Indirect tax in 2014

A review of global indirect tax developments and issues

EY

Building a better working world

Our thoughts on

indirect taxation in 2014

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Welcome to *Indirect tax in 2014*. We hope you find this publication useful for your business.

This is our fifth annual roundup of developments in value-added tax (VAT), goods and services tax (GST), excise duties, customs duties and other indirect taxes around the world. We present changes that have been introduced in recent months or that are expected in the coming year (and beyond in some cases) in more than 100 jurisdictions; we also provide four summary maps to give a "snapshot" of where the changes are taking place. And, once again, we examine the trends we are seeing around the world in more detail to identify key trends and their implications for global businesses.

Many of the trends we have identified in previous years still apply. We are still seeing the impact of the global economic downturn on tax policy; globalization continues to drive high levels of cross-border trade and advances in technology are fuelling the growth in digital services. These factors continue to influence indirect tax developments. For example, the shift from direct to indirect taxes continues with governments still relying on increasing VAT/GST rates to aid recovery. We are also seeing governments looking at how they can bring their VAT/GST consumption tax systems up to date, with some implementing major reforms and others looking at new ways to tax the digital economy. Excise duty rates also continue to increase in the groups of "classic" excise taxes (e.g., alcohol, tobacco and mineral oils). At the same time, many governments are looking to these taxes to deal with the issues of sustainable development, climate change, resource scarcity and energy security. In the sphere of global trade, new free trade agreements and customs cooperation agreements continue to enter into force around the world.

So what do all these changes mean for your business? The sheer number of indirect tax developments that we report on represent a major challenge — especially if you do business globally.

Dealing with these changes effectively will require prompt action and will involve good communication and collaboration between countries and between corporate functions. In addition to the quantity of changes, the rapid pace of legislative change can further challenge business processes, leaving little time to make the necessary adjustments to meet your obligations.

Indirect tax in 2014 provides a high-level overview of significant developments in indirect taxation, but it is not exhaustive. Indirect taxation changes rapidly so please be aware that there may be other changes not listed in this publication that may have an impact on your business. Detailed information about developments in indirect taxes may be found at ey.com and through our regularly updated eVA information service, T*he Worldwide VAT, GST and Sales Tax Guide* and in our regular magazine, *Indirect Tax Briefing*.

If you would like to discuss developments in indirect tax, or if you would like access to our eVA service or copies of our publications, please contact one of the EY Indirect Tax leaders listed in this report, or your usual EY Indirect Tax contact.

Best regards,

Philip Robinson

Global Director — Indirect Tax

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Indirect tax changes – shaping the global tax landscape

More than any other taxes, indirect taxes and duties affect global trade and business on a daily basis. As such, developments in VAT, excise and customs duties are shaping the global tax landscape – for businesses and tax authorities alike. Although the economies in many countries are slowly recovering from the global financial crisis, growth rates have not yet reached their levels before the crisis. In addition, as a result of heavy support and stimulus of their economies, many countries are massively indebted. Governments, therefore, are still looking carefully at the composition of their tax revenues and at ways to increase them. As countries seek growth, indirect taxes continue to play an important tax policy role.

More than ever, governments are improving and enhancing their indirect tax systems to make them work in our rapidly changing world. These multi-layered developments make great demands on companies that want to be compliant with their obligations. Only those who know what is coming down the line can prepare effectively for these crucial developments.

Five trends that shape the global indirect tax landscape:

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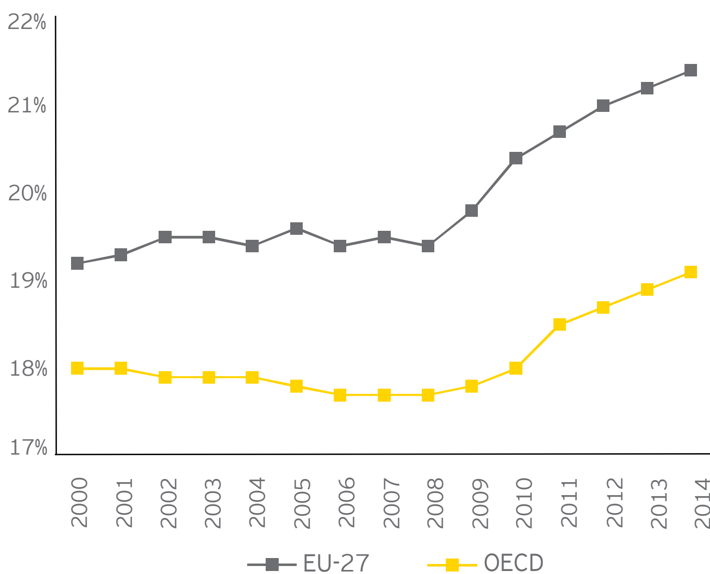
Indirect taxes shift continues

Promoting growth The International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and the European Commission all promote the shift from direct to indirect taxes to help solve the financial crisis, by reducing costs on business to make them more competitive. A number of OECD studies dealing with enhancing economic growth, for example, indicate that VAT and taxes on real property have the least impact on growth, while corporate income tax has a negative impact on growth.[1]

The spread of VAT/GST As a consequence, the spread of VAT systems around the world has continued, whether as a new tax or as a replacement for other narrower forms of consumption tax. The most recent joiners to the VAT/GST club will be the Bahamas (expected in July 2014) and Malaysia in 2015. China has successfully implemented a VAT pilot that replaces the much narrower Business Tax. India is about to introduce a national GST, and other countries such as the Gulf Cooperation Council states[2] are actively considering introducing a VAT/GST system.

These changes pose particular challenges for businesses operating in those countries, as we discuss further later. Our world maps on pages 20–23 provide a comprehensive overview of recent VAT/GST changes.

Figure 1. Average VAT rates in the EU and OECD



1. *Economic Policy Reforms 2013: Going for Growth*, OECD, pp. 15-54, 2013.

2. Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates.

VAT rates continue to rise In countries where a VAT/GST already exists, the average VAT/GST rate continues to rise. This is particularly true for Europe, where France, Italy, Slovenia and Cyprus recently raised their standard rates. As a result of the changes, the average VAT rate in the European Union has risen to 21.4% at the start of 2014, compared with 19.4% in 2008 at the start of the world economic downturn. But other regions also follow this trend: Honduras, Israel, Ghana and Morocco recently increased their standard rates, and Japan will do so in April 2014.

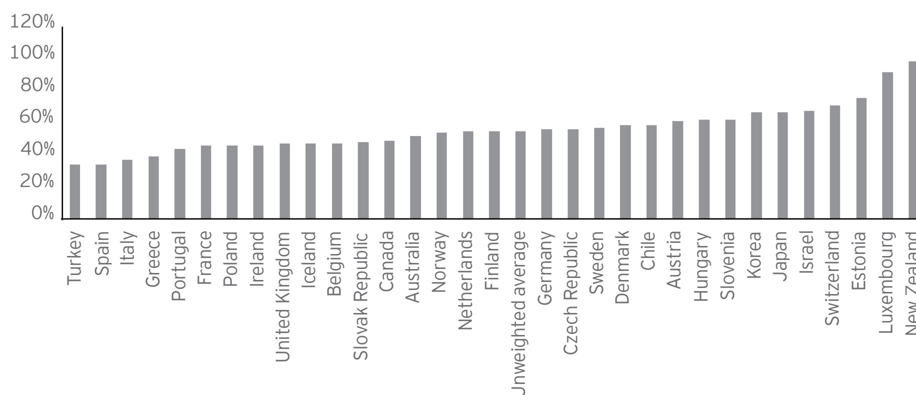
Broadening the base Mexico, Paraguay, Kenya, Tanzania, Tunisia and South Korea increased reduced rates or abolished zero rates or exemptions, which led to a broadening of the tax base and ultimately helps to increase revenue from these taxes.

VAT collection At the same time, research dating from 2009 shows that across the OECD countries, only about half of projected VAT revenues are collected. A measure used by the OECD to determine the efficiency of a country's VAT system is to look at the actual VAT receipts compared to the projected VAT receipts that a certain level of final consumption should produce — the VAT revenue ratio. The indicator shows that in 2009, exemptions, including zero rates, reduced VAT rates, avoidance and fraud/evasion, resulted in only 50% to 60% of the projected VAT revenues being collected in the OECD.

The differences between the countries are substantial, however. At the lower end are Mexico, Turkey and Spain, where only about 30% of the projected VAT revenue is actually collected. On the other end, countries such as New Zealand or Luxembourg achieve a VAT revenue ratio of almost 100%. The difficulty with this way of measuring the "VAT shortfall" is that it is unclear whether the generally falling ratios represent greater difficulties in collecting monies rightly owed or instead are caused by government policy not to tax certain consumer spending, e.g., because of an extensive application of zero rates or exemptions.

Also, it is uncertain how much fraud and evasion impact VAT revenue ratios. But it is clear that efficient and effective policy design plays an important role. For example, New Zealand uses a broad base with few exemptions, which could explain the good VAT revenue ratio. At the other end of the scale, Mexico employs zero or reduced rates on a wide range of supplies.

Figure 2. VAT revenue ratio 2009[3]

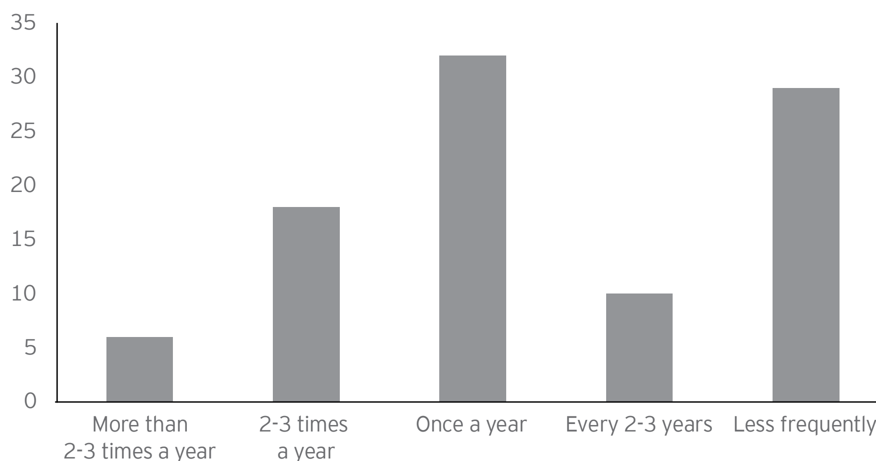


3. *Consumption Tax Trends 2012: VAT/GST and Excise Rates, Trends and Administration Issues*, OECD, 2012.

Legislation continues to change rapidly

EY global survey on VAT/GST changes In November 2013 we carried out a survey of EY offices in 96 countries[4] and asked them about the pace of legislative change for VAT. It shows that in more than 50% of the participating countries, the primary indirect tax legislation changes at least once a year, and in more than 20 countries, major changes take place more frequently than once a year.

Figure 3. How frequently primary legislation changes



Secondary VAT/GST legislation (including regulations, local legislation, bylaws and statutory instruments) is subject to changes even more frequently. In some countries this type of legislation changes on a monthly basis; in three out of four participating countries, it happens at least once every year.

Reasons for legislative change One reason for the accelerating pace of legislative changes is that governments are trying to improve their indirect tax systems to raise more tax revenue or to make them less vulnerable to fraud and avoidance.

Another reason is that the indirect tax systems need to keep pace with the fast-changing technological environment. In the EU, for example, the VAT system dates from the 1960s. Cross-border trade, mobile communication and electronic services were not an issue at that time, but clearly they play an important role in business operations

4. Albania, Algeria, Angola, Armenia, Aruba, Australia, Austria, Barbados, Belarus, Belgium, Bolivia, Bonaire, Sint Eustatius and Saba (BES-Islands), Botswana, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Croatia, Curacao, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, El Salvador, Equatorial Guinea, Estonia, Finland, France, Georgia, Germany, Ghana, Greece, Guam, Guatemala, Honduras, Hungary, India, Indonesia, Ireland, Isle of Man, Italy, Ivory Coast, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kosovo, Latvia, Luxembourg, Lithuania, Macedonia, Malawi, Malta, Mexico, Mozambique, Namibia, Netherlands, New Zealand, Nicaragua, Nigeria, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Puerto Rico, Romania, Russia, Singapore, Sint Maarten, Slovak Republic, Slovenia, South Korea, Spain, Sri Lanka, Suriname, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, Uganda, United Kingdom, Uruguay, Venezuela, Zambia, Zimbabwe.

today, making the European VAT system hopelessly outdated. In response, the European Commission has launched a comprehensive reform of the existing VAT system. No fewer than 26 priority areas for further action in the coming years have been identified. The aim is to move to a more modern VAT system, which should be simpler, more efficient and more robust.

The US sales tax system is also struggling to deal with these issues. Sales taxes generally only apply to purchases of physical goods, but it is the market in electronically supplied services (such as digital music distribution, internet downloads or telecom services) that is growing fastest. An increasing number of states are therefore trying to expand their sales taxes to cover electronic goods and services.

An additional factor that leads to increased legislative changes is the increasing influence of multi-territory indirect tax systems. The application of the EU VAT regime is a requirement for EU membership, so existing Member States are tied in and new accession states such as Croatia must amend a large number of laws and rules to be compliant when joining. Joint VAT action is also envisaged by, for example, the Gulf Cooperation Council states and the neighboring Commonwealth of Independent States.[5] These types of bilateral and multilateral agreements add complexity to an already complex set of rules.

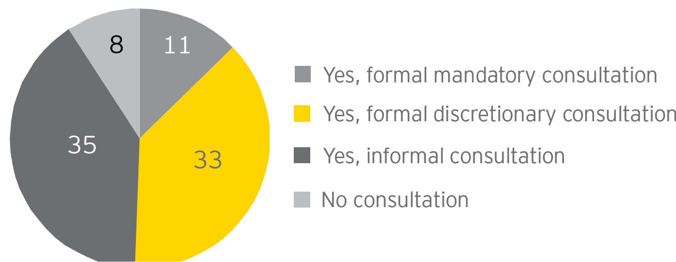
The impact on business The complexity of the VAT/GST regime in each country has to be absorbed by business. Often cost pressures on the tax authorities have an influence on how much businesses must do to comply — for example, checking the status of customers to determine the VAT liability, the place of supply and even who has to pay the tax due. The greater the pace of legislative change, the bigger the impact on business. Every time there is a change, taxpayers must understand the change, check whether it applies to them and, if necessary, implement changes into their tax and accounting systems to remain compliant. More fundamental changes usually require additional work such as amending contracts and invoices, training employees and updating tax manuals and workflows. The pace of change therefore contributes greatly to the overall compliance burden in each jurisdiction.

The bad news is that in many countries, changes in legislation — and the increased susceptibility to making mistakes that comes with these changes — are not reflected in the sanctions these countries impose. In more than half of the countries surveyed, penalties are applied in full even if the underlying mistake is the consequence of a recent change in legislation. Only Angola, France, Canada and Latvia automatically apply mechanisms to waive or reduce penalties for taxpayers for a specific period of time in specific circumstances. Other countries handle this at best on a case-by-case basis, such as in Italy, where during the three months following the overnight VAT rate change on 1 October 2013, no penalties were applied where taxpayers did not manage to issue invoices with the new VAT rate due to difficulties in updating their invoicing and accounting systems.

Taxpayer consultation On a more positive note, however, if legislative changes are planned, interested stakeholders (e.g., business, taxpayers, tax advisors, academics) are involved in the process in a large majority of the countries that participated in our survey. Interestingly, countries that foresee a formal discretionary consultation and countries that know an informal consultation pretty much balance each other out. This right to express an opinion in the legislative process — and, linked to it, the possibility to influence the process — has started to spread only in recent years. Businesses should make use of this possibility and express their views on these matters when the opportunity arises. Complex legislation and implementation difficulties are not intrinsic to new legislation; they sometimes arise because legislators miss the business perspectives and fail to understand the practical realities of implementing legislative measures.

5 . Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan.

Figure 4. Taxpayer consultation in connection with changes in VAT/GST legislation (by number of countries)



Excise taxes continue to rise

Increasing rates on classic excise taxes While the main purpose for excise taxes is to raise revenue, these taxes are also increasingly being used to steer consumption of certain products considered to be harmful, thus influencing consumer behavior in a number of areas. As a consequence, we see ongoing increases in the three important groups of "classic" excise taxes (alcohol, tobacco and mineral oils). Many European countries such as Croatia, the Netherlands, Norway, Denmark, Portugal, Romania, Finland, Ireland or Malta have recently raised the rates on alcohol, tobacco or mineral oils. The same is true for Australia, New Zealand, Thailand, Argentina, Honduras and Mexico.

New excise taxes introduced Issues of sustainable development, climate change, resource scarcity and energy security are still widely recognized from a social, economic and political perspective. Governments and businesses alike are aware of the need to respond and are beginning to take action even though the policy landscape remains unsettled. A number of governments – at a national and sub-national level – recently have introduced or plan to introduce new environmentally based taxes and other pricing mechanisms, regulations and a host of incentives. Recent examples include Morocco, which introduced an airline passenger tax on the sale of airplane tickets in January 2014. South Africa is expected to change its carbon tax legislation by 2015, and Spain recently introduced a new tax on fluorinated greenhouse gases.

At present, countries are employing many different approaches, with some opting to tax "bad" behaviors and others to incentivize "good" behaviors. Any form of international harmonization is still a long way away, though, as progress toward a global approach proves difficult. In the meantime, governments continue to address these sustainability and environmental challenges on their own with the consequence that layer upon layer of new and different environmental taxes and charges are appearing, leaving businesses to operate under a complex patchwork of taxes and regulations. Policies are being introduced at an unprecedented pace and sometimes changed or abolished again even before they came into full effect. Australia, for example, introduced an extensive country-wide carbon tax in 2012, which is now to be repealed again this year.

A detailed overview of the global changes in excise duties is shown in the world map on page 64.

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Fast-changing landscape in global trade

Free trade not fully realized Global economic growth remains slow and uneven, not only in most developed economies but also in major emerging markets. After a rather small growth of 2.5% in 2013, the World Trade Organization (WTO) expects the volume of world merchandise trade to grow by 4.5% in 2014.[6] This scarce growth is further hampered by trade restrictions or measures that have the potential to restrict trade, which most G-20 members have put in place in the last few months. The trend is toward more restriction. The WTO identified 116 new trade-restrictive measures from June to December 2013, up from 109 measures recorded for the previous seven-month period. These were mainly new trade remedy actions, in particular the initiation of anti-dumping investigations, tariff increases and more stringent customs procedures. New measures affect around 1.1% of G-20 merchandise imports, equivalent to 0.9% of world merchandise imports.

On the positive side, it should be mentioned that some countries are also taking measures to facilitate trade. Such measures are mainly in the form of termination of trade remedy actions and tariff reductions. In addition, 2013 has been another year where a number of free trade agreements FTAs were negotiated and signed. Important examples are the agreement between the European Union and Central America (Honduras, Nicaragua, Panama, Costa Rica, El Salvador, Guatemala, Colombia and Peru) and the agreements of Iceland and Switzerland with China which are the first FTAs signed between China and European countries. FTAs were also signed between Canada and Panama and Honduras and between several South American states (see world map on page 84).

Developments in customs administration In parallel to these developments, the way customs authorities operate around the globe have changed significantly in recent times. The main roles and responsibilities of customs authorities have of course remained largely the same, but the environment in which they operate changed:

- The private sector has increased investments in modern logistics, inventory control, manufacturing and information systems, leading to increased expectations for customs to provide prompt and predictable processing of imports and exports.
- Risks from terrorism or hazardous goods have significantly increased, which puts customs administrations in a crucial role when protecting society from such threats to national security.
- The international awareness (and quantification) of the costs associated with complying with inefficient and outdated border formalities has increased.
- Regional trade agreements that significantly increase the complexity of administering border formalities and controls have proliferated.
- Awareness of the importance of good governance and sound integrity within customs services has been raised.

6. "WTO OMC Report on G-20 Trade Measures," WTO website, www.wto.org/english/news_e/news13_e/g20_wto_report_dec13_e.pdf, accessed 18 February 2014.

As a result of these changes, many countries, especially developing ones, take steps to increase country competitiveness, including through more efficient customs clearance processes and procedures that may attract greater foreign direct investment and attain effective revenue collection. The consequences of this are twofold:

- Border controls will become stricter for any trade that has not passed pre-inspection tests or does not comply with the conditions of trade facilitation programs. The focus of such controls will be on security and illegal trade, and its impact on supply chain movement is likely to be severe.
- Revenue-related controls will continue to be delinked from border clearance, with an increased focus on post-import examinations (e.g., periodic audits at company sites) to enforce compliance.

In conclusion, the world of international trade has expanded immensely and become ever more complex. Managing cross-border compliance effectively and efficiently will require businesses to be better prepared.

Increasing cooperation between tax authorities and focus on enforcement

Use of modern technology The increasing importance of indirect taxes and their contribution to countries' revenue goals probably explain why tax authorities are investing heavily in their enforcement and audit capabilities. Customs and tax authorities around the world are increasing their commercial and legal knowledge and their operational efficiency. Tax and customs inspectors increasingly use modern technology tools to access real-time comparative figures and data when auditing a business. As a consequence, tax and post-importation audits are becoming much harder to deal with for those companies that are not well prepared. On the flip side, knowledgeable and prepared taxpayers may also find that more professional tax and customs administrations are easier to deal with.

The more efficient use of technology lowers costs of collection and compliance. More and more tax administrations around the world are implementing electronic auditing of a business's financial records and systems. Countries are adopting tools that can interrogate such records on the basis that they must support the standard audit file for tax (SAF-T) methodology.[7] Singapore is encouraging businesses to adopt the SAF-T standards. Portugal requires large companies to use SAF-T, and Brazil, notably, can require a business to hand over all its electronic financial records for scrutiny.

These developments pave the way for electronic invoicing and electronic filing of tax returns, which are fast becoming the global norm. As examples, our report indicates that in Mexico all taxpayers must issue e-invoices since January this year, Lebanon made e-filing mandatory for all VAT-registered taxpayers, and Ghana recently introduced an electronic point of sale (EPOS) device scheme.

7. "Guidance Note — Guidance for Developers of Business and Accounting Software Concerning Tax Audit Requirements," OECD website, www.oecd.org/ctp/administration/guidancenote-guidancefordevelopersofbusinessandaccountingsoftwareconcerningtaxauditrequirements.htm, accessed 18 February 2014.

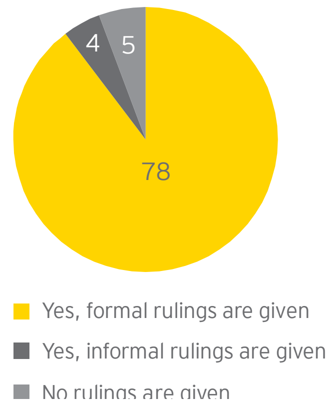
Exchange of information The network of agreements for the exchange of information between territories has grown substantially since 2000, when the OECD first published its list of countries[8] that did not cooperate in applying its information standards. As a next step, the OECD is exploring further opportunities for automatic exchanges of information and joint tax audits, including elements of indirect taxes, with tax authorities in different countries directly collaborating in planning and carrying out an audit. Such systems are already in place within the EU.

Cooperation with tax authorities The good news in this context is that the large majority of countries surveyed in our study allow taxpayers to resolve uncertainty about their specific circumstances by asking for a binding or at least informal tax ruling. Less than 10% of the surveyed countries do not have any kind of ruling procedure in place at all.

And this possibility of obtaining legal certainty is also a rather quick one: more than half of the countries told us that once all necessary information has been disclosed, an answer from the tax authority can be expected in less than three months.

The flipside is that in many countries taxpayers that openly disclose an error made are still being punished severely.

Figure 5. Availability of VAT/GST rulings (by number of countries)



Roughly 20% of the countries responded that a voluntary disclosure does not have any influence on the penalties that are applied in full. About one-third of the countries do at least impose a reduced penalty only. The most progressive countries from a taxpayer's perspective are those, again about one-third of all countries surveyed, that do not impose a penalty at all but where only late payment interest is due in case the VAT amount declared and paid to the tax authority was too little. Considering the (ever increasing) complexity of indirect taxes and the function businesses take as unpaid tax collectors for the governments in relation to indirect taxes, it is to be hoped that this last third of countries will continue to grow and penalties will subsequently be reduced when errors are disclosed voluntarily.

Figure 6. Penalties for voluntary VAT/GST disclosures (by number of countries)

8. "Global Forum on Transparency and Exchange of Information for Tax Purposes," OECD website, www.oecd.org/tax/transparency/abouttheglobalforum.htm, accessed 18 February 2014.

Consequences for business As a result of all these developments, businesses are likely to be confronted with increased compliance burden and the clearly higher risk that mistakes are detected systematically. Companies will be bound to make the necessary investments to keep up with the technological developments and to implement the new tools required by the authorities. More than ever, it pays to proactively manage indirect taxes by establishing a clear indirect tax strategy aligned to the overall business strategy.

Navigating the indirect tax landscape — how to handle the change

Whether it is VAT, excise taxes or customs duties, this publication show how much and how rapidly indirect taxes change around the globe. The sheer number and variety of these changes and the challenge of implementing them into accounting and reporting systems can be overwhelming — making it hard to keep sight of the bigger strategic picture.

All of the trends we have identified have a direct impact on businesses, which need to keep abreast of these changes. Indirect taxes are not easy to manage, and they can have a substantial impact on profitability.

Taxpayers who collect VAT/GST from final consumers on behalf of the state run increased risks of carrying the tax burden themselves if they do not correctly manage the tax. These risks are aggravated by the fact that many countries still impose heavy penalties for errors, even if they are detected and disclosed by the taxpayer himself. With tax administrations assessing taxes more thoroughly and using state-of-the-art audit tools, the chance that mistakes will be found has risen considerably and will remain high. Also, as indirect tax rates increase, the consequences of mistakes become more severe.

Unlike VAT/GST, excise taxes and customs duties charged at one stage in the supply chain are not offset against taxes due at later stages, so they form part of the cost base of affected goods. In addition, customs clearance procedures can add to the time and related costs of moving goods cross-border.

Our experience from working with businesses of all sizes and industries around the world shows that many companies still pay too much taxes because they are not aware of exemption or refund schemes they would qualify for, e.g., for energy taxes. Or how making some small changes in the supply chain in order to meet the qualifying conditions of FTAs could help them save millions on customs duties.

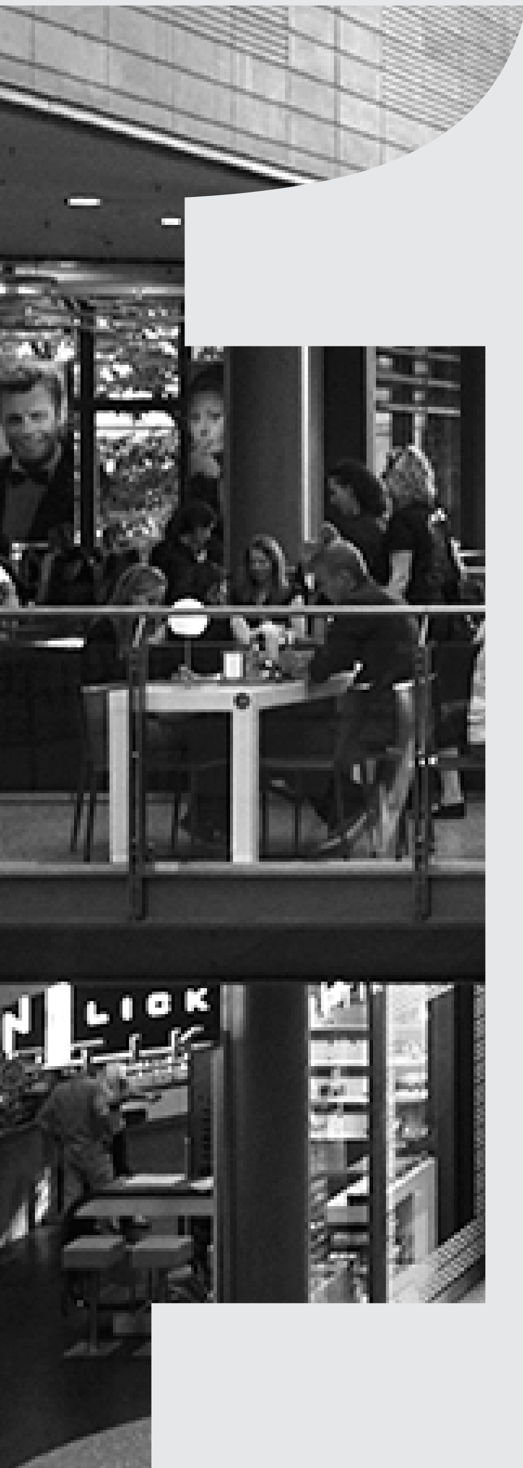
We believe that the work of international bodies such as the OECD will increasingly have a direct impact on business. It is therefore imperative for businesses to attentively follow or even actively engage in the work of these organizations. One example is the SAF-T format, which was developed by the OECD and now is becoming a reality in more and more countries. Considering how burdensome and costly it can be for taxpayers to implement this standard into an existing accounting structure, companies that grappled with these issues at an early stage gained clear advantages.

More than ever, it pays to be aware of tax policy changes and developments and to proactively manage indirect taxes. Establishing a clear indirect tax strategy aligned to the overall business strategy of your business will help keep you up to date with the rapidly changing tax landscape and avoid the costs and risks that arise from poor compliance or missed opportunities.

Indirect tax management — more crucial than ever

- Consider how indirect taxes align to your corporate strategy
- Formulate and establish indirect tax management and reporting structures
- Assign high-level responsibility for indirect taxes (e.g., by appointing a VAT director)
- Clearly allocate responsibilities between tax, finance, IT, logistics and the business units
- Map all business flows and analyze their indirect tax impact
- Analyze the impact on VAT/GST, excise and customs costs, and reporting before entering new markets
- Use advanced technology (ERP systems, automated diagnostic tools)
- Streamline reporting and accounting systems used within the company
- Assure proper documentation and archiving of all relevant transactions
- Proactively identify potential issues and seek clarification
- Adopt appropriate key performance indicators to monitor compliance and performance
- Keep up to date with developments, especially in key countries

VAT/GST



VAT/GST rate changes map 20
Other VAT/GST changes map 22
VAT/GST changes 24

VAT/GST rate changes

Canada

1 July 2014: Nova Scotia will reduce the provincial component of its HST rate to 9% (from 10%).

1 July 2015: Nova Scotia will reduce the provincial component of its HST rate to 8% (from 9%).

Barbados

1 October 2013: VAT on hotel accommodation and direct tourism services reduced to 7.5% (from 8.75% and 17.5% respectively).

Curaçao

1 May 2013: higher TOT rate of 9% applies on luxury and/or unhealthy goods and services.

1 May 2013: new TOT exemptions introduced for "primary necessities of life."

Dominican Republic

1 January 2015: standard VAT rate will be decreased to 16% (from 18%).

Puerto Rico

1 July 2013: various taxable services excluded from B2B exemption and therefore subject to sales and use tax.

Turks and Caicos Islands

1 October 2013: introduction of GST on professional services was cancelled.

Honduras

1 January 2014: GST rate increased to 15% (from 12%).

Brazil

IPI rates modified for certain building materials, furniture and appliances.

Mexico

1 January 2014: VAT rate of 11% applicable in Mexico's border region was abolished, resulting in a 16% VAT rate across the country.

Paraguay

1 January 2014: agricultural products and cattle are now subject to a 5% VAT rate (previously exempt).

Peru

1 November 2013: rates for the VAT withdrawal system have been modified.

Albania

1 April 2014: VAT exemption will apply to medical services and supply of medicines.

Belgium

1 January 2014: many services performed by lawyers are taxed at 21% (previously exempt).

Croatia

1 January 2014: reduced VAT rate increased to 13% (from 10%).

1 January 2014: new reduced rate of 13% applies to most newspapers and magazines.

Burundi

A new intermediary rate of 10% for basic foodstuffs was included in the budget.

Ghana

1 January 2014: VAT rate increased to 15% (from 12.5%).

Kenya

2 September 2013: reduced VAT rate of 12% was abolished.

Jordan

10 July 2013: the special tax rate on mobile phones was increased to 16% (from 8%).

10 July 2013: the special tax rate on mobile phone subscriptions was increased to 24% (from 12%).

Tanzania

1 July 2013: VAT exemption for tourist services was abolished.

Tunisia

1 January 2014: VAT exemption for services rendered by health care establishments to nonresidents was abolished.

Zambia

1 January 2014: standard rate VAT applies to pre-booked tourism tourist packages (previously 0%).

Zimbabwe

1 January 2014: certain foods products are removed from the zero rate schedule.

Cyprus

1 January 2014: standard VAT rate increased to 19% (from 18%), and reduced VAT rate increased to 9% (from 8%).

Czech Republic

1 January 2016: a uniform VAT rate of 17.5% is planned.

France

1 January 2014: standard VAT rate increased to 20% (from 19.6%), and intermediary VAT rate increased to 10% (from 7%).

France continued

1 January 2014: Reduced rate of 5.5% extended to certain supplies previously subject to the 7% VAT rate.

1 January 2014: intermediary VAT rate (10%) extended to intermediate housing.

France – Corsica

1 January 2014: standard VAT rate increased to 10% (from 8%).

Greece

13 August 2013: VAT on restaurant services reduced to 13% (from 23%).

Ireland

Reduced VAT rate of 9% on tourism and hospitality services (due to expire and revert to 13.5% on 31 December 2013) has been retained.

Italy

1 October 2013: standard VAT rate increased to 22% (from 21%).

Lithuania

1 January 2015: a reduced 9% VAT rate will apply to certain tourist accommodation services.

Luxembourg

2015 - exact date to be confirmed: standard VAT rate will increase to 17% (from 15%), reduced VAT rate will increase to 8% (from 6%), and parking rate will increase to 14% (from 12%).

Moldova

1 January 2014: reduced VAT rate of 8% reintroduced for certain products.

Montenegro

1 July 2013: standard VAT rate increased to 19% (from 17%).

Netherlands

1 January 2014: reduced rate (6%) on rebuilding, renovation and repair of owner-occupied dwellings further extended to 31 December 2014.

Poland

Temporarily increased VAT rates of 23% (standard rate) and 8% (reduced rate) will continue to apply until the end of 2016.

Portugal – Azores

1 January 2014: standard VAT rate increased to 18% (from 16%), intermediate VAT rate increased to 10% (from 9%), and reduced VAT rate increased to 5% (from 4%).

Romania

1 September 2013: reduced VAT rate (9%) applies to bread, wheat and flour.

Russia

1 October 2013: sale of goods related to certain sporting events are taxed at the zero rate (previously 18%).

Serbia

1 January 2014: certain goods and services that were taxed at 0% are now taxed at standard rate (20%).

1 January 2014: reduced VAT rate increased to 10% (from 8%).

Spain

1 January 2014: standard rate VAT applies to digital newspapers and e-books.

Ukraine

1 January 2014: VAT reinstated on imports of natural gas.

19 December 2013: proposed decrease of standard VAT rate to 17% (from 20%) has been postponed until 2015.

Japan

1 April 2014: consumption tax rate will increase to 8% (from 5%).

1 October 2015: consumption tax rate will increase to 10% (from 8%).

Pakistan

4 October 2013: withholding rates for wholesalers and dealers have been reduced.

South Korea

1 January 2014: cosmetic surgery now liable to VAT.

Vietnam

19 June 2013: 5% tax rate applies to sales, rent and hire purchase of social housing.

Cook Islands

1 April 2014: standard VAT rate will increase to 15% (from 12.5%).

Other VAT/GST changes

Canada
1 January 2014: new administrative monetary penalties and criminal offences came into effect.

Slovak Republic
1 January 2014: new VAT filing obligation (detailed VAT ledger) introduced.

Spain
1 January 2014: Cash accounting scheme introduced.

United Kingdom
1 January 2014: Intrastat reporting thresholds - arrivals increased to GB£1.2 million (from GB£600,000).

Bahamas
1 July 2014: VAT system to be introduced.

Curaçao
1 January 2014: certain retailers and entrepreneurs are required to use a certified cash register system.

Dominica
The formal launch of e-filing and e-payment of taxes was announced in the budget.

Puerto Rico
1 July 2014: importer must pay use tax before taking possession of any goods.

Trinidad and Tobago
The 2014 budget announced that all VAT refunds will be settled within six months.

Colombia
14 October 2013: VAT regulations for exported services were issued.

Costa Rica
20 March 2013: major changes came into effect regarding the deduction of input tax.

Honduras
A new invoicing system enters into force in the first three months of 2014.

Argentina
18 December 2013: scope of activities subject to mandatory electronic invoicing extended.

Bolivia
20 December 2013: rules published regarding the application of VAT on e-commerce.

Chile
17 July 2013: changes to electronic invoicing rules introduced.

Mexico
January 2014: taxpayers must issue electronic invoices.

Suriname
VAT was to be introduced as of 1 January 2014 but it has been put on hold.

Venezuela
1 July 2013: changes to VAT withholding regime.

Egypt
The introduction of VAT (to replace the existing GST regime) is being considered - proposed date not yet available.

Lebanon
1 January 2014: e-filing mandatory for all VAT-registered taxpayers.

Austria

31 December 2013: reverse charge applies (anti-avoidance measure) for certain transactions.

1 March 2014: Threshold for less detailed invoices changes to €400 (from €150).

Bosnia and Herzegovina

16 December 2013: decrease in interest rates for late payment of indirect taxes.

Bulgaria

1 January 2014: optional cash accounting scheme introduced.

Croatia

1 January 2014: list of goods that can be placed in tax warehouses without payment of VAT was extended.

1 January 2014: threshold for Intrastat reporting decreased to HRK1.7 million to HRK1.2 million.

Czech Republic

1 January 2014: introduction of mandatory electronic filing for VAT returns and VAT reports.

Denmark

1 January 2014: frequency and deadline for submission of VAT returns changed.

1 July 2014: reverse charge will apply to supplies of certain electronic goods.

European Union

1 January 2015: final phase of VAT package to be introduced.

The VAT place of supply for B2C supplies of e-services, broadcasting and telecommunication will be the customer's country in all cases.

Finland

1 January 2014: the threshold for Intrastat arrivals increased to €500,000 (from €275,000).

France

1 January 2014: reverse charge mechanism is implemented in the construction sector for sub-contracting contracts.

Hungary

Several amendments to the VAT law were adopted following agreement of the 2014 tax package.

1 July 2014: new tax point rules for continuous supplies.

Ireland

1 May 2014: turnover threshold for cash accounting will increase to €2m (from €1.25m).

Italy

1 July 2014: new rules on the taxation of digital economy services apply.

Jersey (Channel Islands)

The 2014 draft budget includes increased flexibility in the deregistration process.

Latvia

1 January 2014: the euro (€) replaced Latvian lats (LVL).

Macedonia

1 July 2013: quarterly VAT returns must be submitted through the e-tax system.

Malta

The budget for 2014 proposed that no penalty for late filing of VAT returns is imposed if the returns are filed on time without payment.

Moldova

1 January 2014: exemption from VAT reintroduced for long-term tangible assets.

Netherlands

1 January 2014: taxation of certain self-supplies abolished.

Norway

1 January 2014: reverse charge applies to the sale of industrial and investment gold.

Poland

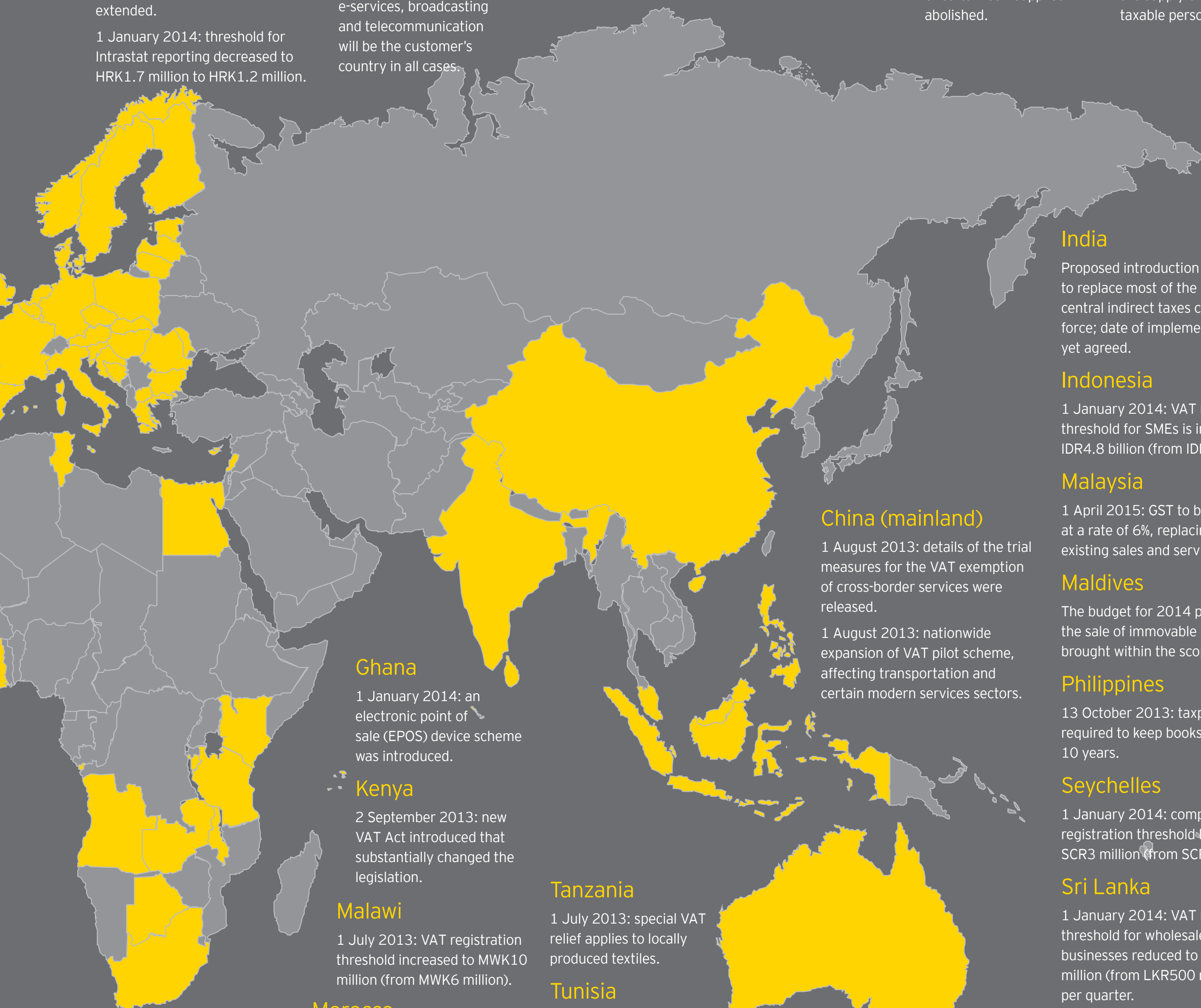
1 January 2014: significant amendments to the VAT law introduced affecting fundamental elements of the VAT system.

Portugal

1 October 2013: cash accounting scheme introduced.

Romania

1 September 2013: reverse charge applies to the supply of energy to taxable persons.



India

Proposed introduction of a new GST to replace most of the state and central indirect taxes currently in force; date of implementation not yet agreed.

Indonesia

1 January 2014: VAT registration threshold for SMEs is increased to IDR4.8 billion (from IDR600 million).

Malaysia

1 April 2015: GST to be introduced at a rate of 6%, replacing the existing sales and service taxes.

Maldives

The budget for 2014 proposed that the sale of immovable property be brought within the scope of GST.

Philippines

13 October 2013: taxpayers required to keep books of record for 10 years.

Seychelles

1 January 2014: compulsory VAT registration threshold lowered to SCR3 million (from SCR5 million).

Sri Lanka

1 January 2014: VAT registration threshold for wholesale and retail businesses reduced to LKR250 million (from LKR500 million) per quarter.

China (mainland)

1 August 2013: details of the trial measures for the VAT exemption of cross-border services were released.

1 August 2013: nationwide expansion of VAT pilot scheme, affecting transportation and certain modern services sectors.

Ghana

1 January 2014: an electronic point of sale (EPOS) device scheme was introduced.

Kenya

2 September 2013: new VAT Act introduced that substantially changed the legislation.

Malawi

1 July 2013: VAT registration threshold increased to MWK10 million (from MWK6 million).

Tanzania

1 July 2013: special VAT relief applies to locally produced textiles.

Tunisia

1 January 2014: VAT due on margin for production of own electricity using renewable means.

Zambia

1 January 2014: VAT base extended - standard rate applied to certain goods previously taxed at the zero rate.

Angola

30 November 2013: new rules apply to invoices and equivalent documents.

Botswana

VAT registration threshold to be increased in 2014-2015 fiscal year.

Burundi

The budget included an option for certain taxpayers to be subject to VAT.

Morocco

1 January 2014: reverse charge mechanism introduced for non-established suppliers.

Sierra Leone

GST registration threshold increased to SLL350 million (from SLL200 million).

South Africa

1 April 2014: mandatory VAT registration for nonresident who supply e-services to recipients in South Africa.

Australia

2014: potential changes aimed at reducing the number of "nonresidents" drawn into the GST system.

New Zealand

1 April 2014: new "enhanced GST registration" will be available for nonresident companies.

VAT/GST changes

Albania

Effective 1 January 2014, VAT exemption for local and cross-border supplies of services and importation of goods for upstream oil and gas operators is limited to the exploration phase of hydrocarbon operations. Previously, this exemption also applied during the development phase of such operations.

Effective 1 January 2014, the timeframe for verifying and authorizing VAT refund claims is extended from 30 days to 60 days with the exception of refunds to certain foreign donors (where the 30-day deadline remains). Moreover, when tax authorities approve refunds of VAT payments, the Treasury department will process them on a "first-come, first-paid" basis.

Effective 1 April 2014, the local supply and importation of medicines and health care services will be exempt from VAT.

Angola

Effective 8 October 2013, a decree regulating the payment of consumption tax on services rendered to oil and gas companies (OGCs) came into force. The main provisions of the decree are:

- Entities providing services to OGCs must liquidate the consumption tax when issuing an invoice or equivalent document.
- OGCs must pay solely the cost of services to the entities providing the service and withhold the amount of consumption tax due.
- OGCs bear the obligation to pay the tax, the payment procedure, and the legal implications of noncompliance settlement and failure.

Under the decree, in the case of failure to apply these provisions, consumption tax becomes irrecoverable at the level of the OGCs for petroleum income tax purposes, and the tax authority must deliver a certificate of collection to the OGC once it has paid the tax. These rules do not apply to the provision of services for water, electricity, telecommunication, hotels and tourism.

Effective 30 November 2013, new rules apply to invoices and equivalent documents (such as receipts, debit notes and customs clearance documents) issued by taxpayers that carry out commercial or industrial activities. Under the new rules, taxpayers are generally required to issue an invoice or any equivalent document by the fifth day after the delivery of goods or the provision of services.

Invoices and equivalent documents must be written in Portuguese and must contain:

- The supplier's name, address and tax identification number
- The customer's name, address and tax identification number
- The invoice sequential number
- The final price in the local currency and the applicable tax rate (except for imports and exports)
- The amount of tax due
- The date of issue of the document
- The date and details of delivery

Argentina

Effective 18 December 2013, the scope of activities subject to mandatory electronic invoicing was extended and now includes:

- Research and development activities
- Professional, consultancy and technical services
- Construction, maintenance and improvement of buildings
- Real estate agency and brokerage (including the letting and exploitation of buildings used for conferences, parties and similar events)
- Supply of natural gas, electricity, water and sewerage services by utility companies
- Rental of transport equipment (including automobiles) and all types of machinery (such as heavy equipment and computers)
- Rental of clothes, furniture and all types of household items

In addition, large taxpayers are subject to mandatory electronic invoicing. Taxpayers affected by these changes must file an application to issue electronic invoices from 20 December 2013 and start with the new invoicing system from the first day of April, May, July or August 2014, depending on the type of activity.

Australia

Following a recent change in Government in Australia, a number of potential changes may be implemented in 2014, including:

- Changes related to cross-border transactions and to the "connected with Australia" rules, aimed at reducing the number of nonresidents who are unnecessarily drawn into Australia's GST system.
- Implementation of a reverse charge rule whereby the current GST-free concessions for the supply of a business as a going concern and supplies of farmland used for farming will be replaced with a reverse charge mechanism. GST will be payable, but the liability for accounting for the tax will rest with the purchaser.

Austria

Effective 31 December 2013, a reverse charge applies (as an anti-avoidance measure) for:

- Supplies of video game consoles, laptops and tablet computers, where the amount of consideration shown on the invoice is at least €5,000
- Supplies of gas and electrical power to entrepreneurs whose primary business regarding the procurement of these items relates to the resale thereof and whose own use of these items is of secondary importance
- Transfer of gas and electricity certificates
  - Certain supplies of metal (from chapter 71 and from section XV of the Combined Nomenclature, unless they are subject to the scrap-VAT regulation (*Schrott-Umsatzsteuerverordnung*) or the margin scheme according to Austrian law)
  - Taxable supplies of investment gold

Effective 1 March 2014, the threshold that applies for less detailed invoices will increase from €150 to €400.

Bahamas

A VAT system is expected to be introduced to the Bahamas on 1 July 2014.

Barbados

Effective 1 October 2013, VAT on hotel accommodation and direct tourism services was reduced to 7.5% (from 8.75% and 17.5%, respectively).

Belgium

Effective 1 January 2014, many of the services performed by lawyers, which were previously exempt, became subject to VAT at the standard rate of 21%.

Bolivia

Effective 20 December 2013, the Bolivian tax authorities published rules for the application of VAT on e-commerce. These rules include the following requirements:

- Sale price of goods, stated on a website, must include the VAT amount.
- The seller must deliver to the buyer the invoice or an equivalent document issued electronically.
- The seller must indicate its tax identification number on its website.

Bosnia and Herzegovina

Effective 16 December 2013, a number of changes were made to the law on indirect tax procedures, including:

- The interest rate for late payment of indirect taxes has been decreased to 0.06% per day (previously 0.04%), and the additional charge for enforcement collection has been decreased to 5% of the indirect tax due (previously 10%).
- Information on taxpayers of indirect taxes that is shared between the Indirect Tax Authority of Bosnia and Herzegovina (ITA) and relevant institutions should be provided by electronic means, wherever possible.
- The ITA is authorized to publish a list of indirect tax debtors that must comply with the rules on tax secrecy and data protection.

Botswana

The Botswana budget was presented on 3 February 2014 and announced VAT amendments to be introduced in the 2014–2015 financial year, including:

- The VAT Act will be amended to exempt all farming equipment and all basic food stuffs (including vegetables, rice and milk) that are currently zero rated, meaning that VAT incurred on expenses related to these supplies will no longer be recoverable, creating VAT compliance issues for affected businesses
- The VAT registration threshold will be increased from BWP500,000 to BWP1 million.

Brazil

The Brazilian Government has modified the rate of *Imposto Sobre Produtos Industrializados* (IPI) for some building materials, furniture and appliances, as follows:

Effective 1 July 2013, the following IPI rates apply to:

- Wallpaper and similar wall coverings: 15%
- Rigid laminates for use in upholstery: 5%

Effective 1 October 2013, the following IPI rates apply to:

- Refrigerators, freezers, washing machines and dryer machines for domestic use: 10%
- Kitchen stoves: 4%

Effective 1 January 2014 to 1 June 2014, the following IPI rates apply to:

- Laminated polyvinyl chloride (PVC) and polyethylene terephthalate (PET), and plates, sheets, foil or strips made of melamine-formaldehyde resin: 4%
- Oriented strand board and wafer board made of wood or other ligneous materials, and wood fiber panels or other ligneous materials: 4%
- Seats that are convertible into beds and parts thereof: 4%
- Chandeliers and other electric lighting devices: 12%

Bulgaria

Effective 1 January 2014, the threshold for submitting Intrastat statistical reports has changed as follows:

- The current arrivals (imports from other EU Member States) threshold has increased to BGN360,000 per annum (from BGN240,000).
- The current dispatches (exports to other EU Member States) threshold has decreased to BGN210,000 (from BGN240,000).

Effective 1 January 2014, a number of VAT changes came into effect, including the following:

- An optional cash accounting scheme for VAT has been introduced. Following a special registration, the scheme may be applied by taxable persons whose taxable turnover for the last 12 consecutive months is not more than €500,000. A supplier that applies the scheme must charge VAT after the payment is received. The right to deduct input VAT by taxable persons using the scheme or for purchases from suppliers applying the scheme would arise after payment is made.
- For financial leasing contracts concluded after 1 January 2014, VAT on the total price of goods becomes chargeable upon handing over the goods if the total amount of the lease installments, less the interest payments, equals the fair value of the leased goods.
- The use of company standards justifying certain shortages of goods will now relieve the taxable persons from input VAT adjustment.
- VAT is chargeable on supplies without consideration when provided for personal use or for purposes other than those of the business.
- A local reverse charge for domestic supplies of cereals and industrial crops is temporarily introduced. It applies until the end of 2018.
- The time limit for the right to deduct input VAT on assets already existing at the time of VAT registration has been extended to 12 months (from 3 months) following the registration.

Bulgaria (continued)

- The place of supply of services related to collection of transit fees for the Bulgarian-Romanian bridge Vidin-Kalafat over the Danube river is in Bulgaria when the direction of the transport is from Bulgaria to Romania, and vice versa.
- Changes in the rules for determining the taxable base are introduced for barter deals. Under the new rules, VAT is charged on the amount that the recipient of the supply anticipates, and this corresponds to the sum that the taxable person is willing to spend at the date of the taxable event.

Burundi

The country's budget contained a number of changes to the VAT law, including:

- A new intermediary rate of 10% for agricultural and livestock inputs, as well as on foodstuffs
- A 0% rate on international transport
- Exemption of the domestic transport of people
- An option for being subject to VAT for certain taxpayers

Canada

Nova Scotia has announced that it will lower the provincial component of its harmonized sales tax (HST) rate from 10% to 9% effective 1 July 2014 and to 8% effective 1 July 2015. This will result in combined GST/HST rates of 14% and 13%, respectively.

Effective 1 January 2014, new administrative monetary penalties and criminal offenses came into effect. These apply to electronic suppression of sales software or if businesses use devices to modify or delete transaction records with a view to hiding sales and evading GST/HST and income taxes.

On 9 January 2014, the Department of Finance released draft legislative proposals concerning the reporting of international electronic funds transfers (EFTs) sent or received on behalf of a client by banks and other financial intermediaries. The draft measures were first proposed in the 2013-14 federal budget and, beginning in 2015, would require these financial intermediaries to report to the Minister of National Revenue international EFTs of CAD10,000 or more. The proposals apply for primarily for income tax purposes, but any information obtained by the Minister of National Revenue may be used for the purposes of the GST/HST legislation.

Chile

On 4 April 2013, the Government sent a bill to Congress introducing amendments to the electronic invoicing rules. This bill is expected to become law shortly and includes the following provisions:

- Electronic invoicing will be mandatory. A two-year transition period will apply for the introduction of this rule.
- VAT fiscal credit will be determined in the period in which the buyer or service recipient grants the "acknowledgment receipt" for the respective invoice. This rule aims to prevent the unjustified deferral by buyers of goods and service in granting the acknowledgment receipt.

China

Effective 1 August 2013, mainland China's State Administration of Taxation (SAT) released Circular 52, which details the trial measures for the VAT exemption of the cross-border services. It sets out administrative procedures for companies providing VAT-exempt cross-border services to be registered with their tax bureaus and will therefore affect companies with setups in China. This circular not only applies to taxpayers that have not yet obtained the VAT exemption, but also to companies that have successfully obtained temporary VAT exemption from their in-charge tax bureaus before the issuance of this circular.

Effective 1 August 2013, the tax authorities issued a notice regarding a surcharge for cultural construction following the transition of advertising services from business tax to VAT on 29 August 2013. Entities or individuals providing advertising services within China are subject to the surcharge (3%) for cultural construction. Entities or individuals that reside outside China and do not have any establishment in China but that provide advertising services there are required to withhold the surcharge through an agent. In the absence of an agent appointed by the supplier, the recipient of the advertising services has to act as the withholding agent. An individual who has not reached the VAT threshold or a small-scale taxpayer whose average monthly revenue does not exceed CNY20,000 (quarterly CNY60,000) is exempt from this surcharge.

Effective 30 August 2013, VAT on the import of airplanes with an empty weight of 25 metric tons or more was increased from 4% to 5%.

Effective 1 January 2014, the SAT Notice concerning the indirect tax policy on the export of retail products through e-commerce applies. In summary, e-commerce export enterprises are entitled to a refund of VAT and consumption tax on export (except for goods that are expressly excluded from tax refund) provided that certain conditions are satisfied. In cases where an e-commerce export enterprise does not meet the conditions and is therefore not entitled to a tax refund, a tax exemption may apply.

Colombia

On 14 October 2013, the Colombian Government issued VAT regulations for exported services. These regulations include:

- The definition of an exported service, which is a service provided in Colombia that is to be used or consumed exclusively abroad by companies that have no business or activities in Colombia
- Confirmation that a registration with the Colombian tax authorities, *Dirección de Impuestos y Aduanas Nacionales* (DIAN), is not a condition of the exemption
- New documentary requirements, including a requirement for suppliers to add a certificate on the invoice stating "that the service was provided to be used or consumed exclusively abroad and that the recipient of the service has been notified of such fact"

Cook Islands

Effective 1 April 2014, the standard VAT rate will increase from 12.5% to 15%.

However, a credit adjustment will be available for suppliers of tourist accommodation for reservations or forward sales made between 1 April 2014 and 30 September 2014 and were booked before 30 November 2013.

Effective 1 January 2014, the exemption from VAT for postal packages was extended to gifts received with a value of up to NZD100 (previously NZD65).

Costa Rica

Effective 20 March 2013, Costa Rica's Congress approved a major change regarding the deduction of input tax. Taxpayers may now deduct VAT paid on the purchase of raw materials and other goods and merchandise used in the production, sales and distribution of final products sold to customers. Previously, to get an input tax credit, taxpayers were restricted by the requirement to have the supplies and merchandise purchased physically incorporated into the final product, or service, subject to sales tax.

Croatia

Effective 1 January 2014, the reduced VAT rate increased from 10% to 13%. The reduced rate currently applies to supplies such as accommodation in hotels (and similar places), camps and vessels, the preparation of food and serving of drinks, edible oils and fats, baby food, sugar, the water supply (excluding bottled water), and concert tickets.

Effective 1 January 2014, the new reduced VAT rate of 13% applies to all newspapers and magazines issued periodically, except those that are either wholly or mainly advertising. This provision applies to cultural and art magazines.

Effective 1 January 2014, the list of goods that can be placed in tax warehouses without payment of VAT was extended. VAT exemptions now also apply to the supply of goods subject to excise duty and special tax, e.g., coffee and nonalcoholic drinks, if they are supplied or imported into the tax warehouse.

Effective 1 January 2014, the threshold for Intrastat reporting decreased from HRK1.7 million (approximately €220,000) to HRK1.2 million (approximately €157,000).

Curaçao

Effective 1 May 2013, a higher turnover tax (TOT) rate of 9% applies on luxury and/or unhealthy goods and services, including the sale or rental of motor vehicles; alcoholic beverages; tobacco products; mobile phones; entrance fees to permanent recreational facilities; and provision of food, drinks and alcoholic beverages for consumption in hotels, bars, restaurants and related venues.

Effective 1 May 2013, new TOT exemptions were introduced for the supply of goods related to the so-called "primary necessities of life," such as bread, grains, fresh vegetables and fresh fruits.

As of 1 January 2014, retailers and entrepreneurs that provide personal services, entrepreneurs in the catering industry, and lottery vendors are required to use a cash register system that has been certified by the Tax Audit Department. However, this obligation has been postponed till 1 August 2014 for retailers and entrepreneurs who do not have a cash register at their disposal on 1 January 2014.

Cyprus

Effective 13 January 2014, the standard rate VAT increased to 19%, and the 8% reduced rate increased to 9%.

Czech Republic

A uniform VAT rate of 17.5% has been approved and is planned to apply from 1 January 2016.

New measures to tackle tax fraud have been introduced in the Czech Republic, and the range of situations where the customer could become guarantor and be liable for VAT that was unpaid by the supplier was broadened significantly. Effective 1 January 2014, the rules governing the recipient's guarantee for a taxable supply when making payment into a bank account that has not been published by the tax administrator have been relaxed, and the guarantee now applies only for payments exceeding CZK700,000.

Effective 1 January 2014, it is mandatory for VAT taxpayers to submit VAT returns and other VAT-related reports electronically. However, electronic submission is not mandatory for individuals with an annual turnover of less than CZK6m.

Effective 1 January 2014, a new Civil Code came into effect in the Czech Republic. As a result, the VAT Act is subject to extensive amendments, particularly to the terminology and application of VAT on real estate. Changes include:

- The delivery of developed land is subject to VAT (during the first five years after an occupancy permit is issued of utilization of the building that stands on the land).
- The sale of new apartments, along with the related share of land, is subject to VAT (applies also to apartments built before 2014).
- Land on which no building stands but that is connected to the utilities network is considered developed land.

Denmark

Effective 1 January 2014, the frequency and deadline for the submission of VAT returns have been changed as follows:

- Businesses with an annual turnover between DKK15 million and DKK50 million will be able to file their VAT returns on a monthly basis rather than on a quarterly basis.
- For businesses filing VAT returns on a quarterly basis, the deadline will be extended from 1 month and 10 days to 2 months and 1 day.
- Businesses with an annual turnover of DKK1 million–DKK5 million are able to file VAT returns on a half-yearly basis rather than quarterly (businesses with a turnover of less than DKK1 million already file half-yearly).

Effective 1 January 2014, the VAT deduction rate on business-related hotel accommodation is increased from 50% to 75%.

Effective 1 July 2014, Denmark will apply a local reverse charge to supplies of certain electronic goods (mobile telephones, laptops, tablets, gaming consoles and integrated circuit devices). The reverse charge will not apply to sales made by businesses in the retail sector.

Dominica

The 2013–14 budget of 24 July 2013 announced the formal launch of e-filing and e-payment of taxes in Dominica.

The Dominican Republic

Effective 1 January 2015, the standard VAT rate will be decreased from 18% to 16%.

Egypt

Recent reports indicate that Egypt is considering the introduction of VAT to replace its existing GST regime. It is expected that Egypt will opt for a single rate of VAT of 10%–12%, which will be imposed on all goods and services, with a few limited exceptions. At the time of writing, this change or an expected effective date for it had not been confirmed.

European Union (EU)

On 1 January 2015, the VAT rules regarding the place of supply of services will be changed for businesses providing telecommunications, broadcasting or electronic services to private consumers in the EU (B2C supplies). VAT will become due where the customer is established or resident. Currently, businesses established in the EU that provide these services charge VAT on the basis of the supplier's location. As a result of the change, it is necessary to broaden the scope of the EU one-stop-shop registration scheme. The existing one-stop-shop scheme applies only to non-EU businesses supplying electronic services to EU consumers. The current scheme will be extended to cover telecommunications and broadcasting services. At the same time, it will also be extended to cover the same types of services supplied by businesses in the EU. Businesses that provide electronic services to private consumers in the EU should start to anticipate the likely impact of these changes on their operations, reporting systems and pricing models.

On 23 October 2013, the European Commission put forward a legislative proposal for a standard VAT return. The aim of the standard VAT return is to reduce administrative burdens for businesses, ease tax compliance and make tax compliance across the EU more efficient. The proposal envisages a simplified and uniform set of information that businesses will have to provide to tax authorities when filing their VAT returns, regardless of the Member State of submission. The standard VAT return, which will replace national VAT returns, will ensure that businesses are asked for the same basic information, within the same deadlines, across the EU. The Commission's proposal will have to be adopted by Member States, after consultation with the European Parliament. On this basis, the Commission envisages that the proposed directive will enter into force on 1 January 2017.

Finland

Effective 1 January 2014, the following VAT changes apply:

- Cost sharing has been introduced to the Finnish VAT Act, which means that:
  - The supply of services by an independent group to its members is not subject to VAT if the service is directly necessary for the members' VAT exempt or outside the scope activities, and the compensation is determined as a share of the costs incurred for the service delivered to a member, provided that this mentioned activity does not cause any distortion of competition.
  - The members can be either from Finland or a different country.
  - The legal form of a member or a group of people is not restricted in the VAT Act.
- "Exemption for certain supplies with a view to spiritual welfare" has been introduced.
- Private universities of applied sciences are treated similar to other universities in terms of the letting of immovable property. Thus, according to the amended Article 30 of the Finnish VAT Act, tax is payable for the letting of immovable property, if the lessor opts for VAT registration for the letting of immovable property.

The threshold for Intrastat Arrivals for 2014 is increased from €275,000 to €500,000.

France

Effective 1 January 2014, the following VAT rate changes apply:

- The standard VAT rate increased from 19.6% to 20%.
- The intermediary VAT rate increased from 7% to 10%.
- The reduced rate of 5.5% is extended from 1 January 2014 to the following supplies previously subject to the 7% VAT rate:
  - Cinema tickets
  - Improvement works on the energetic quality of residential housing in which building completion exceeds two years
  - Social housing construction and renovation
  - Certain intra-Community acquisitions and imports of works of art and collectibles and antiques on these goods
  - The provision of accommodation and food in sheltered housing
- The intermediary VAT rate (10%) is extended to operations of intermediate housing.
- Effective 1 January 2014, the VAT rate of 8% applicable in Corsica is replaced by a rate of 10%.

As a result of the VAT rate changes, complex transitional measures have been implemented: in principle, the changes in intermediate and normal VAT rates apply to the operations where the taxable event occurs as of 1 January 2014, except for accruals for which VAT was due before that date (application of the VAT rate in force at the time of the payment of the accrual). Where the VAT rate is decreased, with the exception of operations relating to works of art, the amended rate comes into force, provided that the chargeable event occurs as of 1 January 2014. Multiple specific transitional measures apply, depending on the nature of the supply.

A new reverse charge mechanism is implemented for the payment of VAT in the construction sector for the subcontracting contracts concluded as of 1 January 2014. This new provision concerns the works carried out by a subcontracting company VAT-established in France on behalf of a constructor liable to French VAT (VAT-established in France or not).

Ghana

Effective 12 July 2013, VAT was reintroduced on telephone sets, including mobiles and cellular and satellite phones (which were previously exempt from VAT).

Effective 1 January 2014, the VAT rate has increased from 12.5% to 15%.

Effective 1 January 2014, the following VAT changes apply:

- A special electronic-point-of-sale device scheme (EPOS) was introduced to reduce VAT leakages.
- Import VAT on raw materials imported for local printing of textbooks and exercise books was abolished.

Honduras

Effective 1 January 2014, the GST rate was increased from 12% to 15%.

Effective 1 January 2014, the following changes also apply:

- The list of tax-exempt services and tax-exempt goods from the basic food basket has been modified.
- Professional fees paid to entities are subject to VAT at the 15% rate. Professional fees paid to individuals remain exempt from VAT.

As an anti-fraud measure, a new invoicing system enters into force in the first three months of 2014. This system will control and regulate the printing of documents, such as invoices and receipts.

Hungary

Following agreement of the 2014 tax package by the Hungarian Parliament, several amendments to the VAT law were adopted, including:

- A change to the rules on the reduction of the tax base. To comply with recent decisions from the Court of Justice of European Union (CJEU), the tax base can be reduced, including:
  - If a contract is terminated or amended and the advance payment or the consideration is repaid either in full or in part. The supplier can reduce the tax base in the VAT reporting period when the buyer receives the corresponding invoice correction document (e.g., a credit note).
  - If a taxpayer (e.g., a manufacturer) refunds cash to a taxable person or nontaxable person (e.g., final customers) who purchased goods or services from another person (e.g., a retailer), providing the basis for the refund, then the taxpayer offering the refund can reduce the tax base by the amount of the refund in the VAT period it occurred. To be entitled to reduce the VAT base, the supply made to the beneficiary of the cash refund (e.g., the sale of the retailer to the final customer) should be a domestic taxable transaction. The refund value cannot exceed the gross amount of the underlying transaction (e.g., the consideration that the retailer received from the final customer). In addition, appropriate documentation (such as an original invoice) for the domestic transaction made by the supplier and the cash transfer must be available.
- An extension to the deadline for VAT exemption for exports. In Hungary, VAT exemption for export transactions does not apply if the goods do not leave the EU within 90 days. If this 90-day deadline is not met, VAT must be invoiced and reported. Following a recent CJEU decision, VAT exemption for export sales can also be applied in Hungary after the 90-day deadline up to a deadline of 360 days, provided that the invoice issued for the VAT after the 90-day deadline is corrected.

Hungary (continued)

- The extension of the reverse charge mechanism to building, construction and demolition works for certain real estate.
- Receipts issued for supplies (e.g., a theater ticket) no longer require the date of issue. It is sufficient to state only the time or duration on the receipt when the service was used.
- Simplified invoices issued for reverse charge supplies must include the date on which the supply was made and should have the narrative that the reverse charge mechanism applies.

Effective 1 July 2014, new rules will apply regarding the tax point for continuous supplies. From that date onward, the tax point for most continuous supplies will be the last day of the period covered by the invoice (as opposed to the current tax point of the payment due date). An exception to the new rules applies for the supply of utility services invoiced by the utility service provider and telecom services where the payment due date remains the tax point.

The reverse charge mechanism is extended to certain agricultural products until 31 December 2018.

India

The Central Government of India has proposed the introduction of a new GST to replace most of the state and central indirect taxes currently in force. The new tax is planned to be a "dual" GST, consisting of central GST (CGST) and state GST (SGST), and it will have a far-reaching impact on all sectors of the economy. Originally, the tax was to be introduced on 1 April 2010, but it has been deferred because of a disagreement between the Central Government and the states.

While the proposed GST regime has been in discussion over the last few years and efforts have been made to overcome some of the difficulties, the Indian Government has not yet announced a definitive timeline for implementation.

Indonesia

Effective 1 April 2013, the Directorate General of Taxes (DGT) will determine VAT invoice numbers. Indonesian taxable persons are required to request VAT invoice numbers from the DGT before issuing VAT invoices. They are also required to submit a notification to the DGT containing the specimen signature of a person authorized to sign VAT invoices.

Effective 1 January 2014, the VAT registration threshold for small and medium enterprises is increased from IDR600 million to IDR4.8 billion.

Ireland

The reduced VAT rate of 9% that generally applies to tourism and hospitality services and that was due to expire on 31 December 2013 has been retained.

Effective 1 January 2014, homeowners are effectively provided relief from VAT incurred on refurbishment work carried out at their own private residences through income tax credits. The income tax credits are spread over the two years following the year when the expenditure was incurred. The refund applies to completed projects with a value in excess of €5,000 up to a maximum of €30,000.

Effective 1 January 2014, the farmers' flat-rate addition, a scheme that compensates unregistered farmers for VAT incurred on their farming expenses, was increased by 0.2% to 5%.

Effective 1 May 2014, the Irish VAT rate applicable to the supply of live horses (except for those intended for use as foodstuff or for use in agricultural production), the supply of greyhounds and the hire of horses will increase from 4.8% to 9%.

Effective 1 May 2014, the turnover threshold for cash accounting will increase from €1.25 million to €2 million.

It is expected that the Irish Annual Return of Trading Details (RTD) filing obligation will be the focus of tax authority attention in 2014, with issued guidance outlining plans to create automated filing compliance measures, including withholding VAT repayments where the most recent RTD has not be filed. Changes to the format of the return, including requirements to provide additional details, are expected to be implemented.

Italy

Effective 1 October 2013, the standard VAT rate increased from 21% to 22%. Reduced rates at 10% and 4% remain unchanged.

Effective August 2013, taxable persons are able to file the annual report "Communication of Purchases and Sales of Goods and Services" (the so-called "*Spesometro*"), the periodic reports of transactions with black-list countries and of purchases from San Marino by using a new "all-in-one" form.

Effective 1 January 2014, the annual amount of VAT credit that could be used for netting off other tax liabilities is increased to €700,000.

A new threshold of €700,000 also applies for "fast track" VAT refunds. Up to this amount, the Italian "tax collector" directly reimburses the refund, while the refunds of annual VAT credits exceeding this threshold follow the standard procedure managed by the local tax office. The new threshold applies to annual VAT refund claims that are filed with the annual VAT return for FY 2013 from 1 February 2014.

Effective 1 July 2014, new rules on the taxation of digital economy services apply. Online purchase of advertising services and sponsored links, as well as online advertising spaces and sponsored links appearing on the results page of search engines (search advertising services) viewable in the Italian territory, must be done exclusively through entities holding an Italian VAT registration. Moreover, for such purchases, the new legislation states that it is mandatory to use bank or postal accounts or any other means of payment allowing full traceability of transactions, including the VAT identification number of the supplier.

Effective 1 January 2015, taxable persons will be able to file the following data electronically on a daily basis to the Italian tax authorities:

- Details of input and output invoices and related adjustments
- The turnover relating to supplies not subject to invoicing obligations

Italy (continued)

Opting for the electronic transmission will grant some simplification measures (e.g., exemption from filing the annual "Communication of Purchases and Sales of Goods and Services," the black-list reports and the communications of declarations of intent received).These provisions will come into effect when the implementing decrees enter into force.

Intrastat declarations for reverse charge services received by Italian taxable persons from suppliers established in other EU Member States will be abolished from the entry into force of the implementing decrees (the date is not yet known).

Japan

Effective 1 April 2014, the consumption tax (CT) rate will increase from the current 5% (made up of 4% national tax and 1% local tax) to 8% (made up of 6.3% national tax and 1.7% local tax). A further increase to 10% (made up of 7.8% national tax and 2.2% local tax) is planned from 1 October 2015.

The revised CT law includes a flexible clause that states that the rate increase may be suspended if it is not appropriate, given Japan's overall economic condition. While the clause was not invoked to suspend the first phase of the CT rate increase, another decision will be made prior to the second phase of the increase to 10% as of 1 October 2015.

In certain situations, a number of transitional measures provide for continued application of the current 5% rate following the effective date of the general rate increase. The main impacted transactions include:

- Taxable sales on or after 1 April 2014 pursuant to a construction contract, concluded prior to 1 October 2013
- Lease payments made on or after 1 April 2014 pursuant to a lease agreement concluded prior to 1 October 2013, the term of which begins prior to and extends beyond 1 April 2014
- Sale of books, sold on or after 1 April 2014 pursuant to a subscription agreement concluded prior to 1 October 2013 for provision thereof at a fixed frequency to the general public, and for which payment was made before 1 April 2014
- Sale of products on or after 1 April 2014 via mail order or online platforms, for which the vendor had advertised (or completed preparations to advertise) sales terms, including the price, prior to 1 October 2013, and in which the order was received prior to 1 April 2014 and the sale is made in accordance with the advertised terms
- Transport of passengers or admission of customers to movies, theaters, horse races, bicycle races, art galleries, amusement parks or similar entertainment venues on or after 1 April 2014, for which fees were paid prior to 1 April 2014
- Charges relating to continuous provision of electricity, gas, water or telecommunications pursuant to an agreement with a term beginning prior to and extending beyond 1 April 2014, for which the right to receive payment is established between 1 April and 30 April 2014
- Sale of certain newspapers on or after 1 April 2014, for which the specific release dates were prior to 1 April 2014, and for which delivery to the general public occurs at a fixed frequency, such as weekly or monthly
- Installment payments with a due date on or after 1 April 2014 pursuant to sales that occurred prior to 1 April 2014

Japan (continued)

Under the current CT regime, a newly established company is generally exempt from CT for the first two fiscal years if the company's registered capital is less than JPY10 million. Under the CT reform, a newly established company will be subject to CT for the first two fiscal years, regardless of its registered capital to the extent that a controlling person (e.g., a company holding more than 50% of equity interests of the newly established company) or a related company has taxable sales in Japan exceeding JPY500 million. This treatment applies to companies established on or after 1 April 2014.

Jersey (Channel Islands)

The draft budget for 2014 issued on 8 October 2013 includes proposals regarding the following GST provisions:

- Introduction of a definition for an existing building that is eligible for the zero rate
- Clarification of the position regarding the treatment of white goods, carpets and other recoverable goods supplied in zero-rated dwellings
- Increased flexibility in GST deregistration process
- Alignment of GST treatment of imported goods put to private use with domestically sourced goods

Jordan

Effective 10 July 2013, special tax rates on mobile telecommunications were increased as follows:

- From 12% to 24% on mobile subscriptions
- From 8% to 16% on mobile phones, including smartphones

Kenya

Effective 2 September 2013, the Kenyan VAT Act 2013 was introduced with no advance warning. The new VAT Act substantially changed the content of the previous legislation by introducing several new provisions while removing others, including:

- The reduced VAT rate of 12% was abolished.
- Many goods that were previously zero-rated have now become taxable at the standard rate (16%), while others have become exempt. Various goods and services that were formerly exempt have also become taxable.
- The transfer of a business as a going concern by a registered person to another registered person previously required approval for exemption under the repealed VAT Act. The transfer is now explicitly zero-rated.
- Registered persons are required to account for reverse-charge VAT only on exempted supplies.
- VAT incurred on items, such as furniture, household electrical appliances and staff housing, was previously restricted from input tax deduction. Currently, under the new VAT Act, deduction of input tax on these items is allowed, provided the items are for business use.

Kenya (continued)

- Input tax on passenger vehicles is restricted unless they are acquired for the exclusive purpose of making a taxable supply of the automobile in the ordinary course of continuous and regular business.
- Input tax on accommodation, restaurants and entertainment services is deductible insofar as the expense is incurred while the recipient is away from home for business purposes.
- The period for claiming input tax was reduced from one year to six months from the date the invoice was raised.
- The VAT Act 2013 provides for the use of technology for most tax formalities and procedures, including registration, electronic returns, tax payments and notices, and guidelines on the use of the computerized tax system.
- The new VAT act clarifies the procedures for amending VAT self-assessment returns.
- It also recognizes the use of a certified copy of a tax invoice, which was previously unacceptable.
- A nonestablished person who is required to apply for VAT registration must appoint a tax representative.
- The VAT Act 2013 provides for public and private rulings. A public ruling is the Commissioner's interpretation of the application of the act, and it is binding on the Commissioner. A taxpayer can also apply to the Commissioner for a private ruling regarding the VAT treatment of a proposed transaction. While the ruling is binding on the Commissioner, it is not binding on the taxpayer it is issued to.

Latvia

Effective 1 January 2014, Latvia adopted the euro as its currency, replacing Latvia lats (LVL).

Effective 1 January 2014, the following VAT changes apply:

- Changes have been introduced into the VAT legislation to provide more accurate definitions for the terms "low-value gifts," "unused real estate" and "building land."
- The VAT cost-sharing exemption has been implemented. This provides an option to exempt support services that the cost-sharing group supplies to its members, providing certain conditions are met (in accordance with VAT Directive 2006/112/EEC Article 132(1) f and specific requirements laid out in Latvian VAT Law).
- Taxpayers are required to make adjustments for any excess shortages, i.e., if there is a loss of goods and the value of that loss is higher than the value allowed in legislation, the taxpayer is required to reduce the amount of input VAT deducted by the difference (excess of allowed loss amount).
- The deduction of VAT related to luxury cars (classified as such if there are fewer than eight passenger seats and the value of the car exceeds €50,000 net of VAT) is either:
  - 100% deductible — if it can be proved (in accordance with the law) that the luxury car is fully used in making taxable transactions of the business
  - 0% deductible — if the taxpayer is not able to prove that the luxury car is fully used in taxable transactions of business
- Security payments have been introduced for VAT debt payments for transactions involving petroleum products (€1m per 12 months). However, the legislation also prescribes definite conditions for exceptions from this requirement.
- Input VAT can be deducted for goods and services used in the provision of finance and insurance services supplied to recipients outside the EU. This principle was previously in force, but it was not clearly stated in the VAT Law.

Latvia (continued)

- Payments relating to an annual VAT declaration must be submitted by 1 May of the following year. This provision does not change the concept of payment submission; it only clearly indicates the definite date when payment has to be made.
- Foreign persons established outside the EU are no longer required to appoint a fiscal representative when registering for VAT purposes, and they can register in their own name. The option to appoint fiscal representative is also valid.
- The calculated percentage of deductible input VAT proportion (i.e., the partial exemption pro rata) is to be rounded up to a figure not exceeding the next whole number.
- The supply of goods for which the taxpayer initially did not deduct input VAT (because the purpose of the purchase was something other than providing taxable transactions) is exempt from VAT.

Lebanon

Effective 1 January 2014, all VAT-registered taxpayers in Lebanon are required to file their tax returns electronically. To access the electronic system, taxpayers were required to register for e-filing by 31 January 2014.

Lithuania

Effective 1 October 2013, the following changes related to the VAT rate apply:

- The reduced 9% VAT rate application for heating and hot-water supplies to residential premises is extended until 31 December 2014.
- The reduced 5% VAT rate for medical products and medical purposes products is extended indefinitely.

Effective 1 January 2015, a reduced 9% VAT rate will apply to accommodation services supplied according to the legislation regulating tourist activities.

Luxembourg

On 14 January 2014, the Luxembourg Minister of Finance announced that three of the four VAT rates in the country will be increased by 2 percentage point. The reduced rate will increase from 6% to 8%, the parking rate will increase from 12% to 14%, and the standard rate will increase from 15% to 17%. At the time of writing, the exact date of these changes was not confirmed, but they are expected to be implemented in 2015.

Macedonia

Effective 1 July 2013, VAT payers must submit their quarterly VAT returns through the e-tax system.

Malawi

Effective 1 July 2013, the following changes relating to VAT apply:

- The VAT registration threshold was increased from MWK6 million to MWK10 million.
- VAT on internet services was introduced.
- The import VAT applied to lifting, handling, loading or unloading machinery was removed.
- The import VAT applied to crane lorries, mobile drilling derricks and concrete-mixer lorries was removed.
- The 16.5% VAT applied to raw materials imported by manufacturing industries registered under industrial rebate was reintroduced.

Malaysia

Effective 1 April 2015, GST at the rate of 6% will be implemented to replace the existing sales and services tax. A GST registration threshold of MYR500,000 will apply.

Maldives

In its budget for 2014, the Maldivian Government has proposed the following changes to the GST Act:

- The sale of immovable property will be brought within the scope of GST.
- A distinction is to be made between domestic air transportation services supplied to tourists and non-tourists. (Domestic air transportation services were subject to tourism GST, which attracts a higher rate than the general GST rate of 6%.)
- The tourism GST rate will increase from 8% to 12% effective 1 July 2014.
- Communication services (other than postal services) are to be removed from the exempt goods and services category.

Malta

In the National Fiscal Budget for 2014, the Government proposed the following changes to the VAT Act:

- Payments made by persons who have "tax in dispute" and are under appeal will no longer be allocated to the disputed tax. Moreover, VAT refunds by the VAT Department will no longer be allowed to be set off against tax in abeyance.
- No penalty for late filing of returns is imposed if VAT returns are filed on time without payment.
- Payments submitted with a VAT return payment are treated as payment for that return and not credited against any outstanding balance.
- The prescribed rate of interest on late payment will be reduced from 0.75% per month or part thereof to a rate that the Minister shall from time to time prescribe for each month or part thereof.

Mexico

Effective 1 January 2014, the border-zone VAT rate of 11% was abolished, standardizing the application of the general VAT rate of 16% for the entire country.

Effective 1 January 2014, the following changes relating to VAT also apply:

- Certain supplies that were zero-rated or were exempt are now liable to VAT at the standard rate of 16%. These supplies include pets, pet food, gum and other processed foods.
- VAT exemption on the sales of temporarily imported goods between non-Mexican and Mexican residents (i.e., maquiladoras) is eliminated. These sales will be subject to VAT at the 16% rate, but the VAT charged may be recoverable by the Mexican resident who purchases the goods as input tax.
- Any loss of inventory is considered to be sold. VAT applies when either the taxpayer or the tax authorities become aware of the lost inventory, whichever occurs first.
- In the case of donations on which VAT is payable, the VAT will become payable when the donated good is delivered to the donor or when the donor provides a document supporting the transfer of ownership of the goods, whichever occurs first.
- Interest received or paid by cooperative savings and loan associations, as well as popular financial companies, community financial companies and rural financial integration agencies, is now exempt from VAT.
- VAT exemption for primary residences has been abolished. Taxpayers who were regulated under the primary residences regime cannot continue to pay VAT based on an estimate contained in the Article 2-C of the VAT Law.
- VAT is no longer due on public transport if the service is rendered exclusively in urban, suburban or metropolitan areas.

Effective January 2014, all taxpayers must issue electronic invoices.

Effective 1 January 2015, the following changes will apply:

- Import VAT of 16% will apply to temporary imports when the temporary import declaration is filed. Import VAT was previously not applied when goods were temporarily imported into Mexico (e.g., under an IMMEX program). The import VAT may be recovered through a credit or refund, but the recovery process may take significant time and effort.
- The VAT exemption on sales of all goods imported under the strategic in-bond warehouse customs regime has been abolished.

Moldova

Effective 1 January 2014, the following changes apply:

- A reduced VAT rate of 8% is reintroduced for certain products, including horticulture production and livestock produced and supplied in Moldova, as well as for sugar produced from sugar beet imported and supplied in Moldova.
- A VAT exemption is provided for tractors and a list of agricultural equipment.
- A exemption from VAT is reintroduced for long-term tangible assets, subject to a list of conditions and rules.

Moldova (continued)

- No VAT applies to imported raw materials and other materials used for production of goods that should be exported from Moldova within 180 days, subject to certain conditions.
- The period during which the tax authorities should refund input VAT related to long-term capital investments made by the taxpayer (if it exceeds output VAT) was reduced from 90 to 45 days.
- The value of goods imported by individuals for personal use/ consumption without paying VAT, excise taxes and customs duties increased from €200 to €300.
- The VAT due date for the financial leasing operations is the date of importation of the leased goods into Moldova (in the case of imports) or the date when the lease agreement is concluded (in the case of supplies in Moldova).

Montenegro

Effective 1 July 2013, the general VAT rate was increased from 17% to 19%.

Morocco

Effective 1 January 2014, the following changes apply:

- Electronic filing and payment became mandatory for taxpayers performing independent personal services.
- Until 31 December 2013, the Moroccan tax law provided a time delay for the deductibility of input VAT on non-fixed assets (non-capital expenses). Previously, input tax was recoverable in the month following the month in which the expense was paid. Effective 1 January 2014, this delay has been removed. Input VAT on expenses can be offset against output VAT in VAT return for the month when the expense is incurred. However, in order to limit the significant cash impact of this new provision on the State's budget, the Finance Bill 2014 provides that the input VAT incurred in December 2013 related to non-fixed assets must be staggered over the next five years. Taxable persons may deduct one-fifth of this input tax in the first month or first quarter of each year for the next five years.
- Exemptions granted to some operations have been abolished and replaced by VAT taxation at 10% and 20%.
- If a nonresident entity makes supplies in Morocco but does not appoint a local tax representative, a VAT self-charge rule applies. The Moroccan customer is allowed to report and pay VAT on behalf of its nonresident providers using its own VAT ID number.

Netherlands

The reduced rate of 6% for the rebuilding, renovation and repair of owner-occupied dwellings (including the expenses of architects and gardeners) has been further extended to 31 December 2014.

Effective 1 January 2014, the following changes apply:

- The installation of energy-saving materials in the rebuilding, renovation and repair of owner-occupied dwellings is subject to the reduced VAT rate (previously, it was liable to VAT at the standard rate of 21%).
- The threshold for the application of the exemption for the supply of services related to fund-raising activities of sports clubs has been increased from €31,765 to €50,000. The threshold for the application of the exemption for the supply of goods remains €68,067.
- The taxation of certain self-supplies has been abolished.
- The exemption for the supply of "personal alarm services" (where a subscriber can, in an emergency, call an emergency line) is restricted to the provision of these services by retirement homes to their own residents.

New Zealand

Effective 17 July 2013, agents and principals can "opt out" of the agency rules by agreeing to treat the principal's provision of goods and services to the agent and the agent's onward supply as separate supplies for GST purposes. This effectively enables two tax invoices to be issued for the same supply. The use of bad debt rules will be limited when principals and agents use this new invoicing procedure.

Effective 1 April 2014, a new "enhanced GST registration" will be available to allow nonresident companies to register for GST without making taxable supplies in New Zealand. If the nonresident business is making taxable supplies, or is part of a GST group that makes taxable supplies, it will not be able to register under the new provisions — it will instead register under the "regular" registration rules. The nonresident companies will be able to register using the "enhanced registration system" if:

- The nonresident company is registered for a consumption tax in its country of residence.
- If no consumption tax system is in place, the nonresident company carries on a taxable activity offshore with a turnover exceeding NZD60,000 and the input tax in New Zealand for the first period of registration is more than NZD500.

The proposed changes complement the existing rules and are optional for nonresidents. The proposed rules apply only to business-to-business transactions, not to business-to-consumer transactions. Some consequential amendments could adversely impact some nonresidents already doing a business in New Zealand — for instance, by disallowing the GST grouping of nonresidents registered under the new system with resident companies.

Effective 1 April 2014, a new zero-rating rule will allow GST-registered manufacturers to apply a zero rate on the supply of certain tooling costs charged to a nonresident customer.

Norway

Effective 1 January 2014, the reverse charge mechanism applies to the sale of industrial and investment gold.

It has been agreed that the VAT rate on the leasing of electric cars and on the leasing of batteries for electric cars will be reduced from 25% to 0%. At the time of writing, no effective date has been provided.

A number of proposals considered in the 2014 national budget are currently being reviewed, including:

- VAT rules to be simplified for the voluntary registration in the VAT register with regard to the letting of commercial property
- The rules on the option for VAT for the leasing of commercial property to be reviewed
- VAT neutrality to be introduced for the State

Pakistan

Effective 4 October 2013, the following changes apply in the federal and provincial sales tax levies:

- Withholding rates for wholesalers and dealers have been reduced from 20% to 10% of the amount of sales tax, and a new rate of 1% has also been introduced for people who are required to register.
- The federal sales tax withholding exemption has been extended to items that are subject to the sales tax on the basis of their retail price and the goods that are supplied by commercial importers who paid VAT at the time of import.
- The rate of extra tax has been enhanced from 0.75% to 2% on certain specified goods if supplied by manufacturers and importers. Originally, this measure applied only to home appliances.
- Certain items that were subject to sales tax on the basis of their retail price have been deleted from the Sales Tax Act, 1990, and these items are now taxable at a rate of 17% based on the of the value of taxable supplies.
- The sales tax law of the provinces of Sindh and Punjab has restricted the adjustment of extra tax, further tax and VAT that may be deductible as input tax under the federal sales tax law as input tax.

Paraguay

Effective 1 January, the following VAT changes were applied:

- The limit for VAT input concerning transactions subject to a 5% VAT rate is eliminated.
- Agricultural products and cattle are now subject to a rate of 5% (previously tax-exempt).
- Exports of raw agricultural products are granted a refund of 50% of the input VAT related to these operations.
- The tax administration may determine selectivity rules concerning VAT input refund.

Peru

Effective 1 November 2013, the rates of the VAT Withdrawal System (*Detraccion del IGV*) applicable to certain supplies of goods and services have been modified. An outline of the changes in the rates are presented in the following tables:

Sales of goods subject to the VAT withdrawal		
Item	**Rate applicable until 31 October 2013**	**Rate applicable from 1 November 2013**
Sugar	10%	9%
Ethyl or ethanol alcohol	10%	9%
Cotton	12%	9%
Sales of goods subject to the VAT withdrawal system		
Item	**Rate applicable until 31 October 2013**	**Rate applicable from 1 November 2013**
Hard yellow corn	7%	9%
Raw cotton	15%	9%
Sugarcane	10%	9%
Sand and stone	10%	12%
Sales of goods on which VAT is levied because of the waiver of the exemption	10%	9%
Paprika and other fruits of the Capsicum genus or pepper	12%	9%
Asparagus	12%	9%
Gold and other metallic minerals exempt from VAT	5%	4%
Other non-metallic minerals	6%	12%
Supply of services subject to the VAT withdrawal system		
Service	**Rate applicable until 31 October 2013**	**Rate applicable from 1 November 2013**
Maintenance and repair of goods	9%	12%
Construction contracts	5%	4%
Other services on which VAT is levied	9%	12%

Philippines

Effective 13 October 2013, taxpayers are required to keep books of account, including subsidiary books and other accounting records, for a period of 10 years from the day following the filing deadline for a return. If the returns are filed late, the books of account should be kept, from the actual date that the return was filed, for the taxable year when the last entry was made in it.

Poland

The temporarily increased VAT rates will continue to apply until the end of 2016 (instead of the end of 2013). The standard VAT rate therefore remains at 23% and the reduced rate at 8%.

Effective 1 October 2013, the following anti-fraud measures were introduced for entities trading in certain sensitive commodities, such as steel products, petrol, diesel oil, unprocessed gold, waste and secondary raw materials:

- VAT must be accounted for under the reverse charge VAT mechanism.
- Monthly, rather than quarterly, VAT settlements are required, subject to certain exceptions.
- Customer are jointly and severally liable for the tax on these transactions, if the value with a supplier exceeds PLN50,000 in a month, or the customer knows or suspects that the supplier will not pay the taxes due.

On 1 January 2014, significant amendments to the Polish VAT law came into effect affecting the fundamental elements of the VAT system, in particular the tax point (the date when VAT becomes due on a supply), input VAT deduction, the invoicing process and the taxable amount.

The tax point general rules have been changed. Until 31 December 2013, the tax point was recognized by reference to the invoice date. As of 1 January 2014, it is recognized by reference to the date of delivery of goods or the provision of services. This means that in many cases, the tax point will be recognized earlier than it would be under the invoicing rule and, consequently, VAT might be payable to the tax office earlier.

The Polish VAT law previously offered a wide range of specific tax point rules, covering telecommunications, energy, transport, construction, rental and many other sectors. These special rules have now been removed in some cases and the basic tax point rule applies instead, whereas in other cases the specific tax point rules have been modified and the tax point is triggered by different events. These changes mean that taxpayers now have to identify and track various events to recognize the tax point correctly.

According to the new provisions of VAT law, the taxpayer's right to deduct input VAT depends on the following two dates:

(1) The date when the tax point arose for the supplier

(2) The date when the invoice documenting the supply was received

Previously, the crucial date for deduction in most cases was the invoice receipt date (a certain period during which the taxpayer could wait for the completion of the service or transfer of the right to the goods was allowed), and in general, the recipient was not obliged to track when the supplier should recognize the tax point. Now, the new rules combined with greater flexibility to issue invoices before and after the supply can make it more difficult to correctly determine the time of input VAT deduction.

A further complication related to input VAT deduction concerns international transactions, specifically intra-Community acquisitions of goods and the acquisition of cross-border services that are taxed using the reverse charge mechanism. For these transactions, Polish buyers of goods or services must account for the output tax and recover any deductible input tax (using the reverse charge mechanism). Under the rules already in force since 1 April 2013, a taxpayer can deduct input VAT only if the output VAT was reported in the correct VAT returns.

Further restrictions have also been introduced with respect to the intra-Community acquisition of goods. As of 2014, taxpayers have the right to deduct input VAT on an intra-Community acquisition only if the commercial invoices issued by the supplier are collected. Thus, the timely collection and processing of foreign commercial invoices is required in order to fully benefit from the right to deduct input VAT.

The rules for issuing and filing VAT invoices have also been changed. It is now possible to issue a VAT invoice 30 days before the actual delivery of goods takes place. It will also be possible to issue an invoice much later than the delivery — the general invoicing deadline will be extended from seven days after the supply to the 15th day of the month following the month of the supply (which could extend the issue date by more than a month in some cases). Special invoicing deadlines have been set for specific types of supplies.

Poland (continued)

Consequently, changes in the invoicing rules give taxpayers much more flexibility in choosing when to issue an invoice. This, combined with changes in the input VAT deduction rules, will affect both invoice issuers and invoice recipients.

Amendments to the VAT Act also cover certain specific provisions. In particular, the provisions concerning the taxable amount have been completely rewritten. The definition of the taxable amount has been amended to comply with the definition provided by the EU VAT Directive (2006/112). Consequently, the taxable amount includes everything that constitutes consideration paid or to be paid by the customer or a third party. The taxable amount is increased by additional expenses incurred by the supplier and charged to the customer, and reduced by related discounts granted to the customer.

Conditions governing the exemption for the sale of secondhand assets have also been revised.

Portugal: Azores

Effective 1 January 2014, the standard VAT rate increased from 16% to 18%, the intermediate rate increased from 9% to 10%, and the reduced rate increased from 4% to 5% in the Portuguese autonomous region of Azores.

Portugal

Effective 1 October 2013, the following changes apply:

- A new VAT "cash accounting regime" was introduced. In accordance with this new regime, taxpayers pay the VAT due once they receive payment of an invoice from their customer. This new regime is optional and applies to companies with a turnover of up to €500,000.
- Further to the changes effective from 1 January 2013 regarding the recovery of the VAT for bad debts purposes, two new annexes have been introduced to the periodic VAT return. These annexes must be used for the operations carried out from October 2013 onward. In particular, these annexes must be filled in if the taxpayer reports any VAT to recover or to pay as a consequence of a VAT adjustment reported in box 40 (adjustment on behalf of the taxpayer) or 41 (adjustment on behalf the tax authorities) of the VAT return. In these annexes, the taxpayer must provide detailed information about the VAT adjustment indicating, for example, the article of the VAT law related to the adjustment made, the tax identification number of the client or supplier (depending on the case), the taxable amount of the adjustment and the VAT adjusted.

Effective 1 January 2014, a number of changes and clarifications have been added to the VAT law, including:

- Taxpayers providing financial or insurance services (that are exempt from Portuguese VAT) to taxpayers established in another EU Member State are not obliged to issue a VAT invoice for these services.
- The deadline for recovering VAT related to bad and irrecoverable debts is reduced from four years to two years.
- The right to deduct VAT on supplies from taxpayers who operate the VAT cash accounting regime is based on the normal rules and does not require a taxpayer who does not operate the cash accounting regime to recover VAT when the invoice is paid.
- A third party may perform the transportation of export goods on behalf of the exporter.

Portugal (continued)

- Taxpayers may opt for waiving the VAT exemption on real estate transactions (e.g., first letting following major improvement works) where the refurbishment works result in an increase of 30% (previously 50%) in the tax registration value of the property.
- Taxpayers are required to pay back the full or partial VAT recovered for the acquisition or construction of immovable property whenever that immovable property has not been used in the taxpayers' activity for the last five years (previously three years).

Effective 1 January 2014, changes apply to the regime of goods in transit, including:

- Use of the simplified invoice as a transport document for global transport documents, proving the delivery of goods
- Use of the simplified invoice as transport document in case of taxpayers subject to the special VAT exemption regime or small retailers' regime
- Unless criminal proceedings are instigated, goods and vehicle cannot be seized if transport documents are not available or if they are non-compliant.

Puerto Rico

Effective 1 February 2014, the following rate changes apply:

- State sales tax increased from 5.5% to 6%.
- Municipal sales and use tax decreased from 1.5% to 1%.

Sales and use tax rate remains at 7%.

Effective 1 July 2013, various taxable services were excluded from the business-to-business (B2B) exemption and are therefore subject to sales and use tax. Among the services excluded from the B2B exemption and now subject to sales and use tax are bank charges to commercial clients on deposits and certain other accounts, collection services, security, cleaning, laundry, waste disposal and repair services, telecommunication services, and operating leases that constitute daily rentals.

Effective 1 July 2013, the following sales and use tax exemptions were eliminated:

- Taxable items acquired by institutions of higher education.
- Exemption from payment of sales and use tax, as well as excise taxes, for cooperatives, subsidiaries and affiliates (with the exception of housing cooperatives, which remain exempt).
- Exemption applicable to health units on the purchase of machinery, construction materials, materials, equipment furniture and office fixtures used in the administrative or commercial phase (including parking, medical offices and pharmacies), or for the maintenance of the physical facilities of the health units. The current exemption from sales and use tax on the acquisition of machinery materials, supplies, articles, equipment and technology exclusively used while rendering health services in the diagnosis and treatment of human diseases process of health service facilities or hospitals with a tax grant under the Hospital Facilities Tax Exemption Act, as amended, or hospitals that enjoy a tax exemption under section 1101.01(a)(2) of the 2011 Internal Revenue Code continues to be in effect
- Exemption on educational or recreational services rendered by child-care centers. However, tuition and monthly charges paid to licensed centers remain exempt from the payment of sales tax.

As part of the changes to the sales and use tax regime, the reseller's exemption was modified by eliminating the full

Puerto Rico (continued)

exemption granted to resellers when acquiring taxable items for resale. Effective 1 August 2013, the following changes apply:

- The reseller merchant is required to pay sales tax on its purchases and then claim a credit against its monthly tax liability.
- The reseller can claim a credit in the monthly sales and use tax return for the sales tax paid on the purchase of taxable items for resale. The amount of credit to be claimed in the monthly return is limited to 70% of the reseller's tax obligation for that period. Any unused amount of the credit may be carried over until fully used without expiring.
- Wholesalers may be able to obtain a special waiver from the payment of sales tax on taxable items acquired from manufacturers.
- Despite the full elimination of the reseller's certificate, there's an exception to the complete elimination of the reseller exemption certificate, the eligible reseller status. The eligible reseller will be issued a certificate that will allow the acquisition of tangible personal property for resale without having to pay the sales tax when the sales are made to persons that are exempt from the payment of the sales tax. Similarly, purchases of items for export will also be exempted from the payment of the tax by the eligible reseller. Also, manufacturers generally will continue to have the ability to obtain and use exemption certificates for purchases of raw materials and other eligible equipment.

As part of the increased focus on collection efforts by the Puerto Rico Government, the Secretary of Treasury has the authority to require merchants to open demand deposit accounts. The purpose of this measure is for the Puerto Rico Treasury Department (PRTD) to have access to the sales tax funds collected at the time of the sale rather than a month later under the existing deposit rules. Resellers that are in full compliance with the demand deposit account rules will not be limited to the 70% rule but will be allowed to claim 100% of the sales tax paid on purchases for resale.

Effective 1 December 2013, every importer must pay the use tax on imported goods before taking possession of the imported property (excluding raw materials and inventory). Effective 1 July 2014, the importer must pay the use tax before taking possession of any products, including inventory.

Romania

Effective 1 September 2013, the reduced VAT rate of 9% applies to supply of bread, wheat and flour.

Effective 1 September 2013, the reverse charge applies to the supply of energy to taxable persons and for transactions with green certificates.

The procedure for the issue of VAT deferment certificates and guarantees for imports of goods has been amended as follows:

- Two new categories of taxable persons who may request the issue of a VAT deferment certificate have been introduced, namely:
- Authorized economic operators registered for VAT purposes in Romania who have obtained a certificate of authorized economic operator
- Taxable persons registered for VAT purposes in Romania who have obtained an authorization for local clearance procedure
- Details of criminal record checks issued for the legal representative of the taxable person are no longer required for the issue of the VAT deferment certificate.

Romania (continued)

- Authorized economic operators are not required to set up a guarantee for the VAT related to imports of goods that are followed by a VAT-exempt intra-Community supply of goods.

Effective 1 January 2014, the following changes apply:

- In line with the CJEU decision in BGŻ Leasing (case reference C-224/11), the insurance costs of leased items are excluded from the taxable amount on which VAT is chargeable for the supply of leasing services, when such costs are re-invoiced to the lessee.
- Taxable persons purchasing goods or services from taxpayers who are declared inactive or have deregistered for VAT may deduct VAT incurred on the purchase if the suppliers are in a bankruptcy procedure.
- The mandatory VAT cash deferment system becomes optional for taxpayers who are eligible to apply for the system at 1 January 2014.

Russia

Effective 1 October 2013, the sale of goods (works and services) related to certain sporting events by certain entities are taxed at the zero rate (previously taxed at the standard rate of 18%).

Effective 1 January 2014, the following supplies that were taxable at the standard rate (18%) are now taxable at the 0% VAT rate:

- The sale of raw hydrocarbons extracted from a new carbon deposit and products obtained during technological processing of such hydrocarbons transferred to a destination outside Russia from the territory of the continental shelf, the territory of the Russian exclusive economic zone and the Russian sector of the Caspian Sea.
- The export of goods (stores) for further usage in the extraction of hydrocarbons from offshore hydrocarbon deposits.
- Transportation services from the point of departure located in the territory of the Russian continental shelf, the territory of the Russian exclusive economic zone and the Russian sector of the Caspian Sea to points of destination located abroad.

Effective 1 January 2014, the list of works and services performed on offshore hydrocarbons deposits that are subject to the 0% VAT is also extended.

Effective January 1, 2014, VAT taxpayers should submit the VAT return in electronic format only.

Serbia

Effective1 January 2014, the reduced VAT rate was increased from 8% to 10%.

Effective 1 January 2014, certain goods and services that were taxable at the reduced rate are now taxable at the standard 20% rate (e.g., personal computers and related components). The reduced rate of 10% continues to apply to basic food products (e.g., bread and rolls, milk and dairy products, flour, sugar, cooking oil, fat, honey, fresh, chilled or frozen fruits, vegetables, meat, fish and eggs).

Seychelles

Effective 1 January 2014, the threshold for compulsory VAT registration has been lowered to SCR3 million (from SCR5 million).

Sierra Leone

The following changes apply:

- The GST registration threshold was increased from SLL200 million to SLL350 million.
- All registered GST persons are required to maintain an electronic cash register for the purpose of recording all transactions.
- The export of minerals (previously exempted) is now zero-rated.
- Non-production-related items for a mining company, non-construction-related items of a construction company and non-agricultural-related items of an agricultural company are now subject to GST.

Slovak Republic

A number of legislative changes came into effect on 1 January 2014, including:

- A new obligation to submit VAT ledgers was introduced, consisting of a detailed overview of invoices issued and received. VAT payers will be obliged to file the VAT ledgers electronically for each VAT period (except if zero returns are filed or if imported goods are re-exported). Penalties apply for noncompliance, including blocking of the excess VAT refund or cancellation of VAT registration.
- A non-EU business is allowed to submit an application for a refund, both in Slovak or English.
- The obligation to register for VAT for foreign entities importing goods into Slovakia is abolished, unless the importer intends to supply the imported goods locally in Slovakia.
- Provisions concerning the registration of taxable persons conducting business on the basis of an association agreement or similar agreement are abolished.
- New reporting requirements are introduced for a change of status from foreign to domestic VAT payers (and vice versa), as well as for transactions involving the sale or contribution of a business or of part of a business.
- A new provision was introduced enabling a VAT payer who submits a supplementary VAT return due to the belated receipt of an invoice for an intra-Community acquisition of goods to deduct the VAT in the supplementary return if the VAT payer has the related invoice at its disposal.
- VAT payers are required to correct the amount of input tax deducted if the supplier corrected the VAT base, even in the absence of a corrective invoice.
- A local reverse charge extends to the purchase of goods that fall within particular chapters of the Common Customs Tariff (covering materials made of metal, certain types of cereals, grains, seeds and fodder) and to mobile phones and integrated circuits.
- The deadline for submission of the EU Sales Lists is extended from the 20th to the 25th day following the end of the relevant calendar month/quarter.

The effective date for the introduction of postponed accounting for imports has been moved back to 1 January 2017 from the planned date of 1 January 2014.

South Africa

The supply of electronic services by a nonestablished business to recipients in South Africa will generally be subject to VAT from 1 April 2014. Nonestablished suppliers of e-services will be required to register if the value of their supplies made to South African recipients exceeds ZAR50,000 (€3,500). This requirement applies for business-to-business (B2B) supplies as well as to business-to-customer (B2C) supplies. Therefore, all vendors of electronic services to South African residents (business and private) must in principle register and charge 14% South African VAT on all sales.

The South African Revenue Authority (SARS) will determine exactly what is considered to be an electronic services in a regulation that has not yet been issued. However, indications are that the services covered will be in line with international standards (e-books, games, music, movies, software and e-learning).

At the time of writing, it is understood that the VAT registration for suppliers of e-services follows the normal process for foreign suppliers, meaning that affected nonestablished businesses will be required to fulfill certain obligations, including setting up a South African bank account and appointing a fiscal representative.

South Korea

Effect 1 January 2014, the following changes apply:

- Cosmetic surgery is liable to VAT.
- VAT credits available for processed food made from tax-exempt agricultural and fishery products are limited to 30% of revenues. VAT on hotel accommodation for foreign visitors will be refunded for one year, between April 2014 and March 2015.

Local government consumption taxes will be increased by 6 percentage points as of 2015, from the current 5% to 8% in 2014 and to 11% in 2015.

Spain

Effective 1 January 2014, the following changes apply:

- The standard rate of 21% applies to digital newspapers and e-books.
- The filing of VAT group tax returns referring to July must be submitted within the first 20 days of August (previously the limit was within the first 20 days of September).
- The tax point for deemed intra-Community acquisitions now follows the general rule — 15th day of the month following the month in which the goods are removed from the supplier or the date when the invoice is issued — rather than at the time the transport began.
- Services related to the care and custody of children or young people are exempt regardless of the age of the child (this exemption previously applied only to the custody and care of children under six years old).
- Services effectively used in the Spanish Territory are treated as located in Spain even if these services are supplied from the territory of the Canary Islands, Ceuta or Melilla. The modification consists of the non-exclusion of these territories from the special rule concerning the place of supply of services.
- Any amount of undeclared output VAT assessed by the Spanish tax authorities cannot be rectified if the taxpayer knew, or should have known, that it was participating in a VAT fraud. For this provision, the Spanish tax authorities will need to prove the participation in the fraud using reasonable diligence.

Spain (continued)

- Operations performed by permanent establishments located outside of the Spanish VAT territory are to be excluded from the pro rata partial exemption calculation even though the costs incurred in these operations are assumed by a permanent establishment situated in the territory where the VAT applies.
- In the case of judicial and administrative procedures, acquirers have the possibility to issue an invoice and, if applicable, avoid VAT payment if the reverse charge mechanism applies.

Effective 1 January 2014, a cash accounting scheme came into effect. Under this scheme, taxpayers report the VAT charged on sales of goods or supply of services on the date when the payment is received, and the right to deduct input VAT arises when payment is made. The scheme is optional and is subject to certain requirements. Spanish taxpayers can elect to apply the scheme; the deadline for applications is 31 March 2014.

Details of the cash accounting system include:

- Taxpayers can apply the cash accounting scheme if their total turnover in the preceding year does not exceed €2 million. However, taxpayers who receive more than €100,000 from any one customer are excluded from applying the cash accounting scheme for the following year.
- Taxpayers must apply the scheme to all transactions with the exception of those specifically excluded from the scheme, including:
  - Transactions subject to the VAT reverse charge mechanism
  - Intra-Community acquisitions of goods
  - Imports or similar operations
  - Transactions that are subject to special VAT schemes, such as those for investment in gold and electronically supplied services
  - Operations performed by businesses in VAT groups
- VAT must be accounted for on any supplies where payment has not been collected before 31 December of the year following that when the transaction occurred. The VAT charged must be included in the last VAT return of the calendar year.
- Invoices issued under the cash accounting scheme must contain the narrative "Cash accounting scheme," or, in Spanish, "*Régimen del criterio de caja*."
- The book of invoices received must also include the date and means of payment for each transaction.

The use of the cash accounting scheme also has implications for the recipient of supplies made by taxpayers using the cash accounting scheme. Input VAT on transactions subject to the cash accounting scheme can be deducted only once payment is made in full or in part, and the deduction must be made to the amount actually paid, regardless of whether the customer uses the cash accounting scheme or not. The accounting records of the customer must also identify any invoices received under the cash accounting regime.

Effective 1 January 2014, a number of changes apply regarding insolvency procedures, including:

- Credit notes should be issued to the insolvency administration, and the obligation to provide a copy of the insolvency declaration no longer applies.
- To recover output VAT from entities under insolvency procedures, suppliers prove that the rectifying invoices (issued to the recipient in order to change the taxable base) have been delivered.
- Creditors and debtors are obliged to report electronically any taxable base modifications using a specific form (available online from the Spanish tax authorities).

Sri Lanka

Effective 1 January 2014, the following VAT changes apply:

- The VAT registration threshold for wholesale and retail businesses was reduced to LKR250 million (from LKR500 million) per quarter (either individually or at group level)
- The segregation of composite insurance companies into life and general insurance companies (as required by section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011) is treated as a continuation of both businesses and the set-off of unabsorbed VAT in each business is allowed on the existing basis
- Foreign currency receipts that form part of the turnover of any headquarters or regional head office of an international organization that relocates to Sri Lanka are exempt from VAT
- New exemptions apply for the import or supply of following goods
  - Copper cables for the telecommunication industry
  - Gully bowsers, semi-trailers for road tractors, any machinery or equipment used for garbage disposal activities, and garbage disposal trucks
- Exemptions have been removed for the import or supply of the following goods:
  - Paddy, rice, cardamom, cinnamon, cloves, nutmeg, mace, pepper, desiccated coconuts, rubber, latex, fresh coconuts, tea including green leaf, rice flour, bread, eggs, liquid milk
  - Machinery for modernization of factories by the factory owner
  - Plant and machinery that qualified for a tax holiday under section 24C of the Inland Revenue Act No. 10 of 2006
- The definition of "international transportation" was expanded to cover services directly related to the transportation of goods or passengers between international airports situated within Sri Lanka.

Suriname

VAT was due to be introduced in Suriname from 1 January 2014 but this has been put on hold indefinitely by the government.

Tanzania

Effective 1 July 2013, the main VAT changes are:

- The VAT exemption for tourist services, such as tour guiding, tourist charter services and ground transport, is abolished.
- A special VAT relief applies to locally produced textiles.
- 100% relief from VAT applies on the importation by or supply to a local textile manufacturer of goods or services that are exclusively used in the manufacturing of textiles using locally grown cotton.

Trinidad and Tobago

The 2014 budget included an announcement that all VAT refunds will be settled within six months after the refund becomes due. A further TTD1b has been allocated to clear the backlog of refunds due.

Tunisia

Effective 1 January 2014, the following VAT measures apply:

- The VAT exemption for services rendered by health care establishments providing their services exclusively to nonresidents has been abolished.
- Input VAT incurred on expenses and assets in which the value exceeds TND20,000 will not be deductible, unless such expenses are settled via bank transfer or any other electronic means of payment. The TND20,000 threshold will be decreased progressively to TND10,000 in 2015 and to TND5,000 in 2016.
- The position of the tax administration with respect to the VAT exemption on the transfer of immovable properties by real estate developers will be clarified. Accordingly, the exemption will apply only when the property is intended to be used for private housing purposes or when the transfer is made to another real estate developer.
- Taxpayers who provide invoices for specific expenses under a tax audit procedure are allowed to deduct input VAT on these expenses under the condition that the invoices are also used to adjust the revenue derived by the taxpayer for tax assessment purposes.
- In order to encourage the production of green energy, businesses producing their own electricity using renewable means are subject to VAT on the difference between the value of the energy consumed and the value of the energy produced.

Turks and Caicos Islands

The Government of Turks and Caicos Islands has decided that it will not proceed with the introduction of a general services tax (GST) on professional services that was scheduled for 1 October 2013. To cover the revenue that would have been earned from GST, a number of tax amendments were introduced, including:

- An increase in the stamp duty on vehicle hire to 12%
- An increase in the communications tax to 12% (currently 10%)
- A levy on incoming international phone calls (US$0.10 per minute)
- An increase in the fuel duty US$0.85 per gallon (currently US$0.75)

Effective 1 July 2013, the following changes apply:

- A charge of 15% applies on the cost of insurance and freight of goods imported to the islands (prepaid or postpaid).
- Gasoline and diesel are exempt from the 15% charge.

Ukraine

On 19 December 2013, the Ukrainian Parliament confirmed that the proposed decrease of the VAT standard rate to 17% has been postponed until 2015. The VAT standard rate therefore remains at 20% for 2014.

Effective 1 January 2014, VAT on natural gas imports has been reinstated, according to Law of Ukraine No 713-VII of 19 December 2013 on amendments to the Tax Code.

United Kingdom

Effective 1 October 2013, the zero rating of indirect exports was extended to sales of goods to businesses that are registered for VAT in the UK but have no business establishment there, if those businesses arrange for the goods to be exported to a destination outside the EU.

Revised Intrastat reporting thresholds apply for the 2014 calendar year. Effective 1 January 2014, the Intrastat exemption threshold for arrivals increased from £600,000 to £1.2 million, and the delivery terms reporting threshold increases from £16 million to £24 million. The Intrastat exemption threshold for dispatches remains at £250,000.

Effective 1 January 2015, supplies of telecommunications, broadcasting and electronic services — such as downloaded music, films and games made by a business established in one EU Member State to a private consumer located in another Member State — will be subject to VAT in the Member State in which the consumer is located. These services are currently subject to VAT in the Member State in which the business is established. To save businesses affected by these changes from having to register for VAT in other Member States, a "mini one-stop shop" will also be introduced. This will give businesses the option of registering in just one EU Member State (such as the UK) and accounting for VAT due in other Member States using a single online VAT return. Businesses will be able to register for the mini one-stop shop from October 2014 and use it in relation to supplies made on or after 1 January 2015. Affected businesses should review the financial, legal, commercial and practical implications of these changes.

In May 2013, the UK VAT administration announced a review of the VAT treatment of refunds made by manufacturers to final consumers. Effective 1 April 2014, legislation

will be introduced to allow the first supplier in a chain of taxable supplies relating to the same goods (typically a manufacturer, wholesaler or importer) to reduce their VAT payments to take account of refunds they make directly to final consumers (e.g., as a result of faulty or damaged products or customer dissatisfaction).

In July 2013, the UK VAT administration announced a review of the VAT Retail Export Scheme. This scheme allows non-EU visitors to claim a refund of VAT on goods they buy in the UK and export from the EU in their personal luggage. Some basic changes to improve the current scheme will be made in 2014.

In December 2013, the UK VAT administration announced a review of VAT legislation to clarify the assistance available to VAT-registered businesses that are required to file their VAT returns online but have difficulty in doing so. It is not yet known when any legislative changes resulting from this review will be introduced.

United States of America

The United States (US) does not impose a national-level sales tax or VAT. Rather, sales taxes and complementary use taxes are imposed and administered at the state (subnational) and local (substate) levels. As a result, there are more than 7,500 potential taxing jurisdictions for sales and use tax purposes in the US. Adding to this complexity, sales and use taxes generally are not applied uniformly among these various taxing jurisdictions.

In spite of the various state and local applications, there are a number of common issues, trends and developments with respect to state sales and use tax laws. The most significant of these involves the effort of a number of states and the Federal Government to enact legislation that would require "remote sellers" (e.g., vendors who sell taxable goods to customers in other states) to collect and remit tax on multistate sales.

United States of America (continued)

Under the current US law, a remote seller must collect and remit sales and use taxes only if it has physical presence (known as "nexus") within the taxing state. If the seller lacks nexus, the customer is required to self-assess and pay the tax on his purchases.

Examples of this trend include:

- In 2008 and 2009, the states of New York, North Carolina and Rhode Island adopted laws that require nonresident online retailers to collect tax on sales to in-state customers if the retailer contracted with a New York resident to refer potential customers to the seller (so-called "click-through" provisions). In November 2010, the New York statute was upheld as constitutional by a New York State appellate court and, on 2 December 2013, the United States Supreme Court declined to hear an appeal of that decision. Conversely, Illinois' version of the click-through provision was struck down by the state's highest court.
- In 2011 and 2012, approximately 23 additional states either adopted or considered similar click-through legislation and, in 2013, five more states followed suit. Given the recent Supreme Court decision, it is expected that more states will adopt such provisions in 2014.
- In 2010, the state of Colorado adopted a new law that would have created a presumption that a remote seller had nexus with the state for sales and use tax collection purposes if the seller was a member of a controlled group that has at least one member who is a retailer within the state. Sellers in Colorado who were not members of such controlled groups are required to provide the state's Department of Revenue with identifying information about each Colorado customer, including their names, addresses and the amount of their taxable purchases for the year, or face a per-customer penalty. In January 2011, shortly before it was to go into effect, a federal court issued an injunction, barring the law from taking effect. While the statute was ultimately declared unconstitutional and was struck down in March 2012, a federal appeals court vacated that ruling in August 2013. However, as of December 2013, the injunction remains in place pending further appeal.
- The states of New York (2009) and Oklahoma (2010) adopted nexus presumption statutes with respect to controlled group members, but neither of the states enacted a reporting requirement similar to Colorado. Between 2011 and 2013, 10 more states adopted and nearly 20 states considered enacting similar controlled group/affiliate presumption statutes.
- Since 2010, the state of Oklahoma has required remote sellers to notify customers on their websites, catalogs and invoices that use tax is due and that the customer is required to self-assess and pay the tax. At least five additional states adopted or considered similar sales and use tax reporting statutes in 2011 and 2013.
- In 2011, South Carolina and Texas enacted legislation specifying that operation of an in-state warehouse or distribution center, either directly or through an affiliate, would create nexus for a remote seller. Similar measures were passed in Georgia and Virginia in 2013, with six more states proposing such measures. In 2011, both South Carolina and Tennessee enacted legislation that would exempt certain remote sellers from having to collect sales and use taxes on transactions with in-state residents, to the extent that the remote seller opened a new distribution center, and met minimum investment and job creation thresholds. South Carolina's measure was directly related to the legislation described immediately above. In 2012, a number of other states enacted similar provisions, while at least one state (Georgia) passed a law expressly prohibiting such agreements with remote sellers.

United States of America (continued)

- On 6 May 2013, the U.S. Senate passed the Marketplace Fairness Act of 2013. The act, if passed by the U.S. House of Representatives and signed into law by the President, would allow eligible states to require all sellers (except those qualifying for the small-seller exception) to collect and remit sales/use tax on remote sales into the state without regard to the location of the seller. A state would be eligible to require collection by remote retailers either by being a Streamlined Sales and Use Tax Agreement full-member state or adopting and implementing minimum simplification requirements set forth by the act. Similar legislation has been introduced in Congress since 2000 but has never advanced to either of the chambers. The House can act on the legislation until January 2015 (the end of the term of the present Congress).

Other common themes relates to sales and use taxes in a number of states include:

- Application of the tax to transactions involving non-tangible goods (e.g., remote access and electronically delivered software, digital music and books). While treatment is not consistent across the states, the trend toward increased taxation of intangibles and services is likely to continue in 2014 and beyond.
- Treatment of specified IT service transactions, including data processing, "cloud computing" and "information services," should continue to face scrutiny from state lawmakers.
- Nevertheless, not all such efforts have been successful. In Massachusetts, a widely criticized expansion of the state's sales and use tax was repealed shortly after being enacted. The law would have defined taxable services to include "computer system design services and the modification, integration, enhancement, installation or configuration of standardized software." Computer system design services included planning, consulting or designing computer systems that integrate computer hardware, software or communication technologies and were provided by a vendor or a third party. The legislation did not include data processing services or information services as taxable. It remains to be seen what effect the repeal will have on other state legislative efforts to similarly expand their sales and use tax laws.
- Limitation of exemptions for related party and other "historically exempt" business transactions, such as contributions, spin-offs and business line sales, may be limited or unavailable in more states.
- The recent trend in many states to limit application and availability of state tax incentive programs aimed at taxpayers that create higher numbers of new jobs and/or invest significantly more capital within the state than under previous programs is expected to continue. At the very least, states offering such programs are expected to continue applying more rigorous testing standards to ensure that their tax investments yield actual results (e.g., new jobs, infrastructure).
- As in recent years, fewer states are expected to offer full-scale sales and use tax amnesty programs. Under a typical state tax amnesty program, taxpayers who have previous taxes due are allowed to register and satisfy their outstanding liabilities with reduced penalty and/or interest rates.
- Rather than tax amnesties, most states continue to increase enforcement through more frequent and aggressive audits, with a particular focus on exemption qualifications. Areas of focus include proper use of exemption certificates, timely registration in states where the seller has nexus and proper sourcing of multistate use, e.g., software seat licenses.

Venezuela

Effective 1 July 2013, Venezuela made changes to the VAT withholding regime.

Under the Venezuelan VAT withholding regime, taxpayers (who have been appointed as special taxpayers) are designated as "withholdings agents" and are required to withhold 75% of the VAT due on their purchases and pay the withheld VAT directly to the Venezuelan tax administration.

VAT withholdings can have a significant impact on a Venezuelan company's cash flow position, as most of the affected companies' input VAT is much higher than the 25% output VAT payable after withholding. It can take companies in Venezuela two years or more to claim refunds. Such refunds can be obtained either by offset against a company's corporation tax, or, if the company has insufficient corporation tax to offset against the VAT refund, then it can trade the VAT refund to other corporations in Venezuela. Administrative Order No. SNAT/2013/0030, issued by the National Integrated Service of the Customs and Tax Administration (SENIAT), was published in Official Gazette No. 40.170 on 20 May 2013. This order provides for the appointment of special taxpayers as VAT withholding agents.

The main changes incorporated by this order include the elimination of item 7 of Article 3 of Administrative Order No. 0056 regarding "Exclusions," which provided for an exemption from the obligation of applying withholdings on transactions paid for by debit or credit cards held by withholding agents.

In addition, Article 14 establishes that the tax withholding shall apply to payment or credit to account, whichever occurs first, adding that it shall be made regardless of the payment means used.

Vietnam

On 19 June 2013, the Vietnamese National Assembly ratified the law to amend and supplement a number of articles to the law on VAT No. 13/2008/QH12.

Some noticeable changes in the amended law have been summarized below:

- The amended law contains details of goods and services that are not subject to VAT, including:
  - Salt products
  - Insurance services covering health insurance
  - Other insurances related to humans
  - Other agriculture insurance services
  - Insurance of ships, boats, facilities and other necessary equipment served in catching activities
  - Financial, banking and security services
  - Loan provision services provided by taxpayers who are not credit organizations
  - Debt factoring
  - Foreign exchange trading
  - Sale of assets used to secure loans of 100% capital state-owned enterprises established by the Government to finance bad debts of the credit organizations in Vietnam
- Rules on taxable income for goods and services subject to environmental tax have been added.
- A 5% tax rate applies to sales, rents and hire-purchases of social housing pursuant to the law on housing.
- The threshold of annual revenue for the tax credit method for calculating tax is VND1 billion (approximately US$47,000) for businesses, except those that are voluntarily registered for the tax credit method as well as individual and household businesses. Organizations/individuals providing goods/services for petroleum exploration, exploitation and development have to declare and pay VAT under the tax credit method.

Vietnam (continued)

- With regard to trading and processing of gold, silver and gems, a direct calculation on value added is applied, which equals the value added multiplied by the tax rate. For others applying the direct method, VAT payable equals to the prescribed percentage multiplied by revenue.
- The amended law provides a more detailed provision in cases where creditable and non-creditable input VAT are not accounted for separately; in that case, creditable input VAT will be a percentage of revenue from VAT taxable goods and services to total revenue of goods and services sold. Accordingly, input VAT on fixed assets used for the production and trading of VAT taxable and non-taxable goods and services shall not be wholly credited as per the previous rule but deducted according to the new rule. According to the amended law, businesses are allowed to supplement input VAT declaration any time before an announcement of a tax audit at their premises (in contrast to the timeline of six months as was previously declared).
- Under the amended law, taxpayers can apply for a tax refund if they have non-credit input VAT accumulated for a minimum period of 12 months or four quarters, instead of the current three-month rule. Enterprises that are in the construction of their new investment projects, or have exported goods/services within a month/quarter, with non-creditable input VAT of VND300 million (approximately US$14,200) instead of the current VND200 million (approximately) US$9,450) can apply for a tax refund.

The law is effective from 1 January 2014, except for the rules on sales and rentals of social housing in accordance with the law on housing, particularly:

- The 5% tax rate will be applied to sales, rentals and hire-purchases of social houses pursuant to law on housing, effective from 1 July 2013.
- A 50% reduction in the tax rate applies from 1 July 2013 until 30 June 2014 to sales and rentals of a commercial apartment with a floor area of less than 70 square meters and with a selling price below VND17 million per square meter (approximately US$800 per square meter).

Zambia

Effective 1 January 2014, the VAT base was expanded by applying the standard rate of VAT to certain types of goods that were previously taxed at the zero rate, including:

- Ancillary services provided at a port of export
- Distinct tourism services, such as game viewing or bungee jumping
- Pre-booked tourism tour packages, with the exception of those booked prior to 1 January 2014

Zimbabwe

Effective 1 January 2014, the following VAT liability changes apply:

- Imported soya bean crude oil is zero-rated.
- Sales of rough diamonds to the local industry are zero-rated.
- Certain food products such as yogurt, cream, butter and plain buns are removed from the zero-rate schedule.

The following VAT liability changes were made in January 2014 but were retrospectively applied from 1 February 2009:

- White sugar for manufacturers and retailers is zero-rated.
- Electricity imports are exempt from VAT.

Excise and other indirect taxes

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Excise and other indirect taxes

Albania

1 April 2014: increase in the excise duties for alcoholic beverages and tobacco.

1 April 2014: energy drinks subject to excise tax at ALL50 per liter.

Andorra

17 October 2013: 17% increase in tax levied on white and black tobacco cigarettes.

Bosnia and Herzegovina

1 January 2014: excise duty increased to BAM45.00 per 1,000 cigarettes (from BAM37.50). Overall minimum excise duty increased to BAM104.50 (from BAM91.00) per 1,000 cigarettes.

Bulgaria

1 January 2014: excise rate increases for natural gas used as motor fuel and natural gas used for heating purposes and on heavy fuels.

Canada

9 January 2014: draft proposals on reporting of international electronic funds transfers (EFTs) released.

Barbados

25% increase in excise tax on tobacco products was announced in the budget.

Puerto Rico

25 June 2013: excise tax on gas oil or diesel oil decreased to 4 cents (from 8 cents).

Turks and Caicos

Increase in fuel duty US$0.85 per gallon (from US$0.75).

Honduras

1 January 2014: tax for alcoholic beverages, beer and cigarettes increased from 15% to 18%.

Argentina

1 January 2014: specific tax regime for small taxpayers is extended to 31 December 2015.

Ecuador

1 January 2014: specific tariff for application of excise tax on cigarettes changed to US$0.0862 per unit.

Mexico

1 January 2015: excise tax is payable on certain temporary imports on which the tax was previously waived.

1 January 2014: environmental taxes are imposed on the sale and import of fossil fuels and on pesticides.

Romania

1 January 2014: excise duties increased on gas, fuel and kerosene.

Spain

1 January 2014: a new tax on fluorinated greenhouse gases was introduced.

United Kingdom

1 January 2014: legally available tobacco-free (herbal) smoking products became liable to excise duty.

Israel

1 January 2014: tax rate on lottery and gambling prizes increased from 25% to 30%.

Burundi

Consumption tax on vehicles announced as part of the 2013 budget.

Ghana

12 July 2013: tax on plastics reduced from 15% to 10%.

12 July 2013: excise tax of 6% introduced on certain electronic communication services.

Malawi

24 May 2013: removal of excise duty on motorcycles.

Morocco

1 January 2014: airline passenger tax introduced on airline tickets.

Mozambique

14 August 2013: excise duty on manufactured tobacco decreased to MZM320 (from MZM35) per 1,000 units. These rates will be increased to MZM357 per 1,000 units in 2014, and MZM400 per 1,000 units in 2015.

Croatia

3 September 2013: excise duty increases on leaded and unleaded petrol, and gas oil and kerosene petroleum for motor fuel.

Czech Republic

1 January 2014: excise duty rates increase on tobacco products.

Denmark

1 July 2013: duties on beer reduced from DKK65.91 to DKK56.02 per liter 100% pure alcohol.

1 January 2014: excise duties on mineral water abolished.

1 January 2014: weight-based packaging tax abolished.

Finland

1 January 2014: carbon dioxide tax increases by €0.0225 per liter on fossil motor petrol and by €0.0271 per liter on fossil diesel fuel.

1 January 2014: excise tax increases by 5.3% on strong liquors; by 8.2% on beer; by 8.3% on wines; by €0.22 per liter on soft drinks with more than 0.5% sugar; by 10% on cigarettes, cigars, pipe tobacco, cigarette tobacco and ground tobacco; from €0.95 to €1.40 per kilo on drink powders containing sugar.

France

1 April 2014: excise duties on energy products will be determined on the basis of CO2 content.

1 January 2014: general tax on polluting activities was extended.

Guernsey (Channel Islands)

Excise duty changes on tobacco products, alcohol and motor fuel.

Ireland

16 October 2013: excise duty increased on cigarettes, tobacco products and alcohol.

Jersey (Channel Islands)

31 December 2013: excise duty increased 11% on spirits, 5% on wines, 5% on weak beer/cider, 11% on strong beer/cider and 1% on tobacco.

Latvia

1 January 2014: the rates of excise duties were changed to reflect the adoption of the euro as the currency for Latvia.

Lithuania

1 April 2014: excise duty will increase on alcohol and alcoholic products.

1 March 2015: excise duty will increase on cigarettes, cigars and cigarillos.

Malta

5 November 2013: excise duty increased on cigarettes, tobacco products, alcoholic beverages and on cement.

1 January 2014; excise duty increased on bunkering fuel, heavy lead fuel, liquid petroleum and methane.

Moldova

1 January 2014: excise duties were increased for the majority of excisable goods.

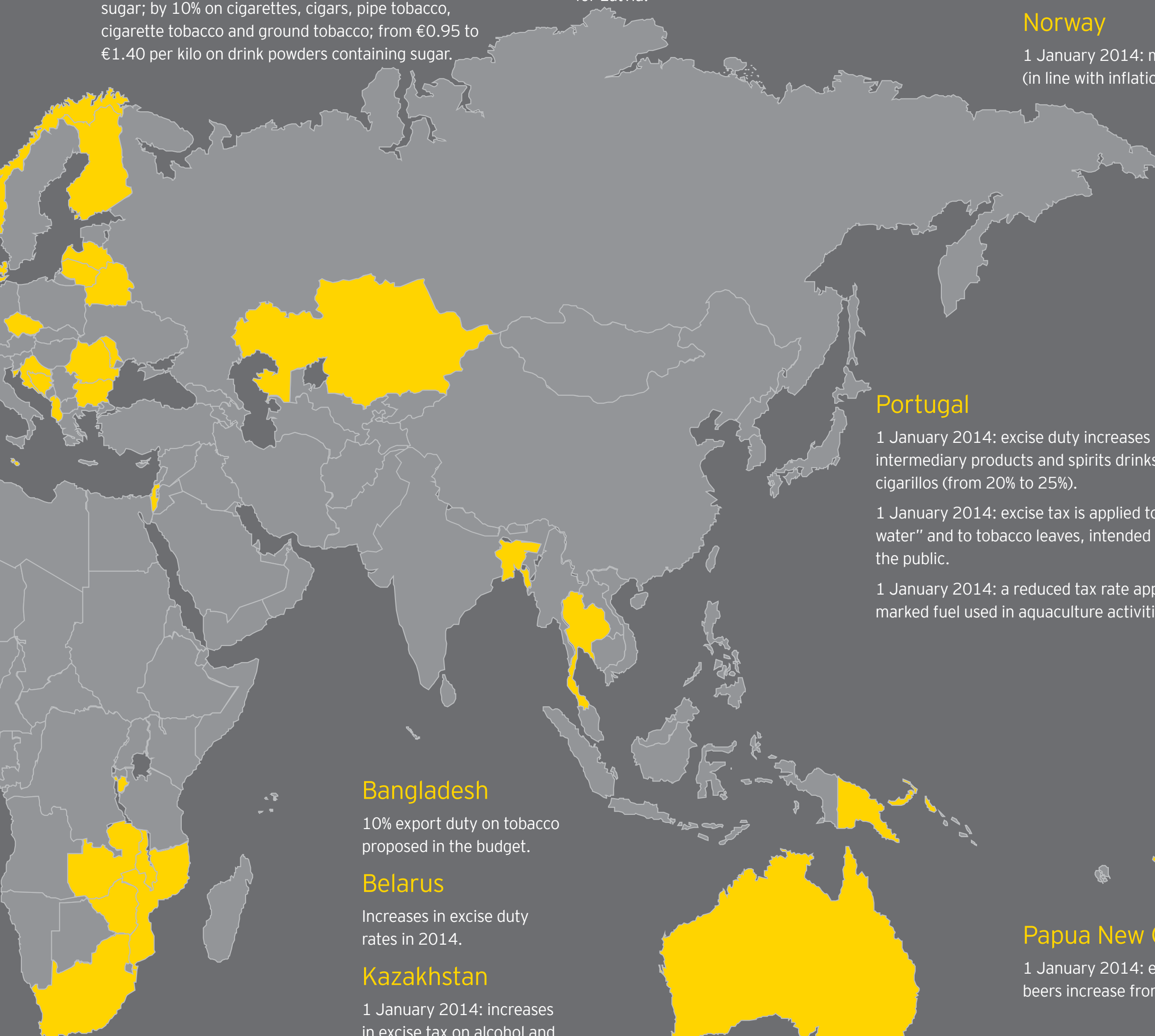
Netherlands

1 January 2014: excise duty on diesel and unleaded petrol increased by €0.03 and €0.07 per liter, respectively, and the duty on alcoholic beverages, increased by 5.75%.

1 January 2015: the duty on a packet of cigarettes will increase by €0.09.

Norway

1 January 2014: most excise taxes were increased by 1.9% (in line with inflation).



Portugal

1 January 2014: excise duty increases on: beer (1%), intermediary products and spirits drinks (5%), cigars and cigarillos (from 20% to 25%).

1 January 2014: excise tax is applied to "pipe tobacco water" and to tobacco leaves, intended for sale to the public.

1 January 2014: a reduced tax rate applies to colored and marked fuel used in aquaculture activities.

Bangladesh

10% export duty on tobacco proposed in the budget.

Belarus

Increases in excise duty rates in 2014.

Kazakhstan

1 January 2014: increases in excise tax on alcohol and tobacco products.

Thailand

4 September 2013: excise tax changes for alcohol.

South Africa

Legislation on new carbon tax expected during 2015.

Zambia

1 January 2014: duty rate of 60% now applies on clear beer.

Zimbabwe

1 January 2014: excise duty suspension on ethanol was lifted.

Papua New Guinea

1 January 2014: excise rates on certain beers increase from 2.6% to 4.5%.

Australia

1 August 2013: 12.5% increase in excise rate on tobacco for each year to 1 September 2016.

1 July 2014: repeal of the carbon tax planned.

Cook Islands

1 April 2014: import levies on certain foodstuffs reduced to zero.

New Zealand

1 January 2014: excise rates increased on tobacco and tobacco products.

Excise and other indirect tax changes

Albania

Effective 1 April 2014, the following changes on excise duties will apply:

- The excise duties exemption for upstream oil and gas operators will be removed.
- A new excise tax applies for crude oil calculated at ALL25 per kilogram, and a penalty of 100% applies in the case of stock differences.
- Excise duties will increase for alcoholic beverages and tobacco.
- A new scheme related to the excise duty for beer will result in an overall increase in the duty.
- Energy drinks will become subject to excise tax at ALL50 per liter.
- An exemption from excise duty will apply to unroasted coffee (previously charged at ALL30 per kilogram).
- A decrease will apply in the excise duty rate for roasted coffee to ALL60 per kilogram (previously ALL140 per kilogram).

Andorra

Effective 17 October 2013, the tax levied on white and black tobacco cigarettes and on white tobacco destined for manufacture is increased by 17%. No changes apply to the price of cigars and black tobacco destined for manufacture.

Argentina

Effective 1 January 2014, the following taxes have been extended for a two-year period (i.e., until 31 December 2015):

- The tax on debits and credits in bank accounts
- The tax on the sale of cigarettes
- The specific tax regime for small taxpayers (*monotributo*)

Australia

On 1 August 2013, a 12.5% increase in the excise rate on tobacco was announced for each year to 1 September 2016 (the increases began on 1 December 2013, and they will be followed by another increase on 1 September 2014 and annually thereafter). The rate increases occurring from 2014 to 2016 will be calculated as 12.5% plus the average weekly ordinary times earnings (AWOTE) rate.

The Australian Government has announced the repeal of the carbon tax with effect from 1 July 2014. This will result in an increase in the rate of fuel tax credits (FTCs) available on fuel purchases for– off-road use by most registered businesses, as follows:

- Liquid fuels (petrol, diesel, etc.) — FTC of 38.143 cents per liter
- Gaseous fuels (duty-paid LPG) — FTC of 10 cents per liter
- Gaseous fuels (duty-paid LNG/CNG) — FTC of 20.9 cents per kilogram

There will also be other consequential amendments to remove the scope for FTC to be claimed where the credit was introduced to compensate for the fact that the carbon charge was effectively levied elsewhere (for instance, under the Opt-in Scheme).

The removal of the carbon component rate from the rates of excise and excise-equivalent customs duty imposed on aviation fuels is also proposed. The rates of duty on both kerosene and gasoline aviation fuels will be reduced to the pre-carbon-tax rate of 3.556 cents per liter with effect from 1 July 2014.

Barbados

The Government has announced the following changes as part of the 2013 budget:

- A reduction in discretionary waivers on import duties and excise tax ranging from 0% to 100% at the discretion of the Ministry of Finance
- An excise tax rebate on new cars (rolled back to 15%)
- A 15% tax on lottery winnings equal to or exceeding BBD1,000
- A 25% increase in excise tax on tobacco products
- A reduction in the bound duty rate on heavy cream to the common external tariff rate of 40%

Bangladesh

The budget for fiscal year 2013–14 proposed:

- A 10% export duty imposed on tobacco export
- Supplementary duty is to be rescheduled in 10 tiers: 10%, 20%, 30%, 45%, 60%, 100%, 150%, 250%, 350% and 500%

Belarus

Amendments to the tax code include an increase in excise duties rates with effect from 2014.

Bosnia and Herzegovina

Effective 1 January 2014, the specific excise duty increased to BAM45 per 1,000 cigarettes (previously BAM37.50), while an overall minimum excise duty increased to BAM104.50 per 1,000 cigarettes (previously BAM91).

Bulgaria

Effective 1 January 2014, the following amendments apply:

- The excise rates for natural gas used as motor fuel will increase from BGN0.85 to BGN5.10 (if the European Commission issues an act of nonconformity with the rules on state aid in the form of reduced excise rate for natural gas used as motor fuel).
- The excise rate for natural gas used for heating purposes increased from BGN0.10 to BGN0.60 per gigajoule, and the rate on heavy fuels rose from BGN600 to BGN645 per 1,000kg.
- The movement of energy products under duty suspension can be split into two or more shipments.
  - The list of excise goods allowed to be stored in a warehouse is extended to excise goods owned by central structures for management of the reserves of other EU Member States in compliance with the Crude Oil and Petroleum Products Reserves Act.
  - The movement of excise products under duty suspension can be made to the place of direct delivery designated by the registered consignee, not only by a registered warehouse keeper.

Bulgaria (continued)

- No electronic administrative document is needed for (1) the importation of excise goods placed under duty suspension arrangement if the excise warehouse is on the territory of the same customs office or (2) exportation of excise products through pipelines if the customs office of export, the customs office of exit and the customs office in charge of the excise warehouse are in the same organizational structure.

The guarantees, required from the excise warehouse keepers, are reduced for paying excise duties that may arise for goods under a duty suspension arrangement.

Burundi

A number of indirect tax changes were announced as part of the 2013 budget, including:

- An export tax on raw hides (80% of the value of the hide)
- A security tax on imported products (1.15% on the import value)
- A consumption tax on vehicles:
  - 5% for vehicles below 1,500kg
  - 10% for vehicles between 1,500kg and 2,500kg
  - 15% for vehicles above 2,500kg
- An additional tax at the rate of 20% on imported fabrics
- The abolition of the hotel management tax and tourism tax

Canada

On 9 January 2014, the Department of Finance released draft legislative proposals concerning the reporting of international electronic funds transfers (EFTs) sent or received on behalf of a client by banks and other financial intermediaries. The draft measures were first proposed in the 2013–14 federal budget and, beginning in 2015, would require these financial intermediaries to report to the Minister of National Revenue international EFTs of CAD10,000 or more. The proposals apply for primarily for income tax purposes, but any information obtained by the Minister of National Revenue may be used for the purposes of the Excise Act, 2001.

Croatia

Effective 3 September 2013, the excise duty on energy products was amended as follows:

- Leaded petrol — HRK4,100 per 1,000 liters (previously HRK4,000)
- Unleaded petrol — HRK3,460 per 1,000 liters (previously HRK3,360)
- Gas oil for motor fuels — HRK2,660 per 1,000 liters (previously HRK2,560)
- Gas oil for heating — HRK 423 per 1,000 liters (newly prescribed)
- Kerosene petroleum for motor fuels — HRK2,660 per 1,000 liters (previously at HRK2,560)

Cook Islands

Effective 1 April 2014, import levies on pork products, sea-freighted eggs, ice cream and seasonal vegetables will be reduced to zero, and import levies on tobacco, soft drinks and alcohol will be abolished and replaced with an excise regime on products regardless of source. The current rates will continue to 30 June 2014.

Czech Republic

Effective 1 October 2013, the conditions applying to fuel distributors have been tightened considerably. A distributor is anyone who sells or is entitled to sell fuels in the Czech Republic, with the exception of the sale of fuels from filling stations and the sale of compressed natural gas (CNG) by the holder of a valid gas trading license. The changes that have been introduced include the obligation to acquire a trade license for the distribution of fuel, the stipulation of an authorized representative for the distributor who meets the qualification requirements and the deposit of CZK20 million. These conditions apply to existing distributors registered under Act 311/2006 (the Fuels Act).

Effective 1 December 2013, new Act 307/2013 on the compulsory labeling of hard liquor (spirits) took effect. This involves fundamental changes for producers, importers and distributors of alcoholic drinks (spirits), including:

- A reduction in the volume of the consumer packaging of spirits
- The introduction of a new specimen inspection stamp
- New arrangements regarding the registration of parties obliged to label spirits (including provisions relating to the obligatory provision of security up to CZK5 million and the monitoring equipment to be held in the tax warehouse and labeling site)
- Spirits distributors are obliged to register and deposit a security

On 1 January 2014, the second stage of the overall increase in excise duty rates on tobacco products took effect. This is part of the gradual implementation of European directives in this field.

Denmark

Effective 1 January 2013, the salary tax that is mainly payable by companies supplying VAT-exempt goods and services increased for all types of businesses paying this tax. Most notably, the salary tax increased 10.9% of the salary costs for financial businesses and is expected to increase to 15.3% in 2021.

Effective 1 July 2013, duties on beer were reduced from DKK65.91 to DKK56.02 per liter of 100% pure alcohol. The rate is fixed, and there will be no indexation in 2015 and 2018 as previously expected. The rule does not apply to soft drinks containing alcohol.

Effective 1 January 2014, excise duties on mineral water were abolished.

Packaging tax in Denmark consisted of a weight-based tax on packaging on a number of products; a volume-based packaging tax on packaging of certain beverages; and a tax on carrier bags, disposable tableware and PVC film for foodstuffs. Effective 1 January 2014, the weight-based tax was abolished.

Ecuador

Effective 1 January 2014, the specific tariff for the application of the excise tax on cigarettes changed to US$0.0862 per unit of cigarette.

Effective 1 January 2014, the new referential prices for the application of the excise duty on perfumes and fragrances sold using direct selling were increased.

Finland

Effective 1 January 2014, the following excise tax changes apply:

- The energy tax for households, service sector and public sector increased by €0.002 per/kilowatt hour.
- The carbon dioxide tax on fossil motor petrol increased by €0.0225 per liter.
- The carbon dioxide tax on fossil diesel fuel increased by €0.0271 per liter.
- The refund process for fuel-related excise taxes was simplified.
- The excise tax on strong liquors increased by 5.3%, the tax on beer by 8.2%, and the tax on wines containing 12.5% of alcohol by 8.3%.
- The excise tax on soft drinks increased, with the rate dependent on the level of sugar in the soft drink. Those containing more than 0.5% sugar increased by €0.22 per liter. Excise tax on other soft drinks remains at €0.11 per liter.
- The excise tax on drink powders containing sugar increased from €0.95 to €1.40 per kilo.
- Nutrient supplements, low-energy food supplements for weight control purposes and medical supplements are outside the scope of excise tax.
- The excise tax on cigarettes, cigars and small cigars, pipe tobacco and tobacco for cigarettes and ground tobacco in rolled cigarettes increased by approx. 10%.

On 1 January 2014, a windfall tax that affects water, wind energy and nuclear power plants came into effect in Finland.

France

A tax has been introduced on energy drinks that contain 220 milligrams of caffeine per 1 000 milliliters or more. The rate of tax is set for 2014 at €100 per hectoliter. Only drinks that are classified under commodity codes HS 2009 and HS 2202 and that are packaged in containers for retail sale are subject to the tax. The energy drinks tax is payable by the person who places the drinks on the French market, this may be the manufacturer, or the importer or the acquirer (for intra-Community acquisitions). The tax on energy drinks is declared and paid to the French customs authority. The declaration must be filed and the tax paid by the 25th day of each month.

Effective 1 April 2014, the amount of excise duty applicable to energy products will be determined on the basis of their CO2 content. Consequently, the following tax amounts will be amended:

- Heavy fuel — €2.19 per 100kg (previously €1.85)
- Natural gas used as motor fuel — €1.49 per 100 million cubed (previously nil)
- Natural gas used as heating fuel — €1.41 per MWh (previously €1.19)
- Coal — €2.29 (previously €1.19)
- Effective 1 January 2014, the excise duty reduction regime applicable to biofuel has been revised

Effective 1 January 2014, the general tax on polluting activities was extended so that companies' emissions of lead, zinc, chromium, copper, nickel, cadmium or vanadium into the atmosphere are now subject to the tax.

Ghana

Effective 12 July 2013, the following changes apply:

- Tax on plastic and plastic products was reduced from an excise tax of 15% to an environmental excise tax of 10% of the ex-factory price.
- An excise tax of 6% was introduced and was levied on charges payable by a user of electronic communication services other than private electronic communication services.
- Import duty was reintroduced at an increased duty rate of 20% on telephone sets including mobile, cellular and satellite phones (which previously were exempt from VAT).
- A Special Import Levy (SIL) is imposed on imported goods to be paid at the point of entry and to be computed on the cost insurance and freight (CIF) value at a rate of 1% on machinery and equipment listed under chapters 84 and 85 of the Harmonized System (HS) code 2012.
- Goods listed under heading 27.09 and 27.10 of chapter 27 of the HS code (excluding petroleum products) and fertilizers listed under chapter 31 are also subject to SIL at a rate of 2% on the CIF value.

Effective 1 January 2014, the following excise duty changes apply:

- A change in the basis of petroleum excise duty from specific to ad valorem
- An increase in the road fund levy

Guernsey (Channel Islands)

The following excise duty changes apply in 2014:

- 5.7% increase on tobacco products
- 5% increase on alcohol
- 5% increase on motor fuel

Honduras

Effective 1 January 2014, the excise tax rate for alcoholic beverages, beer and cigarettes increased from 15% to 18%.

Ireland

Effective 16 October 2013, the following excise duty rate increases apply:

- €0.10 (including VAT) per packet of 20 cigarettes and on a pro rata basis for other tobacco products
- €0.50 (including VAT) per bottle on a standard 75cl bottle of wine with pro rata increases on other products
- €0.10 (including VAT) on a pint of beer and cider
- €0.10 (including VAT) on a standard measure of spirits
- €1.97 on a standard 70cl bottle of whiskey (40% alcohol content)

Israel

Effective 1 January 2014, the tax rate on lottery and gambling prizes was increased from 25% to 30%.

Jersey (Channel Islands)

Effective 31 December 2013, the following duty changes apply:

- 11% (£1.27) increase on a liter bottle of spirits at 40% alcohol by volume (abv)
- 3.6% (5 pence) increase on a bottle of table wine
- 3% (1 penny) increase on a pint of weak beer/cider (at or under 4.9% abv)
- 11% (6 pence) increase on a pint of strong beer/cider (at or above 4.9% abv)
- 11% (47 pence) increase on a 20 king-size packet of cigarettes
- 2% (1 penny) increase per liter of unleaded petrol

Kazakhstan

Effective 1 January 2014, the excise tax on alcoholic products and tobacco products was increased.

Latvia

Effective 1 January 2014, Latvia has adopted the euro as its currency. As a result, the main changes in the Latvian excise legislation are related to conversion of the existing rates.

Effective 1 January 2014, the following rates of excise duties come into force for alcoholic beverages:

- €3.10 for beer (100 liters) for each percent of absolute alcohol by volume, expressed to one decimal place
- €64.03 for wine (100 liters)
- €64.03 for fermented beverages (100 liters)
- €64.03 per 100 liters for drinks with an absolute alcohol content up to 15% by volume (inclusive) and €99.60 per 100 liters for drinks with an absolute alcohol content from 15% by volume (not inclusive) to 22% by volume (inclusive)
- €1,337.50 for other alcoholic beverages (per 100 liters of absolute alcohol)
- Not less than €5.69 for beer produced by independent, small breweries (per 100 liters)

Effective 1 January 2014, the following rates of excise duties come into force for tobacco products:

- Excise duty per 1,000 cigars or cigarillos: €45
- Excise duty levied on cigarettes shall be changed as follows:
  - From €45 to €60 per 1,000 cigarettes
  - From 33% to 25% of the maximum retail price
- Excise duty levied on smoking tobacco (1,000 grams):
  - €60 for fine-cut tobacco intended for rolling cigarettes
  - €60 for other smoking tobacco

Effective 1 January 2014, the following rates of excise duties come into force for mineral oils:

- €411.21 for unleaded petrol, the substitute products and components (1,000 liters)
- €455,32 for leaded petrol, the substitute products and components (1,000 liters)
- €332.95 for kerosene, the substitute products and components (1,000 liters)
- €332.95 for diesel fuel (gas oil), the substitute products and components (1,000 liters)

Latvia (continued)

- Petroleum gases and other gaseous hydrocarbons (1,000kg) is increased from €128 to €161

Other types of mineral oils and substitute products rates vary from €0 to €332.95.

Effective 1 January 2014, the following rates of excise duties come into force for nonalcoholic beverages:

- €7.4 for nonalcoholic beverages (100 liters)
- €142.29 for coffee (100 kilograms)

Effective 1 January 2014, the following rates of excise duties come into force for natural gas:

- €17.07 per 1,000 cubic meters for use as heating fuel
- €99.60 per 1,000 cubic meters for use as a fuel
- €5.65 per 1,000 cubic meters for other specific purposes

Lithuania

Effective 1 April 2014, the following changes in excise duties rates will come into force:

- Excise duty levied on beer (1 hectoliter of product) will be increased from LTL8.5 to LTL9.35 for 1% of actual alcoholic strength by volume.
- Excise duty rates on wine made from fresh grapes and other fermented beverages will be increased as follows, per 1 hectoliter of product:
  - From LTL58 to LTL85 on wine and other fermented beverages with an actual alcoholic strength by volume (received only by fermentation in case of other fermented beverages) of not more than 8.5% by volume
  - From LTL198 to LTL225 on wine and other fermented beverages not indicated in the bullet point above
- Excise duty on intermediate products will be increased as follows, per 1 hectoliter of product:
  - From LTL216 to LTL281 on intermediate products with an actual alcoholic strength by volume not exceeding 15%
  - From LTL304 to LTL400 on intermediate products with an actual alcoholic strength by volume exceeding 15%
- Excise duty on ethyl alcohol will be increased from LTL4,416 to LTL4,460 per 1 hectoliter of absolute ethyl alcohol.

Effective 1 March 2015, the specific component of the excise duty on cigarettes will be increased from LTL148 to LTL157, and the excise duty levied on cigars and cigarillos will be increased from LTL88 to LTL93 per kilogram of the product.

To comply with the EU legislation, Lithuania is obliged to levy excise duty on natural gas used for heating as of 1 May 2014. The Lithuanian Parliament is still considering the detailed provisions, but it is proposed that the basic rate of excise duty, which would come into effect on 1 May 2014, will be:

- LTL35 per 1,000 cubic meters of natural gas used for heating
- LTL18 per 1,000 cubic meters of natural gas used for business purposes

Malta

Effective 5 November 2013, the following excise duty increases apply:

- Cigarettes — 6%
- Tobacco products — 9.3%
- Cement — by €10 per 1,000 kilos
- Alcoholic beverages — between 2.5% and 15%, depending on the particular product

Effective 1 January 2014, the following excise duty increases apply:

- Heavy fuel oil, liquid petroleum gas and methane — by €2 per 1,000 kilos
- Bunkering fuel by €0.35 per metric ton

Malawi

Effective 24 May 2013, the following excise duty changes apply:

- The removal of excise duty on motorcycles
- A reduction in the excise duty on water, mineral water and aerated water containing added sugar or other sweetening matter or flavors such as soft drinks, from 20% to 10%
- A reduction in the excise duty on buses with a seating capacity from 32 to 44 people

Mexico

Effective 1 January 2015, excise tax (which was previously waived) is payable on temporary imports performed by entities operating in the IMMEX regime, maquiladoras or another customs regime issued by the authorities when the temporary import entry is filed. Companies may apply for a tax credit against the excise tax that has to be paid for the temporary importation of goods or guarantee the excise tax payments through a bond issued by an authorized institution or if the entity apply for a "VAT/Excise Tax certification" during 2014.

Effective 1 January 2014, the following special tax on production and services (STPS) applies:

- A tax of MXN1 per liter is levied on sales and imports of beverages produced with added sugars, except those certified by the health authorities as medicines.
- A tax of 8% is payable on sales of non-staple foods with high-calorific content (275 kilocalories and above per 100 grams) and includes foods such as snacks, sweets, chocolate, puddings, peanut butter and hazelnut spreads, cereal-based foods, ice cream and sherbet.

Effective 1 January 2014, the STPS exemption is abolished on the following:

- Imports of franchise goods, in conformity with the Customs Law
- Goods that are brought into Mexico by way of customs regimes of temporary import for the manufacture, transformation or repair of the goods under maquila or export programs; of in-bond warehouses for the assembly and production of vehicles; for the manufacture, transformation or repair of the goods in a bonded warehouse or strategic bonded warehouse

Effective 1 January 2014, two types of environmental taxes are imposed to discourage activities that negatively impact the environment and to offset the social costs of such actions. One tax applies to the sale and import of fossil fuels, and the other tax applies to pesticides.

Mexico (continued)

The rate of tax applied to the sale and import of fossil fuels is based on the carbon content of these fuels, as set out in the following table:

Fossil fuel	Tax rate	Unit of measurement
Propane	5.91	Cents per liter
Butane	7.66	Cents per liter
Gasoline and plane fuel	10.38	Cents per liter
Turbosine and other kerosene	12.40	Cents per liter
Diesel	12.59	Cents per liter
Fuel oil	13.45	Cents per liter
Petroleum coke	15.60	Pesos per ton
Carbon coke	36.57	Pesos per ton
Mineral carbon	27.54	Pesos per ton
Other fossil fuels	39.80	Pesos per ton of carbon containing the fuel

The rate of tax for pesticides is based on the category of danger of acute toxicity of the pesticides. The rates in 2014 and from 2015 are as follows:

- Categories 1 and 2 — 4.5% (9% from 2015)
- Category 3 — 3.5% (7% from 2015)
- Category 4 — 3.0% (6% from 2015)

The table below is used to determine the category of danger of acute toxicity:

Method of administration	Category 1	Category 2	Category 3	Category 4	Category 5
Oral: measured in mg/kg of body weight	5	50	300	2,000	5,000
Dermal: measured in mg/kg of body weight	50	200	1,000	2,000	Undefined
Gas inhalation: measured in ppmV	100	500	2,500	5,000	Undefined
Vapor inhalation: measured in mg/L	0.5	2.0	10	20	Undefined
Dust and mist inhalation: measured in mg/L	0.05	0.5	1.0	5.0	Undefined

Moldova

Effective 1 January 2014, the following changes apply:

- The excise duty rates for the majority of excisable goods (gasoline, diesel oil, beer, cigarettes and ethyl alcohol) were increased.
- The value of goods imported by individuals for personal use or consumption without excise duty increased from €200 to €300.

Morocco

Effective 1 January 2014, a proportional stamp duty applies to motor vehicles on their first registration. The rates depend on the value of the vehicle excluding VAT, as follows:

- MAD400,000 to MAD600,000: 5% US$48,155 to US$72,232)
- MAD600,001 to MAD800,000: 10% (US$72,233 to US$96,310)
- MAD800,001 to MAD1 million: 15% (US$96,311 to US$120,388)
- More than MAD1 million: 20% (more than US$120,388)

Effective 1 January 2014, an airline passenger tax has also been introduced on airplane tickets. The traveler bears the cost of the tax, set as follows:

- MAD100 for economy-class tickets
- MAD400 for the first-class/business class

Mozambique

Effective 14 August 2013, the excise duty on manufactured tobacco was decreased. Cigarettes containing tobacco, presented in packages of light tobacco with 20 units and on sale to the public for MZN50 or more, are subject to excise duty at the rate of MZN320 per 1,000 units (previously MZN350 per 1,000 units). These rates will be increased to MZN357 per 1,000 units in 2014 and MZN400 per 1,000 units in 2015.

Netherlands

Effective 1 January 2014, the following changes apply to excise duties:

- The duty on diesel and unleaded petrol is increased by €0.03 and €0.07 per liter, respectively.
- The duty on alcoholic beverages is increased by 5.75%.

Effective 1 January 2015, the duty on a packet of 19 cigarettes will be increased by €0.09.

New Zealand

Effective 1 January 2014, excise and excise-equivalent duty rates on tobacco and tobacco products have undergone the annual indexation increase (based on the movement in the Consumers Price Index), as well as a separate 10% increase. Further 10% increases will occur on 1 January 2015 and 1 January 2016.

Effective 1 July 2013, the excise and excise-equivalent duty rates on alcoholic beverages have undergone the annual indexation increase (based on movement in the Consumers Price Index).

Effective 1 July 2013, rates and duties on motor spirits increased 3 cents. Further 3-cent rises will occur on 1 July 2014 and 1 July 2015.

Effective 1 July 2013, levies on gambling income change:

Gambling operator	Liable income	1 July 2010 to 30 June 2013	1 July 2013 onward
Casino operators	Casino wins	0.72%	0.74%
Non-casino gaming machine operators	Gaming machine profits	1.48%	1.31%

Norway

Effective 1 January 2014, most excise taxes were increased by 1.9%, in line with inflation (1.9%). In addition, the following changes apply:

- The engine effect taxes were reduced by approximately 14 percentage points.
- The general carbon dioxide tax on mineral oil was increased to NOK0.88 per liter:
  - The carbon dioxide tax on aviation is now NOK0.56 per liter for domestic flights (quota) and NOK0.84 per liter on other domestic flights and non-commercial flights.
  - The carbon dioxide tax is now NOK0.66 per standard cubic meter for natural gas and NOK0.99 per kg for liquefied petroleum gas.
- The vehicle registration tax was reduced to 14% (for first-time registrations).
- The vehicle re-registration tax was reduced by 12.5% on average.
- The vehicle re-registration tax was removed from heavy vehicles (in excess of 7,500kg).

Papua New Guinea

Effective 1 January 2014, the excise rate on certain beers increased from 2.6% to 4.5%.

Portugal

Effective 1 January 2014, a number of excise duty changes apply, including:

- The duty rate for beer increased by 1%.
- The duty on intermediary products (such as liquors, sparkling wines - products with a level of alcohol between 1.2% and 22.5% volume) and spirits drinks increased by 5%.
- Excise tax increased on "pipe tobacco water" by 50% and by 25% on tobacco leaves intended for sale to the public.
- The rate for cigars and cigarillos increased from 20% to 25%.
- Changes apply regarding the rules on the consumption of excisable products, particularly in the case of conditioning manufactured tobacco.
- An exemption applies to the tax on energy and oil products used in coastal maritime navigation and in internal navigation and vehicles for public transport users with a capacity of nine seats purchased by private institutions of social solidarity.
- A reduced tax rate applies to colored and marked fuel used in aquaculture activities.

Effective 1 January 2014, a general increase was applied to the rates of single road tax depending on the vehicle registration date and cylinder capacity.

Puerto Rico

Effective 25 June 2013, the excise tax imposed on gas oil or diesel oil was decreased from US$0.08 to US$0.04.

Effective 31 August 2013, the excise tax imposed on crude oil, unfinished oils or end products derived from oil and any other hydrocarbon mixture (excluding natural gas), in addition to any other excise tax prescribed, was increased from US$3 to US$9.25 per barrel or fraction thereof.

Effective 1 July 2013, the following excise tax duty changes were introduced to cigarettes and smokeless tobacco:

- Excise tax on cigarettes increased from US$11.15 to US$16.15 per 100 or fraction of 100 cigarettes. From 1 July 2015, excise tax will be US$17 per 100 or fraction of 100.
- An excise tax of US$1 per pound or fraction of a pound was imposed on chewing tobacco; for snuff tobacco or any other product derived from tobacco, the excise tax is US$3.02 per pound or fraction of a pound.

Romania

Effective 1 January 2014, the excise duties on gas, fuel and kerosene increased.

A new tax on constructions, other than buildings subject to local taxes, was introduced on 1 January 2014 with a tax rate of 1.5%.

Russia

Effective 1 January 2014, the excise duties on certain excisable goods were increased. The following rate changes apply in 2014:

Excisable goods	Rate in 2013	Rate in 2014
Wine, cider and certain similar drinks (per liter)	RUB7	RUB8
Sparkling wine (per liter)	RUB24	RUB25
Beer with volume of spirit <0.5% (per liter)	from RUB15 to RUB26	from RUB18 to RUB31
Alcoholic products with volume of spirit <9% (per liter of ethanol)	RUB320	RUB400
Alcoholic products with volume of spirit >9% (per liter of ethanol)	RUB400	RUB500
Alcohol-containing products (per liter of ethanol)	RUB320	RUB400
Certain kinds of ethyl spirit (per liter of ethanol)	RUB59	RUB74
Tobacco (per kg)	RUB1,000	RUB1,500
Cigars (per piece)	RUB58	RUB85
Cigarillos (per 1,000 pieces)	RUB870	RUB1,280
Cigarettes (per 1,000 pieces)	RUB550 plus 8% of the estimated value of the maximum retail price, but not less than RUB730	RUB800 plus 8.5% of the estimated value of the maximum retail price, but not less than RUB1,040

Russia (continued)

Automobile with engine power more than 90 horse powers (per horse power)	from RUB31 to RUB302	from RUB34 to RUB332
Automobile fuel (per ton)	from RUB5,680 to RUB10,100	from RUB6,450 to RUB11,110
Diesel fuel (per ton)	from RUB4,334 to RUB5,860	from RUB4,767 to RUB6,446
Straight-run petrol (per ton)	RUB10,229	RUB11,252
Furnace oil (per ton)	RUB5,860	RUB6,446

South Africa

Legislation relating to a new carbon tax is expected during 2015.

Spain

Effective 1 January 2014, a new tax on fluorinated greenhouse gases was introduced. This new environmental tax levies, in a single phase, the consumption of fluorinated greenhouse gases according to their global warming potential (GWP). Details of this tax include:

- The taxable event is the first delivery of gases after their production, import or intra-Community acquisition and the self-consumption.
- The gross tax payable is determined by applying the tax rate, which depends on the GWP of the gases, to the weight of the taxable products. A transitional regime with lower taxation will apply for the 2014 and 2015 fiscal years.
- Operators of fluorinated greenhouse gases must be registered with the corresponding territorial office, and they must comply with formal obligations

Effective 1 January 2014, the use of the Excise Movement Control System (EMCS) has been extended to movements within Spain of products that circulate under duty suspension or with application of an exemption or reduced rate.

Effective 1 January 1 2014, a new exemption has been introduced for the manufacture, import or intra-Community acquisition of 85% of the electricity used, for chemical reduction and electrolytic processes, mineralogical processes, or metallurgical processes.

Sri Lanka

Effective 1 January 2014, foreign currency receipts that form part of the turnover of any headquarters or regional head office of an international organization, that relocates to Sri Lanka, are exempt from Nation Building Tax (NBT).

Effective 1 January 2014, NBT exemptions apply to the import or supply of the following goods and services

- Distribution of LP Gas
- Retail trade at duty free shops for payment in a foreign currency
- Sale of locally manufactured coconut oil by the manufacture (for three years)
- Services provided in any airport for payments in foreign currency
- Sale by the importer of any goods subject to Special Commodity Levy at the point of import, if sold without undergoing any further process

Effective 1 January 2014, exemptions are removed for the import or supply of goods and services for banking and finance businesses.

Effective 1 January 2014, the Telecommunication Levy was increased from 20% to 25% (the concessionary rate of 10% for online services provided to facilitate the IT and business process outsourcing sectors remains unchanged).

Thailand

Effective 4 September 2013, the following excise tax changes apply for alcohol:

- The rates changed, ranging from 0%–48% for value base or THB70–THB1,000 for content base.
- The tax base for excise changed to the last wholesale price.

Turks and Caicos Islands

The Government of the Turks and Caicos Islands has decided that it will not proceed with the introduction of a general services tax (GST) on professional services that was scheduled for 1 October 2013. To cover the revenue that would have been earned from GST, a number of tax amendments were introduced, including:

- An increase in the stamp duty on vehicle hire to 12%
- An increase in the communications tax to 12% (currently 10%)
- A levy on incoming international phone calls (US$0.10 per minute)
- An increase in the fuel duty to US$0.85 per gallon (currently US$0.75)

United Kingdom

Effective 1 January 2014, legally available tobacco-free (herbal) smoking products become liable to tobacco products (excise) duty. However, a limited exemption is maintained for herbal smoking products that are used exclusively for medicinal purposes.

Effective 1 April 2014, airport passenger duty rates will increase, in line with inflation.

Effective 1 April 2014, the standard rate of Landfill Tax will increase by £8 per tonne to £80 per tonne. However, the lower rate of Landfill Tax remains at £2.50 per tonne.

Effective 1 April 2014, certain exemptions and reliefs contained within the UK aggregates levy will be suspended. This follows the European Commission's decision to open a formal investigation

United Kingdom (continued)

to determine whether any of these exemptions or reliefs constitute unlawful State Aid. The UK Government will make provision for these to be reinstated should the outcome of the Commission's investigation allow, and to enable revenue received as a result of the suspensions to be repaid where practicable.

Effective 1 April 2014, climate change levy (CCL) rates will increase in line with inflation. From the same date, energy used in metallurgical and mineralogical processes will become exempt from CCL.

Carbon reduction commitment allowance prices in 2014–15 will be £15.60 per metric ton of carbon dioxide in the forecast sale and £16.40 per metric ton of carbon dioxide in the buy-to-comply sale.

The estimated £1.61 per liter fuel duty increase that was due to take effect on 1 September 2014 has been canceled. In addition, there will be no further increase in fuel duty for the remainder of the current Parliament.

To reduce the illicit trade in alcohol products, a registration scheme for alcohol wholesalers will be introduced in 2016, and a requirement for alcohol businesses approved by the UK tax administration to undertake effective due diligence on their supply chains is being introduced in early 2014. Effective spring 2014, the sale of alcohol at a price below duty plus VAT will be banned in England and Wales.

In 2015, the UK Government intends to introduce a £0.05 mandatory charge for single-use carrier bags in England. Small businesses and biodegradable bags that meet certain criteria will be exempt from the charge. Effective October 2014, a similar charge is expected to be introduced in Scotland. Similar charges have already been introduced in Wales and Northern Ireland.

Zambia

Effective 1 January 2014, the following changes apply regarding excise duties:

- Duty on mobile phone airtime increases from 10% to 15%.
- The statutory instrument suspending excise duty on clear beer is revoked. A duty rate of 60% now applies.

Zimbabwe

Effective 1 January 2014, the excise duty suspension on ethanol was lifted.

An excise duty of US$0.05 per liter of ethanol now applies.

Global trade

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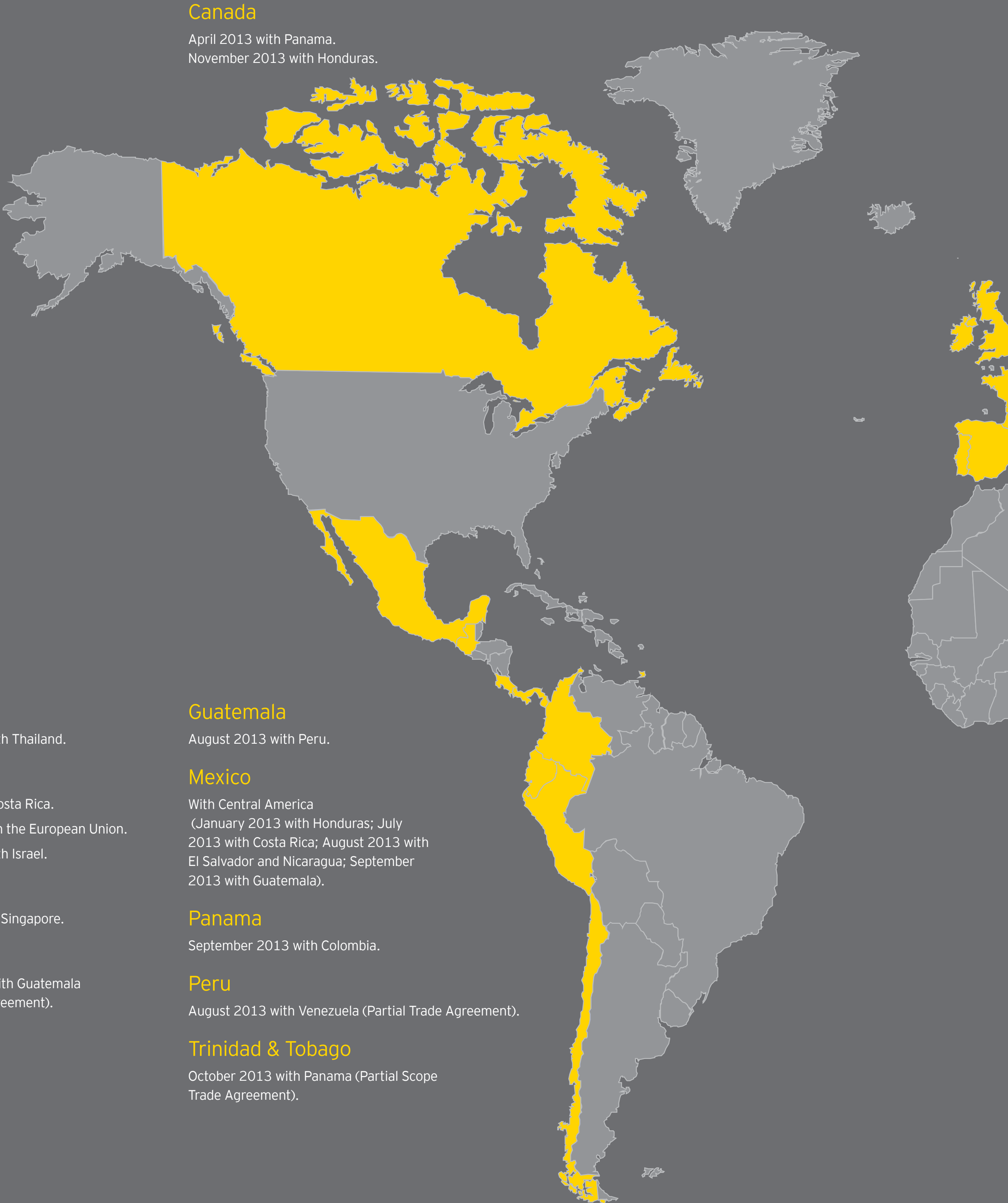
Global trade — free trade agreements



Canada

April 2013 with Panama.
November 2013 with Honduras.

Chile

October 2013 with Thailand.

Colombia

May 2013 with Costa Rica.

August 2013 with the European Union.

October 2013 with Israel.

Costa Rica

March 2013 with Singapore.

Ecuador

February 2013 with Guatemala (Partial Trade Agreement).

Guatemala

August 2013 with Peru.

Mexico

With Central America (January 2013 with Honduras; July 2013 with Costa Rica; August 2013 with El Salvador and Nicaragua; September 2013 with Guatemala).

Panama

September 2013 with Colombia.

Peru

August 2013 with Venezuela (Partial Trade Agreement).

Trinidad & Tobago

October 2013 with Panama (Partial Scope Trade Agreement).

European Union

With Central America (August 2013) with Honduras, Nicaragua and Panama; (October 2013) with Costa Rica and El Salvador; (December 2013) with Guatemala.

August 2013 with Colombia and Peru.

Commonwealth of Independent States

January 2013 with Moldova.

Switzerland

July 2013 with China.

Free trade agreements

The following free trade agreements (FTAs) were either signed in 2013 (to be effective once ratified by the respective nations) and entered into force during 2013 or are slated to go into effect during early 2014:

- Australia and Malaysia (January 2013)
- Moldova and the Commonwealth of Independent States (January 2013)
- Mexico and Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua) (country approvals to date: Mexico and Honduras, January 2013; Mexico and Costa Rica, July 2013; Mexico and El Salvador, August 2013; Mexico and Nicaragua, August 2013; Mexico and Guatemala, September 2013)
- Ecuador and Guatemala partial trade agreement (February 2013)
- South Korea and Colombia (February 2013)
- Costa Rica and Singapore (signed in 2010; Costa Rica's Congress approved on March 2013)
- Canada and Panama (April 2013)
- China and Iceland (signed in April 2013)
- Colombia and Costa Rica (signed in May 2013)
- Turkey and South Korea (signed in May 2013)
- Israel and Colombia (signed in June 2013)
- Mauritius and Turkey (June 2013)
- Switzerland and China (signed July 2013)
- Colombia and the European Union (August 2013)
- EU and Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) (country approvals to date: Honduras, Nicaragua and Panama, August 2013; Costa Rica and El Salvador, October 2013; Guatemala: (December 2013)
- EU, Colombia and Peru (August 2013)
- Guatemala and Peru (Guatemalan Congress approved on August 2013)
- Peru and Venezuela partial trade agreement (August 2013)
- Gulf Cooperation Council (GCC) and Singapore (September 2013)
- Pakistan and Indonesia preferential trade agreement (September 2013)
- Panama and Colombia (signed in September 2013)
- Trinidad & Tobago and Panama partial scope trade agreement (signed in October 2013)
- Chile and Thailand (signed in October 2013)
- Colombia and Israel (signed in October 2013 and expected to come into force in 2014)
- South Korea and Vietnam (to be signed in 2014)

Significant global trade developments

Albania

Effective 1 January 2014, Albania adopted the Harmonized Tariff Schedule based on the international Harmonized Commodity Coding and Classification System established by the World Customs Organization.

Algeria

Effective 1 October 2013, Algeria introduced a new negative list of imported products (including gold) that are excluded from the duty-free access to the Algerian domestic market under the Greater Arab Free Trade Area (GAFTA).

Argentina

Argentina and the United Arab Emirates signed a customs cooperation agreement (CCA) on 3 July 2013.

Armenia

Armenia and the United Arab Emirates signed a CCA on 25 November 2013.

Australia

Australia amended the definitions of "purchaser's material costs," "purchaser's subsidiary costs," "purchaser's tooling costs" and "purchaser's work costs" in section 154 (10 of the Customs Act 1901) to bring these definitions in line with the World Trade Organization (WTO) Valuation Agreement. The amendments came into effect on 31 March 2013.

On 12 April 2013, Australian Customs and Border Protection (CBP) issued the amended Valuation – Transfer Pricing Policy Practice Statement. The statement aims to clarify the current CBP policies on the valuation of imported goods that involve transfer pricing arrangements.

On 6 September 2013, the Australian CBP issued Notice 2013/46 outlining the documents required to support statements made on import and export declarations.

Bangladesh

The budget for fiscal year 2013–14 was enacted on 30 June 2013 and included the following proposed changes to customs duty:

- The 3% customs duty rate on import of capital goods is reduced to 2%.
- The customs duty rate on intermediate raw materials is reduced to 10%.
- The 5% regulatory duty on goods is chargeable at 25% to preserve the interests of domestic industry. At the same time, a 5% regulatory duty is introduced on certain items that, by nature, are not intermediate goods, such as milk powder, sulphur, bars and rods, on which 10% customs duty is chargeable.

Belarus

Effective 19 March 2013, the Customs Union of Belarus, Kazakhstan and Russia raised the rate of import duty on television sets to 16%.

On 17 May 2013, the Belarus House of Representatives passed a bill that covered various customs procedures, including rules of customs valuation. The bill also formerly repealed Belarus' Customs Code to be replaced by the Customs Code of the Customs Union of Belarus, Kazakhstan and Russia (in effect since 2011).

Canada

Effective 1 April 2013, Canada amended its Departmental Consolidation of the Customs Tariff to reduce the tariff preferential treatment rates to "free" for certain number of tariff items under headings 4203, 6111, 6209, 6401, 6402, 6403 and 9506.

On 28 May 2013, Canada's Border Services Agency amended the 1 April 2013 version of the Departmental Consolidation of the Customs Tariff with regard to subheading 6506.10. As a result of this amendment, importers of protective athletic headgear may be eligible for a refund of the duties paid on importations made since 1 April 2013.

On 19 October 2013, Canada and the European Union reached a tentative deal to conclude an FTA. The parties are now finalizing the text and signing the agreement, after which the European Parliament, each of the 28 EU Member States, and all of Canada's provinces and territories will need to ratify it. The parties expect the agreement to be effective in 2015.

Canada and Honduras

Canada and Honduras signed an FTA. Ratification by the respective legislative bodies of each country is pending.

China

On 29 May 2013, mainland China agreed to cut import duty on Swiss watches by 60% for 10 years under the FTA signed between the two parties.

Effective 1 June 2013, China published the China Customs Import and Export Commodity Classification Regulations decision.

On 8 September 2013, China and South Korea completed the first-phase negotiations on a bilateral FTA.

On 25 September 2013, China's Government published a list of "dual-use products and technologies" that are prohibited from export to North Korea.

As of 30 October 2013, China's General Administration of Customs issued modified rules on customs clearance operations.

Cook Islands

Effective 1 April 2014, import duties on pork products, sea-freighted eggs, ice cream and seasonal vegetables are reduced to zero.

Croatia

Croatia became a Member State of the European Union on 1 July 2013.

Eurasian Economic Commission

On 24 April 2013, the Eurasian Economic Commission (Russia, Kazakhstan and Belarus) amended the list of drugs, psychotropic substances and their precursors subject to import and export prohibitions and restrictions.

On 4 June 2013, the board of the Eurasian Economic Commission issued a resolution amending the joint list of goods subject to prohibitions or restrictions in cases of import or export by the member states of the Customs Union in trade with third countries.

The Council of the Eurasian Economic Commission adopted Resolution No. 54 on 21 September 2013, regarding the rates of import customs duties of the Joint Customs Tariff of the Customs Union for certain types of goods.

On 7 October 2013, the Eurasian Economic Commission Board adopted Resolution No. 213, which amends Resolution No. 378 of the Commission of the Customs Union with regard to customs declarations.

On 9 October 2013, the Eurasian Economic Commission Board issued Resolution No. 58 on customs duty rates.

European Union (EU)

On 5 March 2013, the EU and Canada signed an agreement enhancing an existing CCA to include supply chain security and related risk management matters.

The United Kingdom's HM Revenue & Customs issued Customs Information Paper 13 (47), which detailed the implementation of the EU and Colombia preferential trade agreement that went into effect on 1 August 2013.

Regulation (EU) No. 258/2012 established export authorization and import and transit measures for civilian-use firearms and their parts, components and ammunition. The regulation went into effect for all the Member States on 30 September 2013.

The FTA provided for as part of the association agreement signed in June 2012 between the EU and Central America (Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador) came into force for Honduras, Nicaragua and Panama on 1 August 2013, for Costa Rica and El Salvador on 1 October 2013, and on 1 December 2013 in Guatemala.

Effective 30 October 2013, the Union Customs Code adopted by the EU became effective in all Member States.

EU regulation no. 978/2012 amended the generalized scheme of preferences so that from 1 January 2014 onward the preferential access to the EU will no longer be provided for certain countries. Therefore, the customs duties for goods originating from these countries will increase.

Georgia

On 29 November 2013, Georgia and Moldova initiated an association agreement with the EU.

Ghana

On 5 December 2013, as part of measures to promote local industries and make them competitive, it has been proposed that certain imported raw materials would be exempt from import duty and VAT, applying to:

- Raw materials imported for the local printing of textbooks and exercise books through tenders administered by the Ministry of Education
- Raw materials imported for the manufacturing of HIV/AIDS drugs under the supervision of the Ministry of Health

On 26 June 2013, the Customs and Excise (duties and other taxes) Act of 1996 (Act 512) has been amended. Telephone sets including mobile, cellular and satellite phones now attract an import duty at a rate of 20% instead of being free from it.

For the 2013 and 2014 years of assessment, a Special Import Levy is imposed on imported goods at the point of entry. The rate of the Special Import Levy is determined as follows:

Ghana (continued)

Description of goods	*Rate of levy*
Machinery and equipment listed under Chapters 84 and 85 of the Harmonized System and Customs Tariff Schedules 2012	1% of CIF value
All other goods except petroleum products listed under Headings 27.09 and 27.10 of Chapter 27, as well as fertilizers listed under Chapter 31 of the Harmonized System and Customs Tariff Schedules 2012	2% of CIF value

An exemption from the levy applies from 5 December 2013 on agriculture and fishing inputs, medical supplies, educational materials and energy bulbs.

Kazakhstan

Effective 19 March 2013, the Customs Union of Belarus, Kazakhstan and Russia raised the rate of import duty on television sets to 16%.

Lebanon

On 6 November 2013, Lebanon and Qatar signed a customs cooperation agreement.

Malawi

Effective 24 May 2013, the following customs duty changes apply:

- The duty on bovine, swine, sheep and goats imported for breeding purposes was removed.
- The duty on bicycles was removed.
- The duty on track laying tractors, crane lorries and concrete-mixer lorries was removed.
- The duty on mobile drilling derricks was removed.
- The duty on inverters was removed.
- The duty on motorcycles with engine capacity not exceeding 250cc, was reduced from 25% to 15%.
- The duty on buses (with a seating capacity of 11 to 31 and 32 to 44 persons including the driver regardless of engine capacity and year of make) was reduced from 25% to 15%.
- The travelers' rebate was increased from MWK150,000 to MWK300,000.

Mexico

Mexico's President issued a protocol to amend the FTA between Mexico and Uruguay on 27 February 2013.

On 21 March 2013, the President of Mexico issued several decrees to adopt CCAs with the Philippines, India and China.

Mexico's Secretariat of Treasury and Public Credit issued the Fourth Resolution on Amendments to the General Rules on Foreign Trade for 2012 and Annexes 1 and 22. The Fourth Resolution took effect on 11 April 2013.

On 14 June 2013, Mexico's President promulgated a CCA between Mexico and the Philippines signed on 31 August 2012.

Mexico became a member of the Australia Group on 13 August 2013.

On 30 August 2013, Mexico's Secretariat of the Treasury and Public Credit, Tax Administration Service, issued the Annex to the General Rules on Foreign Trade for 2013.

On 27 November 2013, the Minister of Finance announced that the decree granting the import of more than 2800 products with free or reduced customs duty rates, for their exclusive use in the border zone, will be extended for a three-year period, until 31 December 2016.

Important amendments to the Mexican Customs Law, VAT Law and Excise Tax Law approved by the Mexican Congress on 31 October 2013 significantly affected foreign trade operations in Mexico. Most of these changes came into force on 1 January 2014 and include:

- The use of customs brokers is no longer mandatory. While importers/exporters may opt to continue using a customs broker to perform their customs clearance procedures, they also may choose to perform such procedures on their behalf by designating a legal representative or "customs representative" who is responsible for preparing and filing import/export documentation. The "customs representative" is, however, jointly liable with the importer/exporter for the payment of duties and other taxes due upon the import/export of goods.
- Strategic bonded warehouses may now be established anywhere in Mexico. While these amendments allow more flexibility in the conditions for establishing a strategic bonded warehouse, goods that are temporarily imported under the Regimen de Recinto Fiscalizado Estratégico (RFE) regime are subject to VAT. Therefore, the benefit of using this customs regime will be significantly reduced.
- A new electronic customs system has been introduced to expedite the customs clearance process. Under this system, all filings required for the customs clearance process are performed electronically and through digital documents. As part of this system, importers have to transmit an electronic declaration with information on the value of imported goods. The secondary review of goods during the import customs clearance is also eliminated.
- Post-entry amendments may now be made regarding the information contained in the customs declaration at any time and as many times as required, with some exceptions for which the Mexican tax authorities will need to issue prior authorization.

Mexico (continued)

- Importers may apply the "regularization" procedure on expired temporary imports, limiting the importer's exposure to the payment of omitted duties, if any, and VAT.
- The change of regime of temporary imported goods is extended. The Mexican Customs Law allowed a change of regime only to permanent import of goods that were temporarily imported for manufacturing, transformation or repairing (for example, goods imported under an IMMEX program). The amendments to the Mexican Customs Law now make it possible to change the customs regime for other goods (e.g., that are not in an IMMEX program) that may be temporarily imported, such as samples and goods imported by foreign residents.

New Zealand

On 1 December 2013, the FTA between New Zealand and Taiwan went into effect.

Philippines

The Philippines signed separate customs mutual administrative assistance agreements with Russia and the Netherlands on 24 April 2013 and 25 April 2013, respectively.

Russia

Effective 19 March 2013, the Customs Union of Belarus, Kazakhstan and Russia raised the rate of import duty on television sets to 16%.

On 1 October 2013, Russia's President signed into law the Federal Law on Amendments to Part 2, Chapter 26, of the Russian Federation's Tax Code *and* Article 31 of the Russian Federation's Law on Customs Tariffs. The amendments concerned taxes and duties on crude oil.

Serbia

Serbia, Bosnia and Turkey signed an economic and trade cooperation agreement on 14 May 2013.

Singapore

Effective 1 April 2013, Singapore Customs required all export declarations to be submitted before the goods are exported, including non-controlled and non-dutiable goods exported by sea and air.

The EU and Singapore concluded a partnership and cooperation agreement on 4 June 2013.

South Africa

On 23 August 2013, South Africa adopted a new automated customs management system, which centralizes the clearing of all import and export declarations using a single processing engine.

Taiwan

Taiwan's Ministry of Finance announced an expansion of its duty drawback scheme applying to 1,751 items retroactively from 1 January 2013.

Taiwan and Singapore signed an agreement on 7 November 2013 that covers, among other things, trade in goods, trade in services, investment, dispute settlement, e-commerce, government procurement and customs procedures. Ratification is pending.

Tajikistan

On 17 October 2013, Tajikistan's legislature approved amendments to customs and tax codes to exempt imported farm machinery and military equipment from duty and taxes.

Trinidad and Tobago

Effective 1 October 2013, customs duties have been increased on the import of new and used cars above with engines above 2,499 cubic centimeters, excluding certain commercial vehicles and certain vehicles registered for use as taxis.

Effective 1 January 2014, customs duties of 20% have been waived off on the import of compact fluorescent lamps.

On 3 October 2013, Trinidad and Tobago and Panama signed a partial scope trade agreement.

Turkey

On 15 April 2013, the Turkish and Palestinian customs authorities signed a convention on mutual administrative assistance.

Turks and Caicos Islands

Effective 1 July 2013, a temporary charge of 15% on the cost of insurance and freight of goods imported to the islands (prepaid or postpaid) is applicable, with the exception of gasoline and diesel, which are exempt.

The United Nations

On 2 April 2013, the United Nations adopted a treaty to control the export of conventional weapons in violation of arms embargoes, as well as weapons used for acts of genocide, crimes against humanity, war crimes or terrorism. The treaty was adopted by an overwhelming majority, with the notable abstentions of Russia and China.

Ukraine

On 18 October 2013, Ukraine's President signed into law a bill to update the Customs Tariff (HS-2012) and other provisions according to the World Trade Organization commitments.

United States of America

On 12 March 2013, the US Trade Representative modified the designation of certain zones in Egypt, whereby all present and future facilities in these zones could be able to export goods duty-free to the United States.

On 8 April 2013, the US President determined that the Republic of Somalia would be eligible to receive defense articles and services.

On 16 April 2013, the U.S. Department of State and U.S. Department of Commerce issued the first set in a series of final rules redefining how the US Government protects sensitive technologies and regulates exports of munitions and commercial items with military applications.

The United States and Nigeria signed a customs mutual assistance agreement on 24 April 2013.

United States of America (continued)

On 13 May 2013, U.S. Customs and Border Protection (CBP) issued a General Notice announcing a modification to the Automated Commercial System (ACS) National Customs Automation Program (NCAP) Reconciliation prototype test to include the filing of post-importation preferential tariff treatment claims arising under the following FTA implementation acts: US-Oman, US-Peru, US-Korea, US-Colombia and US-Panama.

On 21 November 2013, the United States and Morocco signed a bilateral customs mutual assistance agreement, providing a partnership and legal framework for information sharing and cooperation between the countries' customs administrations.

On 18 November 2013, the U.S. Department of Defense (DoD) amended the Defense Federal Acquisition Regulation Supplement and issued an interim rule to amend the regulations to allow the DoD to consider the impact of supply chain risk in specified types of procurements related to national security systems.

The U.S. Department of State issued a final rule announcing the effective date of 16 May 2013 for the implementation of the Defense Trade Cooperation Treaty between the US and Australia. The rule amended the International Traffic in Arms Regulations to implement the treaty and identifies the defense articles and defense services that may not be exported under the treaty.

On 5 June 2013, the Bureau of Industry and Security (BIS) published a final rule to amend the Export Administration Regulations (EAR) to implement the Commerce Control List (CCL), specifically regarding a number of human and zoonotic pathogens, toxins, plant pathogens and others.

The U.S. Department of State issued a Final Rule amending Defense Federal Acquisition Regulation Supplement (DFARS) to implement the Defense Trade Cooperation Treaty between the United States and the United Kingdom. The final rule, effective 7 June 2013, also implemented the treaty.

The U.S. BIS and Department of Commerce issued a Final Rule, which took effect on 20 June 2013, implementing the Wassenaar Arrangement (WA) December 2012 Plenary Agreements. Additionally, BIS added certain unilateral controls on items that the WA agreements have removed from the WA lists.

On 27 June 2013, the U.S. Department of the Treasury, Alcohol and Tobacco Tax and Trade Bureau, issued a temporary rule/Treasury decision that extends the validity of new import permits for tobacco products and processed tobacco from three years to five years.

U.S. CBP updated its non-textile, side-by-side comparison chart providing basic customs information and citations on the United States' free trade agreements and selected preference programs.[1]

U.S. CBP issued a Final Rule to implement the preferential tariff treatment and other customs-related provisions of the US-Korea free trade agreement, which went into effect on 1 July 2013.

The United States and the United Arab Emirates signed a CCA on 11 July 2013.

On 16 July 2013, U.S. BIS published a final rule to amend the EAR to implement changes to the Missile Technology Control

1. This chart can be accessed at : http://www.cbp.gov/linkhandler/cgov/trade/trade_programs/international_agreements/fta_comparison.ctt/fta_comparison.pdf

United States of America (continued)

Regime Annex and revise certain Export Control Classification Numbers (ECCNs).

On 9 August 2013, US BIS published a final rule on the deadline for completing voluntary self-disclosures of EAR violations within 180 days of the Office of Export enforcement receiving the initial voluntary self-disclosure notification, as well as other changes.

On 29 August 2013, the United States and Uruguay signed a memorandum of understanding to facilitate more trade between the two countries.

On 24 September 2013, the US signed the United Nations Arms Trade Treaty, which seeks to regulate international trade in conventional arms. Ratification is pending.

On 26 September 2012, the U.S. CBP adopted the interim rule to implement the preferential tariff treatment and other customs-related provisions of the US-Colombia trade promotion agreement.

Effective 16 October 2013, the US Munitions List and Commerce Control List has been amended in accordance to the President's Export Control Reform Initiative.

Vietnam

On 27 May 2013, Vietnam and India signed a maritime trade agreement, which allows maritime transport companies to operate in each other's territory.

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