activities above threshold; however, taxpayers may apply an alternative calculation method calculated based on operating margin in respect of in-scope activities where they are loss-making or have a very low profit margin

34. United Kingdom (contd.)

Thresholds	► £500m revenues from in-scope activities provided globally and £25m of revenue from in-scope activities provided to UK users per 12-month accounting period. The first £25m of revenues is not subject to the tax. £500m and £25m thresholds are applied to total revenues arising to a group from in-scope activities, rather than on an activity by activity basis. ► The group upon which the thresholds are tested is determined by reference to accounting consolidation principles.
Exclusions	Provision of an online marketplace by a financial services provider where upwards of 50% of revenues relate to the creation/trading of financial assets
Effective date	1 April 2020
EY Global Tax Alerts	► UK Budget (27 October 2021) ► Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ► USTR releases findings of Section 301 investigation on DST regimes of Austria, Spain and the UK, and 301 findings on Vietnam's currency valuation practices | EY - Global (21 January 2021) ► USTR proposes 25% punitive tariff on Austrian, Indian, Italian, Spanish, Turkish and UK origin goods in response to each country's DST; Terminates investigations for Brazil, Czech Republic, EU and Indonesia | EY - Global (29 March 2021) ► USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ► UK releases draft clauses and guidance on Digital Services Tax (12 July 2019) ► UK proposes Digital Services Tax: unilateral measure announced in Budget 2018 (5 November 2018) ► USTR announces 25% punitive tariffs on six specific countries in response to their Digital Services Taxes; Suspends tariffs for 180 days (4 June 2021)
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35.1. United States - Federal

Status	▶ On 24 November 2021 the Government of India and the US Department of the Treasury announced that the US had reached a political agreement with India regarding the treatment of DSTs during the interim period prior to full implementation of the OCED's Pillar 1 agreement. ▶ Under this agreement, and consistent with and applying the same terms as the earlier agreements with Austria, France, Italy, Spain, the United Kingdom, and Turkey, in defined circumstances the liability from India's equalisation levy on e-commerce supply of services that U.S. companies accrue in India during the interim period will be creditable against future taxes accrued under Pillar 1 of the OECD agreement. The period during which the credit accrues will, however, be from 1 April 2022 until either the implementation of Pillar 1 or 31 March 2024, whichever is earlier. ▶ On 22 November 2021, the US reached a political agreement with Turkey regarding the treatment of DSTs during the interim period prior to full implementation of the OECD's Pillar 1 agreement. Under this agreement, and consistent with an earlier agreement concluded between the US, Austria, France, Italy, Spain, and the UK, Turkey will remove its existing DST prior to the entry into force of Pillar 1 and DST liabilities that companies accrue during the interim period will be creditable against future income taxes accrued under Pillar 1. In return, the US will terminate the currently suspended additional duties on goods from Turkey that had been adopted in the DST Section 301 investigation. ▶ On 21 October 2021, a Joint Statement from Austria, France, Italy, Spain, the UK and the US was released describing a compromise reached by the countries on a transitional approach to the treatment of existing digital services taxes (DSTs) and other relevant similar measures during the interim period before new Pillar One rules come into effect. ▶ Under the compromise, the five European countries, which are not required to withdraw their existing DST regimes until Pillar One takes effect, have agreed to allow a portion of taxes accrued by a multinational enterprise (MNE) under their DSTs or any other unilateral measures before Pillar One takes effect to be credited against the MNE's future Pillar One Amount A tax liability when Pillar One rules are in effect. The US has agreed to terminate its proposed trade actions against the five countries with respect to their existing DSTs and commits not to impose further trade actions with respect to such countries and their DSTs during this interim period. Finally, the six countries are to remain in close contact to ensure there is a common understanding of the agreement and to endeavor to resolve any differences of view. ▶ On 14 September 2020, resolution H.Res.1097 was published, expressing a strong opposition toward other countries imposing a DST and discriminating US established companies. ▶ On 10 July 2020, the US Trade Representative announced that the US would take action against France's DST in the form of an additional 25% ad valorem duty on specified French-origin goods. The tariffs are scheduled to take effect on 6 January 2021, 180 days after the determination of action. The list covers 21 tariff subheadings, with an estimated trade value for calendar year 2019 of approximately US$1.3 billion. ▶ On 2 June 2020, the US Trade Representative (USTR) announced investigations will be conducted into certain jurisdictions relating to the adoption or contemplated adoption of a DST. As outlined in a corresponding Federal Register Notice (FRN) (comment due 15 July 2020), jurisdictions included within the scope of this announcement include: Austria, Brazil, the Czech Republic, the European Union (EU), India, Indonesia, Italy, Spain, Turkey and the UK. ▶ Investigations will be conducted pursuant to Section 301 of the Trade Act of 1974 (Section 301), with the goal of determining whether the adopted or contemplated DST of the relevant jurisdiction is unreasonable or discriminatory, as well as whether it burdens or restricts US commerce.
Scope	N/A
Rate	N/A
Thresholds	N/A
Exclusions	N/A
Effective date	N/A
EY Global Tax Alerts	▶ Turkey-announces-joint-statement-with-the-United-States-on-unilateral-measures-compromise-digital-services-tax (23 November 2021) ▶ Six country Joint Statement on transitional approach to existing unilateral measures during period before Pillar One is in effect (25 October 2021) ▶ USTR initiates investigations into digital services taxes either adopted, or under consideration, by certain jurisdictions (4 June 2020) ▶ US initiates action against France's Digital Services Tax, issues additional exclusions on China-origin goods and supplements list of products under EU subsidies dispute (12 July 2019)
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35.2. United States - Connecticut

Status	HB 5645 was introduced on 27 January 2021. HB 6187 was introduced on 29 January 2021.
Scope	HB 5645 would establish a tax on social media provider companies on the apportioned annual gross revenue derived from social media advertising services in the state, with the revenue derived from the tax dedicated, in part, to fund online bullying prevention efforts and training and research for counselors and educational institutions to address social isolation and suicide prevention. HB 6187 would establish a 10% tax on the annual gross revenues derived from digital advertising services in the state for business with annual world-wide gross revenues exceeding USD10 billion.
Rate	HB 5645 does not specify a rate of tax. HB 6187 would apply a 10% tax to gross revenue derived from digital advertising services in the state.
Thresholds	HB 5645 does not specify a threshold. HB 6187 would apply to any business with annual world-wide gross revenues exceeding USD10 billion.
Exclusions	None specified for either bill.
Effective date	N/A
EY Global Tax Alerts	
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35.3. United States - Indiana

Status	HB 1312 was introduced 14 January 2021.
Scope	The bill would impose a surcharge tax on "social media providers," defined as a social media company that: (1) maintains a public social media platform; (2) has more than 1,000,000 active Indiana account holders; (3) has annual gross revenue derived from social media advertising services in Indiana of at least USD1 million; and (4) derives economic benefit from the data individuals in Indiana share with the company. The surcharge tax is equal to: (1) the annual gross revenue derived from social media advertising services in Indiana in a calendar year multiplied by 7%; plus (2) the total number of the social media provider's active Indiana account holders in a calendar year multiplied by USD1. The bill would establish an online bullying, social isolation, and suicide prevention fund for the purposes of providing: (1) online bullying prevention; or (2) social isolation and suicide prevention; training and research for counselors and educational institutions. 10% of the revenue from the surcharge tax would go to the fund with the remaining surcharge tax revenue allocated to the rural broadband fund.
Rate	7%, plus USD1 per in-state account holder.
Thresholds	The bill would apply to social media providers that meet all of the following criteria: have a public platform; have more than one million active users; have annual gross revenue derived from social media advertising services in Indiana of at least USD1 million; and derive economic benefit from the data that individuals in Indiana share with the company.
Exclusions	None specified.
Effective date	N/A
EY Global Tax Alerts	
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Status	▶ 14 March 2022, a Maryland circuit court judge has ruled that the constitutional challenge to the Maryland digital advertising tax can proceed. Following a hearing, Anne Arundel County Circuit Court Judge Alison Asti denied the state's motion to dismiss on all counts except one in *Comcast v. Comptroller*, ruling that the companies were not required to exhaust their administrative remedies and could proceed with their challenge that the tax is unconstitutional and violates the Internet Tax Freedom Act. But Asti agreed with the state that there was no improper delegation of authority. ▶ On 12 February 2021, the Maryland legislature overrode Governor Larry Hogan's veto of two bills (HB 732 and HB 932), which impose a new tax on digital advertising and extended the state's existing sales and use tax to digital goods, respectively. ▶ The Maryland Comptroller had been tasked with drafting regulations that implement the new laws, including: specifying the return to be used; providing a detailed definition or more comprehensive list of what constitutes a "digital advertising service"; and how revenues from digital advertising services will be sourced for purposes of calculating the apportionment factor. ▶ On 31 August 2021, the Office of the Comptroller of Maryland (Maryland Comptroller) issued a draft proposed regulation (proposed Md. Reg. 03.12.01.02.B)(Proposed Regulation) outlining how the state's new tax on gross revenues from digital advertising services (DAT) will operate if it becomes effective. ▶ HB 732 currently is being challenged in both US federal court and in the Maryland State courts, but is scheduled to take effect on 1 January 2022. ▶ HB 932, which took effect 14 March 2021, extends the state's sales tax to electronically delivered software and software-as-a-service (SaaS) transactions, but creates a broad exception for custom and "customized" software. ▶ On 31 August 2021, the Office of the Comptroller of Maryland (Maryland Comptroller) issued a proposed regulation (proposed Md. Reg. 03.12.01.02.B)(Proposed Regulation) outlining how the state's new tax on gross revenues from digital advertising services (DAT) will operate. ▶ On 12 February 2021, the Maryland legislature overrode Governor Larry Hogan's veto of two bills (HB 732 and HB 932), which impose a new tax on digital advertising and extended the state's existing sales and use tax to digital goods, respectively. ▶ The Maryland Comptroller has been tasked with drafting regulations that implement the new laws, including: specifying the return to be used; providing a detailed definition or more comprehensive list of what constitutes a "digital advertising service"; and how revenues from digital advertising services will be sourced for purposes of calculating the apportionment factor. ▶ HB 732 currently is being challenged in US federal court, and may also be challenged in the Maryland State courts. ▶ A separate bill (HB 1200), which would delay the effective date of the new tax until 2022, is currently under consideration by the Maryland legislature. ▶ HB 932, which takes effect 14 March 2021 and, most notably, extends the state's sales tax to electronically delivered software and software-as-a-service (SaaS) transactions.
Scope	▶ Proposed regulations would apportion digital advertising services revenue using a worldwide, device-based factor, the numerator of which would be the number of devices that accessed the digital advertising services from a location in Maryland, and the denominator of which would be the number of devices that accessed the digital advertising services from any location ▶ Device location would be determined by the taxpayer using the totality of the data within their possession or control, including both technical information (e.g., IP address information; geolocation; cookies, etc.) and the terms of the underlying contract for digital advertising services. ▶ HB 732 defines "digital advertising services" as "advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine ▶ advertising, interstitial advertising and other comparable advertising services." ▶ "Annual gross revenues" are defined as income or revenue from all sources, before any expenses or taxes, computed according to generally accepted accounting principles. Persons with annual gross revenues derived from digital advertising services within Maryland of at least USD1 million must file a return with the Office of the Maryland Comptroller of Treasury on or before 15 April of the next year. ▶ Persons that reasonably expected their annual gross revenues derived from digital advertising services in the state to exceed that amount must file a declaration of estimated tax on or before 15 April of that year and pay quarterly estimated taxes. ▶ Persons subject to the tax must maintain records of the digital advertising services they provided in the state to substantiate the basis for their apportionment and calculation of the tax owed on digital advertising gross revenues. ▶ Failure to comply with provisions of this new tax will result in criminal penalties, including fines and imprisonment.

35.4. United States - Maryland (contd.)

Rate	A progressive tax rate schedule applies, ranging from 2.5% of the annual gross revenues derived from digital advertising services in Maryland (i.e., the assessable base) for persons with annual gross revenue of USD100 million through USD1 billion, and to 10% of the assessable base for persons with global annual gross revenues exceeding USD15 billion.
Thresholds	The tax applies to persons that meet both thresholds: ▶ Global revenues of at least USD100 million ▶ At least USD1 million in annual gross revenue derived from digital advertising services within Maryland
Exclusions	None specified
Effective date	Unless one of the legal challenges to HB 732 is successful, the new tax will be applicable to tax years beginning after 31 December 2021. The first estimated return and payment would be due 15 April 2022. HB 932 became effective 14 March 2021.
EY Global Tax Alerts	▶ Maryland Governor vetoes new taxes on digital advertising and digital goods, override uncertain (7 May 2020) ▶ Maryland and Nebraska propose taxing revenues from digital advertising (21 January 2020) ▶ Maryland legislature overrides governor's vetoes, enacts new taxes on digital advertising and sales of digital goods (12 February 2021) ▶ Maryland Comptroller proposes regulations for digital advertising tax (August 2021)
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35.5. United States - Massachusetts

Status	HD 3601 was introduced SD 1668 was introduced
Scope	HD 3601 would establish an excise on the sale of digital advertising services within the state on persons with revenue from digital advertising services in excess of USD25 million per year within the state. A digital advertising service would be deemed to have been provided within the state if it is received on a user's device having an IP address located within the state. SD 1668 would require registration of every person or entity making sales of personal information and provide for a recommendation for how to impose a tax on these businesses. Any revenue raised would be allocated to the municipal broadband fund.
Rate	HD 3601 would apply a 5% of the person's annual revenue from digital advertising services within the state. SD 1668 does not specify a rate.
Thresholds	HD 3601 would apply to persons with revenue from digital advertising services in excess of USD25 million per year within the state. SD 1668 would apply to any person or entity engaging within this state in the business of making sales of personal information or exchanging personal information for consideration. "Engaging in this state" is defined as any business entity, including foreign and domestic entities, that generates gross income of the business from selling or exchanging for consideration personal information of individuals located in the state and has gross income attributable to the sale, or exchange for consideration, of personal information of residents of the state. An individual is located in this state if any addresses of that individual is located in this state.
Exclusions	None stated.
Effective date	N/A
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35. United States

35.6. United States - Montana

Status	HB 363, introduced on 10 February 2021.
Scope	Montana does not impose a sales or use tax. Bill would create a digital advertising gross revenue tax imposed on each person with worldwide annual gross revenue from digital advertising services of USD25 million or more and with annual gross revenue derived from digital advertising services in the state. A tax rate of 10% would be imposed on the assessable base.
Rate	10%.
Thresholds	Tax is applied to the "assessable base," which is annual gross revenue derived from digital advertising services in the state. "Digital advertising service" is an advertisement service on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services. A "digital interface" means any type of software, including a website, part of a website, or application, that a user is able to access. The assessable base would be determined using an apportionment fraction, the numerator of which is the annual gross revenue of a person derived from digital advertising services in the state, and the denominator of which is the annual gross revenue of a person derived from digital advertising services in the US. Any person that reasonably expects to have more than USD1 million in digital advertising services revenue for the year would be required to declare and pay quarterly estimated tax.
Exclusions	None stated.
Effective date	N/A
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35. United States

35.7. United States - Nebraska

Status	▶ Introduced on 14 January 2020. See LB 989. Bill was indefinitely postponed on 13 August 2020.
Scope	▶ Introduced on 14 January 2020, LB 989 would amend Nebraska's existing sales and use tax law by expanding the definition of taxable gross receipts to include retail sales of digital advertisements. This provision would specifically define "digital advertisement" for these purposes to mean "an advertising message delivered over the internet that markets or promotes a particular good, service or political candidate or message." The bill did not advance and, on 13 August 2020, was "indefinitely postponed" by the Nebraska Legislature.
Rate	Average rate of 7% (composed of a Nebraska state-wide rate of 5.5%, plus a variety of local rates of between 0.5% and 2.5%, for a top rate of as high as 8.0%) Rates are routinely updated by the Nebraska Department of Taxation. Combined state and local tax rates as of 1 January 2020 can be found here.
Thresholds	▶ Sellers with a physical presence in Nebraska would have to collect in any case. ▶ Remote sellers (i.e., businesses without a physical presence in Nebraska) would have to collect if they made more than USD100,000 of sales or entered into 200 or more transactions with Nebraska-based customers. For more information, see Nebraska's Department of Revenue "South Dakota v. Wayfair, Inc. Collection of Sales Tax by Remote Sellers FAQs."
Exclusions	General sales tax exceptions and exemptions may apply.
Effective date	N/A
EY Global Tax Alerts	▶ Maryland and Nebraska propose taxing revenues from digital advertising (21 January 2020)
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35.8. United States - New York

Status	► There are two competing measures being considered by the New York legislature: ► SB 1124, introduced 7 January 2021 as the "Digital Ad Tax Act" (the "Act"). ► Separate bills (A 734 and SB 302) introduced on 6 January 2021, would expand the current state sales and use tax to include "digital advertising services" to the list of taxable services under NY Tax Law §1105(c) in the same manner that two previous bills (SB 8166 and AB 1032) would have. Those bills were introduced in the prior legislative session and did not advance out of committee.
Scope	► SB 1124 would establish a new tax on annual gross revenue derived from "digital advertising services," defined as "advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising and other comparable advertising services." The rate would be determined based on global annual gross revenue, defined as income or revenue from all sources, before any expenses or taxes, computed according to generally accepted accounting principles. Persons with annual gross revenues derived from digital advertising services within New York State of at least USD1 million would be required to file a return with the Commissioner of Taxation and Finance on or before 15 April of the next year. Persons that reasonably expected their annual gross revenues derived from digital advertising services in the state to exceed that amount would be required to also file a declaration of estimated tax on or before 15 April of that year and pay quarterly estimated taxes. Persons subject to the tax would be required to maintain records of the digital advertising services they provided in the state to substantiate the basis for their apportionment and calculation of the tax owed on digital advertising gross revenues. Failure to comply with provisions of this new tax would result in criminal penalties, including fines and imprisonment. ► A 734 and SB 302 add "digital advertising services" to the list of taxable services under NY Tax Law §1105(c). "Digital advertising services" means advertisement services on a digital interface, including advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services that markets or promotes a particular good, service, or political candidate or message. "Digital interface" means any type of software, including a website, part of a website or application that a user can access. ► Funds generated from the tax would be earmarked exclusively for the providing zero interest refinancing of eligible education loans by the New York State Higher Education Services Corporation.
Rate	► SB 1124 would apply a progressive tax rate schedule applies, ranging from 2.5% of the annual gross revenues derived from digital advertising services in New York for persons with annual gross revenue of USD100 million through USD1 billion, and to 10% of the assessable base for persons with global annual gross revenues exceeding USD15 billion. ► A 734 and SB 302 would apply the New York State sales tax rate of 4%. Additional local rates also may apply, including the New York City sales tax rate of 4.5%, and the Metropolitan Commuter Transportation District surcharge of 0.375%. Total sales and use tax rate, depending on situs of transaction, can be as high as 8.875%. The bill does not specify any sourcing methodology for digital advertising services.
Thresholds	► SB 1124 would apply to any person with global annual revenues of at least USD100 million and at digital advertising services revenue of at least USD1 million in New York. ► For purposes of A 734 and SB 302, service providers with a physical presence in New York would have to collect and remit in any case. Remote service providers (i.e., businesses without a physical presence in New York) generally do not establish nexus by meeting the New York economic nexus thresholds of USD500,000 in sales or more than 100 separate transactions with New York-based customers in the immediately preceding four quarterly periods, as that provision has been interpreted as applying only to transactions involving tangible personal property.
Exclusions	None noted for SB 1124. For A 734 and SB 302, general sales tax exceptions and exemptions may apply – including the resale exemption.

Effective date	The law would become effective on the 30th day after it becomes law and would apply to sales made and uses occurring on and after such date (even if made, occurring or rendered under a prior contract). The law would expire and be deemed repealed five years after such effective date.
EY Global Tax Alerts	► Maryland and Nebraska propose taxing revenues from digital advertising (21 January 2020)
EY contact	**Frank Guerino** Ernst & Young LLP Indirect Tax/State and Local/New York Managing Director frank.guerino@ey.com

35.9. United States - Oregon

Status	Oregon HB 2932, introduced 11 January 2021. Currently with House Business and Labor Committee.
Scope	Oregon does not impose a sales or use tax. The bill would impose a tax on the privilege of engaging in the business of selling personal information at retail in this state. Specifically, would apply to personal information accumulated from Internet related to an individual using an Internet Protocol (IP) address located in the state. If enacted, the tax would apply to sales of taxable personal information that occur on or after January 1, 2022. The Department of Revenue would be tasked with administering the tax and adopting rules necessary to allocate gross receipts from sales of taxable personal information to the state. Returns and payment would be due on a quarterly basis.
Rate	5% of the gross receipts a person generates from the sale of taxable personal information at retail in the state.
Thresholds	None specified.
Exclusions	None specified.
Effective date	N/A
EY Global Tax Alerts	
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Status	HB 4467 was introduced 12 March 2021. SB 1711 was introduced 11 March 2021.
Scope	HB 4467 would impose a new tax on digital advertising. The tax would apply to any business that has global gross revenue of at least USD100 million, and at least USD1 million in gross revenue from the provision of digital advertising services within the state. The measure is identical to Maryland HB 732. Tax would be imposed on the "assessable base," defined as the portion of gross revenue derived from digital advertising services in the state. "Digital advertising services" means advertisement services on a digital interface. The term includes advertisements in the form of banner advertising, search engine advertising, interstitial advertising, and other comparable advertising services. SB 1711 would add new section 151.0025 to the Texas Tax Code, extending the state's sales and use tax to the provision of advertising space and time, including television and radio time, magazine space, newspaper space, and billboard space, or the development of an advertising campaign or the content of an advertisement, including a television, radio, print, or Internet advertisement.
Rate	HB 4467 would apply a progressive tax rate schedule, ranging from 2.5% of the annual gross revenues derived from digital advertising services in Maryland (i.e., the assessable base) for persons with annual gross revenue of USD100 million through USD1 billion, and to 10% of the assessable base for persons with global annual gross revenues exceeding USD15 billion. SB 1711 would apply the Texas sales and use tax rate of 6.25% plus additional local rates, depending on how the revenue is sourced.
Thresholds	HB 4467 would apply to persons with at least USD100 million in global revenue and USD1 million in digital advertising services revenue in Texas. SB 1711 has no specified threshold.
Exclusions	None specified for either bill.
Effective date	N/A
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35.11. United States - Washington

Status	HB 1303, Introduced on 19 January 2021.
Scope	If enacted, HB 1303 would impose a tax on every person engaging within the state in the business of making sales of personal data or exchanging personal data for consideration. "Engaging within the state" means that the person generates gross income of the business from sources within this state, such as customers or intangible property located in this state, regardless of whether the person is physically present in the state. The term also means that a person generates gross income from the business from personal data of individuals located in the state. For purposes the bill, an individual is located in the state if any of the addresses utilized by that individual is located in this state. "Personal data" means any information that is linked or reasonably linked to an identified or identifiable natural person. "Personal data" does not include: (i) Deidentified data or publicly available information; or (ii) Personal data that is sold by any state agency for the purposes of increasing public safety or positive health outcomes. "Deidentified data" means data that cannot reasonably be used to infer information about, or otherwise be linked to, an identified or identifiable natural person, or a device linked to such person, provided that the controller that possesses the data: (i) Takes reasonable measures to ensure that the data cannot be associated with a natural person; (ii) Publicly commits to maintain and use the data only in a deidentified fashion and not attempt to reidentify the data; and (iii) Contractually obligates any recipients of the information to comply with all provisions of the law. Taxpayers subject to the new law would be required to register and provide detailed information about their business, including a determination of the gross income of the business attributable to the sale, or exchange for consideration, of personal information of Washingtonians, to be calculated by applying a ratio of the number of Washington addresses in the personal information to all addresses in the personal information or, If the ratio is not readily attainable, the ratio of the population of the state to all the states of the US in the taxpayer's market, or by any other reasonable methods allowed by the department. The taxpayer also must submit an informational return, as designed by the Department.
Rate	1.8%
Thresholds	None specified.
Exclusions	None specified.
Effective date	N/A
EY Global Tax Alerts	
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35.12. United States - West Virginia

Status	HB 2148, introduced 10 February 2021. Currently with House Judiciary Committee.
Scope	HB 2148 would impose a new Data Mining Services Tax on the privilege of commercial data operators generating revenue from the use, collection, processing, sale, or sharing of the user data from the citizens of West Virginia. The tax would apply to the revenue generated from those activities. A "commercial data operator" means a person acting in the capacity as a consumer online services provider or data broker that: (A) Generates a material amount of revenue from the use, collection, processing, sale, or sharing of the user data; and (B) Has more than 10,000 unique monthly visitors or users in West Virginia for a majority of months during the previous one-year period. On a quarterly basis, commercial data operators must provide the Commissioner with an assessment of the economic value that the commercial data operator places on the data of its users, and identify to the commissioner: (1) the types of data collected from users of the commercial data operator, whether by the commercial data operator or another person pursuant to an agreement with the commercial data operator; and (2) the ways that the data of a user of the commercial data operator is used if the use is not directly or exclusively related to the online service that the commercial data operator provides to the user.
Rate	Once cent per dollar of value of user data obtained in the state. The Commissioner of Revenue is tasked with developing a method or methods for calculating the value of user data. In developing this method the Commissioner must promote comparability in calculating the value of data across commercial data operators that utilize user data in a similar manner while taking into account the potential need to develop distinct methods for calculating the value of data for different uses, sectors, and business models.
Thresholds	None specified.
Exclusions	None specified.
Effective date	N/A
EY Global Tax Alerts	
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36. Vietnam

Status	The Ministry of Finance in Vietnam released Circular 80/2021/TT-BTC on 8 October 2021 regarding the implementation of the country's tax law, including a section on digital tax.
Scope	The rules apply in cases where an overseas business that does not have a Permanent Establishment (PE) in Vietnam carries out the following activities to organizations, or individuals in Vietnam: ▶ E-commerce ▶ Digital platform-based businesses ▶ Oher related services. ▶ The Circular has a tax registration and declaration requirement that will be imposed once the online portal of the Tax Authority goes live (expected to be 1 January 2022). The overseas supplier can directly register for tax filings or authorize a Vietnamese party to do so on its behalf. The authorized party is defined to include an organization or a tax agent operating under the laws of Vietnam. ▶ The Circular states that tax payable is calculated on revenue earned by the overseas supplier and different VAT/CIT rates will be applied depending on nature of the activities conducted. Three sources of information are to be used to determine and identify transactions of overseas supplier arising in Vietnam and it is the responsibility of the supplier to retain all related information used for determining Vietnam-sourced income in accordance with the Law on Tax Administration in the event of a future tax audit by the Vietnamese tax authority. ▶ We note that if the overseas supplier comes from a country which has a tax treaty with Vietnam, it may be possible to submit a tax treaty claim for corporate income tax exemption if it can demonstrate it does not operate through a PE in Vietnam. ▶ The Circular also addresses the responsibilities of Vietnamese parties (including Vietnamese counterparties under B2B supplies, and commercial banks/payment-service providers under B2C supplies) in withholding, declaring and paying taxes on behalf of overseas suppliers should the overseas suppliers fail to do so.
Rate	N/A
Thresholds	N/A
Exclusions	N/A
Effective date	1 January 2022
EY Global Tax Alerts	▶ Vietnam releases a Circular on digital tax (29 October 2021) ▶ Vietnam implements taxation of digital transactions (14 July 2020).
EY contact	**Trang Pham** Ernst & Young Vietnam Limited, Ha Noi trang.pham@vn.ey.com

37. Zimbabwe

Status	▶ With effect from 1 January 2020, the supply of radio and television services from outside Zimbabwe to an address in Zimbabwe or of an electronic service by an electronic commerce operator domiciled outside Zimbabwe to a person resident in Zimbabwe shall be deemed to be a supply made in Zimbabwe for VAT purposes, chargeable at the standard rate of 14.5%. The obligation to charge and account for tax shall be that of the supplier or their duly appointed representative in Zimbabwe. Operators are required to appoint a representative taxpayer who will be responsible for accounting for the tax. ▶ With effect from 1 January 2019, amounts received by or on behalf of an electronic commerce operator or satellite broadcasting services domiciled outside Zimbabwe from persons resident in Zimbabwe for provision or delivery of goods and services are considered to be from a source in Zimbabwe for Income tax purposes, therefore taxable in Zimbabwe at a rate of 5%. The tax is paid as follows: 25 March for income earned December, January and February, 25 June for income earned in March, April and May; 25 September for income earned in June, July and August and 20 December for income earned in September, October and November. Turnover threshold is USD 500 000. Electronic commerce operator is defined as an operator selling, providing or delivering services from outside Zimbabwe by the use of a telecommunications network or electronic means to customers or users in Zimbabwe. Representative taxpayer should be appointed. The provision does not apply to a foreign company with PE presence. ▶ For goods and services deemed to be supplied from a source within Zimbabwe the supplier, through an appointed representative taxpayer, is responsible for accounting for both VAT and Income Tax. In cases of imported services not covered by the deeming provision, the customer is responsible for accounting for VAT (income tax does not apply). Registration can be done online. In cases of manual registration, five working days may be adequate (Note that due to Covid-19 restrictions only online registration or emailing of registration forms is currently used).
Scope	Supply of radio and television services, satellite broadcasting services and electronic services by electronic commerce operators
Rate	VAT - 14.5% Income Tax - 5%
Thresholds	Income tax: USD 500,000 VAT: ZWL 4,8000,000 (approximately)
Exclusions	Not specified
Effective date	1 January 2019 (Income tax) 1 January 2020 (VAT)
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