



Taxation of the digitalized economy – LATAM focus

Developments summary

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Notices

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Direct taxes



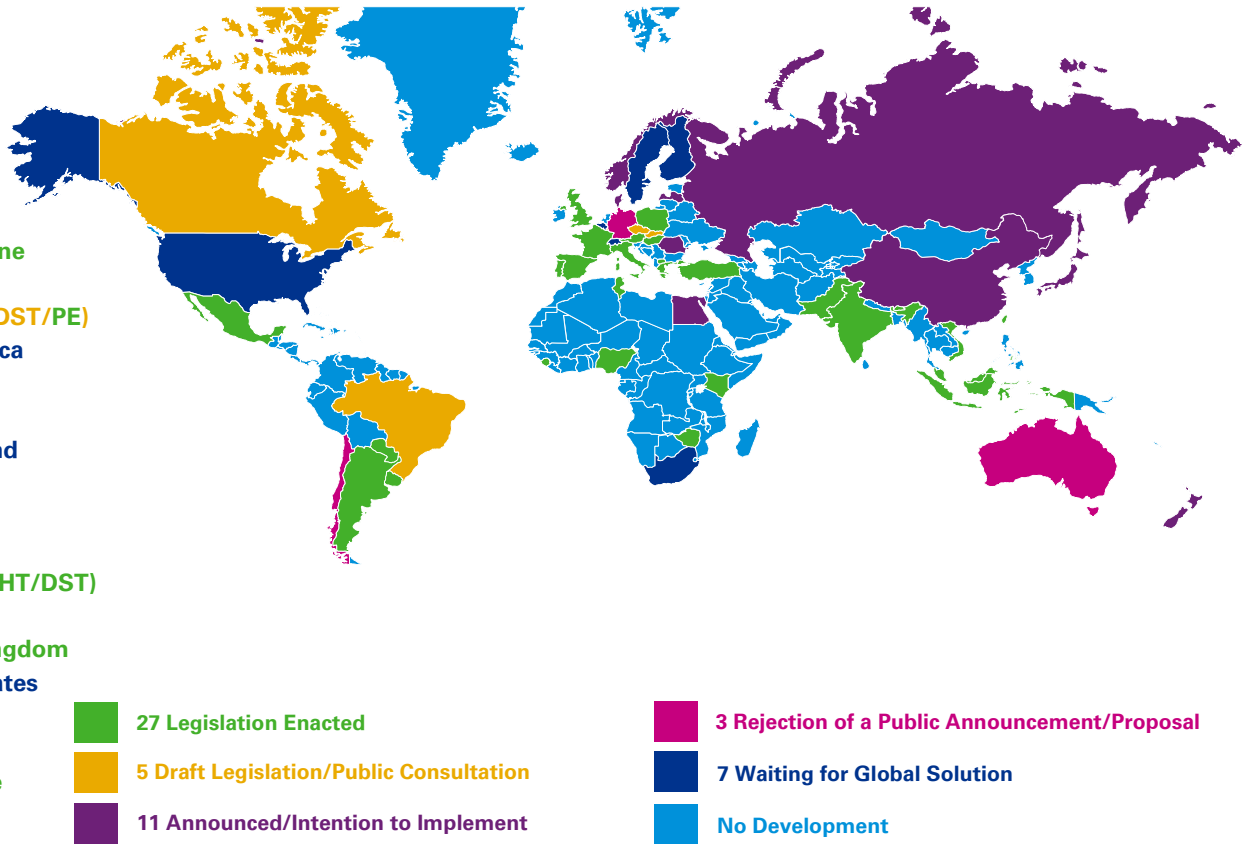


Direct taxes global map

Direct Taxes (e.g., DST/WHT/Digital PE)

- 1. Argentina
- 2. Australia
- 3. Austria
- 4. Belgium (DST/PE)
- 5. Brazil
- 6. Canada
- 7. Chile
- 8. China
- 9. Costa Rica
- 10. Czech Republic
- 11. Denmark
- 12. Egypt
- 13. Finland
- 14. France
- 15. Germany (WHT)
- 16. Greece
- 17. Hungary
- 18. India (Eq.Tax/WHT/PE)
- 19. Indonesia
- 20. Israel (DST/PE)
- 21. Italy
- 22. Japan
- 23. Kenya
- 24. Latvia
- 25. Malaysia
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- 29. Norway
- 30. Pakistan
- 31. Paraguay
- 32. Poland
- 33. Portugal
- 34. Romania
- 35. Russia
- 36. Sierra Leone
- 37. Singapore
- 38. Slovakia (DST/PE)
- 39. South Africa
- 40. Spain
- 41. Sweden
- 42. Switzerland
- 43. Taiwan
- 44. Thailand
- 45. Tunisia
- 46. Turkey (WHT/DST)
- 47. Ukraine
- 48. United Kingdom
- 49. United States
- 50. Uruguay
- 51. Vietnam
- 52. Zimbabwe



To learn more about Taxation of the digitalized economy read.kpmg.us/digital-economy

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Summary chart of certain enacted or proposed direct taxes in the LATAM region

Country	Status	Effective date	Type	Rate	Applicable tax base	
Argentina	✓ Enacted	Enacted	December 15, 2020	DST	5% - 10% - 15%	Bets made through a digital platform in or from Argentina.
	● Proposed/Intention	Proposed	TBD	DST (CIDE-Digital)	1% - 3% - 5%	Gross revenue from: <ol style="list-style-type: none"> Advertising to Brazilian users Availability of a digital platform that that allows interaction with the objective of selling goods or providing services directly between users, if one user is located in Brazil Transfer of data from users located in Brazil collected during the use of digital platform or generated by these users
Brazil	● Proposed/Intention	Proposed	TBD	COFINS-Digital	Increase of 3% points in the regular COFINS rate (i.e., 10,6%)	Gross revenue from: <ol style="list-style-type: none"> Availability of digital platform / interface for sale of goods and services; and Provision of digital services to advertisers or their agents.

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Country	Status	Effective date	Type	Rate	Applicable tax base
	● <i>Proposed/Intention</i>	TBD	DST	3%(CSSD)	Gross revenue from: <ol style="list-style-type: none"> 1. Online advertising targeting users located in Brazil; 2. Making available digital platforms that allow users to contact and interact with each other for the purpose of selling goods or providing services directly between each other, provided that one of the users is located in Brazil; and 3. Transmission of data from users located in Brazil, which has been generated by such users or collected while they were using the digital platforms.
	● <i>Proposed/Intention</i>	TBD	DST	3% (or 10% for bets) (CSESD)	Gross revenue from: <ol style="list-style-type: none"> 1. Streaming or download of digital contents; 2. Online games, apps and Software as well as their upgrade; 3. Electronical apps that allow economic transaction or transaction of any digital contents between users; and 4. Bets commercialized through electronic channels.

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Country	Status	Effective date	Type	Rate	Applicable tax base
	● Proposed	TBD	DST	3%(CIDE-Internet)	<p>Gross revenue from:</p> <ol style="list-style-type: none"> Advertising, sponsorship or merchandising; Content targeting; Collection, distribution or treatment of users' data; Incentive or influence for the use of services; Payment platform; and Exploitation or dissemination of image, text, video or sound related to a natural or legal person.
Costa Rica	✓ Enacted	November 19, 2019	General income tax on digital tourist rental services income	NA	Income from provision of tourist rental services via digital platforms
Mexico	✓ Enacted	June 1, 2020	WHT	Variable	<p>Foreign digital service providers with no PE are not subject to income tax. However, intermediaries of digital services that process payments should withhold income tax for which Mexican individuals who sell goods and services on digital platforms are liable. The rate will depend on the activity performed.</p> <ol style="list-style-type: none"> Ground transportation services of passengers and delivery of goods: 2.1%. Accommodation services: 4%. Sales of goods and services: 1%. <p>When the individual resident in Mexico does not provide his TIN, the withholding tax will be 20%.</p>

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Country	Status	Effective date	Type	Rate	Applicable tax base	
Paraguay	✓ Enacted	● Proposed/Intention	January 1, 2021 (2022 if the user of the services uses a credit or debit card as a means of payment)	Non-resident Tax (INR)	15%	<p>Income net of VAT from the provision of the following digital services by foreign suppliers:</p> <ol style="list-style-type: none"> Digital distribution of multimedia content (e.g., games, movies, music, videos, among others) Data processing and storage in general, and the provision, development, or updating of software or applications in general Cable and satellite television Marketing and advertising Games of luck, chance, bets and the like; and Educational services provided through technological platforms
Uruguay	✓ Enacted	● Proposed/Intention	January 1, 2018	General income tax on digital services income	12%	<p>Income of non-residents from services related to businesses involved in the digital economy in Uruguay.</p> <ol style="list-style-type: none"> Audiovisual services (e.g., video, film and music streaming services) provided from abroad by electronic means to customers located in Uruguayan territory; and Mediation or intermediation services provided from abroad by electronic means between the supply and the demand of services (e.g. accommodation, transport, etc.) in which one or both parties are located in Uruguayan territory.



LATAM Country specific detail – Direct taxes

✓ *Enacted*
 ● *Proposed/Announced*
 ✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite	
Argentina	✓	Enacted	December 23, 2019	<p>On December 23, 2019, the Argentinian Congress passed Law 27,541, which among other things imposes on resident individuals and legal entities a temporary tax (PAIS) on the acquisition of goods and services from non-resident persons. The tax generally applies at a rate of 30%, but digital services are taxed at the lower rate of 8%. While like a DST it applies to the acquisition of goods and services from non-resident persons, Argentina’s PAIS is not restricted to persons or companies engaged in the digital economy, and in fact applies a lower rate of tax to those companies. Argentina’s PAIS also does not appear to be primarily related to BEPS concerns.</p>	1
	✓	Enacted	December 28, 2020	<p>Argentina has introduced changes to the taxation of online gambling. Effective December 15, 2020, a 5% tax is imposed on bets made through a digital platform in or from Argentina. The standard tax rate is increased to 10% where a non-resident participates directly or indirectly in the exploitation of the gambling platform and to 15% where the non-resident is in a non-cooperative or low/no tax jurisdiction.</p>	2

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
	✓	Enacted	April 14, 2021	
			<p>Since 2011 the tax law requires the recipient of digital services to pay the tax, without prejudice to the right of reimbursement by a non-resident provider. However, this requirement had been postponed until January 1, 2021, and there was no payment mechanism. On March 17, 2021, Argentina published Resolución Normativa ARBA 9/2, which establishes the turnover tax procedures for “surrogate taxpayers”, in lieu of non-residents that provide digital services subject to tax, in the province of Buenos Aires. For these purposes, surrogate taxpayers are those receiving digital services from abroad and that, at the same time, are collection agents of national taxes. Digital services are defined as those provided via the internet and are subject to the tax when the provider has a significant digital presence in the province of Buenos Aires.</p> <p>Resolución Normativa 9/21 is immediately effective, and the tax payment corresponding to the month of February 2021 had a due date between March 18 and March 31, 2021 (the exact date of payment depending on the national tax identification number (CUIT) of the service recipient). The tax payment corresponding to January 2021 was due by March 31, 2021. It also establishes that the digital services tax is due (assuming there is a significant digital presence) when the foreign provider appears on a list published by the provincial tax authority.</p>	3

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
Brazil	●	Proposed May 4, 2020	<p>A draft law submitted to the House of Representatives would introduce a DST on digital revenue ("CIDE-Digital") from: i) advertising to Brazilian users; ii) availability of a digital platform that allows interaction with the objective of selling goods or providing services directly between users, if one user is located in Brazil; and iii) transfer of data from users located in Brazil collected during the use of a digital platform or generated by these users. The tax would apply to legal entities resident in Brazil or abroad, belonging to an economic group with previous-year global revenues exceeding R\$ 3 billion and with gross revenue in Brazil that exceeds R\$ 100 million. Brazil's DST will be levied progressively, with 1% levied on amounts up to R\$ 150 million; 3% on amounts exceeding R\$ 150 million and under R\$ 300 million; and 5% on the amount exceeding R\$ 300 million.</p> <p>Under the proposed law, digital content is defined as any data provided digitally, such as software, applications, music, video, texts, games, electronic files, and similar types of files. A digital platform is an internet or electronic application that enables the electronic transmission of digital data, or that lets users interact with each other. A digital user located in Brazil is defined as any user that accesses the digital platform within a physical device located in Brazil. IP will be used to determine location.</p> <p>The preamble to the Brazilian legislation acknowledges that the best solution will undoubtedly be an international solution, and that the DST will be abolished when an international solution is reached.</p> <p>It is unclear at this point whether or not the DST proposal will pass as it is part of a broader collection of BEPS-related reforms and Brazil, which is hoping to soon join the OECD, will probably follow the OECD approach instead of moving forward with unilateral measures.</p>	4

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
	●	Proposed July 7, 2020	<p>A legislative proposal Bill No. 131 of May 22, 2020 would introduce a separate COFINS (i.e., contribuição para o financiamento da seguridade social, which refers to a social contribution program for social security financing) for entities in the digital economy sector. The proposal (COFINS-Digital) would, if enacted, apply to the gross monthly revenue earned in relation to digital services from:</p> <ul style="list-style-type: none"> – Availability of digital platform / interface for sale of goods and services; and – Provision of digital services to advertisers or their agents. <p>Under the proposal, the COFINS-Digital rate would be 10.6% on the revenues earned in relation to the subject activities, which would represent an increase of 3% over the COFINS rate applicable in the non-cumulative PIS / COFINS regime.</p> <p>COFINS-Digital would apply to taxpayers, regardless of the location of their establishment, that cumulatively recognize monthly revenue:</p> <ul style="list-style-type: none"> – Greater than U.S. \$20 million (or the equivalent in another currency) for services provided worldwide (annualized at U.S. \$240 million per year), and – Greater than R \$ 6.5 million in Brazil (or R \$ 78 million a year) <p>The bill is subject to legislative action and evaluation by the Senate Plenary. It will be submitted to all legislative processes before being approved and enacted.</p>	5

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
	●	Proposed August 24, 2020	<p>On August 19, 2020, a bill was submitted to the Chamber of Deputies. The bill would create a 3% contribution on digital services (<i>Contribuição Social sobre Serviços Digitais</i>, CSSD) to be levied on gross revenue derived by resident and non-resident companies from digital services targeting the Brazilian market, provided that they belong to a group with annual global revenue exceeding BRL 4.5 billion.</p> <p>The CSSD would be levied upon the receipt of revenue from:</p> <ul style="list-style-type: none"> – online advertising targeting users located in Brazil; – making available digital platforms that allow users to contact and interact with each other for the purpose of selling goods or providing services directly between each other, provided that one of the users is located in Brazil; and – the transmission of data from users located in Brazil, which has been generated by such users or collected while they were using the digital platforms. <p>Users accessing digital platforms on devices physically located in Brazil will be considered users located in the country. The CSSD would be levied at a 3% rate. The CSSD must be paid by the 10th day of the month following that in which the taxable event takes place.</p>	6
	●	Proposed September 24, 2020	<p>On September 24, 2020, a bill was submitted to the House of Representative. For legal entities, resident in Brazil or abroad, with gross revenues above BRL 100 million in the prior year, the bill would introduce a 3% tax (10% in case of bets) on gross revenue from:</p> <ul style="list-style-type: none"> – Streaming or download of digital contents; – Online games, apps and Software as well as their upgrade; – Electronical apps that allow economic transaction or transaction of any digital contents between users; and – Bets commercialized through electronic channels. 	7

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
	●	Proposed	March 23, 2021	
			<p>On March 1, 2021, Bill of Law #640/2021 was introduced in the legislature. The bill seeks to introduce a 3% tax, known as the Contribution of Intervention in the Economy over digital services (“CIDE-Internet”), on gross revenues accrued in Brazil from the following digital activities:</p> <ul style="list-style-type: none"> – Advertising, sponsorship or merchandising; – Content targeting; – Collection, distribution or treatment of users’ data; – Incentive or influence for the use of services; – Payment platform; and – Exploitation or dissemination of image, text, video or sound related to a natural or legal person. <p>The CIDE-Internet tax targets resident and non-resident companies to the extent they render these services within Brazil. The bill is still in the initial stages of discussion in the House of Representatives, will have to be debated in Congress, and then will have to complete various other steps before being approved and published as law.</p>	8
Chile	✗	Proposal rejected	January 14, 2020	
			The August 2018 proposal to introduce a 10% digital tax on digital services provided by foreign platforms was abandoned.	9
Costa Rica	✓	Enacted	November 19, 2019	
			A law regulates the provision of tourist rental services of non-traditional hosting via digital platforms and provides that taxes are to be paid by the trading companies. Among other obligations: a) intermediaries shall provide information required by state institutions and withhold and pay the corresponding taxes; b) trading companies through online platforms, shall apply the corresponding taxes, regardless whether are domiciled in Costa Rica or not.	10



Mexico



Enacted

January 11, 2021

Intermediaries of digital services that process payments, should withhold tax to Mexican individuals from the income they obtained through the platform. The rate will depend on the activity performed:

- Ground transportation services of passengers and delivery of goods: 2.1%.
- Accommodation services: 4%.
- Sales of goods and services: 1%.

Service providers are required to be registered in Mexico as WHT agents. The digital platforms will be responsible for the withholding tax and will be required to file a declaration no later than the 17th of the month immediately following the month for which the tax was withheld with respect to goods or services digital transactions.

On July 14, 2020, the tax administration published guidance, including rules for remitting withholding tax by foreign providers of digital services in Mexico:

- The digital services providers may remit the amounts of withholding tax in Mexican pesos, routed through financial institutions that have been authorized by Mexico's Treasury.
- Alternatively, the digital services providers can elect to remit the tax payments from abroad, if they follow the requirements for a single occasion remittance in accordance with the procedure established on tax form 13 / PLT (known in English as the "Notice of option for the payment of contributions from abroad, for the provision of digital services in Mexico") as contained in Annex 1-A. They may make the related tax payment using either Mexican pesos or U.S. dollars. In both cases, the digital services providers must activate the appropriate field on the SAT website and make the payment.

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Mexico has published in the Official Gazette the Decree on amendments to the Income Tax Law, the Value Added Tax Law, and the Federal Tax Code, which provides for the implementation of the tax measures of the Economic Package for 2021. Among other measures, new withholding tax rates have been introduced on the total income of individuals actually received from selling goods or providing services via the internet, technological platforms, computer applications, and the like, which is considering a provisional payment. The Miscellaneous Tax Resolution for 2021, as published in the Official Gazette on

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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite
			December 29, 2020 and effective January 1, 2021, includes new rules for individuals with business activities of selling goods or providing services through the internet via technological platforms. Regarding income received directly from purchasers of the goods or services, these individuals (if considering the tax paid as a “definitive” payment) must determine their taxable profit, calculate their income tax, and credit the tax withheld by the technological platforms and make the advanced income tax payment by submitting a return (known in English as the “Income tax payment of individuals in technological platforms return”).	
	●	Announced March 18, 2021	The leader of the working group for the fiscal transition of the Chamber of Deputies plans to present a tax reform initiative by August 15, which among many other aspects, will establish mechanisms to tax the income of digital platforms with no PE in Mexico.	12



<p>Paraguay</p>	<p>✓</p>	<p>Enacted</p>	<p>January 2, 2022</p>	<p>The Law 6380/2019, which reformed the Paraguayan tax system as of January 1, 2020, includes provisions on the taxation of digital services, defined as services available to users through the internet or any adaptation or application of the protocols, platforms or technology used by the internet or any other network through which services are provided online access and are characterized by being essentially automatic and not viable in the absence of information technology, including call / contact center, BPO process and similar. A 15% Non-Resident Tax (INR) shall be applied to taxable income (net of VAT) derived from the provision of digital services by a foreign supplier. Banks and financial entities, cooperatives, payment processing entities and telephone companies must act as withholding agents, when the service user pays for it with credit or debit card, or by transfers. The obligation to withhold taxes will be in force starting on July 1, 2020. However, on June 5, 2020, due to the current COVID-19 situation, the government has postponed until January 1, 2021 the entry into force of the withholding mechanism.</p> <p>Paraguay published General Resolution No. 76-20, which provides for the implementation of the INR withholding on digital services with effect from January 1, 2021. The General Resolution also specifies the types of digital services affected as follows:</p> <ul style="list-style-type: none"> – Digital distribution of multimedia content (games, movies, music, videos, among others); – Data processing and storage in general, and the provision, development, or updating of software or applications in general; – Cable and satellite television; – Marketing and advertising; – Games of luck, chance, bets and the like; and – Educational services provided through technological platforms. <p>The list may be updated, in which case it will be published on the website www.set.gov.py.</p> <p>Lastly, special rules are provided with respect to digital intermediation services for land transport. This includes that instead of withholding on related payments, a non-resident provider of the intermediation services must register with the tax administration within 10 business days of beginning activities in Paraguay, with monthly declaration and payment requirements.</p>	<p>13</p>
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✓ *Enacted*
● *Proposed/Announced*
✗ *Proposal rejected/Waiting for Global Solution*

Country	Status	Latest development	Brief description	Cite	
			<p>On May 31, 2021, Decree n. 5373 further deferred to January 1, 2022 the implementation of the INR withholding by intermediaries including banks, financial entities, exchange houses, payment processors, and similar entities, and other entities that mediate in payments for digital services from foreign suppliers. This deferral applies where the user of the services uses a credit or debit card as a means of payment. The decree also provides that certain taxpayers (generally legal persons, such as companies, partnerships, associations, etc.) are required to withhold INR when acquiring digital services from foreign suppliers, regardless of the payment method.</p> <p>General Resolution n.109/2021 established a simplified mechanism for the registration for INR purposes of non-residents providing digital service supplies to final consumers in Paraguay. Non-resident digital service providers are required to register through a non-resident registration form to be submitted within 10 business days after the start of the provision of services. The Resolution also prescribes the INR withholding and payment requirements for digital services and clarifies that the simplified mechanism is only available where digital services are provided to consumers in Paraguay.</p>		
Uruguay	✓	Enacted	July 16, 2018	<p>Effective from January 1, 2018, services related to businesses involved in the digital economy are now subject to income tax in Uruguay even if the services provided from a foreign jurisdiction. Effective from January 1, 2018. Specifically, audio visual services (e.g., video, film and music streaming services) provided from abroad by electronic means to customers located in Uruguayan territory and mediation or intermediation services provided from abroad by electronic means (e.g. accommodation, transport, etc.) in which one or both parties is located in Uruguayan territory, are subject to a 12% non-resident income tax.</p>	14



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Citations – Direct taxes

Citations

- 1 Lucas de Lima Carvalho, "The Application of Argentina’s New Solidarity Tax to Digital Services", Tax Notes International (March 9, 2020)

- 2 Orbitax, The Tax Hub, " Argentina Publishes Budget Law for 2021"

- 3 KPMG Tax News Flash, " Argentina: New digital services tax procedures for Buenos Aires" (April 14, 2021) and KPMG Tax News Flash, " Argentina: List of entities for digital services tax purposes, Buenos Aires" (April 14, 2021)

- 4 Orbitax, The Tax Hub, "Draft Bill for Introduction of Digital Services Tax Submitted in Brazilian Parliament" and KPMG member firm in Brazil

- 5 KPMG Tax News Flash, " Brazil: Proposed COFINS regime for digital sector taxpayers" (July 7, 2020)

- 6 Brazil - Chamber of Deputies Analyses New Proposal to Create Digital Contribution (24 Aug. 2020), News IBFD

- 7 KPMG member firm in Brazil

- 8 KPMG member firm in Brazil

- 9 KPMG member firm in Chile

- 10 KPMG Tax News Flash, "Costa Rica: Taxation and savings certificates, wire transfers, short-term rentals, other items" (November 25, 2019)

- 11 KPMG Tax News Flash, "Mexico: Details of tax reform legislation" (November 14, 2019) and KPMG Tax News Flash, "Mexico: Tax reform for 2020; focus on international taxation, digital taxation, other items" (December 19, 2019), KPMG Tax News Flash, " Mexico: Guidance on remitting withholding taxes related to digital services" (July 22, 2020), Orbitax, The Tax Hub, " Mexico Publishes Decree to Implement 2021 Economic Package" and KPMG Tax News Flash, "Mexico: Tax legislative changes for 2021 and digital services" (January 11, 2021)

- 12 KPMG member firm in Mexico



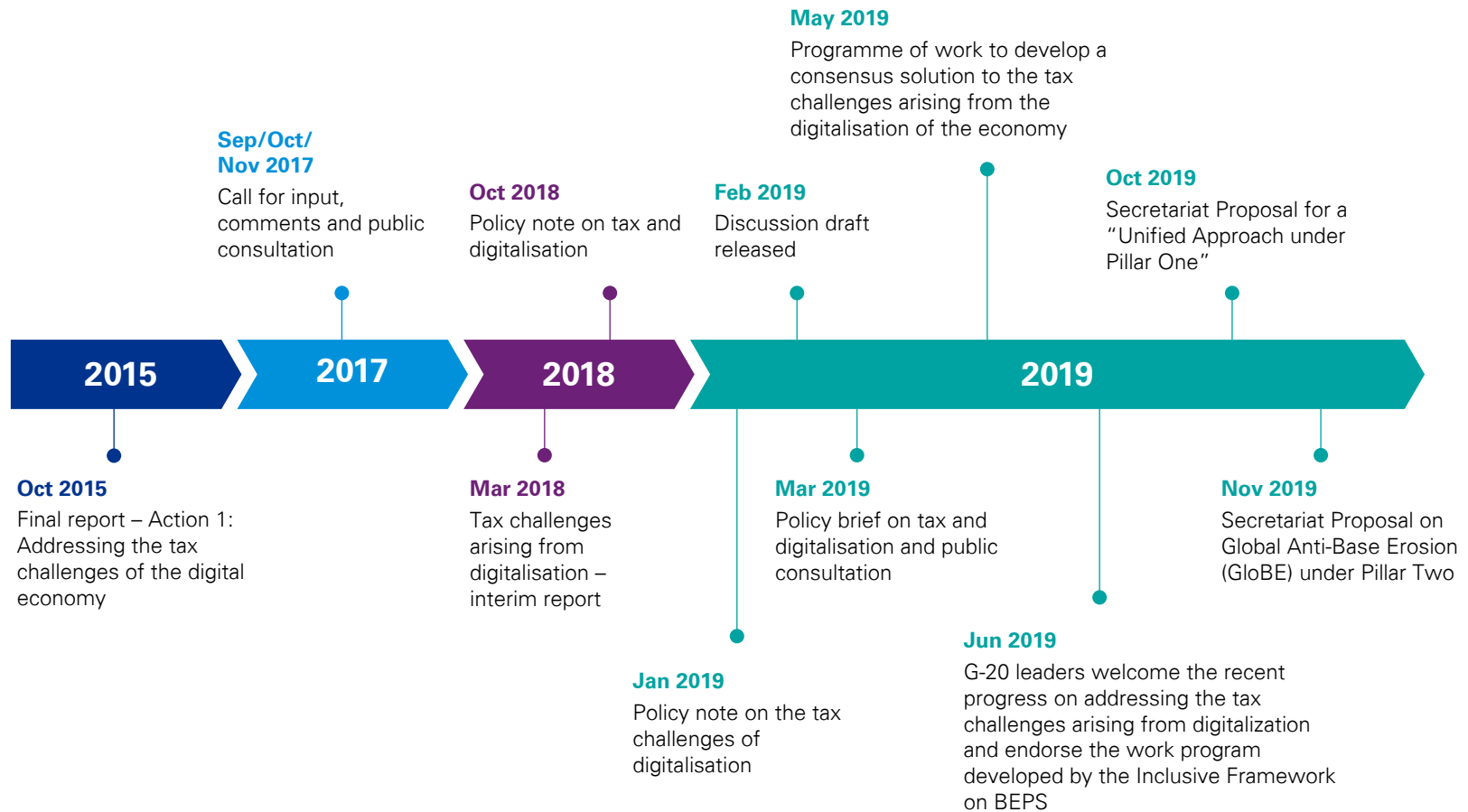
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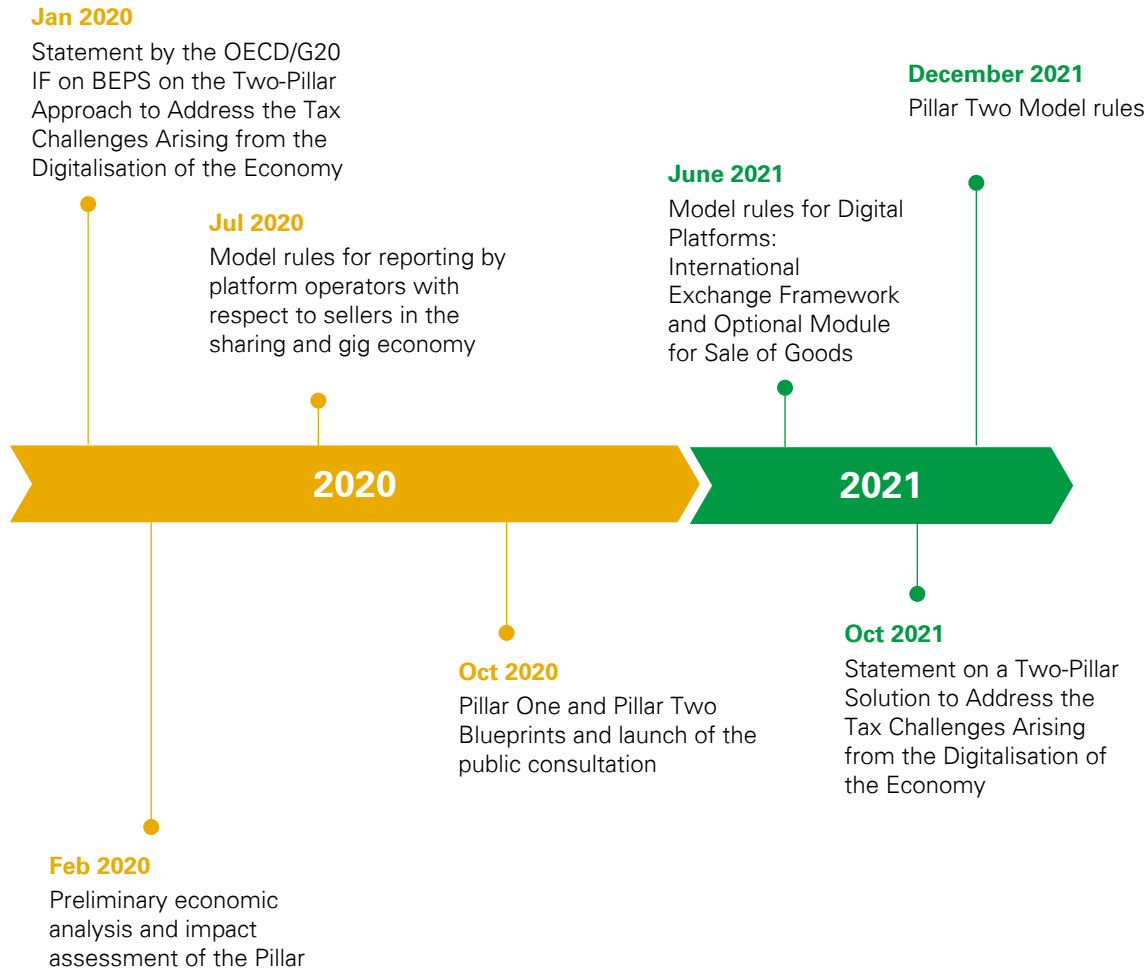
- 13 Benitez Cudas & Asociados - KPMG Member Firm in Paraguay, Orbitax, The Tax Hub, "Paraguay Implements Withholding on Digital Services", Orbitax, The Tax Hub, "Paraguay Published Decree on INR Withholding for Digital Services" and Orbitax, The Tax Hub, " Paraguay Establishes Simplified Mechanism for Registration and Payment of INR by Non-Resident Digital Service Providers"

- 14 KPMG Tax News Flash, "Uruguay: Taxation of the digital economy, implementing decree" (May 29, 2018) and KPMG member firm in Uruguay



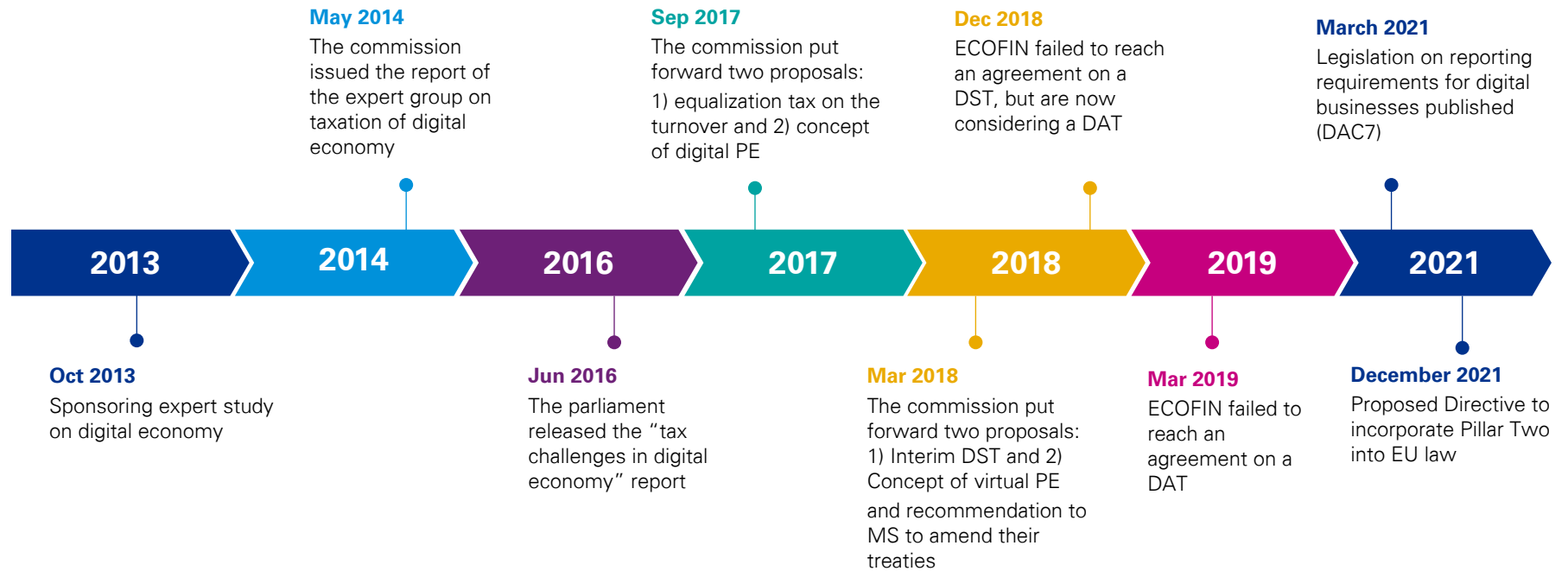
OECD Milestones – Direct taxes







EU Milestones – Direct taxes





Taxation of the digitalized economy - LATAM focus

Indirect taxes

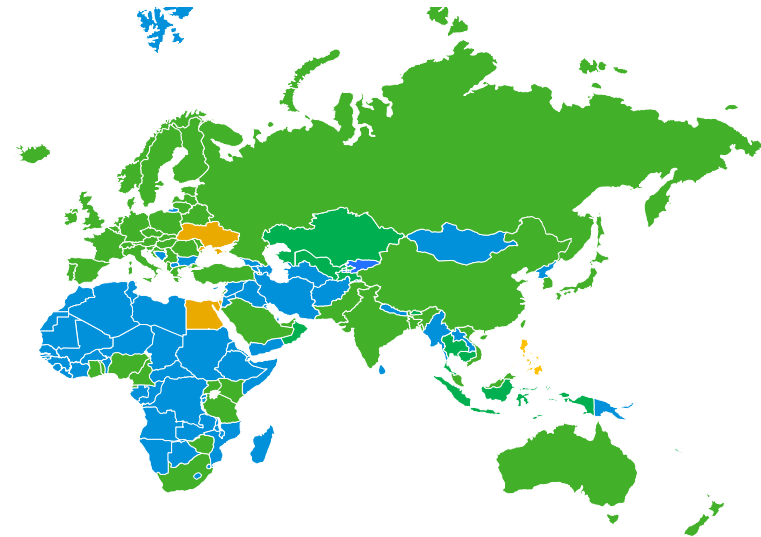




Indirect taxes global map

Indirect taxes (e.g. VAT, GST)

- | | |
|----------------------|-------------------|
| 1. Albania | 44. Hungary |
| 2. Andorra | 45. Iceland |
| 3. Antigua | 46. Ireland |
| 4. Armenia | 47. India* |
| 5. Argentina | 48. Indonesia |
| 6. Australia* | 49. Israel |
| 7. Austria * | 50. Italy |
| 8. Azerbaijan | 51. Japan |
| 9. Barbados | 52. Kazakhstan |
| 10. Bahamas | 53. Kenya |
| 11. Bahrain | 54. Latvia |
| 12. Bangladesh | 55. Lithuania |
| 13. Barbados | 56. Luxembourg |
| 14. Belarus | 57. Malaysia |
| 15. Belgium | 58. Malta |
| 16. Bhutan | 59. Mauritius |
| 17. Bolivia | 60. Mexico |
| 18. Brazil | 61. Moldova |
| 19. Bulgaria | 62. Netherlands |
| 20. Cambodia | 63. New Caledonia |
| 21. Cameroon | 64. New Zealand* |
| 22. Canada* | 65. Nigeria |
| 23. Chile | 66. Norway* |
| 24. Colombia | 67. Oman |
| 25. Costa Rica | 68. Pakistan |
| 26. Croatia | 69. Palau |
| 27. Cyprus | 70. Panama |
| 28. Czech R. | 71. Paraguay |
| 29. Denmark | 72. Peru |
| 30. Dominican R. | 73. Philippines |
| 31. Ecuador | 74. Poland |
| 32. Egypt | 75. Portugal |
| 33. Estonia | 76. Romania |
| 34. Fiji | 77. Russia* |
| 35. Finland | 78. Saudi Arabia |
| 36. France* | 79. Serbia |
| 37. French Polynesia | 80. Sierra Leone |
| 38. Germany | 81. Singapore* |
| 39. Georgia | 82. Slovakia |
| 40. Ghana | 83. Slovenia |
| 41. Greece | 84. South Africa* |
| 42. Guatemala | 85. South Korea* |
| 43. Honduras | 86. Spain |



- | |
|---------------------|
| 87. Sweden |
| 88. Switzerland |
| 89. Taiwan |
| 90. Tajikistan |
| 91. Tanzania |
| 92. Thailand |
| 93. Turkey |
| 94. Uganda |
| 95. Ukraine |
| 96. UAE |
| 97. United Kingdom* |
| 98. United States |
| 99. Uruguay |
| 100. Uzbekistan |
| 101. Vietnam |
| 102. Zimbabwe |

■ 90 Legislation Enacted
■ No Development

■ 12 Draft Legislation/Public Consultation

To learn more about Taxation of the digitalized economy read.kpmg.us/digital-economy

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LATAM Country specific detail – Indirect taxes

✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite	
Antigua	●	Announcement	February 1, 2021	The government of Antigua and Barbuda recently announced that it is considering amending Antigua's sales tax legislation to allow for the application of the sales tax to online purchase, with details of the regime to be released after they are finalized.	N/A	1
Argentina	✓	Enacted	September 8, 2020	VAT on the supply of digital services. Rules on remote services are effective June 27, 2018. This mechanism does not follow OECD recommendations because a VAT withholding is performed by local financial institutions based on a list of non-resident services providers established by the tax authority. Argentina's tax authority (AFIP) has published an updated list of digital service providers that are subject to VAT withholding on supplies made to Argentine residents. The updated list is effective from September 2020 and includes over 400 entities.	No	2

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite	
Bahamas	✓	Enacted	December 3, 2019	The AFIP and the tax collection agency of the Buenos Aires Province (ARBA) issued Joint General Resolutions 4632 and 37/2019, which regulates the reporting and payment to the ARBA of the Buenos Aires Province turnover tax on digital services from banks, credit card companies and other agents acting as substitute taxpayers of non-resident service providers. These taxpayers must report and pay amounts withheld from the digital services under the rules established by General Resolution 2233 (SICORE System) and have the option to report the accumulated amount for each user on a monthly basis. The Resolutions are effective December 1, 2019.	No	3
	✓	Enacted	November 22, 2021	On November 16, 2021, Argentina published Decree 796/2021, which introduces 0.6% financial transaction tax applicable to transactions involving virtual currencies.	No	4
	✓	Enacted	May 15, 2014	Effective January 1, 2015, the Bahamas requires non-resident vendors of digital services to consumers in the Bahamas to register for and collect VAT.	Yes	5
	✓	Enacted	June 3, 2019	Effective July 1, 2019 all online marketplaces that advertise and facilitate vacation home rentals in The Bahamas are required to register and collect VAT on their rental and related sales to consumers in The Bahamas regardless of the registration threshold. The new rules seek to provide for the mandatory registration for all online providers of hotels, condos or marketplaces for vacation home rentals. The law provides a transitional provision that requires any marketplace that is not already a registrant, shall apply for registration by October 1, 2019.	N/A	6

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	● Proposed	October 30, 2020	On October 27, 2020, the Bahamas Government issued a release announcing the enforcement of the collection of VAT on digital services provided by foreign entities and consumed in the Bahamas.	N/A	7
Barbados	✓ Enacted	January 13, 2020	Effective December 1, 2019, Barbados requires non-resident vendors of digital services to consumers in Barbados to register for and collect VAT.	Yes	8
Bolivia	● Proposed	May 7, 2021	On May 4, 2021, the Chamber of Deputies of Bolivia published draft bill PL No. 164/2020-2021, which, if approved, would include in the definition of VAT taxpayer service providers or intermediaries that provide any services, whatever their nature, that are consumed, used, or exploited in the territory of Bolivia, including the following digital services provided from abroad: intermediation in the purchase and sale of goods or services of any nature; supply, download, streaming, or transfer by any technology of videos, music, games, texts, magazines, books, and others; provision of software, storage, platforms, or IT infrastructure; dissemination of advertising by any medium or digital media; and any other digital service not covered by the above points. Non-residents would be required to register for and collect VAT. If a non-resident digital service provider is not registered for VAT purposes, the financial intermediary would be required to withhold VAT.	Yes	9
Brazil	✓ Enacted	January 2, 2017	Municipalities are allowed to impose municipal services tax (ISS) on certain digital services - does not apply to non-residents.	N/A	10

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	October 19, 2017	State VAT (ICMS) on digital goods, such as apps, e-books, software, games, etc. effective as of April 1, 2018. The tax is paid in the state where the download or streaming is conducted and where the purchasing consumer is located. Rules do not apply to non-residents - only to residents. In addition, not all the states have opted to taxing software. Sao Paulo, Paraiba, Goias, Piaui e Rondonia are only states having introduced rules.	N/A	11
	● Proposed	July 7, 2020	A legislative proposal Bill No. 131/2020 would introduce a separate COFINS (i.e., <i>contribuição para o financiamento da seguridade social</i> , which refers to a social contribution program for social security financing) for entities in the digital economy sector. The proposal (COFINS-Digital) would, if enacted, apply to the gross monthly revenue earned in relation to digital services from: (1) electronic communications and digital interface that allows interaction between users with regard to the delivery of goods or provision of services and (2) marketing to advertisers or agents for placing targeted advertising messages on a digital interface based on user data.	N/A	12

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	● Proposed	July 23, 2020	On July 21, 2020, Brazil's Minister of the Economy presented the first phase of the government proposed tax reform. The main proposed measure of the first phase is the replacement of the PIS and COFINS consumption taxes with a single creditable value-added type tax on goods and services (<i>Contribuição sobre Bens e Serviços - CBS</i>). As proposed, the CBS would be levied at a rate of 12% for companies in general, and at a rate of 5.9% for financial entities such as banks, health plans, and insurance companies. Digital platforms would also reportedly be required to collect CBS on sales in which they act as intermediaries, where the seller does not register the transaction by issuing a formal invoice. Non-residents selling to Brazilian consumers would also be required to register for CBS purposes and collect CBS on B2C sales.	Yes	13

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	February 25, 2021	On February, 2021, the Supreme Court of Brazil (STF) held in binding decisions in ADI 5.659 and ADI 1.945 that only the municipal services tax (ISS) can be levied on software licensing and therefore the state value added tax (ICMS) cannot be levied on the downloading of software. The case did not address the constitutionality of State Convention 106/2017 authorizing the states to levy ICMS on digital goods, which is still to be decided under another lawsuit (ADI 5.958) but can be seen as anticipating the STF position on the matter. Businesses that had opted to pay ICMS could not seek refunds, while municipal tax authorities could not claim the unpaid ISS prior to the date of the decision. However, those businesses that had paid both ICMS and ISS could claim back the ICMS. Businesses that had paid neither could be subject to demands from municipalities.	N/A	14
Chile	✓ Enacted	June 15, 2020	Effective June 1, 2020, Chile requires non-resident vendors of digital services to consumers in Chile to register for and collect VAT. On June 11, 2020, the tax authorities issued Circular 42 regulating the levy of VAT on digital services. The Circular includes the following: (1) a detailed explanation of the new digital services and the taxable events triggering the application of VAT; (2) territorial criteria for the establishment of the tax; (3) rules dealing with the interaction between VAT and withholding taxes on digital services; (4) rules on the persons responsible for the withholding and payment of the tax; and (5) details on the operation of the new simplified registration.	Yes	15

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	July 28, 2020	On July 22, 2020, the Chilean Internal Revenue Service issued Letter No. 1401, clarifying that VAT applies to online platforms where patients are treated by doctors through video calls. The online platform is considered a taxpayer and is subject to VAT on the commission charged to bring patient flows to doctors as an intermediary activity.	N/A	16
	✓ Enacted	August 22, 2020	On August 21, 2020, the Chilean tax authority issued a Resolution requiring banks to present a quarterly Payment Cards Report identifying each payment to entities not resident or domiciled in Chile via credit and debit cards and other payment systems. The report must include the international reference number, the date, the name and location of the foreign business, the sum, the currency and equivalence in U.S. dollars, and other details. Initially, banks have until September 15, 2020 to present the first report covering the months of June and July 2020, while the second, covering August and September, is due on the last working day of November 2020. After that, banks are to report every three months.	N/A	17

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	April 7, 2021	On March 25, 2021, the Chilean tax authority published Ruling 778 in which it held that payments made for the right to use software are generally exempt from withholding tax, provided they do not entail the right to commercially exploit the software. Consequently, the acquisition of software licences is subject to VAT. Moreover, the tax authority explained that the non-resident service provider must register under the simplified regime for non-resident taxpayers. Nonetheless, if the Chilean entity acquiring the software is subject to VAT, it is required to issue an invoice, file a VAT return and pay the VAT concerned in Chile.	Yes	18
	✓ Enacted	May 11, 2021	On April 23, 2021, the Chilean tax authority issued Ruling 1039 in which it held that VAT does not apply to the provision of services consisting in the design, development and programming of software provided by non-residents.		19
	● Announced	November 24, 2021	On November 24, 2021, the Chilean tax authority updated its list detailing the non-resident digital services providers that are non-compliant with the Chilean simplified VAT registration and filing obligations. According to the tax authority, 117 companies are noncompliant. The tax authority has stated that it is considering introducing a tax withholding model in case of continued noncompliance.	N/A	20

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Colombia	✓ Enacted	November 28, 2018	VAT compliance for non-resident suppliers of B2C services. Foreign suppliers must register, report, and collect VAT until the time when a withholding-type system is established for payment processors. Rule is effective July 1, 2018.	Yes	21
	✓ Enacted	August 12, 2019	According to Resolution No. 000049, non-resident service providers may opt to have VAT withheld directly at source on payments for their digital services by issuers of credit and debit cards, the sellers of prepaid cards, and other intermediaries facilitating payment for digital or electronic services instead of collecting VAT from customers.	No	22
	✓ Enacted	April 7, 2021	On February 5, 2021, the Colombian tax authority published Ruling 900918 in which it held that concerts provided via digital platforms do not qualify for the VAT exemption for public performances.	N/A	23
Costa Rica	✓ Enacted	December 6, 2018	New VAT system was introduced effective July 1, 2019. According to the implementing decree published in June, local financial institutions will withhold VAT on B2C e-services based on a list that has yet to be published by the tax authority. There should also be an option for non-residents to register for VAT.	No	24

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	September 29, 2020	<p>Costa Rica announced that VAT will be imposed on digital services and intangibles acquired to be consumed in Costa Rica. The General Tax Administration established a list of platforms that will be subject to the VAT, the platforms that are not part of the list will not be subject to this mechanism for the moment. The Tax Administration established two mechanisms to collect the VAT of those platforms: provider or intermediary's registration or perception by credit and debit card issuers.</p> <p>Costa Rica's Minister of Finance has decided to delay the collection of VAT on cross-border digital services from August 1, 2020 until October 1, 2020 where the collection is performed through withholding by the credit/debit card issuers facilitating payment. While the collection by credit/debit card issuers is delayed to October 1, 2020, non-resident service providers or intermediaries can still choose to register for and collect VAT directly from August 1, 2020.</p> <p>On September 22, 2020, the general tax administration issued guidance DGT-R-27-2020 providing adjustments to the original guidance regarding the collection of VAT on cross-border digital services. Changes include: (1) the requirement to collect VAT on purchases of international digital services is to be performed once the transaction is recorded on the card holder's credit or debit balance; (2) card issuers must comply with a new requirement to prepare and provide a transaction report to the Directorate of Tax Collection three times a year; and (3) amendment to appendix N°6 that lists the names of digital service providers and entities that are subject to the VAT collection rules.</p>	No	25

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	November 19, 2019	On November 19, 2019, Costa Rica published in the official gazette, Law No 9472 to regulate online providers of hotels, condos or marketplaces for vacation home rentals. The law does not include a specific tax clause but authorizes the <i>Instituto Costarricense de Turismo</i> (ICT) and the Ministry of Finance to establish cooperation agreements with intermediaries to facilitate the collection of taxes.	N/A	26
	✓ Enacted	December 18, 2020	On December 15, 2020, the tax authority of Costa Rica issued Resolution DGT-R-42-2020 clarifying the rules regarding the VAT obligations for non-resident providers and intermediaries of cross-border digital services. According to the Resolution, the tax authority will keep on its official website the list of cross-border services providers and intermediaries of cross-border digital services and will add or exclude providers and intermediaries from the above list by publishing a new list on its website. In addition, the tax authority provided detailed information on the format and procedure for complying with the obligation to file a report on e-commerce transactions carried out quarterly that were not subject to VAT withholding. Such report is due on the last working day of May, September, and January.	N/A	27

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	July 16, 2021	On July 16, 2021, the DGT published Resolution DGT-R-23-2021, which establishes the procedure for taxpayers to request a refund of VAT paid incorrectly on cross-border digital services. The refund procedure applies where a Costa Rican customer purchases an in-scope digital service from a non-resident digital service provider and the financial intermediary withheld the VAT, but the service is not used/consumed in Costa Rica.	N/A	28
	✓ Enacted	July 22, 2021	On July 22, 2021, Costa Rica published an updated list of non-resident digital service providers for which financial intermediaries are required to withhold VAT on purchases made by Costa Rican customers. The updated list includes an additional 48 companies bringing the total to 71 companies.	N/A	29
	● Proposed	September 28, 2021	Costa Rica's legislature recently accepted for consideration a draft bill that intends to modify the cross-border digital services VAT legislation. The bill intends to eliminate the list of foreign digital services providers for which local financial intermediaries withhold VAT, allowing the tax administration to expand the collection mechanism to any cross-border purchase.	N/A	30

Taxation of the digitalized economy - LATAM focus



✓ Enacted

● Proposed/Public Announcement

✗ Proposal rejected

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Dominican Republic	● Proposed	October 16, 2020	<p>The Dominican Republic has published the draft Budget for 2020 in which it proposes to introduce a special tax on digital services provided by non-residents. The tax rate would be identical to the VAT rate and the tax would be withheld by financial services intermediaries.</p> <p>On October 14, 2020, the Dominican General Directorate of Budget released the 2021 draft budget bill, which proposes, among other things, to tax digital services provided by non-residents.</p>	No	31
	✓ Enacted	September 15, 2021	<p>On July 19, 2021, the Dominican Republic tax authorities issued Public Ruling G.L. Núm. 24434 (GLN 24434) clarifying that sales of intangible digital assets, such as domain name registration, leasing of server space (located outside of the Dominican Republic), file transfer services, and SSL certificates, among others, are not subject to VAT in the Dominican Republic provided that the supply is not bundled and sold together with tangible property.</p> <p>On September 15, 2021, the Dominican Republic tax authority (DGII) issued a guidance providing that online sales of e-books are exempt from VAT if the content of the e-book is of a scientific, artistic, or cultural nature.</p>	N/A	32
Ecuador	✓ Enacted	January 10, 2020	<p>On December 31, 2019, Ecuador published in the official gazette a law that introduces VAT on B2C sales of certain digital services. A VAT withholding is performed by local financial institutions. The tax authority will publish details on the withholding mechanism.</p>	No	33

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓	Enacted	November 16, 2020	No	34
			<p>Effective September 16, 2020, Ecuador levies VAT on digital services provided by non-residents to consumers in Ecuador. Ecuadorian credit or debit card providers are adding and withholding the VAT amount when the user pays for the digital services. Alternatively, non-resident digital services providers can opt to register for, collect, and remit VAT.</p> <p>On August 22, 2020, Ecuador published Resolution No. NAC-DGERCGC20-0000053, which establishes rules for the withholding, declaration, and payment of VAT on the import of digital services provided by non-residents to residents or permanent establishments of non-residents in Ecuador.</p> <p>On September 4, 2020, Ecuador published Resolution No. NAC-DGERCGC20-0000055, which establishes rules for registration, declaration, and payment of VAT by non-resident providers of digital services.</p> <p>On September 29, 2020, Ecuador published Resolution No. NAC-DGERCGC20-0000061, which establishes new rules for withholding at source for VAT purposes. The new resolution replaces Resolution No. NAC-DGERCGC15-00000284 of 2015, including new provisions in relation to withholding of VAT on the import of digital services.</p>		

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	June 8, 2021	On May 28, 2021, the tax authority of Ecuador published Resolution NAC-DGERCGC21-00000026 clarifying the income tax and VAT implications for payments made to, and received from, payment aggregators and online marketplaces. The Resolution defines a "payment aggregator" as any entity that provides as a service the processing of physical or online payments made to affiliated businesses while it defines "online marketplace" as any entity registered to host buyers and affiliated businesses through technological platforms (intermediary services)	N/A	35
Guatemala	● Announced	September 16, 2021	On September 16, 2021, the Guatemalan tax authority announced that it has taken initial steps toward the implementation of a Digital Economy Compliance system (DEC) to facilitate VAT compliance for foreign providers rendering digital services in Guatemala without physical presence. However, Guatemala has not yet implemented special VAT rules aimed at non-resident digital services providers.	N/A	36
Honduras	● Public Announcement	October 20, 2020	On October 20, 2020, the head of Honduras Revenue and Admin Service (SAR) announced that the government is planning to extend the VAT to non-resident suppliers of digital services.	N/A	37

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Mexico	✓ Enacted	December 19, 2019	<p>On October 30, 2019, the Mexican parliament approved a tax reform package which includes measures to increase efficiency in VAT collection, and specifically, it is proposed to modify the tax treatment of some digital services provided from abroad to recipients in Mexico. Accordingly, if the digital services are provided to a recipient in Mexico, the services would be subject to VAT.</p> <p>VAT on digital intermediation services between third parties—for example, advertising services—would be imposed as part of the VAT law. This would require the reporting of transactions conducted as well as payments processed. A withholding regime would be applied.</p> <p>In addition, digital platforms those that process payments made by the purchasers of goods and services) would withhold VAT on the value of the underlying transactions.</p> <p>The new rules are effective June 1, 2020.</p>	Yes	38

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite	
	✓	Enacted	January 19, 2022	<p>On December 28, 2019, Mexico published the Miscellaneous Resolution for 2020, which, among other things, provides implementing rules applicable to foreign digital services providers and intermediaries of digital services.</p> <p>On May 12, 2020, Mexico published amendments to the miscellaneous rules. The main aspects of these changes concern the forms that providers of digital services are to use to file their returns, and among other items.</p> <p>On May 29, 2020, Mexico published the Second Amending Resolution, which clarifies the rules for transactions carried out through online intermediation platforms that are cancelled.</p> <p>On November 10, 2021, the Mexican tax authority published an updated list of non-resident digital service providers that are compliant with its registration requirements. As of October 31, 2021, 122 entities are registered.</p> <p>On January 18, 2022, Mexico published an updated list of non-resident digital services providers that are compliant with its registration requirements. As of December 31, 2021, 129 entities are registered.</p>	Yes	39

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	November 9, 2020	<p>On November 5, 2020, the Mexican Chamber of Deputies approved modifications and additions to the income tax and VAT laws regarding the taxation of digital services in Mexico. Once signed by the president and published in the official gazette, the amendments will be effective January 1, 2021. The amendments include stricter sanctions for non-compliance with the tax obligations of foreign digital services providers according to which the Mexican tax authority may request internet service providers to temporarily blocks the ability of foreign digital services providers to offer digital services in Mexico if these providers have not complied with certain obligations. The amendments further simplify the withholding requirement for digital intermediation platforms by replacing the current gradual income tax withholding rates with a fixed rate for each activity. The amendments further clarify that intermediation services will be subject to VAT when a sale of used personal property is involved. Moreover, digital intermediation platforms that process payments will be required to withhold 100% of the amount of VAT collected when foreign residents provide digital services into Mexico. Finally, digital intermediation platform will be allowed to display the price of the goods or services including the amount of tax with the statement "VAT inclusive."</p>	Yes	40

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	● Proposed	April 14, 2021	On April 13, 2021, a proposal to levy with a Special Excise Tax (IEPS) audio-visual provided by foreign residents, was submitted to the Mexican Congress. The IEPS would apply at 7 percent on consumption of audio-visual services such as the transmission of films, series, videos, musicals, sports and musical events and broadcast plays produced and / or transmitted by foreign countries effective January 1, 2022. In the event the non-resident provider does not have a domicile or permanent establishment in Mexico, the tax rate will be 15 percent. Financial entities, issuers of credit and debit cards, prepaid service companies, as well as anyone who performs billing and collection services on behalf of non-resident companies that provide audio-visual content, would be obliged to collect and remit the tax withheld.	No	41
	● Proposed	December 15, 2021	Mexico City's legislature approved a proposal to introduce a 2 percent gross receipts tax which would apply on businesses that operate, use or administer applications or platforms through which users can contract the delivery of packages, food, groceries, or any type of merchandise within the territory of Mexico City.	N/A	42

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Panama	● Proposed	May 6, 2021	<p>The parliament of Panama recently accepted for consideration a draft bill which would, among other things, apply VAT to digital services provided by foreign vendors. The tax would be withheld by financial services intermediaries.</p> <p>On April 29, 2021, the Economy and Finance Commission of the Panamanian Congress approved the draft bill without changes. During the meeting, both members of the Congress and the Tax Administration agreed on the need to pass the bill and to organize a working group that will receive suggestions and comments regarding the bill.</p>	No	43
Paraguay	✓ Enacted	June 8, 2020	<p>Paraguay published in the official gazette Law 6380/19 (Ley de Modernización y Simplificación del Sistema Tributario Nacional), which introduces a VAT withholding performed by local financial institutions on sales of digital services by non-residents.</p> <p>On October 31, 2019, Paraguay published in the official gazette Decree No. 2787, which implements the new VAT rules effective January 1, 2020.</p> <p>In order to provide sufficient time for financial intermediaries to prepare for this requirement, the mechanism was supposed to start on July 1, 2020. However due to the current COVID-19 situation, the government has postponed until January 1, 2021 the VAT withholding by financial intermediaries.</p>	No	44

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
	✓ Enacted	January 11, 2021	On December 28, 2020, Paraguay published General Resolution No. 76-20, which provides for the implementation of VAT on digital services effective January 1, 2021. The Resolution further specifies the types of digital services affected by the resolution as follows: digital distribution of multimedia content (games, movies, music, videos, among others); data processing and storage in general, and the provision, development, or updating of software or applications in general; cable and satellite television; marketing and advertising; games of luck, chance, bets and the like; and educational services provided through technological platforms. Finally, the Resolution includes special rules for digital intermediation services for land transport. This includes that instead of withholding on related payments, a non-resident provider of the intermediation services must register with the tax administration within 10 business days of beginning activities in Paraguay.	No	45

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
Peru	● Proposed	September 21, 2021	On September 21, 2021, the Philippines House of Representatives approved a draft legislation to levy VAT on digital services. Under the proposal, digital services would include online licensing or software, updates and add-ons, website filters and firewalls, mobile applications, video games and online games, and webcasts and webinars. The measure would also cover the provision of digital content – such as music, files, images, text, and information – as well as online advertising, electronic marketplaces' sales, search engine services, social networks, database and hosting services, and online training, among others. There would also be a de minimis threshold to exempt small businesses as sales below PHP3m would not trigger any VAT obligations. The legislation is now pending the senate's approval.	No	46



Puerto Rico	✓	Enacted	December 21, 2020	<p>On December 8, 2020, the Puerto Rico Treasury Department published new sales tax regulations implementing new law requiring marketplace facilitators to collect and remit sales tax. In April, Puerto Rico enacted Act 40-2020, which imposed sales and use tax collection requirements on marketplace facilitators that facilitate sales to customers in Puerto Rico. According to the regulations, marketplace facilitators are considered withholding agents for “mail-order sales” to Puerto Rico residents. The term “mail-order sales” is defined to include the sale of tangible personal property, specific digital products, or enumerated taxable services. “Specific digital products” means electronically transferred digital audiovisual works, digital audio works, or other digital products, provided that a digital code that grants a digital buyer the right to obtain a product will be treated as a sale of a product. “Other digital products” includes greeting cards, images, video or electronic games or entertainment, group memberships to obtain exclusive electronic or audiovisual data, and any other product that could be considered a digital product. Marketplace facilitators without a physical location in Puerto Rico but making mail-order sales in excess of \$100,000 or at least 200 transactions in their business year or annual accounting period will be deemed to have economic nexus with Puerto Rico. The marketplace facilitator tax collection requirements under Act 40-2020 took effect retroactively to January 1, 2020, and marketplace facilitators with nexus will be subject to penalties if they fail to register as merchants with the Department. The regulations specify, however, that the PRTD will not impose penalties on marketplace facilitators if they register on or before December 31, 2020.</p>	Yes	47
Uruguay	✓	Enacted	July 27, 2018	<p>Effective January 1, 2018, services related to businesses involved in the digital economy are subject</p>	Yes	48

Taxation of the digitalized economy - LATAM focus



✓ *Enacted*

● *Proposed/Public Announcement*

✗ *Proposal rejected*

Country	Status	Latest development	Brief description	In line with OECD Guidance	Cite
			to income tax and VAT in Uruguay even if the services are provided from a foreign jurisdiction.		



Citations – Indirect taxes

Citation	
1	CCH, Global VAT News & Features, Antigua And Barbuda Announces 2021 Budget (February 1, 2021)
2	Argentina - General resolution on VAT amendments for digital services published – details on payment of tax (May 28, 2018), News IBFD; Orbitax, The Tax Hub, “Argentina Publishes Updated List of Digital Service Providers Subject to VAT Withholding”
3	Argentina - Reporting on and payment of Buenos Aires Province turnover tax on digital services – regulated (03 Dec. 2019), News IBFD
4	CCH, Global VAT News & Features, Argentina To Tax Cryptocurrency Transactions (Nov. 22, 2021)
5	KPMG International member firm in the Bahamas
6	CCH, Global VAT News & Features, Bahamas Announces VAT, Bank Tax Reforms In New Budget (June 3, 2019).
7	Orbitax, The Tax Hub, The Bahamas Issues Release on Enforcement of VAT on Digital Services Provided by Foreign Entities
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Taxation of the digitalized economy - LATAM focus

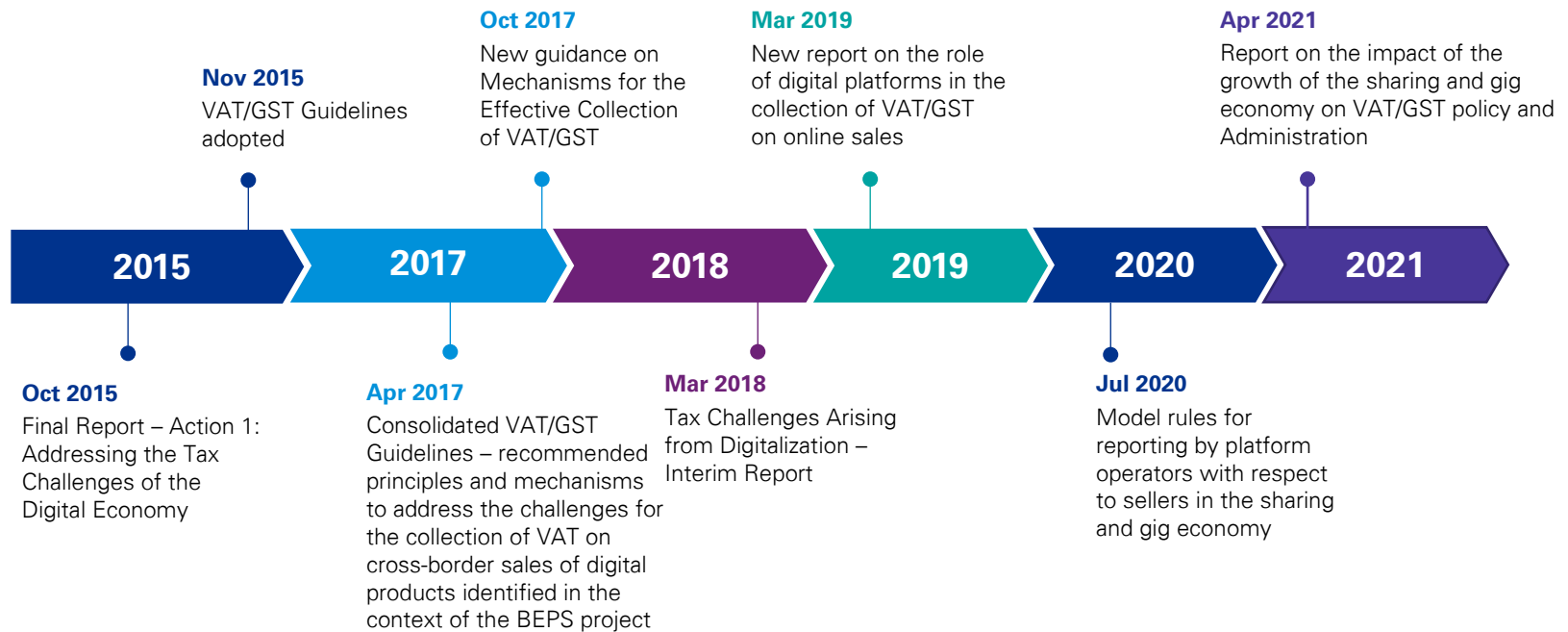


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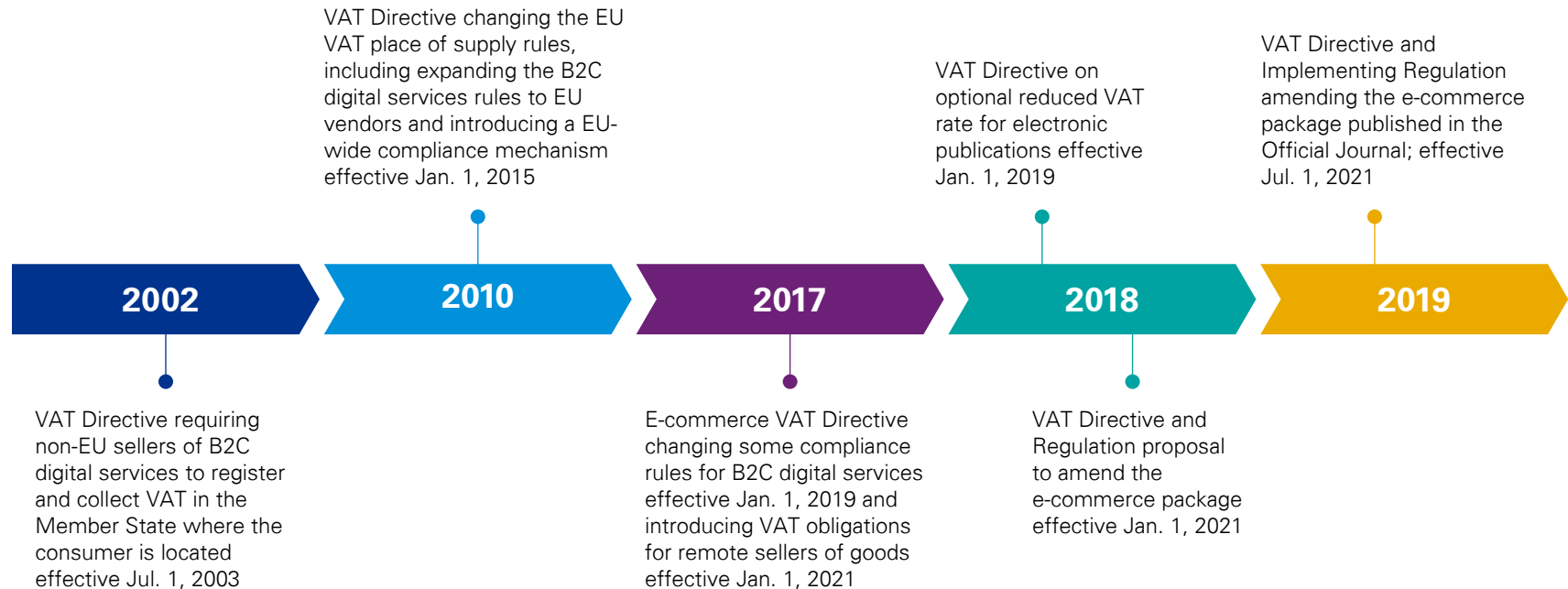


OECD Milestones – Indirect taxes





EU Milestones – Indirect taxes





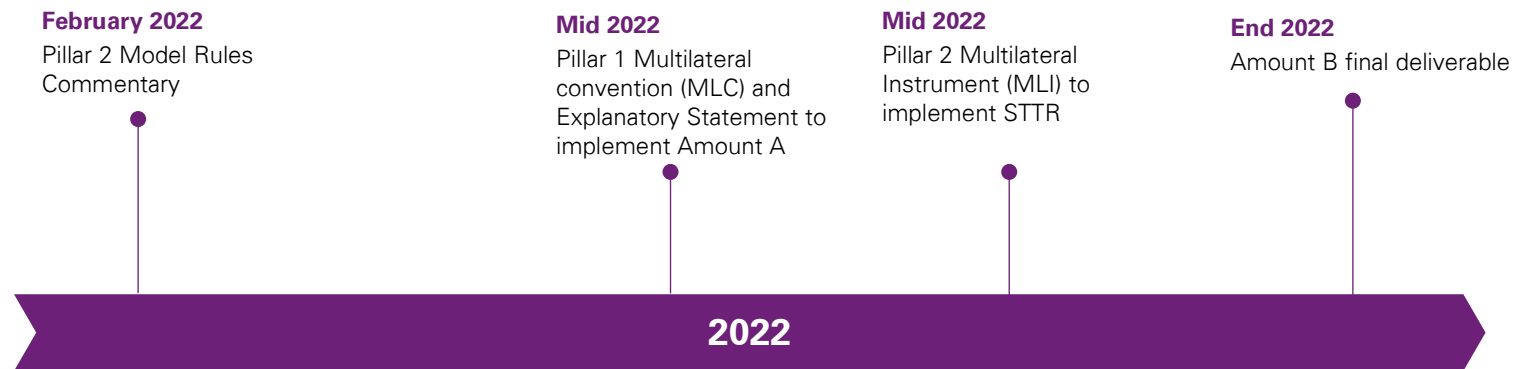
Taxation of the digitalized economy

What's next?



What's next?

Upcoming OECD, EU and G20 meetings where discussion on the taxation of the digitalized economy is anticipated



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