2 Value-added taxes - Main features and implementation issues

2.1. Introduction

Although most VAT systems are built on the same core VAT principles (see Chapter 1), there is considerable diversity in the design of VAT systems in OECD countries. This is notably illustrated by the variety of reduced rates, exemptions and other preferential treatments and special regimes that are widely used in OECD countries, for practical or historical reasons, to support certain economic sector or to achieve equity or social objectives.

This chapter presents an overview of the VAT rate structures in OECD countries and their evolution between 1975 and 2020 (Section 2.2) and looks in some detail at the VAT exemptions that exist in these countries (Section 2.3). This is followed by an overview and analysis of the wide variety of special regimes used in OECD countries on the following aspects: specific restrictions to the right to deduct VAT on specific inputs (Section 2.4), registration and collection thresholds (Section 2.5), and the application of margin schemes (Section 2.6). It also presents the VAT Revenue Ratio as an indicator of the revenue effect of VAT exemptions, reduced rates and non-compliance (Section 2.7) and the measures taken by governments to combat VAT fraud and avoidance (Section 2.8).

This Chapter concludes with a special section on the VAT policy and administration measures introduced by OECD countries as part their fiscal and tax policy responses to the COVID-19 outbreak. These VAT measures have been particularly important in supporting business cash flow and in alleviating tax compliance burdens for businesses given the restrictions in place in many countries. Most OECD countries have also taken VAT measures to facilitate emergency medical responses and to support the healthcare sector. These measures are discussed in further detail in the special section on COVID-19 VAT measures below. In addition, a comprehensive overview of temporary change to VAT rates implemented by countries in this context is included in Section 2.2 and country notes to Annex Table 2.A.2 below.

2.2. The evolution of standard and reduced VAT rates

2.2.1. Standard VAT rates have remained stable in recent years

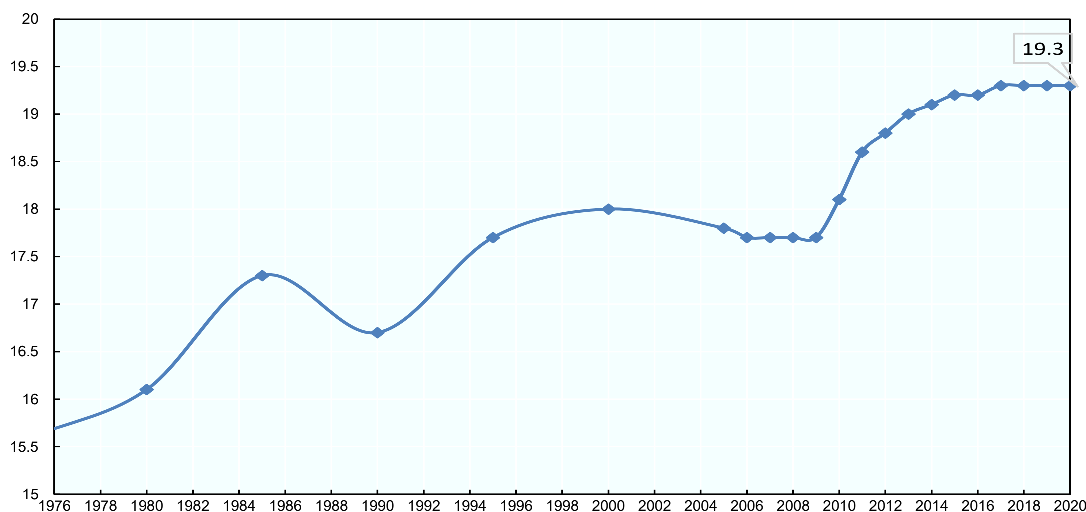
The evolution of VAT rates in the OECD can be divided into five periods. The first period between 1975 and 2000 has seen a progressive increase in the average standard VAT rates from 15.6% in 1975 to 18.1% in 2000.

During a second period, between 2000 and 2009, the standard rate of VAT remained stable in most countries, with 26 out of 36 countries maintaining a rate between 15% and 22%. As of 1 January 2009, only four countries had a standard rate above 22% (Denmark, Iceland, Norway and Sweden –see Annex Table 2.A.1).

The third period, between 2009 and 2014, was marked by a considerable increase in the standard VAT rate in many countries, often in response to financial consolidation pressures caused by the economic and financial crisis. VAT standard rate increases have played a key role in many countries' consolidation strategies, since raising additional revenue from VAT rather than from other taxes (such as income taxes) is often considered more effective (it generates immediate additional revenue) and less detrimental to economic growth and competitiveness than income taxes (Jens Matthias Arnold, 2011[1]). Between January 2009 and December 2014, 23 OECD countries raised their standard VAT rate at least once. These changes occurred principally in European Union (EU) countries (Czech Republic, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, the Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain and United Kingdom) but also in a number of non-EU countries (Iceland, Israel, Japan, Mexico, New Zealand, and Switzerland). Two OECD countries lowered their standard VAT rate temporarily and then raised it again during this period (Ireland and the United Kingdom). This evolution resulted in a hike of the unweighted OECD average standard VAT rate from 17.7% in January 2009 to an all-time record level of 19.2% on 1 January 2015. Ten OECD countries operated a standard VAT rate above 22% on 1 January 2015 against only four in 2009. All these countries belong to the European Union, except Iceland and Norway.

The increases in standard VAT rates observed until the end of 2014 have not continued and OECD countries have entered a new period of relatively stable standard VAT rates. Only four OECD countries have increased their standard VAT rate between January 2015 and January 2020, i.e. Colombia (from 16% to 19%), Greece (from 23% to 24%), Japan (from 8% to 10%) and Luxemburg (from 15% to 17%). During the same period, two OECD countries have reduced their standard VAT rate, i.e. Iceland (from 25.5% to 24%) and Israel (from 18% to 17%). As a result of these changes in various directions, the increase in the unweighted OECD average standard VAT has remained limited, from 19.2% in 2015 to 19.3% in 2020 (see Figure 2.1).

Figure 2.1. Evolution of standard VAT rates - OECD average 1976-2020

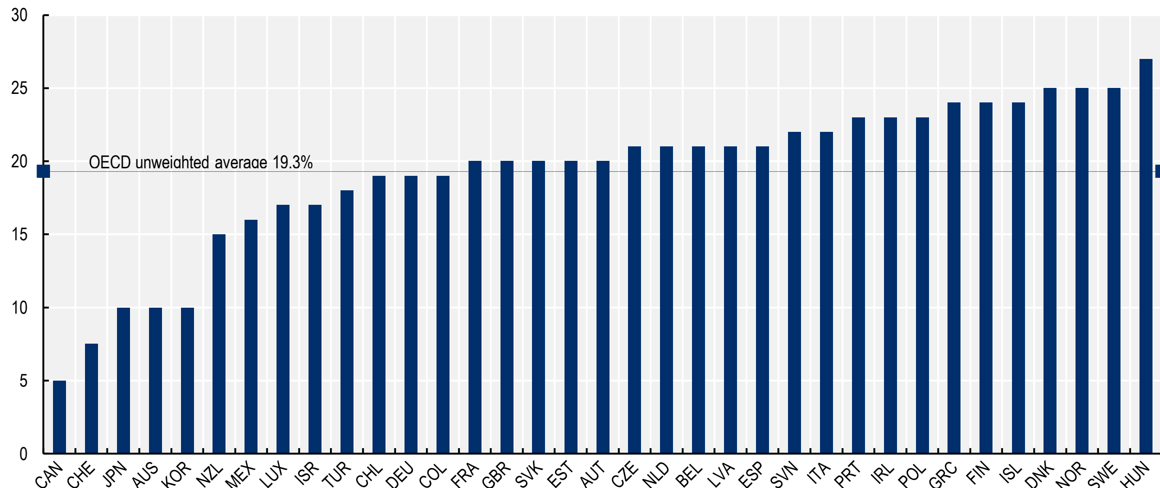


Note: Unweighted average
Source: Author's calculations

https://doi.org/10.1787/888934220040

Major differences in standard VAT rates can be observed among OECD countries, with rates ranging from 5% in Canada (note, however, that most Canadian provinces levy specific sales taxes or Harmonised Sales Taxes alongside the Federal 5% GST), 7.7% in Switzerland and 10% in Australia, Japan and Korea to 25% in Denmark, Norway and Sweden and 27% in Hungary (see Figure 2.2). On 1 January 2020, 23 OECD countries operated a standard VAT rate of 20% or more, with 9 of these countries having a standard VAT rate of 23% or more. All these countries are EU Member States, except for Norway (with a 25% VAT standard rate).

Figure 2.2. Standard rates of VAT in OECD countries 2020



Source: Author's work

StatLink https://doi.org/10.1787/888934220059

The average standard VAT rate of the 23 OECD countries that are members of the EU (including the UK until 1 February 2020) is at 21.8%, which is significantly above the OECD average (19.3%). EU Member States are bound by common rules regarding VAT rates (VAT Directive 2006/112/EC), which set the minimum level of the standard VAT rate at 15%.

2.2.2. OECD countries continue to apply a wide variety of reduced rates

Most OECD countries continue to apply a wide variety of reduced VAT rates and exemptions (see Annex Table 2.A.2 and Annex Table 2.A.3). With the exception of Chile, all OECD countries that have a VAT apply one or more reduced rates to support various policy objectives. A major reason for the application of reduced rates is the promotion of equity. Countries generally consider it desirable to alleviate the VAT burden on necessity goods and services (e.g. food, water), which typically form a larger share of expenditure of lower income households by taxing them at a preferential VAT rate. Most countries also apply reduced VAT rates or exemptions to medicine, health, education and housing. Reduced VAT rates have also been used to stimulate the consumption of “merit goods” (such as cultural products) or promoting locally supplied labour-intensive activities (e.g. tourism) and addressing environmental externalities.

Evidence suggests that exemptions and reduced VAT rates are not an effective way of achieving such objectives (OECD/KIPF, 2014[2]) and can be even regressive in some instances. Other measures, such as providing targeted through the income tax and/or the social transfer and benefit system, tend to be more effective in addressing equity concerns and to pursue policy objectives other than raising tax revenues

(Thomas, 2020[3]). Reduced VAT rates that are targeted at supporting lower-income households (i.e. to address distributional goals) typically do have the desired progressive effect. Notably reduced rates for basic food generally provide greater support to the poor than to the rich as a proportion of household income and as a proportion of expenditure. However, despite their progressive effect, research led notably by the OECD has shown that these reduced VAT rates remain a very poor distributive tool. This is because better-off households tend to benefit more in absolute terms from VAT reduced rates than low-income households. As richer households tend to consume more, and more expensive products than poorer households, their consumption of the tax-favoured goods and services is generally greater than that of poorer households. Research has also demonstrated that preferential VAT rates to stimulate employment (e.g. in the tourism or hospitality sectors), or to support cultural activities (e.g. theatre) or pursue other non-distributional goals, clearly benefit richer households more than lower-income categories of the population, and often considerably so.

Preferential VAT regimes such as reduced rates and exemptions (see Section 2.3) also tend to considerably add to the complexity of the VAT system, increase the compliance burden for businesses and negatively impact on compliance levels (C. Evans; R. Highfield; B. Tran-Nam; M. Walpole, 2020[4]). A more effective policy to achieve distributional objectives is generally to reduce the scope for reduced VAT rates where possible and use measures that are directly targeted at increasing the real incomes of poorer households and public services for these households. It is recognised, however, that although this analysis is widely shared, it is often difficult if not impossible to implement it in practice. The political economy obstacles to broadening the VAT base (in particular their perceived distributional impact) can indeed be formidable, and often insurmountable, particularly where the social transfer and benefit system may not be sufficiently effective to ensure that poorer households are properly compensated for the impact of a VAT increase on the cost of their consumption basket.

EU Member States are bound by common rules regarding the operation of reduced VAT rates (VAT Directive 2006/112/EC). This common framework allows Member States to apply one or two reduced rates of not less than 5% to a restricted list of goods and services set out the VAT Directive. Some EU countries are allowed to apply special VAT rates below the standard rate of not less than 12% for goods not in the list of possible reduced rates (a "parking rate") and super-reduced rates below 5% on certain supplies. For the time being, over 40 different standard and reduced VAT rates are being applied in the EU, often based on specific derogations granted to individual Member States.

Between 2018 and 2020, a number of countries have expanded the application of their reduced VAT rates. Greece reclassified a number of basic foodstuffs to include them in the scope of its 13% reduced VAT rate. The scope of this 13% VAT rate was also extended to restaurants and hotels, to infant food and other baby products, such as diapers and car seats, and to bicycle helmets. Greece also reduced its VAT rate for the supply of electricity and domestic gas from 13% to 6%. Spain expanded the application of its super reduced VAT rate of 4% to a wider range of bread products. The Slovak Republic extended the list of food items, including fruit and vegetables, which are subject to the 10% reduced VAT rate. Poland introduced an updated and simplified VAT rate structure along with the possibility for businesses to acquire certainty on the applicable VAT rate through a binding decision (WIS). Italy, Belgium, Germany and Iceland reduced their VAT rates for feminine hygiene products from 22% to 5%, from 21% to 6%, from 19% to 7% and from 24% to 11% respectively. The UK announced that it will apply a zero-rate to feminine hygiene products as of 1 January 2021. Germany extended the application of its 7% reduced rate to long-distance rail travel as part of environmental policy measures. Sweden made its 6% reduced rate applicable to the exploitation of natural areas outside urban areas, national parks, nature reserves and national city parks. Some countries have expanded the scope of their reduced VAT rates to support specific economic sectors. Hungary and the Slovak Republic reduced their VAT rate on accommodation services from 18% to 5% and from 20% to 10% respectively. The Czech Republic lowered its VAT rate on hairdressing and clothing repair services to 10%. Portugal extended the application of its reduced VAT rate of 6% to domestic assistance services by telephone to the elderly and chronic patients, as well as to admissions to cultural exhibitions, zoos,

parks, aquariums, botanic gardens, museums and buildings of national interest. Slovenia introduced a new reduced VAT rate of 5% for printed and electronic publications (incl. e-books). A number of EU countries have reduced their VAT rates on electronic publications following an EU Council agreement in 2018 that EU Member States are allowed to apply reduced rates on these publications (e.g. e-books and e-newspapers) thereby aligning EU VAT rules for electronic and physical publications. Reduced rates now apply to e-books and e-publications in 16 of the 36 OECD countries that have a VAT – these are all EU Member States, except Norway.

Japan has moved from a single VAT rate to a dual rate system, by introducing a new reduced rate of 8% on a number of food and beverage items, when it increased its standard rate from 8% to 10%. Chile is now the only OECD country with one single VAT rate.

Given the political difficulty to significantly reduce the scope of reduced rates (and exemptions) and the limited scope for increasing standard VAT rates, which are already at a relatively high level in many cases, countries are increasingly looking at other measures to raise additional VAT revenue and improve the efficiency of their VAT systems (OECD, 2018[5]). These measures mainly include the collection of VAT on the supplies of goods and services from online sales (see Chapter 1) and measures designed to improve compliance and combat fraud (see Section 2.8).

2.2.3. Temporary VAT rate reductions have been introduced in response to the COVID-19 crisis

Several OECD countries have included temporary VAT rate reductions, including zero rates, in their tax responses to the COVID-outbreak. Most of these measures have been aimed at supporting the healthcare sector. Some countries have introduced temporary rate reductions to stimulate consumption and/or to support specific economic sectors that have been hardest hit by the COVID-19 crisis (e.g. tourism, hospitality). A comprehensive overview and description of these VAT rate reductions in OECD countries is included in the Country notes to Annex Table 2.A.2 (*in italics)*.

Most OECD countries have introduced zero rates or reduced rates for supplies and imports of medical equipment and sanitary products (gloves, masks, hand sanitiser…) and for healthcare services where these were not yet VAT exempt or subject to reduced rates under normal rules. The European Union introduced a six-month suspension of VAT and customs duties on protective equipment, testing kits and medical equipment such as ventilators. The European Commission published an indicative list of goods potentially covered by this relief but leaves it to the discretion of Member States to decide according to their particular national needs. This relief applies to goods imported by or on behalf of state organisations or charitable or philanthropic organisations approved by the competent authorities of the Member States. The initial measure applied for a period of six months and was further extended until the end of April 2021.

A number of OECD countries apply temporary reduced VAT rates (including zero-rates) to supplies of a range of medical products and equipment needed to combat the COVID-19 outbreak, including Austria, Belgium, France, Germany, Greece, the Netherlands, Portugal and Spain. Germany, the Netherlands, Poland and Portugal apply a 0% VAT rate to donations of certain medical material and equipment to hospitals. In the Netherlands, a rate of (effectively) 0% is applied to the hiring of healthcare workers by healthcare facilities or institutions qualifying for the VAT exemption of medical services.

Some countries have introduced VAT rate reductions to support specific economic sectors, such as restaurants (Austria, Belgium, Germany, Greece); accommodation (Austria, Czech Republic, cinema, culture or sports (Austria, Greece, the Netherlands, United Kingdom); or passenger transport (Greece and Turkey). The United Kingdom introduced a temporary reduced rate of 5% for certain supplies relating to hospitality, holiday accommodation and admissions to certain attractions from 15 July 2020 to 31 March 2021.Poland introduced a temporary 0% VAT rate for the supplies of laptops and tablets to educational institutions.

A few OECD countries have introduced more general temporary rate reductions. Germany reduced its standard VAT rate from 19% to 16% and its reduced VAT rate from 7% to 5% from 1 July to 31 December 2020. Ireland reduced its standard VAT rate from 23% to 21%, with effect from 1 September 2020 until 28 February 2021. Norway decreased its 12% reduced VAT rate to 6% from 1 April until 31 December 2020.

The VAT component of OECD countries' tax responses to the COVID-19 crisis is discussed further in the Special section at the end of this Chapter.

2.3. Exemptions

VAT regimes in the OECD make extensive use of exemptions, in addition to reduced rates (see Annex Table 2.A.3). In this context, exemption means that the supplier does not charge the VAT on its outputs and, as a consequence, has no right to recover the VAT on its related inputs. In some jurisdictions, exemption is referred to as "input taxation" to indicate that the supply is not free of VAT but that there is a "hidden VAT" in the price of the exempt supply - i.e. the VAT burden incurred on the inputs is embedded in the price of the exempt outputs. Exemption is thus not the same thing as absence of taxation.

Although it is a significant departure from the basic concept of VAT, all OECD countries apply a number of exemptions. A wide variety of motivations exist for the application of VAT exemptions. These include the difficulty to determine the tax base (e.g. financial and insurance services) or the desire to exclude activities from the VAT base that are considered as public service or as serving a purpose of general and/or social interest (education, health, postal services, charities). A number of other exemptions have their roots in tradition, such as letting of immovable property and the supply of land and buildings. Certain sectors that are exempt from VAT may also be subject to other specific taxes (e.g. property, insurance, financial services).

Exemptions beyond these core items are also numerous and cover a wide diversity of sectors such as culture, legal aid, passenger transport, public cemeteries, waste and recyclable material, water supply, precious metals and agriculture (see Annex Table 2.A.3). To this regard, EU Member States are subject to common rules providing for the exemption of supplies considered as in the public interest such as postal services, healthcare, social services, education, public broadcasting and charities but also for a number of specific supplies such as financial and insurance services, transactions involving immovable property and gambling. However, EU Member States may choose to allow business to opt to tax certain transactions and set specific conditions for some exemptions.

A number of services that are generally exempt in OECD countries are taxed in certain countries. For example, postal services is taxed in Australia, Canada, Japan, New Zealand and Norway; betting or gambling is taxed in Australia, Canada, Korea, New Zealand, Turkey and the United Kingdom; and insurance services are taxed in Mexico, New Zealand and Turkey and zero-rated in Australia. On the other hand, the transportation of passengers, which is taxed in most countries, is exempt (to some extent) in Chile, Denmark, Ireland and Korea. Chile treats, services that are not specifically listed in the law as "out of scope" of its VAT i.e. they are actually treated in a similar way as exemptions. These include legal, accounting, engineering, architecture and other professional services.

The standard advice in VAT design is to have a short list of exemptions, limited to basic health, education and perhaps financial services. By not allowing the deduction of input tax, VAT exemptions create an important exception to the neutrality of VAT (see Chapter 1). The following paragraphs provide an overview of the main, often adverse consequences of exemptions.

VAT exemptions introduce a cascading effect when applied in a B2B context. The business making an exempt supply can be expected to pass on the uncreditable input tax by including it in the price of this supply. This "hidden tax" will subsequently not be deductible/recoverable by the recipient business. If the outputs of this recipient business are not also exempt, this hidden VAT will presumably be part of the price

for the supplies on which it will charge output VAT. The result is a hidden tax at a variable rate depending on the number of production stages that are subject to the tax. This distorts businesses' production decisions and choices of organisational form. The size of this cascading effect depends on where the exemption is applied in the supply chain. If the exemption is applied at the stage of the final consumption, there is no cascading effect and the consequence is simply a loss of tax revenue since the value added at the final stage escapes tax. If the exemption occurs at some intermediate stage, the consequence of the cascading effect may be an increase of net revenues in a non-transparent manner.

Exemptions create incentives for reducing tax liability by vertical integration ("self-supply") and disincentives for outsourcing as firms have an incentive to produce their inputs internally rather than to purchase externally and incur irrecoverable VAT. This may lead to economic inefficiencies from the distortion of the structure of the supply chain. It can also initiate a dynamic whereby exemptions feed on each other resulting in "exemption creep": once a sector receives an exemption, it has an incentive to lobby for exemptions for those from whom it buys its inputs in order to avoid paying hidden VAT on its inputs.

Exemptions generally lead to the under-taxation of supplies to consumers, who face a tax burden equal to the tax on inputs used by the businesses without its value-added, and an over-taxation of businesses who are unable to deduct the "hidden" tax embedded in their inputs. It also leads to the taxation of investments rather than consumption, which is in contradiction with the main purpose of the tax.

The VAT exemption of financial services is often mentioned as one that is increasingly problematic. In a recent paper (GFV N°087 of March 2019), the European Commission recalled that the European Union's VAT exemption rules for financial and insurance services have not kept pace with developments in these sectors, which makes these rules increasingly complex and difficult to apply in practice. This has led to rising litigation rates, legal uncertainty, and high administrative and regulatory costs. These rules are also interpreted and applied inconsistently across Member States, leading to competitive distortion within the EU. The European Commission has therefore launched a public consultation on this topic in October 2020.

In the international context, exemptions compromise the destination principle for taxation of internationally traded goods and services (see Chapter 1). When an exporter uses exempt inputs, it is not possible to remove the irrecoverable VAT resulting from the exemption applied at an earlier stage in the production chain. The export thus becomes effectively "input taxed". On the other hand, businesses that use exempt inputs have an incentive to import from countries where these inputs are zero rated for export instead of purchasing them from exempt domestic providers. It has been suggested that managing exemptions also imposes increased administrative and compliance costs. As is the case for differentiated rate structures, it may often be difficult for businesses and tax administrations to distinguish between exempt and taxable supplies, in particular in complex areas such as financial services. Businesses that make both taxable and exempt supplies are often faced with complex allocation rules to determine the share which is attributable to taxed outputs and for which it is thus entitled to an input tax credit. However, there is little evidence on the quantitative extent to which exemptions increase administration and compliance costs (Bird and Gendron, 2007[6]).

For further reading on the theoretical and practical justification of exemptions, see (de la Feria, n.d.[7]); and on the potential of broadening the tax base by reducing the scope of exemptions as an alternative to increasing VAT rates, see (European Commission, 2011[8]).

2.4. Restrictions to the right to deduct VAT on specific inputs

Although the burden of the tax should not fall on businesses, the right to deduct the VAT on inputs is limited to the extent that those inputs are used for producing taxable outputs. The right to input VAT deduction is legitimately denied in cases where inputs are used to make onward supplies that are not taxable, i.e. exempt without credit (e.g. health care, financial services – see Section 2.3 above) or outside the scope of

VAT (e.g. supplies for no consideration). Input-VAT deduction is also denied when purchases are not (wholly) used for the furtherance of taxable business activity, for example, when they are used for the private needs of the business owner or its employees (i.e. final consumption). All these limitations to the right to deduct input VAT result from the application of the basic principles of VAT design.

In addition to the rules described above, most OECD countries have legislation in place that provides for restrictions to input VAT deduction on a number of goods and services because of their nature rather than because of their use by businesses. This is often with a view to ensuring the (input)taxation of their deemed final consumption (see Annex Table 2.A.4).

Restrictions to the deduction of input VAT on entertainment costs are the most widespread, although the items included in that category may vary widely. These restrictions may include VAT incurred on restaurant meals; on (alcoholic) beverages; reception costs; hotel accommodation; attendance at sporting or cultural events; and on gifts and transport services. Seven OECD countries (Chile, Colombia, France, Israel, Japan, Switzerland and Turkey) have not implemented such specific limitation to the right of deduction. The deduction of input VAT on the purchase and/or the use of cars is also subject to limitations in 23 out of the 36 OECD countries operating a VAT. On the other hand, Israel, Japan and Switzerland do not report any of these specific restrictions. In Mexico, there are no specific restrictions but the law provides that input VAT deduction is allowed only on inputs that are “strictly indispensable” for the principal activity. The expenses deductible for VAT purposes must also be deductible under the Income Tax Law, which provides a list of “Authorised deductions” for each type of regime.

The restriction to input-VAT deduction may often be limited to a portion of the VAT incurred. This can for instance be the case for the VAT incurred on the use of cars by the employees of a business, which can be limited to a fixed percentage. Some countries restrict the deduction of input VAT on cars to 50%, even if the car is fully used for business purposes.

The rationale behind those limitations is generally threefold. First, it aims at avoiding the administrative burden associated with the need to control the actual use of goods and services that may easily be used for dual business/private purposes due to their very nature. Second, it is a way of reducing the risks of fraud. Third, such commodities often contain an element of “consumption” - for example restaurant meals. This third justification may be considered inconsistent with the main features of the VAT system. Indeed, businesses (or their employees) never actually “consume” goods and services within the meaning of the VAT when they are used in the furtherance of a taxable activity.

2.5. Registration and collection thresholds

All taxes impose compliance costs on businesses and administrative costs on tax authorities, but VAT is often considered as particularly burdensome for small and medium size businesses (SMEs) to comply with (European Commission, 2013[9]) (Evans et al., 2018[10]). Many countries have therefore introduced simplified regimes for SMEs to ease their compliance burden. These regimes can be grouped into three main categories: those that provide for an exemption from the VAT regime (exemption thresholds); those that facilitate the calculation of the VAT liability; and those that simplify accounting, filing and/or payment obligations (OECD, 2015[11]).

Most OECD countries (except Chile, Mexico and Spain) apply exemption thresholds below which small businesses are not required to charge and collect the tax on their outputs and their input VAT is not deductible. In Colombia and Turkey, the exemption threshold only applies to individuals and not to companies or incorporated businesses. The consequences of such exemptions are equivalent to treating small businesses as non-taxable businesses. There are two kinds of exemption thresholds: registration thresholds that relieve suppliers from both the requirement to register for VAT and to collect the tax; and collection thresholds for which taxpayers, even those below the threshold, are required to register for VAT,

but are relieved from collecting the tax until they exceed the threshold. Different types of activities (e.g. supply of services vs supply of goods) or sectors (e.g. the non-profit sector) may be subject to different thresholds or even be excluded from their application (e.g. the construction sector). In most cases registration thresholds do not apply to foreign businesses and in some cases collection thresholds apply only to individuals or to businesses for which commercial accounting is not compulsory.

Annex Table 2.A.5 provides an overview of applicable collection and registration thresholds in OECD countries. In principle, the calculation of thresholds is generally based on annual turnover. In Japan, businesses (companies and individuals) are not required to register and account for VAT during the first two years of establishment if they remain below a capital-based threshold; a threshold based on an annual taxable turnover applies after the first two years (with some exceptions, based on levels of turnover). Although thresholds are generally based on annual turnover, their application may be subject to additional rules and conditions.

The levels of these thresholds vary significantly across OECD countries. Three broad groups can be distinguished.

Twenty countries have a relatively high general threshold above USD 30 000 of turnover per year: Australia, Austria, Belgium, Czech Republic, Estonia, France, Hungary, Ireland, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, New Zealand, Poland, Slovak Republic, Slovenia, Switzerland and the United Kingdom. Of these France, Italy, Japan, Poland, Slovak Republic and the United Kingdom have a particularly higher threshold of more than USD 90 000.

Nine countries have a relatively low threshold between USD 5 000 and 30 000: Canada, Denmark, Finland, Germany, Greece, Iceland, Israel, Netherlands and Portugal. Two countries have a low threshold below USD 5000: Norway and Sweden.

Since 2018, six OECD countries have raised their threshold: Austria, France, Germany, Hungary, Israel, Korea, Netherlands and Portugal while none has reduced it.

There are no definitive arguments on the need for, or the level of, thresholds. The main reasons for excluding small businesses (a notion that may vary considerably across countries) are that the costs of tax administration are disproportionate to the VAT revenues raised and, similarly, the VAT compliance costs can be disproportionate for many small businesses compared to their turnover. It is also assumed that smaller businesses may be less compliant. A relatively high threshold may give an advantage to small businesses, distorting competition with larger companies. A relatively low threshold may act as a disincentive for businesses to grow or as an incentive to avoid VAT by splitting activities artificially. It can also frustrate policy efforts to formalise the economy. However, the latter may be at least partly addressed by applying a simpler alternative tax to businesses below the VAT threshold and thus bring them into the "formal" economy. The level of the threshold is often the result of a trade-off between minimising compliance and administration costs, and the need to protect revenue and avoid competitive distortion.

All OECD countries that have a registration or collection threshold give the option to businesses below the threshold to register and account voluntarily for VAT, except Israel and Korea. Voluntary registration is often intended to provide an option for small businesses to avoid the disadvantages of non-registration - but they increase tax administration costs and impose compliance costs on entities that elect to be in the system. This also increases the risk of VAT fraud by "fly-by-night" traders, who register and claim VAT refunds before disappearing again. Countries therefore often impose a minimum period of time during which taxpayers that have registered voluntarily must remain registered. This period varies from one year (Australia, Canada, Czech Republic, Greece, Hungary, Japan, Slovak Republic and Switzerland) to two years (Denmark, France, and Norway) or in some cases, three years (Netherlands and Sweden) or five years (Austria, Germany, Portugal and Slovenia).

Recent research (Li Liu, 2019[12]) shows that firms tend to bunch below the registration threshold by restricting their reported turnover to avoid having to register for the VAT when they have a high share of

sales to private consumers (B2C) but tend to register voluntarily, even when their turnover is below the threshold, in cases where they have a low share of such B2C sales, a high input-cost ratio, and more competition in the industry.

One challenge of VAT thresholds is to minimise incentives for small businesses to underreport turnover so as to remain below the exemption threshold, and/or to incentivise small businesses to grow their business. The adoption of a flexible threshold is one option. Under such a regime, small businesses that exceed the regular VAT threshold are not obliged to register immediately but are allowed to continue to benefit from the exemption as long as they do not exceed the threshold by a significant percentage. For example in France, businesses that exceed the regular thresholds of EUR 85 800 (for goods) and EUR 34 400 (for most services) may continue to benefit from the exemption if their turnover does not exceed EUR 94 300 and EUR 36 500 respectively for more than a year.

Other ways exist to reduce compliance costs for SMEs while avoiding the disadvantages of the exemption. One way used in many countries is to apply simplified presumptive schemes to facilitate the calculation of the VAT liability. For example, certain small businesses may be allowed to apply a single flat rate to turnover for determining the amount of VAT to be remitted to tax authorities instead of requiring a detailed VAT calculation of input and output VATs. An alternative simplification scheme for calculating VAT liability relies on simplified input tax credit calculations. A more detailed description of such regime is given in an OECD study on SME taxation (OECD, 2015[11]).

In most cases, registration thresholds do not apply to foreign businesses. However, the OECD VAT/GST Guidelines recommend that jurisdictions implementing a vendor registration regime for collecting the VAT on B2C supplies of services and intangibles by foreign suppliers do so without creating compliance and administrative burdens that are disproportionate to the revenues involved or to the objective of achieving neutrality between domestic and foreign suppliers. They specifically acknowledge that thresholds have been implemented by some jurisdictions to achieve this objective, adding that a balance should be sought between the desire to minimise administrative costs and compliance burdens for tax administrations and foreign suppliers and the need to maintain an even playing field between domestic and foreign businesses. The report on Mechanisms for the Effective Collection of VAT/GST where the Supplier is not Located in the Jurisdiction of Taxation (OECD, 2017[13]) provides further guidance on key policy aspects to consider for the possible implementation of such a threshold. These include neutrality aspects on the competitive position of domestic and foreign suppliers; simplification aspects on the potential reduction of compliance costs for foreign businesses and tax administrations; and the determination of the level of the threshold, including the calculation method (based on the supplier’s turnover in the taxing jurisdiction or its worldwide turnover).

Among the 12 OECD jurisdictions requiring foreign suppliers of inbound services and intangibles to final consumers to register and account for the VAT in their jurisdiction, six apply a registration turnover threshold below which foreign suppliers are relieved from that obligation, i.e. Australia, Iceland, Japan, New Zealand, Norway and Switzerland. In these countries, the registration threshold is the same for domestic and foreign vendors. The EU is considered as one single jurisdiction in this context, as the absence of a registration threshold for non-EU suppliers of remote telecommunication, broadcasting and electronically supplied services under its Mini One Stop Shop (MOSS) regime (non-Union scheme) is set at EU level. A voluntary threshold of 10 000 EUR was implemented as of 1 January 2019 for remote intra-EU supplies of these services to final consumers by EU vendors (Union scheme).

2.6. Usage of margin schemes

Most countries allow or utilise specific methods for determining the VAT liability in special circumstances. The purpose of these methods is usually to simplify VAT administration and compliance and/or to address specific circumstances. Typical examples are the margin schemes, which are often used when the

deduction of input tax according to the normal rules is considered too difficult or impossible – see for instance the resale of second-hand goods bought from private individuals, and the activities of travel agencies. Under a margin scheme, the tax base is calculated on the difference between the price paid by the taxpayer and the price of resale rather than on the full selling price. The reseller is not allowed to deduct the input VAT embedded in the buying price of the items that are resold under the margin scheme.

The Annex Table 2.A.6 shows that all the EU countries employ a margin scheme for travel agencies, second-hand goods, works of art, collector's items and antiques since they share the same legislative root. Beyond the EU, eight other OECD countries employ margin schemes, i.e. Australia (on new residential property, gambling and second hand goods); Chile (second-hand real property); Colombia (sale of used cars, sale of fixed assets made by an intermediary, sale of gasoline); Israel (on coins and postal stamps, furniture, dwellings, used vehicles and foreign currency exchange); Mexico (second hand cars); Norway (on second hand goods, works of art, collectors' items and antiques); Switzerland (Collector's items such as works of art and antiques); and Turkey (on travel agencies).

2.7. Measuring performance of VAT: the VAT Revenue Ratio

VAT performance can be measured through different methods, depending on the dimension of the performance to be measured. It has traditionally been estimated by the "efficiency ratio", defined as the ratio of VAT revenues to GDP divided by the standard rate (expressed as a percentage). Although the efficiency ratio has been widely used as a diagnostic tool in evaluating VATs, it does not distinguish a product-type VAT from a consumption-type VAT. This difficulty is addressed by taking final consumption as a reference for the potential tax base rather than production (Ebrill et al., 2001[14]). If measured by the ratio of revenue from the tax to the product of the standard VAT rate and aggregate consumption, a benchmark VAT levied at a uniform rate on all consumption would have "C-Efficiency" of 100% provided that all the tax due is collected by the tax administration.

The estimates of the VAT Revenue Ratio (VRR) for OECD countries presented in this section builds on the "C-Efficiency ratio" principles. It provides an indicator that combines the effect of loss of revenues as a consequence of exemptions and reduced rates, fraud, evasion and tax planning. Although the VRR has to be interpreted with care and erosion of the tax base may be caused by a variety of factors, it may support policymakers in assessing the revenue raising performance of their VAT system and in identifying opportunities to raise additional revenues by improving VAT performance.

2.7.1. What does the VRR measure?

The aim of the VRR is to provide a measure of the extent to which a country collects its VAT on the natural base of the tax: final consumption expenditure. The VRR thus measures the difference between the VAT revenue actually collected and what would theoretically be raised if VAT was uniformly applied at the standard rate to the entire potential tax base and all revenue was collected:

$$\mathrm{VRR} = \frac{\mathrm{VR}}{\mathrm{B\,.\,r}}$$

Where: VR = actual VAT revenues; B = potential tax base and r = standard VAT rate

The 'standard' rate refers to the default rate applicable to the tax base, unless otherwise advised by legislation. Legislation can (and many countries do) provide that lower (or higher) rates are applicable to a defined list of products. Reduced VAT rates are still widely used in OECD countries, mainly for equity or social objectives (basic essentials, health, education, etc.). No OECD countries apply higher VAT rates (see Annex Table 2.A.1).

In the VRR calculation formula as presented above, the potential tax base (B) is based on the Final Consumption Expenditure under Item P3 in the national accounts. However, the SNA measures consumption expenditures at market prices, i.e. including VAT. This VAT element must be deducted from the amount under P3 for the VRR calculation, because the theoretical basis for taxation should not include the tax itself.As a result, the VRR estimates presented in Annex Table 2.A.1 have been calculated as follows:

$$\mathrm{VRR} = \frac{\mathrm{VR}}{(\mathrm{FCE} - \mathrm{VR}).\mathrm{r}}$$

Where: VR = actual VAT revenues; FCE = Final Consumption Expenditure (Item P3 in National Accounts); and r = standard VAT rate.

2.7.2. The challenge of assessing the tax base

The main methodological difficulty in the calculation of the VRR lies in the assessment of the potential tax base, since no standard assessment of the potential VAT base for all OECD countries is available. The potential VAT base includes all supplies of goods, services and intangibles made for consideration (or deemed to be made for consideration) by businesses or any other entity acting as a business (e.g. individuals, government entities providing supplies for direct consideration, etc.) to final consumers. In principle, the tax base ultimately corresponds to the expenditure made by final consumers to obtain goods, services and intangibles. In practice, however, many VAT systems impose VAT burden not only on final household consumption, but also on various entities that are involved in non-business activities or in VAT exempt activities (Chapter 1 and this chapter). In such situations, VAT can be viewed as treating such entities as if they were end consumers, or as “input taxing” the supplies made by such entities on the presumption that the burden of the VAT imposed will be passed on in the prices of the outputs of those non-business activities. The tax ultimately collected by the government in these situations is the tax on these inputs.

In the absence of a standard assessment of the potential VAT base for all OECD countries, the closest statistic for that base is final consumption expenditure as measured in the national accounts, VAT is indeed, ultimately a tax on final consumption. Final consumption expenditure in national accounts is calculated according to a standard international norm, the System of National Accounts (SNA 2008 - except for Turkey, Chile and Japan that still use SNA 1993) under Item P3 Final consumption expenditure.

2.7.3. The average VRR for OECD countries has remained stable

Across the OECD, the unweighted average VRR has remained relatively stable at 0.56 in 2017 and 2018, up 0.1% compared to 2016, as is shown in Annex Table 2.A.7. This OECD average has remained around this level since 2010 (0.55), after it had declined during the financial and economic crisis in 2008-9 (from 0.59 in 2007 to 0.53 in 2009). This estimate suggests that, on average, 44% of the theoretical potential VAT revenue is not collected.

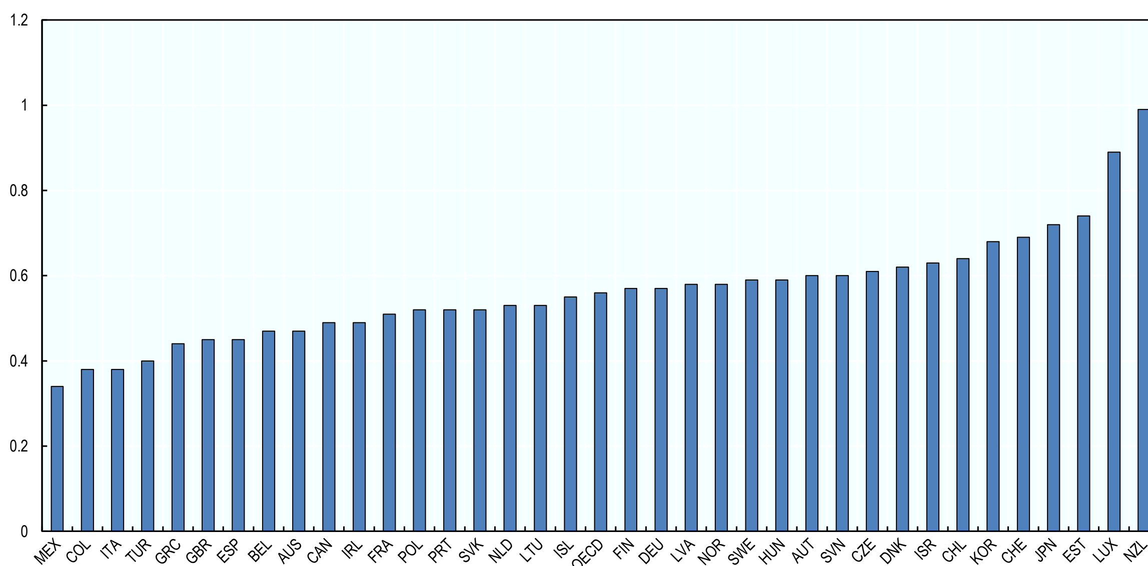
The VRR estimates vary considerably among OECD countries. In 2018 the estimates ranged from 0.34 in Mexico and 0.38 in Colombia and Italy, to 0.89 in Luxembourg and 0.99 in New Zealand. An additional four OECD countries have an estimated VRR above 0.65, i.e. Estonia (0.74), Japan (0.72), Switzerland (0.69) and Korea (0.68). All the other OECD countries that operate a VAT (30 out of 36) have a VRR below 0.65; eleven of these countries have a ratio below 0.50. This suggests that a considerable part of the theoretical potential VAT revenue remains uncollected in many OECD countries. The VRR rose in 26 countries compared to 2016, with Poland’s estimated VRR showing the biggest increase from 0.45 to 0.52 and Latvia’s and Hungary’s estimated VRR rising from 0.55 to 0.59 and from 0.54 to 0.58 respectively. The impact of the increase of the estimated VRR of these 26 countries on the OECD average was partly offset by the introduction of Colombia with a VRR considerably below the OECD average of 0.38, and the

drop in the estimated VRRs for Australia (from 0.50 to 0.47) and Luxemburg (from 0.92 to 0.89). The VRR estimates remained unchanged for eight OECD countries.

The VRR levels notably reflect the fact that preferential treatments, such as reduced rates and exemptions, are still widely used in OECD countries (see Annex Table 2.A.2 and Annex Table 2.A.3). This is confirmed by tax expenditures data, which reflect the cost of tax concessions (OECD, 2010[15]).

It appears that there is no direct correlation between the level of the standard VAT rate and the VRR. Countries with very different VAT rates may have comparable VRRs. Australia and Ireland, for example, have a very similar VRR estimate 0.47 and 0.49 respectively while their standard VAT rates are at very different levels, i.e. 10% and 23% respectively. Although two thirds of countries (25 out of 36) have a VRR between 0.45 and 0.65, they have standard VAT rates that vary widely from 5% (Canada) to 25% (Denmark, Norway, and Sweden) and 27% (Hungary). These last four countries combine high standard VAT rates (25% and 27%) with a VRR above the OECD average, at respectively 0.62, 0.58, 0.59 and 0.59; while Mexico and Turkey combine lower standard VAT rates (respectively 16% and 18%) with a VRR estimate considerably below the OECD average (respectively 0.34 and 0.40). Japan combines a low VAT rate (8% in 2017-18) and the absence of reduced rates with a relatively high VRR (0.72).

Figure 2.3. VAT Revenue Ratio (VRR) 2018



Note: OECD = OECD unweighted average
Source: Author's calculations

StatLink https://doi.org/10.1787/888934220078

The respective weight of the different factors that affect the VRR may vary widely across countries depending on the circumstances. The two countries with the highest VRR, New Zealand and Luxembourg, are both far above the OECD average (with respectively 0.99 and 0.89 compared to an average of 0.56) and even significantly above the country that immediately follows (Estonia with a VRR of 0.74). However, the reasons behind these high ratios are very different.

The VRR for Luxembourg has increased constantly between 1996 (0.54) and 2014 (1.23). This increase was correlated with deep changes in the EU marketplace, in particular the liberalisation of financial services and the boom of e-commerce. It is reasonable to assume that these market factors and the specific VAT

treatment of these markets have had a strong upward effect on Luxembourg's VRR. It may be assumed that Luxembourg's position as an international financial centre has resulted in additional VAT revenue for the country. The supply of financial services is generally exempt from VAT in Luxembourg without the right to deduct the input tax, in accordance with EU VAT rules, including when supplied to customers in other EU Member States. This means that the non-deductible VAT incurred by financial service providers in Luxembourg increases Luxembourg's VAT revenues while a large share of the corresponding final consumption occurs in other EU Member States, as a result of the increased cross-border trade in financial services. Luxembourg had also become an international centre for e-commerce, notably as a consequence of the VAT treatment of this activity under EU VAT legislation until 1st January 2015. According to this legislation, e-commerce supplies to final consumers in other EU Member States were taxed in the Member State where the supplier was established. The low standard VAT rate in Luxembourg, the lowest in the EU (15 % until 2014), acted as an incentive to e-commerce suppliers to establish in Luxembourg; and this generated additional and continuously increasing revenue for the country as internet trade continued to grow. This changed as of 1 January 2015. Since that date, intra-EU e-commerce sales to final consumers are no longer subject to VAT in the Member State where the supplier is established (which was often Luxemburg). These sales are now subject to VAT in the Member State of these consumers' residence and at the rate applicable in that Member State. The loss of VAT revenues for Luxemburg from this change of the intra-EU place of taxation rules for e-commerce is reflected in the VAT revenue and VRR estimates for Luxembourg (which have declined from 1.25 in 2014 to 0.89 in 2018).

The factors underlying the constant very high VRR since the implementation of the VAT (GST) in New Zealand are very different from the Luxembourg ones. First, unlike Luxembourg, New Zealand operates a very broad GST tax base with limited exemptions (see Annex Table 2.A.3) and a limited use of zero rates (see Annex Table 2.A.2). Second, New Zealand treats public services as GST taxable (see Chapter 1). Although this does not generate actual additional revenue (the GST charged by public bodies to the government is compensated through budgetary transfers and the GST collected on local government activities is included in local taxes), this increases the share of revenues from GST in total tax revenues, which has an upward effect on the VRR. On the other hand, the potential GST base determined on the basis of the national accounts (see section above) does not include the value added by the government. The combination of these factors may explain why the VRR for New Zealand is so high and even sometimes above 1.

At the opposite end, Mexico and Colombia have the lowest VRR (0.33 and 0.38 respectively) amongst OECD countries. This is likely to be due to a combination of factors such as the scope of VAT exemptions, the application of a domestic zero rate and a low compliance level.

2.7.4. A number of factors influence the VRR

In theory, the closer the VAT system of a country is to a "pure" VAT as a broad-based tax on all final household consumption, the closer its VRR is to 1. A VRR close to 1 can be taken as an indicator of a VAT bearing uniformly on a broad base with effective tax collection. A lower value reflects such factors as the effects of reduced rates, exemptions or a failure to collect all tax due. A VRR above 1 is possible in theory, notably where almost all the tax base is covered by a VAT at a single standard rate and a number of exemptions without right to deduction apply so that the cascading effect of the exemption provides additional revenue for the government that exceeds the cost of the exemption. In practice, the VRR rarely equals 1 and a number of complex factors, alone or in combination, may influence the results positively or negatively. These include:

- The application of lower VAT rates to a number of goods and services and the level of such lower rates that reduce the tax revenue and have a negative impact on the VRR.
- The level of the registration and/or collection threshold under which small businesses do not account for VAT. These thresholds reduce the amount of VAT collected, although it could be

argued that the adverse revenue consequences of such thresholds are likely to be limited since the businesses under the thresholds will generally not be able to deduct any input VAT and their value added can be expected to be modest.

- The scope of the exemptions. Depending on the features of the exemptions and market structures, exemptions may influence the VRR upwards or downwards. Exemptions may reduce the tax revenue when the exemption applies to goods or services directly supplied to final consumers without requiring much investment or expenditure other than the supplier's own labour. They may increase revenue when the exemption occurs early in a supply chain and the revenue arising from the non-recoverable input VAT and its cascading through the value chain exceeds the potential tax arising from taxation at standard rates with the deduction of input tax (e.g. financial service supplied to businesses). The application of a VAT exemption for financial services in particular may have a considerable impact on the VRR, given the economic importance of this sector in many countries.
- The VAT treatment of public sector activities. Final consumption by government is the second largest final use in national accounts after household consumption. From a VAT perspective, governments' activities are exempt or outside the scope of VAT in most countries, New Zealand being the notable exception treating all governments activities as taxable. As a consequence, public bodies cannot deduct the input VAT paid on their taxable expenditure, again with the exception of New Zealand that provides a full right to deduct input tax for government activities. A number of countries have created mechanisms for balancing the adverse effects of the exemption of public sector activities, such as targeted VAT refunds, full or partial right to deduct input VAT, budgetary compensations or extended taxation of government activities. The different options chosen by governments may have varied impacts on the VRR. Compensations outside of the VAT system (e.g. a simple budgetary compensation) have no direct effect on the VRR. The government activities remain input taxed, generating the corresponding VAT revenue, before and after the compensation measures. A measure that provides the right to input-VAT deduction to government bodies will normally reduce VAT revenue if the outputs remain exempt, and hence influence the VRR downwards. Applying VAT to government activities like New Zealand does, on the other hand, will increase the amount of VAT collected and influence the VRR upwards, as it results in the taxation of the total output rather than just the inputs.
- The implementation of an effective regime for the collection of VAT on supplies of goods, services and digital products from online sales by foreign vendors and electronic marketplaces. Many VAT regimes have struggled to ensure the proper collection of VAT on online trade, in particular when faced with the challenge of collecting these taxes from non-resident vendors, which has caused increasingly important revenue losses as the value and volume of digital trade has continued to increase (see Chapter 1).
- The capacity of the tax administration to manage the VAT system efficiently and the degree of compliance by taxpayers influences the VRR as low compliance has a negative impact on VAT revenues. The level of taxpayer insolvencies and bankruptcies can also influence the VRR.
- The failure of a tax administration to operate an appropriate VAT refund process (with timely refunds of excess input-VAT credits to domestic businesses and/or refunds to non-resident businesses), which is contrary to the fundamental principle of VAT-neutrality, may influence the VRR upwards (for the "wrong" reasons).
- Similarly, the failure of a VAT regime to ensure the proper implementation of the destination principle to the exportation of goods and/or services, notably by taxing exports in the origin jurisdiction or by exempting exports without a right for the exporter to recover the associated input-VAT, my influence the VRR upwards "for the wrong reasons".
- The evolution of consumption patterns may also affect the tax revenue. The VRR can for instance decline, all other things equal, when the share of consumption of necessities that are taxed at the lower VAT rate increases, e.g. as a result of an economic crisis (OECD, 2020[16]).

- Finally, also the possible impact of the differences between the measurement of final consumption expenditure in the national accounts and countries' potential VAT base should be taken into account when interpreting the VRR.

For further technical discussion on the factors influencing the calculation of the VRR see (OECD, 2016[17]).

2.7.5. Policy and compliance factors influencing the VRR

The level of the VRR rarely depends on one factor in isolation but rather on the interaction between them. For example, a high standard rate may create an incentive for evasion while multiple lower rates may lead to revenue loss due to misclassifications. Exemption of certain sectors of activity may create distortions and incentives for avoidance, which require additional administrative capacities that cannot be used for the efficient collection of VAT. Inefficient tax administration, burdensome administrative requirements and complex VAT mechanisms may reduce taxpayer compliance levels.

These potentially influencing factors can be divided in two main categories:

- Those resulting from policy decisions, mainly affecting the tax base or the coverage of the standard rate (i.e. reduced VAT rates and exemptions – "policy gap"), and
- Those related to the efficiency of the tax collection and compliance levels ("compliance gap").

The VRR is a combination of the result of policy decisions and the "compliance gap". Analysis to further break down the composition of the VRR can be carried out. One method to decompose the VRR into its policy and compliance components consists in using tax expenditure data from VAT preferential regimes (i.e. the revenue cost of a system's departure from the application of the standard VAT rate to the entire theoretical tax base) to estimate the "policy gap". The remaining difference between 1 and a given country's VRR then provide an estimate of the "compliance gap by" deduction. However, given the number of other factors that may influence the VRR, such figures should be used with caution.

Another method is to calculate the "compliance gap" (or "VAT gap"), i.e. the difference between tax collected and the tax that should be collected if all consumers and businesses fully complied with a given jurisdiction's VAT rules. This method is employed for the annual VAT Gap estimates in the European Union where the VAT Gap is defined as the difference between the amount of VAT actually collected and the theoretical tax liability according to tax law (VAT Total Tax Liability VTTL). (Institute for Advanced Studies, 2015[18]). (CASE – Center for Social and Economic Research, 2020[19]). The VAT Gap is estimated using a "top-down" approach that applies a jurisdiction's respective VAT rates to the relevant components of consumption (including final consumption of households; final consumption of government and non-profit institutions, intermediate consumption for partially exempt businesses; expenditure on housing, country-specific, adjustments, etc.). Australia uses a similar method (Australian Taxation Office, 2020[20]). The International Monetary Fund RA-GAP framework (Eric Hutton, 2017[21]) uses national accounts data to calculate the potential VAT base per economic sector. It calculates the potential VAT revenues for a given VAT system by applying its current tax schedule (exemptions, zero-rates, reduced rates) to that VAT base. Potential VAT revenues under the reference policy are calculated by applying the current standard VAT rate to the base. The VAT gap is calculated by comparing actual VAT revenue with potential revenues under the current policy and the reference policy.

2.8. Combatting VAT fraud and non-compliance

2.8.1. VAT revenue losses from fraud and non-compliance remain significant

Reducing the revenue losses from VAT non-compliance remains a key challenge and a priority for countries around the world. Many tax administrations carry out research to estimate their country's VAT compliance gap, i.e. the revenue loss from VAT fraud, non-compliance and bankruptcies. The VAT Gap in the European Union (EU) was estimated at EUR 140 billion for the 28 EU Member States for 2018 in the latest VAT Gap report (CASE – Center for Social and Economic Research, 2020[19]). Although it remains very high, the EU Commission observed that this VAT Gap has improved marginally in recent years in both relative and nominal terms. In relative terms, the EU-wide VAT Gap fell to 11% of the VAT total tax liability (VTTL) in 2018, from 12.3% in 2016 and 14.3% in 2014. In nominal terms, the overall EU VAT Gap slightly decreased by almost EUR 1 billion to EUR 140.04 billion in 2018, slowing down from a decrease of EUR 2.9 billion in 2017. However, figures for 2020 forecast a reversal of this trend, with a potential loss of EUR 164 billion in 2020 due to the effects of the coronavirus pandemic on the economy.

The smallest VAT Gaps in the EU were observed in Sweden (0.7 percent), Croatia (3.5 percent), and Finland (3.6 percent); the largest in Romania (33.8 percent), Greece (30.1 percent), and Lithuania (25.9 percent). The United Kingdom estimated its VAT Gap at GBP 10.0 billion in 2018-19, i.e. 7.0% of the estimated net VTTL (HMRC, 2020[22]), declining from 13.3 billion and 9.6% of the VTTL in 2017-18. A number of other OECD countries provide public estimates of their VAT gap. In Australia the GST gap is estimated at AUD 5.8 billion or 8.1% of VTTL (Australian Taxation Office, 2020[20])); in Canada, the multi-year average GST/HST gap for 2000-2014 is estimated at 5.6% VTTL (CRA, 2016[23]). In Latin America, the VAT gaps showed a wide diversity in 2017 (CEPAL, 2020[24]) but OECD countries in this region had a relatively low VAT gap compared to others, i.e. 21.4% in Chile, 23.6% in Colombia and 16.4% in Mexico (compared to e.g. 45.3% in Panama and 43.8 in the Dominican Republic).

Losses of VAT revenue from non-compliance can result from a number of factors. In addition to "traditional" VAT avoidance (i.e. arrangements intended to reduce the tax liability that could be strictly legal but in contradiction with the intent of the law) and evasion (illegal arrangements where liability to tax is ignored or hidden) VAT systems have often been the target of organised criminal attacks. This organised and criminal VAT fraud has been shown to have connections with other criminal activities such as terrorism and money laundering in a number of cases (EUROPOL, 2020[25]).

The most common type of organised VAT fraud is the "missing trader" or "carousel" fraud. It arises when a business makes a purchase without paying VAT (typically a transaction for which tax self-assessment applies), then collects VAT on an onward supply and disappears without remitting the VAT collected. Originally, the fraud involved primarily high-value goods that can easily be moved across borders, such as computer chips and cell phones - but it expanded to services that can be bought and sold like goods. Organised VAT fraud in CO_2 emission trading, for instance, caused billions of Euros of VAT revenue losses in a range of countries. Energy markets are also vulnerable to organised VAT fraud. European energy regulators, energy trading firms and gas and electricity operators notably warned EU authorities about the serious impact of VAT carrousel fraud on the functioning of European gas and electricity markets (Europex – Association of European Energy Exchanges, 2018[26]). They reported signs of "a major penetration of the gas and electricity markets by VAT fraudsters". Research in the past also showed that certain accounting software products contained hidden tools (zappers) for the manipulation of VAT receipts (OECD, 2013[27]). The digitalisation of the economy creates new challenges for VAT regimes in addressing fraud and non-compliance, notably in light of the exponential growth of cross-border e-commerce (OECD, 2015[28]).

Tax authorities are developing, and implementing, a growing variety of responses to the increasingly complex challenge of protecting important VAT revenues against VAT fraud and non-compliance. The following sections look in slightly more detail at three categories of responses that can be observed among

OECD countries: changes in VAT collection mechanisms; reinforcement in taxpayer's reporting obligations and data analysis; and international administrative cooperation and exchange of information.

2.8.2. Changes in the VAT collection methods: domestic reverse charge and split payment

Domestic reverse charge (see Annex Table 2.A.12)

In a standard VAT regime, the VAT is collected from suppliers through a staged process whereby the supplier collects the VAT from its customer and remits it to the authorities after having deducted any recoverable input VAT (see Chapter 1). Under a reverse charge mechanism, the liability for remitting the VAT to the tax authorities is shifted from the supplier to its business customer (i.e. in B2B transactions). Shifting the VAT liability from the supplier to the customer removes the possibility for dishonest suppliers to disappear with VAT that they collected from their customers without remitting it to the tax authorities, which is for example typical for so-called "missing trader" fraud. Nor can businesses claim the deduction or refunds of VAT that they have not paid (e.g. VAT on false invoices) or that has not been remitted to the tax authorities, which it typical for "carrousel fraud" schemes.

OECD countries that are using the domestic reverse charge mechanism have typically limited its application to economic sectors that are particularly vulnerable to such organised fraud schemes. It is particularly used to counteract missing trader and carousel fraud in sectors such as trade in mobile phones; integrated circuit devices; game consoles; tablet PCs and laptops; cereals and industrial crops; raw and semi-finished metals; gas and electricity; and telecom services.

No OECD country operates a more generalised reverse charge regime for the collection of all VAT on domestic transactions between businesses. Although this would reduce the risks of specific fraud types, as described above, it would also have several drawbacks including new burdens for businesses and tax administrations and growing risks of other types of fraud at the retail level (e.g. sales suppression, misuse of VAT identification numbers). One concern is that it would effectively transform the VAT into a retail sales tax, with the concentration of all revenue risks at the stage of the final sale or at a limited number of points, with the inherent weaknesses of such a system.

In the EU, Member States can apply a domestic reverse charge mechanism to a determined list of supplies, on an optional and temporary basis. EU Member States have also been allowed since 2013 to apply a domestic reverse charge to any kind of supply in case of sudden and massive VAT fraud.

Annex Table 2.A.12 shows that the use of domestic reverse charge as a means of combatting VAT fraud is widely used in the 23 OECD countries that are EU Member States, in particular for the supply of CO_2 emission certificates (all except Estonia, Poland, Latvia and Lithuania); scrap materials and waste (all except Belgium, Luxembourg Poland, and the United Kingdom); and construction work (all except Estonia, Luxembourg, Poland and the United Kingdom). The domestic reverse charge is also applied by many EU countries to the supply of gold (14 countries); electronic devices such as laptops, chips, mobile phones etc. (11 countries) and the supply of gas and electricity to taxable dealers (10 countries). Also other OECD countries use a domestic reverse mechanism albeit to a much lesser extent i.e. Canada (supplies of real property by non-residents and some supplies between provinces); Chile (supplies of rice, construction works, waste and certain plants and animals); Israel (metal debris); Mexico (waste, some supplies made by individuals); New Zealand (supplies of land incorrectly zero rated); Norway (supply of CO_2 emission allowances and investment gold) and Turkey (some supplies made by non-taxable persons). More than half of the OECD countries (19 out of 36) apply the reverse-charge to supplies in the construction sector.

Domestic reverse-charge has not been implemented in Colombia, Iceland, Japan, Korea, and Switzerland. Poland replaced its domestic reverse charge arrangements with a mandatory split payment mechanism in

November 2019 (applicable only to the supplies that were previously subject to the domestic reverse charge; see also the section below).

The split payment mechanism (see Annex Table 2.A.12)

Another means of reducing the vulnerability of VAT regimes to fraud and non-compliance is through the implementation of a so-called split payment (or withholding) mechanism. Under such a mechanism, the supplier charges the VAT on its domestic supplies to the customer according to normal rules, but the VAT paid by the customer (or part of it) is either directly remitted to the tax authorities ("withholding scheme") or deposited on the supplier's special VAT account ("split payment") rather than to the supplier. The supplier can generally use the amounts deposited in its special VAT account under a split payment regime only to pay VAT either to the tax administration or to another supplier (and to this supplier's VAT account only). Poland, which operates such a split payment regime (see previous section), has extended the possible use of amounts on special VAT accounts to pay certain other public levies.

A split-payment or withholding regime has a similar fraud-prevention effect as a domestic reverse-charge mechanism in that it removes the possibility for a supplier to collect the VAT without remitting it to the tax authorities. Among the drawbacks of these regimes are the added complexity (incl. the requirement for suppliers to determine for each transaction whether or not it is in the scope of the regime) and the cash-flow impact for businesses, which can be significant particularly under a withholding regime as businesses receive no/less output VAT against which they can offset deductible input-VAT (and this could result in a perennial excess-input VAT position). Some have observed that split-payment mechanisms may not prevent more complex missing trader frauds (Bartosz Gryziak, 2020[29]). Annex Table 2.A.12 shows that such a regime has been implemented in only five OECD countries and these are all targeted at specific sectors or types of supplies.

In Poland, a mandatory split payment mechanism applies to business-to-business (B2B) supplies of a defined list of goods and services that are considered to be sensitive to fraud (such as scrap metal, of CO_2 emission allowances, mobile phones, tablets, construction services etc. which were previously subject to a domestic reverse charge), if the invoiced gross amount exceeds PLN 15 000. Upon decision of the customer, an optional split payment mechanism can be applied to B2B supplies that are not covered by the mandatory split payment.

Italy requires public authorities or government bodies, public owned companies and companies listed on the Italian Stock Market to remit the VAT on their purchases of goods and services directly to the tax authorities instead of to their suppliers. Under this withholding regime, suppliers are entitled to faster refunds of excess input VAT credits. Korea applies a withholding regime for the supplies of gold, copper and scrap gold and iron. In the Czech Republic, such a system is only optional for customers that wish to avoid possible joint and several liability for the supplier's unpaid taxes. Turkey operates a partial withholding regime whereby customers are required to withhold a percentage of the VAT charged to them by suppliers and remit it directly to the tax authorities for supplies in certain sectors, such as construction, scrap metal, glass, plastic and paper, advisory and audit services, some repair services etc. Australia requires recipients of new residential property suppliers to effectively withhold GST from payment to the supplier and they are instead obliged to remit the full amount of the GST to the tax authority which is reconciled against taxable amounts of GST required to be reported for these supplies by the supplier.

Colombia, Chile and Mexico operate a withholding requirement as a fallback for the collection of VAT on inbound business-to-consumer (B2C) supplies of services and intangibles by foreign vendors. Where the foreign supplier of such B2C services and intangibles does not register to account for the VAT in the country, payment providers that facilitate the payment for these supplies (credit and debit cards; payment wallets; and banks) are required to withhold VAT on the payment for these supplies and remit it to the tax authorities.

2.8.3. Collecting transaction data from the taxpayers

Many OECD countries have used technology to enhance the reporting of tax relevant data to tax authorities. After a generalisation of mandatory e-filing of VAT returns (OECD, 2015[30]), many OECD countries have introduced or consider introducing a requirement for taxpayers to provide transaction data to tax authorities, sometimes in real time. These measures typically require detailed information to be provided in an electronic format at individual taxable transaction level. This information can include invoicing information and accounting data or any other information that allows tax authorities to monitor supplies made and/or received by individual taxpayers.

Annex Table 2.A.11 shows that most OECD countries have implemented transaction information reporting obligations since 2000, except Belgium, Canada, Finland, Iceland and Japan. Amongst the countries that have implemented transaction information reporting obligations, nineteen impose a specific format for such reporting (Chile, Colombia, Czech Republic, France, Greece, Israel, Italy, Korea, Lithuania, Luxembourg, Mexico, Netherlands, Norway, Poland Portugal, Slovak Republic, Slovenia, Spain and Turkey). Eight of them use (a variation of) the Standard Audit File for Tax (SAF-T) format developed by the OECD Forum on Tax Administration (OECD, 2005[31]). This involves the use of accounting software to create an electronic file (the SAF-T) containing tax-relevant accounting data. The SAF-T format enables the transfer of these data from the taxpayer to the tax authorities in a standardised electronic format.

Half of the countries requiring electronic transaction reporting (16 out of 31) require the systematic transmission of such information to the tax administration (Chile, Colombia, Czech Republic, Estonia, Greece, Hungary, Israel, Italy, Korea, Lithuania, Mexico, Poland, Portugal, Slovak Republic, Spain and Turkey) and eight of these require this transmission to happen in (near) real time (Chile, Colombia, Hungary, Italy, Korea, Mexico, Spain and Turkey).

Countries are also increasingly concerned with the monitoring of transactions in cash in the business-to-consumer (B2C) environment and more than one third of OECD countries (16 out of 36) have implemented requirements for suppliers to use electronic cash registers (Austria, Belgium, Czech Republic, France, Greece, Hungary, Israel, Italy, Korea, Latvia, Lithuania, Norway, Poland, Slovak Republic, Slovenia, and Sweden). Six of these countries require the systematic transmission of data to the tax administration (Austria, Greece, Israel, Korea, Slovak Republic and Slovenia, in (near) real time for Korea, Slovak Republic and Slovenia.

The volume of information collected by tax administrations has increased dramatically in recent years. In order for countries to take advantage of the opportunities that such data collection provides, countries and their taxpayers need to have confidence in the security and confidentiality of the information gathered by tax administrations. Facing the risks of inappropriate disclosure of information whether intentionally or by accident (e.g. hacking of tax administration databases), countries must ensure that both the legal framework and appropriate data protection systems are in place (OECD, 2012[32]).

2.8.4. International administrative cooperation

There is also a growing recognition that effective strategies to tackle VAT fraud and evasion would benefit from the enhanced international administrative co-operation. Governments increasingly recognise that information exchange and administrative co-operation play a significant role in combatting international VAT fraud and ensuring effective tax collection, not least in the context of the digitalisation of the economy (OECD, 2015[28]); (Court Auditors, 2015[33]). This need was also recognised in the 2015 OECD Report on Tax Challenges Arising from Digitalisation (OECD, 2015[34]) and the OECD is developing work in this context.

A number of instruments already exist that provide the legal foundation for the international administrative co-operation in the area of VAT. These include the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD/Council of Europe, 2011[35]), the bilateral treaties implementing the

current Articles 26 and 27 of the OECD and UN Model Tax Conventions, and Tax Information Exchange Agreements (TIEAs) based on the OECD Model. Regional agreements also provide legal base for such co-operation. These include EU Regulation No 904/2010, the Nordic Mutual Assistance Convention on Mutual Administrative Assistance in Tax Matters, the CIAT Model Agreement on the Exchange of Tax Information, and the African Tax Administration Forum Agreement on Mutual Assistance in Tax Matters.

Amongst these instruments, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention) is considered the most promising. The Convention was developed jointly by the Council of Europe and the OECD. It was opened for signature by the member states of both organisations in 1988. It was then aligned with the internationally agreed standard on transparency and exchange of information and opened to all countries in 2011. It provides for all possible forms of administrative co-operation between the Parties in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion. The Convention has a very wide scope and covers all forms of compulsory payments to general governments (i.e. the central government and its political subdivisions) including VAT (although the obligations set forth in the Convention are subject to any reservations by the Parties). As of November 2020, 141 jurisdictions participate in the Convention.

Within the EU, the VAT Directive (2006/112/EC) and implementing regulation (904/2010) provide legal background for administrative co-operation and exchange of information among members. It is supported by an operational network of tax officials, Eurofisc. In December 2018, the European Commission adopted a proposal to reinforce administrative cooperation within the EU to improve the exchange and analysis of information between the Member States' tax administrations and with law enforcement bodies. The VAT e-commerce package applicable as from July 2021 will remove the VAT exemption on imports of low value goods this obliging suppliers to pay the VAT on all goods imported into the EU. These measures will reduce the possibility for certain fraud involving these goods and they are accompanied by reinforced co-operation between tax and customs authorities. Eurofisc has also strengthened its co-operation and exchange of information with the European Anti-Fraud Office (OLAF) and Europol. In addition, the Council has adopted in February 2020 a legislative package requesting payment service providers to transmit information on cross-border payments originating from Member States and on the beneficiary of these payments. A new central electronic system of payment information ("CESOP") will be set up for storage of the payment information and for further processing of this information by national anti-fraud officials. The EU also signed a bilateral agreement on the VAT exchange of information with Norway in February 2018.

2.9. Special section: VAT measures in response to the COVID-19 crisis

Governments have taken rapid and unprecedented action to address the health crisis and the drop in economic activity caused by the outbreak of COVID-19. Containing and mitigating the spread of the virus has been the first priority of public authorities. With containment measures in place, countries' immediate policy reactions focused on alleviating hardships and maintaining the productive capacity of the economy. As the duration of the pandemic lengthens and uncertainty about its development remains high, governments have begun extending and expanding emergency policy measures. Some countries have started relaxing their containment rules and are announcing economic recovery and stimulus packages.

This section takes stock of the tax measures that have been introduced to mitigate the impact of the COVID-19 crisis, with a particular focus on the VAT measures that were included in most countries' fiscal and tax policy responses. After recalling the broader policy background to countries' responses to the COVID-19 outbreak, this section outlines the measures in the area of VAT policy and administration introduced in OECD countries focusing on countries' immediate, short-term responses to the outbreak of the pandemic. It looks consecutively at the VAT measures aimed at supporting businesses cash flow, at reducing business compliance burden and at supporting the healthcare sector, before concluding and looking ahead at possible post-pandemic policies.

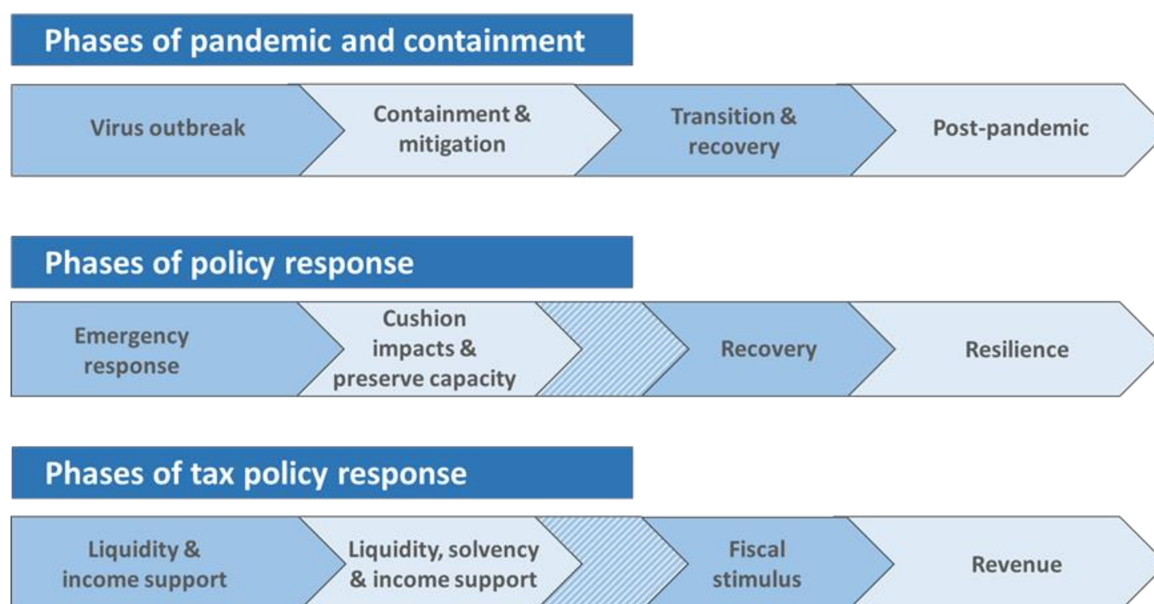
This section is based on a database (https://oecd.org/tax/covid-19-tax-policy-and-other-measures.xlsm) compiled by the OECD on tax policy responses to the COVID-19 crisis. Other important sources are the OECD reports on Tax Policy Reforms 2020 – OECD and Selected Partner Economies (OECD, 2020[36])and on Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience (OECD, 2020[37]).

2.9.1. Policy background

Uncertainty about the development of the COVID-19 health and economic crisis remains high. To discuss the policy responses to this crisis, it is useful to break down the crisis into different phases that may each require their own policy approaches. Recognizing that they may overlap and vary across countries, and that countries have moved at different paces through the crisis as the epicentre of the pandemic has shifted between regions, Figure 2.4 presents a schematic view of these different phases and how policy responses may be expected to evolve.

In the initial phase (Phase 1), countries confronted with a virus outbreak have implemented containment and mitigation measures, aimed primarily at halting the outbreak. In this phase, tax and broader fiscal policies have tended to focus on liquidity and income support. As the health crisis continues and containment measures remain in place, tax and fiscal measures have evolved gradually into a more sustained effort to reduce the adverse impacts of containment (Phase 2). As countries have begun to relax containment and mitigation measures, the focus on keeping businesses and households afloat and on limiting hardship has begun to shift towards an emphasis on economic recovery, including through fiscal stimulus policies (Phase 3). The progression towards recovery may not be linear: there may be some overlap with Phase 2, where containment and mitigation measures are only being removed gradually or partially. Containment measures are likely to be reinstated in countries that are confronted to a second wave of the pandemic. Once economies have recovered, a shift towards restoring public finances can be anticipated, during which there may be renewed attention on strengthening resilience to health risks but also to other known risks, including climate change (Phase 4).

Figure 2.4. Schematic policy phases during and after the pandemic



Source: Based on (OECD, 2020[38]).

Fiscal policy responses by OECD countries have focused on cushioning the immediate impact of the crisis, with very similar objectives across countries: preventing hardship and reducing burdens for households and businesses caused by the COVID-19 outbreak and by the restrictions introduced to contain the virus; and ensuring that households and businesses are able to resume economic activity when the worst of the health crisis has passed. For businesses, this has generally meant providing liquidity support to help them stay afloat. For individuals, the priority has been to provide income support to the most directly affected households. Most OECD countries have also introduced measures to reduce compliance burdens for businesses and to secure the continuity of public administration, as well as to enhance the funding and functioning of the healthcare sector. Most of the measures introduced in the emergency phase have taken effect immediately and have been time-bound. These rapid responses may often have been introduced based on the assumption that containment phases would be shorter than what has proved to be the case. As the crisis has continued, countries have retained their focus on keeping businesses and households afloat and have often expanded their initial packages of measures. Some countries have prolonged existing crisis measures and expanded support to groups that were not covered by the initial measures.

2.9.2. VAT measures as part of countries' tax policy response to the COVID-19 crisis

This overview focuses on the measures taken by OECD countries in the area of VAT as part of their fiscal and tax policy responses to support households and businesses during the emergency and the mitigation and containment phases of the COVID-19 crisis (Phases 1 and 2 as described above). Measures for individual taxpayers have generally focused on preventing hardship and reducing burdens in light of the restrictions from mitigation and containment strategies. Most countries have introduced measures to provide income support to households, generally through enhanced cash benefits targeted at the most vulnerable households. This support to households has largely been provided through direct transfers rather than through the tax system.

VAT measures have primarily been part of countries' COVID-19 tax responses aimed at supporting businesses. Tax measures for businesses, both legal entities and the self-employed, have generally focused on alleviating cash-flow problems to help avoid escalating problems such as the laying off workers, inability to pay suppliers and closure or bankruptcy. Liquidity support has been provided through a mix of tax and non-tax measures. The most common non-tax instrument used by OECD and partner economies throughout the crisis has been loan guarantee schemes, where the government guarantees all or part of the value of loans granted to eligible businesses. Other measures have included small interest-free loans and cash grants, typically targeted toward small businesses or businesses in the most affected sectors. The most common type of tax measure to enhance business cash flow has been the deferral of tax payments. Many countries have complemented these business cash flow support measures with measures to alleviate tax reporting and other compliance burdens during the mitigation and containment phase of COVID-19 crisis. Most countries have also taken tax measures to support the healthcare sector and facilitate medical urgency responses to the crisis.

VAT policy and administration measures have been an important component of countries' COVID-19 tax responses to support businesses and the healthcare sector during the mitigation and containment phases. This section hereafter first provides an overview of the VAT measures aimed at supporting business cash flow. This is followed by an outline of VAT measures taken to alleviate tax compliance burdens for businesses and, finally, by an overview of VAT measures aimed at supporting the healthcare sector.

2.9.3. Measures to support business cash flow

The majority of measures in OECD countries have sought to ensure that businesses have sufficient cash flow through a mix of tax and non-tax measures. The most common type of tax measure to enhance business cash flow has been the deferral of tax payments. These measures have generally applied to

taxes that require frequent (monthly or quarterly) payments, including advance payments of corporate income tax (CIT) or personal income tax (PIT) and social security contributions (SSCs).

Measures to defer the payment of VAT have played a critical role in countries' tax policy and administration responses to support business cash flow. VAT can often be due before businesses have effectively received payment from their customers (e.g. at the time of invoicing). When the volume of payment delays or defaults escalates during the mitigation and containment phases of the COVID-19 crisis, businesses face growing pressure to pre-finance VAT on their sales that they have not, and may never receive, from their customers. Given the typically short VAT filing and payment obligations (monthly or quarterly), the pressure on businesses to pre-finance potentially considerable amounts of VAT that they have not received from their customers can add very quickly and significantly to businesses cash flow burdens. VAT deferrals have therefore been a key component of the tax measures introduced by most OECD countries to reduce business cash flow pressures. These measures have not only granted a temporary relief from the burden of having to pre-finance VAT on unpaid invoices, but have also proven to be and efficient and easy-to-implement manner of providing financial support to businesses by allowing them to deploy any received VAT amounts temporarily as working capital.

Most countries have complemented VAT payment deferrals with a suspension, or reduction, of penalties and/or interest charges that are normally applied for late tax payments. Such penalties or interest payments can both add to businesses' cash flow problems as well as cause significant stress for taxpayers during periods of mitigation and containment, particularly if there are difficulties in communicating with the administration on these issues or in exercising appeal rights. Similar payment deferrals and suspensions of penalties and/or late payment interest have been introduced for Retail State Taxes in most US States.

The process and conditions for obtaining deferral of VAT payments and the suspension of penalties and/or interest for late tax payments have varied across countries, along with the duration and other modalities of these measures. Most countries have required businesses to apply for the relief and/or to prove a link with the COVID-19 crisis. Some countries have applied these measures automatically. Several countries made these measures available to all businesses, while others have limited them to certain sectors (e.g. tourism, retail, entertainment and hospitality) or have targeted small and medium size enterprises (SMEs) or self-employed businesses. Some countries offered businesses flexibility to opt for partial deferral or to negotiate a flexible payment plan with their tax administration.

Several countries (approximately one third of OECD countries) have taken measures to accelerate and/or to enhance the processing of excess input VAT refund claims. These measures have primarily been introduced through adjustments to administrative practice rather than through legislative or regulatory change. Enhancing the refunding of excess VAT credits is arguably as important for improving business cash flow as VAT payment deferrals. While output VAT is falling for many businesses as a result of declining sales, the input VAT on fixed costs and other business purchases keeps accruing. These may be significant as many businesses may face payment obligations under longer-term contracts, e.g. for key functions that they may have outsourced to third-party contractors. This may lead to growing amounts of excess input VAT credits, i.e. VAT incurred on costs and investment that cannot be credited against VAT collected on sales. This may generate spillover effects, with businesses potentially defaulting on their invoices to avoid the growing cost of non-refundable VAT, and defaults rippling through supply chains.

The measures taken by tax administrations to enhance VAT refunds include the internal reprioritisation of activities to fast track the treatment of refund claims, notably by redirecting administrative capacity to expedite the process; the simplification of procedures notably through the increased use on electronic/online processes instead of paper-based ones; relaxing the risk checks that are normally done before making refunds; facilitating the offsetting of VAT refunds against other tax or similar liabilities (e.g. social security contributions). Tax administrations have typically restricted simplified or expedited VAT refunds to claims below a certain threshold (typically EUR 10.000 - 30.000) or to businesses with a good compliance history to limit fraud risks.

A temporary relaxation of the conditions for claiming relief from VAT on bad debts is another possible measure for tax authorities to support business cash flow as well as broadening the access to cash-accounting schemes. Bad debt relief regimes allow businesses to claim relief from the VAT on the supplies for which they have not been paid. Most VAT systems provide for such relief under relatively strict conditions. A temporary relaxation of these conditions (e.g. shortening the period for which the debt must have remained unpaid) may be an efficient measure to further alleviate cash flow pressure for businesses that are likely to see payment delays and defaults escalating as the COVID-19 crisis continues. Cash accounting schemes, on the other hand, allow businesses to account for the VAT on their sales on the basis of the payments they receive, rather than on the tax invoices they issue. They can only reclaim the VAT on their inputs once they pay their suppliers. Such a scheme supports cash flow, as VAT does not have to be remitted to the tax authorities until payment has been received from the customer. These schemes are typically available to small and medium enterprises subject to several conditions. Although a temporary relaxation of these regimes could further support cash flow for businesses during the COVID-19 crisis, such measures have generally not been considered necessary by tax authorities in OECD countries. Most OECD countries have relied primarily on the deferral of VAT payments, and on the extension of such measures where necessary, to support business cash flow as the COVID-19 crisis continues.

While the deferral of VAT payments is generally considered as an effective and relatively straightforward approach to supporting cash flow, tax authorities have highlighted that this measure requires careful management notably to minimise risks of fraud (e.g. deferred payments siphoned off in fraudulent schemes) and to avoid VAT debts building up to unsustainable levels or deferred payments leading to severe cash-flow problems at a later date making it more difficult for taxpayers to return to normal conditions.

2.9.4. Measures to alleviate business compliance burden

Tax authorities in many OECD countries have introduced measures to reduce compliance burdens on businesses in light of the restrictions in place during the mitigation and containment phases of the COVID-19 crisis. Measures to facilitate VAT compliance are particularly important in this context, given the volume and frequency of filing and reporting requirements associated with the operation of these taxes (incl. returns, invoices, sales listings etc.).

Over one third of OECD countries has extended deadlines for the filing of VAT returns and related forms, typically on request, along with the waiver of penalties for late filing. Some tax authorities have introduced further reporting simplifications, such as allowing VAT liabilities to be computed on a “best estimate” basis. Several tax administrations reported the increased use of digital communication channels to simplify compliance processes (incl. VAT registration), to facilitate the interaction with taxpayers and to help reduce physical contacts. This includes the enhanced use of direct digital messaging, of web chat, social media, mobile applications, hotlines (possibly with call-back facilities), changes to mobile applications, virtual assistants, etc. This is particularly important where taxpayers require the assistance of intermediaries or specialised staff and systems to file returns, process invoices, manage VAT registrations, claim VAT refunds, produce listings, etc. Remote working may often make these tasks more difficult or even impossible for taxpayers, for example for systems security and access reasons, and key staff may not always be available due to illness or caring responsibilities.

Tax authorities have typically made the extension of filing and reporting deadlines available only on request and/or in limited cases, in light of the various possible consequences of these measures for both taxpayers and tax administrations. VAT returns are notably an important source of information to monitor and understand the economic impact of COVID-19, to identify which businesses and/or sectors require additional assistance, to support a proper management of compliance risks and tax debts, and to see when the economy is starting to recover. VAT returns may also be used to provide cash support or other

government benefits. For businesses, the filing of VAT returns is generally required to claim refunds of excess VAT credits so that extending the filing deadlines would add to these businesses' cash flow pressure rather than to reduce business burdens.

Several countries have temporarily suspended audits and other enforcement and/or recovery actions to limit the additional stress and diversion of resources and time that these actions may cause during the COVID-19 crisis. Cases involving fraud or tax businesses with a high-risk profile have typically been excluded from these measures.

Some countries have delayed reforms that were due to be implemented. The European Union postponed the implementation of its new e-commerce VAT rules from 1 January 2021 to 1 July 2021. This reform comprises a comprehensive package of VAT measures relating to e-commerce, incl. abolishment of the VAT exemption for the importation of low-value goods and its replacement by a special import scheme that requires the seller or the online marketplace to account for the VAT at the point of payment by the customer. Delays of reforms in other countries include the postponement of real-time reporting requirements and delays in the introduction of new e-invoicing rules, e-filing requirements and formats and of electronic cash registers, and the postponement of VAT rate changes.

2.9.5. Measures to support the healthcare sector

Most OECD and partner economies have adopted measures to strengthen patient care and reduce the pressure on healthcare systems. VAT measures have been a core component of these healthcare and medical support packages. Most OECD countries have introduced zero (or reduced) rates for supplies and imports of medical equipment and sanitary products (gloves, masks, hand sanitiser…) and for healthcare services where these were not yet VAT exempt or subject to reduced rates under normal rules. The European Union introduced a six-month suspension of VAT and customs duties on the importation of protective equipment, testing kits and medical equipment such as ventilators. This measure has since then been extended for another six months. Several countries implemented temporary VAT zero-rating of staff secondments to healthcare institutions and measures to safeguard the deduction of input VAT on items donated by businesses to healthcare institutions or to avoid a donation triggering any VAT liability (see Country notes to Annex Table 2.A.2 and Section 2.2. above).

2.9.6. Conclusions and looking ahead

This section has provided an overview of the main VAT policy and administration components of OECD countries' short-term fiscal and tax policy responses during the mitigation and containment phases of the COVID-19 crisis. As the crisis has continued, countries have retained their focus on keeping businesses and households afloat and have often expanded their initial packages of measures. Some countries have prolonged existing crisis measures and expanded support to groups that were not covered by the initial measures. Countries' experience and feedback from the business community through Business@OECD suggest that the VAT measures to support cash flow and to reduce VAT compliance burden have been particularly important in helping to mitigate the impact of the crisis for businesses. VAT payment deferrals, fast and flexible refunds of excess VAT and enhanced relief of VAT on bad debts have been flagged up as particularly important measures to support business cash flow. Measures to temporarily simplify VAT procedures and formalities notably by moving away from paper-based to electronic and online processes have been highlighted as critical in alleviating compliance burdens and in allowing business to continue given the mitigation and containment restrictions in place in many countries.

The transition from containment and mitigation to recovery is likely to be gradual and to differ across countries. While economic activity will gradually be allowed to resume, severe restrictions could continue to apply for specific sectors or restrictions could be tightened again as renewed outbreaks arise. As economies recover, countries are likely to continue re-evaluating their short-term measures, removing

some while extending or expanding others and implementing stimulus where such policies would be most effective to boost economic recovery. The extension of support for businesses, such as tax payment deferrals, will require careful consideration notably to mitigate risks of fraud and of negative impact on compliance culture, and to limit damage to countries' medium-term tax revenue raising capacity. This may require the further targeting of support, notably to businesses with a low risk profile and/or with a positive compliance history, and to economically healthy or viable businesses to avoid maintaining 'zombie' firms that would not have survived in the absence of containment and mitigation measures. The removal of short-term measures will need to avoid spikes in tax liabilities. The removal of measures such as tax deferrals will need to ensure that where tax payments were deferred, large tax liabilities do not generate cliff-edges that could result in solvency problems for recovering businesses and jeopardise recovery.

Recent announcements and discussions suggest that the recovery phase will be supported by expansionary fiscal policy. Discussions have begun both in countries that are removing containment measures and in countries that are still in mitigation and containment phases. Most countries have signalled that government stimulus will be a key pillar of a recovery effort that aims to be inclusive and sustainable. This may include measures to support consumption through temporary cuts in VAT rates that apply to all consumption (e.g. Germany and Ireland) or to specific categories supplies or sectors such as tourism and hospitality (e.g. Belgium, Norway, United Kingdom). Questions have been raised about the effectiveness of such temporary VAT rate reductions, notably as evidence suggests that the impact of lower VAT rates on consumption and consumer prices may be short-lived and difficult to roll back once they have been introduced, even on a temporary basis, or lead to net price increases when they are rolled back. VAT rate cuts are also likely to give the greatest benefit to those who spend most, i.e. those with medium and high incomes. Feedback from the business community suggests that the additional compliance burden from implementing VAT rate changes may often be considerable. On the other hand, temporary VAT cut could boost investment and consumer confidence and induce people to make certain purchases earlier than they had planned, particularly of durable goods.

Tax policy is likely to remain an important part of countries' strategies to support recovery and to restore public finances in a fair and sustainable way after the crisis. Countries are expected to explore a wide range of options. These may include efforts to address the international tax challenges posed by the digitalisation of the economy (Pillar 1) and to introduce a minimum corporate tax (Pillar 2), to enhance the progressivity of tax systems, and to strengthen the role of carbon taxation. Governments may also consider new and under-used tax bases. Where governments need to expand tax revenues, efforts can focus on raising revenues from tax bases that will be the least detrimental to growth, including recurrent taxes on immovable property and general consumption taxes.

The OECD will keep monitoring countries' responses to the COVID-19 crisis. Monitoring tax policy measures is crucial to informing tax policy discussions and assisting governments in their response to the crisis.

For the tables in annex, references to the 'European Union and its Member States' includes the UK as a Member State for January 2020 and as an addition to the Member States ('Member States and the UK') for the period 1 February 2020 until the end of December 2020.

Annex 2.A. Data on VAT rates and structures

Annex Table 2.A.1. VAT rates

Countries	Implemented	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020[2]	Reduced rates[1]	Regional rates
Australia	2000	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	0	-
Austria*	1973	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	10.0/13.0	19
Belgium*	1971	21	21	21	21	21	21	21	21	21	21	21	21	21	21	21	0.0/6.0/12.0	-
Canada*	1991	7	6	5	5	5	5	5	5	5	5	5	5	5	5	5	0	13.0/15.0
Chile	1975	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19	-	-
Colombia	1983	16	16	16	16	16	16	16	16	16	16	16	19	19	19	19	0.0/5.0	-
Czech Republic*	1993	19	19	19	19	20	20	20	21	21	21	21	21	21	21	21	10.0/15.0	-
Denmark*	1967	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	0	-
Estonia*	1992	18	18	18	18	20	20	20	20	20	20	20	20	20	20	20	0.0/9.0	-
Finland*	1994	22	22	22	22	22	23	23	24	24	24	24	24	24	24	24	0.0/10.0/14.0	-
France*	1968	19.6	19.6	19.6	19.6	19.6	19.6	19.6	19.6	20	20	20	20	20	20	20	2.1/5.5/10.0	0.9/2.1/10.0/13.0 & 1.05/1.75/2.1/8.5
Germany*	1968	16	19	19	19	19	19	19	19	19	19	19	19	19	19	19	0.0/7.0	-
Greece*	1987	18	19	19	19	19	23	23	23	23	23	23	24	24	24	24	6.0/13.0	4.0/ 9.0/17.0
Hungary*	1988	25	20	20	20	25	25	27	27	27	27	27	27	27	27	27	5.0/18.0	-
Iceland	1990	24.5	24.5	24.5	24.5	25.5	25.5	25.5	25.5	25.5	24	24	24	24	24	24	0.0/11.0	-
Ireland*	1972	21	21	21	21.5	21	21	23	23	23	23	23	23	23	23	23	0.0/4.8/9.0/13.5	-
Israel*	1976	17	15.5	15.5	15.5	16	16	16	17	18	18	17	17	17	17	17	0	0
Italy*	1973	20	20	20	20	20	20	21	21	22	22	22	22	22	22	22	4.0/5.0/10.0	-
Japan*	1989	5	5	5	5	5	5	5	5	5	8	8	8	8	8	10	8	-
Korea	1977	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	0	-
Latvia*	1995	18	18	18	21	21	22	22	21	21	21	21	21	21	21	21	5.0/12.0	-
Lithuania*	1994	18	18	18	19	21	21	21	21	21	21	21	21	21	21	21	5.0/9.0	-

Luxembourg*	1970	15	15	15	15	15	15	15	15	15	17	17	17	17	17	17	3.0/8.0/14.0	-
Mexico*	1980	15	15	15	15	16	16	16	16	16	16	16	16	16	16	16	0	8
Netherlands*	1969	19	19	19	19	19	19	19	21	21	21	21	21	21	21	21	9	-
New Zealand	1986	12.5	12.5	12.5	12.5	12.5	15	15	15	15	15	15	15	15	15	15	0	-
Norway*	1970	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	0.0/12.0/15.0	-
Poland*	1993	22	22	22	22	22	23	23	23	23	23	23	23	23	23	23	5.0/8.0	-
Portugal*	1986	19	21	21	20	20	23	23	23	23	23	23	23	23	23	23	6.0/13.0	4.0/9.0/18.0 & 5.0/12.0/22.0
Slovak Republic*	1993	19	19	19	19	19	20	20	20	20	20	20	20	20	20	20	10	-
Slovenia*	1999	20	20	20	20	20	20	20	20	22	22	22	22	22	22	22	5.0/9.5	-
Spain*	1986	16	16	16	16	16	18	18	21	21	21	21	21	21	21	21	4.0/10.0	0.0/2.75/3.0/7.0/9.5/13.5/20.0 & 0.5 to10.0
Sweden*	1969	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25	0.0/6.0/12.0	-
Switzerland	1995	7.6	7.6	7.6	7.6	7.6	8	8	8	8	8	8	8	7.7	7.7	7.7	0.0/2.5/3.7	-
Turkey*	1985	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	1.0/8.0	-
United Kingdom*	1973	17.5	17.5	17.5	15	17.5	20	20	20	20	20	20	20	20	20	20	0.0/5.0	-
Unweighted average		17.8	17.7	17.7	17.7	18.1	18.6	18.8	19.0	19.1	19.2	19.2	19.3	19.3	19.3	19.3		

Notes:

* See country notes.

Yearly data: the rates shown in the table are rates applicable on 1 January of each year. Reduced rates and specific regional rates are those applicable as at 1 January 2020.

1. Reduced rates include zero-rates applicable to domestic supplies (i.e. an exemption with right to deduct input tax). They do not include zero-rated exports or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions. Detailed history of the VAT rates is available on the OECD Tax Database.

2. VAT rates changes or adoption of new VAT rates introduced after 1 January 2020 are mentioned in the Country notes to this table. Specific or temporary VAT rates applicable in the context of the Covid-19 crisis are shown in italics in the country notes.

Source: National delegates - position as at 1 January 2020.

Annex Box 2.A.1. Country notes to Table 2.A.1

Austria*. A standard rate of 19% applies in Jungholz and Mittelberg. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Belgium*. *Specific reduced VAT rates apply in the context of the Covid-19 – See country note to Table 2.2.*

Canada. The following provinces have harmonised their provincial sales taxes with the federal Goods and Services Tax and therefore levy a GST/HST at the following rates: New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island: 15%; and Ontario: 13%. Québec applies GST at a rate of 5% and Québec Sales Tax at a rate of 9.975% (applied on the same tax base as the GST). With the exception of Canada's territories (Yukon, Northwest Territories and Nunavut) and the province of Alberta, other Canadian provinces apply a provincial sales tax to certain goods and services in addition to the federal GST.

Czech Republic*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Denmark*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Estonia*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Finland*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

France*. Rates of 0.9%; 2.1%; 10.0%; 13.0% and 20.0% apply in Corsica; rates of 1.05%; 1.75%; 2.1% and 8.5% apply to overseas departments (DOM) excluding French Guyana and Mayotte. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2*.

Germany*. *The standard VAT rate is reduced from 19% to 16% and the reduced VAT rate from 7% to 5% from 1 July to 31 December 2020. Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Greece*. Specific regional rates of 4.0%; 9.0% and 17.0% apply in the islands of Leros, Lesbos, Kos, Samos and Chios until 31 December 2020. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Hungary*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Ireland*. *The standard VAT rate is reduced from 23% to 21%, with effect from 1 September 2020 until 28 February 2021. Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Israel. The rate of 0% applies when an Eilat resident dealer buys goods from Eilat non-residents. Supplies made by an Eilat resident supplier (to be consumed in Eilat) are exempt from VAT.

Italy*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Japan. The standard VAT rate was increased from 8% to 10% on 1 October 2019. A reduced VAT rate of 8% was introduced as of the same date for the supply of food, beverages (excluding alcoholic beverages and eating-out services) and certain subscription newspapers (see Table 2.2).

Latvia*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Lithuania*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2*.

Luxembourg*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Mexico. A reduced VAT rate of 8% applies in the northern border region (Ensenada, Playas de Rosarito, Tijuana, Tecate and Mexicali in the state of Baja California; San Luis Río Colorado, Puerto Peñasco, General Plutarco Elías Calles, Caborca, Altar, Sáric, Nogales, Santa Cruz, Cananea, Naco and Agua Prieta in the state of Sonora; Janos, Ascensión, Juárez, Praxedis G. Guerrero, Guadalupe, Coyame del Sotol, Ojinaga and Manuel Benavides in the state of Chihuahua; Ocampo, Acuña, Zaragoza, Jiménez, Piedras Negras, Nava, Guerrero and Hidalgo in the state of Coahuila de Zaragoza; Anáhuac in the state of Nuevo León; and Nuevo Laredo, Guerrero, Mier, Miguel Alemán, Camargo, Gustavo Díaz Ordaz, Reynosa, Río Bravo, Valle Hermoso and Matamoros in the state of Tamaulipas) from 1 January 2019 until 31 December 2020.

Netherlands*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Norway. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Poland*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Portugal*. In the Islands of Azores, the standard VAT rate is 18% and the reduced rates are 4% and 9%. In the Islands of Madeira the standard rate is 22% and reduced rates are 5% and 12%. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Slovak Republic*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Slovenia*. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Spain*. Rates of 0.0%, 2.75%; 3.0%; 7.0%, 9.50%; 13.50% and 20% apply in the Canary Islands. Rates of 0.5%; 1.0%, 2.0%; 4.0%; 6.0%; 8.0%; 9.0% and 10% apply in either Ceuta and Melilla. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Sweden. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

Turkey. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

United Kingdom. *Specific reduced VAT rates apply in the context of the Covid-19 pandemic – See country note to Table 2.2.*

*__Member States of the European Union__ *apply a customs duties and VAT exemption for the importation of certain goods needed to combat the effects of the COVID-19 outbreak in 2020 See Table 2.2.*

Note: Specific or temporary VAT rates applicable in the context of the Covid-19 crisis are shown in italics. Specific reduced VAT rates applicable in the context of the Covid-19 pandemic – are shown in country notes to Table 2.2.

Annex Table 2.A.2. Application of reduced VAT rates

Country	Reduced VAT rates, including domestic zero rate[1]
Australia	0%: most food and beverages for human consumption (excl. prepared food); most health and medical supplies; some education courses and students accommodation; some child care services; some religious services; some activities of charitable institutions; water (except supplied in, or transferred to, a container less than 100L); sewerage and drainage; sales of businesses as going concerns; precious metals (first supply after refinement); grants of freehold and similar interests by governments; farm land; cars for use by disabled people subject to a (general) threshold of AUD 57 466; supplies of accommodation and meals to residents of retirement villages by certain operators; certain government services; some telecommunication supplies made under arrangements for global roaming in Australia; international mail; certain menstrual products.
Austria*	10%: food; water supply; pharmaceuticals; passenger transport (except domestic flights); books; newspapers and periodicals; e-books and e-publications; pay television; some supplies of artists, writers and composers; forestry; restaurants (except beverages); collection of domestic waste and street cleaning; sewage. 13%: hotel accommodation, supply of wine by producing farmers; agricultural supplies; some supplies of artists, writers and composers; admission to cultural, sporting events and cinemas; domestic flights.
Belgium*	0%: cars for disabled persons; certain newspapers and periodicals, certain recovered materials and by products. 6%: food; some beverages; water supply; pharmaceuticals; feminine hygiene products and external defibrillators; equipment for the disabled; passenger transport; books; newspapers and periodicals; certain electronic publications and e-books; culture; sport; works of art, collectors' items and antiques; works of art delivered by their authors/creators; agriculture; hotel accommodation and camping sites; renovation of dwellings over 10 years old; private homes and establishments for disabled; subsidised social housing; some labour intensive services (small repair services); reconstruction subsequent to demolition works leading to the construction of new private housing (under strict conditions and specific limitations as to the amount); funeral services; cut flowers and plants. 12%: restaurants (except beverages); certain energy products (coal, coke; lignite); certain social housing.
Canada	0%: prescription medicine, basic groceries; certain financial services provided by financial institutions (usually to non-residents); certain agricultural and fishing products; certain medical devices; international bridge or tunnel authorities (on certain purchases only); precious metals; sales of 25 cents or less made through mechanical coin-operated devices.
Chile	–
Colombia	0%: food for human consumption; some health products such as medicines, antibiotics and blood, medical consultations, diagnostic images, books and newspapers; personal hygiene products. 5%: certain agricultural products; agricultural equipment; some electric or hybrid vehicles; agricultural and health insurances; safety and cleaning services; wine and liquors; some food products; aviation fuels.
Czech Republic*	10%: essential child nutrition; gluten-free products; certain pharmaceutical products; certain printed books; hairdressing and clothing repair. 15%: food; pharmaceutical products and printed books (when not subject to the lower rate of 10%) some beverages; water supply; medical services (if not exempt); equipment and repair for the disabled; passenger transport; art; cultural services; newspapers and periodicals; construction of private dwellings and social housing; renovation and repair of private dwellings; collection and treatment of waste and waste water; hotel accommodation; health care and domestic care services; cleaning in households; funeral services; sport activities; agricultural products; cut flowers and plants; heating.
Denmark*	0%: newspapers and periodicals. 5%: first time sale of products of artistic work valued over DKK 300 000 (the standard rate of 25% applies to 20% of the tax base resulting in an effective rate of 5%).
Estonia*	0%: certain commercial aircraft and sea-going vessels and certain supplies of goods and services related to them; international transport of passengers. 9%: pharmaceuticals; medical equipment or devices for disabled; books; newspapers and periodicals; hotel accommodation.
Finland*	0%: printing services for certain membership publications; certain vessels. 10%: pharmaceuticals; passenger transport; books, subscribed newspapers and periodicals; certain electronic publications and e-books; hotel accommodation; admission to cultural, entertainment and sporting events and cinema performances; use of sports facilities; works of art supplied by their creators or imported; copyrights to literary and artistic works; TV licence fees; *supply of services by athletes and performing artists, provided that they have opted for VAT liability.* 14%: food; non-alcoholic drinks; animal food; restaurants (except alcoholic beverages).

France*	2.1%: newspapers and periodicals; pharmaceuticals. 5.5%: most food products and beverages (except alcoholic beverages); water supply; equipment for the disabled; books and e-books; admission to cultural services; work on dwellings over 2 years old under certain conditions; domestic care services; subscription fees to natural gas and electricity networks; district heating; supplies of works of art by their creators; women's sanitary products; some social housing 10%: passenger transport; social housing; admission to exhibitions, sites and facilities of a cultural, recreational, educational or professional nature; pay TV; domestic care services; restaurant services and catering (except alcoholic beverages); hotel accommodation; farm products; gardens, plants and flowers; treatment of waste; sewage; passenger transport; author's rights.
Germany*	7%: food; water supply; equipment for the disabled; medical services (if not exempt); books and newspapers; certain electronic publications and e-books;plants; flowers; certain cultural events; museums; zoos; circuses; charitable work (if not exempt); author's rights; local public passenger transport within a municipality or if the distance covered is not more than 50 km; long-distance rail travel; hotel accommodation; cut flowers and plants; works of art supplied by their creator or successors in title and importation of collector's items; feminine hygiene products; long-distance travel by rail.
Greece*	6%: pharmaceutical drugs and vaccines for human medicine; books; children's picture books; newspapers, journals and periodicals; admission to theatres (theatrical plays) and concerts, supply of natural gas and electricity and district heating. 13%: basic food goods (meat and abattoir by-products; meat preparations; fish, squid, octopus and cuttlefish excluding livers, eggs and semen; milk and dairy products; birds' eggs; natural honey; vegetables, plants, some types of roots and tubers; animal food falling within CN code 230990, oil cake, seeds for sowing; fruit and nuts; cereal; flour and flour products; olive oil; pasta not baked or stuffed or otherwise processed; bread; fruit and vegetable juices excluding the undermentioned subject to the standard rate: most types of processed food, farm supplies that are usually intended to be used as intermediate inputs by farmers and farm industries (excluding capital goods such as machinery or buildings); live plants and their roots, cuttings and slips; pharmaceutical products (besides those subject to 6%); medical equipment and other appliances for the disabled persons; intrauterine contraceptives; catheters; feeding syringes; «talking» sphygmomanometers; needles for insulin pens and dialysis needles; water supply; accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites; services provided by restaurants and similar businesses, excluding nightclubs, and with the exception of the disposal of alcoholic and non-alcoholic beverages, juices and beverages; domestic care services such as home help and care of young, elderly, sick or disabled; services by retirement homes and establishments for disabled and mentally retarded persons or persons suffering from mental disorders or substance abuse insofar as those transactions are subject to VAT and not exempt as welfare or social security work; the provision of services for farming production(excluding capital goods such as machinery or buildings); infant food and other baby products, such as diapers and car seats; bicycle helmets.
Hungary*	5%: pharmaceuticals for humans; certain equipment for the blind; books, newspapers and sheet music; live pigs and carcasses of pig; certain live cattle, sheep, lamb, goat, and their meat in bulk; meat of domestic pig; meat and edible offal of poultry; fresh eggs; fresh milk; edible offal and inner parts of domestic swine; live fish (excluding ornamental fish) and the body/parts/fillet of fish for human consumption; district heating; services supplied by performing artists; internet access services; restaurant meals and supply of non-alcoholic beverages prepared on site; provision of accommodation. 18%: milk and dairy products; products containing cereals, flour, starch or milk; certain open-air concerts.
Iceland	0%: shipbuilding and maintenance of ships and aircraft; services to foreign fishing vessels related to landing and sale of fish in Iceland; direct payments to farmers. 11%: food and beverages; passenger transport (if not exempted); services of travel agencies, travel organisers and touring associations; travel guidance; books including music books and e-books; audio recordings of books. CD's and similar media with text as well as electronic version of such books; magazines, newspapers and countryside- and district newspapers with text as well as electronic version of such papers and magazines; periodicals with text as well as electronic version of such periodicals; subscriptions to radio and TV; rental of hotels, guestrooms and other guest services; hot water, electricity and fuel oil used for the heating of houses and swimming pools; admission tolls to land transportation projects; CD disks, records, magnetic tapes and other similar means of music recordings, other than visual records. Electronic version of music other than visual; condoms; diapers for children; admission fees to bathhouses, bathings, saunas and spas (if not exempted); contraceptive products and feminine hygiene products.
Ireland*	0%: books; children's clothing and footwear; oral medicine; certain medical equipment; certain food products; seeds for food production; fertilisers; certain aircraft and sea-going vessels 4.8%: livestock and horses for food or agricultural production. 9%: newspapers and certain periodicals, e-books; certain electronic publications; provision of sporting facilities; 13.5%: waste disposal; energy for heating and light; fuel for certain purposes; gas; electricity; building services; immovable goods; repair services; tour guide services; photographic prints; works of art; short-term car and boat hire; driving instruction; veterinary services; certain plants and flowers; seeds for plants and flowers; medical services (if not exempt); admission to cinemas/certain

	musical performances; holiday accommodation; restaurant/hotel meals; certain agricultural services; hairdressing. .
Israel	0%: hotel accommodation for foreign tourists and another hotel services (serving food and beverage, laundry, pool, gym, etc.); sale of, to a foreign tourist, tickets for an international conference in which more than 50 foreign tourists are in attendance; rental of a private motor vehicle to a tourist to drive himself; transportation of tourists in a private motor vehicle, a bus or an airplane; hospitalization of a foreign tourist; sale of fruits and vegetables; sale of dealer's/dealers' assets to a company in exchange for the company's stock only, provided that the dealer/dealers owns 90%, or more, of the voting power immediately after the assets transfer; sale of all of the company's assets to its shareholders in a liquidation process, in which, the assets are divided amongst the said shareholders in proportion to the shares respectively held by them; supplies of goods to who would be exempted from sales tax due to entry to Israel (supplies of certain goods to new immigrants and to students returning from study abroad); sale of a real estate by a non-profit organization or by a financial institution to a non-profit organization or to a financial institution as part of restructuring; renting exhibition space by non-resident; services given by an Israeli production company to a non-resident for film production in Israel; services given to a non-resident in respect of human clinical trials; an Eilat resident dealer buys goods from an Eilat non-resident.
Italy*	4%: certain food; medications and health products/services and equipment for the disabled; supply of services for certain residential housing constructions; books; newspapers; weekly magazines; supply of food by schools, canteens and “soup kitchens”. 5%: aromatic herbs, fresh or chilled truffles, social and health service for the elderly, drug addicts, migrants, prisoners, handicapped, AIDS patients, transport services on urban waterways (see, river, lake or lagoon); compostable feminine hygiene products. 10%: certain food and beverage, water supply; pharmaceutical products (for humans and animals); medical services (if not exempt); passenger transport; combustible gas for cooking; mineral oil; electricity; gas; urban waste; purification stations; livestock meat and fish; renewable-source energy; works of art; admission to shows and cultural events; letting of immovable property by building enterprises; renovation and maintenance work for residential housing; restaurants; construction of urban development; hotel and similar accommodation services.
Japan	8% food, beverages (excluding alcoholic beverages and eating-out services) and certain newspapers under subscription.
Korea	0%: supply of certain machinery and materials for agriculture; fishery; livestock and forestry; supply of mineral oil used for certain purposes in agriculture, fishery and forestry; certain equipment for the disabled.
Latvia*	12%: medicinal products; medical devices; food for infants; pharmaceutical products; inland passenger transport services; books, newspapers and periodicals; hotel accommodation; district heating, firewood for household needs. 5%: Certain supplies of fresh fruits, berries and vegetables.
Lithuania*	9%: heating power used for heating residential premises, hot water (including cold water used for preparing hot water and to heating power used for preparation of hot water) supplied to residential premises; books, non-periodical information; inland regular passenger transport; accommodation services; firewood and wood products for heating supplied for domestic energy consumers. 5%: certain medicines and medical aid equipment (including prescription drugs); technical aids for disabled persons and repairs of such aids; newspapers, magazines and periodical publications.
Luxembourg*	3%: food for human and animal consumption; water supply; pharmaceutical products including products used for contraception and sanitary protection; certain medical equipment; certain aids and other appliances normally intended to alleviate or treat disability; passenger transport; accommodation; books, newspapers and periodicals supplied on physical means of support or electronically, but excluding material with predominantly adult content; admission to cultural and sporting events; use of sporting facilities; restaurant services but excluding alcoholic beverages; services by writers, composers and performing artists, or of the royalties due to them; goods and services of a kind normally intended for use in agricultural production; services supplied in connection with waste collection and treatment; children’s clothing and footwear; housing used by the owner, for his own use, as principal dwelling; substantial works on housing used as principal dwelling and (i) constructed more than 20 years prior to the start of the works (ii) newly acquired, the works to be completed in the five years following the acquisition; funeral services; reception of radio and television broadcasting services but excluding exclusively adult content services. 8%: certain labour intensive services; works of art delivered by their authors/creators or by their heirs or imported; gas; electricity; firewood; district heating; flowers and ornamental plants; certain plant protection products allowed for organic production. 14%: certain wines; certain fuels; washing and cleaning products; printed advertising; heat and air conditioning; certain financial services.

Mexico	0%: sale of non-industrialised animals (except dogs, cats and small species used as home pets) and vegetables (except rubber); patent medicines; milk; bottled water; juices, nectar and concentrated fruits and vegetables; ice; food (except sale of processed food in restaurants and food establishments, chewing gum, caviar, smoked salmon, eels, pet food and soft drinks); agricultural equipment; machinery and fishing boats; wholesale of gold; gold bullion (with a content of at least 80% of gold) and jewellery; some agricultural and fishing services; magazines, books and newspapers printed by the taxpayer himself; domestic water supply; hotel services provided to foreign tourists participating in congresses, conventions and trade shows; use of convention centres by event organisers who are residents abroad; call centre services for telephone calls originated abroad, as long as the services are contracted and paid a foreign resident without a permanent establishment in Mexico. 8%: sale of goods, provision of independent services, and granting of the temporary use or enjoyment of goods in the premises or establishments located in the northern border region. This reduced rate does not apply with respect to certain digital commerce transactions, sale of real estate and intangible assets, and imports.
Netherlands*	9%: food; catering; goods and services for the disabled; medicine; accommodation; books; certain electronic publications and e-books; lending of books; newspapers; magazines; passenger transport (except passenger transport by air); water supply; entrance fees for sports events; amusement; parks; museums; cinemas; zoos and circuses; cut flowers and plants; restaurant and hotel meals; aids for the visually disabled; use of sports accommodation; art and antiques; hotel and holiday accommodation; certain labour intensive services like some specific services for the maintenance and isolation of dwellings; cleaning of dwellings and hairdressing.
New Zealand	0%: supply of taxable activity (business) as a going concern; supply of fine metal (gold, silver or platinum) from a refiner in fine metal to a dealer in fine metal; supply by local authorities of the local authorities petroleum tax; supply of financial services to GST registered businesses. Supply of land by and to a GST registered person when the recipient intends to use it to make taxable supplies and it is not intended to be used as a principal place of residence (this zero-rating between GST-registered persons is equivalent to the domestic reverse charge). Long-term stay in a commercial dwelling; certain services provided as part of the right to occupancy (taxed at the standard rate on 60% of the value of the supply).
Norway	0%: books; newspapers; certain periodicals and publications; certain electronic publications and e-books; electronic news services; electricity and energy supplied from alternative energy sources for household use in the counties of Finnmark, Troms and Nordland; the purchase and leasing/hiring of electric motor vehicles and batteries; second-hand vehicles covered by re-registration tax; supply of certain ships, aircrafts and drilling platforms and hiring out such vessels; services that are directly related to the construction of embassy buildings (to final consumer); goods and services to specific international military forces and command units; supply of taxable activity (business) as a going concern; supply of human organs, blood; supply by funeral directors of services relating to the transportation of deceased persons. 12%: accommodation, passenger transport and transport of vehicles by ferries or other vessels in connection with the domestic road network; public broadcasting; admission to sporting events, museums, cinemas and amusement parks. 15%: food and non-alcoholic beverages.
Poland*	5% - certain foodstuffs (e.g. bread, meat, fish, fruits and vegetables, eggs, dairy products, bakery products, juices); products for children and hygiene products; books and regional or local magazines; e-books (other than publications consisting of video content or audible music). 8% - certain foodstuffs; newspapers and periodicals; goods and services of a kind normally intended for use in agricultural production; pharmaceutical products; medical devices; certain disinfectants applied in health protection; transport of passengers and their accompanying luggage; supply of water; admission to shows, theatres, circuses, amusement parks, concerts, museums, zoos, cinemas etc.; reception of radio and television broadcasting services (excluding VOD); provision, construction, renovation and alteration of housing, as part of a social policy; maintenance of private dwellings; accommodation provided in hotels and similar establishments; restaurant and catering services; admission to sporting events and use of sporting facilities; funeral services; supply of services provided in connection with street cleaning, refuse collection and waste treatment, other than the supply of such services by public bodies; lending in libraries of books and newspapers; some labour intensive services; animal feeding stuffs; veterinary services; certain equipment for blind persons and certain animal semen (as of 31 August 2020).
Portugal*	6%: essential food; water supply; pharmaceutical products; devices for the disabled; medical services (if not exempt); books, newspapers and periodicals; certain electronic publications and e-books; passenger transport; hotels and similar services; social housing; some goods used in agriculture; certain agriculture products and certain agriculture services; home care services for elderly people, children and drug addicts, as well as phone assistance services to elderly people or chronically ill patients; admission to cultural events as well as to admissions to exhibitions, zoos, parks, aquariums, museums and buildings of national interest. 13%: some other food; still wine; diesel fuel for agriculture; machinery mainly used in agricultural production; restaurant services. .
Slovak Republic*	10%: certain food; radioactive elements and isotopes and compounds for health service; pharmaceutical products; diagnostic or laboratory reagents; certain medical and sanitarian means; printed books and newspapers, brochures, leaflets and similar printed matter; music; orthopedic appliances; contact and spectacle lenses; certain means for blind and partly blind persons, hard-of-hearing persons and hard health-disabled persons; accommodation services.

Slovenia*	9.5%: foodstuff (for human and animal consumption); preparation of food; water supply; medicine, devices for the disabled; passenger transport; admission to cultural and sporting events; author's rights; import and supply of certain works of art, collectors' items or antiques; social housing; renovation and maintenance work of residential housing not provided as part of a social policy; livestock and certain supplies in connection with agricultural production; hotel accommodation; restaurant (except beverages); use of sporting facilities; supplies by undertakers and cremation services; public hygiene services; window-cleaning and cleaning in private households; minor repairing of bicycles, shoes and leather goods; domestic care services; hairdressing; cut flowers and plants. 5.0%: books, including books form libraries, newspapers and periodicals.
Spain*	4%: basic foodstuff (bread, flour, milk, cheese, eggs, vegetables and fruit); certain supplies to the disabled (e.g. wheelchairs); ; medicines and other medical devices for human use (e.g. lenses); books, newspapers and periodicals; supply of new buildings for social housing and social accommodation; supply of dwelling to certain house lease entities. 10%: foodstuff (for human or animal consumption); water supply; medicines for animal use; certain medical equipment and certain pharmaceutical products; passengers transport; sale (also restoration or construction works under conditions) of building or parts of buildings susceptible of use as private housing; minor works on private housing; restaurants and catering; certain cultural and entertainment services; hotel accommodation and alike; amateur sport events; commercial fairs; animals as well as agriculture and forestry products for obtaining foodstuffs; goods and services used in agricultural, livestock and forestry undertakings, including flowers and plants; waste treatment; cleaning of public sewage; burial services; cleaning and maintenance services of public areas.
Sweden*	0%: commercial aircraft and ships and certain services related to these; aircraft fuel; prescribed medicine; printing of certain membership publications. 6%: passenger transport; books, newspapers and magazines, including in electronic format; certain electronic publications and e-books; culture (theatre, cinema, etc.); author's rights; zoos; commercial sports events; commercial museums, exploitation of natural areas, parks and nature reserves. 12%: food and restaurants services; accommodation; works of art owned by the originator; import of antiques, collector's items and works of art; repair of bikes, shoes and other leather goods and household linen.
Switzerland	0%: Supply of services by travel agents and organisers of events, if they make use of supplies of goods and services by third parties that are provided abroad; certain supplies of goods and services to international airlines; state minted gold coins, fine gold for investment purposes and gold destined for refining or recovery. 2.5%: tap water; food; cattle; poultry; fish; grains; seeds; planting roots and bulbs; living plants; cuttings; scions and cut flowers and branches; animal feed; silage acids; scatterings for animals; fertilisers; pesticides; mulch; medication; books, newspapers and magazines, including in electronic format; non-commercial services of radio and television companies, certain supplies in connection with agricultural production. The 2.5% rate also applies to certain cultural services supplied directly to the public, considerations demanded for sporting events, cultural services and the supply of works by their creators when the suppliers have opted for taxation (otherwise those supplies are exempt without right of deduction). 3.7%; accommodation services.
Turkey	0%: supply of ships, aircraft, and rail transportation vehicles; supply of services related to the manufacture, repair, maintenance of such vehicles; supply of services to ships and aircraft at harbours or airports; supply of goods and services for the exploration, management and refining of gold, silver, platinum, and oil; supply of machinery and equipment to persons who have an investment incentive document; goods and construction works for the construction, restoration and enlargement of seaports and airports; some goods and services related to national security; international roaming services supplied in Turkey according to the reciprocity principle; supply of goods that are listed in the second list of excise duty tax law to the Presidency central organisation; the first supply of product certificate that are drawn up according to agricultural product license warehousing law via commodity exchange market; exemption for delivery of equipment produced for the disabled; deliveries and services made to Turkey Red Crescent Society; fertilizer and feed deliveries; resident or workplace deliveries to non-residents in Turkey; deliveries of goods and services made in the scope of construction of organized industrial zones and small industrial sites; deliveries and services made to donators in the scope of facilities that are donated to general and special budget public administrations, special provincial administrations, municipalities and villages by these donators; health services provided to foreigners; new machinery and equipment deliveries to those that perform R & D, innovation and design activities; printed books and periodicals. 1%: some agricultural products; second-hand cars; funeral services; supply of residential housing under 150 m2 in cities other than metropolitan ones and in metropolitan cities if land value per m² lower than TRY 500 for building permit delivered between 1/1/2013 and 31/12/2016 and lower than TRY 1000 for building permits delivered since 1/1/2017; lease of specified machinery and equipment; seeds. 8%: basic food; books; blood and blood component; cinema; theatre; opera and ballet tickets; private educational service; vaccines; some medical products and services; ambulance services; medicine; medical equipment; textile and confection products and custom manufacturing of them; accommodation services; meal services at non-luxury restaurants (excluding alcoholic beverages); services provided by orphanage and nursing homes; some constructional and agricultural machines; some furniture; clothing; stationery goods; waste water services; supply of residential housing under 150 m² in metropolitan cities and with land value per m² is between TRY 500 and TRY 999 for building permits delivered between 1/1/2013 and 31/12/2016 and with

	land value per m² between TRY 1000 and TRY 2000 for building permits delivered since 1/1/2017 .
United Kingdom*	0%: food; certain services and goods supplied to charities; children's clothing; passenger transport; books; newspapers; domestic sewage and water; prescribed drugs; medicine; certain aids and services for disabled people; new housing, including the construction of new houses; residential and some charitable buildings. 5%: fuel and power for domestic and charity use; certain energy saving materials supplied together with fitting services to recipient of benefits; certain grant-funded installations of heating equipment; children car seats; certain pharmaceutical products.

Notes:
VAT rates changes introduced after 1 January 2020 are mentioned in the country notes to this table.
1. For the purpose of this table, reduced rates also include "domestic zero rates" (0%), i.e. instances where VAT is not charged by the supplier on domestic supplies while related input VAT is deductible. In some countries, these supplies are called "exempt with right of deduction" and in others "GST free". They do not include zero-rate applied to exports, supplies of goods or services used or consumed abroad or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions.
Source: National delegates. Data as of 1 January 2020.

Annex Box 2.A.2. Country notes to Table 2.A.2.

Austria*. *A rate of 0% applies to imports of goods needed to combat the Covid-19 pandemic from 30 January until 31 October 2020. The same applies to supplies and Intra-Community acquisition of some of these goods from 14 April until 31 July 2020. From 30 June 2020 to 31 December 2020 a rate of 5% applies to restaurants, certain supplies by artists, writers and composers; admission to cultural events and cinemas, hotel accommodation, books, newspapers and periodicals (both physical and electronic)*.

Belgium*. *A rate of 0% applies from 13 March until 31 October 2020 to imports of certain goods needed to combat the Covid-19 pandemic; a rate of 6% applies to the supply, intra-Community acquisition and importation of masks and hydro alcoholic gels from 4 May until 31 December 2020; a rate of 6% applies to restaurant and catering services, excluding alcoholic beverages from 8 June 2020 until 31 December 2020.*

Colombia. The Colombian VAT legislation distinguishes three categories of supplies: (i) "taxable supplies" (subject to VAT); (ii) "exempt supplies" (zero-rated with the right in some cases to credit VAT paid on inputs); and (iii) "excluded supplies" (not subject to VAT nor with the right to credit VAT paid on inputs).

Czech Republic*. From 1 May 2020 the reduced rate of 10 % applies to supplies of certain e-publications and e-books, passenger transport, water, collection and treatment of waste and waste water, restaurant and catering services, domestic care services, cleaning in private households, domestic care services, hairdressing, and repairs of clothing, shoes and leather goods. From 1 July 2020, the reduced rate of 10 % applies to supplies of passenger transport, accommodation, admission to cultural events and facilities, admission to sporting events and use of sporting facilities. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 from 1 January until 31 October 2020.*

Denmark*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Estonia*. Certain electronic publications and e-books became subject to the reduced rate of 9% as from 1 May 2020 *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Finland*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 from 1 January until 31 July 2020.*

France*. Rates of 0.9%; 2.1%; 10.0%; 13.0% and 20.0% apply in Corsica; rates of 1.05%; 1.75%; 2.1% and 8.5% apply to overseas departments (DOM) excluding French Guyana and Mayotte. *Reduced rates of 0% or 5.5% apply to imports of certain goods needed to combat the Covid-19 from 1 January until 31 July 2020. A rate of 5.5 % also applies to supplies of certain goods needed to combat the Covid-19 from 1 march 2020 until 31 December 2021.*

Germany*. *A rate of 0% applies to donations of certain medical material and equipment to hospitals from 1 March 2020 to 31 July 2020. A rate of 0% applies to imports of goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020. Restaurant and catering services are subject to the reduced rate of 5% from 1 July 2020 until 31 December 2020 and 7% from 1 January 2021 until 30 June 2021.*

Greece*. Specific regional rates of 4.0%, 9.0% and 17.0% apply in the islands of Leros, Lesbos, Kos, Samos and Chios until 31 December 2020. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January 2020 until 30 April 2021. Sanitary products essential for the protection of public health during the COVID-19 pandemic (masks, gloves, etc.) are subject the reduced rate of 6% from 20 March until 31 December 2020. Between 1 June 2020 and 30 April 2021, the reduced rate of 13% applies to admission to cinemas; transport of passengers and their accompanying luggage. In the same period, the reduced rate applies to the supply of non-alcoholic beverages in restaurants and similar businesses, excluding nightclubs. Also, between 1 September 2020 and 30 June 2021 the reduced rate of 13% applies to sports tickets.*

Hungary*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Ireland*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Israel. The rate of 0% applies when an Eilat resident dealer buys goods from Eilat non-residents. Supplies made by an Eilat resident supplier (to be consumed in Eilat) are exempt from VAT.

Italy*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January until 31 December 2020. A rate of 0% applies to the supplies of same goods from 19 May until 31 December 2020. From 1 January 2021 a VAT rate of 5% will apply to the supplies of goods deemed necessary to fight the spread of COVID-19.*

Japan. The standard VAT rate was increased from 8% to 10% on 1 October 2019.

Latvia*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 October 2020.*

Lithuania*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Luxembourg*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 October 2020.*

Mexico. A reduced VAT rate of 8% applies to sale of goods, provision of independent services, and granting of the temporary use or enjoyment of goods in the premises or establishments located in the northern border region from 1 January 2019 until 31 December 2020.

Netherlands*. *A rate of (effectively) 0% applies to the hiring of healthcare workers by healthcare facilities or institutions qualifying for the VAT exemption of medical services. The measure applies from 16 March 2020 to 1 January 2021. The rate of (effectively) 0% also applies to donations of Covid-19 related medical material and equipment to healthcare facilities or institutions and to general practitioners from 16 March 2020 to 1 January 2021. A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January to 1 November 2020. A rate of 0% applies to the purchase in the Netherlands of mouth masks (medical and non-medical) from 25 May 2020 to 1 January 2021. The reduced rate of 9% applies to online fitness classes from 16 March to 1 July 2020.*

Norway. *The reduced rate of 12% is temporarily reduced to 6% from 1 April until 31 December 2020.*

Poland*. As of November 2019, taxpayers have the right to obtain, upon request, an administrative decision (Binding Rate Information - WIS) to ensure the correct application of VAT rates. This administrative decision provides the taxpayers with legal protection in this respect. *A rate of 0% applies to donations of certain medical material and equipment to hospitals; supply of imported pharmaceutical products imports of certain goods needed to combat the Covid-19 pandemic from 1 January until the epidemic state in Poland is terminated; supplies of laptops and tablets made until 30 June 2020 by VAT payers to educational institutions.*

Portugal*. In the Islands of Azores, the standard VAT rate is 18% and the reduced rates are 4% and 9%. In the Islands of Madeira the standard rate is 22% and reduced rates are 5% and 12%. *A rate of 0% applies to donations of certain medical material and equipment to hospitals from 1 March 2020. A rate of 0% applies to supplies, intra-community acquisition and imports of certain goods needed to combat the Covid-19 pandemic acquired by the State and other public entities, the national health service, private hospitals contracted by the State to fight COVID-19 and NGOs, from 30 January until 31 October 2020. A rate of 6% applies to imports, supplies and intra-community acquisitions of protective masks and disinfectant gel, from 8 May until 31 December 2020.*

Slovak Republic*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January until 31 October 2020.*

Slovenia*. *A rate of 0% applies to imports of certain goods needed to combat the Covid -19 from 30 January 2020 until 30 April 2021. The same applies to supplies and Intra-Community acquisition of these goods from 13 March until 31 July 2020.*

Spain*. Rates of 0.0%, 2.75%, 3.0%, 7.0%, 9.50%; 13.50%, 20% apply in the Canary Islands. Rates of 0.5%, 1.0%, 2.0%, 4.0%, 6.0%, 8.0%, 9.0% and 10% apply in either Ceuta and Melilla. Certain electronic publications and e-books are subject to the reduced rate of 4% from 23 April 2020. *A rate of 0% applies to the supply of medical equipment from national producers to public entities, NGOs and hospitals until 31 October 2020. A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 July 2020.*

Sweden*. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January 2020 until 30 April 2021.*

Turkey. *A rate of 1% applies to the supply of domestic air transport from 1 April to 30 June 2020.*

United Kingdom. Certain electronic publications are subject to a rate of 0% from 1 May 2020. *A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January until 31 December 2020. A temporary reduced rate of 5% was also introduced for certain supplies relating to hospitality, holiday accommodation and admissions to certain attractions from 15 July 2020 to 31 March 2021 as an urgent response to the Covid-19 crisis.*

*According to the European Commission Decision C(2020)491 (as amended), a rate of 0% for VAT and import duties applies to the importation in the European Union of goods needed to combat the effects of the COVID-19 outbreak during 2020.

Specific or temporary VAT rates applicable in the context of the Covid-19 crisis are shown in italics

Annex Table 2.A.3. VAT Exemptions

Country	Exemptions	Taxation of "common exemptions" in the country
Australia	Financial services; residential rent and residential premises (other than new residential premises); certain supplies of precious metals; school canteens operated by non-profit bodies (optional); certain fund raising events conducted by charitable institutions.	Domestic postal services; sporting services; cultural services excluding religious services (zero rate); insurance and reinsurance excluding health insurance (zero rate); gambling (including lottery tickets and betting); supplies of land and buildings (except certain supplies of farm land and supplies of going concerns– zero rate and existing residential premises – exempt).
Austria	Common exemptions[2]	Letting (private housing)
Belgium	Common exemptions[2]	-
Canada	Common exemptions[2]; legal aid; public transit; ferry, road and bridge tolls; child and personal care services; certain regulatory/administrative supplies by a government or a municipality.	Most betting, lotteries and gambling; supply and leasing of commercial land and buildings; sales of newly constructed or substantially renovated housing; domestic postal services; most cultural and sporting services e.g. adult programmes; services provided by other than public sector bodies; most admissions to a place of amusement (e.g. museums, films, professional performances and sporting events, etc.); human blood and certain biologicals (zero rate).
Chile	Services not specifically listed in the law are out of scope of VAT (e.g. legal, accounting, engineering, architecture and other professional services). VAT Exemptions apply to:used motor vehicles; goods provided by the employer to dependent employees; domestic raw materials used in the production, processing or manufacture of goods for export; some imports by the Ministry of Defense, the Army and other related organisms; some imports by the firefighting organisations (Cuerpos de Bomberos) and the Junta Nacional de Cuerpos de Bomberos; some imports by the Chilean Mint (Casa de Moneda de Chile S.A.) and other persons provided that the import is made in the context of operations with the Central Bank of Chile; capital goods imported and assigned to projects involving investments of USD 5 000 000 or more; income received from tickets to shows and meetings; international freight, passenger transport including the transport of passenger within the national territory; premiums and disbursements of reinsurance contracts; commissions earned by the Regional and Metropolitan Housing and Urbanisation Services and Social Security Institutions on mortgages; non-taxable income; income subject to additional income tax; income such as wages, salaries, pensions, income obtained by independent workers and directors fees if taxed with income tax; insertions and notices to be published and disseminated under the right of reply; certain insurance premiums; financial interests; commissions coming from guarantees issued by financial institutions; letting and lease with a purchase option of immovable property; remunerations linked to exports; income obtained from services rendered to persons domiciled or resident abroad and qualified as exportable services by Customs; income of hotels relating to services rendered to foreign tourists and income from letting of furnished immovable properties rented to foreign tourists; fees paid for managing retirement savings earned by specific authorized institutions; income obtained by independent professionals, where the physical effort is more relevant than the capital or materials used; construction contracts and finance lease of a house financed with a housing subsidy granted by the Ministry of Housing and Urban Development; broadcasting and television	Income from artistic shows or plays not sponsored by the Ministry of Culture, Arts and Heritage; income from certain circus and sports events if certain requirements are not met. Postal services are subject to VAT if they are not provided by "Correos de Chile" (Chilean postal service company). The transport of cargo within national territory is subject to VAT. Payments to be done when using a private health insurance if these payments exceed amount normally covered by the public health insurance. Educational services are exempted as long as they cover teaching activities only. Letting of immovable properties is exempted to the extent that the immovable property is not furnished and there is no commercial or industrial equipment to carry out any commercial or industrial activity.

	enterprises excluding income from advertisement; news agencies; educational services; health services; health contributions paid to Private Health Insurance Companies; manufacturing of currency by Casa de Moneda de Chile; postal services rendered by Servicio de Correos y Telégrafos de Chile; interests, premiums, commissions or other forms of remunerations paid by authorized lotteries (Polla Chilena de Beneficencia and Lotería de Concepción to individual) or legal entities for business services; other minor exemptions.	
Colombia	Financial services; reinsurance services and life insurance; education services provided by recognised establishments; public transport; contraceptives; certain agricultural products and inputs; live animals; salt; natural or artificial mineral water; medical services; public utility services (electricity, water and gas); leasing of real estate for housing; tickets for movies, sports and cultural events; funeral services.	Insurance services related to social security; life insurance; education insurances and reinsurance agreements; postal services.
Czech Republic	Common exemptions[2]; public television and radio.	Certain cultural services (e.g. admission to theatres, cinemas, concerts, etc. subject to reduced rates); sporting services provided by others than by non-profit making organisations; supply of construction land; supply of new building and building land (subject for the option to taxation).
Denmark	Hospital and medical care; dental care; social service; education; non-commercial activities of some non-profit making organisations; non-profit sport activities etc.; cultural services (some exceptions); literary and composing activities; creative artist; letting of immovable property; supply of immovable property; insurance and reinsurance; financial services; lotteries and gambling; postal service; stamps; transport of persons; funeral service; certain fund-raising events; charitable work	Cultural services as radio, television broadcasting, cinema, theatre, concerts etc.; short term letting of immovable property; option to tax commercial letting; supply of new building and building land; some commercial postal service
Estonia	Common exemptions[2]	Immovable property, except dwellings (optional); financial services (optional); cultural services
Finland	Common exemptions[2]; services of performers; copyright to literary and artistic works (excluding payments to or from an organisation representing the copyright holders); certain transactions by blind people; public cemetery services; self-picked natural berries.	Cultural services; letting of commercial buildings in certain cases (optional)
France	Common exemptions[2]; construction, improvement, repair and maintenance work on monuments, cemeteries and graves commemorating war victims undertaken for public authorities and non-profit bodies; commodity futures transactions carried out on a regulated market; services rendered by resource consortia to their members composed of natural or legal persons that are VAT exempt or not subject to VAT.	Letting of immovable property (full taxation for letting of developed immovable property and land for professional use; option to tax for letting of undeveloped immovable property for professional use in certain circumstances and letting of land and buildings for agricultural use); transport services for sick/injured persons in vehicles not specially equipped for this purpose and/or carried out by persons who do not have administrative certification; recreational and sporting services; cinemas, concerts and theatres.
Germany	Common exemptions[2]	
Greece	Common exemptions[2]; national radio and TV broadcasting activities other than those of commercial nature; remunerative contributions imposed by Organizations of Territorial Improvements to their members for the supply of irrigating water and relative supplies directly connected thereto; services provided by dental technicians and the supply of dental prosthetics by dentists and dental technicians; supply of breast milk; supply of goods of an enterprise, in whole or in part, to an existing legal person or one being set up against a consideration, or as a gift or as contribution, provided that the goods were used until then exclusively in an exempt from (or out of scope of) VAT activity (or supply of goods to special scheme farmers) and the supplier was not granted or exercised input tax	Postal services not rendered by the Greek Post Office (ELTA.); charitable work when provided by organisations without state recognition; hospital and medical care supplied by profit organisations or by non-profit private organisations under distortion of competition; sporting, cultural, religion related or philosophy related etc. services supplied by profit organisations or subject to distortion of competition; supply of new buildings; letting of immovable property for professional use (optional taxation).

	deduction.	
Hungary	Common exemptions[2]; public radio and TV broadcasting (except for commercial activities).	Supply of building land, supply of new buildings (taxation of further supplies and letting of immovable property is optional); certain cultural services (e.g. admission to theatres, cinemas, concerts), certain sporting services (e.g. swimming pool services, entrance tickets to sporting events).
Iceland	Common exemptions[2]; sports, admission fees to athletic events and health facilities; public transportation, organised transportation of disabled, elderlies and school children, taxi services; authors, composers, burials and church-related services; medical and social services; cultural services; operation of schools and educational institutions; rental of real properties and parking spaces; lotteries and betting pools, charities.	
Ireland	Common exemptions[2] ; passenger transport; national broadcasting; supply of water by public authorities; admissions to sporting events; funeral undertaking.	Letting of commercial immovable property (subject to the option for taxation by the landlord); supply of undeveloped land and buildings that are not new (subject to a joint option for taxation); recreational and sporting services.
Israel	Rentals for residential purposes for a period of not more than 25 years; the sale of a part of a building which was approved as a rental building; transactions of an exempt dealer, other than transactions that are sales of real estate; the sale of an asset, on which input tax in respect of its acquisition or importation could not be deducted lawfully at the time of its acquisition or importation; deposits in a financial institution or giving a loan to a financial institution; goods whose import is tax exempt in certain cases; supplies made by an Eilat resident supplier(to be consumed in Eilat); the sale of residential dwelling to Real Estate Investment Trust (REIT) by a person who is not a dealer and the sale of that dwelling by the REIT.	Non-commercial activities of non-profit making organisations; financial services (specific regime).
Italy	Common exemptions[2]; taxi; funeral services.	Supply and letting of land; supplies of buildings are taxed in the first five years when sold by building enterprises within five years from their construction or after five years if the latter has opted for non-exemption. This scheme applies in the case of commercial buildings, while for residential housing taxation only applies when let by building enterprises which have opted for non-exemption. Rates are 4% for non-luxury owner-occupied dwelling, 10% for other non-luxury houses and 22% for luxury housing. Certain social assistance services provided by public bodies and non-profit organisations; welfare services to employees.
Japan	Common exemptions[2]; social welfare services; sale of certain kinds of equipment for the disabled people; administrative services; alienation of securities, textbooks, tuition fees.	Postal services; supply of buildings; cultural and sporting services provided by others than non-profit organisations; letting of immovable property by business.
Korea	Common exemptions[2]; certain public transport; supply of water and certain coal; mineral oil used for certain purposes in agriculture and fishery; funeral undertaking; certain personal services similar to labour; books, newspapers and magazines; broadcasting services; supply of farm, marine and forest products.	Rental and supply of commercial buildings; commercial cultural services; gambling in licensed clubs.
Latvia	Common exemptions[2]; royalty received by the author.	Supply of used immovable property (only a registered taxable person has the right to apply tax on the supply thereof), letting of commercial buildings.
Lithuania	Common exemptions[2]; public television and radio, sale of postal and fiscal stamps, social welfare services and goods related to it, services supplied to members.	Supply of building land and new (24 months) buildings, short-term (up to 2 months) letting of residential premises, letting of parking spaces and similar, supply of land and used buildings when option to tax is exercised.

Luxembourg	Common exemptions².	-
Mexico	Common exemptions²; gold and silver coins; shares; foreign currency; retailing of gold bullion with a content of at least 99 % gold; authors' rights; urban, suburban and metropolitan public transport of passengers by land including by train (with the exception of public transport that is contracted through digital intermediation service platforms and the vehicles with which the service is provided for private use); sale of used movable property (with exception of those sold by companies); professional medical services.	Postal services; insurance services (except life and agricultural insurance); transport of sick/injured persons; public hospital and medical care, sports services; financial services for consumer and personal credits; certain kinds of public spectacles like movie tickets; supplies of land and buildings (except housing); certain fund raising events and sale of goods, provision of services and granting of the temporary use or enjoyment of goods carried out by non-profit institutions authorized for receive deductible donations for effects the CIT.
Netherlands	Common exemptions²; burials; cremations; public broadcasting; sports clubs; the services of composers, writers and journalists.	Cultural services (mostly lower rate); letting of immovable property other than houses (only at combined request by letter and hirer); supply of immovable property (only at the combined request of supplier and purchaser); the use of sports accommodation; recreational and sporting services; admission to cinemas, concerts and theatres; sporting events; museums and zoological gardens.
New Zealand	Financial services; supply of residential accommodation in a dwelling; fine metal; supply by a non-profit body of donated goods and services.	Postal services; human blood, tissues and organs; hospital and medical care; transport of sick/injured persons; dental care; charitable work; certain fund raising events; education; non-commercial activities of non-profit making organisations (other than unconditional gifts); cultural services; sporting services; insurance and reinsurance (other than life insurance and reinsurance); letting of immovable property (other than residential accommodation); betting, lotteries and gambling; supply of land and buildings (other than land and buildings which have been used for the provision of residential accommodation for five years or more).
Norway	Common exemptions²; certain alternative treatments/fringe medicine; burials; stamps and coins for collection purposes; management services by a housing association to an affiliated housing cooperative; services in the form of membership of a board, supervisory board, committee, council or similar if the consideration is included in the employer's National Insurance contributions; services in the form of offsetting emission allowances	Postal services; infrastructural services within the passenger transport sector; admission to sporting events, museums, cinemas and amusement parks; letting of commercial buildings (optional).
Poland	Common exemptions²; public radio and television.	Rental or tenancy of the dwelling buildings used for commercial purposes; supply of building land or land for development and buildings.
Portugal	Common exemptions², burials and cremations, copyright to the literature and works of art.	Option to tax the supply and letting of immovable property; option to tax training services
Slovak Republic	Common exemptions²; public television and radio; services supplied to members; sale of postal and fiscal stamps.	Supply of a construction, including the supply of building land, on which the structure is constructed, provided that the supply is made within five years after the first approval of the building or a part thereof based on which the building or a part thereof was approved for use or within five years from the day when the building or a part thereof was put in use for the first time; option to tax supply and letting of immovable property; training, educational, sporting and cultural services provided by others than by non-profit making organisations.
Slovenia	Common exemptions²; public television and radio.	Supply of new buildings; admission to cultural and sporting events; educational, sporting and cultural services provided by profit making organisations; option to tax letting of immovable property.
Spain	Common exemptions²; copyright to literature and works of art; services provided by associations, entities, groups (including "economic interest groupings) and other legal persons to their members when they are exclusively integrated by taxable persons carrying out economic activities exempted	Cultural and sporting services provided for taxable persons different from public bodies and non-profit making organisations; letting of commercial buildings; building land; supply of new buildings.

	or not subject to VAT; certain social assistance services provided by public bodies or not-for-profit organisations.	
Sweden	Common exemptions[2]; public television and radio; public cemetery services; social services; creative artists.	Most cultural services; letting of commercial buildings in certain cases (optional).
Switzerland	Common exemptions[2]; cultural services and the supply of cultural works by their creators, such as authors, composers, film makers, painters, sculptors and services supplied by publishers and collecting societies in order to circulate these works; the supply of used movable goods, which were used exclusively for the provision of supplies exempt from the tax without credit; the sale of agricultural, forestry and market garden products cultivated in their own business by farmers, foresters or gardeners, the sale of cattle by cattle dealers, and the sale of milk by milk collection points to milk processing plants; publicity services, which charitable organisations provide for the benefit of third parties or third parties for the benefit of charitable organisations; the exercise of arbitration functions. supplies between organisational units within the same public authority, between private or public law companies owned wholly by public authorities and the public authorities that own them or their organisational units, between institutions or foundations that were founded exclusively by public authorities and the public authorities that founded them or their organisational units; the provision of staff by public authorities to other public authorities; supplies between education and research institutions that are involved in education and research cooperation, provided those supplies are made as part of the cooperation, irrespective of whether the education and research cooperation is liable to value added tax.	The dispensing of artificial limbs and orthopedic equipment; renting of exhibition stands and individual rooms in exhibition and congress buildings.
Turkey	Importation of goods for cultural and educational purposes or for social purposes; restoration project related to cultural object; delivery of goods and provision of services to military factories, shipyards and factory plants; exempted taxpayers according to Income Tax Law; mergers and transfer according to Corporate Tax Law; transactions on leasing of real properties not included in economic enterprises; banking and insurance transaction; transactions of the Mint House and the Stamp Printing House; supply of precious mine and waste; supply of water used in agriculture; services supplied in free trade area; transportation of foreign oil and gas by pipelines; supply of land and workplace for organised industrial zone; supply of goods within the scope of financial restructuring; the transactions of Savings Deposit Insurance Fund; news service provided to General Directorate of Press and Information; renting work place in customs area; delivery and leasing of immovable property by the Treasury ; transfers and deliveries resulting from the sales of shares and real properties that have been included for at least two years in the assets of institutions; transfer of movable and immovable assets and intangible assets to the asset leasing company and the leasing of assets by asset leasing company; services provided by "Insurance Arbitration Commission" about settling disputes; roaming services received from abroad in the scope of international roaming agreements and reflection of these services to customers in Turkey.	Private education; private cultural services and sporting services; private hospital and medical care and dental care; human blood; transport of sick/injured persons(lower rate); postal services; sale of commercial buildings; letting; radio and television broadcasting; betting, lotteries and gambling; financial services that made by financial corporation; supply of land and buildings included in economic enterprises (standard rate); public hospital and medical care and dental care; public education; public cultural services and sporting services; tissues and organs; certain charitable work that is made by public organization or certificated institution; insurance and reinsurance; letting of immovable property not included in economic enterprises (exemption); non-commercial activities of non-profit making organisations; certain fund-raising events(non-taxable).
United Kingdom	Common exemptions[2]; burials and cremations; sports competitions; works of art.	Standard rated: freehold sales of new commercial buildings (standard rated for three years from completion date) and "option to tax" for other ordinarily exempted supplies of commercial buildings; gaming machines and certain gambling in licensed clubs Zero-rated: New housing, including construction of new houses; residential and some charity buildings.

Notes:
1. Exemptions: for the purposes of this table, “exemption” refers to supplies for which VAT is not levied on the amount charged by the supplier while the latter is not allowed to deduct related input tax. In some countries, such supplies are called “input-taxed supplies”.
2. Common exemptions: in this table, “common exemptions" refers to exemptions generally applied in most OECD countries, i.e. postal services; transport of sick/injured persons; hospital and medical care; human blood, tissues and organs; dental care; charitable work; education; non-commercial activities of non-profit making organisations; sporting services; cultural services (except radio and television broadcasting); insurance and reinsurance; letting of immovable property; financial services; betting, lotteries and gambling; supply of land and buildings; certain fund-raising events

Source: National delegates; position as at 1 January 2020.

Annex Table 2.A.4. Restrictions to the right to deduct VAT on specific inputs

Country	Inputs on which the right to deduct VAT is denied or limited
Australia	**Entertainment:** recreational club leisure facility, entertainment, meal entertainment, family maintenance, relative's travel. **Vehicles:** the amount of GST recoverable on the acquisition of a car is limited to that applicable to the car depreciation limit for the income year, currently AUD 57 466. **Others:** penalties, non-compulsory uniforms. GST is not recoverable on the expenses above to the extent they are not eligible for a deduction under the income tax law.
Austria	**Entertainment:** all entertainment expenses. **Vehicles:** vehicles, except used for commercial passenger transport, for leasing purposes or used at least 80% for driving schools.
Belgium	**Entertainment:** full input tax block for restaurant and hotel (with a number of strict exceptions), certain alcoholic beverages (with a number of strict exceptions) and reception and hospitality costs. **Vehicles:** Expenses relating to vehicles for transport of persons and/or goods by road. The right to deduct input tax may in principle not exceed 50% (with a number of strict exceptions). **Others:** supplies relating to special VAT scheme (e.g. margin scheme, special VAT scheme for tobacco).
Canada	**Entertainment**: deduction restrictions apply to memberships in dining, recreational or sporting facilities clubs; deduction for food, beverages, and entertainment expenses generally limited to 50% of the GST/HST payable. Food and beverage expenses for long-haul truck drivers are limited to 80%. **Vehicles:** deduction is limited on passenger vehicles acquired as capital property to the GST/HST payable on the capital cost value (CAD 30 000); a higher deduction limit is available for zero emission passenger vehicles (CAD 55 000); deduction is limited on passenger vehicles leases to the GST/HST payable on CAD 800 monthly lease payments. **Others:** home office expenses restriction to the extent that the consumption or use of a property or service of such quality, nature, or cost is unreasonable given the person's commercial activity.
Chile	**Vehicles:** automobiles, station wagons and similar vehicles as well their lubricants, spare parts, repairs or maintenance unless the regular business activity of the taxpayer is the sale, rental or lease of automobiles or unless the Commissioner of the Internal Revenue Service consider the relevant expenses as deductible for income tax purposes. **Fuels**: products or components that have any form of subsidy for end consumers.
Colombia	VAT levied on the acquisition of fixed assets that are not deemed as productive fixed assets is denied. Such VAT will be deemed as a higher value of the asset and will be taken into account for depreciation or amortization
Czech Republic	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (except small gifts).
Denmark	**Entertainment:** expenses of entertainment, restaurant and presents. **Vehicles:** supply of vans with a weight of 3000kg or less used for both taxable and non-taxable purpose; cars with room for less than 10 persons; leased cars. **Others:** employee telephones paid by employer; board of employees and owner of the company; other objects in favour of the employees.
Estonia	**Entertainment**: goods or services relating to the reception of guests or the provision of meals or accommodation for employees. This restriction does not apply to accommodation services received during a business trip. **Vehicles**: the right of deduction is limited to 50% on purchase, import, lease or hire of passenger cars not wholly used for business purposes and on the related expenditures, except for cars purchased for resale, hire or lease, for cars used for the transportation of passengers (e.g. taxis) and for cars used for driving lessons.
Finland	**Entertainment:** representation and entertainment expenses. **Vehicles,** boats and aircraft: used for sporting and leisure purposes, cars, motorcycles and caravans. However, any means of transport which are to be resold, rented out or used in professional passenger transport or in driving lessons as well as passenger cars used only for taxable transactions are deductible. **Others:** travelling costs of personnel between home and workplace; goods and services related to dwellings or buildings provided for the recreation of personnel.
France	**Vehicles**: vehicles or equipment, whatever their nature, designed to carry persons or mixed-use, except those for resale as new; leased, having in addition to the driver's seat more than eight seats used by companies to bring their staff on the workplace, assigned exclusively to the driving instruction, all type of road vehicles exclusively for the operation of ski lifts and ski areas, vehicles acquired by companies of public passenger transport and assigned exclusively to the realisation of such transport. Components, parts and accessories of vehicles and machines previously referred. **Others:** goods and services used by taxable persons for more than 90% for a non-business purpose; gifts

	above a certain value; goods or services linked to the free supply of housing to officers or employees of a company, except when it's for the security staff on construction sites or in company premises; goods or services used for advertising alcoholic beverages; supply of passenger transport and services ancillary to such transport, except those produced either on behalf of an enterprise of public passenger transport, or under a permanent contract of transport by companies to bring their staff on the workplace; most fuels not subsequently delivered or sold as is or as other petroleum products. **Partial restrictions**: The right of deduction is limited to 50% for gas oil and other hydrocarbons in gaseous state and kerosene used as fuel, when such products are used for vehicles and equipment mentioned above. The right of deduction is limited to 80% for gas oils and bio ethanol E85 used as fuel for vehicles and equipment mentioned above, except those used for testing for the purposes of making engines of motorised equipment and insofar as they are not subsequently delivered or sold as is or as other petroleum products. The right of deduction is limited to 60% for petrol used as fuel for vehicles.
Germany	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (e.g. gifts except small gifts, restaurant, catering, entertainment expenditure except appropriate ones, expenditures on hunting and fishing, sailing yacht or motor yachts and expenditures of similar nature).
Greece	**Entertainment:** receptions, recreation and hospitality in general; accommodation, food, drinks, transport and recreation for the personnel or representatives of the business. **Means of transport:** motor passenger vehicles of "private use" of up to 9 seats; motorcycles and mopeds, vessels and aircrafts of "private use" intended for recreation or sports, and the related supplies of fuel, repair, maintenance, rental/leasing and circulation in general. The restriction does not apply to the aforementioned means of transport when they are intended for sale, rental/leasing or transport of persons for a fare. **Others:** spirituous or alcoholic beverages intended to be used in non-taxable activities; manufactured tobacco products.
Hungary	**Entertainment**: services of restaurants and other public catering services; entertainment services; food and beverages. **Vehicles:** passenger cars (except hearses), motorcycles above 125 cubic centimetres; yachts and vessels. **Others**: supplies of motor fuels, other fuels, other goods used in connection with the operation or maintenance of passenger cars; residential properties, goods and services used for the construction or remodeling of residential properties; taxi services, parking services, highway toll services; 30% of input tax regarding fixed phone, mobile phone and VOIP service; 50% of input tax regarding the services used for the operation or maintenance of passenger cars.
Iceland	**Entertainment**: all expenses related to catering and food for the taxable person. Vehicles: supply, running and rental of passenger cars; delivery trucks, trucks and off-road vehicles with a weight of 5.000 kg or less, unless used for specially regulated taxable purpose. **Others**: all expenses related to residential property for the owner and the employees of the taxable person. All expenses which come instead of salaries to the owner and the employees of the taxable person. All expenses related to summer houses and similar entertainment for the owner and the employees of the taxable person; presents.
Ireland	**Entertainment:** food, drink, accommodation (except for qualifying conferences), personal services, entertainment. **Vehicles:** purchase or hire of passenger vehicles (up to 20% of the VAT cost is allowed where the car meets certain conditions regarding business use and emission levels). **Others**: petrol (unless part of stock in trade).
Israel	None
Italy	**Entertainment**: entertainment expenses, food and beverages. **Vehicles**: means of transport and services of transport (motor vehicles, aircraft and yachts) – for means of transport 60% of the input VAT is not deductible; passenger transport. **Others**: luxury goods and connected services, buildings.
Japan	None
Korea	**Entertainment**: entertainment expenses and similar expenditures. **Vehicles**: purchase and maintenance of non-business small automobiles.
Latvia	**Entertainment**: 60 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for the goods acquired and services received for the representation needs. **Vehicles:** 50 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for an acquired, leased or imported passenger car the number of seats of which, not including the driver's seat, does not exceed eight seats, as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel. Fully non-deductible is the tax amount to be paid into the State budget for buying, renting and importing passenger car the number of seats of which, not including the driver's seat, does not exceed eight seats and value higher than EUR 50 000 (exclusive of VAT), as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel.

Lithuania	**Entertainment**: representation and entertainment expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law and 50 % expenditures of representation and entertainment as defined in the income tax law for which there is tax allowance according to the income tax law. **Vehicles**: passenger cars (up to 8 passengers excluding driver), except in cases where the cars are supplied, leased, used for taxi services or where the cars are classified as special purpose vehicles.
Luxembourg	**Entertainment**: not strictly business expenditures such as luxuries, entertainment or amusements.
Mexico	No restrictions list. The law establishes that deductions must come from goods and services that are "strictly indispensable" for the principal activity. The expenses deductible for VAT purposes must be deductible in terms of the Income Tax Law. The Income Tax Law has list of "Authorised deductions" for each type of regime.
Netherlands	**Entertainment**: restaurant services. Also certain representation and gift expenditures.
New Zealand	**Entertainment**: entertainment expenses are in effect only 50% deductible. Businesses may claim a full deduction when the goods and services are acquired and must annually calculate and repay the deemed 50% private portion.
Norway	**Entertainment**: catering and hiring of locations related to catering; entertainment expenses; the construction, maintenance, renting or operation of real property for accommodation or welfare needs. **Vehicles**: procurement, operation or maintenance of passenger vehicles. **Others**: works of art or antiques; accommodation of- and remuneration in kind to the owner, management, employees or pensioners of an enterprise; business gifts, goods and services for distribution for advertising purposes; cash payments above NOK 10 000 (USD 1040).
Poland	**Entertainment**: restaurant services and accommodation. **Vehicles**: limitation to 50% of the right to deduct VAT on the purchase, intra- Community acquisition, import, hire or lease of motor vehicles as well as VAT charged on expenditure related to those vehicles, where the vehicle is not entirely used for business purposes. **Others**: limitation to 50% of the right to deduct VAT on the purchase of motor fuels, fuel oil &and natural gas used by aforementioned vehicles.
Portugal	**Entertainment**: transport, accommodation or meals (except connected with conferences, seminars, fairs or exhibitions, which, under certain conditions, are deductible in 25% or 50%). Luxury and entertainment expenses. **Vehicles**: acquisition or hiring of light vehicles deemed to be used for non-business purposes, as well as pleasure boats, helicopters, aircrafts and motorcycles (except if intended for sale or constitute the core of the business activity). **Others**: fuel used in motor vehicles are deductible at 50%. Full deduction is possible if used in public transport vehicles, certain heavy vehicles, machines or tractors.
Slovak Republic	**Entertainment**: goods and services for the purposes of treat and entertainment. **Others**: suspense items (Suspense items means expenses paid on behalf and for the account of the purchaser or the customer, which the supplier charges to the purchaser or the customer.
Slovenia	**Entertainment**: entertainment expenses (where entertainment expenses shall include only the costs of entertainment and amusement during business or social contacts); meals (including drinks) and accommodation expenses, except expenses incurred by taxable person in connection with these supplies in the ordinary course of his business. **Vehicles**: yachts and boats intended for sport and recreation; aircrafts other than those used for transport of passengers and goods, leasing, renting and resale. Passenger cars and motorcycles other than: vehicles used for transport of passengers and goods, leasing, renting and resale, vehicles used in driving schools for the provision of the driver's training program in accordance with the regulations in force and combined vehicles for carrying out an activity of a public line and special line transport, and special vehicles adapted exclusively for the transport of deceased people. **Others**: fuels, lubricants, spare parts and services which are closely linked to vehicles above.
Spain	**Entertainment:** access to shows and services of a recreational character; travel, accommodation and catering services, unless they are deductible as a cost in income taxes. **Others**: jewelry, gold and platinum objects, pearls, precious stones; food, drinks and tobacco; goods or services used as gifts to clients, employees or third parties.
Sweden	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (costs of a maximum of a taxable amount of SEK 300 per person and occasion regarding restaurant services). **Vehicles:** cars with a weight of 3500 kg or less used for both taxable and non-taxable purposes unless the purpose is for taxi, car renting, car sales or driving school. Limitation to 50 % of the right to deduct VAT on the purchase of fuel used by those vehicles. **Others**: Expenses connected to a permanent residence.
Switzerland	None

Turkey	**Cars**: purchases of cars except when used by car renting companies. **Others**: Missing and stolen stocks (excluding those lost due to earthquake, flood and fire in places of compelling reason declared by Ministry of Treasury and Finance).
United Kingdom	**Entertainment**: business entertainment; in general terms the free provision of any hospitality to business contacts is not recoverable. The exception is where the entertainment is provided to non-UK customers. However, it is likely that if recovery is granted it would be off-set by a private use charge that would effectively cancel out any credit obtained. **Vehicles**: motor cars in general, except motor cars that are stock in trade (car dealers etc.); tools of the trade (driving schools etc.) or exclusively used for business purposes with no availability for private use (leasing companies etc.); lease of a motor car (right to deduction is limited to 50%).

Notes

Restrictions to the right to deduct VAT on specific inputs: this table includes limitations of the right to deduct input VAT on specific goods, services and intangibles because of their nature, generally with a view to achieving the (input) taxation of their deemed final consumption. The table does not include input tax blockings related to the exemption of outputs (e.g. limited right of deduction for inputs used to provide financial and insurance services, medical care, education, etc. listed in Table 2.3 on VAT exemptions) or to VAT inputs that are not connected with the business taxable activity.

Source: National delegates; position as at 1 January 2020.

Annex Table 2.A.5. Annual turnover concessions for VAT registration and collection

Country	National currency	Registration thresholds[1]					Voluntary registration or collection[2]	Minimum registration period[3]	Limitations or specific rules for application of the thresholds[5]
		Registration or collection threshold	General threshold		Other thresholds				
			Nat. curr.	USD[4]	Nat. curr.	USD[4]			
Australia*	AUD	R	75 000	52 090	150 000	104 180	Yes	1 year	See note
Austria[6]	EUR	R	35 000	46 065			Yes	5 years	
Belgium[6]*	EUR	C	25 000	33 102			Yes	None	See note
Canada*	CAD	R	30 000	25 130	50 000	41 884	Yes	1 year	See note
Chile*	CLP	None	None						See note
Colombia*	COP	R	None		122 844 150	91 062	Yes		See note
Czech Republic[6]*	CZK	R	1 000 000	80 365			Yes	1 year	
Denmark[6]*	DKK	R	50 000	7 498	170 000	25 493	Yes	2 years	See note
					300 000	44 987			
Estonia[6]	EUR	R	40 000	73 454			Yes	None	
Finland[6]*	EUR	R	10 000	11 801	30 000	35 404	Yes	None	See note
France[6]*	EUR	R	85 800	117 259	34400	47 013	Yes	2 years	See note
					44500	60 816			
Germany[6]*	EUR	C	22 000	29 843	50 000	67 824	Yes	5 years	See note
Greece[6]*	EUR	C	10 000	17 950			Yes	1 year	See note
Hungary[6]	HUF	C	12 000 000	85 145			Yes	1 year	
Iceland	ISK	R	2 000 000	14 635			Yes	None	
Ireland[6]*	EUR	R	75 000	94 186	37 500	47 093	Yes	None	
Israel*	ILS	C	100 491	27 257			No	None	See note
Italy*	EUR	C	65 000	96 898			Yes	None	See note
Japan*	JPY	R	10 000 000	98 547			Yes	1 year	See note
Korea	KRW	C	30 000 000	34 875			No	None	
Latvia[6]	EUR	R	40 000	80 851			Yes	None	
Lithuania[6]*	EUR	R	45 000	98 949			Yes	None	See note
Luxembourg[6]*	EUR	C	30 000	35 513			Yes	None	See note
Mexico	MXN	None	None						
Netherlands[6]*	EUR	C	20 000	25 480			Yes	3 years	
New Zealand	NZD	R	60 000	41 284			Yes	None	
Norway*	NOK	R	50 000	5 035	3 000 000	302 091	Yes	2 years	See note
					140 000	14 098			
Poland[6]	PLN	R	200 000	114 295			Yes	None	See note
Portugal[6]*	EUR	C	10 000	17 640			Yes	5 years	See note
Slovak Republic[6]	EUR	R	49 790	98 558			Yes	1 year	
Slovenia[6]	EUR	R	50 000	88 414			Yes	5 years	
Spain[6]	EUR	None	None						
Sweden[6]	SEK	R	30 000	3 430			Yes	3 years	See note
Switzerland*	CHF	R	100 000	87 121	150 000	130 682	Yes	1 year	See note
Turkey*	TRY	R	None		See note				See note
United Kingdom[6]	GBP	R	85 000	124 935			Yes	None	

Notes
* See country notes

1. Registration/collection thresholds identified in this table are general concessions that relieve domestic suppliers from the requirement to register for and/or to collect VAT until such time as they exceed a specific annual turnover threshold. Except where specifically identified, registration thresholds also relieve suppliers from the requirement to charge and collect VAT on supplies made within a particular jurisdiction. Relief from collection and/or registration may be available to specific industries or types of traders (for example non-resident suppliers) under more detailed rules, or a specific industry or type of trader may be subject to more stringent registration and collection requirements. The "R" indicates countries where a registration threshold applies, i.e. where suppliers having a turnover below the threshold are not required to register for VAT and are relieved from any VAT obligation. The "C" indicates countries where a collection threshold applies, i.e. where all suppliers are required to register for VAT but are not required to charge and collect VAT until they exceed the collection threshold. Thresholds shown in this table apply to businesses established in the relevant country. In most countries, the registration threshold does not apply to foreign businesses, i.e. businesses having no seat, place of business, fixed establishment, domicile or habitual residence within the country.
2. "Yes" means a supplier is allowed to voluntarily register and collect VAT where its total annual turnover is less than the registration threshold.
3. Minimum registration/collection periods apply to general concessions. This period is the minimum term during which the concession is applied to taxpayers that have opted for it.
4. Exchange rates for conversion into USD are Purchase Parity Rates (PPPs) for GDP 2019.
5. Restrictions or conditions to the application of the tax relief for businesses below the threshold
6. Limitations for member states of the European Union. Directive 2006/112/EC excludes from the application of the threshold the supply of new buildings or building land, certain supplies of new means of transport and disposals of the assets of the enterprise. The threshold does not apply to non-resident businesses. Specific thresholds also apply for certain intra-EU supplies.
Source: National delegates; position as at 1 January 2020.

Annex Box 2.A.3. Country notes to Table 2.A.5.

Australia. For taxi drivers, including chauffeur driven limousines, hire cars and sharing economy ride-share services, there is no registration threshold. The applicable registration threshold to not-for-profit organisations is AUD 150 000.

Belgium. The registration threshold for Belgium does not apply to several sectors: real estate; hotels and restaurants; sale of used and waste materials. A number of specific supplies are also excluded from the application of the threshold: several supplies of new real estate, supplies of certain products subject to excise duties and undeclared and illicit activities.

Canada. The registration threshold does not apply to certain selected listed financial institutions; non-residents who enter Canada to make taxable supplies of admissions to a place of amusement, a seminar, an activity or an event; and persons who carry on a taxi or limousine business (which include a commercial ride-sharing business). These persons are required to register for and collect GST/HST. An alternative threshold applies to charities and public institutions. A charity or public institution is not required to register if either its revenue from worldwide taxable supplies is CAD 50 000 or less in a calendar quarter and over the last four consecutive calendar quarters, or its gross revenue in either of its two preceding fiscal years is CAD 250 000 or less.

Chile. All taxpayers are required to register and obtain a taxpayer's identification number (this TIN is not required for VAT purposes only, but also for any other tax purpose). However, small businesses, craftsmen and small service providers may be eligible for a special simplified regime according to which they account, for output VAT purposes, a monthly fixed amount based on an average level of earnings. This special regime has to be calculated by taking into account the earnings from the last 12 months and there is a threshold of 20 Monthly Tax Units (CLP 940 380 - USD 1 530). This simplified tax regime does not apply to legal entities but to individuals only. This system must be adopted for at least for 12 months after which the taxpayer can return back to the ordinary regime.

Colombia. The VAT exemption threshold is mentioned in Tax Units (Unidad de Valor Tributario - TVU) in the tax code. The VAT exemption threshold is 3 450 TVU. The value of the TVU in Colombian Pesos (COP) is set every year by decree. The value for 1 TVU is COP 35 607 for fiscal year 2020. The VAT registration threshold for individuals is therefore 3 450 x 35 607 = 122 844 150 COP. There is no VAT registration thresholds for incorporated businesses.

Czech Republic. A taxable person that is not established in the Czech Republic should register immediately once he starts to provide any taxable supply within the territory of the country, except for supplies being subject to the reverse charge mechanism or to the mini one-stop shop (MOSS).

Denmark. A higher threshold of DKK 170 000 (EUR 22 840) applies to the blind, and a threshold of DKK 300 000 (EUR 40 300) applies to the first sale of works of art by their creator or his successors in title. For the purposes of the latter exemption, the threshold of DKK 300 000 must not have been exceeded in the current or preceding year.

Finland. Where a business has exceeded the registration threshold of EUR 10 000, it must register and is subject to VAT, but a graduated relief is available until they reach a second threshold of EUR 30 000. On 1 January 2021, the registration threshold will be increased to EUR 15 000.

France. The VAT relief applies to businesses whose annual turnover does not exceed EUR 85 800 or when their turnover does has not exceeded EUR 94 300 the preceding calendar year (when the turnover has not exceeded EUR 85 800 the penultimate year). For supplies of services (except hotel accommodation and food and drink in restaurants), the annual turnover must not exceed EUR 34 400 or EUR 36 500 the preceding calendar year (when the turnover has not exceeded EUR 34 400 the penultimate year). For lawyers (in the furtherance of their regulated business), writers and artists, the turnover must not exceed EUR 44 500 (the threshold is EUR 18 300 for their supplies outside the normal framework of their affairs). Experimentally, for a period of five years, a specific threshold of EUR 100000 has been implemented in Guadeloupe, Martinique and La Réunion.

Germany. Taxpayers are relieved from VAT obligations if their annual turnover does not exceed EUR 22 000 and their expected turnover for the current calendar year will not exceed EUR 50 000.

Greece. If the annual turnover from taxable supplies is less than EUR 10 000, the business can voluntarily enter the Special Scheme for small businesses under which no VAT is collected. New businesses may also enter the Special Scheme upon registration. Farmers under the flat-rate scheme are not eligible to enter the Special Scheme for small businesses. Small businesses that have entered the Special Scheme will be obliged to enter the "normal" scheme and collect VAT from the moment they perform a taxable supply on account of which they exceed the threshold (and for the full value of that supply). In case the administrative period is less than a year, then the value of the taxable supplies for the purpose of determining whether the business may enter the Special Scheme during the next year is calculated on a proportional basis.

Ireland. The general turnover threshold for the supply of goods is EUR 75 000. Persons supplying goods liable at the reduced or standard rates which they have manufactured or produced from zero-rated materials must however register if their turnover is EUR 37 500 or more. The general turnover threshold for the supply of services is EUR 37 500. For persons supplying both goods and services where 90% or more of the turnover is derived from supplies of goods (other than of the kind referred to in the previous sentence) are subject to the threshold for the supply of goods applies.

Israel. Self-employed persons with annual revenue below NIS 100 491 are considered "Exempt Dealers". Some professions are not allowed to be Exempt Dealers: agronomist, architect, technician, private investigator, rabbinical attorney, dental technician, organizational consultant, management consultant, scientific consultant, economist, engineer, surveyor, bookkeeper, translator, insurance agent, lawyer, accountant or appraiser, chemical or medical laboratory owner, artistes, various others in show business, doctor, psychologist, physiotherapist, veterinary surgeon, dentist, driving school owner, school owner, real estate agent or dealer.

Italy. The micro-sized taxpayers' scheme ("Regime forfetario") applies to individual businesses if, in the previous year, they earned revenues or received remuneration, calculated per year, not exceeding EUR 65 000. (in addition, the gross expenses for employees must not exceed EUR 20 000). The regime does not apply to persons who are members of partnerships, professional associations or SRLs (limited liability companies) and are subject to the "regime di trasparenza" for income tax; persons who carry out sale of buildings or land or intra-EU supplies of new cars and trucks. Are also excluded, foreign businesses not established in Italy, except for those that are established in one of the EU Member States, or in a State party of the European Economic Area, and produce in Italy at least 75 percent of their total revenue.

Japan. Domestic and foreign businesses (both companies and individuals) whose taxable sales in Japan are less than 10 million yen, as well as new businesses of up to 2 years (except for the subsidiary of a certain large corporation) are exempt from JCT return. Exempted businesses can opt to be liable for Consumption Tax, in which case they shall remain liable for at least two years.

Luxembourg. Taxpayers established in Luxembourg are entitled to opt for the special scheme; the exemption only applies to goods and services supplied in Luxembourg. Taxpayers can opt out of the special scheme but have then to apply the normal VAT rules for at least five years.

Netherlands. The special scheme for small businesses applies to all businesses, irrespective of their legal form and including corporate businesses (e.g. foundations, private and limited companies).

Norway. The higher threshold of NOK 3 000 000 applies for admission to sporting events. The higher threshold of NOK 140 000 applies to charitable institutions and organisations.

Poland. The registration threshold does not apply to taxpayers supplying (a) certain types of silver, gold, platinum, knives, cutlery, jewellery, non-hazardous metal waste, museum collections and coins; (b) goods subject to excise duty with a number of exceptions; (c) certain buildings, structures and their parts; (d) building land; (e) new means of transport. The threshold does also not apply to taxpayers supplying (a) legal services; (b) consulting and expert services with certain exceptions; (c) jeweller services and taxpayers not established in Poland. As of September 2019 also supplies of certain goods bought online such as computers, electrical and non-electrical household appliances, cosmetics and toilet preparations are excluded from the exemption.

Portugal. The collection threshold does not apply to commercial legal entities. The threshold has been raised to EUR 11 000 from the 1st April 2020 and will be raised to EUR 12 500 from the 1st January 2021.

Sweden. The threshold does not apply to taxable persons not established in Sweden, taxable persons voluntarily registered for VAT for rental of immovable property, trade with investment gold and artists.

Switzerland. The thresholds refer to the worldwide turnover. The higher threshold of CHF 150 000 applies to non-for-profit sport and cultural associations and to public interest institutions.

Turkey. Certain small individual taxpayers who are exempt from Individual Income Tax are also exempt from VAT.

Annex Table 2.A.6. Usage of margin schemes

Country	Usage of margin schemes[1]
Australia	A margin scheme can be used on certain sales of new residential or commercial property. It is generally based on the difference between the tax inclusive sale price and the original purchase price. Special rules apply in certain cases, such as sales between associates or members of the same GST group. Gambling: GST applies to the gambling margin calculated based on the total amount wagered less total monetary prizes awarded. Second hand goods: when second-hand dealers adopt a special 'global' accounting method. It applies when (1) second-hand goods are acquired from an unregistered supplier and are divided up for re-supply and (2) the dealer exercises the option to apply the global method over a specified category of second-hand good.
Austria	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Belgium	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Canada	-
Chile	Used real estate property in which no value added tax has been paid, made by a professional seller. The tax base is the difference between the sale and purchase prices. For these purposes, the acquisition value of the property must be readjusted in accordance with the variation percentage experienced by the consumer price index in the period between the month prior to the acquisition and the month prior to the sale date. However, in the determination of the referred tax base, the value of the land included in both operations must be deducted from the purchase price and the sale price. For these purposes, the seller must deduct from the sale price the commercial value of the land at the date of the operation. Once this deduction has been made, the seller must deduct from the purchase price of the property an amount equivalent to the percentage that represents the commercial value assigned to the land in the sale price.
Colombia	Sale of used cars, sale of fixed assets made by an intermediary, sale of gasoline.
Czech Republic	Travel agencies; second- hand goods; works of art; collector's items and antiques (EU Directive)
Denmark	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Estonia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Finland	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
France	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive); supply of building land; supply of a building completed more than five years ago, when taxed (option).
Germany	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Greece	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive); sales by public auction
Hungary	Travel agencies; second-hand goods; works of art, antiques, collectors' items (EU Directive)
Iceland	-
Ireland	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive). Mandatory margin scheme for auctioneers and travel agents.
Israel	Sale of used furniture by a dealer whose business is the sale of such furniture. Sale of used vehicle, motorcycle or cross-country vehicle by a dealer whose business is a purchase and sale of used vehicles. Sale of dwellings by a real estate dealer who acquired it from a person who is not a non-profit organisation, a financial institution nor a dealer. Sale of coins and medals, which the seller has purchased such coins and medals from a non-licensed dealer (i.e. not VAT registered business). Sale of postage stamps and revenue stamps by a person whose business is the sale of such stamps (deemed to be a service). Sale of foreign currency, securities or other negotiable instruments, including the acquisition of aforesaid securities and instruments in order to collect their redemption or retirement price, by a dealer whose business is the sale of such assets or the sale of foreign currency, shall be deemed to be a brokerage service rendered by the dealer, between the dealer's supplier and the dealer's customer.
Italy	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Japan	-
Korea	-
Latvia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Lithuania	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Luxembourg	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)
Mexico	Sale of used cars, previously acquired by a company from an individual.
Netherlands	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).

New Zealand	-
Norway	Voluntary margin scheme for second hand goods, works of art, collectors' items and antiques.
Poland	Travel agencies; second-hand goods; works of art; collector's items and antiques (EU Directive).
Portugal	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive) and fuel retailers.
Slovak Republic	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Slovenia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Spain	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Sweden	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Switzerland	Collector's items such as works of art, antiques and suchlike.
Turkey	Travel agencies (commission taken from tour sold abroad is exempt; commission taken from tour sold in Turkey is subject to tax). Deliveries of second hand motor vehicles or immovable properties (without making any fundamental changes in their nature) by taxpayers that are in second hand motor vehicles or immovable property business after purchasing them from non-VAT-Taxpayers (including purchases from taxpayers in the scope of exemption); The tax base in the delivery and import of gold jewelry and coins is the amount remaining after the gold ingot is deducted.
United Kingdom	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive)

Note:
1. Margin scheme: In this context, a margin scheme means a scheme where the tax base is calculated on the difference between the price paid by the taxpayer for an item and the resale price rather than on the full selling price. The reseller is not allowed to deduct the input VAT embedded in the buying price of the items resold under the margin scheme.
Source: National delegates; position as at 1 January 2020.

Annex Table 2.A.7. VAT Revenue Ratio (VRR) 2018

Country	Standard VAT rate 2018	1992	1996	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Diff. 2016 2018
Australia	10.0				0.56	0.54	0.54	0.49	0.51	0.49	0.47	0.47	0.49	0.48	0.50	0.50	0.48	0.47	-0.03
Austria	20.0	0.61	0.60	0.61	0.58	0.57	0.58	0.59	0.58	0.58	0.58	0.59	0.58	0.58	0.59	0.59	0.60	0.60	0.01
Belgium	21.0	0.50	0.46	0.51	0.50	0.51	0.51	0.49	0.47	0.49	0.48	0.48	0.47	0.47	0.46	0.47	0.47	0.47	0.00
Canada	5.0	0.43	0.47	0.49	0.50	0.47	0.51	0.49	0.49	0.49	0.48	0.47	0.47	0.47	0.48	0.48	0.49	0.49	0.01
Chile	19.0	0.63	0.67	0.64	0.67	0.64	0.68	0.71	0.60	0.63	0.64	0.65	0.64	0.64	0.64	0.63	0.64	0.64	0.01
Colombia	19.0			0.35	0.42	0.47	0.45	0.48	0.43	0.44	0.49	0.46	0.41	0.42	0.41	0.38	0.37	0.38	0.00
Czech Republic	21.0		0.43	0.42	0.56	0.52	0.54	0.56	0.55	0.52	0.55	0.57	0.56	0.58	0.58	0.60	0.62	0.61	0.01
Denmark	25.0	0.56	0.57	0.59	0.62	0.64	0.65	0.61	0.58	0.57	0.58	0.59	0.57	0.57	0.58	0.60	0.61	0.62	0.02
Estonia	20.0		0.72	0.71	0.70	0.82	0.81	0.67	0.73	0.66	0.67	0.69	0.66	0.69	0.72	0.72	0.74	0.74	0.02
Finland	24.0		0.54	0.61	0.61	0.61	0.60	0.58	0.56	0.55	0.56	0.56	0.55	0.55	0.54	0.55	0.56	0.57	0.02
France	20.0	0.54	0.53	0.51	0.52	0.52	0.51	0.50	0.47	0.48	0.48	0.48	0.48	0.48	0.49	0.49	0.50	0.51	0.02
Germany	19.0	0.61	0.60	0.61	0.55	0.57	0.55	0.56	0.55	0.55	0.56	0.56	0.55	0.55	0.56	0.56	0.56	0.57	0.01
Greece	24.0	0.47	0.41	0.45	0.47	0.46	0.48	0.46	0.39	0.44	0.37	0.37	0.36	0.37	0.38	0.44	0.43	0.44	0.00
Hungary	27.0	0.30	0.43	0.52	0.48	0.54	0.58	0.56	0.61	0.52	0.51	0.52	0.52	0.56	0.59	0.55	0.56	0.59	0.04
Iceland	24.0	0.63	0.54	0.58	0.61	0.64	0.59	0.52	0.44	0.42	0.42	0.43	0.43	0.44	0.51	0.53	0.57	0.55	0.02
Ireland	23.0	0.45	0.52	0.61	0.66	0.67	0.63	0.55	0.46	0.47	0.46	0.44	0.45	0.48	0.48	0.49	0.48	0.49	0.00
Israel	17.0		0.66	0.62	0.61	0.62	0.66	0.65	0.65	0.65	0.66	0.64	0.65	0.63	0.63	0.63	0.63	0.63	0.00
Italy	22.0	0.37	0.39	0.43	0.39	0.41	0.41	0.39	0.36	0.40	0.40	0.37	0.37	0.37	0.37	0.37	0.39	0.38	0.01
Japan	8.0	0.68	0.71	0.68	0.70	0.70	0.68	0.66	0.66	0.68	0.68	0.68	0.69	0.69	0.73	0.72	0.72	0.72	0.00
Korea	10.0	0.62	0.57	0.58	0.61	0.60	0.60	0.60	0.62	0.64	0.64	0.66	0.64	0.66	0.60	0.66	0.69	0.68	0.02
Latvia	21.0		0.53	0.51	0.57	0.61	0.61	0.49	0.38	0.42	0.42	0.46	0.49	0.51	0.52	0.54	0.54	0.58	0.04
Lithuania	21.0		0.46	0.52	0.52	0.56	0.61	0.58	0.47	0.49	0.51	0.50	0.50	0.51	0.51	0.51	0.53	0.53	0.02
Luxembourg	17.0	0.45	0.54	0.68	0.85	0.82	0.96	0.96	0.97	0.99	1.06	1.11	1.16	1.23	0.95	0.92	0.86	0.89	-0.03
Mexico	16.0	0.30	0.21	0.25	0.29	0.32	0.32	0.33	0.30	0.32	0.31	0.31	0.28	0.32	0.32	0.33	0.32	0.34	0.01
Netherlands	21.0	0.55	0.54	0.57	0.55	0.57	0.58	0.56	0.52	0.54	0.52	0.52	0.47	0.47	0.49	0.51	0.52	0.53	0.02
New Zealand	15.0	0.96	0.99	0.99	1.03	1.03	0.96	0.96	0.97	1.10	0.93	0.94	0.94	0.96	0.97	0.96	0.99	0.99	0.03
Norway	25.0	0.58	0.61	0.67	0.57	0.61	0.63	0.57	0.55	0.56	0.56	0.57	0.57	0.56	0.56	0.57	0.57	0.58	0.01
Poland	23.0	0.00	0.42	0.42	0.47	0.51	0.53	0.50	0.45	0.47	0.47	0.43	0.42	0.44	0.44	0.45	0.50	0.52	0.07

Portugal	23.0	0.46	0.55	0.60	0.56	0.51	0.51	0.49	0.43	0.48	0.45	0.47	0.46	0.49	0.50	0.49	0.51	0.52	0.03
Slovak Republic	20.0	0.00	0.45	0.43	0.61	0.58	0.53	0.53	0.47	0.46	0.49	0.43	0.47	0.49	0.52	0.50	0.52	0.52	0.02
Slovenia	22.0	0.00	0.00	0.68	0.67	0.68	0.69	0.68	0.59	0.59	0.59	0.57	0.59	0.58	0.58	0.58	0.59	0.60	0.02
Spain	21.0	0.59	0.44	0.52	0.56	0.56	0.52	0.41	0.29	0.44	0.38	0.40	0.39	0.41	0.43	0.43	0.44	0.45	0.02
Sweden	25.0	0.40	0.49	0.51	0.54	0.55	0.56	0.57	0.55	0.57	0.57	0.55	0.55	0.55	0.57	0.58	0.59	0.59	0.01
Switzerland	7.7		0.67	0.73	0.72	0.74	0.73	0.74	0.70	0.72	0.71	0.71	0.71	0.70	0.69	0.68	0.69	0.69	0.01
Turkey	18.0	0.37	0.43	0.46	0.40	0.42	0.38	0.37	0.36	0.41	0.44	0.40	0.44	0.40	0.42	0.40	0.41	0.40	0.00
United Kingdom	20.0	0.42	0.43	0.44	0.44	0.44	0.44	0.43	0.43	0.44	0.44	0.43	0.44	0.44	0.45	0.45	0.45	0.45	0.00
Unweighted average		0.51	0.53	0.56	0.57	0.58	0.59	0.56	0.53	0.55	0.54	0.54	0.54	0.55	0.55	0.55	0.56	0.56	0.01

Notes

Calculation formula: VRR = VAT Revenue/[(Consumption - VAT revenue) x standard VAT rate]. Consumption = Final Consumption Expenditure (Heading P3) in national accounts. VAT rates used are standard rates applicable as at 1 January of each year.

Time series: Since data beyond 2018 is not available for all countries at the time of publication, VRR is not calculated after this date.

Canada: VRR Calculation includes federal VAT only.

Canada, Japan and New Zealand. Annual final consumption expenditure in national accounts was adjusted to ensure matching between the fiscal year for the VAT revenue and the civil year for final consumption figures.

Israel. Although VAT was implemented in Israel in 1976, the VRR is only calculated from 1996 onwards since tax revenue figures are not available before that year.

Japan: given the substantial VAT rate hike on 1 April 2014, an average VAT rate was used to calculate the VRR for 2014 i.e. (5X3+8X9)/12=7.25%.

Source: OECD.

StatLink https://doi.org/10.1787/888934220135

Annex Table 2.A.8. Mechanisms for collecting VAT on cross-border supplies of services and intangibles[1] from non-resident suppliers ("inbound supplies")

Country[5]	Regime for the collection of VAT on inbound supplies of services and intangibles by foreign suppliers[2]	Proxies for determining place of taxation[3]	Threshold[4]
Australia	**VAT collection mechanism**: ***B2C supplies***: the foreign supplier is required to register and collect the GST. Simplified "pay-only" registration and reporting is available; full standard GST registration is allowed Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required but is allowed Digital platforms (Electronic Distribution Platforms) are liable to collect GST on inbound supplies made through them. ***B2B supplies***: the customer is liable to account for GST under the reverse-charge mechanism only if the business customer cannot claim a full GST credit. **Criteria for distinguishing B2C from B2B supplies:** Australian Business Number (ABN) of the customer; and a statement that the business is registered for GST **Supplies covered by the B2C rule**[3]: inbound supplies of services and intangibles (anything other than goods or real property), including services such as architectural or legal services. **Implementation:** as of 1 July 2017	B2C: Customer's location B2B: Customer's tax residence status	AUD 75 000 (USD 52 000) Same as for domestic suppliers
Austria	European Union scheme (see below)		
Belgium	European Union scheme (see below)		
Canada	**VAT collection mechanism:** ***B2C and B2B supplies***: the customer is liable to account for GST under a reverse charge mechanism. For B2B supplies, the reverse-charge mechanism applies only if the customer cannot claim a full GST credit. **Criteria for distinguishing B2C from B2B supplies:** no distinction is made. **Supplies covered**[4]: supplies of services and intangible property. **Implementation:** as of 1 January 1991	B2C and B2B: recipient's usual residence or location	Not applicable
Chile*	**VAT collection mechanism:** ***B2C and B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism **Criteria for distinguishing B2C from B2B supplies**: no distinction made **Supplies covered**[3]: selected services of a non-professional, consultancy and technical nature. **Implementation**: as of 1975		No threshold
Colombia	**VAT collection mechanism**: ***B2C supplies***: the foreign supplier is required to register and collect the VAT. Simplified "pay-only" registration and reporting is available; full standard VAT registration is allowed Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required.	B2C: Customer's location B2B: Customer's tax residence status	No registration threshold

	Digital platforms are liable to collect the VAT on inbound supplies made through them. ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism. **Criteria for distinguishing B2C from B2B supplies:** the Colombian VAT registration number of the customer **Supplies covered by the B2C rule**[3]: inbound supplies of services and intangibles (anything other than goods or real property). **Implementation:** as of 1 July 2018		
Czech Republic	European Union scheme (see below)		
Denmark	European Union scheme (see below)		
Estonia	European Union scheme (see below)		
Finland	European Union scheme (see below)		
France	European Union scheme (see below)		
Germany	European Union scheme (see below)		
Greece	European Union scheme (see below)		
Hungary	European Union scheme (see below)		
Iceland	**VAT collection mechanism**: ***B2C supplies***: the foreign supplier is required to register and collect the VAT. Simplified "pay-only" registration and reporting is available; full standard registration is allowed. Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required Digital platforms are liable to collect the VAT on inbound supplies made through them ***B2B supplies***: exempt if the customer has a full right of deduction. If not, the same procedure as for B2C supplies applies. **Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer **Supplies covered**[3]: electronically supplied services and non-digital services such as services of consultants, lawyers, accountants and other similar specialised services. **Implementation**: 1 November 2011	B2C: customer's usual residence B2B: customer's location (permanent place of business)	ISK 2 million (USD 14 600) Same as for domestic suppliers
Ireland	European Union scheme (see below)		
Israel	**VAT collection mechanism:** ***B2C supplies***: self-assessment by customer. ***B2B supplies***: reverse-charge mechanism applies. **Supplies covered**[3]**:** services, including digital services. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Implementation:** 1 November 2011	**B2C and B2B**: the residence of the customer is in Israel or the supply is connected to an asset in Israel.	N.A.
Italy	European Union scheme (see below).		
Japan	**VAT collection mechanism:**	**B2C and B2B:** the place where the customer is	JPY 10 million

	B2C supplies: the non-resident service provider, which does not maintain a branch or an office in Japan, must appoint a tax agent to register under the standard registration procedure. ***B2B supplies***: reverse-charge mechanism applies. Foreign businesses are required to notify their Japanese customers that they (customers) are required to account for VAT under the reverse-charge mechanism. **Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided. **Supplies covered by B2C rule[3]:** "Electronic services" as defined by law (e.g. online e-books, online game, music movies, cloud services, Internet shopping or auction site). **Implementation:** 1 October 2015	located (i.e., address or domicile for private customers and head office or principal office for businesses).	(USD 98.500) Same as for domestic suppliers
Korea	**VAT collection mechanism:** ***B2C supplies***: the foreign supplier is required to register and collect the VAT. Simplified "pay-only" registration and reporting is available; full standard registration is allowed. Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required Digital platforms are liable to collect the VAT on inbound supplies made through them ***B2B supplies***: out of the scope. **Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided. **Supplies covered by the B2C rule[3]:** "Electronic services" as defined by law (e.g. applications, games, music, films, electronic documents, software, etc.). **Implementation:** 1 July 2015	**B2C**: customer location **B2B:** not applicable	No threshold
Latvia	European Union scheme (see below)		
Lithuania	European Union scheme (see below)		
Luxembourg	European Union scheme (see below)		
Mexico*	**VAT collection mechanism:** ***B2C supplies***: final consumers are required to report transactions for statistical purposes. ***B2B supplies***: the customer should self-assess the VAT (reverse-charge mechanism). **Criteria for distinguishing B2C from B2B supplies:** No distinction is made **Supplies covered[4]:** All services **Implementation:** 1980	**B2C and B2B:** Services: consumption or physical presence of the customer; Intangibles: residence of the acquirer or place of use	No threshold
Netherlands	European Union scheme (see below)		
New Zealand	**VAT collection mechanism:** ***B2C supplies***: the foreign supplier is required to register and collect the GST. Simplified "pay-only" registration and reporting is available; full standard GST registration is allowed. Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required. Digital platforms (Electronic Distribution Platforms) are liable to collect GST on inbound supplies made through them. ***B2B supplies***: out of scope; a reverse-charge mechanism applies if the purchaser's taxable supplies are	**B2C:** customer's tax residence **B2B:** Customer's tax residence	NZD 60 000 (USD 41 200) Same as for domestic suppliers

	mostly exempt from GST (e.g. financial services) or the services are partly used for personal consumption. **Criteria for distinguishing B2C from B2B supplies:** New Zealand GST registration number or business number. The Commissioner of Inland Revenue can prescribe or agree to an alternative method taking into account the nature of the supply, the value of the supply and the terms and conditions of the provision of services. **Supplies covered by the B2C rule**[3]**:** remote services, including digital services such as e-books, music, videos and software downloads and non-digital services such as general insurance, consulting, accounting and legal services**.** **Implementation:** 1 October 2016		
Norway	**VAT collection mechanism:** ***B2C supplies*****:** the foreign supplier is required to register and collect the VAT. Simplified "pay-only" registration and reporting is available; full standard VAT registration is allowed. Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required. Digital platforms (Electronic Distribution Platforms) are liable to collect VAT on inbound supplies made through them. ***B2B supplies***: the reverse-charge mechanism applies. **Supplies covered by the B2C rule**[3]**:** telecommunication, radio and television broadcasting and electronically supplied services (TBE services). **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer **Implementation**: 1 July 2011	B2C: Customer's usual residence B2B: Customer's location	NOK 50 000 (USD 5 000) Same as for domestic suppliers
Poland	European Union scheme (see below)		
Portugal	European Union scheme (see below)		
Slovak Republic	European Union scheme (see below)		
Slovenia	European Union scheme (see below)		
Spain	European Union scheme (see below)		
Sweden	European Union scheme (see below)		
Switzerland*	**VAT collection mechanism:** ***B2C supplies***: the foreign supplier must register for VAT under the standard registration procedure No simplified registration procedure is available The appointment of a tax representative is required. ***B2B supplies***: most of the inbound supplies of services and intangibles are taxed under the reverse-charge mechanism, unless the foreign supplier is registered for VAT (e.g. to account for B2C supplies). **Supplies covered by the B2C rule**[3]**:** Information and communication technology (ICT) services. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Implementation**: 1 January 2010	B2C: Customer's usual residence B2B: Customer's location	CHF 100 000 (USD 87 100) The threshold refers to the global turnover of the supplier

Turkey	**VAT collection mechanism:** ***B2C supplies***: the foreign supplier is required to register and collect the VAT. Simplified registration and reporting is available, with right to input VAT deduction Fully digital registration is available for the simplified registration The appointment of a tax representative is not required. Digital platforms (electronic marketplaces) are liable to collect GST on inbound supplies made through them. ***B2B supplies***: reverse-charge mechanism applies. **Supplies covered by the B2C rule**[3]**:** electronic services **Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer **Implementation**: 1 January 2018	B2C: Customer's usual residence B2B: Customer's location	No threshold
United Kingdom	European Union scheme (see below)		
European Union*	**VAT collection mechanism:** **B2C supplies**: the foreign supplier is required to register and collect the VAT. Simplified "pay-only" registration and reporting is available; full standard GST registration is allowed Non-EU suppliers can opt to register for VAT under the "One Stop Shop" mechanism to collect and remit VAT due on their B2C supplies in all EU Member States. Fully digital registration is available for the simplified "pay-only" registration The appointment of a tax representative is not required **B2B supplies:** the reverse charge mechanism applies. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Supplies covered by the B2C rule**[3]**:** telecommunication, electronic and broadcasting services. **Implementation**: 2003 for non-EU suppliers; 2015 for intra-EU suppliers.	B2C: Customer's usual residence B2B: Customer's location	No threshold (EUR 10 000 for intra-EU supplies)

Notes

1. In the context of this table:

"Services and intangibles" refer to any supply of service or intangible by a non-resident supplier (with no establishment whatsoever in the customer's country);

"Pay only registration" refers to a VAT registration regime for non-resident suppliers that seeks only the collection of VAT on inbound supplies of services and intangibles from these suppliers, without granting the right for these suppliers to deduct any VAT incurred in the taxing jurisdiction (although a refund or other relief procedure may be available).

2. The supplies covered in this table are those covered by the International VAT/GST Guidelines 3.1 to 3.4 and Guideline 3.6. Are therefore not covered in this table, the on-the spot supplies (Guideline 3.5), and supplies of services and intangibles subject to specific place of taxation rules including supplies directly connected to a specific immovable property, which are covered by Guidelines 3.7 and 3.8. For the purpose of this table, the term "digital platform" refers to platforms that enable, by electronic means, direct interactions between buyers and sellers.

3. Some jurisdictions may limit the application of the International VAT/GST Guidelines 3.1 to 3.4 and/or Guideline 3.6 to certain categories of service supplies. Other place of taxation or VAT collection methods may therefore apply to supplies that are not covered by this definition.

4. The threshold applies for the registration of foreign suppliers in the jurisdiction of taxation. The amount in local currency is converted into USD according to the OECD Purchasing Power Parity price for GDP (PPPs) for 2019 (see Annex B).

5. Only national taxes are included in this table. Sub-national VATs are not included.

Source: National delegates; position as at 1 January 2020.

Annex Box 2.A.4. Country notes to Table 2.A.8.

Chile. From 1 June 2020, foreign (non-established) suppliers providing digital services to final consumers (B2C) in Chile (i.e. customers that are not registered for VAT purposes in Chile) are required to register under a simplified "pay only" registration and collection regime. Registration under the standard registration procedure is also available. Digital platforms are liable to collect the VAT on inbound supplies made through them and remit the tax in Chile. The services covered include notably the supply of digital entertainment content, software and data storage. Such supplies are taxable in Chile provided they are "consumed within the country". Foreign suppliers are able to use proxies as evidence to identify the place of consumption. These proxies include: the location of the IP address of the device used by the customer (or another geolocation mechanism) at the time of contracting or paying the services; the country of issuance or registration of the card, bank account or other method of payment used; the invoicing address; and/or the country code of the mobile phone´s SIM card being used. Two items of non-contradictory evidence are required. There is no registration threshold and foreign suppliers are in principle requested to register from the first sale to Chilean consumers. B2B supplies continue to be subject to a reverse charge mechanism if the customer is registered for VAT in Chile.

Mexico. From 1 June 2020, foreign (non-established) suppliers providing digital services to consumers (B2C and B2B) in Mexico are required to register under a simplified "pay only" registration and collection regime. This registration does not grant the right to the registered businesses to deduct VAT incurred in Mexico. The registration does not generate a permanent establishment for income tax purposes in Mexico. Digital platforms are liable to collect the VAT on inbound supplies made through them and to remit it to the Mexican tax authorities. The digital services covered include notably downloads or access to images, movies, text, information, videos, audio, music, games, as well as other multimedia content, but not e-books or electronic versions of newspapers and magazines. The defined digital services also include distance learning, tests, and exercises and online clubs. Such supplies are taxable in Mexico provided they "take place" in the country. Foreign suppliers are able to use proxies as evidence to identify the place where these supplies take place. These proxies include: the location of the customer, the location of the IP address of the device used by the customer; the country of issuance or registration of the card, bank account or other method of payment used or the country code of the mobile phone´s SIM card being used. There is no registration threshold and foreign suppliers are in principle requested to register 30 days after the first sale to Mexican consumers. B2B supplies continue to be subject to a reverse charge mechanism if foreign suppliers are not registered for VAT in Mexico. Foreign suppliers are required to provide information to the tax administration quarterly on the number of services provided, classified by type of services and their price, as well as number of recipients and they to keep the appropriate records. When requested by their business customers in Mexico, foreign suppliers are required to issue proof of the payment made by these customer to the supplier with explicit and separate reference to the amount of VAT paid (to support these business customers' claim to input-VAT deduction).

European Union. Since 2003 (for non-EU suppliers) and 2015 (for intra-EU suppliers) foreign suppliers of B2C telecommunication, electronic and broadcasting (TBE) services are liable to account, collect and remit the VAT on those supplies in the Member State where the consumer has his residence. Under the VAT MOSS (Mini-One-Stop-Shop scheme), EU and non-EU businesses that are not established in the Member State where the consumer is resident can opt to register and account for the VAT due on those supplies in only one Member State. Whereas EU business have to choose their Member State of establishment, the non EU business can choose any Member State. This simplification measure avoids the need to register for VAT in all the Member States where the foreign supplier has B2C customers. From July 2021 onwards, this system will be adjusted. It will no longer be limited to TBE services and will become applicable to all B2C supplies of services and to cross border distance sales of goods. In addition, digital platforms ("marketplaces") will become liable to collect, report and remit the VAT on the inbound B2C supplies they facilitate. These platforms will have the possibility to register and account for VAT through the OSS.

Annex Table 2.A.9. VAT treatment of imports of low-value goods

Country	VAT treatment[1]	Exemption threshold		
		Currency	In local currency[2]	In USD[3]
Australia*	T	-	-	-
Austria	E	EUR	22	29
Belgium[4]	E	EUR	22	29
Canada*	E	CAD	20	17
Chile	E	USD	30	30
Colombia	T	USD	-	200
Czech Republic[4]	E	EUR	22	45
Denmark[4]	E	EUR	10	11
Estonia[5]	E	EUR	22	41
Finland[4]	E	EUR	22	26
France[4]*	T	EUR	(22)	(30)
Germany[4]	E	EUR	22	30
Greece[4]	E	EUR	22	39
Hungary[4]	E	EUR	22	51
Iceland*	E	ISK	2 000	15
Ireland[5]	E	EUR	22	28
Israel*	E	USD	75	75
Italy[5]	E	EUR	22	33
Japan	E	JPY	10 000	99
Korea*	E	USD	150	150
Latvia[5]	E	EUR	22	45
Lithuania[4]	E	EUR	22	49
Luxembourg[4]	E	EUR	22	26
Mexico*	E	USD	50	50
Netherlands[4]	E	EUR	22	28
New Zealand*	T	NZD	-	
Norway*	E	NOK	350	35
Poland[4]*	T	EUR	(22)	(54)
Portugal[4]	E	EUR	22	38
Slovak Republic[4]	E	EUR	22	43
Slovenia[4]	E	EUR	22	38
Spain[4]	E	EUR	22	35
Sweden[4]*	T	EUR	(22)	(27)
Switzerland*	E	CHF	65	57
Turkey	T	TRY	-	-
United Kingdom[4]*	E	GBP	15	22
European Union*	E	EUR	0-10-22	

Notes:

* See country notes

This table shows VAT collection thresholds below which the importation of goods dispatched by a foreign supplier to a buyer in the given country is exempt from VAT (exemption threshold). It does not cover other import scenarios such as imports of goods exchanged between private individuals or imports of goods in the personal luggage of travellers. Imports of excisable goods are generally excluded from the tax reliefs.

1. VAT treatment: this column shows situations where goods as described above are imported free of VAT (E) or taxed (T).

2. Amounts in local currency: for member states of the European Union, the threshold is mentioned in Euro (EUR) even for those that do not have the Euro as national currency (i.e. Czech Republic, Denmark, Hungary, Poland and Sweden), with the exception of the United Kingdom. The threshold applied in EU member countries is determined in EUR by common EU legislation (Directive 2009/132/EC). The amount in EUR is converted into USD (PPT) as follows: it is first converted into local currency at market exchange rate (Eurostat average 2015) and then into USD at PPP exchange rate. For Israel, Korea and Mexico, the threshold is not provided in local currency in national legislation but in USD. Except stated otherwise in the country notes, the amount reflects the intrinsic value of the goods (excluding freight, insurance and other costs and taxes).

3. Amounts are converted into USD at Purchase Parity Rates (PPPs) for GDP. PPPs are the rates of currency conversion that equalise the purchasing power of different countries by eliminating differences in price levels between countries. They show the specified number of monetary units needed in each country to buy the same representative basket of consumer goods and services, which costs USD 1 in the United States. The currency conversion rates used in Consumption Tax Trends are the PPP rates for GDP (see Annex A).
4. Members of the EU are bound by EU VAT and Customs legislation.
Source: National delegates; position as at 1 January 2020.

StatLink https://doi.org/10.1787/888934220154

Annex Box 2.A.5. Country notes to Table 2.A.9

Australia. From 1 July 2018, foreign suppliers shipping low-value goods (i.e. with a value of AUD 1 000 or less) to consumers in Australia are required to register, collect and remit the GST on those supplies if the volume of such supplies (and any other taxable supplies) exceeds the GST registration threshold of AUD 75 000 per annum. Digital platforms (Electronic Distribution Platforms) and "redeliverers" are liable to collect GST on such supplies made through them. Foreign suppliers/ Electronic Distribution Platforms/redeliverers can register for GST under the simplified "pay-only" registration procedure. B2B supplies follow the same principles as for services and intangibles. The GST is only collected by the customs authorities at the border for low-value goods where they are also subject to excise duties (i.e. alcohol and tobacco products) and for other goods with a value exceeding AUD 1 000.

Canada. From July 1, 2020, the threshold is CAD 40 for goods that are imported by courier from Mexico or the United States. The threshold is CAD 20 for all other courier and postal importations.

France. An exemption threshold of EUR 22 applies for imports of low-value goods that are imported outside the conditions of the distance sales (mail order).

Iceland. This exemption threshold applies only to the importation of goods via "express deliveries". An exemption threshold of ISK 1 500 applies to imports of goods by importers registered for VAT purposes in Iceland.

Israel. The threshold is given in USD in national legislation. The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities.

Korea. The threshold is given in USD in national legislation. Postal parcels and express consignments are exempt if their value does not exceed USD 150 and the quantity is such that the customs authorities recognise the goods as for personal use.

Mexico. The threshold is given in USD in national legislation. The threshold of USD 50 applies to imports by the postal service or by courier services.

New Zealand. From 1 December 2019, foreign suppliers shipping low-value goods (i.e. with a value of NZD 1 000 or less) to consumers in New Zealand are required to register, collect and remit the GST on those supplies if the volume of such supplies (and any other taxable supplies) exceeds the GST registration threshold of NZD 60 000 per annum. Digital platforms (online marketplaces and platforms) are liable to collect the GST on such supplies made through them. Foreign suppliers/online marketplaces and platforms can register for GST under the simplified "pay-only" registration scheme. For goods whose value exceeds NZD 1 000 the GST is collected by the customs authorities at the border.

Norway. From 1 April 2020, foreign suppliers of low-value goods (i.e. goods with a value below NOK 3 000) that are imported and delivered to consumers in Norway are required to register, collect and remit the VAT on those supplies in Norway, if the volume of such supplies exceeds the VAT registration threshold of NOK 50 000 per annum (the same threshold as for locally established traders). Foreign suppliers whose volume of relevant supplies exceeds the threshold must register and account for VAT from the first supply. Digital platforms (Marketplaces) are liable for collecting the VAT on such supplies made through them. Foreign suppliers/online marketplaces can register under a simplified "pay only" registration scheme (VOEC). Imports of goods with a value at or above NOK 3 000, foodstuffs, restricted goods, and goods subject to excise duties are outside the scope of the VOEC. These goods will be subject to collection of VAT at the border, along with applicable other duties (such as excise and customs duties).

Poland. The threshold does not apply to goods imported on mail order.

Sweden. The threshold does not apply to goods imported on mail order (including via digital platforms).

Switzerland. The importation of goods in Switzerland is exempt from VAT when the amount of the VAT due on such imports is CHF 5 or less per declaration. For ease of comparison, the equivalent threshold under the standard VAT rate is shown in the table above, i.e. CHF 65 x 7.7% VAT = CHF 5. For goods taxed under the reduced rate of 2.5 % (e.g. books) CHF 5 threshold is reached only for supplies of CHF 200 or above. However, anyone shipping such goods to consumers in Switzerland for an annual value of CHF 100 000 is considered as making taxable supplies of goods in Switzerland and must register, collect and remit the VAT on those supplies.

United Kingdom. There is no low value consignments relief on imports of goods into the UK from the Channel Islands purchased as part of a mail order/distance sale transaction. As a result of the UK's departure from the European Union, changes will be introduced from the end of December 2020 to remove low value consignment relief on imports of goods. Foreign suppliers and online marketplaces making supplies of goods not exceeding GBP135 in value imported and delivered to UK customers will be required to register, collect and remit the VAT.

European Union. From July 2021, the VAT exemption threshold for the importation of low-value goods will be removed. Foreign suppliers or digital platforms (marketplaces) selling low-value goods (i.e. goods with value below EUR 150) that are imported and delivered to consumers in the EU will be required to register, collect and remit VAT on those supplies. There will be no registration threshold and foreign suppliers will have to register and account for VAT from the first supply. Foreign suppliers/online marketplaces will be able to register under a simplified "pay only" registration scheme (One-Stop-Shop – OSS) in the Member State of their choice. This simplification measure avoids the need to register for VAT in all the Member States where the foreign supplier delivers low-value goods to customers. Imports of goods with value above EUR 150 and goods subject to excise duties are outside the scope of the OSS. These goods will be subject to border collection of VAT, excise and customs duties.

Annex Table 2.A.10. Availability of VAT relief or refund to foreign taxpayers

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Australia	Yes	Refund available for those registered other than as Limited Registration Entities	No	No ("pay-only" registration)
Austria	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Belgium	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Canada	Yes	Relief through zero-rating where appropriate. If not available, the following forms of relief may be available (facts and circumstances test): • No VAT to be charged to a foreign business on an otherwise taxable supply of goods in Canada provided the supplier to the foreign business receives a "drop shipment certificate" from a VAT registered person who is physically receiving the goods; • Allowing a foreign business to "flow through" VAT paid on the importation of goods into Canada or paid to a VAT registered person, to its VAT registered customer or supplier, who will in turn recover that VAT through its VAT return.	No	N/A
Chile	No	N/A	N/A	No ("pay-only" registration)
Colombia	No	N/A	N/A	No ("pay-only" registration)

Czech Republic	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Czech businesses.	No ("pay-only" registration)
Denmark	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Estonia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and countries that refund VAT to Estonian businesses.	No ("pay-only" registration)
Finland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
France	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. •	No	No ("pay-only" registration)
Germany	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, and in countries with which Germany has signed a reciprocity agreement.	No ("pay-only" registration)

Greece	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC (electronic-based system); • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive (paper-based system).	Yes refunds available only to businesses established in the EU, Norway and Switzerland.	No ("pay-only" registration)
Hungary	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to business established in the EU, Liechtenstein, Switzerland and Norway. Serbia and Turkey (for Turkey, only in respect of supply of fuel, road toll service, supplies in connection with the maintenance of vehicles acquired to carry out transportation of goods or persons; and supplies acquired to participate as an exhibitor on exhibitions, expositions and fairs).	
Iceland	Yes	Refund available through direct refund mechanism (without registration or tax representative).	No	N/A
Ireland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration).
Israel	No	N/A	N/A	N/A
Italy	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, Israel, Norway and Switzerland.	No ("pay-only" registration)
Japan	Yes	A non-established business must appoint a resident tax representative and elect to be treated as a taxable business.	No	No
Korea	Yes	Refund available through direct refund mechanism (without registration or tax representative).	Yes: refunds available only to foreign businesses on a reciprocal basis	No

Latvia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and in countries that refund VAT to Latvian businesses.	No ("pay-only" registration)
Lithuania	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Lithuanian businesses. Refunds are available to businesses established in OECD member countries that do not operate a VAT or a similar tax.	No ("pay-only" registration)[2]
Luxembourg	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Mexico	No	N/A	N/A	No ("pay-only" registration)
Netherlands	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
New Zealand	Yes	Most supplies to non-residents are zero-rated. However, non-resident businesses that do not make taxable supplies in New Zealand may register for GST to recover GST incurred in New Zealand under several conditions: (1) the non-resident business must be registered for GST or VAT in its own country; (2) the GST refund resulting from the first GST return must be more than NZD 500; (3) the GST input tax credits only arise when the non-resident has paid for the expenditure; (4) The non-resident cannot form a New Zealand GST group with New Zealand resident entities unless the non-resident is registered for GST under the ordinary rules; (5) the non-resident must not be making supplies of services that are likely to be received by a person in New Zealand who is not registered for GST; (6) the tax authority will not be legally obliged to refund the GST until 90 days after the GST return has been lodged.	No	No ("pay-only" registration). However, foreign suppliers may elect to register under the full registration regime allowing them to claim GST back on New Zealand-based costs.
Norway	Yes	Refund available through direct refund mechanism (without registration or tax representative).	No	No ("pay-only" registration)

Poland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Polish businesses.	No ("pay-only" registration)
Portugal	Yes	Refund available through direct refund mechanism: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; Businesses established outside the EU: refunds made under the terms of the EU 13th Directive through the appointment of a VAT representative in Portugal.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Portuguese businesses.	No ("pay-only" registration).
Slovak Republic	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovak businesses.	No ("pay-only" registration)
Slovenia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovenian businesses.	No ("pay-only" registration)
Spain[3]	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, Canada, Israel, Japan, Monaco, Norway and Switzerland through appointment of a VAT representative in Spain.	No ("pay-only" registration)
Sweden	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. Non-established businesses may claim relief of Swedish VAT to the same extent as VAT-registered businesses (effective as of 1 January 2010).	No	No ("pay-only" registration)

Switzerland	Yes	Switzerland refunds VAT incurred by businesses that are neither established nor registered for VAT in Switzerland or Liechtenstein and that have not made any supplies in Switzerland or Liechtenstein (subject to supplies that are exempt from the tax, services whose place of supply is the place of the recipient or supplies of electricity in cables, gas via the natural gas distribution network and district heating to persons liable to the tax on Swiss territory).	Yes: refunds are made on the condition of reciprocity	N/A
Turkey	Yes	Refund available through direct refund mechanism (without registration or tax representative) for certain transactions.	Yes (partially dependent on reciprocity)	Yes
United Kingdom	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)

Notes

The VAT relief or refund mechanisms presented in this table do not include the mechanisms associated with the exports of goods or tourists schemes.

1. The absence of input VAT relief for foreign suppliers under country's simplified registration and compliance regime generally does not prevent such foreign suppliers from exercising the right to obtain a relief of this input VAT under the standard procedure. For example, in the EU non-established suppliers registered under the MOSS can still apply for VAT refunds under the terms of the EU 13th Directive.

2. The terms "refund available" in this table does not mean that refunds are provided automatically. They may be subject to (manual) verification processes.

3. Spain: a direct VAT relief is provided on the purchase of moulds, designs and equipment for the manufacturing in Spain of goods to be dispatched out of the EU to a non-established business and for any service acquired for the assistance of commercial or professional fairs, expositions or congresses organised in Spain.

Source: national delegations; position as at 1 January 2020

Annex Table 2.A.11. Electronic transaction reporting obligations[1]

Country	Electronic invoicing[2]	Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting timing
Australia*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (with accredited service providers)	Transaction data: yes (1 January 2000) Electronic cash register: allowed (1 January 2000)	No specific format is required No specific format is required	On request (based on risk assessment) On request	- -
Austria*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (mandatory for B2G[4] supplies)	Transaction data: yes (1 January 2000) Electronic cash register: yes – offline (1 April 2017)	No specific format is required (SAF-T[3] is allowed since 2009) No specific format is required	On request Systematic (periodically) and on request	- Annual
Belgium*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no Electronic cash register : yes (1 July 2016)	- Certified software	- On request	- -
Canada	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no Electronic cash register : no	- -	- -	- -
Chile*	Paper invoices: allowed for B2C Digitised invoices: not allowed for B2C E-invoices: mandatory for B2B and B2G supplies under XML format	Transaction data : yes (January 2003) Electronic cash register : optional (January 2014)	XML format determined by the tax authority Subject to approval by the tax authorities.	Systematic (real time direct automated access)	At the time the invoice is emitted (real time invoice reporting) Monthly
Colombia	Paper invoices: not allowed for B2C Digitised invoices: not allowed for B2C E-invoices: mandatory for B2B and B2G supplies under XML format	Transaction data : yes (January 2017) Electronic cash register : optional (January 2014)	XML format determined by the tax authority Subject to approval by the tax authorities.	Systematic (real time direct automated access)	At the time the invoice is emitted (real time invoice reporting) Monthly
Czech Republic	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : yes - offline (1 January 2020)	Control Statement No specific format is required	Systematic (periodically) On request	At the same time as VAT return is lodged -

Denmark*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 March 2015) Electronic cash register : no	No specific format is required -	On request -	- -
Estonia	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (2014) Electronic cash register : no	X-road XML, CSV -	Periodically -	At the time the VAT return is lodged -
Finland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no Electronic cash register : no	- -	- -	- -
France	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (mandatory for B2G[4] supplies)	Transaction data : yes (1 January 2014) Electronic cash register : yes - offline (1 January 2014)	SAF-T[3] No specific format is required	On request On request	- -
Germany	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2014) Electronic cash register : no	No specific format is required -	On request -	- -
Greece*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : yes	Specific format is required Specific format is required	Systematic Systematic	
Hungary*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : yes	No specific format is required -	Systematic (real time) -	At the time the invoice is emitted (real time invoice reporting)
Iceland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no Electronic cash register : no	- -	- -	- -
Ireland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : no	No specific format is required -	On request -	1 January 2014
Israel*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2010) Electronic cash register : yes	Specific format required: PCN874 No specific format is required	Systematic (periodically) Systematic (periodically)	Monthly Monthly

		(1 January 2010)			
Italy*	Paper invoices: not allowed Digitised invoices: not allowed E-invoices: mandatory for all transactions (with few exceptions)	Transaction data : yes (1 January 2019) Electronic cash register : yes	XML format -	Systematic (real time) -	At the same time the invoice is emitted (real time invoice reporting) 1 January 2020
Japan	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no Electronic cash register : no	- -	- -	- -
Korea*	Paper invoices: not allowed for B2B transactions Digitised invoices: not allowed for B2B transactions E-invoices: mandatory for B2B transactions	Transaction data : yes (1 January 2011) Electronic cash register : Yes (1 January 2005)	Electronic Tax Invoicing format No specific format is required	Systematic (near real time) Systematic	One day after the invoice is emitted Daily
Latvia*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (26 0ctober 2011) Electronic cash register : yes (1 July 2017)	No specific format is required No specific format is required	On request On request	- -
Lithuania	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 October 2016) Electronic cash register : optional	SAF-T[3] Certified software	Systematic On request	Monthly
Luxembourg*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : no	SAF-T[3] -	On request -	- -
Mexico*	Paper invoices: not allowed for B2B and B2G transactions Digitised invoices: not allowed for B2B and B2G transactions E-invoices: mandatory for B2B and B2G transactions	Transaction data : yes (1 January 2015) Electronic cash register : no	XML format -	Systematic (automated, periodic and on request) -	E-invoices: at the same time the invoice is emitted (real time invoice reporting) Transaction data: monthly
Netherlands	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2000) Electronic cash register : no	SAFT[3] -	On request _	- -

New Zealand	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2000) Electronic cash register : no	No specific format is required -	On request -	- -
Norway*	Paper invoices: not allowed for B2B and B2G[4] transactions Digitised invoices: not allowed for B2B and B2G transactions E-invoices: mandatory for B2B and B2G[4] transactions	Transaction data : yes (1 January 2020) Electronic cash register : Yes (1 January 2019)	SAF-T[3] Software approved by the tax administration	On request On request	- -
Poland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2018) Electronic cash register : yes	SAF-T[3] Certified software	Systematic and on request On request	Monthly - -
Portugal	Paper invoices: allowed Digitised invoices: allowed E-invoices: mandatory for B2G[4] transactions	Invoicing data : yes (1 January 2013) Electronic cash register : optional	Web-service format (real time) or Structured file based on SAF-T[3]/Direct upload on the tax administration (monthly) Mandatory invoice software certification (1 January 2011) Certified software	Systematic (until the 12th day following each month On request for audit purposes	Real time / Monthly -
Slovak Republic	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes (1 January 2014) Electronic cash register : yes (1 January 2012)	Specific software is required Certified software	Systematic (in the same time as VAT return) Systematic	Monthly/quarterly In real time
Slovenia	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : yes	SAF-T[3] Certified software	On request Systematic	- In real time
Spain*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : no	XML -	Systematic (near real time) -	Within four days of issuance of the invoice (near real time)
Sweden*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : yes	No specific format is required Certified software	On request On request	- -
Switzerland*		Transaction data : yes Electronic cash register	No specific format is required	On request	-

		: no			
Turkey	Paper invoices: allowed for B2C Digitised invoices: not allowed for B2C E-invoices: mandatory for B2B and B2G supplies under XML format	Transaction data : yes (January 2020) Electronic cash register : no	XML format determined by the tax authority -	Systematic (real time)	Daily -
United Kingdom	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : yes Electronic cash register : no	Functional compatible software	On request	-

Notes

1. For the purpose of this table, electronic transaction reporting means the transmission by registered businesses of detailed information under electronic format concerning individual taxable transactions, including accounting information, invoicing information or any other information allowing tax authorities to obtain information on each taxable supply made or received by a taxpayer. This does *not* include the electronic provision of bulk data such as total sales/turnover or deductible amounts e.g. in periodic returns or statements.

2. For the purpose of this table, "electronic invoice" or "e-invoice" means the automated exchange of invoice information directly between accounting systems of parties to a transaction; "digitised invoice" means a copy of an invoice (e.g. in pdf format) sent by electronic means (e.g. by email) between parties to a transaction.

3. SAF-T stands for Standard Audit File for Tax, a mechanism that was developed by the OECD Forum on Tax Administration. It involves the use of accounting software to create an electronic file (the SAF-T) containing accounting data. The SAF-T enables the transfer of data from the taxpayer to the tax authorities in a standardised, electronic format. (Guidance for Developers of Business and Accounting Software Concerning Tax Audit Requirements available here http://www.oecd.org/tax/administration/guidancenote-guidancefordevelopersofbusinessandaccountingsoftwareconcerningtaxauditrequirements.htm). In most cases, a local version of the SAF-T is created to respond to local needs.

4. B2G means supplies made by VAT registered businesses to government or public authorities or agencies

Source: National delegations; position as at 1 January 2020

Annex Box 2.A.6. Country notes to Table 2.A.11

Australia. ***Electronic transaction information*** may be required from the taxpayer only when a risk assessment of activities reveals a need for further information. This may be simply a copy of invoices (possibly in pdf format), other substantiating document, or an electronic spreadsheet of transactions. It is rare for the Australian Tax Administration to access the actual electronic records within the business system.

Austria. ***Electronic transaction information***: from 2000, there is an obligation to provide transaction data on data carriers at the request of tax authorities (in the course of an audit). From 2009 data transmission under the SAF-T format is allowed. ***Electronic cash registers***: the use of electronic cash registers is mandatory for taxpayers with a net annual turnover of EUR 15 000 or more, provided that the cash turnover exceeds EUR 7 500 per year. The applicable annual turnover is of EUR 30 000 for businesses in the following areas: outdoor sales; sales of alpine – mountain ski and refuge hunts; sales in specific kinds of wine taverns ("Buschenschank"); sales in canteens of non-profit organisations. General exemption from the cash register obligation applies to non-profit organisations, charitable and ecclesiastic bodies; self-service automates with single sales of less than EUR 20. As from 1 January 2020, a special reporting obligation applies to platforms, in respect of goods and services of other suppliers facilitated by the platform.

Belgium. ***Electronic cash registers***: the obligation to issue cash receipts delivered by a cash registered system (CRS) is imposed on taxpayers supplying meals or catering services on a regular basis when their annual turnover, excluding VAT, related to the restaurant and catering services, exclusive of the supply of drinks, exceeds EUR 25 000. If the threshold is exceeded, CRS cash receipts must be issued for all their supplies relating to the provision of meals and drinks (supplied during the meal or not), including all sales of food and drinks.

Chile. The obligation to use ***electronic invoicing*** and to provide B2B ***transaction information electronically*** to tax authorities started in 2003. In 2017, this obligation was extended to the provision of other accounting data to an electronic record kept by the tax authority. Transaction data must be transmitted to tax authorities in real time. Invoicing data must be cleared by tax authorities to be considered as a valid accounting document (incl. for the right to deduct input VAT). This obligation is imposed on all taxpayers. Cash registers can be used by any VAT taxpayer. Prior authorization of the tax authority is required when vouchers replace non-electronic VAT receipts. In this case, the tax authority requires the model of the cash register to be certified according to certain criteria. Authorization is issued on a per-case basis, upon request of the taxpayer. As from January 2021, the Law 21210 (as modified by Law 21256) has introduced the obligation to issue B2C ***invoices electronically***. The electronic invoice can be sent through any electronic method (cell phone, email, etc.) provided that it is accessible to the consumer and the business. Some minor exceptions may apply where no internet connection neither electricity exist, but an authorization by the tax authority is needed.

Denmark. Legislation has been passed to require taxpayers to use electronic cash registers when they belong to a category considered at risk. The implementation date is still to be decided.

Estonia. Transaction data must be systematically transmitted to the tax authority at the time the VAT return is lodged for all transactions above EUR 1000 per business partner (below the threshold, transactions data can be reported as an aggregate amount). Reporting format: X-road by sending a VAT return directly from the business software; in online self-service environment using formats XML, CSV.

France. ***Electronic invoicing*** is not mandatory, except for B2G supplies. Electronic invoicing should become mandatory for all B2B supplies by 2025 at the latest. ***Electronic transaction information***: taxpayers keeping electronic accounts must provide them in the form of digital files upon request by tax administration for control purposes (these files should meet specific standards). ***Electronic cash registers***: VAT registered taxpayers making sales to final consumers, which record payments using electronic cash registers must use certified software meeting several technical conditions (inalterability, security, preservation) for tax control purposes. However, the use of electronic cash registers is not mandatory.

Greece. Issuance of retail receipts through ***electronic cash registers*** ("tax machines") is mandatory, except for those listed by the tax administration regulation (e.g. solicitors, accountants, farmers, etc.). All entities subject to the provisions of the Greek Accounting Standards have to ***digitally transmit*** to the tax administration's e-books platform named myDATA (my Digital Accounting & Tax Application): (1) a summary of issued and received sales documents (invoices, retail receipts etc.); (2) the characterisation of the transactions covered by these sales documents classifying them to revenue and expenses categories; (3) data of the additional adjustment accounting entries (e.g. payroll, depreciation) that form their accounting/tax base for the export of the accounting/tax result of each fiscal year. Such data shall be transmitted through: an interoperable accounting/commercial software, special Data Entry Form, ***connected Electronic Tax Register Machines*** (ETRMs) for retail sale transactions (Online Cash Registers, OCR) or Electronic Invoicing through Licensed Providers. Furthermore, apart from the above-mentioned obligation, businesses-petrol stations have to report on-line each purchase/sale regarding fuel (petrol, oil).

Hungary. ***Invoicing information*** for invoices emitted by an invoicing programme (for invoices from HUF 100 000) must be transmitted to the tax authorities at the same time the invoice is emitted by the taxpayer (***real time reporting***). Information on 'paper invoices' must be provided to the tax authorities within a 1 or 5 days deadline (depending on whether the value of VAT figuring in the invoice surpasses – respectively – HUF 500 000 or HUF 100 000). The customer who wishes to deduct VAT has certain reporting obligations too. Further reporting obligations apply for the modification or cancellation of invoices, as well. As of 1 July 2020, the HUF 100 000 threshold is eliminated and information must be provided concerning all invoices emitted in respect of domestic supplies to taxable persons registered in Hungary (B2B). Such reporting must be either real time (invoicing programme) or must be accomplished within a 1 or 4 days deadline ('paper invoices', depending on the value of VAT figuring in the invoice). Detailed rules apply for the modification or cancellation of invoices and for the reporting obligation of the customer, as well. These reporting rules do not apply to invoices emitted in relation to exempt Intra-Community (i.e. within the EU) supply of goods.

Israel. ***Transaction data transmission***: taxpayers ("licenced dealers") whose turnover exceeds ILS 2 500 000 or that are obliged to implement the double-entry bookkeeping system; or those whose turnover exceed ILS 1 500 000 and are required by law to prepare balance sheets and to appoint an auditor must transmit invoicing information every month (i.e. by the 23rd of the following month) to the tax administration under the prescribed format (PCN874). Certified electronic cash registers: the obligation to use certified electronic cash registers is imposed on/available to certain taxpayers depending on their activity and turnover. For example, all retailers must use ***certified electronic cash registers*** (no threshold applies but under ILS 350 000 annual turnover, the retailer can choose to use sales book instead). Wholesalers with turnover up to ILS 10 100 000 can use certified electronic cash registers as an option for cash transaction up to ILS 710 instead of invoices. Transportation service providers can use certified electronic cash registers (no threshold). For other services, electronic cash registers can be used (no threshold); if a transaction is recorded with a receipt, the receipt replaces the electronic cash registers.

Italy. All VAT-registered businesses established in Italy are obliged to accept and issue ***invoices in electronic format*** through the Italian Revenue Agency's e-invoicing platform, Sistema di Interscambio (SdI), for the operations that take place between taxable persons established on the Italian territory, excluding those carried out by taxable persons subject to VAT exemption regimes. For businesses engaged in the retail trade and similar activities, the issuance of the invoice is not mandatory if it is not requested by the customer no later than at the time of the supply. With regard to these taxpayers, from 1 January 2020 and with a few exceptions, taxpayers engaged in the retail trade and similar activities must register their supplies electronically and transmit them to the Italian Revenue Agency, regardless of their turnover.

Korea. ***Transaction data transmission***: all business operators and individual businesses whose total value of supplies of goods and services for the immediately preceding taxable year is at least KRW 300 million are required to issue electronic invoices under a prescribed format for all B2B supplies. The tax administration must have a direct automated access to invoicing information (only) 1 day after the invoice is emitted through the Electronic Tax Invoicing System. The invoicing information must be available to the tax administration for clearance before it can be considered as a valid accounting document, including as a supporting evidence for deduction of input VAT. ***Electronic cash receipts***: individual businesses who supply goods or services mainly to final consumers must issue electronic cash receipts and transaction data must be transmitted daily to the tax authority.

Latvia. ***Transaction data transmission***: if a taxpayer maintains accounting registers in electronic form, it must, at the request of the tax administration, provide access to any information related to its economic activities, stored in electronic form. The accounting computer programme shall ensure the recording of accounting data in such formats: MS Excel, dBase/FoxPro, Text Report files, Flat files, Excel, Access, PDF, Adobe PDF, XML or ODBC data sources. ***Electronic cash receipts:*** in street trading venues, taxpayers shall use a cash register stipulated by law if the combined value of its supplies of goods and services does reach EUR 150 000 within the period of previous 12 months. For passenger transport activities, taxpayers shall use cash-register systems stipulated by law if the combined value of transactions performed in a particular structural unit or passenger transport vehicle exceeds EUR 1 500 000 during the period of previous 12 months. The use a cash register stipulated by law is mandatory for taxpayers registered with the Value Added Tax Payers Register of the State Revenue Service, petrol stations and taxi.

Luxembourg. ***The transaction information transmission obligation*** was implemented for the fiscal year 2011. The requirement to make transaction information available to the tax administration under the SAF-T format is not imposed on taxpayers who: are not liable to the plan comptable normalisé (standardised chart account); or benefit from the simplified regime; or whose turnover is below EUR 112 000; or having no reasonable volume of booking transactions (under +/- 500).

Mexico. ***Electronic invoicing*** is mandatory since 1 January 2014. The ***transmission of transaction data*** to the tax authority is mandatory since 1 January 2015. Invoicing information must transmitted to tax authorities at the time the invoice is emitted (real time transmission). This obligation applies to all taxpayers and covers the domestic supplies of goods and services for both B2B and B2C transactions. Periodic transmission of transaction information is also imposed to all taxpayers. Federative entities, municipalities, trade unions and entities of the parastatal public administration; certain small taxpayers and non-profit legal persons are relieved from that obligation.

Norway. ***Transaction data transmission***: the Norwegian Bookkeeping Regulation includes a requirement to disclose accounting data in the SAF-T format for all businesses with annual turnover of NOK 5 million or more. This requirement also applies to businesses with an annual turnover of less than NOK 5 million if they have bookkeeping information available electronically. The companies subject to bookkeeping obligations are only obliged to submit accounting information in SAF-T format on request by the tax authorities. ***Cash registers***: from 1 January 2017, cash register systems must meet

the requirements laid down in the Norwegian Cash Register Systems Act and regulations. Suppliers must declare the systems to be in compliance with the new rules. Companies subject to a bookkeeping obligation must start using new cash register systems from 1 January 2019.

Poland. ***Transaction data provision***: taxable persons must provide transaction data to the tax authorities under the SAF-T format on a monthly basis. Taxable persons carrying out only supplies exempt from VAT or those benefiting from the VAT exemption for the small enterprises whose annual turnover does not exceed PLN 200 000 (the registration threshold), are exempt from this obligation. The tax authority can also obtain electronic transaction information on request only from taxpayers who keep accounting books using computer programs. This obligation also applies to stock movement, invoicing and bank statement programs. As of 1 October 2020 the SAF-T contains new fields to include VAT return data previously submitted in different separate files. ***Electronic cash registers:*** taxable persons whose annual turnover on B2C supplies, exclusive of VAT, does not in the current tax year exceed PLN 20 000 and did not do so in the course of the preceding tax year are exempt from the obligation to use certified electronic cash registers (the exemption does not apply to certain categories of goods /services). Are also exempt certain categories of supplies e.g. when an invoice is emitted and/or the payment is made by bank transfer. ***Online cash registers*** have been gradually introduced for industries recognised as particularly vulnerable to fraud and non-compliance: for fuel suppliers, car repair services as of 1 January 2020; restaurants and catering services, supplies of coal, short-term accommodation services as of 1 January 2021; hair and beauty salons, construction services, private medical practice, legal services, fitness clubs and gyms as of 1 July 2021. ***Cash registers in the form of software*** (the so called virtual cash registers) are a type of online cash registers not requiring hardware equipment or any external devices and they are available for taxpayers conducting activity in specified sectors (e.g. transportation).

Portugal. ***Transaction data transmission***: taxpayers with a permanent establishment in Portugal providing supplies subject to VAT must systematically (at the latest 12 days after the end of each month) transmit invoicing data to the tax administration. This can be done in real time (via web-service) or on a monthly basis through a structured file based on the SAF-T format or by filing it directly in the Tax Authority Web portal. The tax administration can request a SAF-T file for audit purposes, which includes accounting and invoicing data. Taxpayers with a turnover above EUR 50 000 during the previous taxation period are required to use, exclusively, computer invoicing programs previously certified by the Tax and Customs Authority (AT). ***Common Simplified Report*** (IES): accounting and financial reporting information to different government bodies is provided through one single common declaration. ***Electronic cash registers***: the use of certified ECR it's not mandatory but given the obligation to issue an invoice for any transaction and the obligation for taxpayers to use certified invoicing programs, most taxpayers use certified invoicing software instead of electronic cash registers.

Slovak Republic. ***Transaction data provision*****:** all taxable persons registered for VAT purposes in the Slovak Republic are obliged to submit a special VAT Control Statement, together with their VAT returns to the Financial Administration (FA). VAT listings are submitted separately and are not dependant on the VAT return. Some crosschecking between VAT listings and VAT returns are built into the analytical system. ***Electronic cash registers***: the use of certified cash registers is mandatory for all suppliers that receives payments in cash or by other payment methods replacing cash at the point of sale and those providing sole services listed in the law. Data from these electronic cash registers must be transmitted to the tax authorities in real time.

Spain. ***Transaction data provision***: taxpayers registered in the monthly VAT refund register; those whose annual turnover exceed EUR 6 million and company groups for VAT purposes are required to provide the tax administration with invoicing data in XML format within four calendar days after the invoice is issued or received (Immediate Supply of Information – SII). Information on investment goods should also be provided within the submission deadline of the last settlement period of the year.

Sweden. ***Electronic cash registers*****:** the use of certified electronic cash registers is mandatory for taxpayers above the annual turnover threshold of SEK 182 000. It is not imposed on certain taxpayers such as taxi drivers and sales from vending machines. Taxpayers can apply for an exemption of the obligation to use certified electronic cash registers.

Switzerland. ***Electronic cash registers:*** data on individual transactions must be transmitted to the tax administration on request or during an audit.

Turkey. From 1 January 2020 paper invoices are no longer legally valid. All invoices must be sent under ***electronic format*** via the e-arşiv fatura system. Every time an electronic invoice is issued, the recipient receives a notification by email. All businesses must file a daily statement with a summary list with all the e-arşiv fatura and send it to the tax administration.

United Kingdom. Under the Making Tax Digital initiative, VAT registered businesses with taxable turnover above the VAT registration threshold need to ***keep digital records*** and submit VAT Returns to HMRC using functional compatible software.

Annex Table 2.A.12. Application of domestic reverse charge and split payment mechanisms

Country	Domestic reverse charge system	Domestic split payment mechanism
Australia		Recipients of new residential premises are required to remit GST directly to the tax authorities. This payment is reconciled against GST amounts reported by the supplier in respect of these supplies.
Austria	Supply of laptops, tablets, PCs, game consoles, mobile phones and integrated circuit devices if the amount of the invoice is at least EUR 5,000; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates; Supply of CO_2 emission allowances; Supply of certain metals and of taxable investment gold; Supply of scrap and industrial and non-industrial waste and recyclable waste; Construction services if the recipient is acting as general contractor or if he usually is rendering construction services; Supplies of staff engaged in the construction sector; Supply of goods provided as security by a VAT taxable person to another person in execution of that security; Supply of goods following the cession of the reservation of ownership to an assignee and the exercising of this right by the assignee; Supply of immovable property sold by the judgment debtor in a compulsory sale procedure to another person.	
Belgium	Some supplies of investment gold and of gold products of a purity of at least 325 thousands; Supply of work on immovable property under several conditions; Supplies of staff engaged in the construction sector; Supply of CO_2 emissions allowances.	
Canada	Certain purchasers of real property are required to self-assess (e.g. when the supplier is a non-resident; or when the purchaser is registered for GST/HST and, if he is an individual, the property is not a residential complex); Self-assessment is generally required with respect to supplies of carbon emission allowances; In certain circumstances, persons may be required to self-assess the provincial part of the HST when certain property or services are moved from one province to another.	
Chile	Supplies of rice, construction works, waste, marine species, livestock, vegetables, wood, wild products, wheat and berries.	
Colombia	-	
Czech Republic	Supply of taxable investment gold and gold material of purity equal to or greater than 333 thousandths; Supply of designated categories of scrap and waste; Supply of CO^2 emission allowances; Supply of construction and assembly services provided between taxable persons registered for Czech VAT; Supply of mobile phones, integrated circuit devices, notebooks, tablets and videogame consoles; Supply of certain metals and basic products from metals; Supply of cereals and industrial crops, including oil seeds and sugar beet; Supply of immovable property under the option for taxation; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates; Supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee; Supply of immovable property sold by a judgment debtor in a compulsory sale procedure; Supply of staff engaged in construction and assembly services;	A special method for securing the payment of VAT can be used by customers of taxable supplies that wish to avoid joint and several liability for the supplier's unpaid taxes. Similarly to the split payment mechanism, the customer then pays the VAT due directly to the account of the supplier's tax office.

	Supply of certain telecommunication services.	
Denmark	Supply of CO_2 emission allowances; Supply of scrap metals; Supply of investment gold; Supply of mobile phones, integrated circuit devices, games consoles, tablets PCs and laptops.	
Estonia	Supply of immovable property and investment gold, where the supplier has opted for taxation; Supply of gold material, including semi-finished gold products (purity of at least 325 thousandths); Supply of scrap metal and precious metals.	
Finland	Supply of taxable investment gold as well as gold material and semi-manufactured gold products of purity equal to or greater than 325 thousandths; Supply of CO_2 emission allowances; Supply of scrap metal and waste; Construction services, including supply of staff engaged in the construction sector.	
France	Supply of CO_2 emission allowances; Supply of used materials, scrap and waste; Supply of investment gold and gold products of a purity of at least 325 thousandths; Construction services (limited to certain services provided on a building when performed by a subcontractor on behalf of a taxable person); Supply of gas and electric energy to taxable dealers; Supply of certain telecommunication services. Supply of certificates/guarantees of origin of electricity from renewable energy sources; Supply of certificate of performance guarantee of the public power transport system operator.	
Germany	Supplies of pledged assets by the guarantor to the recipient of the security outside the framework of judicial liquidation; Supplies covered by the Real Property Transfer Tax Law (in particular transfers of real estate); If the customer is an entrepreneur: supplies of work or other services serving the construction, repair, maintenance, alteration or removal of structures (except for planning, engineering and supervision) and cleaning of buildings when the customer himself supplies such services; Supply of gold (unwrought or semi-finished of a purity of at least 325 thousandths); Supply of CO_2 emissions allowances; Supply of industrial scrap, ferrous and non-ferrous waste and other waste; Supply of mobile devices, integrated circuit devices, game consoles and tablet PC if the transaction value is or exceeds EUR 5 000; Supply of electricity (generally applicable only if supplier and recipient are both treated as resellers) and supply of gas (generally applicable only if the recipient is to be treated as reseller); Transfer of gas and electricity certificates; Supply of precious metals as well as certain ignoble metals (e.g. copper, nickel, aluminum, lead, zinc), unwrought or semi-manufactured, if the transaction value is or exceeds EUR 5 000.	
Greece	Construction work on immovable property assigned to contractors of public works by public authorities (that are not necessarily public law entities), when these public authorities are owners of these works and are taxable persons with the right to input VAT deduction. Major projects as defined by EU Regulations are exempt from the reverse charge system. Provided the supply is intended for recycling, the following supplies of recyclable waste: Supply of ferrous and non-ferrous waste metals, scrap(clippings) and	

	other used materials Supply of semi-finished products made of ferrous and non-ferrous metals, Supply of residues and other recyclable materials consisting of ferrous and non-ferrous metals, alloys, slag, scales or ash and industrial residues containing metals or metal alloys; Supply of scrapings and scrap (clippings), waste and used recyclable material consisting of glass fragments, glass, paper, cardboard, rags, bone, leather (natural or artificial), diphtheria, raw hides and skins, tendons and sinews, twine, rope and head rope , cables, rubber and plastic materials; Supply of scrap (clippings) and waste from the working of base materials Supply of the aforementioned materials after cleaning, polishing, selection, cutting, fragmenting and pressing; Supply of greenhouse gas emissions allowances according to EU Directive 2003/87/EC; Supply of mobile phones, videogame consoles, tablets and laptops provided the acquirer is a taxable person entitled to input tax deduction (that is if registered under the normal VAT scheme).	
Hungary	Supply of construction works regarded as a supply of goods; Construction or other alteration or repair activity qualifying as service, directed at the construction, expansion, rearrangement or other modification (including demolition) of immovable property and subject to acquiescence or authorisation by the building authority; Hiring-out of employees and the supply of staff; Supply of scrap and waste products; Supply of a building and the land on which it stands or of an inbuilt plot of land (with certain exceptions) if the supplier opted for taxation; In relation with debtors and creditors, the supply of goods that were pledged as collateral security to cover an overdue claim in execution of that security; Supply of goods with an open market value of more than HUF 100,000 (EUR 334) used by the taxable person for the purposes of his business if the supplier is adjudicated in liquidation proceedings or any similar insolvency proceedings; Supply of CO_2 emissions allowances; Supply of certain specific agricultural products such as wheat and meslin, rye, barley, oats, maize, triticale, soya beans whether or not broken; rape and colza seeds whether or not broken; sunflower seeds whether or not broken. Supply of certain iron and non-alloy steel products such as flat-rolled products of iron or non-alloy steel, bars and rods of iron or non-alloy steel, angles, shapes and sections of iron or non-alloy steel, wire of iron or non-alloy steel, tubes, pipes and hollow profiles of iron or non-alloy steel.	
Iceland	-	
Ireland	Supply of construction services supplied by sub-contractors to principal contractors; Supply of immovable property under the option for taxation (including sale by receiver, liquidator or mortgagee in possession; Supply of used material and scrap metal; Supply of CO_2 emissions allowances; Supply of gas and electricity by a business in Ireland to a taxable dealer carrying on business in Ireland; Supply of gas certificates or electricity certificates by a business in Ireland to another business in Ireland.	
Israel	A person not liable for payment of the tax may, with the Director's consent and on conditions prescribed by him, take the payment upon himself, and after the date of that consent be treated as the person liable for its payment; The tax levied on a buyer, if the buyer is a dealer, a non-profit	

	organisation or a financial institution and has committed a real estate sale which is an occasional transaction; Sale of metal debris; Services of the types specified below acquired by a dealer, a non-profit organisation or a financial institution from a person, whose main income is from wage, benefit or pension, shall pay the tax in respect of that service, unless a tax invoice was received from the person rendering the service: Artistic performance; construction or preparation of stage sets; preparation, checking, conducting and supervising exams; lectures etc. Services of the following professionals: agronomist, architect, ; practical engineer; private investigator; rabbinical pleader; technician; dental technician; organizational, management, scientific or tax consultant; economist; engineer etc.	
Italy	Supplies carried out by subcontractors in the building sector; Supply of staff engaged in the construction sector; Supply of immovable property under the option for taxation; Supply of used materials, scrap, waste and specific services; Supply of investment gold, including supply of semi-finished products and of gold of a purity of at least 325 thousandths(so called industrial gold); Supply of scrap iron; Supply of mobile phones, tablets, personal computers and integrated circuit devices under certain conditions; Supply of CO_2 emission allowances; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates.	Supplies of goods and services made to public authorities or government bodies, public owned companies, companies listed on the Italian Stock Market (FITSE-MIB)
Japan		
Korea	-	For supplies of gold bullion (99.5% or higher purity) and second hand gold products (with 58.5% or higher purity), copper, gold and iron scrap, the supplier must open a bank account designated for the gold or scrap transactions and the purchase price (without VAT) must be transferred to the supplier using the designated bank account. At the same time, the recipient must also deposit the relevant VAT amount into an account designated by the Director of the National Tax Services.
Latvia	Supply of timber and services related to the supply of timber; Supply of construction services; Supply of scrap metals and services related to the supply of scrap metals Supply of mobile telephones, integrated circuit devices, tablet PC's and laptops; Supply of cereals and industrial crops (including oil seeds), including mixtures of these goods, that are not normally used in the unaltered state for final consumption; Supply of raw and semi-finished precious metals, where they are not covered by special scheme for investment gold, raw and semi-finished precious metal alloys and precious metal clad, as well as precious metal or precious metal clad scrap and debris; Supply of game consoles; Supply of ferrous and non-ferrous semi-finished metals.	
Lithuania	Supply of timber; Supply of construction services; Supply of ferrous waste and scrap, residues and other recyclable materials consisting of ferrous and non-ferrous metals; Supplies by a taxable person under insolvency procedure; Supply of essential (material) improvement to the owner of the building; VAT calculated on assets taken over as a contribution in kind or due to reorganisation of another person registered for VAT purposes.	

Luxembourg	Supply of CO_2 emission allowances; supply of gas and electricity certificates.	
Mexico	Domestic reverse charge applies to: Corporations that receive independent personal services from individuals or rent goods from them; acquire waste to be used for commercial or industrial activities; receive services rendered by commissionaires who are individuals; and receive land motor transportation services of goods lent to both individuals and corporations; Credit institutions acquiring assets through payments in kind or through legal or trust adjudication; Individuals or entities acquiring or having temporary use or enjoyment of tangible assets transferred or granted by foreign residents who do not have a permanent establishment in Mexico; and Individuals or corporations who receive services through which personnel are made available directly to the contractor to carried out their duties at their facilities, regardless of the name given to the contractual obligation.	
Netherlands	Supply of construction work (including shipbuilding), including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, including the handing over of construction works; Supply of staff engaged in the construction sector; Supply of immovable property under the option for taxation; Supply of used materials, scrap, waste and specific services; Supply of goods provided as security by one taxable person to another in execution of that security; Supply of immovable property sold by a judgement debtor in a compulsory sale procedure; Supply of CO_2 emission allowances; Supply of mobile phones, integrated circuit devices, laptops, game consoles and tablet pc's provided that the value of the transactions exceeds EUR 10,000. Supply of gas and electricity certificates (e.g. green certificates, guarantees of origin)	
New Zealand	If the supply of land has been incorrectly zero-rated and the incorrect treatment is discovered after settlement, the recipient of the supply is made responsible for paying the GST.	
Norway	Supply of CO_2 emission allowances; Supply of investment gold (with purity equal to or greater than 325 thousandths).	
Poland	As of November 2019 the domestic reverse charge mechanism was replaced by a mandatory split payment mechanism. As of that date, supplies previously covered by the domestic reverse charge are now subject to the mandatory split payment.	As of November 2019 the mandatory split payment mechanism is applicable to the following B2B supplies, which previously were generally covered by the joint and several liability and domestic reverse charge, if the invoiced gross amount exceeds PLN 15 000: Supply of scrap metal, metal waste and metal materials; Supply of CO2 emission allowances; Supply of mobile phones (including smart phones), video game consoles, tablets, notebooks, and laptops; Supply of microprocessors; Construction services supplied by subcontractors; Supply of unwrought non-ferrous metals (aluminum, lead, zinc, tin, nickel); Supply of raw and semi-finished metals, including gold materials and intermediate products containing gold, investment gold and selected steel products. Upon decision of the customer, an optional split payment mechanism can be applied to B2B

		supplies which are not covered by the mandatory split payment (all taxpayers have automatically a VAT account associated with their bank account separating the VAT from the net amount of the transaction).
Portugal	Supply of used material, scrap metal, waste and specific services; Supply of immovable property under the option for taxation; Work on immovable property (such as repair, cleaning, maintenance, alteration and demolition services, including the handing over of construction works); Supply of taxable investment gold and gold material of purity equal to or greater than 325 thousandths; Supplies of CO_2 emission allowances; Supplies of cork, wood, pine cones and pine kernels in their shell.	
Slovak Republic	Supply of certain construction works including supply of building services and the supply of certain goods requiring installation or assembly; Supply of immovable property under the option for taxation; Supply of goods which are pledged as a security of a receivable of a creditor within the enforcement of such pledge; Supply of a building or a part of a building in the Slovak Republic which the supplier as a debtor recognised by a court or another relevant state authority sold within the statutory enforcement proceedings; Supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee; Supply of investment gold and of gold material or semi-manufactured products of gold of a purity of at least 325 thousandths between taxable persons; Supply of metal scrap and metal waste; Supply of CO_2 emission allowances; Supply of cereals and oil seeds, grains, straw and fodder crops, which are not typically intended in the unaltered state for final consumption; Supplies of iron and steel; Supply of mobile phones, being devices made or adapted for use in connection with a licensed network and operated on specified frequencies, whether or not they have any other use, if the taxable amount in the invoice for the supply of mobile telephones is EUR 5 000 and more; Supply of integrated circuit devices such as microprocessors and central processing units in a state prior to integration into end user products, if the taxable amount in the invoice for the supply is EUR 5 000 and more; Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property as well as the handing over of construction works regarded as a supply of goods.	
Slovenia	Supply of construction work (including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property); Supply of staff engaged in the mentioned activities; Supply of certain immovable property, where the supplier has opted for taxation of the supply; Supply of certain waste, scrap, used material and services; Supply of allowances to emit greenhouse gases.	
Spain	Construction works, including the supply of staff for its performance, in the framework of development, construction or renovation of immovable property; Supply of CO_2 emission allowances; Supply of metal scrap and metal waste; Supply of investment gold and supply of gold material or semi-finished products of a purity of at least 325 thousandths; Supply of buildings in certain situations; Supply of immovable property within bankruptcy proceedings;	

	Supply of immovable property made under enforcement of a security or with the obligation for the acquirer to settle the securitized debt; Supply of mobile phones, videogame consoles, laptop and tablet PCs, only where the customer is a reseller of the goods (traders habitually engaging in the resale of these goods) or, otherwise, where the total amount of supplies to one trader exceeds EUR 10,000; Supply of silver, platinum and palladium.	
Sweden	Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, including the handing over of construction works; Supply of staff engaged in the construction sector; Supply of CO_2 emissions allowances; Supply of used materials, scrap, waste and specific services; Supply of investment gold and gold products of a purity of at least 325 thousandths.	
Switzerland	-	-
Turkey	Supply of lease of movable property by non-taxable persons to taxable persons; Supply of scientific, artistic and literary works provided to taxable persons. Supply of advertisement services provided by non-taxable persons to taxable persons.	Certain recipients of a number of specified services are required to withhold a percentage of the VAT charged to them by the service provider and remit it directly to the tax authorities (*partial withholding*). Among others, these services are (a) supervisory services for building construction, (b) scrap metal, glass, plastic and paper (in cases where the supplier waives the VAT exemption), (c) advisory, supervisory and audit services maintenance and (d) repair services for machinery, equipment and other fixed assets.
United Kingdom	Supply of investment gold and of gold products of a purity of at least 325 thousandths; Supply of CO_2 emissions allowances; Supply of mobile phones and integrated circuit devices if the value of the goods supplied exceeds GBP 5,000 (VAT inclusive). The value limit does not apply to services; Supply of gas through a natural gas system situated in the United Kingdom or any network connected to such a system and to electricity; Wholesale supply of electronic communication services; Supply of renewable energy certificates.	

Notes

1. For the purpose of this table, are considered as a “domestic reverse charge” regime, regimes whereby the customer rather than the supplier of goods, services or intangibles is liable to remit the VAT to the tax authorities on a domestic supply (i.e. a supply where both the supplier and the customer are established in the same jurisdiction, where the supply takes place). The supplier does not charge the VAT to the customer.

2. For the purpose of this table, a “domestic split payment mechanism” is a mechanism whereby, on a domestic supply of goods, services or intangibles, the supplier remains liable to charge the VAT to the customer, but where (part of) this VAT is directly transferred to the tax authorities or to a specific (blocked) “VAT account” that may belong to the supplier or customer.

Source: national delegates; position as at 1 January 2020

References

Australian Taxation Office (2020), *Goods and Services Tax Gap 2020 Report*, Australian Taxation Office. [20]

Bartosz Gryziak (2020), “Split Payment across the European Union – Review and Analysis”, *International VAT Monitor*, Vol. 31/1. [29]

Bird, R. and P. Gendron (2007), *The VAT in Developing and Transitional Countries*, Cambridge University Press, Cambridge, http://dx.doi.org/10.1017/cbo9780511619366. [6]

C. Evans; R. Highfield; B. Tran-Nam; M. Walpole (2020), “Diagnosing the VAT Compliance Burden: A Cross-Country Assessment”, *International VAT Monitor*, Vol. 31/2. [4]

CASE – Center for Social and Economic Research (2020), *Study and Reports on the VAT Gap in the EU-28 Member States 2020 Final report*, European Commission, Brussels. [19]

CEPAL (2020), *Panorama Fiscal de América Latina y el Caribe*, United Nations, https://repositorio.cepal.org/bitstream/handle/11362/45730/5/S2000154_es.pdf (accessed on 6 November 2020). [24]

Court Auditors, E. (2015), *Tackling intra-Community VAT fraud: More action needed*, http://dx.doi.org/10.2865/623638. [33]

CRA (2016), *Estimating and Analyzing the Tax Gap related to GST/HST in Canada*, https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/formspubs/pbs/GST-report-eng.pdf. [23]

de la Feria, R. (n.d.), “EU VAT rate structure: towards unilateral convergence?”, in *La réorientation européenne de la TVA à la suite du renoncement au régime définitif*, Presses de l’Université Toulouse 1 Capitole, http://dx.doi.org/10.4000/books.putc.1430. [7]

Ebrill, L. et al. (2001), *The Modern VAT*, http://www.imf.org. [14]

Eric Hutton (2017), *The Revenue Administration—Gap Analysis Program: Model and Methodology for Value-Added Tax Gap Estimation*, IMF. [21]

European Commission (2013), *Results of the public consultation on the TOP10 most burdensome legislative acts for SMEs*. [9]

European Commission (2011), *European Commission (2011) Green paper on the future of VAT COM(2010)695 final*. [8]

Europex – Association of European Energy Exchanges (2018), *Europex Common energy sector statement on VAT fraud*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0043. [26]

EUROPOL (2020), *Enterprising criminals*, EUROPOL. [25]

Evans, C. et al. (2018), “The Development and Testing of a Diagnostic Tool for Assessing VAT Compliance Costs Draft Report of Pilot Study Findings [ATAX version]”, https://www.business.unsw.edu.au/About-Site/Schools-Site/Taxation-Business-Law-Site/Documents/ime-Highfield,-Walpole-Evans-VAT-Diagnostic-Tool-paper.pdf. [10]

HMRC (2020), *Preliminary estimate of the VAT gap for 2018-19*, HM Revenue and Customs, London. [22]

Institute for Advanced Studies (2015), *Study and Reports on the VAT Gap in the EU-28 Member States: 2018 Final Report*, https://ec.europa.eu/taxation_customs/sites/taxation/files/2018_vat_gap_report_en.pdf. [18]

Jens Matthias Arnold, B. (2011), "TAX POLICY FOR ECONOMIC RECOVERY AND GROWTH", *The Economic Journal* 121. [1]

Li Liu, B. (2019), *VAT Notches, Voluntary Registration, and Bunching: Theory and UK Evidence*, IMF. [12]

OECD (2020), *Revenue Statistics 2020*, OECD Publishing, Paris, https://dx.doi.org/10.1787/8625f8e5-en. [16]

OECD (2020), *Tax and fiscal policy in response to the Coronavirus crisis: Strengthening confidence and resilience*, http://www.oecd.org/coronavirus/policy-responses/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience-60f640a8/ (accessed on 24 June 2020). [38]

OECD (2020), *Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience*, OECD. [37]

OECD (2020), *Tax Policy Reforms 2020: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://dx.doi.org/10.1787/7af51916-en. [36]

OECD (2018), *Tax Policy Reforms 2018: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264304468-en. [5]

OECD (2017), *Mechanisms for the Effective Collection of VAT/GST where the supplier is not located in the jurisdiction of taxation*, OECD, Paris, http://www.oecd.org/tax/consumption/mechanisms-for-the-effective-collection-of-vat-gst.htm. [13]

OECD (2016), *Consumption Tax Trends 2016: VAT/GST and excise rates, trends and policy issues*, OECD Publishing, Paris, https://dx.doi.org/10.1787/ctt-2016-en. [17]

OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264241046-en. [28]

OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264241046-en. [34]

OECD (2015), *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*, OECD Publishing, Paris, https://dx.doi.org/10.1787/tax_admin-2015-en. [30]

OECD (2015), *Taxation of SMEs in OECD and G20 Countries*, OECD Tax Policy Studies, No. 23, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264243507-en. [11]

OECD (2013), *Electronic Sales Suppression: A threat to tax revenues - OECD*, http://www.oecd.org/ctp/crime/electronic-sales-suppression-a-threat-to-tax-revenues.htm. [27]

OECD (2012), *Keeping It Safe*, OECD. [32]

OECD (2010), *Choosing a Broad Base - Low Rate Approach to Taxation*, OECD Tax Policy Studies, No. 19, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264091320-en. [15]

OECD (2005), "Guidance on Tax Compliance for Business and Accounting Software", https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/hnwi/34910263.pdf. [31]

OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264115606-en. [35]

OECD/KIPF (2014), *The Distributional Effects of Consumption Taxes in OECD Countries*, OECD Tax Policy Studies, No. 22, OECD Publishing, Paris, https://dx.doi.org/10.1787/9789264224520-en. [2]

Thomas, A. (2020), "Reassessing the regressivity of the VAT", *OECD Taxation Working Papers*, No. 49, OECD Publishing, Paris, https://dx.doi.org/10.1787/b76ced82-en. [3]

From:
Consumption Tax Trends 2020
VAT/GST and Excise Rates, Trends and Policy Issues

Access the complete publication at:
https://doi.org/10.1787/152def2d-en

Please cite this chapter as:

OECD (2020), “Value-added taxes - Main features and implementation issues”, in *Consumption Tax Trends 2020: VAT/GST and Excise Rates, Trends and Policy Issues*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/297ef586-en

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at http://www.oecd.org/termsandconditions.

OECD