# Consumption Tax Trends 2024

## VAT/GST AND EXCISE, CORE DESIGN FEATURES AND TRENDS

OECD

# Consumption Tax Trends 2024

VAT/GST AND EXCISE, CORE DESIGN FEATURES AND TRENDS

OECD
BETTER POLICIES FOR BETTER LIVES

**Please cite this publication as:**
OECD (2024), *Consumption Tax Trends 2024: VAT/GST and Excise, Core Design Features and Trends*, OECD Publishing, Paris, https://doi.org/10.1787/dcd4dd36-en.

ISBN 978-92-64-72736-6 (print)
ISBN 978-92-64-77888-7 (PDF)
ISBN 978-92-64-68111-8 (HTML)
ISBN 978-92-64-89831-8 (epub)

Consumption Tax Trends
ISSN 1562-8752 (print)
ISSN 1999-0979 (online)

Corrigenda to OECD publications may be found at: https://www.oecd.org/en/publications/support/corrigenda.html.

# Foreword

This is the fifteenth edition of *Consumption Tax Trends*, a biennial OECD publication. It presents cross-country comparative data on consumption taxes in OECD member countries, as of 1 January 2024.

Tables using data from the *National Accounts* and data on tax revenue from *Revenue Statistics 2024* are updated up to and including 2022. The country data for this publication have, for the most part, been provided by delegates to the Committee on Fiscal Affairs' Working Party N°9 on Consumption Taxes.

The exchange rates used to convert national currencies into US dollars (USD) are average market rates for 2023 taken from the OECD *Monetary and Financial Statistics,* except for Annex Tables 2.A.5 and 2.A.9 where Purchase Power Parity (PPP) rates for GDP (2023) are used as they provide for a better comparison of the value of VAT relief thresholds. These exchange rates are available in Annex B to this publication.

This publication illustrates the evolution of consumption taxes as instruments for raising tax revenue and often also to pursue distributional objectives, support business activity and influence customer behaviour. It identifies and documents the large number of variations in the design and implementation of consumption tax regimes across OECD countries, including in respect of tax bases and rates.

Chapter 1 presents internationally comparable data on consumption tax revenues of OECD countries in 1965-2022. It also includes an overview of the main design features of value added taxes, retail sales taxes and excise duties. Chapter 2 describes the evolution of the key features of VAT regimes in OECD countries, including rates, exemptions, restrictions to input tax deduction, registration and collection thresholds, margin schemes, and the application of VAT to digital trade. It also considers evolutions in countries' strategies to counter VAT fraud and to enhance VAT compliance, including through digital reporting requirements and administrative co-operation in VAT matters. Chapter 3 describes the main features of excise duties and their growing use as a tool to impact customer behaviour. It shows the detailed excise tax rates on beer, wine, alcoholic beverages and tobacco in OECD countries. Chapter 4 describes the main features of vehicle taxes and their use for influencing customer behaviour. It provides detailed information on taxes on sale and registration of vehicles and on recurrent taxes on their use. It finally provides information on the taxation of aviation fuels in OECD countries.

This publication was prepared under the auspices of the Working Party N°9 on Consumption Taxes of the Committee on Fiscal Affairs. It was written by Stéphane Buydens of the OECD Centre for Tax Policy and Administration (CTPA) under the supervision of Piet Battiau, Head of the VAT Unit in the CTPA.

# Acknowledgements

Acknowledgements are due to the delegates of the Working Party No.9 on Consumption Taxes for having completed and updated the tables for this publication. The author would also like to thank Professor Walter Hellerstein (Distinguished Research Professor & Francis Shackelford Distinguished Professor in Taxation Law Emeritus, University of Georgia) for his input on the sales taxes in the United States.

The author would also like to thank Claudia Vargas (Head, Tax Administration and VAT Division); Piet Battiau (Head, VAT Unit), Alexander Pick (Head, Statistical Analysis Unit); Dimitra Koulouri, Eduardo Jimenez, Emmanuelle Modica, Nicolas Miranda, Astrid Tricaud and Tim Renner for their critical input. The support of Laura Gobbi and Sonia Nicolas for page setting and Carrie Tyler's, Hazel Healey's and Antonia Vanzini's assistance with the publication process and communications are also gratefully acknowledged.

# Table of contents

## FIGURES



## TABLES

# Acronyms

| | |
|---|---|
| B2B | Business-to-business |
| B2C | Business-to-consumer |
| BEPS | Base erosion and profit shifting |
| BIAC | Business and Industry Advisory Committee to the OECD |
| CFA | Committee on Fiscal Affairs |
| EU | European Union |
| GST | Goods and Services Tax |
| ICAO | International Civil Aviation Organization |
| OECD | Organisation for Economic Co-operation and Development |
| RST | Retail Sales Tax |
| RSP | Retail Selling Price (for cigarettes) |
| VAT | Value Added Tax. In this publication, VAT is used to refer to any national tax that embodies the basic features of a value added tax by whatever name or acronym it is known, e.g. Goods and Services Tax or GST |
| WHO | World Health Organisation |

# Executive Summary

At 9.9% of GDP, revenue from consumption taxes in OECD countries remained stable in 2022 compared to 2020 (9.9%) and 2021 (10.0%). The overall share of consumption taxes in total tax revenues has fallen slightly to 29.6% in 2022, compared to 30% in 2021 and 30.1% in 2020. This decline is mainly attributable to the decreasing revenue importance of taxes on specific goods and services (mainly tobacco, alcoholic beverages and fuel, as well as certain environment-related taxes) as a percentage of total tax revenues in OECD countries on average. Value-added taxes (VAT) generated 20.8% of total revenue in OECD countries on average in 2022. VAT continues to be the largest category of consumption taxes, generating almost four times as much tax revenue as excise duties that form the bulk of taxes on specific goods and services, accounting for 5.6% of total tax revenue in 2022 on average.

## Main consumption tax trends in OECD countries

- Consumption tax-to-GDP ratios declined in 12 out of the 38 OECD countries between 2020 and 2022, increased in 22 countries while 4 countries saw no change. Consumption taxes produce more than 40% of total taxes in 5 OECD countries (Chile, Colombia, Hungary, Latvia, and Türkiye). They account for less than 20% of total taxes in 3 OECD countries (Japan, Switzerland, and the United States).
- VAT revenues have slightly increased in OECD countries between 2020 and 2022 on average, at 7% as a share of GDP in 2022, up from 6.9% in 2021 and 6.7% in 2020. VAT accounts for more than one-fifth of total tax revenues (20.8%) on average, representing 20% or more of total taxes in 21 of the 37 OECD countries that operate a VAT. Seven countries saw a decline in VAT revenue as a share of GDP between 2020 and 2022, while 28 reported an increase and 2 saw no change. Decreases of 0.5 percentage points (p.p.) or more were recorded in Denmark (-0.6 p.p.), Norway (–2.5 p.p.) and Poland (-0.7 p.p.). The largest increases were seen in Germany (+1.0 p.p.), Greece (+1.2 p.p.), Chile (+1.4 p.p.), Italy and Latvia (+1.1 p.p.).
- Revenues from taxes on specific goods and services, primarily excises, have further declined both as a percentage of GDP (to 2.8% in 2022; a decline of 0.3 percentage points compared to 2020) and as a percentage of total tax revenue (to 8.2% in 2022; down 1.1 p.p. since 2020).
- Standard VAT rates across OECD countries slightly increased in 2024 at 19.3% on average, up from 19.1% in 2023 and 19.2% in 2022. Three OECD countries increased their standard VAT rates: Türkiye (from 18% to 20% in 2023), Estonia (from 20% to 22% in 2024), and Switzerland (from 7.7% to 8.1% in 2024). Temporary standard VAT rate reductions introduced by Germany and Ireland in 2020 in the context of the COVID-19 pandemic, and by Luxembourg in 2023 to counter the effects of inflation, were removed.
- All OECD countries that operate a VAT, except Chile, apply reduced VAT rates to various goods and services to pursue specific policy objectives, most often the promotion of equity (on food, health and hygiene products) and culture (on books, magazines and shows).
- All OECD countries with a VAT have introduced rules that reflect the recommended OECD VAT standards on online sales of services and digital products from non-resident e-commerce vendors and marketplaces. Twenty-seven OECD countries (Australia, New Zealand, Norway, Switzerland,

and the United Kingdom and the 22 countries that are Member States of the European Union) have expanded these e-commerce VAT regimes to include imports of low-value goods.

- Digitalisation, and the resulting increased availability of data provide tax authorities with opportunities for greater access to VAT-relevant information. Over the last decade, most OECD countries have implemented electronic transactional information reporting obligations. These requirements are heterogeneous across OECD countries, differing on aspects such as scope, data collected or frequency of reporting (systematic or on request). Seventeen out of the 35 countries requiring electronic transactional reporting require the systematic transmission of such information to the tax authorities and 11 of these countries require transmission in (near) real time. While the progressive digitalisation of invoices continues, and electronic invoicing is now permitted in all OECD countries, it is only mandatory (with a varying scope) in 29 of these countries.
- Excise duties are used by OECD countries not only to raise revenue but also to influence customer behaviour where consumption is considered harmful to health or to the environment. All OECD countries apply excise duties to alcoholic beverages and tobacco products, but tax rates and structures vary widely. Aviation fuels are often exempt from taxes, particularly when used for commercial international flights.
- Car taxation is increasingly aimed at influencing customer behaviour towards the use of low polluting vehicles. In 2024, almost all OECD countries consider environmental or fuel efficiency in determining the level of taxation for the purchase or use of vehicles, and 22 of these countries apply tax rebates or exemptions for electric or hybrid vehicles. In 2024, eight OECD countries provide a direct subsidy on the purchase of these vehicles. On the other hand, two countries have rescinded subsidies since 2022.

## The VAT Revenue Ratio for OECD countries

The VRR provides a comparative measure of the difference between the VAT revenue collected and what would theoretically be raised if VAT were applied at the standard rate to the entire potential tax base in a “pure” VAT regime. It provides an indicator that combines the effect of loss of revenues due to exemptions and reduced rates, fraud and non-compliance. Across the OECD, the unweighted average VRR has slightly increased in 2022 to 0.58, up from 0.55 in 2019 and 2020. The stability of the average VRR during the COVID-19 pandemic contrasts with the significant decline of the average VRR during the Global Financial Crisis, from 0.59 in 2007 to 0.53 in 2009. The unweighted average VRR of 0.58 in 2022 suggests that, on average, an estimated 42% of the theoretical potential VAT revenue is not collected.

# 1 Consumption tax revenue - Main figures and trends

## 1.1. Introduction

Consumption taxes account for approximately one third of total tax revenue collected in OECD countries. They have two common forms: taxes on general consumption (mainly value added taxes and retail sales taxes) and taxes on specific goods and services (mainly excise duties).

### *1.1.1. Classification of consumption taxes*

In the OECD classification, "taxes" are confined to compulsory, unrequited payments to general government. According to the OECD nomenclature, taxes are divided into five broad categories: taxes on income, profits and capital gains (1000); social security contributions (2000); taxes on payroll and workforce (3000); taxes on property (4000); and taxes on goods and services (5000) whose detailed composition is provided in the OECD Revenue Statistics Interpretative Guide (OECD, 2021[1])

Consumption taxes (Category 5100 "Taxes on production, sale, transfer, leasing and delivery of goods and rendering of services") fall mainly into two sub-categories:

- General taxes on goods and services (5110), which includes value added taxes (5111), Sales taxes (5112) and Turnover and other general taxes on goods and services (5113).
- Taxes on specific goods and services (5120), consisting primarily of Excises (5121), Customs and import duties (5123) and Taxes on specific services (5126 which includes for example the taxes on insurance premiums and financial services).

Consumption taxes such as VAT, sales taxes and excise duties are often categorised as indirect taxes. They are generally levied on transactions, products or events (OECD Glossary of Tax Terms (OECD, 2022[2])) and collected from businesses in the production and distribution chain, before being passed on to final consumers as part of the purchase price of a good or service. They are not directly imposed on income or wealth but rather on the expenditure that income and wealth finance.

Definition VAT: "Broad-based tax on final consumption by households collected -but not borne- by businesses through a staged process"

Definition Excise: Taxes levied on a limited range of defined goods assessed as a specific charge per unit based on characteristics of the product and imposed at a specific stage of production or distribution.

### *1.1.2. Structure of this chapter*

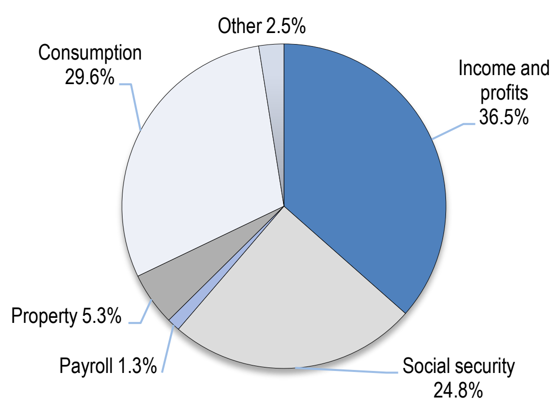
This chapter first presents internationally comparable data on consumption tax revenues of OECD countries in 1965-2020 (Section 1.2), focusing in particular on the two main consumption tax categories in OECD countries, i.e. value added taxes (Section 1.2.3) and excise duties (Section 1.2.4). This is complemented with a brief overview of the evolution of VAT and excise revenues during the Covid-19 pandemic, outlining the analysis of preliminary data for 2021 presented in the Special Feature of the 2022 edition of Revenue Statistics on The Impact of COVID-19 on OECD Tax Revenues (Section 1.2.6). This chapter finally presents an overview of the main design features of value added taxes (Section 1.3), retail sales taxes (Section 1.4) and excise duties (Section 1.5).

## 1.2. Evolution of consumption tax revenues

### *1.2.1. Consumption taxes account for one third of total tax revenue in OECD countries, on average*

In 2022, consumption taxes accounted for 29.6% of the total tax revenue in OECD countries on average, representing 9.9% of these countries' GDP (see Annex 1.A Table 1.A.1). Approximately two thirds of revenue from consumption taxes is attributable to taxes on general consumption (mainly VAT and sales taxes) and one-third to taxes on specific goods and services (mainly excise duties - see Annex 1.A Tables 1.A.2 and 1.A.3).

#### Figure 1.1. Average tax revenue as a percentage of aggregate taxation, by category of tax, 2022




Note: Percentage of total taxation 2022
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/iu57y1

Between 2020 and 2022, the average consumption tax-to-GDP ratio in OECD countries remained stable at 9.9% (10% in 2021). 12 out of 38 OECD countries reported a decrease in their consumption tax-to-GDP ratios during this period, while 22 countries recorded an increase and 4 countries saw no change. Norway and Denmark reported the largest decrease (of 3.7 and 1.5 percentage points respectively) whereas Greece, Colombia and Chile recorded the largest increase (of 2.4, 1.0 and 0.9 percentage points respectively).

The overall share of consumption taxes in total tax revenue decreased to 29.6% in 2022 from 30.1% in 2020 and from 32.1% in 2010 on average. This decline is mainly attributable to the further decreasing importance of taxes on specific goods and services as a share of total taxation in OECD countries, on average (as discussed in Sections 1.2.2. and 1.2.4 below). The share of consumption taxes in total tax revenue decreased in 17 countries between 2020 and 2022, while it increased in 19 countries and no change was recorded in two countries. Norway, Chile, Mexico and Australia reported the largest decrease (of 11.6, 5.9, 4.3 and 2.6 percentage points respectively) whereas Greece, Colombia and Hungary reported the largest increase of 4.5, 3.5, and 2.3 percentage points respectively).

Consumption taxes produce more than 40% of total taxes in 5 OECD countries: Chile, Colombia, Hungary, Latvia and Türkiye. By contrast, they account for less than 20% of total taxes in 3 OECD countries (Japan, Switzerland and the United States).

### *1.2.2. General consumption taxes generate twice as much tax revenue as specific consumption taxes*

Taxes on general consumption include VAT, sales taxes and other general taxes on goods and services. Revenues from these taxes have slightly increased between 2020 and 2022, both as a share of GDP and as a share of total taxation. They increased slightly as a share of GDP (+ 0.3 percentage points) from 6.8% in 2020 to 7.1% on average in 2022, representing 21.4% of total tax revenues in OECD countries on average in 2022, slightly up from 20.8% in 2020.

Their importance varies considerably across OECD countries both as a share of GDP and as a share of total taxation (see Annex 1.A Table 1.A.2). In Australia, Ireland, Switzerland and the United States, taxes on general consumption represent less than 4% of GDP while they represent more than 9% of GDP in Chile, Denmark, Estonia, Finland, Greece, Hungary, Latvia, New Zealand, and Sweden. Taxes on general consumption produce more than 20% of total tax revenue in 21 of the 38 OECD countries. They represent more than 30% of total taxation in Chile, Colombia, Hungary, Latvia, and New Zealand. By contrast, they account for less than 15% of total tax revenues in Australia, Canada, Switzerland, and the United States.

Over the longer term, OECD countries have relied increasingly on taxes on general consumption. Since 1975, the share of these taxes as a percentage of GDP in OECD countries increased considerably from 4.1% to 7.1% in 2022. They produced only 13.3% of total tax revenues in OECD countries in 1975 compared to 21.4% in 2022.

### *1.2.3. VAT remains the largest source of consumption tax revenues, by far*

VAT revenues have slightly increased in OECD countries between 2020 and 2022 on average, reaching their highest level ever at 7.0% as a share of GDP in 2022 (up from 6.7% in 2020) and at 20.8% as a share of total taxation, up from 20.3% in 2019 and 20.7% in 2021 (see Annex 1.A Table 1.A.4). Only 7 OECD countries recorded a drop in VAT revenues as a share of GDP between 2020 and 2022 (Australia, Denmark, New Zealand, Norway, Netherlands, Poland, and Switzerland) while all the others reported an increase, except Canada and Mexico where no change was recorded. Decreases of 0.5 percentage points (p.p.) or more were recorded in Denmark (-0.6 p.p.), Poland (-0.7 p.p.), and Norway (-2.5 p.p.). The largest increases were seen in Germany (+1.0 p.p.), Italy and Latvia (+1.1 p.p.), Greece (+1.2 p.p.) and in Chile (+1.4 p.p.).

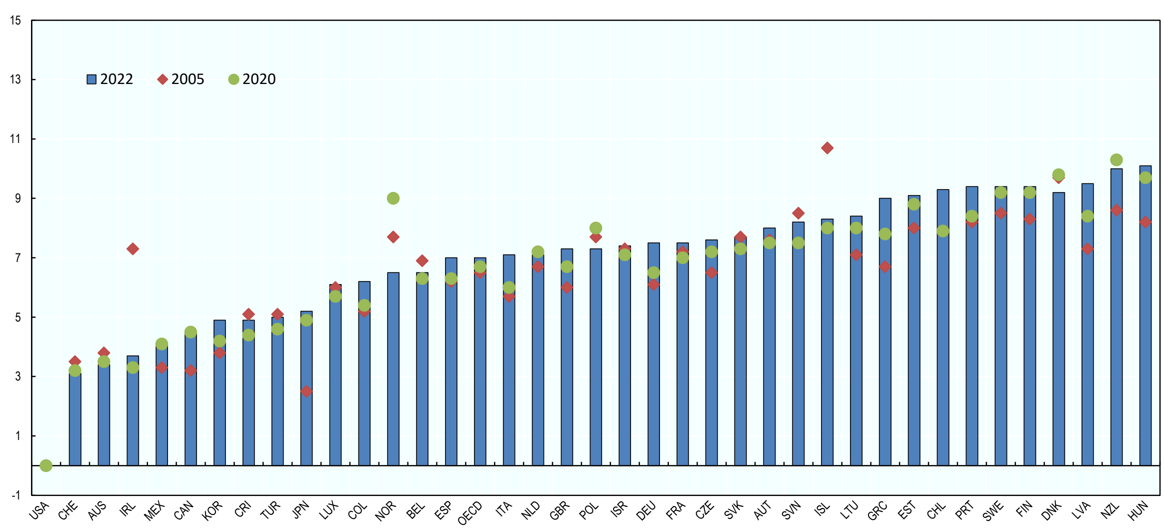
Revenues from VAT increased in all OECD countries as a share of total taxes between 2020 and 2022, except in Australia, Chile, Costa Rica, Finland, Israel, New Zealand, Norway and Poland where a decrease was observed. The largest increases were seen in Germany (+2.0 p.p.), Greece (+2.1 p.p.), Portugal (+2.2 p.p.), Italy (+2.4 p.p.), Colombia (+3.0 p.p.), Latvia (+3.7 p.p.), and Türkiye (+4.8 p.p.). Decreases of 1.0 percentage point (p.p.) or more were observed in in Israel (-1.4 p.p.), Chile (-2.1 p.p.), and Norway (-8.3 p.p.).

Value added taxes have been implemented in 37 of the 38 OECD countries, the United States being the only OECD country that does not impose a VAT. In 1975, thirteen of the current OECD member countries had a VAT (see Annex Table 2.A.1 in Chapter 2). Colombia, Greece, Iceland, Japan, Mexico, New

Zealand, Portugal, Spain and Türkiye introduced a VAT in the 1980s while Switzerland followed shortly after. Central European economies introduced value added taxes in the late 1980s and early 1990s, often based on the European Union (EU) model in anticipation of their future EU membership. Costa Rica implemented VAT in 2019 and Australia implemented a VAT ("Goods and Services Tax – GST) in 2000.

Over the longer term, revenues from VAT as a percentage of GDP and as a share of total taxation increased between 2005 and 2022, respectively from 6.5% to 7% and from 20.1% to 20.8%. An increase of VAT revenues as a share of GDP was observed in 25 OECD countries between 2005 and 2022, while a decrease was recorded in 11 countries (see Annex 1.A Table 1.A.4). The largest increases were observed during that period in Japan (+2.7 p.p.), Greece (+2.3), Latvia (+2.2 p.p.), Hungary (+1.9 p.p.), Lithuania (+1.5 p.p.), whereas the largest decreases were seen in Ireland (-3.6 p.p.) and Iceland (-2.4 p.p.). The Covid19 pandemic in 2020-2021 has not caused a fall in VAT revenue in OECD countries on average during this period, where it continued to grow both as a percentage of GDP and as a percentage of total taxation.

### Figure 1.2. Value added taxes (5111) as a percentage of GDP 2005-2022



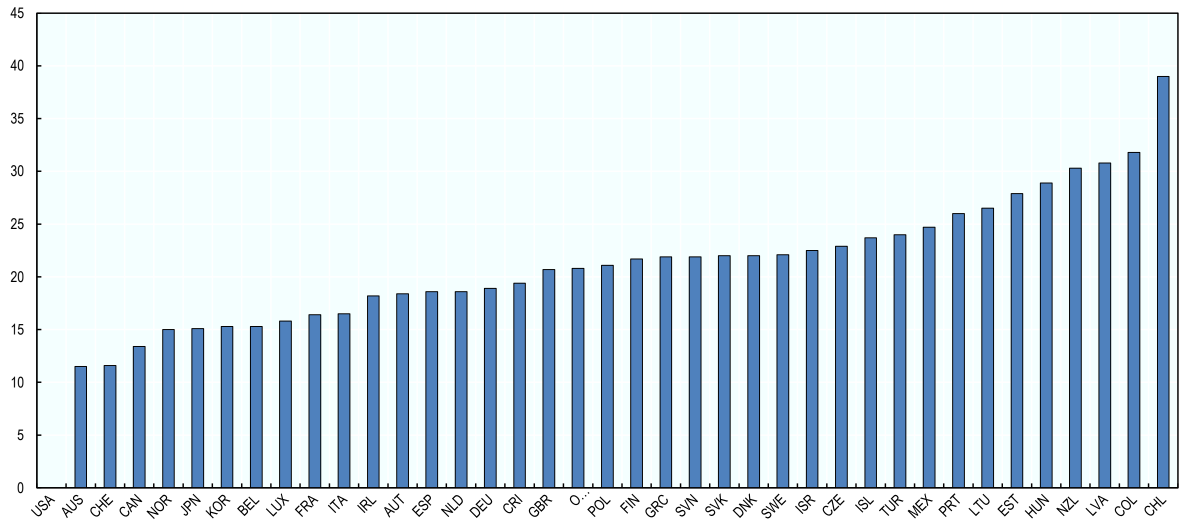

Source: adapted from OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/4guo85

The share of VAT in total tax revenues in OECD countries shows a considerable spread in 2022, ranging from 15% or less in Australia, Canada, Norway, and Switzerland to more than 25% in Chile, Colombia, Estonia, Hungary, Latvia, Lithuania, New Zealand, and Portugal. VAT (GST) produces 30.3% of total tax revenues in New Zealand and 39% in Chile (see Figure 1.3 and Annex 1.A Table 1.A.4). VAT produces 20% or more of total tax revenues in 21 of the 38 OECD countries.

Many factors influence VAT revenue and its importance in countries' tax mix. Tax policy decisions regarding the balance between the various sources of government revenue obviously play a key role but the efficiency of the tax system to collect VAT revenue effectively is also crucial. The most powerful of the drivers of (changes in) VAT revenues is countries' capacity to collect the tax on its natural base, i.e. final consumption, as influenced by the application of reduced rates and exemptions and the capacity to combat fraud, evasion and tax planning. The capacity of collecting the VAT on inbound digital supplies also plays a growing role. These efficiency factors, the impact of which is estimated in countries' VAT Revenue Ratio (see Chapter 2), often play a greater role in countries' VAT revenues than the level of the standard VAT rate (Michael Keen, 2013[4]).

### Figure 1.3. Value added taxes (5111) as percentage of total taxation 2022




Source: adapted from OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/5y1z8t

### *1.2.4. Taxes on specific goods and services now account for less than 10% of total taxes on average*

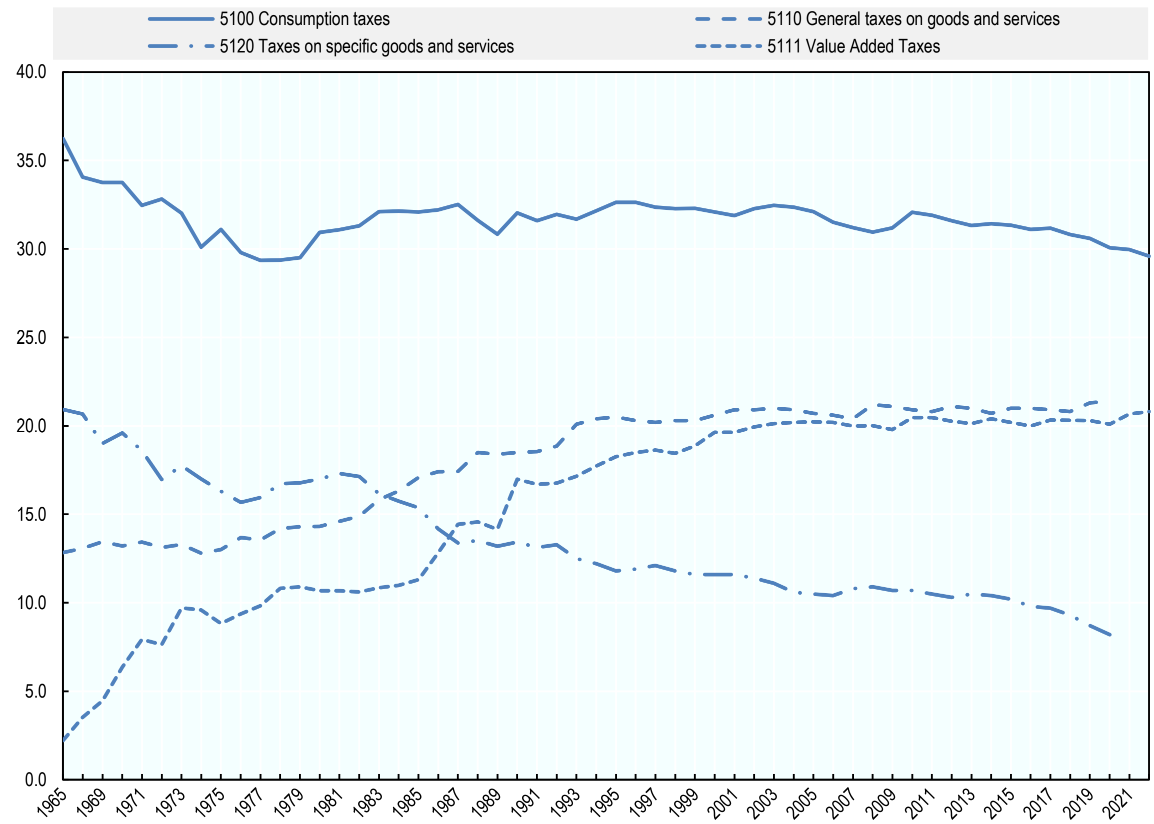
Annex 1.A Table 1.A.3 shows that revenues from taxes on specific goods and services have decreased steadily as a percentage of GDP between 1975 (4.6%) and 2022 (2.8%). The evolution of the share of taxes on specific goods and services in total taxation has followed the same pattern – it has more than halved from 17.7% in 1975 to 8.2% on average in 2022. The share of taxes on specific goods and services in total tax revenues has fallen in all OECD countries since 1975. They now account for less than 10% of total taxes in all OECD countries, except in Greece, Hungary, Latvia, Poland, Portugal, Slovak Republic, Slovenia and Türkiye.

Excise duties currently form the bulk of taxes on specific goods and services, representing 1.9% of GDP on average in 2022, down from 2.3% in 2020. They produced 5.7% of total tax revenues in 2022 on average, down from 7.1% in 2020. Between 2020 and 2022, all OECD countries recorded a drop in revenues from excise duties as a share of GDP, except in Japan, Luxembourg and the United States where no change was recorded. Rather than as a significant revenue raiser, excise duties taxes are increasingly used to influence customer behaviour. This is discussed in further detail in Chapters 3 and 4.

### *1.2.5. The composition of consumption taxes has fundamentally changed over time*

The substantially increased importance of VAT in OECD countries over time has served to counteract the diminishing share of taxes on specific goods and services, such as excise and custom duties, in consumption tax revenues. The share of general consumption taxes (5110), especially its VAT component (5111), in total tax revenue in OECD countries almost doubled between 1965 and 2022 from 11.9% to 21.4% on average (see Figure 1.4 and Annex 1.A Table 1.A.6). By contrast, the share of specific taxes on consumption (5120; mostly on tobacco, alcoholic drinks and fuels, as well as some environment-related taxes) more than halved during that period from 24.3% to 8.2% of total revenues in OECD countries on average. The overall share of taxes on consumption (5100) in total taxation fell from 31.1 % to 29.6% between 1975 and 2022, while it increased as a percentage of GDP during that period from 8.7% in 1975 to 9.9% in 2022 on average.

## Figure 1.4. Share of consumption taxes as percentage of total taxation 1965-2022

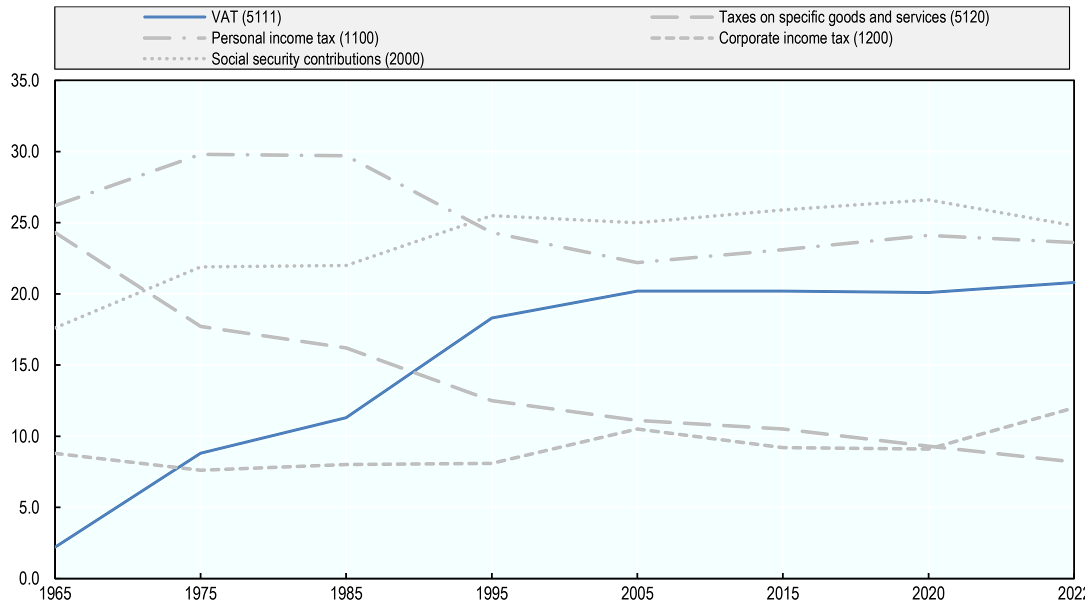



Source: OECD, based on OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/go4ys2

Figure 1.5 below and Annex 1.A Table 1.A.6 show the evolution of the tax structure (as a share of major taxes in total tax revenue) in OECD countries between 1965 and 2022. Personal income tax and social security contributions account for almost 50% of total tax revenue in OECD countries in 2022, respectively producing approximately 23.6% and 24.8% of total taxes on average. With a share of approximately 20%, VAT is the third largest source of tax revenue for OECD countries on average. Corporate income taxes represent 12% of total tax revenue in 2022.

## Figure 1.5. Evolution of the tax mix as a percentage of total tax revenue 1965-2022




Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/k7ve4m

## 1.3. Main features of VAT design

### *1.3.1. VAT is the main consumption tax for most countries around the world*

Since the mid-1980s, VAT (also called Goods and Services Tax – GST) has become the main consumption tax in terms of both revenue and geographical coverage. VAT is designed to be a tax on final consumption that is broadly neutral towards the production process and international trade. It is widely seen as a relatively growth-friendly tax. Many developing countries have introduced a VAT during the last three decades to replace lost revenues from trade taxes following trade liberalisation. Over 170 countries operate a VAT today (see Annex A and Figure 1.6 below), including 37 of the 38 OECD member countries, the only exception being the United States (see Section 1.4 below). This is more than twice as many as 30 years ago. VAT raises approximately a fifth of total tax revenues in the OECD and worldwide.

Although there is a wide diversity in the way VAT systems are implemented from one country to another, all these systems share a common objective and a common tax collection mechanism. The *OECD International VAT/GST Guidelines* (OECD, 2017[5]) provide an overview of the core features of VAT, which are briefly summarised below.

#### *VAT is a tax on final consumption*

The overarching purpose of a VAT is to impose a broad-based tax on final consumption, which is understood to mean final consumption by households. In principle, only private individuals, as distinguished from businesses, engage in the consumption at which a VAT is targeted. “Businesses buy and use capital goods, office supplies and the like - but they do not consume them in this sense” (Hellerstein, 2010[6]). In practice, however, many VAT systems impose VAT burden not only on consumption by private individuals, but also on various entities that are involved in non-business activities.

From an economic viewpoint, one can consider that the effective burden of VAT may not always fall entirely on final household consumption. It may also fall in varying proportions on businesses and households, notably depending on the extent to which VAT is effectively passed through to final consumers. Indeed, the effective incidence of VAT is determined not only by the mechanical operation of the tax as such but also by circumstances such as commercial policy and market conditions, including the elasticity of demand and the nature of competition between suppliers (Ebrill, Keen and Perry, 2001[7]). Those circumstances may notably make a business decide not to pass on the burden of the VAT (entirely) to private consumers in certain cases, for instance in case of a VAT-rate increase, but rather to absorb it entirely or partially by reducing its profit margin.

### *VAT is collected under a staged collection process*

The staged collection process means that VAT is in principle collected on sales to businesses (B2B) as well as on sales to private consumers (B2C). However, since its purpose is to impose a tax on final consumption by households, the burden of the VAT should in principle not rest on businesses, except where explicitly provided for in legislation (e.g. where purchases are made for the private consumption of the business owners or their employees). This is achieved by giving businesses the right to deduct the VAT they incur on their inputs from the VAT they collect on their outputs and to remit only the balance to the tax authorities. Each business in the supply chain thus takes part in the process of collecting the tax, by charging VAT on its supplies and remitting the proportion of the tax corresponding to its margin, i.e. on the difference between the VAT incurred on its taxed inputs and the VAT charged on its taxed outputs. The VAT burden finally falls on private household consumption, as private consumers do not have the right to recover the VAT on their private purchases. In this respect, the VAT differs from a retail sales tax ("RST"), which taxes consumption through a single-stage levy imposed in theory only at the final point of sale.

There are two main approaches for relieving businesses of the burden of the VAT they pay when they acquire goods, services or intangibles for business purposes under a staged VAT collection process:

- The invoice-credit method, which is a "transaction-based method", whereby VAT-registered businesses charge VAT on their taxable supplies and issue an invoice for each supply to their business customers (and sometimes also to private customers) indicating the amount of the VAT charged. Business customers are entitled to credit the input-VAT incurred on their business purchases against the output-VAT they charge on their sales, provided that the input-VAT incurred on these purchases is properly documented in a valid invoice issued by the supplier. It creates an incentive for businesses to request proper invoices from their suppliers, thus ensuring that each supply is properly recorded and reported for VAT purposes and that the correct amount of VAT is remitted to the tax authorities – at least in theory.
- Under the subtraction method (which is an "entity-based method"), the tax is levied directly on an accounts-based measure of value added, which is determined for each business by subtracting the VAT calculated on allowable purchases from the VAT calculated on taxable supplies.

All OECD countries that operate a VAT now use the invoice-credit method. Japan, that was the only OECD country to use a subtraction method, moved to an invoice-credit method as of 1 October 2023. Under the new "Qualified Invoice System" (QIS), Japanese Consumption Tax (JCT) taxpayers who file consumption tax returns are in principle only entitled to deduct input JCT if they receive a 'qualified invoice' from a seller that is a JCT taxpayer and registered as a Qualified Invoice Issuer ('QII'). The new system requires sellers to include their QII registration number and the appropriate JCT information (e.g. applicable tax rate and tax amount) in invoices issued to businesses so that these businesses are able to claim the input credit for the JCT documented by that invoice in their return.

*The core principle of VAT neutrality*

The staged collection process, whereby tax is in principle collected from businesses only on the value added at each stage of production and distribution, gives to the VAT its essential character as an economically neutral tax. The full right to deduct input tax through the supply chain, except by the final consumer, ensures the neutrality of the tax, whatever the nature of the product, the structure of the distribution chain, and the means used for its delivery (e.g. retail stores, physical delivery, Internet downloads). As a result of the staged payment system, VAT "flows through the businesses" to tax supplies made to final consumers (Chapter 2 of the OECD's *International VAT/GST Guidelines* (OECD, 2017[8]) presents the key principles of VAT-neutrality and a set of internationally agreed standards to support neutrality of VAT in international trade).

Where the deductible input VAT for any period exceeds the output VAT collected, there is an excess of VAT credit, which should in principle be refunded. This is generally the case in particular for exporters, since their output is in principle free of VAT (i.e. exempt with right to deduct the related input tax) under the destination principle, and for businesses whose purchases are larger than their sales in the same period (such as new or developing businesses or seasonal businesses). These are especially important groups in terms of wider economic development, so it is important that VAT systems provide for an effective treatment of excess credits to avoid the risk that VAT introduces significant and costly distortions for these groups of business. At the same time, however, the payment of refunds evidently can create significant opportunities for fraud and corruption. It is important therefore that an effective refund system is administered properly, supported by a well-designed and operated risk based compliance strategy and by a comprehensive audit strategy (IMF, 2001[9]).

When the right to deduct input VAT covers all business inputs, the final burden of the tax does not lie on businesses but on private consumers. This is not always the case in practice, as the right to deduct input tax may be restricted in a number of ways. Some are deliberate and some result from imperfect administration (see Chapter 2).

The application of the neutrality and destination principles in VAT achieve neutrality in international trade. Under the destination principle, exports are exempt with a right to deduct the input tax (that is, "free of VAT" or "zero-rated") and imports are taxed on the same basis and at the same rates as domestic supplies. Accordingly, the total tax paid in relation to a supply is determined by the rules applicable in the jurisdiction of its consumption and all revenue accrues to the jurisdiction where the supply to the final consumer occurs.

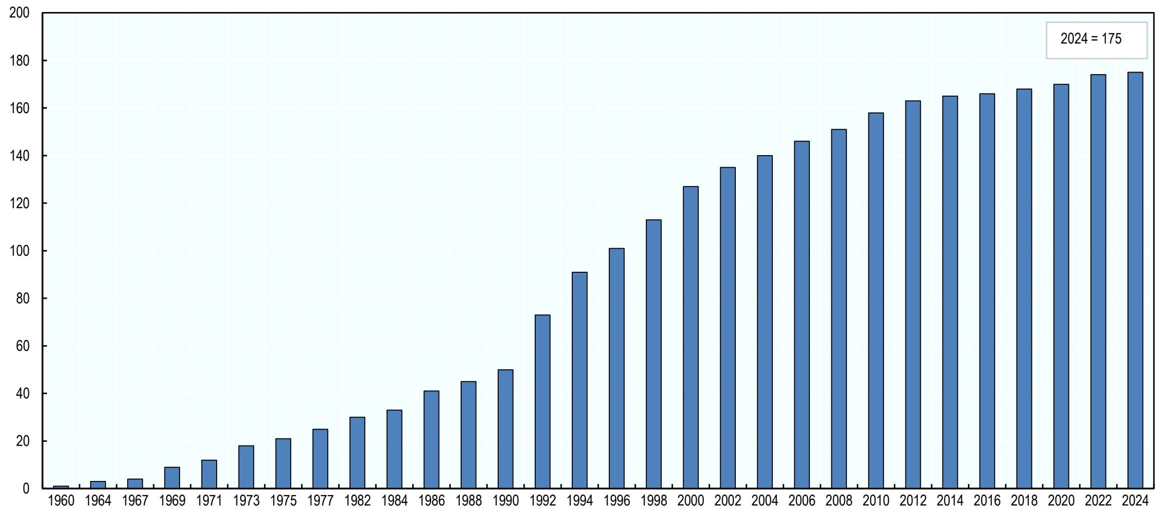
Sales tax systems, although they work differently in practice, also set out to tax consumption of goods, and to some extent services, within the jurisdiction of consumption (see Section 1.4 below). Exported goods are usually relieved from sales tax to provide a degree of neutrality for cross-border trade. However, in most sales tax systems, businesses do incur some irrecoverable sales tax on their inputs and, if they subsequently export goods, there will often be an element of sales tax embedded in the price.

### *1.3.2. VAT has now been implemented in 175 countries worldwide*

The spread of VAT has been a major tax development over the last half-century. Limited to less than 10 countries in the late 1960s, it is today an important source of revenue in 174 countries worldwide (see Figure 1.6 and Annex A).

The domestic and international neutrality properties of the VAT and its ability to generate substantial tax revenues have encouraged its global spread. Many developing countries have introduced a VAT during the last decades to replace lost revenues from trade taxes following trade liberalisation. In the European Union, VAT is directly associated with the development of its internal market. The adoption of a common VAT framework in the European Union was intended to remove the trade distortions associated with cascading indirect taxes that it replaced and to facilitate the creation of a common market in which member states cannot use taxes on production and consumption to protect their domestic market or to gain a competitive advantage compared to other member states. Today, 37 of the 38 OECD countries operate a VAT, the only exception being the United States.

### Figure 1.6. Countries with VAT 1960 - 2024




Note: See Annex A
Source: OECD, based on Fabiola Annacondia 2024

StatLink https://stat.link/z2184q

## 1.4. Retail sales taxes and their application in the United States

Although VAT is today the most widespread general consumption tax in the world, there is another form of general consumption tax: the retail sales tax (RST). RST is a tax on general consumption charged only once on products at the last point of sale to the end user. In principle, only consumers are charged the tax; resellers are exempt if they are not final end users of the products. To implement this principle, business purchasers are normally required to provide the seller with a "resale certificate," which states that they are purchasing an item to resell it, or with equivalent evidence that the business will fulfil whatever tax obligations it may have (e.g. a so-called “direct pay” permit, which is analogous to the “reverse charge” concept). The tax is charged on each item sold to purchasers who do not provide such a certificate or equivalent evidence. The retail sales tax covers not only retailers, but all businesses dealing with purchasers who do not provide a resale or other evidence signifying that no tax is due (e.g. a public body or a charity, unless specific exemption applies).

The basis for taxation is the sales price. Like the VAT and unlike multi-stage cumulative taxes, this system allows the tax burden to be calculated precisely and it does not in principle discriminate between different forms of production or distribution channels. In practice, however, at least in the United States, the failure of the retail sales tax to reach many services and the limitation of the resale exemption to products that are resold in the same form that they are purchased, or are physically incorporated into products that are resold, leads to substantial taxation of business inputs.

In theory, the outcomes of VAT and retail sales tax should be identical: they both ultimately aim to tax final consumption of a wide range of products where such consumption takes place. They also both tax the consumption expenditure i.e. the transaction between the seller and the buyer rather than the actual consumption. In practice, however, the end result may be somewhat different given the fundamental difference in the way the tax is collected. Unlike VAT where the tax is collected at each stage of the value chain under a staged payment system (see Section 1.3 above), sales taxes are collected only at the very last stage i.e. on the sale by the retailer to the final consumer. The latter method has significant disadvantages: the higher the rate the more pressure is placed on the weakest link in the chain i.e. on the retailer and in particular on numerous small retailers. All the revenue is at risk if the retailer fails to remit the tax to the authorities and the audit and invoice trail is poorer than under a VAT, especially for services. In addition, revenue is not secured at the time of importation, and this can be crucial for many developing countries. As a result, a single point resale sales tax is efficient at relatively low rates, but is increasingly difficult to administer as rates rise (Smith and Tait, 1990[10]).

The United States is the only OECD country that employs a retail sales tax as the principal consumption tax. However, the retail sales tax in the United States is not a national tax. Rather, it is a subnational tax imposed at the state and local government levels. Currently, 45 of the 50 States as well as thousands of local tax jurisdictions impose broad-based retail sales taxes. In general, the local taxes are identical in coverage to the state-level tax, are administered at the state level and amount in substance simply to an increase in the state rate, with the additional revenues distributed to the localities. Retail sales taxes are complemented in every state by functionally identical “use” taxes imposed on goods purchased from out-of-state vendors, because the state has no power to tax out-of-state “sales” and therefore imposes a complementary tax on the in-state “use” (Jerome R. Hellerstein, 2024[11])

Combined state and local sales tax rates vary widely in the United States, from 1.82% (Alaska), 4.50% (Hawaii) and 5.44% (Wyoming) to 9.54% (Louisiana and Tennessee), 9.47% (Arkansas) and 9.45% (Washington). Five states do not have a state-wide sales tax (Alaska, Delaware, Montana, New Hampshire, and Oregon and, of these, only Alaska generally allows localities to charge local sales taxes and Montana permits special taxes in local resort areas (Jared Walczak, 2024[12]). These rates are (much) lower than the applicable VAT rates in OECD countries. This is due to two main factors: the compliance risks associated with the sales tax collection method (see above) and the competition between jurisdictions (see below).

Retail sales and use taxes in force in the United States are subject to significant competitive pressure, especially in the context of interstate and international trade. Prior to the US Supreme Court’s decision in *South Dakota v. Wayfair, Inc*. (June 2018), Supreme Court rulings interpreting constitutional restraints on state taxation prohibited states from requiring vendors to collect tax with respect to cross-border sales when they were not physically present in the purchaser’s state. States were therefore unable effectively to collect use taxes with respect to cross-border sales from remote sellers, a problem that became increasingly significant with the advent of the Internet and online sales. In *Wayfair*, the Court overruled the physical-presence requirement for enforcing tax collection obligations on remote vendors as “unsound and incorrect,” and it sustained a South Dakota statute imposing such obligations on remote vendors whose annual sales into the state exceeded USD 100 000 or who annual engaged in 200 or more separate transactions in the state. In place of the physical-presence nexus rule for requiring remote vendors to collect tax on sales to in-state customers, the Court adopted a nexus rule that looks to whether the vendor “avails itself of the substantial privilege of carrying on business” in the state based on its “economic and virtual contacts” with the state.

Although the general standards the Court articulated in *Wayfair* provide little concrete guidance to state tax administrators and state tax advisors as to the nature and level of “economic and virtual” contacts that will satisfy constitutional nexus norms for remote sellers, the Court did identify several features of the South Dakota statute that, in its view, were designed to prevent undue burdens upon interstate commerce and thus implicitly provided guidance to the states in designing their tax enforcement regimes. First, the nexus statute provided a safe harbour for those who transact only limited business in the state. Second, the statute did not apply retroactively. Third, South Dakota was one of more than 20 states that have adopted the Streamlined Sales and Use Tax Agreement (SSUTA - available at www.streamlinedsalestax.org), which “standardizes taxes to reduce administrative and compliance costs.” As the Court elaborated: “It requires a single, state level tax administration, uniform definitions of products and services, simplified tax rate structures, and other uniform rules. It also provides sellers access to sales tax administration software paid for by the State. Sellers who choose to use such software are immune from audit liability.” Indeed, as of August 2024, every one of the 45 states with sales taxes has adopted legislation or administrative guidance imposing tax collection obligations on remote vendors, as well as on digital platforms, based on thresholds analogous to those sustained by the Court in *Wayfair*, and more than half of these states are members of SSUTA, a number that is likely to increase in the future. It is also worth noting that the US Congress possesses the ultimate power (regardless of pre-existing judicially created nexus rules) to prescribe the terms under which remote vendors must collect tax on cross-border sales and could approve proposed legislation authorising states to require such collection if they have adopted SSUTA or similar measures to ease compliance burdens for vendors.

## 1.5. Excise as an instrument to influence consumer behaviour

In the OECD nomenclature, taxes on specific goods and services (5120) include a range of taxes such as excises, customs and import duties, taxes on exports and taxes on specific services. This publication focuses on excises only.

A number of general characteristics differentiate excise duties from value added taxes:

- They are levied on a limited range of products.
- They are not normally due until the goods enter free circulation, at a single stage in the supply chain.
- Excise charges are generally assessed by reference to the weight, volume, strength or quantity of the product (specific or “*ad quantum excise”*), combined in some cases, with its value (*ad valorem* excise).
- Consequently, and unlike VAT, the excise system is characterised by a small number of taxpayers at the manufacturing or wholesale stage (although, in some cases they can also be levied at the retail stage).

Whilst VAT was first introduced about 70 years ago, excise duties have existed since the dawn of civilisation. Although they generally apply to alcoholic beverages, tobacco products and fuels in all OECD countries and beyond, their tax base, calculation method and rates vary widely between countries, reflecting local cultures and historical practice. Although excise duties, like VAT, were originally designed as a means of raising public revenue, governments are increasingly using them to influence consumer behaviour and achieve public health and environmental objectives.

As with VAT, excise taxes aim to be neutral internationally. As the tax is normally collected when the goods are released into free circulation within a jurisdiction, neutrality is often ensured by exempting the targeted goods from excise duties under controlled regimes (such as bonded warehouses) and certification of final export (again under controlled conditions) by customs authorities. Similarly, imported excise goods are levied at importation although frequently the goods enter into controlled tax-free regimes until released into free circulation.

Excise taxes may cover a very wide range of products like salt, sugar, matches, fruit juice or chocolates. However, the range of products subject to excise has declined with the expansion of taxes on general consumption. On the other hand, excise taxes on alcohol, tobacco and hydrocarbon oils are increasingly used by governments to influence consumer behaviour while they continue to raise significant revenues for governments (see Chapter 3 and 4).

There has indeed been a discernible trend in recent decades to design and levy these taxes with a view to achieve policy objectives above and beyond simply raising revenue. A number of excise duties have been adjusted with a view to discourage certain behaviours considered harmful, especially to health and environment. This has particularly been the case for excise duties on tobacco and alcohol whose rates have increased over time with the aim of reducing their consumption. The structure of certain excise duties, for example on road fuels and vehicles, has also gradually changed to encourage behaviour that enhances collective welfare, notably by stimulating sustainable consumption and environmentally friendly products and technology (see Chapter 3).

## References


(n.a.) (n.d.), “Cawley et al (2019)”. [35]

(n.a.) (n.d.), *Mechanisms for the Effective Collection of VAT/GST WHERE THE SUPPLIER IS NOT LOCATED IN THE JURISDICTION OF TAXATION*. [48]

Ahsan, A. (2014), “Impact of Increasing Tobacco Tax on Government Revenue and Tobacco Consumption”, https://doi.org/10.13140/RG.2.1.3350.2563. [42]

Allcott, H., B. Lockwood and D. Taubinsky (2019), “Regressive Sin Taxes, with an Application to the Optimal Soda Tax*”, *The Quarterly Journal of Economics*, Vol. 134/3, pp. 1557-1626, https://doi.org/10.1093/qje/qjz017. [34]

Allcott, H., B. Lockwood and D. Taubinsky (2019), “Regressive Sin Taxes, with an Application to the Optimal Soda Tax*”, *The Quarterly Journal of Economics*, Vol. 134/3, pp. 1557-1626, https://doi.org/10.1093/qje/qjz017. [45]

Allcott, H., B. Lockwood and D. Taubinsky (2019), *Should we tax sugar-sweetened beverages? An overview of theory and evidence*, Journal of Economic Perspectives. [29]

Allcott, H., B. Lockwood and D. Taubinsky (2019), *Should we tax sugar-sweetened beverages? An overview of theory and evidence*, American Economic Association, https://doi.org/10.1257/jep.33.3.202. [43]

Andreyeva, T., M. Long and K. Brownell (2010), “The Impact of Food Prices on Consumption: A Systematic Review of Research on the Price Elasticity of Demand for Food”, *American Journal of Public Health*, Vol. 100/2, pp. 216-222, https://doi.org/10.2105/ajph.2008.151415. [38]

Bittschi, B. et al. (2019), *Price Elasticities and Implied Tax Revenue for Alcoholic Beverages Evidence from Poland, France and Spain*, http://www.wifo.ac.at/wwa/pubid/61732. [30]

Briggs, A., O. Mytton, A. Kehlbacher, R. Tiffin, A. Elhussein, M. Rayner, S. Jebb, T. (2017), *Health impact assessment of the UK soft drinks industry levy: a comparative risk assessment modelling study*, Lancet Public Health, 2: e15–22. [22]

Brys, B. et al. (2016), “Tax Design for Inclusive Economic Growth”*, OECD Taxation Working Papers*, No. 26, OECD Publishing, Paris, https://doi.org/10.1787/5jlv74ggk0g7-en. [70]

Cawley, J. et al. (2019), “The Economics of Taxes on Sugar-Sweetened Beverages: A Review of the Effects on Prices, Sales, Cross-Border Shopping, and Consumption”, *Annual Review of Nutrition*, Vol. 39/1, pp. 317-338, https://doi.org/10.1146/annurev-nutr-082018-124603. [36]

Chaloupka, F. et al. (2010), *NBER WORKING PAPER SERIES CIGARETTE EXCISE TAXATION: THE IMPACT OF TAX STRUCTURE ON PRICES, REVENUES, AND CIGARETTE SMOKING Cigarette Excise Taxation: The Impact of Tax Structure on Prices, Revenues, and Cigarette Smoking*, http://www.nber.org/papers/w16287. [37]

Chelwa, G. and C. Van Walbeek (2019), *Does cigarette demand respond to price increases in Uganda? Price elasticity estimates using the Uganda National Panel Survey and Deaton’s method*, BMJ Publishing Group, https://doi.org/10.1136/bmjopen-2018-026150. [33]

Crawford, I., A. (2004), *The fat tax*, Institute of Fiscal Studies. [19]

Ebrill, L., M. Keen and V. Perry (2001), *The Modern VAT*, Fonds monétaire international, Washington, D.C., https://doi.org/10.5089/9781589060265.071. [7]

European Commission (2017), *Modernising VAT for cross-border B2C e-commerce Proposal for a Council Directive*, http://www.consilium.europa.eu/en/press/press-releases/2016/05/25-conclusions-vat-action-plan/. [47]

Eurostat (2020), *Home - Eurostat*, https://ec.europa.eu/eurostat/fr/home (accessed on 11 June 2020). [14]

Flues, F. and K. van Dender (2017), "The impact of energy taxes on the affordability of domestic energy"*, OECD Taxation Working Papers*, No. 30, OECD Publishing, Paris, https://doi.org/10.1787/08705547-en. [62]

Fuchs, A., F. González Icaza and D. Paz (2019), *Distributional Effects of Tobacco Taxation: A Comparative Analysis*. [41]

Goodchild, M., R. Sandoval and I. Belausteguigoitia (2017), "Generating revenue by raising tobacco taxes in Latin America and the Caribbean", *Revista Panamericana de Salud Pública*, pp. 1-7, https://doi.org/10.26633/rpsp.2017.151. [32]

Gruber, J. and B. Koszegi (2004), "Tax incidence when individuals are time-inconsistent: The case of cigarette excise taxes", *Journal of Public Economics*, Vol. 88/9-10, pp. 1959-1987, https://doi.org/10.1016/j.jpubeco.2003.06.001. [44]

GSMA Intelligence. (2020), *The Mobile Economy (2020).*, https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/03/GSMA_MobileEconomy2020_Global.pdf. [58]

Heady, C. (2015), *The effect of ageing on the financing of social health provision*, OECD, Fiscal Sustainability of Health Systems. [17]

Hellerstein, W. (2010), *Interjurisdictional Issues in the Design of a VAT*, https://www.researchgate.net/publication/228153719. [6]

IMF (2001), *The Modern VAT*, International Monetary Fund, Washington, D.C., https://doi.org/10.5089/9781589060265.071. [9]

Janelle Cammenga (2020), *State and Local Sales Tax Rates*, Tax Foundation. [52]

Janelle Fritts (2022), *State and Local Sales Tax Rates, Midyear 2022*, Tax Foundation. [54]

Jared Walczak (2024), *State taxation (3rd ed)*. [12]

Jeff Collin; Sarah Hill (2019), *Structure and tactics of the tobacco, alcohol, and sugary beverage industries*, University of Edinburgh. [40]

Jerome R. Hellerstein, W. (2020), *State Taxation*, Thomson Reuters. [51]

Kopczuk, W., J. Marion, E. (2013), *Do the Laws of Tax Incidence Hold? Point of Collection and the Pass-through of State Diesel Taxes*, NBER Working Paper Series, No. 19410. [25]

LEbrill@imf.org/MKeen@imf.org/VSummers@imf.org (2001), *The Modern VAT*, International Monetary Fund, Washington, D.C., https://doi.org/10.5089/9781589060265.071. [46]

Levell, P., B. (2015), *Redistribution from a lifetime perspective*. [24]

Lustig, N. (2017), *Fiscal Policy, Income Redistribution and Poverty Reduction in Low and Middle Income Countries*, Commitment to Equity (CEQ) Working Paper Series. [23]

Marron, D., M. (2015), *Should we tax unhealthy foods and drinks?*, Urban-Brookings Tax Policy Centre Working Paper, December. [21]

Michael Keen (2013), "The Anatomy of the VAT", *IMF Working Paper* WP13/111. [4]

Mytton, O., D. (2012), *Taxing unhealthy food and drinks to improve health*, British Medical Journal, 344. [18]

Nelson, J. (2013), "Meta-analysis of alcohol price and income elasticities – with corrections for publication bias", *Health Economics Review*, Vol. 3/1, https://doi.org/10.1186/2191-1991-3-17. [31]

OECD (2024), *Revenue Statistics 2024: Health Taxes in OECD Countries*, OECD Publishing, Paris, https://doi.org/10.1787/c87a3da5-en. [3]

OECD (2022), *OECD Glossary of tax terms*, OECD. [2]

OECD (2022), *Revenue Statistics 2022*, OECD, Paris. [60]

OECD (2021), *OECD Revenue Statistics Interpretative Guide*. [1]

OECD (2020), *Consumption Tax Trends 2020: VAT/GST and Excise Rates, Trends and Policy Issues*, OECD Publishing, Paris, https://doi.org/10.1787/152def2d-en. [59]

OECD (2020), *Revenue Statistics 2020*, OECD Publishing, Paris, https://doi.org/10.1787/8625f8e5-en. [64]

OECD (2020), *The OECD Glossary of Statistical Terms*, https://stats.oecd.org/glossary/ (accessed on 11 June 2020). [13]

OECD (2019), *Revenue Statistics 2019*, OECD Publishing, Paris, https://doi.org/10.1787/0bbc27da-en. [63]

OECD (2019), *Taxing Energy Use 2019: Using Taxes for Climate Action*, OECD Publishing, Paris, https://doi.org/10.1787/058ca239-en. [61]

OECD (2019), *The Heavy Burden of Obesity: The Economics of Prevention, OECD Health Policy Studies,*, OECD Publishing, Paris. [28]

OECD (2019), *The Role of Digital Platforms in the Collection of VAT/GST on Online Sales*, OECD Publishing, Paris, https://doi.org/10.1787/e0e2dd2d-en. [66]

OECD (2018), *Consumption Tax Trends 2018*. [39]

OECD (2018), *OECD Tax Policy Reviews: Slovenia 2018*, OECD Tax Policy Reviews, OECD Publishing, Paris, https://doi.org/10.1787/9789264303898-en. [73]

OECD (2018), *Revenue Statistics 2018*, OECD Publishing, Paris, https://doi.org/10.1787/rev_stats-2018-en. [68]

OECD (2018), *Tax Challenges Arising from Digitalisation – Interim Report 2018: Inclusive Framework on BEPS*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264293083-en. [55]

OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris, https://doi.org/10.1787/9789264271401-en. [8]

OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris, https://doi.org/10.1787/9789264271401-en. [5]

OECD (2017), *Mechanisms for the Effective Collection of VAT/GST where the supplier is not located in the jurisdiction of taxation*, OECD, Paris, http://www.oecd.org/tax/consumption/mechanisms-for-the-effective-collection-of-vat-gst.htm. [49]

OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264241046-en. [72]

OECD (2015), *Tackling Harmful Alcohol Use: Economics and Public Health Policy*, OECD Publishing. [27]

OECD (2014), *Addressing the Tax Challenges of the Digital Economy*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264218789-en. [67]

OECD/KIPF (2014), *The Distributional Effects of Consumption Taxes in OECD Countries*, OECD Tax Policy Studies, No. 22, OECD Publishing, Paris, https://doi.org/10.1787/9789264224520-en. [71]

Okun (1975), *Equality and efficiency, the big tradeoff*, Brookings Institution Press. [26]

Sassi, F., A. (2013), *The Role of Fiscal Policies in Health Promotion*, OECD Health Working Papers, No. 66. [20]

Sassi, F., A. Belloni and C. Capobianco (2013), “The Role of Fiscal Policies in Health Promotion”*, OECD Health Working Papers*, No. 66, OECD Publishing, Paris, https://doi.org/10.1787/5k3twr94kvzx-en. [69]

Simon, H. and M. Harding (2020), “What drives consumption tax revenues? : Disentangling policy and macroeconomic drivers”*, OECD Taxation Working Papers*, No. 47, OECD Publishing, Paris, https://doi.org/10.1787/94ed8187-en. [65]

Slemrod J. and C. Gillitzer (2014), *Insights from a Tax Systems Perspective*, CESifo Economic Studies. [16]

Smith, S. and A. Tait (1990), “Value Added Tax: International Practice and Problems.”, *The Economic Journal*, Vol. 100/399, p. 269, https://doi.org/10.2307/2233622. [10]

Thomson Reuters (ed.) (2024), *State taxation*. [11]

Thomson Reuters (ed.) (2022), *State Taxation*. [53]

UNCTAD (2021), *Estimates of Global E-commerce 2019 and Preliminary Assessment of COVID19 Impact on Online Retail 2020*, UNCTAD. [56]

UNCTAD (2021), *Estimates of global e-commerce 2019 and preliminary assessment of COVID-19 impact on online retail 2020*, https://unctad.org/system/files/official-document/tn_unctad_ict4d18_en.pdf. [57]

Victoria J Perry ; Katherine Baer ; Emil M Sunley (1996), *A Destination VAT for CIS Trade*. [50]

World Health Organization (2015), *Using price policies to promote healthier diets*, https://www.euro.who.int/__data/assets/pdf_file/0008/273662/Using-price-policies-to-promote-healthier-diets.pdf?ua=1 (accessed on 11 June 2020). [15]

# Annex 1.A. Consumption Taxes Revenue

## Annex Table 1.A.1. Consumption taxes (5100) as a percentage of GDP and total taxation

| | Tax revenue as % of GDP | | | | | | | | Tax revenue as % of total taxation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 |
| Australia | 6.5 | 7.5 | 6.4 | 6.6 | 6.2 | 6.5 | 5.8 | 5.9 | 25.8 | 25.3 | 25.5 | 23.7 | 22.5 | 22.8 | 19.8 | 20.2 |
| Austria | 12.3 | 11.1 | 10.9 | 10.9 | 10.7 | 10.4 | 10.3 | 10.6 | 33.9 | 27.1 | 26.5 | 25.3 | 25.1 | 24.6 | 24.4 | 24.6 |
| Belgium | 10.1 | 10.5 | 10.5 | 10.2 | 10.2 | 9.7 | 10.1 | 9.8 | 26.0 | 24.2 | 24.6 | 23.2 | 24.0 | 23.0 | 23.9 | 23.1 |
| Canada | 8.1 | 7.7 | 7.0 | 7.1 | 7.1 | 6.9 | 6.8 | 6.9 | 26.0 | 23.7 | 22.5 | 21.5 | 21.4 | 20.0 | 19.6 | 20.3 |
| Chile | .. | 10.2 | 9.5 | 10.4 | 10.3 | 9.7 | 11.1 | 10.6 | .. | 48.7 | 48.3 | 50.8 | 49.2 | 50.5 | 49.8 | 44.6 |
| Colombia | .. | 8.1 | 8.1 | 8.0 | 8.3 | 7.6 | 8.2 | 8.6 | .. | 44.4 | 44.7 | 40.4 | 42.2 | 40.5 | 42.5 | 44.0 |
| Costa Rica | .. | 9.2 | 8.1 | 7.9 | 7.3 | 6.9 | 7.8 | 7.4 | | 42.4 | 36.5 | 34.5 | 31.1 | 30.4 | 31.4 | 29.5 |
| Czechia | .. | 10.1 | 10.1 | 10.6 | 10.4 | 10.1 | 10.1 | 10.1 | .. | 29.5 | 31.8 | 32.3 | 30.4 | 29.6 | 30.0 | 30.3 |
| Denmark | 12.1 | 15.2 | 13.9 | 13.4 | 13.1 | 13.4 | 12.7 | 11.9 | 32.3 | 31.8 | 31.9 | 28.9 | 27.8 | 28.3 | 26.9 | 28.4 |
| Estonia | .. | 12.1 | 13.1 | 13.8 | 13.1 | 12.3 | 12.7 | 12.3 | .. | 40.7 | 39.6 | 41.2 | 40.1 | 37.6 | 37.9 | 37.8 |
| Finland | 11.4 | 13.0 | 12.6 | 13.5 | 13.6 | 13.5 | 13.4 | 13.2 | 31.6 | 30.8 | 31.0 | 31.3 | 32.2 | 32.4 | 31.1 | 30.6 |
| France | 11.3 | 10.8 | 10.8 | 11.4 | 12.0 | 11.8 | 11.8 | 11.6 | 32.4 | 25.1 | 25.5 | 25.2 | 26.6 | 26.0 | 26.1 | 25.4 |
| Germany | 8.7 | 9.9 | 10.5 | 10.7 | 10.4 | 9.9 | 10.4 | 10.0 | 25.4 | 28.6 | 29.3 | 28.1 | 26.5 | 25.5 | 26.1 | 25.3 |
| Greece | 7.9 | 10.1 | 11.4 | 12.5 | 13.9 | 13.2 | 13.5 | 15.6 | 42.2 | 31.7 | 35.2 | 34.0 | 35.3 | 33.3 | 33.8 | 37.8 |
| Hungary | .. | 14.3 | 15.5 | 16.6 | 15.8 | 15.8 | 15.5 | 16.2 | .. | 39.2 | 42.2 | 42.9 | 43.5 | 43.9 | 45.9 | 46.2 |
| Iceland | 18.3 | 15.7 | 10.9 | 11.0 | 10.8 | 10.7 | 11.0 | 10.8 | 62.2 | 40.0 | 33.8 | 31.3 | 30.7 | 29.5 | 31.7 | 30.7 |
| Ireland | 12.4 | 10.8 | 9.1 | 6.6 | 6.1 | 5.0 | 5.3 | 5.0 | 44.4 | 35.8 | 33.0 | 29.6 | 28.5 | 25.9 | 26.5 | 24.8 |
| Israel | .. | 10.7 | 10.9 | 10.9 | 10.0 | 9.8 | 10.2 | 9.9 | .. | 32.7 | 36.4 | 35.0 | 33.2 | 33.0 | 31.5 | 30.4 |
| Italy | 6.9 | 9.4 | 10.0 | 10.5 | 10.4 | 9.9 | 10.4 | 10.3 | 28.3 | 24.1 | 23.9 | 24.5 | 24.7 | 23.3 | 24.5 | 24.0 |
| Japan | 3.0 | 4.4 | 4.4 | 5.9 | 5.8 | 6.4 | 6.6 | 6.7 | 15.1 | 17.2 | 16.7 | 19.5 | 18.3 | 19.4 | 19.4 | 19.5 |
| Korea | 8.9 | 7.2 | 7.3 | 6.2 | 6.6 | 6.3 | 6.5 | 6.9 | 60.0 | 33.3 | 32.6 | 26.2 | 24.3 | 22.9 | 21.8 | 21.6 |
| Latvia | .. | 11.3 | 11.2 | 12.4 | 13.0 | 12.8 | 12.7 | 12.9 | .. | 40.6 | 39.3 | 41.7 | 41.9 | 41.2 | 41.3 | 42.0 |
| Lithuania | .. | 10.9 | 11.4 | 11.4 | 11.3 | 11.6 | 11.7 | 11.3 | .. | 37.2 | 40.4 | 39.5 | 37.5 | 37.0 | 36.7 | 35.8 |
| Luxembourg | 6.7 | 10.7 | 9.7 | 8.2 | 9.0 | 8.6 | 8.8 | 9.0 | 20.6 | 28.5 | 27.2 | 23.6 | 22.7 | 22.5 | 23.0 | 23.5 |
| Mexico | .. | 4.0 | 4.5 | 5.8 | 5.9 | 6.3 | 6.1 | 5.5 | .. | 37.1 | 36.7 | 37.9 | 37.2 | 36.8 | 36.6 | 32.5 |
| Netherlands | 8.5 | 10.2 | 10.0 | 9.9 | 10.7 | 10.7 | 10.7 | 10.4 | 22.5 | 29.3 | 28.2 | 27.1 | 27.7 | 27.5 | 28.1 | 27.4 |
| New Zealand | 6.8 | 10.8 | 11.2 | 11.4 | 11.3 | 12.0 | 11.6 | 11.3 | 22.8 | 30.0 | 37.1 | 36.3 | 36.1 | 35.6 | 33.7 | 34.2 |
| Norway | 14.2 | 11.1 | 10.9 | 10.9 | 11.1 | 11.7 | 10.0 | 8.0 | 36.6 | 26.0 | 26.2 | 28.5 | 27.8 | 30.1 | 24.1 | 18.5 |
| Poland | .. | 12.2 | 12.3 | 11.5 | 12.3 | 12.1 | 13.1 | 11.4 | .. | 37.1 | 38.8 | 35.3 | 35.0 | 34.1 | 35.7 | 33.3 |
| Portugal | 7.6 | 13.4 | 12.0 | 12.9 | 13.1 | 12.6 | 13.0 | 13.0 | 40.1 | 43.2 | 39.4 | 37.4 | 38.0 | 35.8 | 36.9 | 36.0 |
| Slovak Republic | .. | 11.6 | 9.6 | 10.7 | 11.1 | 11.1 | 11.1 | 11.4 | .. | 37.1 | 34.3 | 32.9 | 32.3 | 31.9 | 31.4 | 32.6 |
| Slovenia | .. | 12.7 | 13.3 | 13.7 | 13.1 | 11.9 | 12.5 | 12.4 | .. | 32.5 | 35.2 | 36.8 | 34.9 | 31.7 | 32.6 | 33.0 |
| Spain | 4.3 | 9.3 | 7.9 | 9.5 | 9.2 | 9.0 | 9.5 | 9.5 | 24.0 | 26.3 | 25.3 | 28.2 | 26.7 | 24.5 | 25.2 | 25.3 |
| Sweden | 8.7 | 11.9 | 12.4 | 11.7 | 11.7 | 11.7 | 11.5 | 11.8 | 22.7 | 25.1 | 28.7 | 27.3 | 27.3 | 27.4 | 27.0 | 27.9 |
| Switzerland | 4.5 | 5.3 | 5.1 | 5.0 | 4.8 | 4.8 | 4.8 | 4.7 | 20.6 | 20.4 | 19.9 | 18.7 | 17.2 | 17.2 | 17.0 | 17.3 |
| Türkiye | 4.7 | 11.0 | 11.3 | 10.6 | 8.7 | 9.9 | 9.3 | 9.0 | 40.9 | 47.4 | 45.8 | 42.7 | 37.5 | 41.5 | 40.7 | 42.8 |
| United Kingdom | 8.1 | 9.6 | 9.7 | 10.5 | 10.3 | 9.8 | 10.0 | 10.3 | 23.7 | 29.4 | 30.3 | 32.8 | 31.7 | 30.0 | 29.3 | 29.0 |
| United States | 4.2 | 3.8 | 3.6 | 3.8 | 3.9 | 3.8 | 3.9 | 3.9 | 17.1 | 14.7 | 15.5 | 14.6 | 15.5 | 14.7 | 14.6 | 14.2 |
| OECD average | 8.7 | 10.2 | 9.9 | 10.1 | 10.1 | 9.9 | 10.0 | 9.9 | 31.1 | 32.1 | 32.1 | 31.3 | 30.6 | 30.1 | 30.0 | 29.6 |

Notes: For the purposes of this publication, "consumption Taxes" are considered as these under Item 5100 of the OECD classification of taxes
The OECD average is the unweighted average
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/7upoix

## Annex Table 1.A.2. General taxes on goods and services (5110) as a percentage of GDP and total taxation

| | Tax revenue as % of GDP | | | | | | | | Tax revenue as % of total taxation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 |
| Australia | 1.7 | 3.9 | 3.4 | 3.7 | 3.3 | 3.6 | 3.3 | 3.5 | 6.7 | 13.2 | 13.5 | 13.2 | 12.0 | 12.8 | 11.4 | 11.8 |
| Austria | 7.2 | 7.6 | 7.7 | 7.6 | 7.7 | 7.4 | 7.6 | 8.0 | 19.8 | 18.6 | 18.7 | 17.7 | 18.0 | 17.6 | 17.5 | 18.5 |
| Belgium | 6.3 | 7.0 | 7.0 | 6.7 | 6.7 | 6.4 | 6.8 | 6.6 | 16.2 | 16.2 | 16.4 | 15.1 | 15.8 | 15.1 | 16.2 | 15.5 |
| Canada | 3.9 | 4.8 | 4.3 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 12.5 | 14.8 | 14.0 | 13.9 | 14.0 | 13.4 | 13.4 | 13.6 |
| Chile | .. | 7.9 | 7.6 | 8.4 | 8.4 | 7.9 | 9.5 | 9.3 | .. | 37.8 | 38.5 | 40.8 | 39.9 | 41.1 | 42.6 | 39.0 |
| Colombia | .. | 5.9 | 6.1 | 6.1 | 6.7 | 6.3 | 6.7 | 7.1 | .. | 32.3 | 33.9 | 30.4 | 34.1 | 33.5 | 35.0 | 36.4 |
| Costa Rica | .. | 5.1 | 4.6 | 4.5 | 4.4 | 4.5 | 5.1 | 4.9 | | 23.3 | 21.0 | 19.8 | 18.8 | 20.0 | 20.6 | 19.7 |
| Czechia | .. | 6.5 | 6.5 | 7.2 | 7.4 | 7.2 | 7.3 | 7.6 | .. | 19.1 | 20.5 | 21.7 | 21.6 | 21.3 | 21.8 | 22.9 |
| Denmark | 6.5 | 9.7 | 9.3 | 9.0 | 9.4 | 9.8 | 9.5 | 9.2 | 17.3 | 20.2 | 20.8 | 19.4 | 20.0 | 20.7 | 20.1 | 22.0 |
| Estonia | .. | 8.0 | 8.6 | 8.9 | 8.7 | 8.8 | 9.1 | 9.1 | .. | 26.9 | 25.8 | 27.2 | 26.7 | 26.7 | 27.3 | 27.9 |
| Finland | 5.7 | 8.3 | 8.3 | 9.0 | 9.2 | 9.2 | 9.4 | 9.4 | 15.6 | 19.9 | 20.4 | 20.6 | 21.7 | 22.1 | 21.7 | 21.7 |
| France | 8.2 | 7.4 | 7.5 | 7.7 | 7.9 | 7.8 | 7.8 | 8.0 | 23.4 | 17.2 | 17.8 | 16.9 | 17.7 | 17.2 | 17.4 | 17.5 |
| Germany | 5.0 | 6.1 | 7.0 | 7.0 | 7.0 | 6.5 | 7.2 | 7.5 | 14.6 | 17.7 | 19.6 | 18.4 | 17.9 | 16.9 | 18.1 | 18.9 |
| Greece | 3.4 | 6.9 | 7.4 | 7.4 | 8.4 | 7.9 | 8.4 | 9.1 | 18.3 | 21.6 | 22.8 | 20.1 | 21.4 | 20.0 | 21.0 | 22.1 |
| Hungary | .. | 10.2 | 11.0 | 11.7 | 11.6 | 11.6 | 11.6 | 11.8 | .. | 28.1 | 29.7 | 30.3 | 31.9 | 32.3 | 34.4 | 33.6 |
| Iceland | 8.4 | 11.6 | 7.5 | 8.1 | 8.2 | 8.2 | 8.7 | 8.5 | 28.6 | 29.5 | 23.3 | 23.2 | 23.4 | 22.6 | 25.0 | 24.1 |
| Ireland | 4.1 | 7.3 | 6.0 | 4.3 | 4.2 | 3.3 | 3.7 | 3.7 | 14.7 | 24.2 | 21.7 | 19.4 | 19.6 | 17.2 | 18.5 | 18.2 |
| Israel | .. | 7.3 | 7.3 | 7.7 | 7.2 | 7.1 | 7.5 | 7.4 | .. | 22.3 | 24.3 | 24.8 | 23.8 | 23.9 | 23.2 | 22.5 |
| Italy | 3.5 | 5.7 | 6.1 | 6.1 | 6.2 | 6.0 | 6.7 | 7.1 | 14.3 | 14.6 | 14.5 | 14.2 | 14.7 | 14.1 | 15.7 | 16.5 |
| Japan | 0.0 | 2.5 | 2.5 | 4.1 | 4.2 | 4.9 | 5.1 | 5.2 | 0.0 | 9.5 | 9.6 | 13.7 | 13.2 | 14.9 | 14.9 | 15.1 |
| Korea | 1.9 | 3.8 | 3.9 | 3.6 | 4.3 | 4.2 | 4.3 | 4.9 | 12.7 | 17.4 | 17.5 | 15.3 | 15.7 | 15.1 | 14.4 | 15.3 |
| Latvia | .. | 7.3 | 7.2 | 8.7 | 9.1 | 8.9 | 9.0 | 9.5 | .. | 26.4 | 25.2 | 29.1 | 29.3 | 28.7 | 29.2 | 31.0 |
| Lithuania | .. | 7.5 | 7.8 | 7.8 | 7.9 | 8.1 | 8.4 | 8.4 | .. | 25.8 | 27.5 | 26.9 | 26.2 | 25.9 | 26.2 | 26.8 |
| Luxembourg | 3.9 | 6.0 | 6.2 | 5.4 | 5.8 | 5.7 | 5.7 | 6.1 | 12.1 | 16.0 | 17.3 | 15.6 | 14.7 | 15.0 | 14.9 | 15.8 |
| Mexico | .. | 3.2 | 3.6 | 3.7 | 3.7 | 4.1 | 4.2 | 4.1 | .. | 29.3 | 29.4 | 23.9 | 23.4 | 23.8 | 25.2 | 24.7 |
| Netherlands | 5.4 | 6.7 | 6.6 | 6.4 | 7.0 | 7.2 | 7.3 | 7.1 | 14.4 | 19.2 | 18.7 | 17.6 | 18.2 | 18.5 | 19.2 | 18.6 |
| New Zealand | 2.7 | 8.6 | 9.3 | 9.5 | 9.5 | 10.3 | 10.1 | 10.0 | 9.0 | 23.8 | 30.7 | 30.2 | 30.4 | 30.6 | 29.3 | 30.3 |
| Norway | 8.0 | 7.7 | 7.7 | 8.2 | 8.6 | 9.0 | 7.9 | 6.5 | 20.5 | 18.1 | 18.6 | 21.3 | 21.5 | 23.4 | 19.0 | 15.1 |
| Poland | .. | 7.7 | 7.6 | 7.0 | 8.0 | 8.0 | 8.7 | 7.4 | .. | 23.2 | 24.2 | 21.6 | 22.6 | 22.4 | 23.6 | 21.4 |
| Portugal | 2.1 | 8.2 | 7.5 | 8.6 | 8.8 | 8.4 | 8.9 | 9.4 | 11.2 | 26.5 | 24.8 | 24.9 | 25.4 | 23.8 | 25.2 | 26.0 |
| Slovak Republic | .. | 7.7 | 6.1 | 6.8 | 7.2 | 7.3 | 7.5 | 7.7 | .. | 24.6 | 21.8 | 20.8 | 20.9 | 21.0 | 21.1 | 22.0 |
| Slovenia | .. | 8.5 | 8.1 | 8.3 | 8.2 | 7.5 | 8.2 | 8.2 | .. | 21.6 | 21.3 | 22.2 | 21.7 | 20.0 | 21.5 | 21.9 |
| Spain | 2.7 | 6.2 | 5.2 | 6.4 | 6.5 | 6.3 | 6.9 | 7.0 | 15.3 | 17.7 | 16.6 | 19.1 | 18.8 | 17.2 | 18.1 | 18.7 |
| Sweden | 4.6 | 8.6 | 9.2 | 9.1 | 9.1 | 9.2 | 9.1 | 9.4 | 12.0 | 18.1 | 21.3 | 21.1 | 21.3 | 21.6 | 21.4 | 22.2 |
| Switzerland | 1.9 | 3.5 | 3.3 | 3.4 | 3.2 | 3.2 | 3.2 | 3.2 | 8.7 | 13.6 | 12.9 | 12.6 | 11.5 | 11.5 | 11.4 | 11.8 |
| Türkiye | 0.0 | 5.1 | 5.4 | 5.1 | 4.2 | 4.6 | 5.3 | 5.0 | 0.0 | 21.8 | 21.7 | 20.6 | 18.1 | 19.2 | 23.2 | 24.0 |
| United Kingdom | 3.0 | 6.1 | 6.1 | 6.9 | 6.9 | 6.7 | 6.9 | 7.4 | 8.9 | 18.6 | 18.9 | 21.7 | 21.4 | 20.3 | 20.3 | 20.8 |
| United States | 1.7 | 2.1 | 2.0 | 2.0 | 2.1 | 2.1 | 2.2 | 2.2 | 7.0 | 8.0 | 8.4 | 7.8 | 8.3 | 8.1 | 8.2 | 8.0 |
| OECD average | 4.1 | 6.7 | 6.5 | 6.8 | 6.9 | 6.8 | 7.1 | 7.1 | 13.3 | 21.0 | 21.2 | 20.9 | 20.9 | 20.8 | 21.3 | 21.4 |

Note: The OECD average is the unweighted average
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/oq2xdl

## Annex Table 1.A.3. Taxes on specific goods and services (5120) as a percentage of GDP and total taxation

| | Tax revenue as % of GDP | | | | | | | | Tax revenue as % of total taxation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 |
| Australia | 4.9 | 3.6 | 3.0 | 2.9 | 2.9 | 2.8 | 2.4 | 2.5 | 19.1 | 12.1 | 12.0 | 10.5 | 10.6 | 10.1 | 8.4 | 8.5 |
| Austria | 5.1 | 3.5 | 3.2 | 3.3 | 3.0 | 2.9 | 3.0 | 2.6 | 14.0 | 8.4 | 7.8 | 7.6 | 7.1 | 6.9 | 6.9 | 6.1 |
| Belgium | 3.8 | 3.5 | 3.5 | 3.6 | 3.5 | 3.3 | 3.2 | 3.3 | 9.8 | 8.1 | 8.2 | 8.1 | 8.2 | 7.9 | 7.7 | 7.7 |
| Canada | 4.2 | 2.9 | 2.6 | 2.5 | 2.4 | 2.2 | 2.2 | 2.3 | 13.6 | 8.9 | 8.5 | 7.7 | 7.4 | 6.5 | 6.3 | 6.7 |
| Chile | .. | 2.3 | 1.9 | 2.0 | 2.0 | 1.8 | 1.6 | 1.4 | .. | 10.9 | 9.8 | 10.0 | 9.3 | 9.4 | 7.2 | 5.7 |
| Colombia | .. | 2.2 | 2.0 | 2.0 | 1.6 | 1.3 | 1.4 | 1.5 | .. | 12.1 | 10.9 | 10.0 | 8.1 | 7.0 | 7.5 | 7.6 |
| Costa Rica | .. | 4.2 | 3.4 | 3.4 | 2.9 | 2.3 | 2.7 | 2.5 | | 19.2 | 15.5 | 14.7 | 12.4 | 10.3 | 10.8 | 9.9 |
| Czechia | .. | 3.5 | 3.6 | 3.5 | 3.0 | 2.8 | 2.7 | 2.4 | .. | 10.3 | 11.3 | 10.6 | 8.8 | 8.4 | 8.1 | 7.3 |
| Denmark | 5.6 | 5.6 | 4.5 | 4.4 | 3.7 | 3.6 | 3.2 | 2.7 | 15.0 | 11.6 | 10.1 | 9.5 | 7.8 | 7.6 | 6.8 | 6.4 |
| Estonia | .. | 4.1 | 4.6 | 4.6 | 4.4 | 3.6 | 3.6 | 3.2 | .. | 13.8 | 13.8 | 13.9 | 13.4 | 10.9 | 10.6 | 9.9 |
| Finland | 5.8 | 4.6 | 4.3 | 4.7 | 4.5 | 4.3 | 4.0 | 3.8 | 16.0 | 11.0 | 10.6 | 10.7 | 10.5 | 10.3 | 9.4 | 8.9 |
| France | 3.2 | 3.4 | 3.2 | 3.8 | 4.0 | 4.0 | 4.0 | 3.6 | 9.0 | 7.9 | 7.7 | 8.3 | 8.9 | 8.8 | 8.8 | 7.9 |
| Germany | 3.7 | 3.8 | 3.5 | 2.9 | 3.4 | 3.3 | 3.2 | 2.6 | 10.8 | 10.8 | 9.7 | 9.7 | 8.6 | 8.7 | 8.0 | 6.4 |
| Greece | 4.5 | 3.2 | 4.0 | 4.7 | 5.5 | 5.3 | 5.1 | 6.4 | 23.9 | 9.9 | 12.3 | 13.7 | 13.8 | 13.3 | 12.7 | 15.6 |
| Hungary | .. | 4.0 | 4.6 | 4.9 | 4.2 | 4.2 | 3.9 | 4.4 | .. | 11.1 | 12.5 | 12.6 | 11.5 | 11.5 | 11.4 | 12.6 |
| Iceland | 9.9 | 4.1 | 3.4 | 2.9 | 2.6 | 2.5 | 2.3 | 2.3 | 33.6 | 10.6 | 10.5 | 8.2 | 7.3 | 6.9 | 6.7 | 6.6 |
| Ireland | 8.3 | 3.5 | 3.1 | 2.4 | 1.9 | 1.7 | 1.6 | 1.3 | 29.7 | 11.6 | 11.3 | 10.2 | 9.0 | 8.7 | 8.0 | 6.7 |
| Israel | .. | 3.4 | 3.6 | 3.2 | 2.8 | 2.7 | 2.7 | 2.6 | .. | 10.4 | 12.1 | 10.2 | 9.4 | 9.1 | 8.3 | 7.9 |
| Italy | 3.4 | 3.7 | 3.9 | 4.5 | 4.2 | 3.9 | 3.7 | 3.2 | 14.0 | 9.5 | 9.4 | 10.4 | 10.0 | 9.2 | 8.8 | 7.5 |
| Japan | 3.0 | 2.0 | 1.9 | 1.8 | 1.6 | 1.5 | 1.5 | 1.5 | 15.1 | 7.7 | 7.2 | 5.8 | 5.1 | 4.5 | 4.4 | 4.4 |
| Korea | 7.0 | 3.4 | 3.4 | 2.6 | 2.4 | 2.2 | 2.2 | 2.0 | 47.3 | 15.9 | 15.1 | 10.9 | 8.7 | 7.8 | 7.4 | 6.3 |
| Latvia | .. | 4.0 | 4.0 | 3.8 | 3.9 | 3.9 | 3.7 | 3.4 | .. | 14.2 | 14.1 | 12.6 | 12.6 | 12.6 | 12.1 | 11.1 |
| Lithuania | .. | 3.3 | 3.6 | 3.6 | 3.4 | 3.5 | 3.4 | 2.9 | .. | 11.3 | 12.8 | 12.6 | 11.3 | 11.1 | 10.5 | 9.1 |
| Luxembourg | 2.7 | 4.7 | 3.5 | 2.8 | 3.2 | 2.9 | 3.1 | 3.0 | 8.4 | 12.5 | 9.8 | 7.9 | 8.0 | 7.5 | 8.1 | 7.7 |
| Mexico | .. | 0.8 | 0.9 | 2.2 | 2.2 | 2.2 | 1.9 | 1.3 | .. | 7.8 | 7.3 | 14.0 | 13.9 | 13.0 | 11.4 | 7.8 |
| Netherlands | 3.1 | 3.5 | 3.4 | 3.5 | 3.6 | 3.5 | 3.4 | 3.3 | 8.1 | 10.1 | 9.5 | 9.6 | 9.5 | 8.9 | 8.9 | 8.8 |
| New Zealand | 4.1 | 2.2 | 1.9 | 1.9 | 1.8 | 1.7 | 1.5 | 1.3 | 13.8 | 6.2 | 6.4 | 6.1 | 5.8 | 5.0 | 4.4 | 3.8 |
| Norway | 6.3 | 3.4 | 3.2 | 2.8 | 2.5 | 2.6 | 2.1 | 1.5 | 16.1 | 7.9 | 7.6 | 7.2 | 6.3 | 6.8 | 5.0 | 3.4 |
| Poland | .. | 4.6 | 4.6 | 4.5 | 4.4 | 4.2 | 4.4 | 4.1 | .. | 13.9 | 14.6 | 13.7 | 12.4 | 11.8 | 12.1 | 11.8 |
| Portugal | 5.5 | 5.2 | 4.4 | 4.3 | 4.3 | 4.2 | 4.1 | 3.6 | 28.9 | 16.7 | 14.6 | 12.5 | 12.6 | 11.9 | 11.7 | 10.0 |
| Slovak Republic | .. | 3.9 | 3.5 | 3.9 | 3.9 | 3.8 | 3.6 | 3.7 | .. | 12.5 | 12.5 | 12.1 | 11.3 | 10.9 | 10.3 | 10.6 |
| Slovenia | .. | 4.2 | 5.3 | 5.4 | 5.0 | 4.4 | 4.2 | 4.1 | .. | 10.8 | 13.9 | 14.5 | 13.2 | 11.7 | 11.1 | 11.1 |
| Spain | 1.6 | 3.0 | 2.7 | 3.1 | 2.7 | 2.7 | 2.7 | 2.5 | 8.7 | 8.6 | 8.7 | 9.2 | 7.9 | 7.3 | 7.0 | 6.6 |
| Sweden | 4.1 | 3.3 | 3.2 | 2.6 | 2.6 | 2.5 | 2.4 | 2.4 | 10.7 | 7.1 | 7.3 | 6.2 | 6.0 | 5.9 | 5.6 | 5.7 |
| Switzerland | 2.6 | 1.7 | 1.8 | 1.6 | 1.6 | 1.6 | 1.6 | 1.5 | 11.9 | 6.7 | 6.9 | 6.1 | 5.7 | 5.7 | 5.5 | 5.5 |
| Türkiye | 4.7 | 5.9 | 5.9 | 5.5 | 4.5 | 5.3 | 4.0 | 3.9 | 40.9 | 25.5 | 24.1 | 22.0 | 19.3 | 22.4 | 17.5 | 18.8 |
| United Kingdom | 5.1 | 3.5 | 3.6 | 3.5 | 3.4 | 3.2 | 3.1 | 2.9 | 14.8 | 10.8 | 11.3 | 11.1 | 10.3 | 9.7 | 9.0 | 8.3 |
| United States | 2.5 | 1.7 | 1.7 | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 | 10.0 | 6.7 | 7.2 | 6.7 | 7.2 | 6.6 | 6.4 | 6.1 |
| OECD average | 4.6 | 3.5 | 3.4 | 3.4 | 3.2 | 3.1 | 2.9 | 2.8 | 17.7 | 11.1 | 10.9 | 10.5 | 9.7 | 9.3 | 8.7 | 8.2 |

Note: The OECD average is the unweighted average
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/efcjdp

## Annex Table 1.A.4. Value added taxes (5111) as a percentage of GDP and total taxation

| | Tax revenue as % of GDP | | | | | | | | Tax revenue as % of total taxation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 |
| Australia | 0.0 | 3.8 | 3.3 | 3.6 | 3.2 | 3.5 | 3.2 | 3.4 | 0.0 | 12.9 | 13.1 | 12.8 | 11.7 | 12.4 | 11.1 | 11.5 |
| Austria | 7.2 | 7.6 | 7.7 | 7.6 | 7.7 | 7.4 | 7.6 | 8.0 | 19.8 | 18.6 | 18.7 | 17.7 | 18.0 | 17.6 | 17.5 | 18.4 |
| Belgium | 6.3 | 6.9 | 7.0 | 6.6 | 6.6 | 6.3 | 6.7 | 6.5 | 16.2 | 15.9 | 16.2 | 15.0 | 15.6 | 14.9 | 16.0 | 15.3 |
| Canada | 0.0 | 3.2 | 4.2 | 4.4 | 4.5 | 4.5 | 4.6 | 4.5 | 0.0 | 9.9 | 13.7 | 13.3 | 13.6 | 13.1 | 13.2 | 13.4 |
| Chile | .. | 7.9 | 7.6 | 8.4 | 8.4 | 7.9 | 9.5 | 9.3 | .. | 37.8 | 38.5 | 40.8 | 39.9 | 41.1 | 42.6 | 39.0 |
| Colombia | .. | 5.2 | 5.3 | 5.2 | 5.8 | 5.4 | 5.9 | 6.2 | .. | 28.2 | 29.3 | 26.0 | 29.7 | 28.8 | 30.5 | 31.8 |
| Costa Rica | .. | 5.1 | 4.6 | 4.4 | 4.3 | 4.4 | 5.1 | 4.9 | | 23.3 | 21.0 | 19.3 | 18.5 | 19.7 | 20.4 | 19.4 |
| Czechia | .. | 6.5 | 6.5 | 7.2 | 7.4 | 7.2 | 7.3 | 7.6 | .. | 19.1 | 20.5 | 21.7 | 21.6 | 21.3 | 21.8 | 22.9 |
| Denmark | 6.5 | 9.7 | 9.3 | 9.0 | 9.4 | 9.8 | 9.5 | 9.2 | 17.3 | 20.2 | 20.8 | 19.4 | 20.0 | 20.7 | 20.7 | 22.0 |
| Estonia | .. | 8.0 | 8.5 | 8.9 | 8.7 | 8.8 | 9.1 | 9.1 | .. | 26.9 | 25.7 | 27.2 | 26.7 | 26.7 | 27.3 | 27.9 |
| Finland | 5.7 | 8.3 | 8.3 | 9.0 | 9.2 | 9.2 | 9.4 | 9.4 | 15.6 | 19.9 | 20.4 | 20.6 | 21.7 | 22.1 | 21.7 | 21.7 |
| France | 8.1 | 7.2 | 6.8 | 6.9 | 7.2 | 7.0 | 7.4 | 7.5 | 23.1 | 16.6 | 16.0 | 15.1 | 15.9 | 15.4 | 16.3 | 16.4 |
| Germany | 5.0 | 6.1 | 7.0 | 7.0 | 7.0 | 6.5 | 7.2 | 7.5 | 14.6 | 17.7 | 19.6 | 18.4 | 17.9 | 16.9 | 18.1 | 18.9 |
| Greece | 0.0 | 6.7 | 7.1 | 7.3 | 8.4 | 7.8 | 8.4 | 9.0 | 0.0 | 21.1 | 22.0 | 19.8 | 21.3 | 19.8 | 20.9 | 21.9 |
| Hungary | .. | 8.2 | 8.5 | 9.5 | 9.5 | 9.7 | 9.9 | 10.1 | .. | 22.6 | 23.0 | 24.5 | 26.2 | 27.1 | 29.3 | 28.9 |
| Iceland | 0.0 | 10.7 | 7.4 | 7.9 | 8.0 | 8.0 | 8.5 | 8.3 | 0.0 | 27.3 | 22.8 | 22.6 | 22.9 | 22.0 | 24.4 | 23.7 |
| Ireland | 4.1 | 7.3 | 6.0 | 4.3 | 4.2 | 3.3 | 3.7 | 3.7 | 14.7 | 24.2 | 21.7 | 19.4 | 19.6 | 17.2 | 18.5 | 18.2 |
| Israel | .. | 7.3 | 7.3 | 7.7 | 7.2 | 7.1 | 7.5 | 7.4 | .. | 22.3 | 24.3 | 24.8 | 23.8 | 23.9 | 23.2 | 22.5 |
| Italy | 3.3 | 5.7 | 6.1 | 6.1 | 6.2 | 6.0 | 6.6 | 7.1 | 13.7 | 14.6 | 14.5 | 14.2 | 14.7 | 14.1 | 15.6 | 16.5 |
| Japan | .. | 2.5 | 2.5 | 4.1 | 4.2 | 4.9 | 5.1 | 5.2 | .. | 9.5 | 9.6 | 13.7 | 13.2 | 14.9 | 14.9 | 15.1 |
| Korea | 0.0 | 3.8 | 3.9 | 3.6 | 4.3 | 4.2 | 4.3 | 4.9 | 0.0 | 17.4 | 17.5 | 15.3 | 15.7 | 15.1 | 14.4 | 15.3 |
| Latvia | .. | 7.3 | 6.6 | 7.6 | 8.6 | 8.4 | 8.6 | 9.5 | .. | 26.4 | 23.3 | 25.6 | 27.8 | 27.1 | 28.1 | 30.8 |
| Lithuania | .. | 7.1 | 7.8 | 7.7 | 7.9 | 8.0 | 8.3 | 8.4 | .. | 24.3 | 27.5 | 26.7 | 26.1 | 25.7 | 26.0 | 26.5 |
| Luxembourg | 3.9 | 6.0 | 6.2 | 5.4 | 5.8 | 5.7 | 5.7 | 6.1 | 12.1 | 16.0 | 17.3 | 15.6 | 14.7 | 15.0 | 14.9 | 15.8 |
| Mexico | .. | 3.3 | 3.6 | 3.7 | 3.7 | 4.1 | 4.2 | 4.1 | .. | 29.3 | 29.4 | 23.9 | 23.4 | 23.8 | 25.2 | 24.7 |
| Netherlands | 5.4 | 6.7 | 6.6 | 6.4 | 7.0 | 7.2 | 7.3 | 7.1 | 14.4 | 19.2 | 18.7 | 17.6 | 18.2 | 18.5 | 19.2 | 18.6 |
| New Zealand | 0.0 | 8.6 | 9.3 | 9.5 | 9.5 | 10.3 | 10.1 | 10.0 | 0.0 | 23.8 | 30.7 | 30.2 | 30.4 | 30.6 | 29.3 | 30.3 |
| Norway | 8.0 | 7.7 | 7.7 | 8.2 | 8.5 | 9.0 | 7.8 | 6.5 | 20.5 | 18.0 | 18.5 | 21.3 | 21.4 | 23.3 | 19.0 | 15.0 |
| Poland | .. | 7.7 | 7.6 | 7.0 | 8.0 | 8.0 | 8.6 | 7.3 | .. | 23.2 | 24.2 | 21.6 | 22.6 | 22.4 | 23.3 | 21.1 |
| Portugal | 0.0 | 8.2 | 7.5 | 8.6 | 8.8 | 8.4 | 8.9 | 9.4 | 0.0 | 26.5 | 24.8 | 24.9 | 25.4 | 23.8 | 25.2 | 26.0 |
| Slovak Republic | .. | 7.7 | 6.1 | 6.8 | 7.2 | 7.3 | 7.5 | 7.7 | .. | 24.6 | 21.8 | 20.8 | 20.9 | 21.0 | 21.1 | 22.0 |
| Slovenia | .. | 8.5 | 8.1 | 8.3 | 8.2 | 7.5 | 8.2 | 8.2 | .. | 21.6 | 21.3 | 22.2 | 21.7 | 20.1 | 21.5 | 21.9 |
| Spain | 0.0 | 6.2 | 5.2 | 6.4 | 6.5 | 6.3 | 6.8 | 7.0 | 0.0 | 17.7 | 16.5 | 19.0 | 18.7 | 17.1 | 18.1 | 18.6 |
| Sweden | 4.6 | 8.5 | 9.1 | 9.0 | 9.1 | 9.2 | 9.1 | 9.4 | 12.0 | 17.9 | 21.1 | 20.9 | 21.3 | 21.6 | 21.4 | 22.1 |
| Switzerland | 0.0 | 3.5 | 3.3 | 3.3 | 3.1 | 3.2 | 3.2 | 3.1 | 0.0 | 13.4 | 12.7 | 12.3 | 11.3 | 11.3 | 11.3 | 11.6 |
| Türkiye | .. | 5.1 | 5.4 | 5.1 | 4.2 | 4.6 | 5.3 | 5.0 | .. | 21.8 | 21.7 | 20.6 | 18.1 | 19.2 | 23.2 | 24.0 |
| United Kingdom | 3.0 | 6.0 | 6.1 | 6.9 | 6.9 | 6.7 | 6.9 | 7.3 | 8.9 | 18.6 | 18.9 | 21.7 | 21.4 | 20.3 | 20.2 | 20.7 |
| United States | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| OECD average | 3.1 | 6.5 | 6.3 | 6.5 | 6.7 | 6.7 | 6.9 | 7.0 | 8.8 | 20.2 | 20.5 | 20.2 | 20.3 | 20.1 | 20.7 | 20.8 |

Note: The OECD average is the unweighted average
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/fbjp6a

## Annex Table 1.A.5. Excise (5121) as a percentage of GDP and total taxation

| | Tax revenue as % of GDP | | | | | | | | Tax revenue as % of total taxation | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 | 1975 | 2005 | 2010 | 2015 | 2019 | 2020 | 2021 | 2022 |
| Australia | 3.0 | 2.3 | 1.9 | 1.4 | 1.2 | 1.2 | 1.0 | 1.1 | 11.8 | 7.6 | 7.5 | 4.9 | 4.4 | 4.3 | 3.5 | 3.7 |
| Austria | 2.9 | 2.6 | 2.3 | 2.3 | 2.1 | 1.9 | 2.0 | 1.7 | 7.9 | 6.3 | 5.7 | 5.2 | 4.9 | 4.5 | 4.6 | 3.9 |
| Belgium | 2.6 | 2.3 | 2.1 | 2.1 | 2.1 | 2.0 | 1.9 | 1.8 | 6.6 | 5.3 | 5.0 | 4.7 | 4.9 | 4.6 | 4.6 | 4.2 |
| Canada | 2.0 | 1.6 | 1.4 | 1.3 | 1.2 | 1.3 | 1.2 | 1.1 | 6.3 | 4.9 | 4.5 | 3.9 | 3.7 | 3.7 | 3.4 | 3.3 |
| Chile | .. | 1.6 | 1.4 | 1.5 | 1.5 | 1.4 | 1.2 | 0.9 | .. | 7.8 | 7.2 | 7.4 | 7.0 | 7.5 | 5.2 | 3.7 |
| Colombia | .. | 1.4 | 1.1 | 1.4 | 1.2 | 1.0 | 1.1 | 1.1 | .. | 7.5 | 6.1 | 7.1 | 6.2 | 5.4 | 5.6 | 5.4 |
| Costa Rica | | 3.1 | 2.6 | 2.6 | 2.3 | 1.9 | 2.1 | 2.0 | .. | 14.2 | 11.9 | 11.5 | 9.8 | 8.4 | 8.6 | 7.8 |
| Czechia | .. | 3.4 | 3.4 | 3.3 | 2.9 | 2.7 | 2.6 | 2.3 | .. | 9.8 | 10.8 | 10.0 | 8.4 | 7.9 | 7.6 | 6.8 |
| Denmark | 5.1 | 5.0 | 4.1 | 4.0 | 3.3 | 3.3 | 2.9 | 2.3 | 13.6 | 10.4 | 9.1 | 8.7 | 7.1 | 6.9 | 6.1 | 5.6 |
| Estonia | .. | 3.6 | 4.2 | 4.1 | 4.0 | 3.2 | 3.1 | 2.7 | .. | 12.2 | 12.6 | 12.6 | 12.1 | 9.8 | 9.3 | 8.4 |
| Finland | 4.2 | 3.6 | 3.3 | 3.6 | 3.4 | 3.4 | 3.1 | 2.9 | 11.5 | 8.6 | 8.2 | 8.3 | 8.0 | 8.0 | 7.2 | 6.8 |
| France | 2.3 | 2.5 | 2.3 | 2.6 | 2.7 | 2.6 | 2.6 | 2.2 | 6.5 | 5.7 | 5.4 | 5.7 | 6.0 | 5.8 | 5.8 | 4.9 |
| Germany | 3.0 | 3.1 | 2.8 | 2.9 | 2.6 | 2.6 | 2.4 | 1.7 | 8.8 | 8.3 | 7.8 | 7.7 | 6.7 | 6.7 | 6.1 | 4.4 |
| Greece | 2.5 | 2.6 | 3.4 | 4.3 | 4.3 | 4.2 | 4.1 | 3.8 | 13.6 | 8.1 | 10.4 | 11.6 | 10.9 | 10.7 | 10.3 | 9.2 |
| Hungary | .. | 3.5 | 3.4 | 3.2 | 2.7 | 2.7 | 2.4 | 2.1 | .. | 9.7 | 9.2 | 8.3 | 7.5 | 7.6 | 7.3 | 6.0 |
| Iceland | 0.9 | 3.6 | 2.8 | 2.5 | 2.2 | 2.2 | 2.0 | 2.0 | 3.0 | 9.2 | 8.6 | 7.0 | 6.3 | 6.1 | 5.8 | 5.6 |
| Ireland | 7.3 | 3.2 | 2.9 | 2.0 | 1.6 | 1.4 | 1.3 | 1.1 | 26.0 | 10.5 | 10.5 | 9.0 | 7.7 | 7.4 | 6.5 | 5.3 |
| Israel | .. | 3.1 | 3.3 | 2.9 | 2.6 | 2.5 | 2.5 | 2.4 | .. | 9.6 | 11.1 | 9.4 | 8.7 | 8.4 | 7.6 | 7.3 |
| Italy | 2.5 | 2.2 | 2.3 | 2.8 | 2.6 | 2.4 | 2.3 | 1.6 | 10.2 | 5.6 | 5.4 | 6.5 | 6.2 | 5.7 | 5.5 | 3.8 |
| Japan | 2.2 | 1.8 | 1.7 | 1.5 | 1.4 | 1.3 | 1.3 | 1.3 | 11.3 | 6.9 | 6.5 | 5.1 | 4.5 | 4.0 | 3.9 | 3.9 |
| Korea | 3.3 | 2.6 | 2.4 | 1.9 | 1.8 | 1.7 | 1.7 | 1.4 | 22.0 | 12.0 | 10.6 | 8.1 | 6.6 | 6.1 | 5.8 | 4.5 |
| Latvia | .. | 3.5 | 3.6 | 3.3 | 3.5 | 3.5 | 3.3 | 3.0 | .. | 12.6 | 12.8 | 11.1 | 11.3 | 11.4 | 10.9 | 9.7 |
| Lithuania | .. | 2.9 | 3.2 | 3.1 | 3.1 | 3.1 | 3.0 | 2.5 | .. | 10.0 | 11.4 | 10.8 | 10.2 | 10.1 | 9.3 | 7.8 |
| Luxembourg | 2.4 | 4.4 | 3.3 | 2.5 | 2.7 | 2.3 | 2.5 | 2.3 | 7.3 | 11.8 | 9.3 | 7.3 | 6.8 | 6.1 | 6.5 | 6.1 |
| Mexico | .. | 0.6 | 0.6 | 1.9 | 1.9 | 1.9 | 1.5 | 0.9 | .. | 5.1 | 5.0 | 12.2 | 11.8 | 11.3 | 9.2 | 5.2 |
| Netherlands | 2.4 | 3.0 | 2.9 | 2.6 | 2.7 | 2.5 | 2.4 | 2.3 | 6.3 | 8.7 | 8.1 | 7.1 | 6.9 | 6.4 | 6.2 | 5.9 |
| New Zealand | 2.8 | 1.4 | 0.9 | 0.9 | 0.8 | 0.6 | 0.5 | 0.2 | 9.4 | 3.9 | 2.9 | 2.8 | 2.5 | 1.8 | 1.4 | 0.7 |
| Norway | 4.0 | 3.1 | 2.9 | 2.5 | 2.2 | 2.4 | 1.8 | 1.3 | 10.3 | 7.4 | 7.0 | 6.6 | 5.6 | 6.1 | 4.5 | 2.9 |
| Poland | .. | 4.3 | 4.3 | 3.9 | 3.7 | 3.5 | 3.7 | 3.3 | .. | 13.0 | 13.7 | 12.1 | 10.4 | 9.8 | 10.2 | 9.7 |
| Portugal | 2.5 | 3.7 | 3.1 | 2.9 | 2.9 | 2.7 | 2.7 | 2.2 | 13.0 | 11.9 | 10.4 | 8.4 | 8.4 | 7.8 | 7.6 | 6.0 |
| Slovak Republic | .. | 3.6 | 3.0 | 3.2 | 3.0 | 2.9 | 3.0 | 2.5 | .. | 11.4 | 10.9 | 9.9 | 8.7 | 8.5 | 8.3 | 7.3 |
| Slovenia | .. | 3.4 | 4.3 | 4.2 | 3.8 | 3.4 | 3.2 | 3.0 | .. | 8.8 | 11.3 | 11.2 | 10.2 | 9.0 | 8.5 | 8.0 |
| Spain | 0.4 | 2.5 | 2.3 | 2.4 | 2.1 | 2.1 | 2.0 | 1.8 | 2.2 | 7.1 | 7.3 | 7.1 | 6.1 | 5.6 | 5.2 | 4.7 |
| Sweden | 3.4 | 2.8 | 2.6 | 2.2 | 2.1 | 2.1 | 2.0 | 2.0 | 8.8 | 6.0 | 6.0 | 5.0 | 4.8 | 4.9 | 4.7 | 4.8 |
| Switzerland | 1.7 | 1.4 | 1.3 | 1.2 | 1.2 | 1.2 | 1.1 | 1.1 | 7.7 | 5.4 | 5.1 | 4.5 | 4.2 | 4.1 | 4.1 | 3.9 |
| Türkiye | 2.0 | 4.9 | 4.9 | 4.5 | 3.4 | 4.1 | 2.8 | 2.8 | 17.6 | 21.2 | 19.9 | 18.1 | 14.7 | 17.2 | 12.4 | 13.4 |
| United Kingdom | 4.3 | 2.8 | 2.8 | 2.5 | 2.2 | 2.1 | 2.1 | 1.9 | 12.7 | 8.6 | 8.8 | 7.7 | 6.8 | 6.5 | 6.2 | 5.4 |
| United States | 1.9 | 1.0 | 1.0 | 0.9 | 0.8 | 0.7 | 0.7 | 0.7 | 7.6 | 3.9 | 4.2 | 3.3 | 3.1 | 2.9 | 2.8 | 2.4 |
| OECD average | 2.9 | 2.8 | 2.7 | 2.6 | 2.4 | 2.3 | 2.2 | 1.9 | 10.5 | 8.9 | 8.6 | 8.1 | 7.4 | 7.1 | 6.5 | 5.7 |

Note: The OECD average is the unweighted average
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/d9jmau

## Annex Table 1.A.6. Revenue from main categories of taxes as a percentage of total taxation

| | 1965 | 1975 | 1985 | 1995 | 2005 | 2015 | 2020 | 2022 |
|---|---|---|---|---|---|---|---|---|
| Taxes on income, profits and capital gains (1000) | 34.7 | 37.1 | 37.0 | 33.0 | 33.8 | 33.1 | 33.8 | 36.5 |
| Personal income tax (1100) | 26.2 | 29.8 | 29.7 | 24.3 | 22.2 | 23.1 | 24.1 | 23.6 |
| Corporate income tax (1200) | 8.8 | 7.6 | 8.0 | 8.1 | 10.5 | 9.2 | 9.1 | 12.0 |
| Social security contributions (2000) | 17.6 | 21.9 | 22.0 | 25.5 | 25.0 | 25.9 | 26.6 | 24.8 |
| Payroll taxes (3000) | 1.0 | 1.3 | 1.2 | 1.1 | 1.1 | 1.2 | 1.4 | 1.3 |
| Property taxes (4000) | 7.9 | 6.3 | 5.4 | 5.1 | 5.4 | 5.7 | 5.7 | 5.3 |
| Taxes on goods and services (5000) | 38.4 | 32.8 | 33.7 | 34.4 | 33.9 | 33.4 | 32.1 | 31.5 |
| Consumption taxes (5100) | 36.2 | 31.1 | 32.1 | 32.6 | 32.1 | 31.3 | 30.1 | 29.6 |
| General taxes on goods and services (5110) | 11.9 | 13.3 | 15.8 | 20.1 | 21.0 | 20.9 | 20.8 | 21.4 |
| Value added taxes (VAT) (5111) | 2.2 | 8.8 | 11.3 | 18.3 | 20.2 | 20.2 | 20.1 | 20.8 |
| Specific consumption taxes (5120) | 24.3 | 17.7 | 16.2 | 12.5 | 11.1 | 10.5 | 9.3 | 8.2 |
| Other (6000) | 0.4 | 0.5 | 0.8 | 1.0 | 0.7 | 0.6 | 0.5 | 0.6 |

Note: OECD unweighted averages
Source: OECD, *Revenue Statistics 2024* (OECD, 2024[3])

StatLink https://stat.link/borq95

# 2 Value-added taxes - Main design features and trends

## 2.1. Introduction

Although most of the world's VAT systems are generally based on a set of a common fundamental rules, such as the stage collection and the neutrality and destination principles (see Chapter 1), there is in fact considerable diversity in the way these systems are implemented across OECD countries. This is notably illustrated by the wide variety of reduced rates, exemptions and other preferential treatments and special regimes established for practical or historical reasons, to support certain economic sectors or to achieve compliance, equity, or social objectives – and the diversity of measures introduced to reduce the vulnerability of VAT systems to fraud and non-compliance including alternative collection methods and, increasingly, digital reporting requirements.

This chapter first presents an overview of the VAT rate structures in OECD countries and their evolution between 1975 and 2024, including the scope of reduced rates and the temporary measures taken in response to energy prices increases (Section 2.2). It then looks in some detail at the VAT exemptions in OECD countries (Section 2.3), followed by an overview and analysis of the wide variety of special regimes in these countries relating to specific restrictions to the right to deduct VAT on specific inputs (Section 2.4); registration and collection thresholds (Section 2.5); and the application of margin schemes (Section 2.6). This chapter further discusses the challenges of applying VAT to digital trade, the standards and guidance developed by the OECD to address these challenges and their implementation in member countries (Section 2.7). This is complemented with an overview of the measures taken by governments to enhance the enforcement of VAT and combat VAT fraud and non-compliance (Section 2.8). This chapter closes with an update on member countries' VAT Revenue Ratio, as an indicator of the revenue effect of preferential VAT regimes incl. reduced rates and exemptions and of non-compliance (Section 2.9).

## 2.2. The evolution of VAT rates

### *2.2.1. Standard VAT rates remained stable in recent years*

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

During a second period, between 2000 and 2008, the standard rate of VAT remained stable in most countries, with 26 out of 37 member countries that operate a VAT maintaining a rate between 15% and 22%. As of 1 January 2008, only four countries had a standard rate above 22% (Denmark, Iceland, Norway, and Sweden –see Annex 2.A Table 2.A.1).

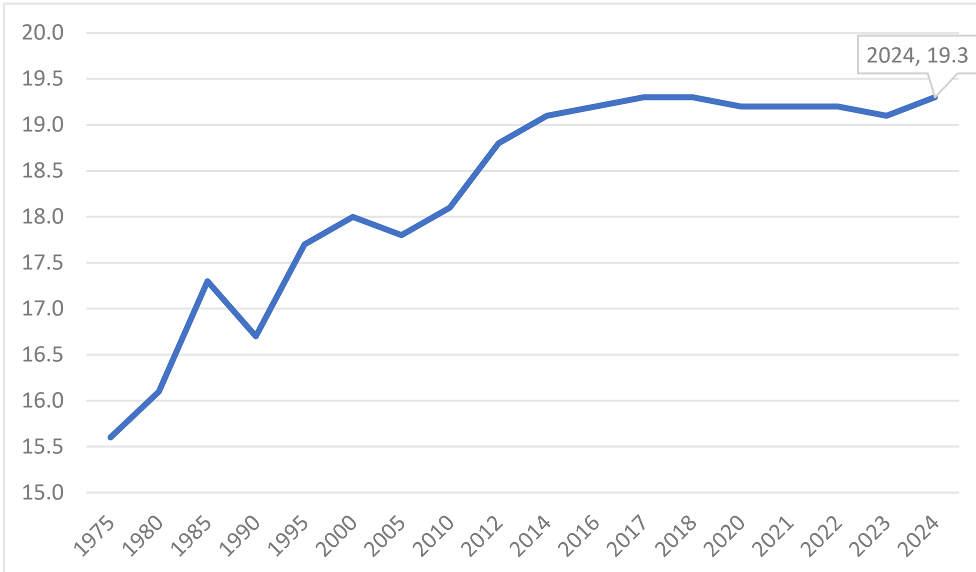
The third period, between 2009 and 2016, was marked by a considerable increase in the standard VAT rate in many countries, often in response to financial consolidation pressures caused by the financial and economic crisis. VAT standard rate increases played a key role in many countries' consolidation strategies, since raising additional revenue from VAT rather than from other taxes was often considered more effective as it generates immediate additional revenue, and is less detrimental to economic growth and competitiveness than notably income taxes (Jens Matthias Arnold, 2011[1]). Between January 2009 and December 2016, 25 OECD countries raised their standard VAT rate at least once. These changes occurred principally in European Union countries (Czech Republic, Estonia, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia and Spain) but also in a number of non-EU countries (Colombia, Iceland, Israel, Japan, Mexico, New Zealand, Switzerland and United Kingdom). Two OECD countries lowered their standard VAT rate temporarily and then raised it again during this period (Ireland and the United Kingdom). This evolution resulted in a hike of the unweighted OECD average standard VAT rate from 17.8% in January 2008 to an all-time record level of 19.3% on 1 January 2017. Ten OECD countries operated a standard VAT rate above 22% on 1 January 2017 against only four in 2008. All these countries belong to the European Union, except Iceland and Norway.

Standard VAT rates in OECD countries have remained relatively stable since 2017, with only Japan, Türkiye, Estonia, Finland, and Switzerland having increased their standard rates from 8% to 10% (2019), 18% to 20% (2023), 20% to 22% (2024), 24% to 25.5% and 7.7% to 8.1% (2024) respectively.

A number of OECD countries did, on the other hand, reduced their standard VAT rate since January 2008, often following an earlier increase as was the case in Iceland (which increased its standard VAT rate from 24.5% to 25.5% in 2010 and reduced it to 24% in 2015); Israel (which progressively increased its standard VAT rate from 15.5% in 2008 to 18% in 2013 and reduced it to 17% in 2015); Latvia (which increased its standard VAT rate from 18% to 21% in 2009 and to 22% in January 2012 and reduced it back to 21% in July 2012). Switzerland increased its standard VAT rate from 7.6% to 8% in 2011, reduced it back to 7.7% in 2018 and raised it again to 8.1% in 2024. Germany and Ireland temporarily reduced their standard VAT rate, respectively from 19% to 16% (from June to December 2020) and from 23% to 21% (from September 2020 to March 2021) in the context of the COVID-19 pandemic. Luxembourg temporarily reduced its standard rate from 17% to 16% between January and December 2023 to counter the effects of inflation. The standard rates in these three last countries returned to their original level after the expiry of the temporary rates reductions.

Overall, the unweighted OECD average standard VAT rate has slightly increased to 19.3%, equal to the record level that was reached in 2017, up from 19.2% in 2022 and 19.1% in 2023 (see Figure 2.1).

### Figure 2.1. Evolution of standard VAT rates – OECD average 1975-2024

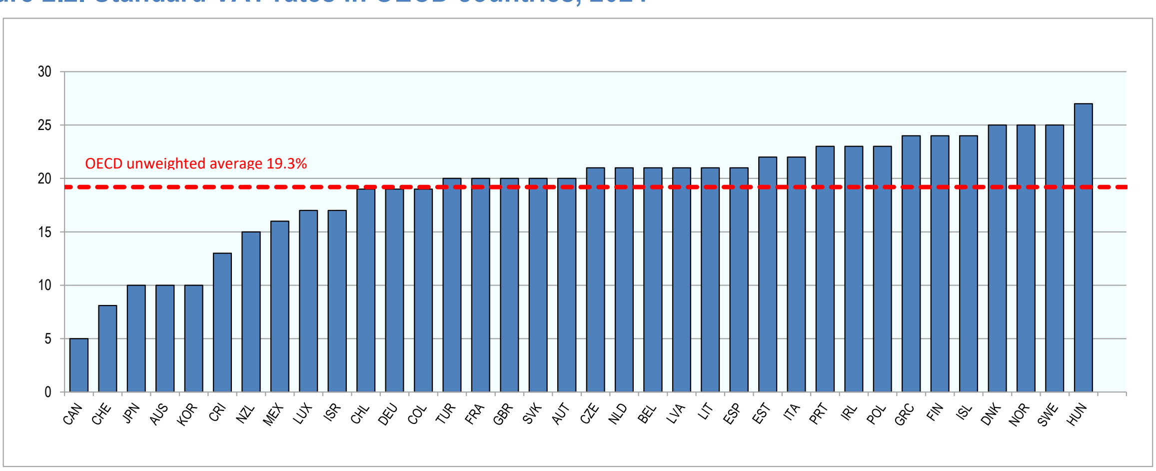



Note: unweighted average
Source: OECD

StatLink https://stat.link/j8f6u3

Major differences in standard VAT rates continue to be observed among OECD countries, with rates ranging from 5% Federal GST in Canada (noting that Harmonised Sales Taxes or Provincial Sales Taxes are levied in most Canadian provinces - or the Quebec Sales Tax in Quebec - alongside the federal 5% GST); 8.1% in Switzerland and 10% in Australia, Japan and Korea; to 25% in Denmark, Norway and Sweden and 27% in Hungary (see Figure 2.2). On 1 January 2024, 23 OECD countries operated a standard VAT rate of 20% or more, with 10 of these countries having a standard VAT rate of 23% or more. All these countries are EU Member States, except for Iceland and Norway (with respectively a 24% and a 25% VAT standard rate).

### Figure 2.2. Standard VAT rates in OECD countries, 2024




Note: Data as at 1 January 2024
Source: OECD, based on country information.

StatLink https://stat.link/358knt

The average standard VAT rate of the 22 OECD countries that are members of the EU is at 21.9%, which is significantly above the OECD average (19.3%). EU Member States are bound by common rules for establishing their national VAT rates (VAT Directive 2006/112/EC), which notably set the minimum level of the standard VAT rate at 15%.

### *2.2.2. OECD countries continue to apply a wide variety of reduced rates mainly as a means to achieve equity and welfare objectives and/or to stimulate certain sectors*

#### *Almost all OECD countries apply one or more reduced VAT rates*

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

Member States of the European Union are bound by common rules regarding the operation of reduced VAT rates. These rules were modernized in 2022 notably to introduce a new rate structure. Under these new rules, Member States may apply a maximum of two reduced rates of at least 5%; a super-reduced rate below 5% within certain limits; and a zero-rate (exemption with the right to deduct input-VAT) for products to cover basic needs (foodstuffs, medicine, pharmaceutical products). The scope of items for which these reduced rates can be introduced is listed in the Annex III of the European VAT Directive. That scope now extends to environmentally friendly goods and services including solar panels, electric bicycles, high-efficiency low-emission heating systems, waste treatment and recycling services. Reduced rates will be phased out for fossil fuels and other goods with a similar impact on greenhouse gas emissions (by 2030) and chemical fertilizers and pesticides (by 2032) (European Commission, 2024[2]). The European Commission can also grant Member States the authorisation to temporarily suspend customs duties and VAT on imports and supplies of certain goods for the benefit of disaster victims, incl. in response to a pandemic outbreak.

#### *Reduced VAT rates can have a high cost compared to their effectiveness in achieving equity or other objectives*

Empirical evidence suggests that exemptions and reduced VAT rates are not the most effective way of achieving equity, and welfare or other policy objectives (OECD/KIPF, 2014[3]). Other measures, such as providing targeted support through the income tax and/or the social transfer and benefit system, tend to be more effective in addressing equity concerns and to pursue policy objectives other than raising tax revenues (Thomas, 2020[4]). Reduced VAT rates that are targeted at supporting lower-income households (i.e. to address distributional goals) typically do have the desired progressive effect. Notably reduced rates for basic food generally provide greater support to the poor than to the rich as a proportion of household income and as a proportion of expenditure. However, despite their progressive effect, research led notably by the OECD has shown that these reduced VAT rates remain an inefficient distributive tool. This is because better-off households tend to benefit more in absolute terms from reduced VAT rates than low-income households. As richer households tend to consume more, and more expensive products than poorer households, their consumption of the tax-favoured goods and services is generally greater than that of poorer households. Research further demonstrated that preferential VAT rates introduced to stimulate employment (e.g. in the tourism or hospitality sectors), or to encourage the consumption of "merit" goods and services (e.g. cultural activities) or to pursue other non-distributional goals - as discussed further below - clearly benefit richer households more than lower-income categories of the population, and often considerably so.

Preferential VAT regimes such as reduced rates and exemptions (see Section 2.3) also tend to considerably add to the complexity of the VAT system, increasing the compliance burden for businesses and negatively impacting compliance levels (C. Evans; R. Highfield; B. Tran-Nam; M. Walpole, 2020[5]). A more effective policy to achieve distributional objectives, in principle, is to reduce the scope for reduced VAT rates where possible and use measures that are directly targeted at increasing the real incomes of poorer households and public services for these households. It is recognised, however, that although this analysis is widely shared, it is often difficult if not impossible to implement it in practice. The political economy obstacles to broadening the VAT base that is taxed at the standard rate can indeed be formidable, and often insurmountable, particularly where the social transfer and benefit system may not be sufficiently effective to ensure that poorer households are properly compensated for the impact of a VAT increase on the cost of their consumption basket.

### *Reduced VAT rates generally apply to a number of goods and services considered essential*

Although their precise scope may vary widely from one country to another, almost all OECD countries apply one or more reduced VAT rates to certain categories of goods and services considered essential for the population (when they are not exempt - see section 2.3). The main categories of these goods and services are described below.

Foodstuffs benefit from reduced VAT rates in the vast majority of OECD countries, except in Chile, Denmark, Estonia, Korea, Lithuania and New Zealand, where they are subject to the standard rate. Beverages (non-alcoholic) enjoy the same preferential treatment in the vast majority of member countries, except in those that already exclude food from the reduced rate. To help households cope with inflation, Poland and Spain have applied a temporary super-reduced rate of 0% (instead of 5% and 4% respectively) to certain basic foodstuffs between 2022 and 2024.

Goods and services related to health or hygiene benefit from reduced VAT rates to a variable extent in almost all OECD countries, except in Chile, Denmark, Israel, Japan, Korea, and New Zealand.

Reduced VAT rates apply to passenger transport services in 22 of the 37 OECD countries that have a VAT i.e. Austria, Belgium, Colombia, Costa Rica, Estonia, Finland, France, Germany, Greece, Iceland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and the United Kingdom.

People with disabilities benefit from reduced VAT rates on certain equipment in 20 OECD countries i.e. Australia, Belgium, Czechia, Estonia, France, Germany, Greece, Hungary, Italy, Korea, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, Türkiye and the United Kingdom.

The supply of goods and services such as the construction, sale, rental, renovation, or maintenance of private or social housing is also subject to reduced VAT rates in 14 OECD countries i.e. Austria, Belgium, France, the Czech, Hungary, Ireland, Italy, Luxembourg, Poland, Portugal, the Slovak Republic, Spain, and the United Kingdom. The scope of these reduced rates varies considerably across these countries.

### *Reduced VAT rates have been introduced to encourage the consumption of "merit” goods and services*

Reduced VAT rates apply to a variable extent to cultural products (such as books, magazines, shows, cinemas) in a large majority of OECD countries (30 out of 37), with the exception of Australia, Canada, Chile, Colombia, Israel, Korea, and New Zealand. When reduced rates apply to books and magazines, they usually also apply to these publications in electronic format, except in Denmark, the Slovak Republic, and Türkiye, where the reduced rate only applies to the paper format.

Fourteen countries (all members of the European Union) apply a reduced VAT rate to items produced by artists (painters, sculptors and writers in particular). These countries are Austria, Belgium, Czechia, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Slovenia, and Sweden.

Reduced VAT rates for the access to sports facilities are applied in 8 member countries i.e. Belgium, Finland, Greece, Luxembourg, the Netherlands, Poland, the Slovak Republic, and Slovenia.

### *Reduced rates are also used to support certain sectors of the economy*

The agricultural sector has traditionally been subject to special VAT regimes and exemptions in many countries. It also benefits from reduced VAT rates, usually on agricultural inputs, in 20 OECD countries: Austria, Belgium, Canada, Colombia, Costa Rica, France, Greece, Hungary, Iceland, Ireland, Korea, Luxembourg, Mexico, Poland, Portugal, Slovenia, Spain, Switzerland, Türkiye and the United Kingdom. Portugal introduced a temporary reduced rate of 0% (instead of 6%) on certain agricultural inputs between April 2022 and December 2024.

Tourism is also a sector that benefits from reduced rates in most OECD countries. The supply of hotel accommodation is subject to reduced VAT rates in 26 out of 37 countries (only Australia, Canada, Chile, Colombia, Costa Rica, Czechia, Japan, Korea, New Zealand and the United Kingdom apply a standard VAT rate). Restaurant services are subject to reduced rates in 17 countries (Austria, Belgium, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, the Slovak Republic, Slovenia, Sweden and Türkiye). During the Covid-19 pandemic, several countries temporarily lowered their VAT rates for restaurant services (Austria, Belgium, Colombia, Germany, Greece and Lithuania) and/or hotels (Austria, Colombia, Costa Rica, Czechia and the United Kingdom) to stimulate consumption and/or to support these sectors. These measures do not appear to have had a statistically significant impact on consumer spending in these sectors (Cevik, 2023[6])

Many other reduced rates may apply, for example to hairdressers' services (in Ireland, the Netherlands, Poland and Slovenia) or to ornamental plants and flowers (in Belgium, France, Germany, Slovenia, Spain and Switzerland).

### *More recently, reduced rates have been used to help households cope with rising energy costs.*

Against the backdrop of the sharp rise in energy prices starting in 2021 (IEA, 2021[7]) and the difficulty for consumers and businesses to drastically reduce their energy consumption in the short or medium term, governments responded with measures aiming to limit the impact of these price increases (Boone and Elgouacem, 2021[8]). Price support measures in particular can take the form of price controls, rebates at the pump, reductions in excise duties, environmentally related taxes and VAT rate reductions.

In this context, several OECD countries reported the introduction of VAT rate reductions, most often announced as temporary measures. For instance, in 2021, Spain reduced its VAT rate on energy bills from 21% to 10% and Italy cut its VAT rate on the use of natural gas supplies for “civil and industrial uses” and for transport uses from 21% to 5%. Several other European countries followed suit in 2022, including

Belgium where the VAT rate was reduced from 21% to 6% on the supply of electricity for residential consumption, gas and district heating; Hungary with a reduction of the VAT rate on energy products from 13.5% to 9%; and Poland that reduced its VAT rate on the provision of electricity from 23% to 5% and on district heating from 23% to 5%.

On 1 January 2024, reduced VAT rates still apply to natural gas in Belgium, Germany (temporarily until 31 March 2024), Greece, Ireland (temporarily until 31 October 2024), Italy, Luxembourg and the United Kingdom; to heating oil in Iceland, Ireland, Luxembourg and the United Kingdom; to district heating in Belgium, France, Germany (temporarily until 31 March 2024), Greece, Hungary, Ireland, Latvia and Luxembourg; and to electricity in Belgium, Greece, Ireland (temporarily until 31 October 2024), Iceland, Italy, Luxembourg, Norway (limited to green electricity and only in certain regions), Portugal, Türkiye and the United Kingdom.

Although price support measures have been the most common form of measures implemented by countries because they are the most visible, quickest and easiest to implement, they have a number of disadvantages in the medium to long term. They have indeed a strong negative impact on revenue, tend to be untargeted and benefits can accrue disproportionately to large energy consumers who often have higher incomes, limit the incentive for energy savings or switching away from fossil fuels and discourage new infrastructure investments (Kalinina, 2023[9]). Furthermore, the impact of temporary VAT reductions on final consumers has been limited and has even allowed some large companies to increase their profit margins. In this respect, notably the European Parliament called on the EU Member States to properly assess the effectiveness of these temporary measures by ensuring that the reductions have been passed on to final prices and have had only a limited impact on the European Single Market (Kira Peter-Hansen, 2023[10]).

*Reduced VAT rates are increasingly used to promote environmental sustainability*

Continuing a trend observed in recent years, a number of OECD countries have lowered the VAT rates for specific sectors or particular goods and services to support the transition to a lower carbon economy. As of January 2024, 14 countries applied permanent or temporary reduced VAT rates to environmentally friendly goods and services such as products associated with low-carbon domestic energy generation and electric vehicles.

Several countries apply reduced VAT rates to residential energy generation to promote sustainable energy sources: Colombia, France, Germany, Ireland, and the Netherlands have permanently reduced VAT rates for the purchase and installation of (certain) solar panel systems while Austria, Portugal and the United Kingdom have done so temporarily. Belgium, Estonia, France, Greece, Italy, and Portugal (permanently) and the United Kingdom (temporarily) apply a reduced VAT rate to the supply and installation of heat pumps. France applies a reduced VAT rate to thermal insulation of buildings.

Reduced VAT rates have been introduced to promote the purchase of electric vehicles in Colombia and Norway (limited to vehicles whose purchase price does not exceed NOK 500 000) while a reduced VAT rate has been adopted for electric vehicle charging stations in Belgium, France, and Ireland.

Countries may regularly adjust the scope and/or the level of rate reductions and other preferential measures (exemptions, subsidies) to market evolutions and/or to address equity and revenue concerns.

## 2.3. Exemptions

### *2.3.1. OECD countries make extensive use of VAT exemptions*

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

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

Exemptions beyond those outlined above are numerous and may cover a wide diversity of sectors depending on the country. Exemptions can thus apply to cultural products, passenger transport, public cemeteries, waste and recyclable material, water supply, precious metals and agriculture (see Annex 2.A Table 2.A.3.). EU Member States are subject to common rules for the exemption of supplies considered as in the public interest such as postal services, healthcare, social services, education, public broadcasting and charities but also for a number of specific areas such as financial and insurance services, transactions involving immovable property and gambling. Under these rules, EU Member States have the option to allow business to opt to tax certain transactions and to set specific conditions for some exemptions.

A number of services that are generally exempt in OECD countries are taxed in some of these countries. For example, postal services are taxed in Australia, Canada, Japan, New Zealand, Norway and Türkiye; betting or gambling is taxed in Australia, Canada, Korea, New Zealand, Türkiye and the United Kingdom; and insurance services are taxed in Mexico, New Zealand, Türkiye and to some extend in Australia. On the other hand, the transportation of passengers, which is taxed in most countries, is exempt (to some extent) in Chile, Costa Rica, Denmark, Ireland, Korea, and Mexico.

### *2.3.2. Exemptions have a number of undesirable effects*

By not allowing the deduction of input tax, VAT exemptions create an important exception to the neutrality of VAT (see Chapter 1). The standard advice in VAT design is therefore to limit exemptions to areas such as basic healthcare, education, and perhaps margin-based financial services.

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

The result is a hidden tax at a variable rate depending on the number of production stages that are subject to the tax. This distorts businesses' production decisions and choices of organisational form and can create additional compliance and administrative burdens.

Exemptions generally lead to the under-taxation of supplies to consumers, as the tax burden in theory equals the tax on inputs used by exempt businesses in the supply chain but not on its value-added, and an over-taxation of businesses who are unable to deduct the "hidden" tax embedded in their inputs.

In the international context, exemptions compromise the destination principle for taxation of internationally traded goods and services (see Chapter 1) and may create competitive distortions. When an exporter uses exempt inputs, he will generally not be able to remove the irrecoverable VAT resulting from the exemption applied at an earlier stage in the production chain. The export thus becomes effectively "input taxed". On the other hand, businesses that use inputs that are VAT exempt under national law, have an incentive to import these inputs from countries where these are zero rated for export instead of purchasing them from exempt domestic providers.

The VAT exemption of financial services, in particular, has been subject to policy debate notably in the EU. In its 2020 Action Plan for fair and simple taxation supporting the recovery strategy (European Commission, 2020[11]), the European Commission notes the need for amending the current provisions, taking account of the rise of the digital economy (fintech) and the increase in the outsourcing of input services by financial and insurance operators as well as the way this sector is structured.

The emergence of “fintech” and of new products and services such as virtual currencies and other crypto-assets raises further VAT policy challenges, including to ensure equal treatment between traditional financial services – which are often treated as VAT exempt - and innovative competing products (OECD/G20, 2020[12]).

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

According to the principle of neutrality, VAT should in principle not be borne by businesses, which have the right to deduct VAT on the inputs they use to produce taxable outputs (see Chapter 1). On the other hand, this right to deduct may be denied when these inputs are used to carry out non-taxable activities, i.e. activities that are exempt from VAT (health or financial services, for example - see section 2.3) or are outside the scope of VAT (supplies for no consideration, for example). Nor does the (full) right to input-VAT deduction normally apply to VAT incurred on purchases that are not (wholly) used in the course of a taxable economic activity, for example where they are used for private purposes by the owner of the business (i.e. for final consumption).

In addition to the restrictions to input-VAT deduction outlined above, most OECD countries apply restrictions to input-VAT deduction for VAT incurred on a number of goods and services because of their nature rather than their actual use by businesses (see Annex 2.A Table 2.A.4). They are often aimed at avoiding the administrative burden of having to police the actual use of certain goods and services which, by their very nature, allow both private and professional use, such as cars. They can also be aimed at reducing the risk of abuse. The use of certain goods and services can also be considered as "final consumption", even if it takes place in the course of a professional activity, such as a meal in a restaurant.

All OECD countries operating a VAT, except Israel, Japan, Mexico and Switzerland, report restrictions to the right to deduct VAT incurred on a number of specific items - mainly entertainment costs and vehicles. Colombia denies the deduction of VAT levied on the acquisition of fixed assets that are not considered as “productive fixed assets”. In Mexico, although there are no specific restrictions, the law provides that input-VAT deduction is allowed only on inputs that are “strictly indispensable” for the principal business activity. This means in practice that input VAT can be deducted only if it was incurred on expenses that are deductible under the Income Tax Law, which provides a list of “authorised deductions” for each type of regime.

Restrictions to the deduction of input VAT on entertainment costs are the most widespread, although the items included in that category may vary widely. These restrictions may include VAT incurred on restaurant meals; on (alcoholic) beverages; reception costs; hotel accommodation; attendance at sporting or cultural events; and on gifts and transport services. Seven OECD countries (Chile, Colombia, France, Israel, Japan, Switzerland, and Türkiye) have not reported such specific limitation to the right to input VAT deduction.

The deduction of input VAT on the purchase and/or the use of vehicles is subject to limitations in 25 out of the 37 OECD countries operating a VAT. Colombia, Germany, Israel, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Slovak Republic, Spain, and Switzerland do not report any such specific restrictions.

The restriction to input-VAT deduction can be limited to a share of the VAT incurred. This can for instance be the case for the VAT incurred on the use of cars by the employees of a business, which can be limited to a fixed percentage. Some countries restrict the deduction of input VAT on cars to 50%, even if the car is fully used for business purposes (Costa Rica, Belgium, Estonia, Poland, and the United Kingdom).

## 2.5. Registration and collection thresholds

VAT is often considered as particularly burdensome for small and medium size businesses (SMEs) to comply with (European Commission, 2013[13]) (Evans et al., 2018[14]). Many countries have therefore introduced simplification regimes for SMEs to ease the VAT compliance burden. These regimes can be grouped into three main categories: those that provide for an exemption from the standard VAT regime (VAT-liability thresholds); those that facilitate the calculation of VAT liability; and those that simplify accounting, filing and/or payment obligations (OECD, 2015[15]).

### *2.5.1. Most OECD countries apply a VAT liability threshold*

In most OECD countries (except Chile, Costa Rica, Mexico, and Spain) businesses whose annual turnover is below a certain threshold are not required to charge and collect the tax on their outputs and their input VAT is not deductible. In Colombia and Türkiye, this only applies to individuals and not to companies or incorporated businesses (see Annex 2.A Table 2.A.5).

The consequences of these exemptions are equivalent to treating small enterprises as non-taxable businesses. There are two kinds of exemption thresholds: registration thresholds that relieve suppliers from both the requirement to register for VAT and to collect the tax; and collection thresholds under which taxpayers, are required to register for VAT but are relieved from collecting the tax until they exceed the threshold. Different types of activities (e.g. supplies of services vs. supplies of tangible goods) or sectors (e.g. the non-profit sector) may be subject to different thresholds or even be excluded from their application (e.g. the construction sector). In most cases registration thresholds do not apply to foreign businesses and in some cases collection thresholds apply only to individuals or to businesses that are not subject to commercial accounting requirements.

The calculation of VAT-liability thresholds is generally based on annual turnover. In Japan, businesses (companies and individuals) are not required to register and account for VAT during the first two years of establishment if they remain below a capital-based threshold, whereas a threshold based on an annual taxable turnover applies after the first two years (with some exceptions, based on levels of turnover). Although thresholds are generally based on annual turnover, their application may be subject to additional rules and conditions.

The level of VAT liability-thresholds is generally the result of a trade-off between, on the one hand, minimising compliance and administration costs for small businesses and tax authorities, and on the other hand, the need to protect revenue and avoid competitive distortions. The levels of these thresholds vary significantly across OECD countries see Figure 2.3). Four groups can be broadly distinguished.

Twelve countries have a relatively high general threshold above USD 80 000 of turnover per year: Czechia, France, Ireland, Italy, Japan, Latvia, Lithuania, Poland, Slovak Republic, Slovenia, Switzerland, and the United Kingdom.

Seven countries have a threshold between USD 40 000 and 80 000: Australia, Austria, Estonia, Hungary, Korea, Luxembourg, and New Zealand.

Twelve countries have a relatively low threshold, below USD 40 000: Belgium, Canada, Denmark, Finland, Germany, Greece, Iceland, Israel, Netherlands Norway, Portugal, and Sweden. Among these countries, three have a particularly low threshold below USD 10 000 (Denmark, Norway, and Sweden).

Four OECD countries do not operate any general VAT liability-threshold: Chile, Costa Rica, Mexico, and Spain.

### *The level of VAT-liability thresholds has increased in several OECD countries*

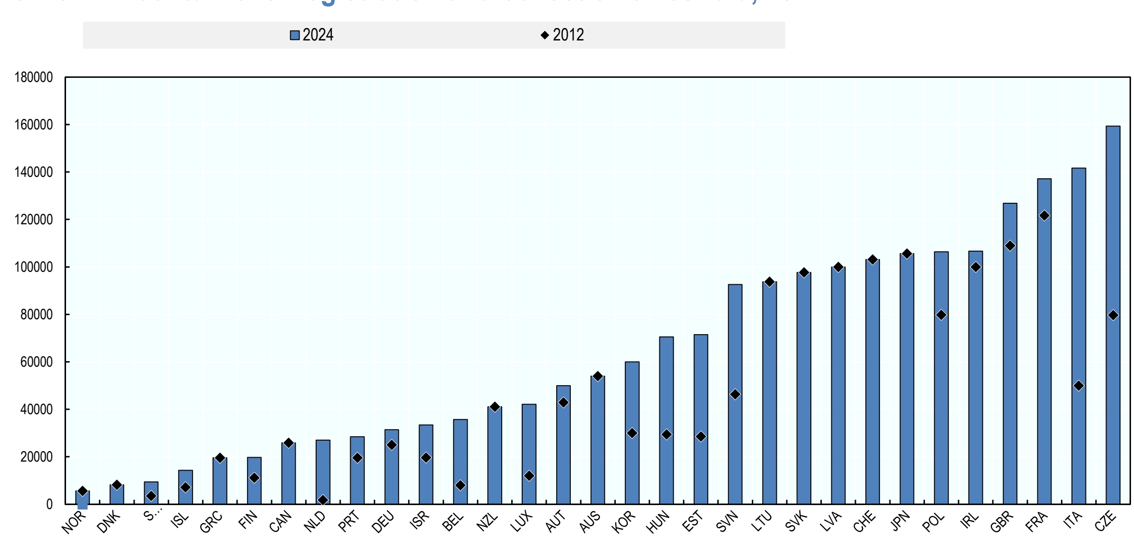
Since 2022, Czechia, France, Ireland, Israel, Italy, Latvia, Portugal, and Sweden have raised their VAT-liability threshold while none have reduced it. Since January 2024, the United Kingdom has increased its threshold from GBP 85 000 to GBP 90 000 (in April 2024) and Sweden announced its intention to increase its threshold from SEK 80 000 to SEK 120 000 in 2025.

Compared to 2012, 20 OECD countries have raised their VAT-liability threshold (Austria, Belgium, Czechia, Estonia, Finland, France, Germany, Hungary, Iceland, Ireland, Israel, Italy, Korea, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Sweden, and the United Kingdom).

There are no definitive arguments on the need for, or the level of, VAT-liability thresholds. The main reasons for excluding small businesses (a notion that may vary considerably across countries) are that the costs of administration are disproportionate to the VAT revenues raised and, similarly, that the VAT compliance costs can be disproportionate for many small businesses compared to their turnover.

Determining the level of a “good” VAT-liability threshold is challenging. A relatively high threshold may give an advantage to small businesses, distorting competition with larger companies. A relatively low threshold may act as a disincentive for businesses to grow or as an incentive to avoid VAT by splitting activities artificially. It can also frustrate policy efforts to formalise the economy. The latter may be at least partly addressed by applying a simplified regime to businesses below the VAT-liability threshold thus bringing them into the “formal” economy. As indicated before, the level of the threshold is often the result of a trade-off between minimising compliance burden and administration costs, and the need to protect revenue and avoid competitive distortion.

## Figure 2.3. Annual turnover registration and collection threshold, 2024




Note: annual turnover threshold expressed in USD purchasing power parity
Source: OECD

StatLink https://stat.link/cyxo96

### *Most OECD countries give the option to businesses below the VAT-liability threshold to register and account voluntarily for VAT*

All OECD countries that have a registration or collection threshold give the option to businesses below that threshold to register and account voluntarily for VAT, except Israel and Korea. Voluntary registration is often intended give small businesses the option to avoid the disadvantages of non-registration. This however increases the risk of VAT fraud by “fly-by-night” traders who register without any history of economic activity and claim VAT refunds before disappearing again. A majority of OECD countries therefore impose a minimum period of time during which taxpayers that have registered voluntarily must remain registered. This period varies from one year (Australia, Canada, Colombia, Czechia, Greece, Hungary, Slovak Republic and Switzerland) to two years (Denmark, France, Japan and Norway) and in some cases, three years (Netherlands and Sweden) or five years (Austria, Germany, Portugal and Slovenia). Fourteen countries do not apply any minimum registration period (Belgium, Estonia, Finland, Iceland, Ireland, Israel, Italy, Korea, Latvia, Lithuania, Luxembourg, New Zealand, Poland, and the United Kingdom).

One challenge of VAT thresholds is to minimise incentives for small businesses to underreport turnover so as to remain below the exemption threshold, and/or to incentivise small businesses to grow their business. Research (Li Liu, 2019[16]) shows that firms tend to bunch below the registration threshold by restricting their reported turnover to avoid having to register for the VAT when they have a high share of sales to private consumers (B2C); but tend to register voluntarily, even when their turnover is below the threshold, in cases where they have a low share of B2C sales, a relatively high share of external costs or operate in more competitive sectors.

The adoption of a flexible threshold is one option to reduce a bunching effect. Under such a regime, small businesses that exceed the regular VAT threshold are not obliged to register immediately but are allowed to continue to benefit temporarily from the exemption as long as they do not exceed the threshold by a significant percentage. For example, in France, businesses that exceed the regular thresholds of EUR 91 100 (for goods) and EUR 36 800 (for most services) may continue to benefit from the exemption if their turnover does not exceed EUR 101 100 and EUR 39 100 respectively for more than a year.

The application of VAT-liability thresholds remains typically limited to domestic businesses. These thresholds notably do not apply under most of the “non-resident vendor collection regimes” implemented by OECD countries for the collection of VAT on remote supplies of services and intangibles by non-resident suppliers (see Section 2.8 below). Only six of these countries apply a turnover threshold below which non-resident suppliers are relieved from obligations under this regime, i.e. Australia, Canada, Iceland, Japan, New Zealand, Norway and Switzerland. These countries apply the same registration threshold for these non-resident suppliers as for domestic suppliers. The Member States of the European Union are bound by a common legal framework legislation (the EU VAT Directive) that does not allow such a registration threshold for non-EU suppliers.

### *A range of other measures have been adopted to reduce compliance costs for SMEs while avoiding the disadvantages of an exemption.*

Many OECD countries apply simplified presumptive schemes to facilitate the calculation of the VAT liability. These may, for instance, allow small businesses to apply a single flat rate to their turnover for determining the amount of VAT to be remitted to tax authorities instead of requiring a detailed VAT calculation of input and output VAT. Other simplification regimes allow a simplified input VAT credit calculation. A more detailed overview of these regime is available in an OECD report on SME taxation (OECD, 2015[15]).

## 2.6. Usage of margin schemes

Most countries allow or utilise specific methods for determining the VAT liability to simplify VAT administration and compliance in specific situations. Margin schemes are often used when the determination of deductible input tax is considered too difficult or impossible under the normal rules, such as for the resale of second-hand goods bought from private individuals and for the activities of travel agencies. Under a margin scheme, the VAT due is determined by reference to the difference between the price paid by the supplier and the price of resale rather than on the basis of the full selling price. The reseller is not allowed to deduct the input VAT embedded in the purchase price of the items it resells under the margin scheme.

Annex 2.A Table 2.A.6 shows that all the OECD countries have implemented more or less extensive margin schemes, except Canada, Japan Korea, and New Zealand. The most common areas where margin schemes are used are trade in second-hand goods (in all the EU Member States, Australia, Costa Rica, Norway and the United Kingdom; in Israel for used furniture and cars and in Colombia, Iceland, Mexico and Türkiye for used cars); travel agencies (all the EU Member States and Türkiye); and sales of works of art, collector's items and antiques (in all the EU Member States, Norway, Switzerland and Türkiye). Margin schemes can also apply to real estate sales and sales of building land (Australia, Chile, France, Türkiye); sales by auction (Greece and Ireland); and fuel retail sales (Colombia, and Portugal). Specific margin schemes apply to gambling in Australia, to sales of coins, stamps and foreign currency in Israel, and to used motorcycles in Mexico.

In the Member States of the European Union, margin schemes for travel agencies, second-hand goods, works of art, collector's items and antiques are based on the EU VAT Directive.

## 2.7. The application of VAT to digital trade

The growth of the digital economy, which increasingly informs the broader economy, has raised fundamental tax challenges, including for VAT design and administration. At the core of many of these challenges is the ability of businesses to conduct economic activity within a jurisdiction without having a physical presence in that jurisdiction. This applies to digitally supplied services and intangibles as well as to the continuously growing volume of low-value goods purchased online by private consumers from non-resident suppliers.

### *2.7.1. The OECD standards present internationally agreed principles for the consistent application of the destination principle to cross-border trade in services and intangibles*

#### *Introduction*

While the determination of the jurisdiction that has the right to levy VAT on supplies of goods is relatively straightforward, since these supplies are in principle subject to VAT in the jurisdiction where the goods are physically located at the time of the supply or where they are imported, that is much less so for services ("services" in this context includes anything other than tangible goods - including "intangibles" that are treated as a separate category in some jurisdictions). Given their intangible nature, it is more challenging for VAT systems to determine the likely place of consumption of services and thus to determine the jurisdiction that has the right to collect the VAT on their supply in a cross-border trade context.

A variety of models exist for the design of rules for determining the place of taxation of internationally traded services. Many systems for determining the place of taxation of services operate on the basis of a categorisation approach, in which supplies are divided into categories with a place of taxation specified for each category. Other models favour an iterative approach, in which the principle underlying the place of taxation rule is described in more general terms and where a series of rules are applied consecutively to determine the appropriate place of taxation. A combination of both approaches may also be applied. Ultimately, these models for designing a VAT regime's rules for determining the place of taxation of internationally traded services generally aim to implement the core principle of destination-based taxation, whereby these services are subject to VAT according to the rules of the jurisdiction of consumption.

Legislation traditionally relied on relatively simple criteria to determine the place of taxation of services for VAT purposes such as, explicitly or implicitly, the place where the services were physically performed or the place where the supplier was located. Before the advent of the global digital economy, these criteria were often appropriate to ensure taxation at the place of consumption particularly for business-to-consumer services, as services to private consumers were indeed generally consumed where they were physically performed. As technology increasingly allowed suppliers to deliver a growing range of services remotely from one location to consumers anywhere in the world, those traditional criteria became ineffective for determining the place of their likely consumption and hence for the effective allocation of jurisdictions' rights to levy VAT on such services.

It was acknowledged that the challenge of determining the place of taxation for VAT in digital trade of services and intangibles called for a globally coordinated response, as the volume and value of these digital sales continued to increase and represented an increasingly important share of countries' economy and tax revenues. In the absence of a coordinated response, insufficiently clear or inconsistent national rules for determining the place of taxation of internationally traded services and intangibles for VAT purposes would lead to uncertainty, revenue losses and competitive distortion.

### *The OECD International VAT/GST Guidelines present internationally agreed principles for determining the place of taxation of cross-border supplies of services and intangibles*

The OECD organised a comprehensive inclusive global policy dialogue in response to the VAT challenges of the continuous growth of international services trade, which resulted in guidelines and detailed practical guidance that provide internationally agreed and consensus-based solutions for addressing these challenges. They allow governments to secure important VAT revenues on trade in services and digital products and to ensure a level playing field between e-commerce and traditional business, without stifling innovation and economic growth. These solutions were developed in an inclusive manner, notably through the Global Forum on VAT, and reflect consensus among more than 100 jurisdictions worldwide. These rules and mechanisms, which have been the subject of a broad consensus between jurisdictions and have been generally welcomed by the global business community, are set out in the International VAT/GST Guidelines (hereafter "the OECD Guidelines") (OECD, 2017[17]), which are incorporated in a Recommendation by the Council of the OECD (OECD, 2016[18]).

### Box 2.1. The four main pillars of the OECD policy framework for addressing the VAT challenges of digital trade

1. Create the legal basis for jurisdictions to assert the right to impose VAT on international digital trade. This includes internationally agreed standards for determining the "place of taxation" of online sales of services and digital products by reference to the location of the customer.
2. Ensure the efficient collection of VAT on online sales of services and digital products from foreign vendors through a simplified, web-enabled VAT registration and collection process. Consider extending this regime to also collect the VAT on online sales of imported low-value goods by non-resident vendors.
3. Boost the efficiency of VAT collection by requiring digital platform operators, which dominate global digital trade, to collect and remit the VAT on sales carried out through their platform(s).
4. Enhance VAT compliance by foreign online vendors through a modern risk-based compliance strategy and robust administrative co-operation

The OECD Guidelines do not aim at providing detailed prescriptions for national legislation. Jurisdictions are sovereign with respect to the design and application of their laws. Rather, the Guidelines seek to provide guidance to jurisdictions in developing national legislation with a view to facilitating a coherent application of national VAT systems to international trade, taking into account their specific economic, legal, institutional, cultural and social circumstances and practices.

The Guidelines distinguish between business-to-business (B2B) and business-to-consumer (B2C) supplies when considering approaches for determining the jurisdiction of taxation for VAT purposes:

- For B2B supplies, the Guidelines recommend that the place of taxation of internationally traded services and intangibles be determined by reference to the jurisdiction where the business customer has located its permanent business presence.
- For B2C supplies, the Guidelines recommend that the place of taxation for "on-the-spot supplies" is determined by reference to the jurisdiction in which the supply is physically performed; and that the place of taxation for all other supplies and services to final consumers be determined - in principle - by reference to the jurisdiction in which the customer has its usual residence. These include remote supplies of services and digital products via the Internet (e.g. apps, streaming of music and movies, online gaming) by foreign suppliers.
- The Guidelines do recognise that a rule for determining the place of taxation by reference to the customer's location or by reference to the place of physical performance may not identify an appropriate place of taxation in all circumstances and that specific rules might be more likely to identify an appropriate place of taxation in certain circumstances. The Guidelines therefore provide a framework for evaluating the desirability of a specific place-of-taxation rule in those circumstances. In particular, the Guidelines recommend that the place of taxation for services and intangibles connected with immovable property be determined by reference to the jurisdiction where the property is located.

With regard to the collection of VAT on services provided by non-resident businesses, the Guidelines recommend separate mechanisms for B2C and B2B supplies:

- For B2B supplies, the Guidelines recommend the application of a reverse-charge mechanism by the customer in the jurisdiction of taxation in order to reduce the administrative burden and complexity for non-resident suppliers, where this is consistent with the overall design of the national VAT system. If the customer has a full right to deduct input tax on the supply, local legislation may not require the reverse-charge to be made.

- For B2C supplies, the Guidelines recommend requiring the non-resident supplier to identify and pay VAT in the taxing jurisdiction (vendor collection), using a simplified registration and compliance regime to facilitate compliance by non-resident suppliers.
- The Guidelines do recognise that VAT regimes may not always be designed to differentiate between B2B and B2C supplies. They therefore highlight that the distinction between both types of supplies in the Guidelines when presenting and discussing recommended approaches for determining the design of place of taxation rules should not be read as a recommendation to jurisdictions to develop separate rules or implement different mechanisms for each type of supply in their national legislation. Uniform rules for determining the place of taxation of remote supplies of services by reference to the customer's location could be used for both types of supplies, as well as uniform collection obligations for instance based on the simplified vendor-registration regime outlined above.

These Guidelines have been complemented with comprehensive and detailed guidance and technical standards to support their coherent implementation and operation in practice. These include a report on "Mechanisms for the Effective Collection of VAT/GST where the Supplier is not Located in the Jurisdiction of Taxation" (OECD, 2017[19]) and a report on "The role of digital platforms in the collection of VAT/GST on online sales" (OECD, 2019[20]). Regional VAT Digital Toolkits have been developed in cooperation with the World Bank Group and regional partner organisations, providing detailed guidance for the design, administrative and operational implementation of the recommended framework for the collection of VAT on digital trade. Three VAT Digital Toolkits have been delivered for Asia-Pacific (OECD, 2022[21]), for Latin America and the Caribbean (OECD, 2021[22]) and for Africa (OECD/WBG/ATAF, 2023[23]). They cover all the key implementation and operational aspects including policy design and legislative reform, building the infrastructure to support the registration and compliance processes, communication strategy, effective audit and administrative risk management strategies, including concrete measures to tackle VAT fraud associated with online trade.

### *Digital platforms can play an important role in enhancing the efficiency and the effectiveness of VAT collection on online supplies to final consumers*

The growth of the digital economy has fundamentally changed the nature of sales and distribution in B2C trade. Consumers predominantly buy online through online marketplaces operated by digital platform operators that facilitate the online sales of large numbers of individual suppliers. Digital platforms allow businesses of all sizes to efficiently access millions of consumers in what is now a global online marketplace. These platforms facilitate a significant share of digital trade globally, which offers significant opportunities to enhance the efficiency and the effectiveness of VAT collection on the online supplies made by the large numbers of individual suppliers that these digital platforms facilitate.

Digital platforms are generally well positioned to assist with the collection of the VAT on the supplies that they facilitate because of their close connection with the supplier and the supply as well as their access to the VAT-relevant information. Involving digital platform operators in the collection of the VAT on the supplies that they facilitate also relieves the underlying suppliers from the economic and administrative burdens of having to comply with the associated VAT obligations in the jurisdiction where their customers are located. Finally, digital platforms are generally able to exercise a degree of economic control over non-resident suppliers, which can be used to assert their compliance with VAT obligations, whereas tax authorities may have limited authority or capacity to enforce VAT obligations on the large number of non-resident businesses selling online to customers within their jurisdiction via the digital platforms (OECD, 2019[20]).

Digital platforms can play various roles to assist jurisdictions with the efficient and effective collection of VAT on online supplies. These roles include information reporting or sharing obligations, education of the underlying suppliers, authorising platforms to operate as a voluntary intermediary for VAT collection on behalf of underlying suppliers and a requirement for the platforms to account for the VAT on the supplies they facilitate under a “full VAT liability regime”. Under a full liability regime, the digital platform is designated by law as the supplier for VAT liability and compliance purposes. The digital platform is then solely and fully liable for assessing, collecting, and remitting the VAT due in the jurisdiction of taxation on the online sales by underlying suppliers that the platform facilitates. Almost all OECD countries (see below) have implemented a full VAT liability regime for digital platforms as a means of enhancing and facilitating compliance with VAT obligations on the online sales that non-resident suppliers make through these platforms.

*The OECD Guidelines and standards have had a considerable impact on VAT policy reforms in OECD countries and beyond*

These OECD Guidelines and associated guidance for the application of VAT to digital trade have already had a considerable impact on VAT policy reforms in OECD countries and beyond including to ensure the effective and efficient collection of VAT on cross-border trade in services and intangibles. Over 100 jurisdictions globally have already enacted reforms based on OECD guidelines and guidance and about 30 are in the process of doing so or are considering reform. Positive results have been reported both in terms of compliance and revenue collected from these measures.

**All OECD member countries with a VAT have implemented the principles presented in the Guidelines for determining the place of taxation for internationally traded services**

Within the OECD, all member countries that have a VAT system have introduced rules that reflect the recommended approaches for determining the place of taxation for internationally traded services and intangibles presented in the Guidelines.

In the European Union, the determination of the "place of supply" for services (i.e. the place of taxation) depends on the status of the customer receiving the service and the nature of the service supplied. B2B supplies are in principle taxed at the place where the customer has established its business (or at the place of the fixed establishment of the customer to which the service is provided), implementing the destination principle for both supplies within the EU and supplies involving customers or suppliers in non-EU countries. B2C supplies of telecommunication, broadcasting and electronically supplied services are taxed where the customer resides. To facilitate compliance by non-EU suppliers, an online digital portal (“One Stop Shop” - OSS) allows suppliers to register at a distance in only one Member State and account in this Member State for the VAT due in all the Member States of the EU where the VAT is due and where the supplier is not established. This regime is operated by the 22 OECD member countries that belong to the EU (Austria, Belgium, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Slovenia, Spain, and Sweden).

Although this model for determining the place of supply applies in the EU Member States and in a number of other OECD countries such as Norway, Switzerland and the United Kingdom, it is not the international norm. A number of countries (e.g. Australia, Canada, and New Zealand) have adopted different models (see Section 2.7.1).

For example, in New Zealand (which adopted the GST in 1986) the place of taxation for supplies made by non-residents is generally presumed to be outside New Zealand, except when the service is performed in New Zealand or supplied to a customer who is resident in New Zealand and the recipient is either a final consumer or a registered business who has agreed to have the transaction treated as being made in New Zealand. In contrast, the place of taxation for supplies by residents is presumed to be New Zealand, unless the supply is a zero-rated export of services. These zero-rated services include international transport and related services; services physically performed outside New Zealand; services supplied to a non-resident who is outside New Zealand at the time the services are performed; services directly in connection with land or goods located outside New Zealand and supplies in relation to intellectual property rights for use outside New Zealand. From 1 October 2016, New Zealand applies GST to supplies of services and intangibles made by non-resident suppliers to final consumers who are usually resident in New Zealand. A simplified online registration and compliance regime is available to foreign suppliers liable to collect and remit the GST on these supplies.

In Australia (which adopted GST in 2000), supplies are taxable (unless GST-free) in Australia and the GST is collected through the supplier when the supplies are "connected with Australia". Supplies made through an Australian based business or performed in Australia for a final consumer are connected with Australia. To prevent GST applying to services not consumed or used in Australia, the Australian GST law includes broad, proxy-based zero-ratings ("GST-free") similar to those used in New Zealand. The Australian GST rules were amended as from 1 July 2017, to make supplies of services and intangibles made by non-residents to final consumers who are residents of Australia generally taxable unless the GST-free provisions apply. A simplified digital registration and compliance regime is available to foreign suppliers liable to collect and remit the GST on these supplies.

In July 2021, Canada has implemented a VAT reform that gives effect to key elements of the OECD Guidelines. From that date onwards, non-resident vendors who sell taxable digital products or services, such as online music streaming or traditional services (or non-resident distribution operators that facilitate these sales) to Canadian consumers and Canadian entities who are not registered under the normal GST/HST regime must register and account for GST/HST in Canada. Suppliers of short-term accommodation in Canada or accommodation platform operators that facilitate such supplies must also charge and collect the GST/HST on these supplies. A simplified GST/HST registration, reporting and remittance system is available to non-resident vendors (including distribution platform operators) to account for the tax due on these supplies.

**Mechanisms recommended by the Guidelines for the collection of VAT on inbound supplies of services have been widely adopted by OECD countries.**

Annex 2.A Table 2.A.8 presents a broad overview of the approaches adopted by OECD countries for collecting VAT on cross-border supplies of services and intangibles from foreign suppliers (i.e. on remote "inbound supplies").

Almost all OECD countries make a distinction between B2B and B2C supplies for determining the place of taxation as well as for determining the mechanism to collect the VAT on supplies by non-resident suppliers. The tax status of customers in this context is generally determined on the basis of the presence of a VAT registration number or on the basis of the customer's business tax identification number. Two countries (Japan and Korea) distinguish between B2B and B2C supplies on the basis of the nature of the services or intangibles provided. In these countries, supplies of services or intangibles that are considered to be generally used by final consumers such as provision of e-books, digital newspapers, music, videos, games, etc. are deemed to be B2C supplies while others are considered B2B supplies. Only Mexico does not systematically distinguish between B2B and B2C supplies since the supplier must, in principle register and account for VAT in Mexico with respect to both B2B and B2C supplies. However, the business customer is liable to account for the VAT on inbound digital supplies where the foreign supplier has not registered for VAT in the country.

Almost all OECD Countries use a reverse-charge mechanism to collect the VAT on inbound B2B supplies of services. According to their common legislative root, the 22 OECD member countries that belong to the European Union collect the VAT on inbound supplies through a reverse-charge mechanism for B2B supplies. In Australia, Iceland and New Zealand, a reverse-charge mechanism only applies in limited cases, where the customer cannot exercise a right to deduct input tax on these supplies. Where the customer has the right to deduct input tax, the reverse charge is not required. In Switzerland, the application of the reverse-charge mechanism is limited to situations where the place of taxation is determined according to the customer's residence proxy. When the supply is taxed in Switzerland according to other proxies (e.g. the location of the immovable property to which the supply is connected), the reverse-charge does not apply and the supplier must register in Switzerland according to the standard procedure and account for VAT. In addition, foreign suppliers that are registered in Switzerland to account for VAT on their B2C supplies, must also account for their B2B supplies under that local registration and the reverse charge does not apply. In Korea, inbound B2B supplies are considered out of scope and no VAT is due on such supplies.

All OECD countries with VAT have a mechanism in place to collect VAT on B2C services supplied by non-resident businesses. All OECD countries, with the exception of Israel, require the non-resident supplier to register for VAT and collect the VAT on their supplies of services to consumers that have their usual residence in these respective countries' territory. In Israel, the customer is required to self-declare and pay the VAT on purchases of services from non-resident suppliers. A simplified registration and compliance regime without the right to deduct the input tax incurred in the country ("pay-only registration") is operated in these countries, except in Japan, Switzerland and the United Kingdom where the standard registration applies (with the right to deduct the input tax incurred in the country) - whereas Türkiye does allow VAT refunds to non-resident businesses registered under the simplified registration and compliance regime. In Japan and Switzerland, the foreign supplier must appoint a local tax agent. In the United Kingdom, the designation of a tax agent is optional. Six of the 36 OECD countries requiring foreign suppliers to register to account for VAT on their inbound B2C supplies do not impose such a requirement when the annual amount of these supplies in the country remains below a threshold that is set at the same level as the registration threshold for domestic taxpayers. These countries are Australia, Canada, Iceland, Japan, New Zealand, and Norway.

Chile, Colombia, and Costa Rica have implemented a withholding regime requiring financial intermediaries to withhold the VAT on payments made for taxable B2C supplies of services and intangibles to non-resident suppliers, when these suppliers do not comply with their obligations under these countries' vendor-collection regime. This withholding requirement is intended to operate as a backstop solution and disincentive to non-compliance.

All countries that operate a simplified registration and compliance regime for the collection of VAT on inbound B2C supplies of services and intangibles by non-resident suppliers, plus the United Kingdom (which requires registration under the standard regime), have implemented a full liability regime for digital platforms facilitating these supplies - except Chile, where such digital platforms have only an information reporting requirement. However, Japan has announced the introduction as of 2025 of a VAT collection requirement for digital platforms for the supplies of inbound B2C services that they facilitate for non-resident suppliers above JPY 5 billion per taxable period.

The neutrality principles provide that foreign businesses should in principle not incur irrecoverable VAT in a jurisdiction where they are not established or registered for VAT purposes. However, it is recognised that taxing jurisdictions may limit the scope of a simplified registration and compliance regime to the collection of VAT on B2C supplies by non-resident suppliers without making the recovery of input tax available under this regime. Under such a "pay-only" regime, input VAT recovery remains normally available for non-resident suppliers that register for VAT under the standard regime or that apply for a VAT refund under the standard VAT refund procedure. Most non-resident suppliers that register under the simplified registration and compliance regime are unlikely to incur substantial amounts of input VAT in the jurisdiction of registration. They are likely to have limited their activities in that jurisdiction to online supplies to customers that are located there and will generally not acquire goods or services there on which they could incur local VAT. However, it is recognised that circumstances may arise where a refund of VAT for registrants under the simplified registration and compliance regime could be warranted such as, for example in case of overpayments of VAT by suppliers and to recover VAT on amounts that have been refunded by suppliers to their customers after a product recall (OECD, 2022[21]).

**Most OECD countries with a VAT system allow non-resident businesses to recover the input VAT through a direct refund mechanism**

One of the main approaches to relieve non-resident businesses that are not registered under a jurisdiction’s standard registration from the VAT incurred in that jurisdiction is to allow them to apply for a VAT refund. Annex 2.A Table 2.A.10 shows that most OECD countries with a VAT system allow non-resident businesses to recover the input VAT incurred in that country through a direct refund mechanism. Australia and New Zealand have made such a refund conditional upon GST registration of the non-resident business. In Canada, the supplier to a non-resident business is relieved from the payment of the local GST/HST under certain conditions. Türkiye is the only OECD country that also allows VAT refunds to non-resident businesses registered under the simplified registration and compliance regime. By contrast, Chile, Colombia, Costa Rica, Israel, and Mexico do not provide any form of VAT refund or relief to non-resident businesses. In the 22 OECD countries that belong to the European Union, the common legislative root provides that businesses that are not established in the EU should be refunded of the input VAT incurred in an EU Member State, under a procedure determined by that Member State and subject to any restrictions that this Member State wishes to apply (e.g. requiring reciprocity or excluding refunds of input VAT incurred on certain types of supplies). Registration under the European Union’s simplified registration and collection regime for VAT (often referred to as “One-Stop-Shop”) does not impede this right.

Fourteen OECD countries (Germany, Greece, Hungary, Italy, Korea, Latvia, Lithuania, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland, and Türkiye) require that the granting of refunds to non-resident businesses be conditional upon similar relief being granted by the jurisdiction of the foreign business claimant. These requirements for reciprocity generally take two forms: a formal bilateral agreement between jurisdictions or a unilateral decision to recognise jurisdictions considered as having (or not having) appropriate features in their legislation

### *2.7.2. Addressing the challenge of VAT collection on imports of “low-value” goods*

When a transaction involves goods being moved from one jurisdiction to another, the exported goods are generally “free of VAT” in the origin’s jurisdiction (and are freed of any input VAT via successive businesses’ deductions of input tax), whilst imports are subject to the same VAT as equivalent domestic goods in the importing jurisdiction. The VAT on imports is generally collected at the same time as customs duties, although in some countries collection is postponed until declared on the importer’s next VAT return. For B2B supplies, the business importing the goods will generally be liable to account for the VAT due on importation. The deduction of the VAT incurred at importation by the importer, in the same way as input tax deduction on a domestic supply, ensures neutrality and limits distortions in relation to international trade. For B2C supplies, in the absence of a business liable to collect the VAT on importation (e.g. the vendor or the carrier), the person liable to pay the VAT is traditionally the recipient of the goods mentioned on the customs declaration.

Until recently, most VAT systems applied a “*de minimis*” exemption of VAT on the importation of goods or consignments with a relatively low value. These exemptions were generally motivated by the consideration that the administrative costs of collecting the VAT on these low value items through the traditional customs process at the border were likely to outweigh the revenue collected. Until 2018, most OECD counties applied such an import VAT relief, with value thresholds below which the VAT was not collected varying from USD 11 in Denmark to USD 200 in Colombia. In the EU, Member States were required to VAT exempt the importation of consignments with a value not exceeding EUR 22. This exemption in the EU did not apply to tobacco or tobacco products and alcoholic products (OECD, 2018[24]).

These VAT exemptions for imports of low value goods became increasingly controversial as digital trade in retail goods with a relatively low individual value continued to grow (OECD, 2015[25]). At the time when most low-value import relief provisions were introduced, internet shopping did not exist and the level of imports benefitting from the relief was relatively low. Most countries became confronted, however, with a significant and rapidly growing volume of low value imported goods that were sold online, often by non-resident suppliers, on which no VAT was collected. This resulted in growing unfair competitive pressure on domestic retailers that were increasingly incapable of competing against the continuously rising volumes of online sales on which VAT was not being levied, and in increasingly significant VAT revenue losses for governments. It also created an incentive for domestic suppliers to relocate to an offshore jurisdiction in order to sell imported low value goods free of VAT. The 2015 BEPS Action 1 report (OECD, 2015[25]) recognised the challenge of finding an appropriate balance between the need to protect VAT revenue and minimise competitive distortions and the need to keep the cost of collection proportionate to the amounts of VAT to be collected.

The report observed that governments wishing to remove or lower their VAT exemption threshold for imports of low value goods, would be in a position to do so if they were able to improve the efficiency of the process to collect the VAT on these imports. The report assessed the main available approaches to address this challenge, noting that a vendor-collection model offered the most promising solution. Under this model, the (online) vendor of the imported low-value goods - or the digital platform through which these goods are sold - is required to register in the jurisdiction of importation and to remit the VAT on supplies of these imported goods in that jurisdiction. This registration and collection process can be caried out through the same simplified registration and collection mechanism used for the collection of VAT on remote supplies of services and intangibles to final consumers outlined above (Section 2.7.1). Under this regime, the VAT on online sales of low-value imported goods is collected by the supplier or the digital platform at the point of sale and remitted to the tax authorities in the jurisdiction of importation – thus removing the need for customs authorities to intervene in the collection of the VAT at the time of importation of these goods. This regime typically applies to goods that are only subject to VAT on importation. In practice, these are goods that have a value below the customs *"de minimis"* threshold for customs duties, which is generally significantly higher than the "*de minimis*" threshold for VAT. Goods subject to specific duties such as excises are generally excluded from such a vendor-collection regime for imported low-value goods.

Australia implemented a vendor-collection mechanism for the collection of GST on sales of low-value imported goods as of 1 July 2018, in accordance with OECD guidance. A requirement was implemented for foreign vendors and digital platforms that supply more than AUD 75 000 of taxable goods to consumers in Australia per year, to register for GST in Australia and charge the tax on their sales to final consumers in Australia at the point of sale. The GST on these sales of low-value imported goods is collected from these foreign vendors through a simplified "pay-only" registration regime, in line with OECD guidance. The threshold of AUD 75 000 is the same as the local registration threshold, below which Australian businesses are relieved from the collection of the GST. It aims to relieve small foreign vendors from the burden of registering and remitting the GST on their sales of goods to Australian consumers. The GST relief for imports of consignments of goods with a value of AUD 1 000 or less remains in place and no GST on these imports is collected through border processes.

New Zealand implemented a similar regime from 1 December 2019, imposing GST on imports of low-value goods by foreign suppliers to final consumers in New Zealand where the foreign supplier sells goods for more than NZD 60 000 per annum in the country - the same registration threshold as for domestic businesses. The GST relief for imports of consignments of goods increased from an AUD 60 threshold based on the amount of duty (including GST), which roughly equated to goods with a value of AUD 400 in most cases to an AUD 1 000 threshold based on the value of the consignment to align with the new GST rules. The effect of the change was that Customs do not collect the GST at the border on consignments valued at AUD 1 000 or less, even if the supplier or marketplace is not registered for GST and do not collect GST at the point of sale. As for remote services, a simplified "pay-only" registration is available to foreign suppliers of low-value imported goods, with the option to do a full registration to claim input credits for business-related purchases sourced from New Zealand. This system is very similar to the Australian system. One important difference is that New Zealand implemented a simplification measure allowing suppliers whose shipments to consumers in New Zealand comprise at least 75 percent of goods below the NZD 1000 threshold, to make an election to apply the simplified "pay-only" regime to the entire shipment, including the goods with a value above NZD 1 000.

Under both Australian and New Zealand regimes, goods purchased from abroad via an online marketplace are considered to have been supplied by this online marketplace, which are required to collect and remit the GST on supplies made through them. This requirement also includes so-called "re-deliverers". This applies when a foreign vendor or a digital platform is requested by the consumer to deliver the goods outside Australia or New Zealand without knowing that the goods are destined for one of these countries, and the consumer contracts to have those goods re-delivered to Australia or New Zealand. Then the re-deliverer is responsible for the collection of GST on the sale of these goods to the final consumers.

Norway was the next country to implement a vendor collection regime for the collection of VAT on the importation of low value goods in accordance with OECD guidance, as of 1 April 2020. Under that regime, foreign vendors and digital marketplaces that sell imported goods with value below NOK 3 000 to final consumers in Norway must register and account for the VAT on these sales under a simplified "pay-only" registration regime (VOEC) if they sell goods for more than NOK 50 000 per annum in the country, the same registration threshold as for domestic businesses. The VOEC is not available for goods with a value at or above NOK 3 000, foodstuffs, restricted goods, and goods subject to excise duties. These remain subject to the collection of any VAT due at the border.

Switzerland implemented a regime as of 1 January 2019 requiring foreign vendors to register for Swiss VAT and to remit the VAT on imports of goods to the tax authorities if the vendor's turnover of imported low-value goods exceeds CHF 100 000 per annum - the same as the domestic registration threshold. In Switzerland, low-value goods are defined by the VAT amount due, i.e. imports are considered as low-value when the amount due is CHF 5. or less per declaration. That threshold is reached for goods with a value of CHF 62 or above that are subject to the standard rate of 8.1% and for goods with a value of CHF 194 or above that are subject to the reduced rate of 2.6%. Unlike the Australian and New Zealand regime, no simplified "pay-only" registration applies. Suppliers must register under the Swiss standard registration regime.

In the United Kingdom, from 1 January 2021, the import VAT exemption for goods valued at GBP 15 or less was removed and these goods are now subject to VAT. How VAT is collected on imported goods depends on the value and nature of the consignment. Supplies of goods imported in low value consignments (valued at GBP 135 or less) are now subject to VAT at the point of sale instead of collection at the border. A seller, or an online marketplace where it facilitates the supply, must be registered for VAT under the standard regime, charge VAT at the point of sale, and account for it through their VAT return. There is no VAT registration threshold for non-resident businesses. Where a supply is made to a business registered for VAT in the United Kingdom, the seller or online marketplace should not charge the VAT, and instead, the customer should account for the VAT through their VAT return. Consignments valued above GBP 135, as well as consignments of any value containing excise goods or non-commercial goods (e.g. gifts), remain subject to import VAT collection at the border.

The Member States of the European Union adopted a vendor VAT collection regime as part of the so-called "VAT e-commerce package" (European Commission, 2017[26]). One of the key measures included in this package that entered into force in June 2021 is the removal of the VAT exemption for imports of low-value goods (i.e. goods worth not more than EUR 22) and its replacement with a new regime where vendors have the option to charge and collect the VAT on distance sales of imported low value goods to EU consumers at the time of sale and to declare and pay this VAT through the EU's online digital portal (Import One Stop Shop; IOSS). These goods will then be exempt from VAT at importation, allowing a fast release at customs. In case these vendors do not opt for this simplified registration and collection regime, import VAT will be collected from customers by the customs declarant (e.g. postal operator, courier firm, customs agents) which will remit it to the customs authorities via a monthly payment rather than on a transactional basis. These new rules apply to supplies of imported low value goods with a value of EUR 150 or less. Imports of goods above the EUR 150 (customs) threshold will still require a full customs declaration. Where such distance sales are facilitated by electronic marketplaces, these will be considered as the suppliers of the goods for VAT purposes and be liable for collecting and declaring the VAT on these sales.

The common feature of all these regimes is that the sales of low-value imported goods to final consumers are no longer relieved from VAT, thus achieving equal VAT treatment between wholly domestic supplies by local retailers and online supplies of low-value imported goods. VAT is not collected upon importation by customs authorities but by the online supplier or digital platform at the point of sale who remits it to the tax authorities in the jurisdiction of importation. Imports of goods that are not considered as having a "low value", i.e. typically with value above a jurisdiction's "*de minimis*" threshold for customs duties, and/or imports of goods that are subject to other duties such as excises, continue to be taxed at importation according to standard customs procedures.

Nine OECD countries continue to fully exempt the importation of low-value goods from VAT with widely varying exemption thresholds, i.e. Canada (CAD 20 – USD 17), Chile (USD 41), Colombia (USD 200), Costa Rica (USD 500), Iceland (ISK 2000 – USD 14), Israel (USD 75), Japan (JPY 10 000 – USD 106), Korea (USD 150), and Mexico (USD 50). It may be noted that some countries (Chile, Colombia, Costa Rica, Israel, Korea, and Mexico) have set the amount of their import VAT relief threshold directly in USD.

## 2.8. Combatting VAT non-compliance and fraud

There is no common OECD definition of concepts such as VAT "non-compliance" or "fraud". However, a distinction can be made between "unintentional non-compliance" resulting from a taxpayer's unawareness of its compliance obligations or its incapacity to comply, e.g. due to unclear or inconsistent rules; "intentional non-compliance", i.e. the deliberate failure by taxpayers to meet their VAT obligations with a view to reduce or to avoid VAT liability; and "fraud" involving illegal arrangements with as main objective to steal public money, such as fake invoicing, carousel fraud, etc. These categories are not air-tight and criminal VAT fraud mechanisms can be dissimulated behind or be connected with genuine trade activities.

### *2.8.1. Risks of VAT fraud and non-compliance and associated revenue losses remain significant*

Given the significance of VAT as a key revenue source for governments globally, the revenues at risk from VAT fraud and non-compliance can often be considerable. Reducing the vulnerability of VAT regimes to VAT fraud and non-compliance and limiting the associated revenue losses therefore remain key priorities for countries around the world. The growth of online trade has exacerbated risks of VAT fraud and non-compliance as it has increasingly confronted tax authorities with large numbers of non-resident businesses that may have significant economic activity within their territory - and it has given fraudsters and non-compliant significantly greater opportunity to increase the complexity and the opaqueness of their operations. On the other hand, digitalisation also offers significant opportunity for tax administrations to enhance the capacity and efficiency of their detection, prevention and treatment strategies, notably by giving them significantly greater access to relevant data – often in (near) real time – and greater analytical capacity to use them effectively in combating VAT fraud and non-compliance.

Many tax authorities carry out research to estimate their country's VAT compliance gap i.e. the revenue loss from VAT fraud, non-compliance, and bankruptcies. This gap is generally expressed both in absolute value and as a share of the VAT Total Tax Liability (VTTL) i.e. of the theoretical tax amount that would be collected if all relevant VAT businesses and organisations were fully compliant.

The United Kingdom estimated its VAT Gap at GBP 8.1 billion in 2022-23, i.e. 4.9% of the VTTL (HMRC, 2024[27]), showing a long term downward trend since 2008-09 where it reached GBP 12.6 billion and 13.7% of the VTTL. In Australia the GST gap is estimated for 2021–22 at AUD 2.8 billion, i.e. 3.6% of the VTTL against AUD 5.0 billion and 7.2% VTTL in 2018-2019 (ATO, 2023[28]). In Latin America, the VAT gaps showed a wide diversity (CEPAL, 2020[29]) but noting that OECD countries in this region tend to have a lower VAT gaps compared to other countries in the region, i.e. 19.1% in Chile, 23.6% in Colombia, 16.4% in Mexico and 31.1% in Costa Rica (compared to e.g. 45.3% in Panama and 36.7% in the Dominican Republic).

The VAT Gap in the European Union was estimated at EUR 60 billion in nominal terms and at 5.3% VTTL (CASE - WIFO, 2023[30])in 2021, down from EUR 134 billion and 10.3% VTTL in 2019. The estimates of the VAT compliance gap for the majority of the Member States ranged from 0% to 10% of the VTTL. The smallest compliance gap was observed in the Netherlands (-0.2% - negative estimates are clearly not possible, but in Member States where non-compliance is already very low, they can occur due to statistical and measurement errors), Finland (0.4%), Spain (0.8%) and Estonia (1.4%). On the opposite side of the ranking are Romania (36.7%), Malta (25.7%), Greece (17.8%), and Lithuania (14.5%).

The decline in the VAT gap observed in many countries may be due to a set of factors whose importance varies depending on local circumstances. One of these factors, which has affected all countries, has been the impact of Covid-19 on VAT administration. As part of measures to support businesses during the pandemic, most countries implemented measures to facilitate VAT compliance, expand the application of digital reporting and to support business cash-flow (OECD, 2020[31]). These measures notably appear to have reduced insolvency and bankruptcy of taxpayers and, consequently, the VAT compliance gap (European Commission, 2024[2]). The health crisis has also caused an acceleration of digital trade growth, which tends to be dominated by a limited number of large international operators that might be more compliant than average, and an increase in card payments, which has allowed more accurate reporting and thus greater VAT compliance (Poniatowski, 2023[32]).

Digital reporting and effective audits have also played a significant role in reducing the VAT gap in recent years. The increasing digitalisation of business accounting and invoicing has enabled tax authorities to develop new tools for detecting and combating VAT non-compliance and fraud, including digital continuous transactional reporting (DCTR - see Section 2.8.3 below). Within the European Union, the introduction of DCTR measures, coupled with more efficient tax audits, seem to have contributed to the strong reduction of the VAT gap in a number of countries such as Hungary, Italy, Poland, Slovak Republic and Spain (whose respective VAT gap declined respectively from 9.8% to 4.4%; 21.8% to 10.8%; 12.7% to 3.3%; 15% to 10.6%; and 6.1% to 0.8% between 2019 and 2021) (Poniatowski, 2023[32]).

Finally, the international administrative co-operation in VAT matters also plays a crucial role in tax authorities' capacities to ensure effective collection of VAT and tackle non-compliance and fraud in international trade (see Section 2.9.5 below).

### *2.8.2. A number of countries use alternative VAT collection mechanisms to minimise risks of VAT fraud and non-compliance in some specific sectors*

A standard VAT collects the tax from suppliers through a staged process whereby the supplier charges the VAT to its customers and remits it to the authorities after having deducted any recoverable input VAT (see Chapter 1). The supplier thus collects the VAT on behalf of the tax authorities which can present risks of non-remittance and of recovery of non-remitted input-VAT notably involving “fly-by-night” operators and fraudsters operating in “carousel” and “missing trader” type fraud schemes. Alternative VAT collection mechanisms have been implemented in a number of countries to prevent such potentially ill-intentioned operators from collecting VAT from their customers without remitting it to the tax authorities, in sectors that present a particular risk of such fraud to occur.

### *Almost all OECD countries apply domestic reverse charge measures to limit fraud risks in sectors that may be particularly vulnerable to VAT fraud and non-compliance*

FUnder a domestic reverse-charge mechanism, the liability for remitting the VAT to the tax authorities is shifted from the supplier to its business customer in B2B transactions. Shifting the VAT liability from the supplier to the customer for domestic transactions removes the possibility for dishonest suppliers to disappear with VAT that they collected from their customers without remitting it to the tax authorities, which is for example typical for so-called “missing trader” fraud. Nor can businesses claim the deduction or refund of VAT they have not paid (e.g. VAT on false invoices) or that has not been remitted to the tax authorities, which typically occurs in “carrousel fraud” schemes.

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

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

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

Annex 2.A Table 2.A.14 shows that the use of domestic reverse-charge as a means of combatting VAT fraud is widely used in the 22 OECD countries that are Member States of the European Union, in particular for the supply of $CO_2$ emission certificates (all except Estonia, Latvia, Lithuania and Poland); scrap materials and waste (all except Belgium, and Poland); and construction work (all except Estonia, Luxembourg and Poland). The domestic reverse charge is also applied by many EU countries for supplies of gold (14 countries); electronic devices such as laptops, chips, mobile phones etc. (12 countries) and the supply of gas and electricity to taxable dealers (11 countries).

Also, other OECD countries use a domestic reverse-charge mechanism albeit to a lesser extent. This is particularly the case for certain construction works or real estate transactions (Canada, Chile, Israel), transactions involving certain waste and by-products (Israel, Mexico) or certain precious metals (Norway, Australia). Chile applies a national reverse-charge mechanism to certain agricultural products, certain telecommunication services, certain hydrocarbons and tobacco. Chile also requires certain (large) taxpayers to apply the reverse-charge mechanism to purchases from businesses considered untrustworthy by the tax authorities. Israel applies a reverse charge mechanism to certain professions (notably architects, engineers, dental prosthetists). Norway applies a reverse-charge to sales of $CO_2$ emission allowances.

No domestic reverse-charge measures have been implemented in Colombia, Costa Rica, Iceland, Japan, Korea, and Switzerland.

### *Four OECD countries use a VAT withholding mechanism*

In a withholding tax mechanism on domestic transactions, the customer pays (part of) the VAT directly to the tax authority instead of paying it to its supplier.

Four OECD countries use such mechanism: Australia (for the sale of new buildings), Colombia and Italy (for supplies to public authorities, public bodies and public enterprises) and Türkiye (for certain services and deliveries of goods considered sensitive to fraud).

*Three OECD countries apply a split-payment mechanism*

Under a split-payment mechanism, the supplier charges the VAT on its domestic supplies to the customer according to normal rules, but the VAT paid by the customer (or part of it) is deposited on the supplier's special VAT account. The supplier can generally use the amounts deposited in its special VAT account under a split-payment regime only to pay VAT either to the tax authority or to another supplier (and to this supplier's VAT account only). Poland, which operates such a split-payment regime, has extended the possible use of amounts on special VAT accounts to pay certain other public levies.

Annex 2.A Table 2.A.14 shows that such a regime has been implemented in only three OECD countries (Czechia, Korea, Poland) and these are all targeted at specific sectors, suppliers or supplies.

*These regimes can have draw-backs.*

A split-payment or withholding regime has a similar fraud-prevention effect as a domestic reverse-charge mechanism in that it removes the possibility for a supplier to collect the VAT without remitting it to the tax authorities.

However, these regimes imply added complexity (incl. the requirement for suppliers to determine for each transaction whether or not it is in the scope of the regime) and a cash-flow impact for businesses, which can be significant particularly under a withholding regime as businesses receive no/less output VAT against which they can offset deductible input-VAT (and this could result in a perennial excess-input VAT position).

Research (Deloitte, 2017[33])has shown that, although a split payment regime could help combatting non-compliance and fraud, the negative effects on business cash-flow and compliance costs would outweigh the benefits in terms of tax revenue. Some observers also believe that split-payment mechanisms would probably not prevent fraud by more complex missing trader frauds (Bartosz Gryziak, 2020[34]).

### *2.8.3. Digital reporting requirements are on the rise*

Over the last decade, a range of incremental changes occurred across tax authorities which, taken together, are changing the nature of the tax compliance environment, allowing for more targeted and managed compliance (OECD, 2017[35]). A significant part of this change is driven by the increased availability of data. Digitalisation makes ever more tax-related data from taxpayers and third parties available to tax administrations incl. from e-invoicing, automated transaction data reporting, online cash registers and financial account information, which notably allows more timely and more targeted actions by tax administrations (OECD, 2023[36]). By harnessing the power of data analytics, tax authorities have been able to automate tasks, streamline workflows and improve the accuracy and speed of their operations. Data-driven systems can notably facilitate the identification and verification of taxpayer information, reducing the need for manual intervention and minimising errors.

OECD countries generally use technology to enhance the reporting of relevant data to tax authorities. After a generalisation of mandatory e-filing of VAT returns (OECD, 2015[37]), many OECD countries have introduced or consider introducing a requirement for taxpayers to make transactional data available to tax authorities, sometimes in (near) real time. These measures are typically aimed at enhancing tax administrations' VAT compliance risk management strategies and their VAT enforcement capacity, requiring detailed information to be provided in an electronic format at the individual taxable transaction level. This information can include invoicing information and accounting data or any other information that allows tax authorities to monitor supplies made and/or received by individual taxpayers and determine their tax liability.

The implications of these different reporting regimes for businesses and tax administrations are different depending on the type of reporting. Under a Periodic Transaction Controls (PTC) system transactional data is reported to tax authorities at regular intervals often complementing or being joined to the VAT return. Digital Continuous Transactional Reporting (DCTR; also known as Continuous Transaction Controls) systems, require transactional data to be submitted electronically to tax authorities just before, during or shortly after the actual exchange of such data between the parties. These are radically different from PTC systems requiring greater automation in an appropriate IT environment (Luchetta, 2022[38]).

### *OECD countries are progressively adopting electronic invoicing*

The introduction of transactional data reporting is facilitated by the growing digitisation of business and accounting processes, particularly the invoicing process. In OECD countries, there has been a gradual shift from paper invoices or digitised invoices (i.e. simple copies of invoices in PDF format, for example) to the truly 'electronic invoice', i.e. a structured digital file enabling the exchange and automated processing of data between the accounting systems of the parties to a transaction. Annex 2.A Table 2.A.11 shows that electronic invoicing is now permitted in all OECD countries, although technical standards may vary from country to country. Almost all these countries (with the exception of Australia, Canada, Ireland, Japan, New Zealand, and the United Kingdom, where electronic invoicing is not required in any case) have made e-invoicing compulsory for B2G supplies (i.e. between businesses and public authorities), with the countries of the European Union being subject to common rules in this respect. Electronic invoicing is also compulsory for B2B supplies (between businesses) in 7 countries (Chile, Colombia, Costa Rica, Italy, Korea, Mexico, and Türkiye) and for B2C supplies (to end consumers) in 5 countries (Chile, Colombia, Costa Rica, Italy and Türkiye). Notably Belgium (in 2025) and France (in stages between 2026 and 2027) have announced their intention to introduce compulsory electronic invoicing for B2B supplies. In its 'VAT in Digital Age' (ViDA) proposal, the European Commission proposes to make electronic invoicing the norm in all Member States as of 1 January 2030 (European Commission, 2022[39]).

### *Transactional data reporting requirements are increasingly being introduced in OECD countries, presenting considerable variety in design and operation*

#### Some form of digital transactional data reporting is becoming mandatory in almost all countries, but the design and operation of requirements vary considerably

Today, almost all OECD countries have made some form of electronic transmission of transactional information to tax authorities mandatory, either only at the request of the tax authorities (Australia, Austria, Denmark, Finland, France, Germany, Iceland, Ireland, Latvia, Luxembourg, the Netherlands, New Zealand, Norway, Slovenia, Sweden, Switzerland and the United Kingdom) or systematically (Chile, Colombia, Costa Rica, Czechia, Estonia, Greece, Hungary, Israel, Italy, Korea, Lithuania, Mexico, Poland, Portugal, the Slovak Republic, Spain and Türkiye).

The design and the practical implementation of transactional data reporting regimes varies significantly across OECD countries (see Annex 2.A Tables 2.A.11 and 2.A.12). The obligations in force are heterogeneous and may differ in various respects, including the nature of the information transmitted, the frequency with which it is transmitted, the interaction with the tax authorities and the format in which the data is transmitted.

Broadly two different design models can be distinguished:

- A data transmission model, which introduces the obligation for businesses to transmit transactional data to the tax authorities on a deferred basis, generally at the same time as the periodic VAT return or in (almost) real time. Although the data transmission model aligns significantly with the use of electronic invoicing by businesses, facilitating the extraction and transmission of key data, it does not require businesses to transmit invoices themselves to the tax authorities and does not, in principle, require mandatory electronic invoicing as a component of the regime. Eleven OECD countries have adopted this model, but while Korea, Greece, Hungary and Spain require transactional data to be transmitted in real time, Czechia, Estonia, Israel, Lithuania, Poland, Portugal and the Slovak Republic only require it to be transmitted periodically (monthly or at the same time as the periodic return).

- An invoice transmission model, which requires invoices to be transmitted to the tax administration in electronic form either deferred (periodically) or in real time. This model builds on mandatory electronic invoicing for businesses and/or supplies that are within the scope of the regime with the mandatory inclusion of specific structured data. The design of these regimes notably aims to ensure that invoice data conforms to a pre-determined machine-readable standard to allow data consolidation in a central repository and automated processing by the tax authorities' platform. The design and operation of these invoice-transmission regimes can vary significantly across countries. An important element of variation is the level of intervention by the tax administration, or by a third party on its behalf, in the e-invoicing process beyond the pure receipt of the invoice from the reporting business. Under a pure 'transmission model', the tax administration simply receives and records the invoice data without carrying out any checks beyond the standard verification of technical aspects allowing the invoice to be received and processed by the tax authority's IT-systems. Under a 'validation model', the tax administration – or a third party on its behalf - carries out a number of automated checks before validating (or rejecting) the invoice, which can include a verification of additional elements. Under this latter model, invoices that have not been validated by the tax authority may not be used by the purchaser to exercise any right to input VAT deduction, or be subject to other constraints. Seven OECD countries require invoices to be systematically sent to the tax authorities: Chile, Colombia, Costa Rica, Greece, Italy, Mexico, and Türkiye, and all require real-time transmission. All these countries apply a validation model, with the exception of Türkiye and Greece, which apply a pure transmission model. Chile, Colombia, Costa Rica, and Italy apply their model to all transactions (B2G, B2B, B2C), Türkiye to B2G and B2B transactions and Greece to B2G transactions only (Greece uses the data transmission model for B2B and B2C transactions).

**The format in which transactional data must be transmitted to tax authorities varies from one OECD country to another, although some use the SAF-T Format**

Although all OECD countries (with the exception of Japan) require some form of transactional data to be transmitted to the tax authorities in digital format (systematically or on request, in the form of electronic data or invoices), the nature, format and technical standards for these requirements vary widely from one country to another. For electronic invoice reporting, Annex 2.A Table 2.A.11 shows that all countries impose a specific standard for B2G transactions, with the exception of Canada, Ireland, Israel, Japan, Switzerland, and the United Kingdom. For B2B transactions, only 9 countries impose a standard (Chile, Colombia, Costa Rica, Denmark, Hungary, Italy, Korea, Mexico, and Türkiye) and 6 countries (Chile, Colombia, Costa Rica, Hungary, Italy and Türkiye) require a specific standard for B2C transactions. The countries that require systematic transmission of transactional data to the tax authorities each have their own technical standards for structuring these files. Nine countries use the 'Standard Audit File for Tax' (SAF-T) format developed by the OECD (OECD Forum on Tax Administration, 2005[40]), or a variation of it, for transmitting data to the tax authorities in a standardised electronic format: Austria (optional), France, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal and Slovenia.

*A growing number of OECD countries require the use of electronic cash registers*

The mandatory use of electronic cash registers is essentially aimed at increasing the visibility of business-to-consumer (B2C) transactions for the tax administration, including transactions involving cash payments, and at reducing the opportunity for underreporting of these activities. Almost half of the OECD countries applying VAT (17 out of 37) have required retailers to use electronic cash registers (Austria, Belgium, Chile, Costa Rica, France, Greece, Hungary, Israel, Italy, Korea, Latvia, Norway, Poland, Slovak Republic, Slovenia, Sweden and Türkiye). Twelve out of these countries require the systematic transmission of data collected by cash registers to the tax authorities (Chile, Costa Rica, Greece, Hungary, Israel, Italy, Korea, Lithuania, Portugal, Slovak Republic, Slovenia and Türkiye), in (near) real-time in the case of Chile, Costa Rica, Greece, Hungary, Italy, Korea, Lithuania, Slovak Republic, Slovenia and Türkiye.

All the countries that require the use of cash registers also require the use of secure software with unalterable memory. Seven of them require the use of online cash registers that automatically transmit information to the tax authorities (Chile, Costa Rica, Korea, Lithuania, the Slovak Republic and Slovenia).

### *2.8.4. Tax authorities are increasingly implementing or exploring strategies to manage VAT compliance risks in digital trade*

Driven by continuous technological innovation, international digital trade has grown rapidly in recent years, accelerated further by the COVID-19 crisis. In this environment, consumers are increasingly able to make online purchases and use digital payment solutions, including via their mobile phones. Its steadily increasing relevance for VAT revenues and its potential competitive impact on traditional “brick-and-mortar” businesses have triggered reform in jurisdictions worldwide to ensure that VAT is collected effectively on digital trade. In particular, a growing number of countries have implemented solutions for the collection of VAT from non-resident suppliers based on OECD standards and guidance or are in the process of doing so (see Section 2.7 above). These OECD standards and guidance mainly aim at achieving high levels of compliance by “making it easy to comply” for business involved in digital trade, including for small and medium enterprises.

Despite the efforts of tax authorities to facilitate VAT compliance in digital trade, non-compliant conduct will inevitably occur. This calls for the implementation of effective strategies to manage and counter risks of VAT fraud and non-compliance in digital trade. OECD analysis so far suggests that the patterns of VAT compliance risks associated with digital trade are not significantly different from those observed in traditional trade. Some of the specific features of digital trade can however exacerbate these compliance risks and create additional challenges for tax authorities. These may include limitations to tax authorities’ audit and risk detection and management capabilities, challenges to access relevant information, and limitations to the capacity to enforce compliance against economic operators that may have no physical presence in the taxing jurisdiction.

Tax authorities are therefore exploring a range of strategies, tools, and technologies to adjust their VAT compliance risk management approaches to the digital trade context. Data collection and management are at the heart of strategies to detect VAT non-compliance and fraud in digital trade and VAT risk management strategies. As part of its programme of work, the OECD Committee on Fiscal Affairs is working on ways to enhance tax authorities’ capacity to tackle VAT fraud and non-compliance in digital trade. This work includes conducting risk analyses, supporting the sharing of experience and strengthening exchanges of information and other forms of administrative cooperation in VAT matters.

### *2.8.5. International administrative co-operation is critical for the effective management of international VAT risks*

*Enhanced administrative co-operation in VAT matters can offer significant opportunities to strengthen governments' capacity to tackle VAT fraud and non-compliance*

Governments increasingly recognise that information exchange and other forms of administrative co-operation play a critical role in tax administrations' strategies to ensure the effective collection of VAT and to tackle VAT fraud and non-compliance, not least in the context of the digitalisation of the economy and fast-growing digital trade (OECD, 2015[41]); (European Court of Auditors, 2021[42])

A number of instruments are available that provide a legal foundation for the international administrative co-operation in VAT matters. These include the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the bilateral treaties implementing Articles 26 and 27 of the OECD and UN Model Tax Conventions; and Tax Information Exchange Agreements (TIEAs) based on the OECD Model. Regional agreements can also provide a legal base for such co-operation. These include EU legal and regulatory frameworks on administrative cooperation and combating fraud in the field of VAT, the Nordic Mutual Assistance Convention on Mutual Administrative Assistance in Tax Matters, the CIAT Model Agreement on the Exchange of Tax Information, and the African Tax Administration Forum Agreement on Mutual Assistance in Tax Matters.

*The Multilateral Convention on Mutual Administrative Assistance in Tax Matters is the most comprehensive instrument available for administrative co-operation*

Amongst these instruments, the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention) (OECD - COE, 2008[43]) has the widest coverage both in terms of membership (as of August 2024, 147 jurisdictions participate in the Convention) and in scope. The Convention was developed jointly by the Council of Europe and the OECD. It provides for all possible forms of administrative co-operation between the Parties (Article 1) in the assessment and collection of taxes, in particular with a view to combating tax avoidance and evasion. The Convention has a very wide scope and covers all forms of compulsory payments to general governments (i.e. the central government and its political subdivisions) with the sole exception of customs duties and all other import-export duties.

The Convention explicitly includes VAT among the taxes covered by its provisions (Article 2.1.b). It should be noted though that Article 30 of the MAAC allows the subscribing jurisdictions to reserve the right not to provide any form of assistance in relation to the taxes of other Parties in any of the categories listed in Article 2.1.b, which includes general consumption taxes such as VAT. Prior to sending an assistance request based on the Convention, jurisdictions are therefore advised to check the existence of reservations for the assistance related to VAT (see Annex 2.A Table 2.A.15).

The main types of administrative co-operation tools under the Convention are:

- Exchange of information on request (Art. 5). At the request of the applicant State, the requested State shall provide the applicant State with any information that is foreseeably relevant for the administration or enforcement of their domestic laws concerning the taxes covered by the Convention which concerns particular persons or transactions (Art. 5, § 1). If the information available in the tax files of the requested State is not sufficient to enable it to comply with the request for information, that State shall take all relevant measures to provide the applicant State with the information requested (Art. 5, § 2).
- Automatic exchange of information (Art. 6). Two or more Parties shall automatically exchange information with respect to categories of cases and in accordance with procedures, which they shall determine by mutual agreement.

- Spontaneous exchange of information (Art. 7). A Party shall, without prior request, forward to another Party information of which it has knowledge in the circumstances set forth in Art. 7, § 1.
- Simultaneous tax examinations (Art. 8). A simultaneous tax examination is an arrangement between two or more Parties to examine simultaneously, each in its own territory, the tax affairs of a person or persons in which they have a common or related interest, with a view to exchanging any relevant information which they so obtain (Art. 8, para 2).
- Tax examinations abroad (Art. 9). At the request of the competent authority of the applicant State, the competent authority of the requested State may allow representatives of the competent authority of the applicant State to be present at the appropriate part of a tax examination in the requested State. All decisions with respect to the conduct of the tax examination shall be made by the requested State.
- Assistance in recovery (Chapter III, Section II, Art. 11-16). Under Article 11, § 1, at the request of the applicant State, the requested State shall take the necessary steps to recover tax claims of the first-mentioned State as if they were its own tax claims, except in relation to time-limits which are governed solely by the laws of the applicant State (Art. 14) and in relation to priority (Art. 15). This shall apply only to tax claims, which form the subject of an instrument permitting their enforcement in the applicant State.
- Service of documents (Chapter III, Section III, Art. 17). At the request of the applicant State, the requested State shall serve upon the addressee documents, including those relating to judicial decisions, which emanate from the applicant State and which relate to a tax covered by the Convention.

Article 30 of the Convention enables a State to make reservations concerning the type of assistance to be provided, so that it may limit its participation in the provision of mutual assistance, including in the VAT area.

Annex 2.A Table 2.A.13 shows that all OECD countries have signed the Convention and that it has entered into force in all of these countries. Three OECD countries (Israel, Luxembourg and Switzerland) have expressed a general reservation on VAT and do not provide any kind of assistance on VAT under the Convention. A limited number of other OECD countries have made reservations on specific components of administrative co-operation in VAT matters, i.e. on the assistance in the recovery of VAT claims (Austria, Canada, Chile, Colombia Costa Rica, Germany and the United States) and on the provision of assistance in the service of documents (Chile, Colombia Costa Rica, and the United States).

### *Article 26 and Article 27 of the OECD Model Tax Convention on Income and on Capital (MTC)*

Article 26 of the OECD Model Tax Convention on Income and on Capital (MTC) (OECD, 2008[44]) provides for exchange of information. Article 27 of the MTC provides for assistance in the collection of taxes. Although the “persons covered” by the MTC generally are limited to “residents” (Article 1) and the “taxes covered” generally are limited to “taxes on income and on capital” (Article 2), Article 26 and Article 27 both provide that their scope “is not restricted by Articles 1 and 2.” Accordingly, obligations imposed by these articles relating to exchange of information and assistance may apply to persons other than residents and to taxes other than those on income and capital, such as VAT. However, prior to initiating an exchange of information for VAT on the grounds of a bilateral convention, the content of the bilateral tax convention must be analysed to ensure that VAT or consumption taxes in general are not excluded from clauses on administrative co-operation.

This extension of the scope of Articles 26 and 27 to taxes not covered by the Convention was adopted in 2000 and modern double taxation treaties generally provide a basis for requesting information and other types of administrative co-operation in VAT. Prior to sending an assistance request based on a bilateral treaty, jurisdictions are advised to check whether VAT is covered by the treaty.

### *The OECD's Model Agreement on Exchange of Information on Tax Matters*

The OECD's Model Agreement on Exchange of Information on Tax Matters, commonly referred to as a Tax Information Exchange Agreement (TIEA) was released in 2002, complemented with the 2015 Model of Protocol for the purpose of allowing the automatic and spontaneous exchange of information under a TIEA. These model agreements are not by themselves legally binding instruments but contain both a multilateral version and a bilateral version of model agreements to be used by jurisdictions to design specific legal instruments that are legally binding for the signatories.

The TIEA obligates Contracting Parties to "provide upon request information" that is "foreseeably relevant to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered" by the Agreement (Articles 1 and 5). While it is presumed that the TIEA (multilateral version) will apply to direct taxes (Article 3 (1) (a) and (b)), the Contracting Parties may agree to extend the Agreement to cover indirect taxes (Article 3(2) - multilateral version). The bilateral version leaves open for designation by Contracting Parties the "taxes which are the subject of this Agreement" (Article 3 (1)). Prior to sending an assistance request based on a TIEA, jurisdictions are advised to check whether VAT is covered.

### *The European Union has adopted a range of tools for the exchange of information and other types of administrative cooperation in VAT matters*

The European Union has adopted a Regulation on mutual administrative assistance specifically addressed to VAT: Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative co-operation and combating fraud in the field of value added tax (hereafter the Regulation). This Regulation was amended by Regulation (EU) 2020/283 of 18 February 2020 giving Member States the tools to collect, store and transmit the information provided by payment service providers and giving Eurofisc liaison officials access to that information (this regulation entered into force on 1 January 2024). These Regulations are complemented with the Implementing Regulation (EU) No 79/2012 of 31 January 2012 providing detailed rules for implementing certain provisions of the Regulation. The Regulation is a legal act of the EU that is "binding in its entirety and directly applicable in all member states". It only applies to the administrative co-operation between Member States of the European Union. Specific agreements in this field have been concluded with Norway and the United Kingdom and with Switzerland (see below).

The Regulation establishes the rules and procedures for co-operation and exchange of information that may be helpful in effecting a correct assessment of VAT, monitoring the correct application of VAT, combating VAT fraud, and protecting VAT revenue. In particular, it lays down rules and procedures for Member States to collect and exchange information by electronic means. It also establishes the information that Member States must collect, store in their databases and make electronically available to other Member States (e.g. data on the identity, activity, and legal form of persons to whom the Member State has issued a VAT identification number).

As of 2015, the Regulation specifically provides for the automatic or spontaneous exchange of information "in order to enable Member States of consumption to ascertain whether taxable persons not established in their territory declare and correctly pay VAT due with regard to […] electronically supplied services" regardless of whether the taxable persons employ the EU's simplified registration scheme for such supplies (Article 14 (2)).

The Regulation also prescribes specific requirements for the storage and exchange of information collected by the Member State where EU and non-EU suppliers are registered under the One Stop Shop (OSS) for supplies of goods and services to final consumers in the EU. This information includes information collected upon registration, returns, and amounts due or paid in the Member State of consumption. (Articles 43 et seq.).

The Regulation also establishes several mutual assistance instruments (among them Eurofisc – see below) and procedures to enable the competent authorities of Member States to cooperate and to exchange with each other relevant information.

The Eurofisc network (Article 33 of the Regulation), comprising liaison officials from the 27 Member States and Norway, is a specific co-operation tool created to promote and facilitate multilateral co-operation in the fight against VAT fraud. The functioning of Eurofisc is based on the swift exchange, processing and analysis of targeted information on cross-border fraud between VAT fraud experts from Member States. Based on the information shared within the Eurofisc network, and after analysis of the available data, Eurofisc liaison officials can take appropriate action at national level, such as proceeding with requests for information, audits or deregistration of VAT numbers. Eurofisc is mandated to work on the joint processing and analysis of data; coordination of follow-up actions; access to customs data on VAT exempt importations; the possibility to exchange information directly with Europol (the EU Agency supporting Member States in preventing and combating all forms of serious international and organised crime) and OLAF (European anti-fraud office). In 2019, Eurofisc started to use an electronic system, the Transaction Network Analysis (TNA) tool, to rapidly exchange and jointly process VAT data. TNA enables Eurofisc to detect suspicious networks earlier and more efficiently.

From 1 January 2024, the EU Council Directive 2020/284 and Council Regulations 2020/283 and 2022/1504 entered into force requesting payment service providers to transmit information on cross-border payments originating from Member States and on the beneficiaries ("the payees") of these cross-border payments. Payment service providers offering payment services in the EU are required to monitor the payees of cross-border payments and transmit information on the payees who receive more than 25 cross-border payments per quarter. This information must be reported to the tax administrations of the relevant Member States. It is subsequently centralised in a European database, the Central Electronic System of Payment information (CESOP) where it is stored, aggregated, and cross-checked with other European databases. All information in CESOP is made available to anti-fraud experts of Member States via the Eurofisc network. The transmission of data started on 1 January 2024.

Cross-border cooperation between Member States' tax administrations will be further strengthened by the EU Advanced International Administrative Cooperation (EU AIAC) community. The EU AIAC community, set up in 2022, is a single platform that brings together officials of all EU tax administrations to support and coordinate the administrative cooperation tools available in all areas of taxation (income taxes, VAT, excise, and tax debt enforcement). The community builds on the expertise of the previous Multilateral Control (MLC) platform. It has already provided numerous trainings and has published communication and guidance material to increase the number of cross-border audits and other forms of administrative cooperation (European Commission, 2024[2]).

The European Union has specific administrative co-operation agreements in tax matters with relevance for VAT with three countries: Norway, the United Kingdom and Switzerland. The EU-Norway Agreement on administrative co-operation, fight against fraud and assistance on recovery of claims in the field of VAT entered into force on 1 September 2018. According to this agreement, Norway participates in the administrative co-operation activities under the Council Regulation No 904/2010, Eurofisc and Council Directive 2010/24/EU on mutual assistance for the recovery of claims, with the exclusion of the provision of mutual access to electronic databases and systems. Following the withdrawal of the United Kingdom from the EU on 31 January 2020, the UK and EU entered into a number of agreements (Withdrawal Agreement, Northern Ireland Protocol and Trade and Cooperation Agreement) that notably provide for the administrative co-operation in the field of VAT as well as for mutual assistance for the recovery of claims relating to taxes and duties. These agreements lay down rules and procedures to ensure the effective exchange of information in tax matters between the EU and the UK, including on request and spontaneously and different forms of administrative enquiries, in line with what is currently available between EU Member States.

The European Union and Switzerland concluded an agreement in 2009 (EC Decision 2009/127) to counter fraud and all other illegal activities affecting the financial interests of the parties to the agreement. This agreement notably contains provisions relating to the administrative assistance in the field of indirect taxes (VAT and excise duties) and to customs offences.

## 2.9. Measuring performance of VAT: the VAT Revenue Ratio

VAT performance can be measured through different methods, depending on the dimension of the performance to be measured (Eric Hutton, 2017[45]). In particular, it can be estimated globally by the ratio between net VAT revenues and the revenues that would be obtained by applying VAT at the standard rate to total final consumption: this is the 'C-efficiency ratio' (Ebrill et al., 2001[46]). In theory, this ratio would be 100% if all final consumption were taxed at the standard VAT rate and if the tax authorities collected all the tax due.

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

### *2.9.1. What does the VRR measure?*

The aim of the VRR is to provide a measure of the extent to which a VAT regime collects the VAT on the natural base of the tax, i.e. on final consumption expenditure. To achieve this, the VRR estimates the difference, if any, between the VAT revenue actually collected under a country's VAT regime and what would theoretically be raised if VAT was uniformly applied at the standard rate to the entire potential tax base and all revenue was collected:

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

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

The 'standard' rate refers to the default VAT rate applicable to the tax base, unless otherwise specified by legislation. Legislation can (and in many countries does) provide that lower (or higher) rates are applicable to a defined list of products. Reduced VAT rates are widely used in OECD countries while none of them apply higher VAT rates (see Annex 2.A Table 2.A.1).

In the VRR calculation formula as presented above, the basis for the potential tax base (B) is the Final Consumption Expenditure under Item P3 in the national accounts (System of National Accounts; SNA). However, as the amount under P3 SNA expresses consumption expenditures at market prices including VAT, this VAT element must be deducted from that amount for the VRR calculation. The theoretical basis for taxation should not include the tax itself. As a result, the VRR estimates presented in Annex 2.A Table 2.A.7 have been calculated as follows:

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

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

### 2.9.2. The challenge of assessing the tax base

The main methodological difficulty in estimating the VRR lies in establishing the potential tax base in a manner that is comparable across OECD countries, as there does not exist a standard assessment of the potential VAT base for all these countries. The potential VAT base in principle includes all supplies of goods, services and intangibles made for consideration (or deemed to be made for consideration) by businesses or by any other entity acting as a business (e.g. individuals, government entities providing supplies for direct consideration, etc.) to final consumers. In principle, the tax base ultimately corresponds to the amount of final expenditure made by households to obtain goods, services and intangibles. In practice, however, many VAT systems impose VAT burden not only on final household consumption, but also on various entities that are involved in VAT exempt (see Annex 2.A Table 2.A.3) or non-business (such as public authorities) activities. In such situations, VAT can be viewed as treating such entities as if they were end consumers, or as "input taxed" entities on the presumption that the burden of the VAT imposed will be passed on in the prices of the outputs of those non-business activities. The tax ultimately collected by the government in these situations is the tax on these inputs.

In the absence of a uniform assessment of the potential VAT base for all OECD member countries, final consumption expenditure as measured by national accounts is considered the closest approximation. Final consumption expenditure in national accounts in OECD countries is measured according to the UN System of National Accounts (SNA).

### 2.9.3. The average VRR for OECD countries has slightly increased

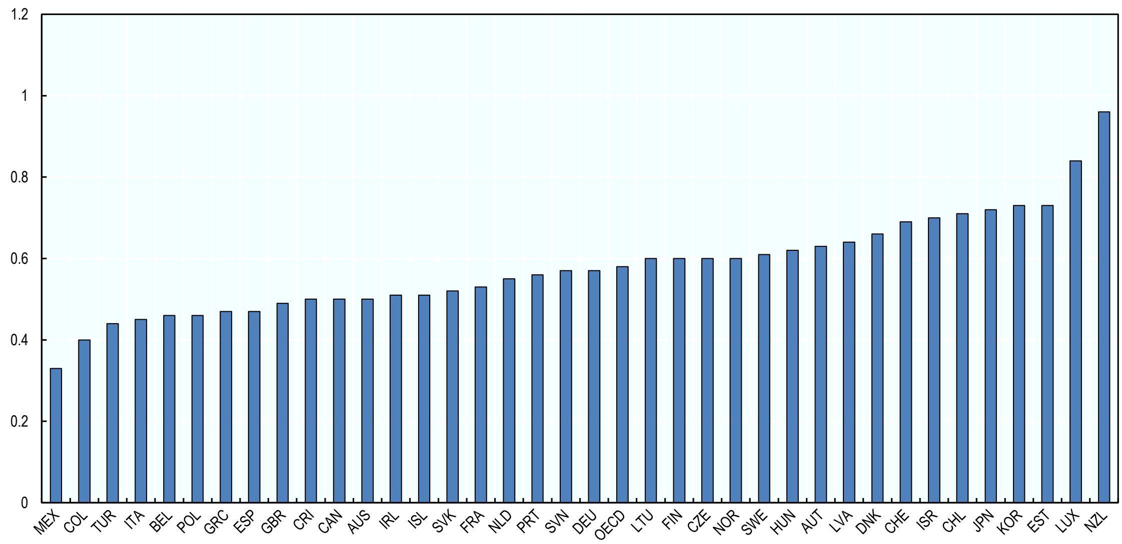
Across the OECD, the unweighted average VRR in 2021 and 2022 was 0.58, up from 0.55 in 2019 and 2020 i.e. an increase of 0.03 (see Annex 2.A Table 2.A.7). The stability of the unweighted average VRR during the COVID-19 pandemic contrasts with the significant decline of that average during the Global Financial Crisis (GFC) from 0.59 in 2007 to 0.53 in 2009. This average value has remained stable at around 0.55 since 2010, before the increase observed in 2021 and 2022. The unweighted average VRR of 0.58 in 2022 suggests that, on average, an estimated 42% of the theoretical potential VAT revenue is not collected.

The VRR estimates vary considerably across OECD countries. In 2022 the estimates ranged from 0.33 in Mexico and 0.40 in Colombia to 0.84 in Luxembourg and 0.96 in New Zealand. An additional four OECD countries have an estimated VRR above 0.70, i.e. Chile (0.71), Estonia (0.73), Japan (0.72) and Korea (0.73). All the other countries (31 out of 37) have a VRR below 0.71 and 9 of these countries have a ratio below 0.50 (Belgium, Colombia, Greece, Italy, Mexico, Poland, Spain, Türkiye, and United Kingdom). This suggests that a considerable part of the theoretical potential VAT revenue remains uncollected in many OECD countries.

Increases in VRR were observed between 2020 and 2022 in 30 OECD countries, in particular Chile and Korea (0.8 points), Ireland, Italy and Portugal (0.7 points), and Greece (0.9 points) while it remained unchanged in Norway. On the other hand, compared to 2020, the VRR has fallen in only 5 countries in 2022. New Zealand (- 0.6 points) and Poland (- 0.5 points) have seen the biggest falls. Smaller declines (- 0.1 points) were observed in Australia, Mexico and the Netherlands.

The VRR levels notably reflect the fact that preferential treatments, such as reduced rates and exemptions, continue to be widely used in OECD countries (see Annex 2.A Tables 2.A.2 and 2.A.3). No direct correlation is observed between the level of the standard VAT rate and the VRR. Countries with very different VAT rates may have comparable VRRs. Estonia and Korea, for example, have very different standard VAT rates (20% and 10% respectively) and the same VRR estimate (0.73). Although a majority of OECD countries (22 out of 37) have a VRR between 0.50 and 0.70, they have standard VAT rates that vary widely from 5% (Canada) to 25% (Denmark, Norway, and Sweden) and 27% (Hungary). These last four countries combined relatively high standard VAT rates (25% and 27%) with a VRR above the OECD average, at respectively 0.66, 0.60, 0.61 and 0.62; while Mexico and Türkiye combined lower standard VAT rates (respectively 16% and 18%) with a VRR estimate considerably below the OECD average (respectively 0.33 and 0.44).

## Figure 2.4. VAT Revenue Ratio 2022




Source: OECD

StatLink https://stat.link/c49hi7

The respective weight of the different factors that affect the VRR may vary widely across countries depending on the circumstances. The two countries that have the highest VRR are New Zealand and Luxembourg, with an estimated VRR of 0.96 and 0.84 respectively, which is far above the unweighted OECD average of 0.58 and significantly above any other OECD countries. The reasons behind these high ratios are, however, very different.

The VRR for Luxembourg increased consistently between 2000 (0.66) and 2014 (1.15). This increase was correlated with deep changes in the EU market, in particular the liberalisation of financial services and the boom of e-commerce. It is reasonable to assume that these market factors and the specific VAT treatment of these markets have had a strong upward effect on Luxembourg's VRR. It may be assumed that Luxembourg's position as an international financial centre has resulted in additional VAT revenue for the country. The supply of financial services is generally exempt without the right to deduct the input tax in the European Union, including when supplied to customers in other Member States. Non-deductible VAT incurred by financial service providers in Luxembourg increases Luxembourg's VAT revenues while a large share of the corresponding final consumption occurs in other EU Member States. Luxembourg had also become an international centre for e-commerce, notably as a consequence of the VAT treatment of this activity under EU VAT legislation before 2015, according to which B2C supplies were taxed in the Member State where the supplier was established. The low standard VAT rate in Luxembourg (15 % until 2014), acted as an incentive to e-commerce suppliers to establish in Luxembourg, generating additional and continuously increasing revenue for the country as digital trade continued to grow. This changed as of 1 January 2015 when intra-EU e-commerce sales to final consumers were no longer subject to VAT in the Member State where the supplier is established, but rather in the Member State of these consumers' residence. The loss of VAT revenues for Luxemburg from this change is reflected in the VRR estimates for Luxembourg, showing a decline of 0.41 points from 1.15 in 2014 to 0.74 in 2015.

The factors underlying the constant very high VRR since the implementation of the VAT (GST) in New Zealand are very different from those in Luxembourg. First, unlike Luxembourg, New Zealand operates a very broad GST tax base with limited exemptions (see Annex 2.A Table 2.A.3) at a single 15% rate with very limited application of a zero rate (see Annex 2.A Table 2.A.2). Second, New Zealand treats public services as GST taxable (see Chapter 1). Although this does not generate actual additional revenue (the GST charged by public bodies to the government is compensated through budgetary transfers and the GST collected on local government activities is included in local taxes), this increases the recorded GST revenues, which has an upward effect on the VRR. On the other hand, the potential GST base determined on the basis of national accounts data (see section above) does not include the value added by the government. The combination of these factors may explain why the VRR for New Zealand is so high (0.96 in 2022) and even sometimes above 1 (1.02 in 2020).

At the opposite end, Mexico and Colombia have the lowest VRR in 2022 (0.33 and 0.40 respectively) amongst OECD countries. This is likely to be due to a combination of factors such as the scope of VAT exemptions, the application of a domestic zero rate and relatively low compliance levels.

### *2.9.4. A number of factors influence the VRR*

In theory, the closer a country's VAT system is to a "pure" VAT as a broad-based tax on all final household consumption, the closer its VRR is to 1. A VRR close to 1 can be taken as an indicator of a VAT bearing uniformly on a broad base with effective tax collection. A lower value reflects such factors as the effects of reduced rates, exemptions or a failure to collect all tax due. A VRR above 1 is possible in theory, for instance under a broad-based VAT regime with a single standard rate that exempts certain activities without a right to input-VAT deduction (e.g. financial services), where the impact of the non-deductible input tax generates VAT revenue that exceeds the revenue foregone from exempting these activities (e.g. due to cascading or to "input-taxation" of exports). In practice, the VRR rarely equals 1 and a number of complex factors, alone or in combination, may influence the results positively or negatively. These include the application of lower VAT rates, the level of the registration and/or collection threshold, the VAT exemptions (without right of deduction), the VAT treatment of public sector activities (also generally exempt), the implementation of an effective regime for the collection of VAT on cross-border digital supplies, the capacity tax authorities to manage the VAT system efficiently and the degree of compliance by taxpayers, the operation of VAT credit refund process, and the possible differences in the measurement of final consumption expenditure in national accounts. For further technical discussion on the factors influencing the calculation of the VRR see (OECD, 2016[47]) and (OECD, 2022[48])

### *2.9.5. Policy and compliance factors influencing the VRR*

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

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

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

The VRR is a combination of the result of policy decisions and the "compliance gap". Analysis to further break down the composition of the VRR can be carried out. One method to decompose the VRR into its policy and compliance components is to first use tax expenditure data from VAT preferential regimes (i.e.

the revenue cost of a system's departure from the application of the standard VAT rate to the entire theoretical tax base) to estimate the "policy gap". The remaining difference between 1 and a given country's VRR, after deducting the estimated "policy gap", then provides an estimate of the "compliance gap". However, given the number of other factors that may influence the VRR, such figures should be used with caution.

Another method is to estimate the "compliance gap" (or "VAT gap"), i.e. the difference between the VAT collected and the tax that should be collected if all consumers and businesses fully complied with a given jurisdiction's VAT rules. This method is employed for the annual VAT Gap estimates in the European Union where the VAT Gap is defined as the difference between the amount of VAT actually collected and the theoretical tax liability according to tax law (VAT Total Tax Liability; VTTL) (Poniatowski, 2023[32]). This VAT Gap is estimated using a "top-down" approach that applies a jurisdiction's respective VAT rates to the relevant components of consumption (including final consumption of households; final consumption of government and non-profit institutions; intermediate consumption for partially exempt businesses; expenditure on housing; country-specific adjustments, etc.). Australia uses a similar method (ATO, 2023[28]). The International Monetary Fund RA-GAP framework (Eric Hutton, 2017[45]) uses national accounts data to calculate the potential VAT base per economic sector. It calculates the potential VAT revenues for a given VAT system by applying its current tax schedule (exemptions, zero-rates, reduced rates) to that VAT base. Potential VAT revenues under the reference policy are calculated by applying the current standard VAT rate to the base. The VAT gap is calculated by comparing actual VAT revenue with potential revenues under the current policy and under the reference policy.

## References


ATO (2023), *GST gap - Latest estimate and trends*, Australian Taxation Office. [28]

Australian Taxation Office (2021), *GST administration annual performance report 2020–21*, ATO, Canberra. [71]

Australian Taxation Office (2020), *Goods and Services Tax Gap 2020 Report*, Australian Taxation Office. [54]

Bartosz Gryziak (2020), "Split Payment across the European Union – Review and Analysis", *International VAT Monitor*, Vol. 31/1. [34]

Bird, R. and P. Gendron (2007), *The VAT in Developing and Transitional Countries*, Cambridge University Press, Cambridge, https://doi.org/10.1017/cbo9780511619366. [49]

Boone, L. and A. Elgouacem (2021), *At the cross-roads of a low-carbon transition: what can we learn from the current energy crisis?*, https://oecdecoscope.blog/2021/10/22/at-the-cross-roads-of-a-low-carbon-transition-what-can-we-learn-from-the-current-energy-crisis/. [8]

C. Evans; R. Highfield; B. Tran-Nam; M. Walpole (2020), "Diagnosing the VAT Compliance Burden: A Cross-Country Assessment", *International VAT Monitor*, Vol. 31/2. [5]

Canada Revenue Agency (2022), *Overall federal tax gap report: Estimates and key findings for non-compliance, tax years 2014-2018*, CRA. [72]

CASE – Center for Social and Economic Research (2020), *Study and Reports on the VAT Gap in the EU-28 Member States 2020 Final report*, European Commission, Brussels. [53]

CASE - WIFO (2023), *VAT Gap in the EU*. [30]

CEPAL (2020), *Panorama Fiscal de América Latina y el Caribe*, United Nations, https://repositorio.cepal.org/bitstream/handle/11362/45730/5/S2000154_es.pdf (accessed on 6 November 2020). [29]

Cevik, C. (2023), *Dining and Wining During the Pandemic?: A Quasi-Experiment on Tax Cuts and Consumer Spending in Lithuania*, International Monetary Fund, Washington. [6]

Christiaan van der Valk (2023), *VAT Trends 2023*, SOVOS. [76]

CIAT/IOTA/OECD (2021), *"Tax administration responses to COVID-19: Measures taken to support taxpayers"*, CIAI/IOTA/OECD. [66]

Court Auditors, E. (2015), *Tackling intra-Community VAT fraud: More action needed*, https://doi.org/10.2865/623638. [62]

CRA (2016), *Estimating and Analyzing the Tax Gap related to GST/HST in Canada*, https://www.canada.ca/content/dam/cra-arc/migration/cra-arc/formspubs/pbs/GST-report-eng.pdf. [58]

de la Feria, R. (n.d.), "EU VAT rate structure: towards unilateral convergence?", in *La réorientation européenne de la TVA à la suite du renoncement au régime définitif*, Presses de l'Université Toulouse 1 Capitole, https://doi.org/10.4000/books.putc.1430. [50]

Deloitte (2017), *Analysis of the impact of the split payment mechanism as an alternative VAT collection method*, European Commission, Brussels. [33]

Ebrill, L. et al. (2001), *The Modern VAT*, http://www.imf.org. [46]

Eric Hutton (2017), *The Revenue Administration—Gap Analysis Program: Model and Methodology for Value-Added Tax Gap Estimation*, IMF. [45]

EU SOCTA (2021), *The infiltration and undermining of Europe's economy and society by organised crime*, SOCTA. [73]

European Commission (2024), *Annual Report on Taxation 2024*, European Commission, Luxembourg. [2]

European Commission (2022), *VIDA Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC as regards VAT rules for the digital age*, European Commission, Brussels. [39]

European Commission (2020), *ACTION PLAN FOR FAIR AND SIMPLE TAXATION SUPPORTING THE RECOVERY STRATEGY*, European Commission, Brussels. [11]

European Commission (2017), *Modernising VAT for cross-border B2C e-commerce Proposal for a Council Directive*, http://www.consilium.europa.eu/en/press/press-releases/2016/05/25-conclusions-vat-action-plan/. [26]

European Commission (2013), *Results of the public consultation on the TOP10 most burdensome legislative acts for SMEs*. [13]

European Commission (2011), *European Commission (2011) Green paper on the future of VAT COM(2010)695 final*. [51]

European Court of Auditors (2021), *Exchanging tax information in the EU: solid foundation, cracks in the implementation*, European Court of Auditors, Luxembourg. [42]

Europex – Association of European Energy Exchanges (2018), *Europex Common energy sector statement on VAT fraud*, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013L0043. [55]

EUROPOL (2020), *Enterprising criminals*, EUROPOL. [59]

Evans, C. et al. (2018), "The Development and Testing of a Diagnostic Tool for Assessing VAT Compliance Costs Draft Report of Pilot Study Findings [ATAX version]", https://www.business.unsw.edu.au/About-Site/Schools-Site/Taxation-Business-Law-Site/Documents/ime-Highfield,-Walpole-Evans-VAT-Diagnostic-Tool-paper.pdf. [14]

Expert Group (2022), *A Next Generation Model for Electronic Tax Reporting and Invoicing, Version 2.0*, https://www.pagero.com/guides/electronic-tax-reporting-invoicing-model. [77]

HMRC (2024), *Measuring tax gaps - VAT*, HMRC. [27]

HMRC (2022), *Second estimate of the VAT gap (tax year 2020 to 2021)*, HMRC, London. [70]

HMRC (2020), *Preliminary estimate of the VAT gap for 2018-19*, HM Revenue and Customs, London. [57]

ICC (2020), *Practice principles for implementation of continuous transaction controls (CTCs)*, International Chamber of Commerce, https://iccwbo.org/wp-content/uploads/sites/3/2020/06/icc--ctc-practiceprinciples-2020.pdf. [79]

IEA (2021), *What is behind soaring energy prices and what happens next?*, https://www.iea.org/commentaries/what-is-behind-soaring-energy-prices-and-what-happens-next. [7]

Institute for Advanced Studies (2015), *Study and Reports on the VAT Gap in the EU-28 Member States: 2018 Final Report*, https://ec.europa.eu/taxation_customs/sites/taxation/files/2018_vat_gap_report_en.pdf. [52]

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

Kalinina, V. (2023), *AIMING BETTER: GOVERNMENT SUPPORT FOR HOUSEHOLDS AND FIRMS DURING THE ENERGY CRISIS*. [9]

Kira Peter-Hansen, M. (2023), *Role of tax policy in times of crisis*, European Parliament, Brussels. [10]

Li Liu, B. (2019), *VAT Notches, Voluntary Registration, and Bunching: Theory and UK Evidence*, IMF. [16]

Luchetta, G. (2022), *VAT in the digital age*, European Commission, Brussels. [38]

OECD (2023), *Tax Administration 2023: Comparative Information on OECD and other Advanced and Emerging Economies*, OECD Publishing, Paris, https://doi.org/10.1787/900b6382-en. [36]

OECD (2022), *Consumption Tax Trends 2022: VAT/GST and Excise, Core Design Features and Trends*, OECD Publishing, Paris, https://doi.org/10.1787/6525a942-en. [48]

OECD (2022), *Tax Administration 2022: Comparative Information on OECD and other Advanced and Emerging Economies*, OECD Publishing, Paris, https://doi.org/10.1787/1e797131-en. [75]

OECD (2022), *Tax Administration 3.0 and Electronic Invoicing, Initial Findings*, OECD Forum on Tax Administration, OECD, Paris, https://www.oecd.org/finance/tax-administration-3-0-and-electronic-invoicing-2ffc88ed-en.htm. [78]

OECD (2022), *Tax Policy Reforms 2022: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://doi.org/10.1787/067c593d-en. [74]

OECD (2022), *VAT Digital Toolkit for Asia-Pacific*, OECD, Paris. [21]

OECD (2021), *VAT Digital Toolkit for Latin America and the Caribbean*. [22]

OECD (2020), *Consumption Tax Trends 2020: VAT/GST and Excise Rates, Trends and Policy Issues*, OECD Publishing, Paris, https://doi.org/10.1787/152def2d-en. [31]

OECD (2020), *Revenue Statistics 2020*, OECD Publishing, Paris, https://doi.org/10.1787/8625f8e5-en. [81]

OECD (2020), *Tax and fiscal policy in response to the Coronavirus crisis: Strengthening confidence and resilience*, http://www.oecd.org/coronavirus/policy-responses/tax-and-fiscal-policy-in-response-to-the-coronavirus-crisis-strengthening-confidence-and-resilience-60f640a8/ (accessed on 24 June 2020). [63]

OECD (2020), *Tax and Fiscal Policy in Response to the Coronavirus Crisis: Strengthening Confidence and Resilience*, OECD. [64]

OECD (2020), *Tax Policy Reforms 2020: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://doi.org/10.1787/7af51916-en. [80]

OECD (2019), *The Role of Digital Platforms in the Collection of VAT/GST on Online Sales*, OECD Publishing, Paris, https://doi.org/10.1787/e0e2dd2d-en. [20]

OECD (2018), *Consumption Tax Trends 2018: VAT/GST and Excise Rates, Trends and Policy Issues*, OECD Publishing, Paris, https://doi.org/10.1787/ctt-2018-en. [24]

OECD (2018), *Tax Challenges Arising from Digitalisation – Interim Report 2018: Inclusive Framework on BEPS*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264293083-en. [67]

OECD (2018), *Tax Policy Reforms 2018: OECD and Selected Partner Economies*, OECD Publishing, Paris, https://doi.org/10.1787/9789264304468-en. [85]

OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris, https://doi.org/10.1787/9789264271401-en. [17]

OECD (2017), *International VAT/GST Guidelines*, OECD Publishing, Paris, https://doi.org/10.1787/9789264271401-en. [84]

OECD (2017), *Mechanisms for the Effective Collection of VAT/GST where the supplier is not located in the jurisdiction of taxation*, OECD, Paris, http://www.oecd.org/tax/consumption/mechanisms-for-the-effective-collection-of-vat-gst.htm. [19]

OECD (2017), *The Changing Tax Compliance Environment and the Role of Audit*, OECD Publishing, Paris, https://doi.org/10.1787/9789264282186-en. [35]

OECD (2016), *Consumption Tax Trends 2016: VAT/GST and excise rates, trends and policy issues*, OECD Publishing, Paris, https://doi.org/10.1787/ctt-2016-en. [47]

OECD (2016), *Recommendation of the Council on the Application of Value Added Tax/Goods and Services Tax to the International Trade in Services and Intangibles*, OECD. [18]

OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264241046-en. [25]

OECD (2015), *Addressing the Tax Challenges of the Digital Economy, Action 1 - 2015 Final Report*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, https://doi.org/10.1787/9789264241046-en. [41]

OECD (2015), *Tax Administration 2015: Comparative Information on OECD and Other Advanced and Emerging Economies*, OECD Publishing, Paris, https://doi.org/10.1787/tax_admin-2015-en. [37]

OECD (2015), *Taxation of SMEs in OECD and G20 Countries*, OECD Tax Policy Studies, No. 23, OECD Publishing, Paris, https://doi.org/10.1787/9789264243507-en. [15]

OECD (2013), *Electronic Sales Suppression: A threat to tax revenues - OECD*, http://www.oecd.org/ctp/crime/electronic-sales-suppression-a-threat-to-tax-revenues.htm. [56]

OECD (2012), *Keeping It Safe*, OECD. [61]

OECD (2010), *Choosing a Broad Base - Low Rate Approach to Taxation*, OECD Tax Policy Studies, No. 19, OECD Publishing, Paris, https://doi.org/10.1787/9789264091320-en. [82]

OECD (ed.) (2008), *Model Tax Convention on Income and on Capital*, OECD, Paris. [44]

OECD (2005), "Guidance on Tax Compliance for Business and Accounting Software", https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/hnwi/34910263.pdf. [60]

OECD - COE (ed.) (2008), *The Convention on Mutual Administrative Assistance in Tax Matters*, OECD, Paris. [43]

OECD Forum on Tax Administration (2005), *OECD Guidance Note on tax compliance for business and accounting software*. [40]

OECD/Council of Europe (2011), *The Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol*, OECD Publishing, Paris, https://doi.org/10.1787/9789264115606-en. [83]

OECD/G20 (2020), *Taxing Virtual Currencies: An Overview Of Tax Treatments And Emerging Tax Policy Issues*. [12]

OECD/KIPF (2014), *The Distributional Effects of Consumption Taxes in OECD Countries*, OECD Tax Policy Studies, No. 22, OECD Publishing, Paris, https://doi.org/10.1787/9789264224520-en. [3]

OECD/WBG/ATAF (2023), *VAT Digital Toolkit for Africa*, OECD/WBG/ATAF, Paris. [23]

Poniatowski, G. (2023), *VAT gap in the EU*, European Commission, Directorate-General for Taxation and Customs Union. [32]

Poniatowski, G. (2021), *VAT gap in the EU : report 2021*, European Commission, Directorate-General for Taxation and Customs Union. [69]

Thomas, A. (2020), "Reassessing the regressivity of the VAT", *OECD Taxation Working Papers*, No. 49, OECD Publishing, Paris, https://doi.org/10.1787/b76ced82-en. [4]

UNCTAD (2021), *Estimates of Global E-commerce 2019 and Preliminary Assessment of COVID19 Impact on Online Retail 2020*, UNCTAD. [68]

Victoria J Perry ; Katherine Baer ; Emil M Sunley (1996), *A Destination VAT for CIS Trade*. [65]

# Annex 2.A. Data on VAT rates and structures

## Annex Table 2.A.1. VAT rates

| Country | VAT | Standard VAT rates[1] | | | | | | | | | | Reduced VAT rates[2] | Regional VAT rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Implemented | 2005 | 2008 | 2011 | 2014 | 2017 | 2020 | 2021 | 2022 | 2023 | 2024 | 2024 | 2024 |
| Australia | 2000 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 0.0 | - |
| Austria* | 1973 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | *(0.0)*/10.0/13.0 | 19.0 |
| Belgium | 1971 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 0.0/6.0/12.0 | - |
| Canada* | 1991 | 7.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 0.0 | 13.0/15.0 |
| Chile | 1975 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | - | - |
| Colombia* | 1983 | 16.0 | 16.0 | 16.0 | 16.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0 | 0.0/5.0 | 0.0 |
| Costa Rica | 2019 | | | | | | 13.0 | 13.0 | 13.0 | 13.0 | 13.0 | 0.0/1.0/2.0/4.0 | - |
| Czechia | 1993 | 19.0 | 19.0 | 20.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 0.0/12.0 | - |
| Denmark | 1967 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 0.0 | - |
| Estonia | 1992 | 18.0 | 18.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 22.0 | 0.0/9.0 | - |
| Finland | 1994 | 22.0 | 22.0 | 23.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 0.0/10.0/14.0 | - |
| France* | 1968 | 19.6 | 19.6 | 19.6 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 2.1/5.5/10.0 | 0.9/2.1/10.0/13.0 & 1.05/1.75/2.1/8.5 |
| Germany | 1968 | 16.0 | 19.0 | 19.0 | 19.0 | 19.0 | 19.0<br>*(16.0)* | 19.0 | 19.0 | 19.0 | 19.0 | 0.0/7.0 | - |
| Greece* | 1987 | 18.0 | 19.0 | 23.0 | 23.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 0.0/4.0/6.0/13.0 | 3.0/4.0/ 9.0/17.0 |
| Hungary | 1988 | 25.0 | 20.0 | 25.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 27.0 | 0.0/5.0/18.0 | - |
| Iceland | 1990 | 24.5 | 24.5 | 25.5 | 25.5 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 0.0/11.0 | - |
| Ireland | 1972 | 21.0 | 21.0 | 21.0 | 23.0 | 23.0 | 23.0<br>*(21.0)* | 23.0<br>*(21.0)* | 23.0 | 23.0 | 23.0 | 0.0/4.8/9.0/13.5 | - |
| Israel* | 1976 | 17.0 | 15.5 | 16.0 | 18.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 | 0.0 | 0.0 |
| Italy | 1973 | 20.0 | 20.0 | 20.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 4.0/5.0/10.0 | - |
| Japan | 1989 | 5.0 | 5.0 | 5.0 | 5.0 | 8.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 8.0 | - |
| Korea | 1977 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 | 0.0 | - |
| Latvia | 1995 | 18.0 | 18.0 | 22.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 5.0/12.0 | - |
| Lithuania | 1994 | 18.0 | 18.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 5.0/9.0 | - |
| Luxembourg* | 1970 | 15.0 | 15.0 | 15.0 | 15.0 | 17.0 | 17.0 | 17.0 | 17.0 | 16.0 | 17.0 | 3.0/8.0/14.0 | - |

| Country | VAT | Standard VAT rates[1] | | | | | | | | | | Reduced VAT rates[2] | Regional VAT rates |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Implemented | 2005 | 2008 | 2011 | 2014 | 2017 | 2020 | 2021 | 2022 | 2023 | 2024 | 2024 | 2024 |
| Mexico* | 1980 | 15.0 | 15.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 16.0 | 0.0 | 8.0 |
| Netherlands | 1969 | 19.0 | 19.0 | 19.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 0.0/9.0 | - |
| New Zealand | 1986 | 12.5 | 12.5 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 15.0 | 0.0 | - |
| Norway | 1970 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 0.0/12.0/15.0 | - |
| Poland* | 1993 | 22.0 | 22.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | *(0.0)*/5.0/8.0 | - |
| Portugal* | 1986 | 19.0 | 21.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 23.0 | 6.0/13.0 | 4.0/9.0/16.0 & 5.0/12.0/22.0 |
| Slovak Republic | 1993 | 19.0 | 19.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 5.0/10.0 | - |
| Slovenia | 1999 | 20.0 | 20.0 | 20.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 22.0 | 5.0/9.5 | - |
| Spain* | 1986 | 16.0 | 16.0 | 18.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 21.0 | 0.0/4.0/10.0 | 0.0/0.5/1.0/3.0/4.0/5.0/6.0/7.0/8.0/9.0/ 9.5/10.0/15.0/20.0 |
| Sweden | 1969 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 25.0 | 0.0/6.0/12.0 | - |
| Switzerland | 1995 | 7.6 | 7.6 | 8.0 | 8.0 | 8.0 | 7.7 | 7.7 | 7.7 | 7.7 | 8.1 | 0.0/2.6/3.8 | - |
| Türkiye* | 1985 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 18.0 | 20.0 | *(0.0)*/1.0/10.0 | - |
| United Kingdom | 1973 | 17.5 | 17.5 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 20.0 | 0.0/5.0 | - |
| Unweighted average | | 17.8 | 17.7 | 18.6 | 19.1 | 19.3 | 19.2 | 19.2 | 19.2 | 19.1 | 19.3 | | |

* See country note.

1. Yearly data: the standard VAT rates shown in the table are rates applicable on 1 January of each year. VAT rates in italics between brackets indicate a temporary VAT rate reduction during the year, For the purpose of this table, a rate is considered temporary when it si not applied to the entire year.
2. Reduced VAT rates and specific regional VAT rates are those applicable as of 1 January 2024. Reduced VAT rates include zero-rates applicable to domestic supplies (i.e. an exemption with right to deduct input tax). They do not include zero-rated exports or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions. Reduced VAT rates in italics and between brackets indicate temporary reductions of the VAT rates typically to address specific challenges, incl. in the context of the Covid 19 pandemic or to counter rising energy costs (i.e. a specific temporary reduced rate created for the circumstance and only applicable to certain commodities e.g. in the context of the Covid 19 pandemic, to counter rising energy costs or alleviate the consequences of natural disasters). Temporary extensions of the scope of existing reduced VAT rates to certain categories of products is not indicated in this table. Details on the application of reduced rates are included in Country notes to Annex Table 2.A.2.

VAT rate changes or adoption of new VAT rates introduced after 1 January 2024 are mentioned in the Country notes to this table, depending on the availability of information at the time of finalisation of this publication. Historical data on VAT rates is available in the OECD Tax Database

VAT rates changes or adoption of new VAT rates introduced after 1 January 2024 are mentioned in the Country notes to this table.

Source: National delegates

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

**Austria***. A standard rate of 19% applies in Jungholz and Mittelberg. *A specific temporary zero VAT rate applies to the supply and installation of solar panels – See country note to Annex Table 2.A.2.*

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

**Colombia.** The rate of 0% applies, among others, to hygiene products, bicycles, bikes, clothes, medicine, and construction materials destined to final consumers in the departments of Amazonas, Guainía, Guaviare, Vaupés and Vichada. The rate of 5% is applicable to some goods and services such as coffee, corn used in industrial processes, some assets used in the farming industry and some health-related insurance services, and it is not limited to a specific geographical area of the country.

**Finland.** On 1 September 2024, the standard VAT rate increased from 24% to 25.5%. The reduced rates of 10% and 14% remain unchanged.

**France***. Rates of 0.9%; 2.1%; 10.0%; 13.0% and 20.0% apply in Corsica; rates of 1.05%; 1.75%; 2.1% and 8.5% apply to overseas departments (DOM) excluding French Guyana and Mayotte.

**Greece***. Specific regional rates of 3.0%, 4.0%; 9.0% and 17.0% apply in the islands of Leros, Lesbos, Kos, Samos and Chios and the decision to reduce the rates is automatically revoked 3 months from the closure of Reception and Identification Centres and Temporary Reception / Hosting Structures and Closed Controlled Structures for refugees.

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

**Luxembourg***. From 1 January to 31 December 2023 the standard VAT was lowered from 17% to 16 %; the intermediate rate was lowered from 14% to 13 %; and the reduced rate was lowered from 8% to 7 % (the super-reduced rate of 3 % remained unchanged) to combat inflation.

**Mexico**. A reduced VAT rate of 8% applies in the northern border region (Ensenada, Playas de Rosarito, San Quintin, San Felipe, Tijuana, Tecate and Mexicali in the state of Baja California; San Luis Río Colorado, Puerto Peñasco, General Plutarco Elías Calles, Caborca, Altar, Sáric, Nogales, Santa Cruz, Cananea, Naco and Agua Prieta in the state of Sonora; Janos, Ascensión, Juárez, Praxedis G. Guerrero, Guadalupe, Coyame del Sotol, Ojinaga and Manuel Benavides in the state of Chihuahua; Ocampo, Acuña, Zaragoza, Jiménez, Piedras Negras, Nava, Guerrero and Hidalgo in the state of Coahuila de Zaragoza; Anáhuac in the state of Nuevo León; and Nuevo Laredo, Guerrero, Mier, Miguel Alemán, Camargo, Gustavo Díaz Ordaz, Reynosa, Río Bravo, Valle Hermoso and Matamoros in the state of Tamaulipas) from 1 January 2019 until 31 December 2024. Furthermore, it applies in the southern border region (Calakmul and Candelaria in the state of Campeche; Balancán and Tenosique in the state of Tabasco; Ocosingo, Palenque, Marqués de Comillas, Benemérito de las Américas, Amatenango de la Frontera, Frontera Comalapa, La Trinitaria, Maravilla Tenejapa, Las Margaritas, Suchiate, Frontera Hidalgo, Metapa, Tuxtla Chico, Unión Juárez, Cacahoatán, Tapachula, Motozintla and Mazapa de Madero in the state of Chiapas; and Othón P. Blanco in the state of Quintana Roo) from 1 January 2021 until 31 December 2024.

**Poland**. *A temporary reduced VAT rate of 0% applied to basic foodstuff from 1 February 2022 to 31 March 2024 (see country note to Annex Table 2.A.2.)*

**Portugal***. In the Islands of Azores, the standard VAT rate is 16% and the reduced rates are 4% and 9%. In the Islands of Madeira, the standard rate is 22% and reduced rates are 5% and 12%.

**Spain***. Rates of 0.0%, 3.0%; 5.0%,7.0%, 9.50%; 15.0% and 20.0% apply in the Canary Islands. Rates of 0.5%; 1.0%, 2.0%; 3.0; 4.0%; 5.0%; 6.0%; 8.0%; 9.0% and 10% apply in either Ceuta and Melilla.

**Türkiye**. *A temporary rate of 0% applies to supplies of substances to be used in the production of goods to be exported under the inward processing and temporary admission regime until 31 December 2025; to the delivery of goods and provision of services to international organisations operating in Türkiye within the framework of host state agreements or other agreements to which it is a party; to construction works for investments with a minimum fixed investment amount of TRY 500 million within the scope of investment incentive certificates; to delivery of goods and services related to construction works within the scope of the certificate to taxpayers holding investment incentive certificates for the manufacturing industry and tourism until 31 December 2025; to deliveries of new machinery and equipment to be used exclusively in the manufacturing industry to value-added taxpayers carrying industry registration certificate until 31 December 2024; to engineering services provided to taxpayers who manufacture electric motor vehicles in Türkiye as a result of their R&D activities in Türkiye to develop technologies that will eliminate greenhouse gas emissions until 31 December 2023; and to deliveries and services provided to professional organisations that are public institutions for the construction of houses to be donated to disaster victims due to the earthquakes occurred on 6 February 2023.*

***Member States of the European Union** are subject to common VAT rules, including regarding the application of reduced VAT rates.

**Note**: Temporary VAT rate reductions are shown in italics in the country notes above.
Source: National delegates.

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

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| Australia | **0% Food/Water**: most basic food and beverages for human consumption, water. **Health/Disabled**: medical services and many allied health services, health insurance, some medical aids and appliances, goods that have a health benefit such as certain menstrual products and sunscreen, certain disability supplies, cars for use by disabled people subject to a (general) threshold of AUD 76 950. **Education**: some education courses and students' accommodation; some childcare services. **Housing:** supplies of accommodation and meals to residents of retirement villages by certain operators. **Sewage/Drainage**: sewerage and drainage. **Agriculture**: supplies of farm land. **Charitable/Religious**: some religious services; some activities of charitable institutions. **Environment:** eligible emissions units (all international emissions units and Australian carbon credit units issued before 9 February 2015 and certain types of Australian carbon credit units issued after that date under the Carbon Credits Act 2011). **Others:** sales of businesses as going concerns; precious metals (first supply after refinement); grants of freehold and similar interests by governments; certain government services; some telecommunication supplies made under arrangements for global roaming in Australia; international mail. |
| Austria* | **10% Food/Water:** food; water supply. **Health:** pharmaceuticals, feminine hygiene products. **Culture:** books; newspapers and periodicals; e-books and e-publications; pay television. **Tourism/Restaurants**: hotel accommodation, camping, restaurants (except beverages). **Housing**: letting of immovable property for residential use. **Transport:** passenger transport (except domestic flights). **Sewage/Waste:** collection of domestic waste and street cleaning; sewage. **Agriculture:** some agricultural supplies. **Others:** repair services of bicycles, shoes and leather goods, clothing, and household linen.<br><br>**13%**: **Education/Culture:** some supplies of artists (e.g. writers and composers); admission to cultural, sporting events and cinemas. **Transport:** domestic flights. **Agriculture:** supply of wine by producing farmers; some agricultural supplies and forestry. |
| Belgium | **0% Disabled:** cars for disabled persons. **Culture:** certain newspapers and periodicals. **Environment:** certain recovered materials and by-products.<br><br>**6% Food/Water:** food; some beverages; water supply. **Health/Disabled:** pharmaceuticals; feminine hygiene products and external defibrillators; equipment for the disabled;; private homes and establishments for disabled. **Culture/Sport:** books, newspapers and periodicals, certain electronic publications and e-books, access to sports facilities, works of art, collector's items, and antiques, works of art delivered by their authors or creators. **Tourism:** hotel accommodation and camping sites; **Housing/Construction:** renovation of dwellings over 10 years old (incl. private homes, establishments for disabled, subsidised social housing); reconstruction after demolition works leading to the construction of new private housing (under strict conditions); buildings dedicated to education and pupil guidance. **Transport:** passenger transport. **Agriculture:** agricultural services. **Charitable/Social**: some products and services supplied by organisations with a social purpose. **Energy products:** electricity, heat through heating networks, natural gas used as heating fuel under residential contracts. **Environment:** supply and installation of heat pumps, supply and installation of electric car charging stations in private dwellings. **Others:** some labour-intensive services (small repair services); funeral services; cut flowers and plants.<br><br>**12% Restaurants:** restaurants (except beverages). **Energy products:** certain energy products (coal, coke; lignite); **Housing:** certain social housing. **Agriculture:** some products for plants protection for agricultural purposes; tyres for agricultural vehicles. |
| Canada | **0% Food and beverages:** selected foodstuff for human consumption and beverages ("Basic groceries"). **Health:** prescription medicine, certain medical devices. **Agriculture:** certain agricultural and fishing products. **Others:** certain financial services provided by financial institutions (usually to non-residents); international bridge or tunnel authorities (on certain purchases only); precious metals; sales of 25 cents or less made through mechanical coin-operated devices. |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| Chile | - |
| Colombia* | **0% Food**: raw meat and dairy products for human consumption. **Health:** medicines (for humans and animals); antibiotics and blood, medical consultations, diagnostic images; personal hygiene products. **Culture:** scientific books and magazines. **Transport:** public transportation vehicles for small entrepreneurs that have up to two vehicles. **Environment:** solar panels. **Others:** military and police weapons and ammunition; fuel alcohol.<br>**5% Food/Beverages:** wine and liquors; some food products. **Health:** health insurances. **Agriculture:** certain agricultural products; agricultural equipment; storage of agricultural products; agricultural insurances. **Environment:** some electric or hybrid vehicles and some of their auto parts. **Others:** safety and cleaning services; aviation fuels. |
| Costa Rica | **0% Culture:** books; services rendered for cultural radio stations. **Education:** private education services when they are rendered by preschool, middle school, high school, college, and any other education institution supervised by the Superior Education Counsel.<br>**1% Food**, basic food items. **Hygiene:** some personal hygiene products, home care goods**. Education:** school supplies. **Agriculture:** some veterinary products and agricultural and fishing supplies.<br>**2% Health:** medicines. **Education:** private education services. **Others:** personal insurance premiums<br>**4% Health:** private health services. **Transport:** local and international flight tickets. |
| Czechia* | **12% Food/Water:** food for human consumption, drinking tap water, some beverages (milk, milk-based and milk-alternative-based beverages). **Health/Disabled:** pharmaceutical products, medical services; social welfare and domestic care of young, elderly, sick or disabled (if not exempt); medical equipment and repair of medical equipment. **Culture:** newspapers, magazines, periodicals, also in electronic form; admission to shows, theatres, circuses, fairs, amusement parks, concerts, museums, zoos, cinemas, exhibitions and similar cultural events and facilities. **Housing/Construction**: construction of private dwellings and social housing; renovation and repair of private dwellings.<br>**0% Culture:** books and e-books, lending of books by libraries. |
| Denmark | **0% Culture:** newspapers and periodicals.<br>**5% Culture:** first time sale of products of artistic work valued over DKK 300 000 (the standard rate of 25% applies to 20% of the tax base resulting in an effective rate of 5%). |
| Estonia | **0% Transport:** certain commercial aircraft and sea-going vessels and certain supplies of goods and services related to them; international transport of passengers.<br>**5% Culture:** newspapers and periodicals (both physical and electronic)<br>**9% Health/Disabled:** pharmaceuticals; medical equipment or devices for disabled. **Culture:** books and e-books. **Tourism:** hotel accommodation. **Environment:** supply and installation of heat pumps. |
| Finland | **0%** Printing services for certain membership publications; certain vessels.<br>**10% Health:** pharmaceuticals; **Transport:** passenger transport. **Culture/Sport:** books, subscribed newspapers and periodicals; certain electronic publications and e-books, admission to cultural, entertainment and sporting events and cinema performances; use of sports facilities; works of art supplied by their creators or imported; copyrights to literary and artistic works; TV license fees; supply of services by athletes and performing artists having opted for VAT liability. **Tourism:** hotel accommodation.<br>**14%**: **Food:** food; non-alcoholic drinks; animal food. **Restaurants:** restaurants (except alcoholic beverages). |
| France* | **2.1% Health:** pharmaceuticals. **Culture:** newspapers and periodicals.<br>**5.5% Food/Beverages:** most food products and beverages (except alcoholic beverages); water supply. **Health:** women's sanitary products, condoms. **Disabled:** equipment for the disabled. **Culture:** books and e-books; admission to cultural services, supplies of works of art by their creators, practice and teaching of horseback riding; entry fees to video gaming competitions. **Housing:** work on dwellings over 2 years old under certain conditions, some social housing. **Energy:** subscription fees to natural gas and electricity networks; district heating produced with |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | minimum 50% renewable energy. **Environment:** buildings renovation, whether this involves energy-saving measures, thermal insulation or energy production equipment using a renewable energy source, supply installation of electric car charging stations in private dwellings. **Agriculture**: some agricultural supplies.<br>**10% Culture:** admission to exhibitions, sites and facilities of a cultural, recreational, educational or professional nature; pay TV, author's rights. **Tourism/Restaurants:** restaurant services and catering (except alcoholic beverages), hotel accommodation. **Housing:** social housing. **Transport:** passenger transport. **Agriculture:** some agricultural inputs. **Waste/Sewage**: treatment of waste; sewage. **Others:** domestic care services; gardens, plants, and flowers. |
| Germany | **7% Food/Water:** food; water supply. **Health/Disabled:** medical services (if not exempt), equipment for the disabled, feminine hygiene products. **Culture:** books and newspapers; certain electronic publications and e-books; certain cultural events; museums; zoos; circuses, author's rights, works of art supplied by their creator or successors in title and importation of collectors' items. **Charity:** charitable work (if not exempt). **Transport:** local public passenger transport within a municipality or if the distance covered is not more than 50 km; long-distance rail travel. **Tourism:** hotel accommodation. **Others:** plants; flowers.<br>**0% Environment:** supply and installation of solar panels. |
| Greece* | **0% Health:** vaccines for the prevention and diagnosis of Covid-19 disease.<br>**4% Health/Disabled:** contract-based services that are solely connected with the removal of architectural barriers that hinder the mobility of persons with disabilities, in private or public buildings, or buildings of public interest.<br>**6% Health/Disabled**: pharmaceutical drugs and vaccines for human medicine, the performance of certain radiotherapy operations, preparations and reagents used in human medicine; (for diagnostic or therapeutic purposes); white sticks, computer programs, printers, scanners and typewriters with Braille characters designed to serve the visually impaired, goods intended for the service of persons with disabilities needs, (sugar measuring tapes, luminous system alarm, light signal receiver), also dialysis filters, hemodialysis, hemodialysis and plasmapheresis and lines dialysis, hemodialysis, hemodialysis and plasmapheresis and defibrillators. protective masks and gloves for medicine (for protection against viruses and prevention of disease transmission for hospital and private use), soap and other preparations for personal hygiene, radioactive, shadow and other preparations or reagents for human medicine (for diagnostic or therapeutic purposes). **Culture:** books and versions thereof, optical or acoustic, recorded on a hard disk and on electronic devices; picture books for children; newspapers, journals and periodicals; cinema tickets, admission to theatres (theatrical plays) and concerts, electronically supplied services of e-books and audio books other than publications wholly or predominantly devoted to advertising and other than publications wholly or predominantly consisting of video content or audible music; handwritten or printed music, illustrated or not even knit. **Energy:** supply of natural gas and electricity; district heating, feed, **Waste:** waste and scrap of industrial foodstuffs and corn. **Agriculture:** fertilisers. **Environment:** supply and installation of heat pumps.<br>**13% Food/Beverages/Water:** basic food (meat and abattoir by-products; meat preparations; fish, squid, octopus and cuttlefish excluding livers, eggs and semen; milk and dairy products; birds eggs; natural honey; vegetables, plants, some types of roots and tubers; animal food, oil cake, seeds for sowing; fruit and nuts; cereal; flour and flour products; olive oil; pasta not baked or stuffed or otherwise processed; bread; fruit and vegetable juices excluding the undermentioned subject to the standard rate: most types of processed food, infant food, water supply, juices and beverages. **Agriculture:** farm supplies that are usually intended to be used as intermediate inputs by farmers and farm industries (excluding capital goods such as buildings); live plants and their roots, cuttings, and slips; pharmaceutical products (besides those subject to 6%), the provision of services for farming production (excluding capital goods such as buildings), agricultural and forestry tractors, agricultural machines, devices and tools which by their nature and characteristics are intended mainly or exclusively for agriculture, animal husbandry or forestry, pumps for liquids, air pumps and air compressors for fish tanks, mobile silos, greenhouses, fish tanks made of glass, accumulator shells, floating fish farming structures, which by their nature and characteristics are intended mainly or exclusively for agriculture, animal husbandry or forestry, water storage tanks that can be used to store water for irrigation, drainage, firefighting or fish. **Health/Disabled:** medical equipment and other appliances for the disabled persons (besides those subject to 6%); intrauterine contraceptives; catheters; feeding syringes; talking sphygmomanometers; needles for insulin pens and dialysis needles, pharmaceutical products used for medical and veterinary purposes, including products used for contraception and female sanitary protection, and absorbent hygiene products, domestic care services such as home help and care of young, elderly, sick or disabled; services by retirement homes and establishments for disabled and mentally retarded persons or persons suffering from mental disorders or substance abuse insofar as those transactions are subject to VAT and not exempt as welfare or social security work. **Culture**: pictures, collages and similar decorative plaques, paintings and drawings, executed entirely by hand by the artist, other than plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | hand-decorated manufactured articles, theatrical scenery, studio back cloths or the like of painted canvas, original engravings, prints and lithographs, being impressions produced in the limited numbers directly in black and white or in colour of one or of several plates executed entirely by hand by the artist, irrespective of the process or of the material employed, but not including any mechanical or photomechanical process, sculpture casts the production of which is limited to eight copies and supervised by the artist or his successors in title on an exceptional basis**,** **Culture/Sports**: zoo tickets, dancing schools and sporting facilities (gyms), **Tourism/Accommodation:** accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites as well as the short-term accommodation only in the case where the lessor is (a) a legal entity or (b) natural person, who shall supply at least 3 immovable properties. **Transport**: all kinds of transport of passengers and their luggage, except the transport of passengers via TAXI. **Restaurants:** services provided by restaurants, coffee shops and similar businesses, excluding nightclubs, with the exception of the disposal of alcoholic and non-alcoholic beverages, juices and drinks. **Others:** baby products, such as diapers and car seats; bicycle helmets. |
| Hungary | **0% Culture:** daily newspapers (journals published at least four times in a week).<br><br>**5% Health/Disabled:** pharmaceuticals for humans; certain equipment for the blind. **Culture**: books, newspapers and sheet music, services supplied by performing artists; internet access services. **Agriculture/Food:** live pigs and carcasses of pig; certain live cattle, sheep, lamb, goat, and their meat in bulk; meat of domestic pig; meat and edible offal of poultry; fresh eggs; fresh milk; edible offal and inner parts of domestic swine; live fish (excluding ornamental fish) and the body/parts/fillet of fish for human consumption. **Energy:** district heating. **Tourism/Restaurants:** “hop on hop off” guided city tour by bus (scheduled transport), restaurant meals and supply of non-alcoholic beverages prepared on site; accommodation. **Housing:** sale of new dwellings (either house or flat, not exceeding 300 or 150 m2 respectively), sale of new dwellings constructed on brownfield sites.<br><br>**18%**: **Food:** milk and dairy products; products containing cereals, flour, starch or milk; cheese-based desserts. **Culture:** certain open-air concerts. |
| Iceland | **0%** Shipbuilding and maintenance of ships and aircraft; services to foreign fishing vessels related to landing and sale of fish in Iceland; direct payments to farmers.<br><br>**11% Food/beverages:** food and beverages (incl. alcohol). **Transport:** passenger transport (if not exempted), admission tolls to land transportation projects. **Tourism:** services of travel agencies, travel organisers and touring associations; travel guidance, hotel accommodation, guestrooms and other guest services. **Culture**: books including music books and e-books; audio recordings of books; CDs and similar media with text as well as electronic version of such books; magazines, newspapers and countryside- and district newspapers with text as well as electronic version of such papers and magazines; periodicals with text as well as electronic version of such periodicals; subscriptions to radio and TV, CD disks, records, magnetic tapes and other similar means of music recordings, other than visual records; electronic version of music other than visual. **Energy:** hot water, electricity and fuel oil for the heating of buildings and swimming pools water. **Health:** condoms; diapers for children, contraceptive products and feminine hygiene products. **Others:** admission fees to bathhouses, baths, saunas and spas (if not exempted). |
| Ireland | **0% Food:** certain food products. **Health:** oral medicine; certain medical equipment, supply of sanitary towels and sanitary tampons. **Culture:** certain books, e-books, audiobooks and newspapers. **Agriculture:** seeds for food production; fertilisers; certain animal foodstuffs. Environment: supply and installation of certain solar panels. **Others:** children's clothing and footwear, certain lighthouse services; certain services relating to aircraft and sea-going vessels.<br><br>**4.8% Agriculture:** livestock and horses for food or agricultural production.<br><br>**9%:** See country note.<br><br>**13.5% Waste:** waste disposal; **Health:** medical services (if not exempt). **Energy:** coal, peat and other solid substances offered for sale solely as fuel. **Construction:** building services; immovable goods and certain services related to immovable goods; concrete works. **Tourism/Restaurants:** tour guide services, holiday accommodation; restaurant/hotel meals. **Transport:** short-term car and boat hire; driving instruction; **Agriculture:** veterinary services; jockey services; certain plants and flowers; seeds for plants and flowers, certain agricultural services. **Culture:** photographic prints; works of art; antiques; literary services, admission to cinemas/certain musical performances. **Environment:** electric vehicle charging. **Others:** repair services; certain hairdressing services and certain printed matter such as brochures, leaflets, catalogues and printed music (except books). |
| Israel | **0% Food:** fruits and vegetables. **Tourism:** hotel accommodation for foreign tourists and another hotel services (serving food and beverage, laundry, pool, gym, etc.); sale of an intangible asset to a foreign tourist, tickets for an international conference in which more than 50 foreign tourists are in attendance; rental of a private motor vehicle to a tourist to drive himself; transportation of tourists |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | in a private motor vehicle, a bus or an airplane; hospitalisation of a foreign tourist. **Others:** sale of dealer's/dealers' assets to a company in exchange for the company's stock only, provided that the dealer/dealers owns 90%, or more, of the voting power immediately after the assets transfer; sale of all of the company's assets to its shareholders in a liquidation process, in which, the assets are divided amongst the said shareholders in proportion to the shares respectively held by them; supplies of goods to who would be exempted from sales tax due to entry to Israel (supplies of certain goods to new immigrants and to students returning from study abroad); sale of a real estate by a non-profit organization or by a financial institution to a non-profit organization or to a financial institution as part of restructuring; renting exhibition space by non-resident; services given by an Israeli production company to a non-resident for film production in Israel; services given to a non-resident in respect of human clinical trials; an Eilat resident dealer buys goods from an Eilat non-resident; rendering services to foreign residents, except when the services were effectively rendered in connection with an asset located in Israel or when an Israel resident also benefits from the service. |
| Italy | **4% Food:** certain food items. **Health/Disabled:** medications and health products/services and equipment for the disabled. **Housing:** supply of services for certain residential housing constructions; **Culture:** books; newspapers; weekly magazines. **Others:** supply of meals by schools, canteens and soup kitchens.<br>**5% Food:** aromatic herbs, fresh or chilled truffles. **Transport:** transport services on urban waterways (see, river, lake, or lagoon). **Health:** social and health service for the elderly, drug addicts, migrants, prisoners, handicapped, AIDS patients.<br>**10% Food/Beverages:** certain food and beverages, certain food supplements water supply, powdered or liquid milk for infants and other food preparations for infants or children. **Health:** pharmaceutical products (for humans and animals); feminine hygiene and baby care products; medical services (if not exempt). **Transport:** passenger transport. **Energy**: electricity for domestic use and electricity and gas for certain industrial and agricultural uses, gas, methane gas and liquefied petroleum gas for certain uses, renewable-source energy for domestic use. **Culture:** admission to shows and cultural events, works of art. **Tourism/Restaurants:** hotel and similar accommodation services, restaurants. **Housing:** renovation and maintenance work for residential housing. **Environment:** supply and installation of heat pumps. **Others:** letting of immovable property by building enterprises, construction of urban development, urban waste; purification stations; livestock meat and fish intended for feeding. |
| Japan | **8% Food/Beverages:** food, beverages (excluding alcoholic beverages and eating-out services). **Culture:** certain newspapers under subscription. |
| Korea | **0% Disabled**: certain equipment for the disabled. **Agriculture:** supply of certain machinery and materials for agriculture; fishery; livestock and forestry. |
| Latvia | **12% Food:** food for infants, certain supplies of fresh fruits, berries and vegetables. **Health:** medicinal products; medical devices, pharmaceutical products. **Transport:** inland passenger transport services. **Tourism:** hotel accommodation. **Energy:** district heating, firewood for household needs.<br>**5% Culture:** printed or electronic books, brochures, booklets and similar matter, newspapers, magazines and other periodicals, notices of information agencies intended for public distribution as well as publications on the Internet. |
| Lithuania | **9% Energy:** heating power used for heating residential premises, district heating, hot water (including cold water used for preparing hot water and to heating power used for preparation of hot water) supplied to residential premises; firewood and wood products for heating supplied for domestic energy consumers. **Culture:** books, non-periodical information as well as electronic books and non-periodical information. **Transport:** inland regular passenger transport. **Tourism:** accommodation services; visits to all kinds of art and culture institutions and events.<br>**5% Health/Disabled:** certain medicines, medical aid equipment (including prescription drugs) and food products for special medical purposes; technical aids for disabled persons and repairs of such aids. **Culture:** printed and (or) electronic newspapers, magazines, and periodical publications. |
| Luxembourg | **3% Food/Water:** food for human and animal consumption; water supply. **Health/Disabled:** pharmaceutical products including products used for contraception and sanitary protection; certain medical equipment; certain aids and other appliances normally intended to alleviate or treat disability. **Transport:** passenger transport. **Tourism/Restaurant:** accommodation, restaurant services but excluding alcoholic beverages. **Culture/Sport:** books, newspapers and periodicals supplied on physical means of support or electronically but excluding material with predominantly adult content; radio and television broadcasting services but excluding exclusively adult content services, admission to cultural and sporting events; use of sporting facilities, services by writers, composers |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | and performing artists, or of the royalties due to them. **Agriculture:** goods and services of a kind normally intended for use in agricultural production. **Waste:** services supplied in connection with waste collection and treatment. **Housing:** housing used by the owner, for his own use, as principal dwelling; substantial works on housing used as principal dwelling and (i) constructed more than 20 years prior to the start of the works (ii) newly acquired, the works to be completed in the five years following the acquisition. **Others:** children's clothing and footwear, funeral services.<br><br>**8% Culture:** works of art delivered by their authors/creators or by their heirs or imported. **Energy:** gas; electricity; firewood; district heating. **Agriculture:** certain plant protection products allowed for organic production. **Others:** Certain labour-intensive services, flowers, and ornamental plants.<br><br>**14%Energy:** certain fuels (incl. heating fuel), heat and air conditioning; **Others:** certain financial services, certain wines, washing and cleaning products; printed advertising. |
| Mexico | **0%**: **Food/Beverages:** milk; bottled water; juices, nectar and concentrated fruits and vegetables; ice; food (except sale of processed food in restaurants and food establishments, chewing gum, caviar, smoked salmon, eels, pet food and soft drinks). **Health:** patent medicines, sanitary pads, tampons and cups, for menstrual management. **Agriculture:** agricultural equipment; machinery and fishing boats; some agricultural and fishing services. **Culture:** magazines, books and newspapers printed by the taxpayer himself. **Tourism:** hotel services provided to foreign tourists participating in congresses, conventions and trade shows; use of convention centres by event organisers who are residents abroad. **Others:** non-industrialised animals (except dogs, cats and small species used as home pets), and vegetables (except rubber); domestic water supply; call centre services for telephone calls originated abroad, if the services are contracted and paid a foreign resident without a permanent establishment in Mexico; wholesale of gold; gold bullion (with a content of at least 80% of gold) and jewelry. |
| Netherlands | **0% Environment:** supply and installation of solar panels on or near a home.<br><br>**9% Food/Water:** food items, water supply. **Health/Disabled**: goods and services for the disabled; medicine, aids for the visually disabled. **Culture/Sport:** books; certain electronic publications and e-books; lending of books; newspapers; magazines, entrance fees for sports events; amusement; parks; museums; cinemas; zoos and circuses, use of sports accommodation; art and antiques. **Tourism/restaurant:** catering; restaurant, and hotel meals, hotel and holiday accommodation. **Transport:** passenger transport (except passenger transport by air). **Environment:** thermal insulation of dwellings. **Others:** cut flowers and plants, certain labour-intensive services like maintenance and cleaning of dwellings and hairdressing. |
| New Zealand | **0%** Supply of taxable activity (business) as a going concern; supply of fine metal (gold, silver or platinum) from a refiner in fine metal to a dealer in fine metal; supply by local authorities of the local petroleum tax; supply of financial services to GST registered businesses. Supply of land by and to a GST registered person when the recipient intends to use it to make taxable supplies and it is not intended to be used as a principal place of residence (this zero-rating between GST-registered persons is equivalent to the domestic reverse charge). Long-term stay in a commercial dwelling; certain services provided as part of the right to occupancy (generally taxed at the standard rate on 60% of the value of the supply). |
| Norway | **0% Culture:** books; newspapers; certain periodicals and publications; certain electronic publications and e-books. **Health:** supply of human organs and blood **Energy/Environment:** electricity and energy supplied from alternative energy sources for household use in the counties of Finnmark, Troms and Nordland; the purchase and leasing/hiring of electric motor vehicles for the price below NOK 500 000. **Others:** second-hand vehicles covered by re-registration tax; supply of certain ships, aircrafts and drilling platforms and hiring out such vessels; services that are directly related to the construction of embassy buildings (to final consumer); goods and services to specific international military forces and command units; supply of taxable activity (business) as a going concern; supply of funeral services relating to the transportation of deceased persons.<br><br>**12% Tourism:** accommodation. **Transport:** passenger transport and transport of vehicles by ferries or other vessels in connection with the domestic road network. **Culture/Sport:** public broadcasting; admission to sporting events, museums, cinemas and amusement parks.<br><br>**15% Food/Beverages:** food and non-alcoholic beverages. |
| Poland* | **5% Food:** certain foodstuffs (e.g., bread, meat, fish, fruits and vegetables, eggs, dairy products, bakery products, certain juices), **Culture:** books and regional or local magazines and e-books (other than publications consisting of video content or audible music). **Hygiene:** hygiene products, sanitary napkins, hygienic tampons, diapers. **Children:** food for babies and small children, as well as dummies, nappies, and car seats, children's, picture or colouring books. **Others:** maps, topographic plans and globes. |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | **8% Food/Water:** certain foodstuffs, supply of water. **Health/Disabled:** pharmaceutical products; medical devices; certain disinfectants applied in health protection, certain equipment for blind persons. **Culture/Sport:** newspapers and periodicals, lending in libraries of books and newspapers, admission to shows, theatres, circuses, amusement parks, concerts, museums, zoos, cinemas etc.; reception of radio and television broadcasting services (excluding VOD), admission to sporting events and use of sporting facilities. **Transport:** transport of passengers and their accompanying luggage. **Housing:** supply, construction, renovation, modernization, thermic-modernization, reconstruction or maintenance works of buildings or parts thereof included in buildings covered by the social housing program, maintenance of private dwellings. **Waste/Street cleaning:** supply of services provided in connection with street cleaning, refuse collection and waste treatment, other than the supply of such services by public bodies. **Tourism/Restaurant:** accommodation provided in hotels and similar establishments, restaurant and catering services. **Agriculture:** goods and services of a kind normally intended for use in agricultural production, animal feeding stuffs; veterinary services. **Others:** funeral services; some labour-intensive services (hairdressing services, repairing of footwear and leather goods, clothing and household linen, bicycle repair). |
| Portugal* | **6% Food/Water:** essential food; water supply. **Health/Disabled/Elderly:** pharmaceutical products; devices for the disabled; medical services (if not exempt), home care services for elderly people, children and drug addicts, as well as phone assistance services to elderly people or chronically ill patients. **Culture:** books, newspapers, and periodicals; certain electronic publications and e-books, admission to cultural events as well as to admissions to exhibitions, zoos, parks, aquariums, museums and buildings of national interest. **Transport:** passenger transport. **Tourism:** hotels and similar services. **Housing:** social housing. **Energy:** fixed component of natural gas supplies in lower pressure contracts (10 000 $m^3$) and fixed component of electricity supplies in lower power contracts (3.45 kVA). **Agriculture:** some goods used in agriculture; certain agriculture products and certain agriculture services. **Environment:** supply and installation of A+ and A++ heating devices including heat pumps, condensing boilers, stoves, and fireplaces; supply, installation and repairs of appliances, machinery and other equipment designed exclusively or mainly for the collection and use of solar energy, wind energy, geothermal energy and other forms of alternative energy.<br><br>**13% Food/Beverages:** some other food; still wine. **Agriculture:** diesel fuel for agriculture; machinery mainly used in agricultural production. **Restaurant:** restaurant services. |
| Slovak Republic | **5% Housing**: supplies of state-supported rental housing as part of the state's social policy.<br><br>**10% Food:** certain food. **Health/Disabled:** radioactive elements and isotopes and compounds for health service; pharmaceutical products; diagnostic or laboratory reagents; certain medical and sanitarian means; orthopaedic appliances; contact and spectacle lenses; certain means for blind and partly blind persons, hard-of-hearing persons and hard health-disabled persons. **Culture/Sport:** printed books and newspapers, brochures, leaflets, and similar printed matter; picture books, drawing or painting templates for children; printed music, services connected to sport activities. **Tourism/Restaurant:** accommodation services, restaurant, and catering services. **Others:** goods and services supplied to an eligible authorised customer, within the social economy activities by a registered social enterprise which shall use 100 % of its profit after tax to achieve its own objective. |
| Slovenia | **9.5% Food/Water:** foodstuff (for human and animal consumption); preparation of food; water supply. **Health/Disabled:** medicine, devices for the disabled, public hygiene services. **Transport:** passenger transport. **Culture/Sport:** admission to cultural and sporting events; use of sporting facilities, authors rights; import and supply of certain works of art, collectors' items or antiques. **Housing:** social housing; renovation and maintenance work of residential housing not provided as part of a social policy. **Agriculture:** livestock and certain supplies in connection with agricultural production **Tourism/Restaurant:** hotel accommodation, restaurant (except beverages). **Others:** supplies by undertakers and cremation services, window-cleaning and cleaning in private households; minor repairing of bicycles, shoes and leather goods; domestic care services; hairdressing; cut flowers and plants.<br><br>**5.0% Culture:** books, including library borrowing, newspapers and periodicals supplied in physical or electronic format. **Others:** supplies of typed fire engines, special protective and rescue equipment and tools for performing firefighting tasks, usually intended for use in interventions which are supplied to public fire services or volunteer fire brigades in fire departments. |
| Spain* | **0%.** Some gold coins, lingots and bars; donations of certain goods to entities benefiting from patronage for their general interest purposes (foodstuffs, certain medical articles, medical supplies, etc.)<br><br>**4% Food:** basic foodstuff (bread, flour, milk, cheese, eggs, vegetables and fruit). **Health/Disabled:** medicines and other medical devices for human use (e.g. lenses), certain supplies to the disabled (e.g. wheelchairs or cars), feminine hygiene products (pads, tampons, panty liners), condoms and other non-medicinal contraceptives. **Culture:** books, newspapers and periodicals; certain electronic publications and e-books. **Housing:** supply of new buildings for social housing and social accommodation; supply of dwelling to certain house lease entities. |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| | **10% Food/Water**: other foodstuff (for human or animal consumption); water supply. **Health:** medicines for animal use, certain medical equipment and certain pharmaceutical products. **Transport:** passengers transport. **Culture/Sport:** certain cultural and entertainment services, amateur sport events. **Housing:** sale (also restoration or construction works under conditions) of building or parts of buildings susceptible of use as private housing; minor works on private housing. **Tourism/Restaurant:** hotel accommodation and alike, restaurants and catering. **Agriculture:** animals as well as agriculture and forestry products for obtaining foodstuffs; goods and services used in agricultural, livestock and forestry undertakings, including flowers and plants. Waste/Cleaning: waste treatment; cleaning of public sewage; cleaning and maintenance services of public areas. **Others:** commercial fairs, burial services. |
| Sweden | **0% Health:** prescribed medicine. **Culture:** printing of certain membership publications. **Others:** commercial aircraft and ships and certain services related to these; aircraft fuel.<br>**6%**: **Culture/Sport:** books, newspapers and magazines, including in electronic format; certain electronic publications and e-books; culture (theatre, cinema, etc.); authors rights; zoos; commercial sports events; commercial museums, exploitation of natural areas, parks and nature reserves. **Transport:** passenger transport.<br>**12% Food:** food. **Tourism/Restaurants**: restaurants services; accommodation. **Culture:** works of art owned by the originator; import of antiques, collectors' items and works of art. **Others:** repair of bikes, shoes and other leather goods and household linen. |
| Switzerland | **0% Tourism:** supply of services by travel agents and organisers of events, if they make use of supplies of goods and services by third parties that are provided abroad; certain supplies of goods and services to international airlines. **Others:** state minted gold coins, fine gold for investment purposes and gold destined for refining or recovery.<br>**2.6% Food/Water:** tap water; food. **Health**: medication. **Culture/Sport:** books, newspapers and magazines, including in electronic format; non-commercial services of radio and television companies, cultural services supplied directly to the public, considerations demanded for sporting events, cultural services and the supply of works by their creators when the suppliers have opted for taxation (otherwise those supplies are exempt without right of deduction). **Agriculture:** cattle; poultry; fish; grains; seeds; planting roots and bulbs; living plants; cuttings; scions and cut flowers and branches; animal feed; silage acids; scatterings for animals; fertilisers; pesticides; mulch, certain supplies in connection with agricultural production.<br>**3.8% Tourism**: accommodation services. |
| Türkiye | **0% Health/Disabled**: equipment produced for the disabled, goods and services made to Türkiye Red Crescent Society. **Culture:** printed books and periodicals. **Agriculture:** fertilizer and feed deliveries. **Others:** supply of ships, aircraft, and rail transportation vehicles; supply of services related to the manufacturing, repairing, maintenance of such vehicles; supply of services to ships and aircraft at harbours or airports; supply of goods and services for the exploration, management and refining of gold, silver, platinum, and oil; supply of machinery and equipment to persons who have an investment incentive document; goods and construction works for the construction, restoration and enlargement of seaports and airports; some goods and services related to national security; international roaming services supplied in Türkiye according to the reciprocity principle; supply of goods that are listed in the second list of excise duty tax law to the Presidency central organisation; the first supply of product certificate that are drawn up according to agricultural product license warehousing law via commodity exchange market; resident or workplace deliveries to non-residents in Türkiye; deliveries of goods and services made in the scope of construction of organized industrial zones and small industrial sites; deliveries and services made to donators in the scope of facilities that are donated to general and special budget public administrations, special provincial administrations, municipalities and villages by these donators; health services provided to foreigners; new machinery and equipment deliveries to those that perform R & D, innovation and design activities.<br>**1% Food:** basic food. **Agriculture:** some agricultural products, seeds. **Others:** second-hand cars; funeral services; the part of the residences up to 150 square meters (for the residences which are built in risky areas and within the scope of transformation projects for risky buildings); lease of specified machinery and equipment.<br>**10% Health/Hygiene:** blood and blood component, vaccines; some medical products and services; ambulance services; medicine; medical equipment, toothbrush, toothpaste and dental floss. **Culture/Education:** cinema; theatre, opera, and ballet tickets; private educational service. **Tourism/Restaurant:** accommodation services; meal services (excluding alcoholic beverages). **Agriculture**: some agricultural machines. **Waste:** wastewater services. **Energy:** electricity delivery to residences and agricultural irrigation subscribers. **Others:** textile and confection products and custom manufacturing of them, services provided by orphanage and nursing homes; some constructional machines, some furniture; clothing; stationery goods, the part of the residences up to 150 square meters; plot and land deliveries. |

| Country | Reduced VAT rates, including domestic zero rate[1] |
|---|---|
| United Kingdom | **0% Food/Beverages:** most food and drink for human consumption, water supplied to households. **Health/Disabled:** prescribed drugs; medicine; certain aids and services for disabled people, women`s sanitary products. **Culture:** books; newspapers; certain electronic publications and e-books. **Transport**: passenger transport. **Sewage**: sewerage services supplied to domestic or industrial customers. **Housing:** new housing, including the construction of new houses; residential and some charitable buildings. **Agriculture:** animals normally used for human food production, food for such animals, seeds used for agricultural production. **Others:** children's clothing, certain services and goods supplied to charities.<br>**5% Health**: smoking cessation products, mobility aids for the elderly. **Energy products:** electricity, gas, solid fuel, and heating oil for domestic and charity use; certain energy saving materials supplied together with fitting services to recipient of benefits; certain grant-funded installations of heating equipment. **Others:** protective and safety equipment including children car seats, conversion or renovation of certain dwelling. |

Notes:
* See Country note

1. For the purpose of this table, reduced rates also include “domestic zero rates” (0%), i.e., instances where VAT is not charged by the supplier on domestic supplies while related input VAT is deductible. In some countries, these supplies are called “exempt with right of deduction” and in others “GST free”. They do not include zero-rate applied to exports, supplies of goods or services used or consumed abroad or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions, duty free shops etc. The scope of temporary reduced VAT rates applicable e.g., in the context of the Covid 19 crisis or the energy crisis are not mentioned in the table itself; they are rather described in the country notes to this Table. Regional rates are not shown in this table.

VAT rates changes introduced after 1 January 2024 and temporary VAT rate reductions are mentioned in the Country notes to this table, depending on the availability of information at the time of finalisation of this publication.

Source: National delegates. Data as of 1 January 2024

### Annex Box 2.A.2. Country notes to Annex Table 2.A.2. Application of reduced VAT rates

**Austria***. ***Temporary reduced VAT rates***: *as of 1 January 2024 until 31 December 2025, a temporary 0% VAT rate applies to the supply and installation of photovoltaic modules*.

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

**Czechia*.** The previous reduced rates (10% and 15%) have been consolidated in a new reduced rate of 12% as of 1 January 2024.

**France***. Rates of 0.9%; 2.1%; 10.0%; 13.0% and 20.0% apply in Corsica; rates of 1.05%; 1.75%; 2.1% and 8.5% apply to overseas departments (DOM) excluding French Guyana and Mayotte.

**Germany***. ***Temporary reduced VAT rates****: a VAT rate reduction from 19% to 7% applies to natural gas supplied through the gas grid and heating via a heating grid from 1 October 2022 to 31 March 2024*.

**Greece***. **Specific regional rates** of 3.0%, 4.0%, 9.0% and 17.0% apply in the islands of Leros, Lesbos, Kos, Samos and Chios and the Decision to reduce the rates is automatically revoked within 3 months from the closure of Reception and Identification Centres and Temporary Reception / Hosting Structures and Closed Controlled Structures for refugees. ***Temporary reduced VAT rates****: transport of passengers and their luggage via taxi are subject to the reduced rate of 13% until 30 June 2024. A reduced rate of 13% is applied, for the disposal of coffee, cocoa, tea, chamomile and other infusions, by restaurants, coffee shops and similar businesses, excluding nightclubs until 30 June 2024*.

**Hungary.** The reduced rate of 'Hop-on-hop-off' guided city tour by bus is subject to a condition: the service provider shall ensure electronic payment.

**Ireland:** ***A temporary reduced VAT rate of 9%*** *applies to gas for heating and lightening and to electricity (to 31 October 2024).*

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

**Poland**. ***Temporary reduced VAT rates****: a 0% VAT rate applied to basic foodstuff from 1 February 2022 to 31 March 2024 as an anti-inflation measure.*

**Portugal***. In the Islands of Azores, the standard VAT rate is 16% and the reduced rates are 4% and 9%. In the Islands of Madeira, the standard rate is 22% and reduced rates are 5% and 12%. ***Temporary reduced VAT rates****: 0%: supply of fertilizers and soil improvers and foodstuff for animals destined for human consumption (from 29/04/2022 to 31/12/2024); 6%: supply of electricity for consumption, excluding its fixed components, for a contracted power that does not exceed 6.90 kVA, in the part that does not exceed a certain volume (from 01/10/2022 to 31/12/2024). From 1 January 2025, the reduced rate of 6% on the supply of electricity covered by the temporary measure becomes permanent.*

**Spain***. Rates of 0.0%, 3.0%, 5.0%; 7.0%, 9.50%; 15.0%, 20% apply in the Canary Islands. Rates of 0.5%, 1.0%, 2.0%, 3.0%; 4.0%, 5.0%; 6.0%, 8.0%, 9.0% and 10% apply in either Ceuta or Melilla. ***Temporary reduced VAT rates****: until 6 June 2024, the tax rate for common bread; bread flour; natural, certified, pasteurised, concentrated, skimmed, sterilised, evaporated and powdered milk; cheeses; eggs; fruit; vegetables; legumes; tubers and cereals, which are natural products, is 0%, after that date, they will be subject again to the reduced rate of 4%. Until 30 June 2024 the VAT rate for olive and seed oil and pasta will be 5% instead of 10%. From 1 January to 31 March 2024 the electricity contracts with a power not exceeding 10kw and a wholesale price of more than EUR 45/MWh in the previous month and contracts whose holders are recipients of the bono social with severe vulnerability are subject to* *the VAT rate of 10% instead of 21%; during 2024, the VAT rate for deliveries, imports and intra-community acquisitions of natural gas is 10% instead of 21%. From 1 January to 30 June 2024, the VAT rate for deliveries, imports and intra-community acquisitions of briquettes and pellets from biomass and wood for firewood is 10% instead of 21%.*

**United Kingdom.** ***Temporary reduced VAT rates:*** *from 1 April 2022 until 31 March 2027, supply and installation of certain specified energy-saving materials i.e., heat pumps, solar panels, insulation, controls for central heating and hot water systems, draught stripping, micro combined heat and power units and wood-fuelled boilers are subject to a 0% VAT rate*.

*** Member States of the European Union are bound by common legislation regarding the application of reduced VAT rates.** These rules notably provide that environmentally harmful goods such as fossil fuels and chemical fertilisers/pesticides must be excluded from the reduced rates as of 1 January 2030 and 1 January 2032, respectively. As of 1 July 2022, a zero rate also applies to supplies made for the benefit of the armed forces of the Member States when they are assigned "to a defence effort carried out with a view to implementing an activity of the Union within the framework of the common security and defence policy" similar to what is already applicable for NATO armed forces.

Source: National delegates.

## Annex Table 2.A.3. VAT exemptions

| Country | Exemptions | Taxation of "common exemptions" in the country |
|---|---|---|
| Australia | Certain financial services; life insurance; residential rent and residential premises (other than new residential premises or commercial residential premises); certain supplies of precious metals; school canteens operated by non-profit bodies (optional); certain fund-raising events conducted by charitable institutions. | Domestic postal services; sporting services; cultural services excluding religious services (zero rate); insurance and reinsurance excluding health insurance (zero rate); gambling (including lottery tickets and betting); supplies of land and buildings (except certain supplies of farm land and supplies of going concerns [zero rate] and existing residential premises [exempt]). |
| Austria | Common exemptions[2] | Letting (private housing) |
| Belgium | Common exemptions[2] | - |
| Canada | Common exemptions[2]; legal aid; public transit; ferry, road and bridge tolls; child and personal care services; certain regulatory/administrative supplies by a government or a municipality. | Most betting, lotteries and gambling; supply and leasing of commercial land and buildings; sales of newly constructed or substantially renovated housing; domestic postal services; most cultural and sporting services e.g. adult programmes; services provided by other than public sector bodies; most admissions to a place of amusement (e.g. museums, films, professional performances and sporting events, etc.); human blood and certain biologicals (zero rate). |
| Chile | Until 31 December 2022, services not specifically listed in the law were out of scope of VAT (e.g. legal, accounting, engineering, architecture and other professional services). As of 1 of January 2023, all services are subject to VAT.<br>VAT exemptions apply to: used motor vehicles; goods provided by the employer to dependent employees; domestic raw materials used in the production, processing or manufacture of goods for export; some imports by the Ministry of Defence, the Army and other related organisms; some imports by the firefighting organisations (Cuerpos de Bomberos) and the Junta Nacional de Cuerpos de Bomberos; some imports by the Chilean Mint (Casa de Moneda de Chile S.A.) and other persons provided that the import is made in the context of operations with the Central Bank of Chile; capital goods imported and assigned to projects involving investments of USD 5 000 000 or more; income received from tickets to shows and meetings sponsored by the Ministry of Culture Arts and Heritage; international freight, passenger transport including the transport of passenger within the national territory; premiums and disbursements of reinsurance contracts; commissions earned by the Regional and Metropolitan Housing and Urbanisation Services and Social Security Institutions on mortgages; non-taxable income; income subject to withholding income tax; income such as wages, salaries, pensions, income obtained by independent workers and directors fees if taxed with income tax; insertions and notices to be published and disseminated under the right of reply; certain insurance premiums; financial interests; commissions coming from guarantees issued by financial institutions; letting and lease with a purchase option of immovable property; remunerations linked to exports; income obtained from services rendered to persons domiciled or resident abroad and qualified as exportable services by Customs; income of hotels relating to services rendered to foreign tourists and income from letting of furnished immovable properties rented to foreign tourists; fees paid for managing retirement savings earned by specific authorized institutions; income | Income from artistic shows or plays not sponsored by the Ministry of Culture, Arts and Heritage; income from certain circus and sports events if certain requirements are not met. Postal services are subject to VAT if they are not provided by "Correos de Chile" (Chilean postal service company). Payments to be done when using a private health insurance if these payments exceed the amount normally covered by the public health insurance. Educational services are exempted as long as they cover teaching activities only. Letting of immovable properties is exempted to the extent that the immovable property is not furnished and there is no commercial or industrial equipment to carry out any commercial or industrial activity. |

| Country | Exemptions | Taxation of “common exemptions” in the country |
|---|---|---|
| | obtained by independent workers, where the physical effort is more relevant than the capital or materials used; construction contracts and finance lease of a house financed with a housing subsidy granted by the Ministry of Housing and Urban Development; broadcasting and television enterprises excluding income from advertisement; news agencies; educational establishments; health services; health contributions paid to Private Health Insurance Companies; manufacturing of currency by Casa de Moneda de Chile; postal services rendered by Servicio de Correos y Telégrafos de Chile; interests, premiums, commissions or other forms of remunerations paid by authorized lotteries (Polla Chilena de Beneficencia and Lotería de Concepción to individual) or legal entities for business services; other minor exemptions, cultural services rendered by cultural associations regulated by Law; rural sanitary services. | |
| Colombia | Common exemptions[2].; public transport; contraceptives; certain agricultural products and inputs; live animals; salt; natural or artificial mineral water; public utility services (electricity, water and gas); leasing of real estate for housing; tickets for movies, funeral services; mineral or chemical fertilizers; real estate; computers (that cost less than COP 2 253 250); bicycles and scooters (that cost less than COP 2 253 250), smartphones (that cost less than COP 1 354 300); clothes, hygiene products, construction materials; paper; cloud computing and hosting services; medicine (for humans and animals); oil paid in kind as royalties; restaurants, bakeries and catering; advertising for small newspapers or radio stations; equipment destined to monitor environment; real estate. | Lotteries and gambling (except the ones that exclusively operated online). |
| Costa Rica | Financial services and related: interest and commissions derived from all loans and credits; credits for invoice discounting, financial and operating leases in financial function; financial services between regulated entities, such as services for the collection of deposits from the public, cash withdrawals, services for the payment of public services and taxes, purchase, sale or exchange of foreign currency and credit and debit card commissions; guarantees and participation and performance guarantees provided by banks; commissions paid to pension operators; survivors' insurance premiums with annuities and annuities of other types; leases of real estate for housing and household goods, when the amount of the monthly rent is equal to or less than 1.5% base salary (base salary is CRC 693 300.00, approximately USD 1 015.00; it is updated yearly according to inflation - if higher, VAT is applied to the total); leasing for religious organizations of the places in which they carry out their worship; leases by micro and small businesses registered as such<br><br>Water and power supply: residential electricity supply, when the monthly consumption is equal to or less than 280 kW/h (if higher, VAT is applied to the total amount consumed); residential water supply, when the monthly consumption is equal to or less than 30 cubic meters (if higher, VAT is applied to the total consumed); self-consumption of electricity generated by solar panels and other renewable sources, such as wind, sun and biomass; purchase of electricity for distribution.<br><br>Health and social protection: Sale or import of wheelchairs, orthopedic equipment, prostheses, equipment used by people with hearing problems, equipment for rehabilitation and special education programmers; goods and services sold, provided or acquired by the Costa Rican Red Cross, as long as they are necessary for the fulfilment of its functions; goods and services provided or acquired by | |

| Country | Exemptions | Taxation of "common exemptions" in the country |
|---|---|---|
| | the Fire Department; acquisition of goods and services by the Childrens Hospital Association and the National Crusade Federation for the Protection of the Elderly; procurement of goods and services by the Agriculture School of the Humid Tropical Region (EARTH), the Central American Institute of Business Administration (INCAE), community development associations, education and administrative boards of public educational institutions, and associations that administer communal aqueducts and sewers; premiums for occupational, agricultural and social housing risks; national lotteries, raffles, games and other products of chance run by the Social Protection Board; care networks and care centers for the elderly.<br>Transportation: authorized passenger land transport services and passenger cabotage services. The importation of transport units used for the provision of these services is also exempt.<br>Cultural and education: tuition fees and credits for courses offered in public universities; books regardless of their format (this exemption does not apply to electronic media that allow access to and reading of books on media other than paper); services provided by cultural radio stations; private education services, pre-school, primary, primary, secondary, university, para-university and technical, subject to inspection by the Ministry of Public Education.<br>Agricultural: commissions for the service of livestock and agricultural auctions and live animal transactions carried out at authorized auctions.<br>Others: Use of advertising exclusively for their own purposes by television and radio stations; membership fees and monthly fees paid to professional associations, trade unions and chambers of commerce; self-consumption of goods or services, provided that no input tax deduction was granted on their procurement. | |
| Czechia | Common exemptions[2]; public television and radio. | Certain cultural services (e.g. admission to theatres, cinemas, concerts, etc. are subject to reduced rates); sporting services provided by others than by non-profit making organisations; supply of construction land; supply of new buildings and building land (option to taxation). |
| Denmark | Hospital and medical care; dental care; social service; education; non-commercial activities of some non-profit making organisations; non-profit sport activities etc.; cultural services (some exceptions); literary and composing activities; creative artist; letting of immovable property; supply of immovable property; insurance and reinsurance; financial services; lotteries and gambling; postal service; stamps; transport of persons; funeral service; certain fund-raising events; charitable work. | Cultural services as radio, television broadcasting, cinema, theatre, concerts etc.; short-term letting of immovable property; option to tax commercial letting; supply of new building and building land; some commercial postal services. |
| Estonia | Common exemptions[2]. | Immovable property, except dwellings (optional); financial services (optional); cultural services. |
| Finland | Common exemptions[2]; services of performers; copyright to literary and artistic works (excluding payments to or from an organisation representing the copyright holders); certain transactions by blind people; public cemetery services; self-picked natural berries. | Cultural services; letting of commercial buildings in certain cases (optional). |
| France | Common exemptions[2]; construction, improvement, repair and maintenance work on monuments, cemeteries and graves commemorating war victims undertaken for public authorities and non-profit | Letting of immovable property (full taxation for letting of developed immovable property and land for professional use; option to tax for letting of undeveloped immovable property for |

| Country | Exemptions | Taxation of “common exemptions” in the country |
|---|---|---|
| | bodies; commodity futures transactions carried out on a regulated market; services rendered by resource consortia to their members composed of natural or legal persons that are VAT exempt or not subject to VAT. | professional use in certain circumstances and letting of land and buildings for agricultural use). |
| Germany | Common exemptions[2]. | - |
| Greece | Common exemptions[2]; national radio and TV broadcasting activities other than those of commercial nature; remunerative contributions imposed by Organizations of Territorial Improvements on their members for the supply of irrigating water and relative supplies directly connected thereto; services provided by dental technicians and the supply of dental prosthetics by dentists and dental technicians; supply of breast milk; supply of goods of an enterprise, in whole or in part, to an existing legal person or one being set up against a consideration, or as a gift or as contribution, provided that the goods were used until then exclusively in an exempt from (or out of scope of) VAT activity (or supply of goods to special scheme farmers) and the supplier was not granted or exercised input tax deduction; disposal of staff by religious or philosophical institutions for hospital, social and educational activities, with a view to spiritual welfare. | Postal services rendered by Universal Service Provider, which are included in the universal service in accordance with the applicable legislation on postal services, and the supply of goods incidental thereto; charitable work when provided by organisations without state recognition; hospital and medical care supplied by profit organisations or by non-profit private organisations under distortion of competition; sporting, cultural, religion related or philosophy related etc. services supplied by profit organisations or subject to distortion of competition; supply of new buildings; letting of immovable property for professional use (optional taxation). |
| Hungary | Common exemptions[2]; public radio and TV broadcasting (except for commercial activities). | Supply of building land, supply of new buildings (taxation of further supplies and letting of immovable property is optional); certain cultural services (e.g. admission to theatres, cinemas, concerts), certain sporting services (e.g. swimming pool services, entrance tickets to sporting events). |
| Iceland | Common exemptions[2]; sports, admission fees to athletic events and health facilities; public transportation, organised transportation of disabled, elderlies and school children, taxi services; work of authors and composers; burials and church-related services; medical and social services; cultural services; operation of schools and educational institutions; rental of real properties and parking spaces; lotteries and betting pools, charities. | |
| Ireland | Common exemptions[2]; passenger transport; national broadcasting; supply of water by public authorities; admissions to sporting events; funeral undertakings; certain catering services supplied to hospitals, nursing homes or schools; supply of investment gold; importation of gas, electricity and heat or cooling energy. | Letting of commercial immovable property (subject to the option for taxation by the landlord); supply of undeveloped land and buildings that are not new (subject to a joint option for taxation); recreational and sporting services. |
| Israel | Rentals for residential purposes for a period of not more than 25 years; the sale of a part of a building that was approved as a rental building; transactions of an exempt dealer, other than transactions that are sales of real estate; the sale of an asset, on which input tax in respect of its acquisition or importation could not be deducted lawfully at the time of its acquisition or importation; deposits in a financial institution or giving a loan to a financial institution; goods whose import is tax exempt in certain cases; supplies made by an Eilat resident supplier (to be consumed in Eilat); the sale of residential dwelling to Real Estate Investment Trust (REIT) by a person who is not a dealer and the sale of that dwelling by the REIT. | Non-commercial activities of non-profit making organisations; financial services (specific regime). |
| Italy | Common exemptions[2]; taxi; funeral services. | Supply and letting of land; supplies of buildings sold by building enterprises within five years |

| Country | Exemptions | Taxation of "common exemptions" in the country |
|---|---|---|
| | | from their construction or after five years if the latter has opted for non-exemption. This scheme applies in the case of commercial buildings, while for residential housing taxation only applies when let by building enterprises which have opted for non-exemption. Rates are 4% for non-luxury owner-occupied dwelling, 10% for other non-luxury houses and 22% for luxury housing. Certain social assistance services provided by public bodies and non-profit organisations; welfare services to employees. |
| Japan | Common exemptions[2]; social welfare services; sale of certain kinds of equipment for the disabled people; administrative services; alienation of securities; textbooks; tuition fees. | Postal services; supply of buildings; cultural and sporting services provided by others than non-profit organisations; letting of immovable property by business. |
| Korea | Common exemptions[2]; certain public transport; supply of water and certain coal; mineral oil used for certain purposes in agriculture and fishery; funeral undertaking; certain personal services similar to labour; books, newspapers and magazines; broadcasting services; supply of farm, marine and forest products. | Rental and supply of commercial buildings; commercial cultural services; gambling in licensed clubs. |
| Latvia | Common exemptions[2]; royalty received by the author. | Supply of used immovable property (only a registered taxable person has the right to apply tax on the supply thereof), letting of commercial buildings. |
| Lithuania | Common exemptions[2]; public television and radio, sale of postal and fiscal stamps, social welfare services and goods related to it, services supplied to members. | Supply of building land and new (24 months) buildings, short-term (up to 2 months) letting of residential premises, letting of parking spaces and similar, supply of land and used buildings when option to tax is exercised. |
| Luxembourg | Common exemptions[2]. | - |
| Mexico | Common exemptions[2]; gold and silver coins; shares; foreign currency; retailing of gold bullion with a content of at least 99 % gold; authors' rights; urban, suburban and metropolitan public transport of passengers by land including by train (with the exception of public transport that is contracted through digital intermediation service platforms and the vehicles with which the service is provided for private use); sale of used movable property (with exception of those sold by companies); professional medical services. | Postal services; insurance services (except life and agricultural insurance); transport of sick/injured persons; public hospital and medical care, sports services; financial services for consumer and personal credits; certain kinds of public spectacles like movie tickets; supplies of land and buildings (except housing); certain fund raising events and sale of goods, provision of services and granting of the temporary use or enjoyment of goods carried out by non-profit institutions authorized for receive deductible donations for effects the CIT. |
| Netherlands | Common exemptions[2]; burials; cremations; public broadcasting; sports clubs; the services of composers, writers and journalists. | Cultural services (mostly lower rate); letting of immovable property other than houses (only at combined request by letter and hirer); supply of immovable property (only at the combined request of supplier and purchaser); the use of sports accommodation; recreational and sporting services; admission to cinemas, concerts and theatres; sporting events; museums and zoological gardens. |
| New Zealand | Financial services; supply of residential accommodation in a dwelling; fine metal; supply by a non-profit body of donated goods and services. | Postal services; human blood, tissues and organs; hospital and medical care; transport of sick/injured persons; dental care; charitable work; certain fund raising events; education; non-commercial activities of non-profit making organisations (other than unconditional gifts); cultural services; sporting services; insurance and reinsurance (other than life insurance and reinsurance); letting of immovable property (other than residential accommodation); betting, lotteries and gambling; supply of land and buildings (other than land and buildings which have |

| Country | Exemptions | Taxation of “common exemptions” in the country |
|---|---|---|
| | | been used for the provision of residential accommodation for five years or more). |
| Norway | Common exemptions[2]; burials; stamps and coins for collection purposes; management services by a housing association to an affiliated housing cooperative; services in the form of membership of a board, supervisory board, committee, council or similar if the consideration is included in the employer’s National Insurance contributions; services in the form of offsetting emission allowances | Postal services; infrastructural services within the passenger transport sector; admission to sporting events, museums, cinemas and amusement parks; letting of commercial buildings (optional). |
| Poland | Common exemptions[2]; public radio and television. | Rental or tenancy of the dwelling buildings used for commercial purposes; supply of building land or land for development and supply of some buildings. |
| Portugal | Common exemptions[2], burials and cremations, copyright to the literature and works of art. | Option to tax the supply and letting of immovable property; option to tax training services. |
| Slovak Republic | Common exemptions[2]; public television and radio; services supplied to members; sale of postal and fiscal stamps. | Supply of a construction, including the supply of building land, on which the structure is constructed, provided that the supply is made within five years after the first approval of the building or a part thereof based on which the building or a part thereof was approved for use or within five years from the day when the building or a part thereof was put in use for the first time; option to tax supply and letting of immovable property; training, educational, sporting and cultural services provided by others than by non-profit making organisations. |
| Slovenia | Common exemptions[2]; public television and radio. | Supply of new buildings; admission to cultural and sporting events; educational, sporting and cultural services provided by profit making organisations; option to tax letting of immovable property. |
| Spain | Common exemptions[2]; copyright to literature and works of art; services provided by associations, entities, groups (including "economic interest groupings) and other legal persons to their members when they are exclusively integrated by taxable persons carrying out economic activities exempted or not subject to VAT; certain social assistance services provided by public bodies or not-for-profit organisations. | Cultural and sporting services provided for taxable persons different from public bodies and non-profit making organisations; letting of commercial buildings; building land; supply of new buildings. |
| Sweden | Common exemptions[2]; public television and radio; public cemetery services; social services; creative artists. | Most cultural services; letting of commercial buildings in certain cases (optional). |
| Switzerland | Common exemptions[2]; cultural services and the supply of cultural works by their creators, such as authors, composers, film makers, painters, sculptors and services supplied by publishers and collecting societies in order to circulate these works; the supply of used movable goods, which were used exclusively for the provision of supplies exempt from the tax without credit; the sale of agricultural, forestry and market garden products cultivated in their own business by farmers, foresters or gardeners, the sale of cattle by cattle dealers, and the sale of milk by milk collection points to milk processing plants; publicity services, which charitable organisations provide for the benefit of third parties or third parties for the benefit of charitable organisations; the exercise of arbitration functions; supplies between organisational units within the same public authority, between private or public law companies owned wholly by public authorities and the public authorities that own them or their organisational units, between institutions or foundations that were founded exclusively by public authorities and the public authorities that founded them or their organisational | The dispensing of artificial limbs and orthopaedic equipment; renting of exhibition stands and individual rooms in exhibition and congress buildings. |

| Country | Exemptions | Taxation of “common exemptions” in the country |
|---|---|---|
| | units; the provision of staff by public authorities to other public authorities; supplies between education and research institutions that are involved in education and research cooperation, provided those supplies are made as part of the cooperation, irrespective of whether the education and research cooperation is liable to value added tax. | |
| Türkiye | Supply of goods for cultural and educational purposes or for social purposes; restoration projects related to cultural objects; delivery of goods and provision of services to military factories, shipyards and factory plants; exempted taxpayers according to Income Tax Law; mergers and transfers according to Corporate Income Tax Law; transactions on leasing of real properties not included in economic enterprises; banking and insurance transaction; transactions of the Mint House and the Stamp Printing House; supply of precious mine and waste; supply of water used in agriculture; services supplied in free trade area; transportation of foreign oil and gas by pipelines; supply of land and workplace for organised industrial zone; supply of goods within the scope of financial restructuring; the transactions of Savings Deposit Insurance Fund; news service provided to General Directorate of Press and Information; renting work place in customs area; delivery and leasing of immovable property by the Treasury; transfers and deliveries resulting from the sales of shares that have been included for at least two years in the assets of institutions; transfer of movable and immovable assets and intangible assets to the asset leasing company and the leasing of assets by asset leasing company; services provided by “Insurance Arbitration Commission” about settling disputes; roaming services received from abroad in the scope of international roaming agreements and reflection of these services to customers in Türkiye; delivery and services for social content production and mobile application development earnings. | Private education; private cultural services ; private hospital and medical care and dental care; human blood; transport of sick/injured persons(lower rate); postal services; sale of commercial buildings; letting; radio and television broadcasting; betting, lotteries and gambling; financial services that are made by financial corporation; supply of buildings included in economic enterprises ; sporting services (standard rate); certain charitable work that is made by public organisation or certificated institution; insurance and reinsurance; certain fund-raising events (non-taxable). |
| United Kingdom | Common exemptions[2]; burials and cremations; sports competitions; works of art. | **Standard rated**: freehold sales of new commercial buildings (standard rated for three years from completion date) and “option to tax” for other ordinarily exempted supplies of commercial buildings; gaming machines and certain gambling in licensed clubs.<br>**Zero-rated**: New housing, including construction of new houses; residential and some charity buildings. |

Notes:

1. Exemptions: for the purposes of this table, “exemption” refers to supplies for which VAT is not levied on the amount charged by the supplier while the latter is not allowed to deduct related input tax. In some countries, such supplies are called “input-taxed supplies”.

2. Common exemptions: in this table, “common exemptions" refers to exemptions generally applied in most OECD countries, i.e. postal services; transport of sick/injured persons; hospital and medical care; human blood, tissues and organs; dental care; charitable work; education; non-commercial activities of non-profit making organisations; sporting services; cultural services (except radio and television broadcasting); insurance and reinsurance; letting of immovable property; financial services; betting, lotteries and gambling; supply of land and buildings; certain fund-raising events.

Source: National delegates; position as of 1 January 2024.

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

| Country | Inputs on which the right to deduct VAT is denied or limited |
|---|---|
| Australia | **Entertainment:** recreational club, leisure facility, entertainment, meal entertainment, family maintenance, relative's travel.<br>**Vehicles:** the amount of GST recoverable on the acquisition of a car is limited to that applicable to the car depreciation limit for the income year, currently AUD 68 108.<br>**Others:** penalties, non-compulsory uniforms.<br>GST is not recoverable on the expenses above to the extent they are not eligible for a deduction under the income tax law. |
| Austria | **Entertainment:** all entertainment or lifestyle expenses.<br>**Vehicles:** passenger vehicles, except used for at least 80% for commercial passenger transport or commercial leasing purposes, driving school vehicles, and vehicles with zero carbon emissions.<br>**Others:** goods and services used by taxable persons for more than 90% for a non-business purpose. |
| Belgium | **Entertainment:** expenditure on accommodation and on food and drinks in cafés and restaurants (with a number of strict exceptions), liquor (with a number of strict exceptions) and reception costs.<br>**Vehicles:** Deduction of input VAT is limited to 50% on expenditure relating to vehicles for the transport of persons and/or goods by road (with a number of strict exceptions such as lorries, ambulances, hearses, certain vans, scooters, motorcycles, camper vans, taxis, etc.).<br>**Others:** supplies relating to special VAT scheme (e.g. margin scheme, tobacco products, travel agencies). |
| Canada | **Entertainment**: deduction restrictions apply to memberships in dining, recreational or sporting facilities clubs; deduction for food, beverages, and entertainment expenses is generally limited to 50% of the GST/HST payable. Deduction of the GST/HST on food and beverage expenses for long-haul truck drivers is limited to 80%.<br>**Vehicles:** deduction is limited on passenger vehicles acquired as capital property to the GST/HST payable on the capital cost value (CAD 37 000); a higher deduction limit is available for zero-emission passenger vehicles (CAD 61 000); deduction is limited on passenger vehicle leases to the GST/HST payable on CAD 1050 monthly lease payments.<br>**Others:** home office expenses: restriction to the extent that the consumption or use of a property or service of such quality, nature, or cost is unreasonable given the person's commercial activity. |
| Chile | **Vehicles:** automobiles, station wagons and similar vehicles as well as fuels and lubricants, spare parts, repairs or maintenance, products or components that have any form of subsidy for end consumers, unless the regular business activity of the taxpayer is the sale, rental or lease of automobiles or unless the Commissioner of the Internal Revenue Service consider the relevant expenses as deductible for income tax purposes.<br>**Purchases in supermarket or grocery stores:** only if they do not fulfil the requirements to be deducted as an expense from gross income subject to corporate tax of the Income Tax Law. |
| Colombia | **Entertainment:** VAT levied on the acquisition of goods and services used to provide services in restaurants, cafeterias, bars, other than services rendered under a franchise scheme.<br>**Fixed assets:** VAT levied on the acquisition of fixed assets that are not deemed as productive fixed assets is denied. Such VAT will be deemed as a higher value of the asset and will be taken into account for depreciation or amortisation. |
| Costa Rica | The acquisition of the goods and services listed below and the accessories or complements of them shall not give entitlement to a tax credit, unless they are sold or leased by taxpayers who habitually engage in such transactions, or the amount thereof is treated as a tax-deductible cost or expense for income tax purposes:<br>**Entertainment**: food, beverages and tobacco. Access to shows and services of a recreational character. Travel services, hotels and restaurant services.<br>**Vehicles**: Vehicles whose number plate is not classified as special equipment, as well as the transfer of use of these by any title. In this case, right to deduction is limited to 50%.<br>**Others**: jewellery, gems, precious stones, natural or cultured pearls, and articles made wholly or partly of gold or platinum. |
| Czechia | **Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (except small gifts).<br>**Vehicles**: partial exclusion of the right of deduction of the VAT on the acquisition of selected road passenger motor vehicles. |
| Denmark | **Entertainment:** expenses of entertainment, restaurant and presents.<br>**Vehicles:** supply of vans with a weight of 3000kg or less used for both taxable and non-taxable purpose; cars with room for less than 10 persons; leased cars. |

| Country | Inputs on which the right to deduct VAT is denied or limited |
|---|---|
| | **Others:** employee telephones paid by employer, board of employees and owner of the company; other objects in favour of the employees. |
| Estonia | **Entertainment**: goods or services relating to the reception of guests or the provision of meals or accommodation for employees. This restriction does not apply to accommodation services received during a business trip.<br>**Vehicles**: the right of deduction is limited to 50% on purchase, import, lease or hire of passenger cars not wholly used for business purposes and on the related expenditures, except for cars purchased for resale, hire or lease, for cars used for the transportation of passengers (e.g. taxis) and for cars used for driving lessons. |
| Finland | **Entertainment:** representation and entertainment expenses.<br>**Vehicles, boats and aircraft**: used for sporting and leisure purposes, cars, motorcycles and caravans. However, VAT on any means of transport which are to be resold, rented out or used in professional passenger transport or in driving lessons as well as passenger cars used only for taxable transactions is deductible.<br>**Others:** travelling costs of personnel between home and workplace; goods and services related to dwellings or buildings provided for the recreation of personnel. |
| France | **Vehicles**: vehicles or equipment, whatever their nature, designed to carry persons or mixed-use, except those for resale as new, leased, having in addition to the driver's seat more than eight seats used by companies to bring their staff on the workplace, assigned exclusively to the driving instruction, all type of road vehicles exclusively for the operation of ski lifts and ski areas, vehicles acquired by companies of public passenger transport and assigned exclusively to the realisation of such transport. Components, parts and accessories of vehicles and machines previously referred.<br>**Others:** goods and services used by taxable persons for more than 90% for a non-business purpose; gifts above a certain value; goods or services linked to the free supply of housing to officers or employees of a company, except when it's for the security staff on construction sites or in company premises; goods or services used for advertising alcoholic beverages; supply of passenger transport and services ancillary to such transport, except those produced either on behalf of an enterprise of public passenger transport, or under a permanent contract of transport by companies to bring their staff on the workplace; most fuels not subsequently delivered or sold as is or as other petroleum products.<br>**Partial restrictions**: The right of deduction is limited to 50% for gasoil and other hydrocarbons in gaseous state and kerosene used as fuel, when such products are used for vehicles and equipment mentioned above.<br>The right of deduction is limited to 80% for gas oils and bio ethanol E85 used as fuel for vehicles and equipment mentioned above, except those used for testing for the purposes of making engines of motorised equipment and insofar as they are not subsequently delivered or sold as is or as other petroleum products. The right of deduction is limited to 80% for petrol used as fuel for these vehicles. |
| Germany | **Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (e.g. gifts except small gifts, restaurant, catering, entertainment expenditure except appropriate ones, expenditures on hunting and fishing, sailing yacht or motor yachts and expenditures of similar nature). |
| Greece | **Entertainment:** receptions, recreation and hospitality in general; accommodation, food, drinks, transport and recreation for the personnel or representatives of the business.<br>**Means of transport:** motor passenger vehicles of "private use" of up to 9 seats; motorcycles and mopeds, vessels and aircrafts of "private use" intended for recreation or sports, and the related supplies of fuel, repair, maintenance, rental/leasing and circulation in general. The restriction does not apply to the aforementioned means of transport when they are intended for sale, rental/leasing or transport of persons for a fare.<br>**Others:** spirituous or alcoholic beverages intended to be used in non-taxable activities; manufactured tobacco products. |
| Hungary | **Entertainment**: services of restaurants and other public catering services; entertainment services; food and beverages.<br>**Vehicles:** passenger cars (except hearses), motorcycles above 125 cubic centimetres; yachts and vessels.<br>**Others**: supplies of motor fuels, other fuels, other goods used in connection with the operation or maintenance of passenger cars; residential properties, goods and services used for the construction or remodelling of residential properties; taxi services, parking services, highway toll services; 30% of input tax regarding fixed phone, mobile phone and VOIP service; 50% of input tax regarding the services used for the operation or maintenance of passenger cars. |
| Iceland | **Entertainment**: all expenses related to catering and food for the taxable person.<br>**Vehicles**: supply, running and rental of passenger cars; delivery trucks, trucks and off-road vehicles with a weight of 5.000 kg or less, unless used for specially regulated taxable purpose.<br>**Others**: all expenses related to residential property for the owner and the employees of the taxable person. All expenses which come instead of salaries to the owner and the employees of the taxable person. All |

| Country | Inputs on which the right to deduct VAT is denied or limited |
|---|---|
| | expenses related to summer houses and similar entertainment for the owner and the employees of the taxable person; presents. |
| Ireland | **Entertainment:** food, drink, accommodation (except for qualifying conferences), personal services, entertainment.<br>**Vehicles:** purchase or hire of passenger vehicles (up to 20% of the VAT cost is allowed where the car meets certain conditions regarding business use and emission levels).<br>**Others**: petrol (unless part of stock in trade). |
| Israel | None |
| Italy | **Entertainment**: entertainment expenses, food and beverages.<br>**Vehicles**: means of transport and services of transport (motor vehicles, aircraft and yachts) – for means of transport 60% of the input VAT is not deductible; passenger transport.<br>**Others**: luxury goods and connected services, buildings. |
| Japan | None |
| Korea | **Entertainment**: entertainment expenses and similar expenditures.<br>**Vehicles**: purchase and maintenance of non-business small automobiles. |
| Latvia | **Entertainment**: 60 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for the goods acquired and services received for the representation needs.<br>**Vehicles:** 50 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for an acquired, leased or imported passenger car the number of seats of which, not including the driver's seat, does not exceed eight seats, as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel.<br>Fully non-deductible is the tax amount to be paid into the State budget for buying, renting and importing passenger cars the number of seats of which, not including the driver's seat, does not exceed eight seats and value higher than EUR 75 000 (exclusive of VAT), as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel which occurs within a period of 60 months from the moment the car is registered in the person's property or possession. |
| Lithuania | **Entertainment**: no right to input VAT deduction for representation and entertainment expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law and 50 % deduction for expenditures of representation and entertainment as defined in the income tax law for which there is tax allowance according to the income tax law.<br>**Vehicles**: passenger cars (up to 8 passengers excluding driver), except in cases where the cars are supplied, leased, used for taxi services or where the cars are classified as special purpose vehicles, also except electric cars which value is not higher than EUR 50 000 (including VAT) purchased for business purposes. |
| Luxembourg | **Entertainment**: not strictly business expenditures such as luxuries, entertainment or amusements. |
| Mexico | No specific restrictions list. The law establishes that deductions must come from goods and services that are "strictly indispensable" for the principal activity. The expenses deductible for VAT purposes must be deductible in terms of the Income Tax Law. It even applies to taxpayers who pay income tax on gross income without deductions. The Income Tax Law has list of "Authorised deductions" for each type of regime. |
| Netherlands | **Entertainment**: restaurant services and certain representation and gift expenditures. |
| New Zealand | **Entertainment**: entertainment expenses are in effect only 50% deductible. Businesses may claim a full deduction when the goods and services are acquired and must annually calculate and repay the deemed 50% private portion. |
| Norway | **Entertainment**: catering and hiring of locations related to catering; entertainment expenses; the construction, maintenance, renting or operation of real property for accommodation or welfare needs.<br>**Vehicles**: procurement, operation or maintenance of passenger vehicles.<br>**Others**: works of art or antiques; accommodation of- and remuneration in kind to the owner, management, employees or pensioners of an enterprise; business gifts, goods and services for distribution for advertising purposes; cash payments above NOK 10 000 (USD 1040). |
| Poland | **Entertainment**: restaurant services and accommodation.<br>**Vehicles**: limitation to 50% of the right to deduct VAT on the purchase, intra- Community acquisition, import, hire or lease of motor vehicles as well as VAT charged on expenditure related to those vehicles, where the vehicle is not entirely used for business purposes.<br>**Others**: limitation to 50% of the right to deduct VAT on the purchase of motor fuels, fuel oil &and natural gas used by aforementioned vehicles. |
| Portugal | **Entertainment**: transport, accommodation or meals (except connected with conferences, seminars, fairs or |

| Country | Inputs on which the right to deduct VAT is denied or limited |
|---|---|
| | exhibitions, which, under certain conditions, are deductible in 25% or 50%). Luxury and entertainment expenses.<br>**Vehicles**: acquisition or hiring of light vehicles deemed to be used for non-business purposes, as well as pleasure boats, helicopters, aircrafts and motorcycles (except if intended for sale or constitute the core of the business activity).<br>**Others**: fuel used in motor vehicles are deductible at 50%. Full deduction is possible if used in public transport vehicles, certain heavy vehicles, machines or tractors. |
| Slovak Republic | **Entertainment**: goods and services for the purposes of treat and entertainment.<br>**Others**: suspense items (suspense items refers to expenses paid on behalf and for the account of the purchaser or the customer, which the supplier charges to the purchaser or the customer). |
| Slovenia | **Entertainment**: entertainment expenses (where entertainment expenses shall include only the costs of entertainment and amusement during business or social contacts); meals (including drinks) and accommodation expenses, except expenses incurred by taxable person in connection with these supplies in the ordinary course of his business.<br>**Vehicles**: yachts and boats intended for sport and recreation; aircrafts other than those used for transport of passengers and goods, leasing, renting and resale. Passenger cars and motorcycles other than: vehicles used for transport of passengers and goods, leasing, renting and resale, vehicles used in driving schools for the provision of the driver's training program in accordance with the regulations in force and combined vehicles for carrying out an activity of a public line and special line transport, and special vehicles adapted exclusively for the transport of deceased people. An exemption from the limitation of the right to deduct VAT applies to certain personal vehicles (cars, motorcycles, bicycles, and similar vehicles with an auxiliary motor) if these vehicles are intended for the pursuit of a taxable activity of the taxable person in respect of which he is entitled by law to deduct VAT (other than the activities referred to above) and if two conditions are met cumulatively: (1) the motor vehicle is driven without emitting carbon dioxide; and (2) the value of the vehicle, including VAT and other charges, at the time of purchase does not exceed EUR 80 000. The taxable person may also claim a right to deduct VAT on the purchase of fuels, lubricants, spare parts, and services related to these motor vehicles. Services relating to these motor vehicles are also considered to be services relating to the hiring of these motor vehicles.<br>**Others**: fuels, lubricants, spare parts and services which are closely linked to vehicles above. |
| Spain | **Entertainment:** access to shows and services of a recreational character; travel, accommodation and catering services, unless they are deductible as a cost in income taxes.<br>**Others**: jewelry, gold and platinum objects, pearls, precious stones; food, drinks and tobacco; goods or services used as gifts to clients, employees or third parties. |
| Sweden | **Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (costs of a maximum of a taxable amount of SEK 300 per person and occasion regarding restaurant services).<br>**Vehicles:** cars with a weight of 3500 kg or less used for both taxable and non-taxable purposes unless the purpose is for taxi, car renting, car sales or driving school. Limitation to 50 % of the right to deduct VAT on the purchase of fuel used by those vehicles.<br>**Others**: Expenses connected to a permanent residence. |
| Switzerland | None |
| Türkiye | **Cars**: purchases of cars except when used by car renting companies.<br>**Others**: Missing and stolen stocks (excluding those lost due to earthquake, flood and fire in places of compelling reason declared by Ministry of Treasury and Finance). |
| United Kingdom | **Entertainment**: business entertainment; in general terms the free provision of any hospitality to business contacts is not recoverable. The exception is where the entertainment is provided to non-UK customers. However, it is likely that if recovery is granted it would be offset by a private use charge that would effectively cancel out any credit obtained.<br>**Vehicles**: motor cars in general, except motor cars that are stock in trade (car dealers etc.); tools of the trade (driving schools etc.) or exclusively used for business purposes with no availability for private use (leasing companies etc.); lease of a motor car (right to deduction is limited to 50%). |

Note: This table includes limitations of the right to deduct input VAT on specific goods, services and intangibles because of their nature, generally with a view to achieving the (input) taxation of their deemed final consumption. The table does not include limitations of the right to deduct input VAT related to the exemption of outputs (e.g., limited right of deduction for inputs used to provide financial and insurance services, medical care, education, etc. listed in Annex Table 2.A.3 on VAT exemptions) or to deduct VAT on inputs that are not connected with a business's taxable activity.
Source: National delegates; position as of 1 January 2024

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

| Country | National currency | Registration thresholds[1] | | | | | Voluntary registration or collection[2] | Minimum registration period[3] | Limitations or specific rules for application of the thresholds[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | Registration or collection threshold | General threshold | | Other thresholds | | | | |
| | | | Nat. curr. | USD[4] | Nat. curr. | USD[4] | | | |
| Australia* | AUD | R | 75 000 | 53 957 | 150 000 | 107 914 | Yes | 1 year | Country note |
| Austria[6] | EUR | R | 35 000 | 49 296 | | | Yes | 5 years | |
| Belgium[6]* | EUR | C | 25 000 | 35 714 | | | Yes | None | Country note |
| Canada* | CAD | R | 30 000 | 25 641 | 50 000 | 42 735 | Yes | 1 year | Country note |
| Chile* | CLP | None | None | | | | | | Country note |
| Colombia* | COP | R | None | | 164 727 500 | 117 558 | Yes | 1 year | Country note |
| Costa Rica* | CRC | None | None | | | | | | Country note |
| Czechia*[6]* | CZK | R | 2 000 000 | 159 363 | | | Yes | 1 year | Country note |
| Denmark[6]* | DKK | R | 50 000 | 8 183 | 170 000 | 27 823 | Yes | 2 years | Country note |
| | | | | | 300 000 | 49 100 | | | |
| Estonia[6] | EUR | R | 40 000 | 71 429 | | | Yes | None | |
| Finland[6]* | EUR | R | 15 000 | 19 737 | 30 000 | 39 474 | Yes | None | Country note |
| France[6]* | EUR | R | 91 900 | 137 164 | 36 800 | 54 925 | Yes | 2 years | Country note |
| | | | | | 47 700 | 71 194 | | | |
| Germany[6]* | EUR | C | 22 000 | 31 429 | 50 000 | 71 429 | Yes | 5 years | Country note |
| Greece[6]* | EUR | C | 10 000 | 19 231 | | | Yes | 1 year | Country note |
| Hungary[6] | HUF | C | 12 000 000 | 70 501 | | | Yes | 1 year | |
| Iceland | ISK | R | 2 000 000 | 14 269 | | | Yes | None | |
| Ireland[6]* | EUR | R | 80 000 | 106 667 | 40 000 | 53 333 | Yes | None | |
| Israel* | ILS | C | 120 000 | 33 426 | | | No | None | Country note |
| Italy* | EUR | C | 85 000 | 141 667 | | | Yes | None | Country note |
| Japan* | JPY | R | 10 000 000 | 105 619 | | | Yes | 2 years | Country note |
| Korea | KRW | C | 48 000 000 | 59 974 | | | No | None | |
| Latvia[6] | EUR | R | 50 000 | 98 039 | | | Yes | None | |
| Lithuania[6] | EUR | R | 45 000 | 93 750 | | | Yes | None | Country note |
| Luxembourg[6]* | EUR | C | 35 000 | 42 169 | | | Yes | None | Country note |
| Mexico | MXN | None | None | | | | | | |
| Netherlands*[6]* | EUR | C | 20 000 | 27 027 | | | Yes | 3 years | |
| New Zealand | NZD | R | 60 000 | 41 096 | | | Yes | None | |
| Norway* | NOK | R | 50 000 | 5 624 | 3 000 000 | 337 458 | Yes | 2 years | Country note |
| | | | | | 140 000 | 15 748 | | | |
| Poland*[6] | PLN | R | 200 000 | 106 383 | | | Yes | Noner | Country note |
| Portugal[6]* | EUR | C | 14 500 | 27 285 | | | Yes | 5 years | Country note |
| Slovak Republic[6] | EUR | R | 49 790 | 97 627 | | | Yes | 1 year | |
| Slovenia[6] | EUR | R | 50 000 | 92 593 | | | Yes | 5 years | |
| Spain[6] | EUR | None | None | | | | | | |
| Sweden*[6] | SEK | R | 80 000 | 9 401 | | | Yes | 3 years | Country note |
| Switzerland* | CHF | R | 100 000 | 103 093 | 250 000 | 257 732 | Yes | 1 year | Country note |
| Türkiye* | TRY | R | None | | Country note | | | | Country note |
| United Kingdom* | GBP | R | 85 000 | 126 866 | | | Yes | None | |

Notes

* See country note

1. Registration/collection thresholds identified in this table are general concessions that relieve domestic suppliers from the requirement to register for and/or to collect VAT until such time as they exceed a specific annual turnover threshold. Except where specifically identified, registration thresholds also relieve suppliers from the requirement to charge and remit VAT on supplies made within a particular jurisdiction. Relief from collection and/or registration may be available to specific industries or types of traders (for example non-resident suppliers) under more detailed rules, or a specific industry or type of trader may be subject to more stringent registration and collection requirements. The "R" indicates countries where a registration threshold applies, i.e., where suppliers having a turnover below the threshold are not required to register for VAT and are relieved from the obligation to charge and remit VAT. The "C" indicates countries where a collection threshold applies, i.e., where all suppliers are required to register for VAT but are not required to charge and remit VAT until they exceed the collection threshold. Thresholds shown in this table apply to businesses established in the relevant country. In most countries, the registration threshold does not apply to non-resident businesses, i.e., businesses having no seat, place of business, fixed establishment, domicile, or habitual residence within the country.
2. "Yes" means a supplier is allowed to voluntarily register and collect VAT where its total annual turnover is less than the registration threshold.
3. Minimum registration/collection periods apply to general concessions. This period is the minimum term during which the concession is applied to taxpayers that have opted for it.
4. Exchange rates for conversion into USD are Purchase Parity Rates (PPPs) for GDP 2023 (source: https://data-explorer.oecd.org).
5. Restrictions or conditions to the application of the tax relief for businesses below the threshold
6. Limitations for Member States of the European Union: Directive 2006/112/EC excludes from the application of the threshold the supply of new buildings or building land, certain supplies of new means of transport and disposals of the assets of the enterprise. The threshold does not apply to non-resident businesses. Specific thresholds also apply for certain intra-EU supplies.
Source: National delegates; position as of 1 January 2024.

### Annex Box 2.A.3. Country notes to Annex Table 2.A.5. Annual turnover toncessions for VAT registration and collection

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

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

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

**Chile**. All taxpayers are required to register and obtain a taxpayer's identification number. However, small businesses, craftsmen and small service providers may be eligible for a special simplified VAT regime according to which they account, for output VAT purposes, for a monthly fixed amount based on an average level of earnings. In turn, 20% of the price paid for the acquisition of goods and services during the tax period is considered as input VAT. This special regime is determined by taking into account the earnings from the last 12 months considering a threshold of an annual average of 20 Monthly Tax Units (CLP 1 303 640 - USD 1 353) and does not apply to any legal entity (individuals only). The special regime must be adopted for at least for 12 months after which the taxpayer may choose the ordinary regime. In addition, non-resident digital services suppliers providing remote services that are used in Chile by final consumers (B2C) must register in the Simplified VAT Regime. Under this regime, non-resident services providers are not entitled to input VAT and are released from the obligation to issue tax documents related to these transactions in Chile.

**Colombia**. The VAT exemption threshold is mentioned in Tax Value Units (Unidad de Valor Tributario - TVU) in the tax code. The VAT exemption threshold is 3 500 TVU. The value of the TVU in Colombian Pesos (COP) is set every year by the General Director of the Colombian Tax and Customs Administrations based on the inflation rate of the previous year. The value for 1 TVU is COP 47 065 for fiscal year 2024. The VAT registration threshold for individuals is therefore 3 500 x 47 065 = 164 727 500 COP in 2024. The threshold for individuals that are contractors with the State, is of 4 000 TVU (i.e. 188 260 000 COP in 2024). There is no VAT registration threshold for incorporated businesses, therefore all legal entities are deemed as VAT registered.

**Costa Rica**. Small businesses, craftsmen, small fisheries and farmers as well as small service providers can opt for the Simplified Tax Regime, provided that the amount of their annual purchases does not exceed 186 base salaries (CRC 85 969 200 approximately USD 161 192) inclusive of VAT, employ a maximum of 5 employees, and their total assets does not exceed 350 base salaries (CRC 161 770 000 approximately USD 303 319).

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

**Denmark.** A higher threshold of DKK 170 000 (EUR 25 797) applies to the blind, and a threshold of DKK 300 000 (EUR 40 300) applies to the first sale of works of art by their creator or his successors in title. For the purposes of the latter exemption, the threshold of DKK 300 000 must not have been exceeded in the current or preceding year.

**Finland.** Where a business exceeded the registration threshold of EUR 15.000, it must register and is subject to VAT but a graduated tax relief is available until they reach a second threshold of EUR 30 000.

**France**. The VAT relief applies to businesses whose annual turnover does not exceed EUR 91 900 or when their turnover does has not exceeded EUR 101 000 the preceding calendar year (when the turnover has not exceeded EUR 91 900 the penultimate year). For supplies of services (except hotel accommodation and food and drink in restaurants), the annual turnover must not exceed EUR 36 800 or EUR 39 100 the preceding calendar year (when the turnover has not exceeded EUR 36 800 the penultimate year). For lawyers (in the furtherance of their regulated business), writers and artists, the turnover must not exceed EUR 47 700 (the threshold is EUR 19 600 for their supplies outside the normal framework of their affairs).

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

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

**Ireland.** The general turnover threshold for the supply of goods is EUR 80 000. Persons supplying goods liable at the reduced or standard rates which they have manufactured or produced from zero-rated materials must however register if their turnover is EUR 40 000 or more. The general turnover threshold for the supply of services is EUR 40 000. For persons supplying both goods and services where 90% or more of the turnover is derived from supplies of goods (other than of the kind referred to in the previous sentence) are subject to the threshold for the supply of goods applies.

**Israel.** Self-employed persons with annual revenue below NIS 120 000 are considered "Exempt Dealers". Some professions are not allowed to be Exempt Dealers: agronomist, architect, practical engineer, technician, private investigator, rabbinical attorney, dental technician, organizational consultant, management consultant, scientific consultant, tax consultant, economist, engineer, surveyor, bookkeeper, translator, insurance agent, lawyer, accountant or appraiser, chemical or medical laboratory owner, artistes, various others in show business, doctor, psychologist, physiotherapist, veterinary surgeon, dentist, driving school owner, school or kindergarten owner, real estate agent or dealer, test preparation, testing and supervision, lecture, teaching, writing, shorthand, translation, editing, car dealer or broker.

**Italy.** The micro-sized taxpayers' scheme ("Regime forfetario") applies to individual businesses if, in the previous year, they earned revenues or received remuneration, calculated per year, not exceeding EUR 85 000 and the gross expenses for employees do not exceed EUR 20 000. The regime does not apply to persons who are members of partnerships, professional associations or SRLs (limited liability companies) and are subject to the "regime di trasparenza" for income tax; persons who carry out sale of buildings or land or intra-EU supplies of new cars and trucks. Are also excluded, foreign businesses not established in Italy, except for those that are established in one of the EU Member States, or in a State party of the European Economic Area and produce in Italy at least 75 percent of their total revenue.

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

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

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

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

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

**Portugal.** The collection threshold does not apply to commercial legal entities.

**Sweden.** The threshold does not apply to taxable persons not established in Sweden, taxable persons voluntarily registered for VAT for rental of immovable property, trade with investment gold and artists. It is proposed that the threshold should be increased to 120 000 SEK from the 1st of January 2025 (see Government bill 2023/24:149).

**Switzerland.** The thresholds refer to the worldwide turnover. The higher threshold of CHF 250 000 applies to not-for-profit, sports and cultural associations and to public interest institutions.

**Türkiye.** Certain small individual taxpayers who are exempt from Personal Income Tax are also exempt from VAT.

**United Kingdom**. From 1 April 2024 the VAT registration threshold increased to GBP 90 000.

Source: National delegates.

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

| Country | Usage of margin schemes[1] |
|---|---|
| Australia | A margin scheme can be used on certain sales of real property. It is generally based on the difference between the tax inclusive sale price and the original purchase price. Special rules apply in certain cases, such as sales between associates or members of the same GST group.<br><br>Gambling: GST applies to the gambling margin calculated based on the total amount wagered less total monetary prizes awarded.<br><br>Second-hand goods: when second-hand dealers adopt a special 'global' accounting method. It applies when (1) second-hand goods are acquired from an unregistered supplier and are divided up for re-supply and (2) the dealer exercises the option to apply the global method over a specified category of second-hand good. |
| Austria | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Belgium | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Canada | - |
| Chile | Sale of used real estate property for which no value added tax has been paid, made by a professional seller. The tax base is the difference between the sale and purchase prices. For these purposes, the acquisition value of the property must be readjusted in accordance with the variation percentage experienced by the consumer price index in the period between the month prior to the acquisition and the month prior to the sale date. However, in the determination of the referred tax base, the value of the land included in both operations must be deducted from the purchase price and the sale price. For these purposes, the seller must deduct from the sale price the commercial value of the land at the date of the operation. Once this deduction has been made, the seller must deduct from the purchase price of the property an amount equivalent to the percentage that represents the commercial value assigned to the land in the sale price. |
| Colombia | Sale of used cars, for which the tax base is the commission gained by the intermediary by selling fixed assets, sale of gasoline in which the rate and the base vary depending on the agent; cleaning services; cafeteria services; security services rendered by entities supervised by the Superintendence of Security and Private Vigilance. |
| Costa Rica | Second-hand goods. Taxpayers must be registered under the Special regime of second-hand goods. |
| Czechia | Travel agencies; second- hand goods; works of art; collector's items and antiques (EU Directive) |
| Denmark | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Estonia | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Finland | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| France | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive); supply of building land; supply of a building completed more than five years ago, when taxed (option). |
| Germany | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Greece | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive); sales by public auction |
| Hungary | Travel agencies, second-hand goods; works of art, antiques, collectors' items (EU Directive) |
| Iceland | Sale of used motor vehicles by a seller whose business is purchasing such items for commercial resale. Also applies to insurance companies and car rentals |
| Ireland | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). Mandatory margin scheme for auctioneers and travel agents. |
| Israel | Sale of used furniture by a dealer whose business is the sale of such furniture.<br><br>Sale of used vehicle, motorcycle, or cross-country vehicle by a dealer whose business is a purchase and sale of used vehicles.<br><br>Sale of dwellings by a real estate dealer who acquired it from a person who is not a non-profit organisation, a financial institution nor a dealer.<br><br>Sale of coins and medals, which the seller has purchased such coins and medals from a non-licensed |

| Country | Usage of margin schemes[1] |
|---|---|
| | dealer (i.e. not VAT registered business).<br>Sale of postage stamps and revenue stamps by a person whose business is the sale of such stamps (deemed to be a service).<br>Sale of foreign currency, securities or other negotiable instruments, including the acquisition of aforesaid securities and instruments in order to collect their redemption or retirement price, by a dealer whose business is the sale of such assets or the sale of foreign currency, shall be deemed to be a brokerage service rendered by the dealer, between the dealer's supplier and the dealer's customer. |
| Italy | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Japan | - |
| Korea | - |
| Latvia | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Lithuania | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Luxembourg | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) |
| Mexico | Sale of used cars and motorcycles, previously acquired by a company from an individual. |
| Netherlands | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). |
| New Zealand | - |
| Norway | Voluntary margin scheme for second-hand goods, works of art, collectors' items and antiques. |
| Poland | Travel agencies; second-hand goods; works of art; collector's items and antiques (EU Directive). |
| Portugal | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive) and fuel retailers. |
| Slovak Republic | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). |
| Slovenia | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). |
| Spain | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). |
| Sweden | Travel agencies, second-hand goods, works of art, collector's items and antiques (EU Directive). |
| Switzerland | Collector's items such as works of art, antiques and suchlike. |
| Türkiye | Travel agencies (commission taken from tours sold abroad is exempt; commission taken from tours sold in Türkiye is subject to tax). Deliveries of second-hand motor vehicles or immovable properties (without making any fundamental changes in their nature) by taxpayers that are in second-hand motor vehicles or immovable property business after purchasing them from non-VAT-Taxpayers (including purchases from taxpayers in the scope of exemption). The tax base in the delivery and import of gold jewelry and coins is the amount remaining after the gold ingot is deducted. |
| United Kingdom | Travel agencies, second-hand goods, works of art, collector's items and antiques |

Notes

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

Source: National delegates; position as of 1 January 2024.

## Annex Table 2.A.7. VAT Revenue Ratio (VRR) 2022

| | Standard VAT rate 2022 | 2005 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Diff 2020 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | 10 | 0.55 | 0.53 | 0.48 | 0.49 | 0.48 | 0.46 | 0.45 | 0.48 | 0.48 | 0.49 | 0.49 | 0.48 | 0.47 | 0.46 | 0.51 | 0.48 | 0.50 | -0.01 |
| Austria | 20 | 0.58 | 0.58 | 0.59 | 0.58 | 0.58 | 0.58 | 0.59 | 0.58 | 0.58 | 0.59 | 0.59 | 0.60 | 0.60 | 0.60 | 0.59 | 0.60 | 0.63 | 0.04 |
| Belgium | 21 | 0.51 | 0.52 | 0.50 | 0.49 | 0.49 | 0.49 | 0.49 | 0.48 | 0.48 | 0.47 | 0.48 | 0.48 | 0.48 | 0.47 | 0.45 | 0.50 | 0.46 | 0.01 |
| Canada | 5 | 0.49 | 0.50 | 0.49 | 0.48 | 0.48 | 0.47 | 0.47 | 0.46 | 0.47 | 0.48 | 0.48 | 0.49 | 0.49 | 0.48 | 0.48 | 0.50 | 0.50 | 0.01 |
| Chile | 19 | 0.68 | 0.70 | 0.73 | 0.62 | 0.65 | 0.66 | 0.66 | 0.66 | 0.65 | 0.66 | 0.64 | 0.65 | 0.66 | 0.64 | 0.63 | 0.74 | 0.71 | 0.08 |
| Colombia | 19 | 0.42 | 0.45 | 0.48 | 0.43 | 0.44 | 0.49 | 0.46 | 0.41 | 0.42 | 0.41 | 0.38 | 0.37 | 0.38 | 0.39 | 0.34 | 0.37 | 0.40 | 0.06 |
| Costa Rica | 13 | | | | | | | | | | | | | | 0.43 | 0.45 | 0.52 | 0.50 | 0.05 |
| Czechia | 21 | 0.56 | 0.53 | 0.56 | 0.55 | 0.51 | 0.54 | 0.55 | 0.55 | 0.57 | 0.57 | 0.58 | 0.60 | 0.58 | 0.58 | 0.56 | 0.58 | 0.60 | 0.04 |
| Denmark | 25 | 0.62 | 0.65 | 0.61 | 0.58 | 0.57 | 0.58 | 0.59 | 0.58 | 0.59 | 0.59 | 0.60 | 0.61 | 0.62 | 0.62 | 0.65 | 0.65 | 0.66 | 0.02 |
| Estonia | 20 | 0.70 | 0.81 | 0.67 | 0.74 | 0.67 | 0.67 | 0.68 | 0.65 | 0.68 | 0.71 | 0.71 | 0.72 | 0.72 | 0.71 | 0.70 | 0.75 | 0.73 | 0.03 |
| Finland | 24 | 0.61 | 0.60 | 0.58 | 0.56 | 0.55 | 0.56 | 0.57 | 0.56 | 0.55 | 0.54 | 0.55 | 0.57 | 0.58 | 0.59 | 0.59 | 0.60 | 0.60 | 0.01 |
| France | 20 | 0.52 | 0.52 | 0.50 | 0.47 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.48 | 0.50 | 0.50 | 0.51 | 0.49 | 0.53 | 0.53 | 0.04 |
| Germany* | 19 | 0.54 | 0.53 | 0.54 | 0.54 | 0.53 | 0.54 | 0.54 | 0.54 | 0.54 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | 0.55 | 0.57 | 0.57 | 0.02 |
| Greece | 24 | 0.47 | 0.48 | 0.46 | 0.39 | 0.45 | 0.38 | 0.37 | 0.36 | 0.38 | 0.39 | 0.44 | 0.43 | 0.44 | 0.43 | 0.38 | 0.43 | 0.47 | 0.09 |
| Hungary | 27 | 0.48 | 0.58 | 0.56 | 0.61 | 0.52 | 0.51 | 0.52 | 0.52 | 0.56 | 0.59 | 0.55 | 0.56 | 0.59 | 0.59 | 0.59 | 0.62 | 0.62 | 0.03 |
| Iceland | 24 | 0.61 | 0.59 | 0.51 | 0.44 | 0.42 | 0.42 | 0.43 | 0.43 | 0.44 | 0.51 | 0.53 | 0.57 | 0.54 | 0.50 | 0.46 | 0.50 | 0.51 | 0.05 |
| Ireland* | 23 | 0.66 | 0.63 | 0.55 | 0.46 | 0.48 | 0.45 | 0.44 | 0.45 | 0.48 | 0.48 | 0.48 | 0.48 | 0.49 | 0.50 | 0.44 | 0.52 | 0.51 | 0.07 |
| Israel | 17 | 0.62 | 0.66 | 0.66 | 0.66 | 0.66 | 0.66 | 0.65 | 0.65 | 0.64 | 0.64 | 0.65 | 0.64 | 0.64 | 0.63 | 0.64 | 0.70 | 0.70 | 0.05 |
| Italy | 22 | 0.39 | 0.41 | 0.39 | 0.36 | 0.40 | 0.40 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.39 | 0.38 | 0.39 | 0.38 | 0.43 | 0.45 | 0.07 |
| Japan | 10 | 0.70 | 0.68 | 0.67 | 0.66 | 0.68 | 0.68 | 0.69 | 0.70 | 0.69 | 0.73 | 0.72 | 0.72 | 0.72 | 0.59 | 0.70 | 0.72 | 0.72 | 0.02 |
| Korea | 10 | 0.59 | 0.58 | 0.58 | 0.60 | 0.62 | 0.61 | 0.63 | 0.61 | 0.62 | 0.57 | 0.62 | 0.64 | 0.64 | 0.65 | 0.65 | 0.67 | 0.73 | 0.08 |
| Latvia | 21 | 0.57 | 0.60 | 0.49 | 0.38 | 0.42 | 0.43 | 0.46 | 0.49 | 0.50 | 0.52 | 0.54 | 0.54 | 0.58 | 0.59 | 0.58 | 0.59 | 0.64 | 0.06 |
| Lithuania | 21 | 0.52 | 0.61 | 0.58 | 0.47 | 0.49 | 0.51 | 0.50 | 0.50 | 0.51 | 0.51 | 0.51 | 0.53 | 0.53 | 0.54 | 0.56 | 0.59 | 0.60 | 0.04 |
| Luxembourg | 17 | 0.82 | 0.92 | 0.91 | 0.92 | 0.93 | 0.98 | 1.03 | 1.08 | 1.15 | 0.74 | 0.76 | 0.77 | 0.76 | 0.76 | 0.79 | 0.79 | 0.84 | 0.06 |
| Mexico | 16 | 0.27 | 0.30 | 0.31 | 0.28 | 0.29 | 0.28 | 0.28 | 0.26 | 0.29 | 0.30 | 0.31 | 0.30 | 0.32 | 0.31 | 0.35 | 0.35 | 0.33 | -0.01 |
| Netherlands | 21 | 0.55 | 0.58 | 0.56 | 0.52 | 0.54 | 0.51 | 0.51 | 0.47 | 0.46 | 0.48 | 0.50 | 0.51 | 0.51 | 0.54 | 0.56 | 0.58 | 0.55 | -0.01 |
| New Zealand | 15 | 1.01 | 0.95 | 0.96 | 0.96 | 1.09 | 0.92 | 0.93 | 0.93 | 0.95 | 0.95 | 0.94 | 0.96 | 0.95 | 0.95 | 1.02 | 0.98 | 0.96 | -0.06 |
| Norway | 25 | 0.57 | 0.63 | 0.57 | 0.55 | 0.56 | 0.56 | 0.57 | 0.57 | 0.56 | 0.56 | 0.57 | 0.57 | 0.58 | 0.57 | 0.59 | 0.60 | 0.60 | 0.00 |

| | Standard VAT rate 2022 | 2005 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Diff 2020 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Poland | 23 | 0.47 | 0.53 | 0.50 | 0.45 | 0.47 | 0.48 | 0.43 | 0.43 | 0.44 | 0.44 | 0.45 | 0.49 | 0.51 | 0.51 | 0.51 | 0.56 | 0.46 | -0.05 |
| Portugal | 23 | 0.56 | 0.51 | 0.49 | 0.43 | 0.48 | 0.45 | 0.47 | 0.46 | 0.49 | 0.50 | 0.49 | 0.51 | 0.52 | 0.53 | 0.49 | 0.53 | 0.56 | 0.07 |
| Slovak Republic | 22 | 0.61 | 0.53 | 0.53 | 0.47 | 0.46 | 0.49 | 0.43 | 0.47 | 0.49 | 0.52 | 0.50 | 0.52 | 0.52 | 0.53 | 0.51 | 0.53 | 0.52 | 0.01 |
| Slovenia | 22 | 0.67 | 0.70 | 0.69 | 0.59 | 0.59 | 0.59 | 0.57 | 0.59 | 0.58 | 0.58 | 0.58 | 0.59 | 0.60 | 0.59 | 0.54 | 0.58 | 0.57 | 0.03 |
| Spain | 21 | 0.56 | 0.52 | 0.41 | 0.29 | 0.44 | 0.38 | 0.40 | 0.39 | 0.41 | 0.43 | 0.43 | 0.44 | 0.45 | 0.44 | 0.42 | 0.46 | 0.47 | 0.06 |
| Sweden | 25 | 0.53 | 0.56 | 0.57 | 0.55 | 0.57 | 0.56 | 0.55 | 0.54 | 0.55 | 0.56 | 0.58 | 0.58 | 0.58 | 0.59 | 0.59 | 0.60 | 0.61 | 0.02 |
| Switzerland | 7.7 | 0.72 | 0.73 | 0.73 | 0.70 | 0.71 | 0.70 | 0.70 | 0.70 | 0.70 | 0.69 | 0.68 | 0.68 | 0.68 | 0.67 | 0.68 | 0.70 | 0.69 | 0.02 |
| Türkiye* | 18 | 0.40 | 0.38 | 0.37 | 0.36 | 0.41 | 0.44 | 0.40 | 0.44 | 0.40 | 0.42 | 0.40 | 0.41 | 0.40 | 0.34 | 0.38 | 0.47 | 0.44 | 0.06 |
| United Kingdom | 20 | 0.44 | 0.45 | 0.43 | 0.43 | 0.44 | 0.44 | 0.43 | 0.44 | 0.44 | 0.45 | 0.45 | 0.45 | 0.45 | 0.46 | 0.44 | 0.46 | 0.49 | 0.04 |
| OECD average | | **0.57** | **0.58** | **0.56** | **0.53** | **0.54** | **0.54** | **0.54** | **0.54** | **0.54** | **0.54** | **0.54** | **0.55** | **0.56** | **0.55** | **0.55** | **0.58** | **0.58** | **0.03** |

Notes:
**Calculation formula:** VRR = VAT Revenue/[(Consumption - VAT revenue) x standard VAT rate]. Consumption = Final Consumption Expenditure (Heading P3) in national accounts. VAT rates used are standard rates applicable as oft 1 January of each year.
**Time series:** Since data beyond 2022 is not available for all countries at the time of publication, VRR is not calculated after this date.
**Canada:** VRR Calculation includes federal VAT only.
**Canada, Japan and New Zealand.** Annual final consumption expenditure in national accounts was adjusted to ensure matching between the fiscal year for the VAT revenue and the civil year for final consumption figures.
**Japan:** The standard VAT rate used to calculate the VRR for 2014 includes the increase from 8% to 10% on 1 April 2014 (i.e. uses the average VAT rate (5X3+8X9)/12=7.25 %.)
**Germany:** The standard VAT rate used to calculate the VRR for 2020 takes the temporary reduction 19% to 16% from 1 July to 31 December 2020 (i.e. average VAT rate (6X19+6X16)/12=%.)
**Ireland:** The standard VAT rate used to calculate the VRR for 2020 takes the temporary reduction from 23% to 21% from 1 September 2020 until 28 February 2021 (i.e. average VAT rate (23X8+21X4)/12=22.3%.)
Source: OECD

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

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| Australia | ***B2C supplies***: the non-resident supplier is required to register collect and remit the GST.<br>**Simplified "pay-only" registration** and reporting is available; standard GST registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required but is allowed.<br>**Digital platforms[6]** (Electronic Distribution Platforms) are liable to collect GST on inbound digital supplies made through them (***Full liability regime)***.<br>***B2B supplies***: out of scope; the business customer is liable to account for GST under the reverse-charge mechanism only if it cannot claim a full GST credit (i.e. input taxed supply or partly for personal consumption).<br>**Criteria for distinguishing B2C from B2B supplies:** Australian Business Number (ABN) of the customer; a statement that the customer is registered for GST.<br>**Supplies covered by the B2C rule[3]**: inbound supplies of services and intangibles (anything other than goods or real property), including digital and non-digital services such as e-books, music, videos, software downloads, accounting, architectural or legal services.<br>**Proxies for determining the place of taxation[3]:**<br>**B2C:** The supply is connected with Australia i.e. made to a consumer that is resident in Australia.<br>**B2B:** The acquisition is for an enterprise carried on in Australia (this proxy has similar features to a permanent establishment test) and the entity carrying on this enterprise is registered or required to be registered for GST (reverse charge can apply if recipient not entitled to a full input tax credit).<br>**Implementation:** as of 1 July 2017. | AUD 75 000<br>(USD 54 000)<br>Same as for domestic suppliers |
| Austria | European Union scheme (see below) | |
| Belgium | European Union scheme (see below) | |
| Canada | ***B2C supplies***: the non-resident supplier is required to register and collect the GST.<br>**Simplified "pay-only" registration** and reporting is available; standard GST registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required but is allowed.<br>**Digital platforms[6]** (Distribution Platform Operators) are liable to collect GST on inbound supplies made through them (***Full liability regime)***.<br>***B2B supplies***: the customer is liable to account for GST under the reverse-charge mechanism.<br>**Criteria for distinguishing B2C from B2B supplies: The** Canadian GST registration number of the customer.<br>**Supplies covered by the B2C rule[3]**: inbound supplies of services and intangibles (anything other than goods or real property). | CAD 30 000<br>(USD 26 000)<br>Same as for domestic suppliers |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | **Proxies for determining the place of taxation[3]:**<br>**B2C**: consumer's usual place of residence.<br>**B2B**: customer's GST/HST residence.<br>**Implementation:** as of 1 July 2021. | |
| Chile* | ***B2C supplies***: the non-resident service supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; standard VAT registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required but is allowed.<br>**Digital platforms[6]** are not liable to collect the VAT on inbound supplies made through them.<br>**A Withholding[7] regime** applies for the collection of VAT on inbound B2C supplies of services and intangibles when the supplier has not registered to account for the VAT on such supplies.<br>***B2B supplies***: the customer that is a VAT taxpayer is liable to account for VAT under the reverse-charge mechanism.<br>The supplier has information sharing obligation with the tax authority, regarding B2B customers subject to reverse-charge.<br>**Criteria for distinguishing B2C from B2B supplies**: Tax ID Number (TIN) of the customer; statement that the business is registered for VAT.<br>**Supplies covered by the B2C rule[3]**: inbound supplies of digital entertainment content, such as videos, music, games or other analogous content, digital magazines, newspapers and books, provision of software, storage, or computing platforms or infrastructure.<br>**Proxies for determining the place of taxation[3]**<br>**B2C**: the supply is performed or used in Chile (primary legislation) i.e. if two of the following elements indicate a connection to Chile: IP address or other geolocation method, , billing or shipping address provided, SIM card with Chile country code is used (secondary legislation).<br>**B2B**: Customers tax residence status (Tax ID Number).<br>**Implementation:** as of 1 July 2021. | No registration threshold |
| Colombia | ***B2C supplies***: the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; standard VAT registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms:** no special rules apply to digital platforms. The underlying supplier is required to collect and remit the tax (***Mere vendor regime***).<br>**An optional withholding regime[7]** applies for the collection of VAT on inbound B2C supplies of services and intangibles when the supplier voluntarily opts for the use of this mechanism. Withholding is conducted by financial intermediaries based on a list of suppliers provided by the Tax Administration. | No registration threshold |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism.<br>**Criteria for distinguishing B2C from B2B supplies:** the Colombian VAT registration number of the customer.<br>**Supplies covered by the B2C rule**[3]: inbound supplies of services and intangibles performed through electronic commerce.<br>**Proxies for determining the place of taxation**[3]**:**<br>**B2C:** The customer is a tax resident in Colombia.<br>**B2B:** Customer's tax residence status (Colombian VAT registration number).<br>**Implementation:** as of 15 January 2019. | |
| Costa Rica | ***B2C supplies***: the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; standard VAT registration is not allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime)***.<br>**A Withholding regime**[7] applies for the collection of VAT on inbound B2C supplies of services and intangibles when the supplier has not registered to account for the VAT on such supplies. Financial intermediaries have a withholding obligation for payments made to a list of foreign providers and intermediaries provided by the Tax Administration.<br>***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism if the supplier has not registered for VAT.<br>**Criteria for distinguishing B2C from B2B supplies:** the Costa Rican VAT registration number of the customer.<br>**Supplies covered by the B2C rule**[3]: inbound supplies of services and intangibles (anything other than goods or real property).<br>**Proxies for determining the place of taxation**[3]**:**<br>**B2C**: the supply is carried out or consumed in the country (primary legislation) i.e. the address where the service is delivered corresponds to Costa Rica, the underlying supplier of an intermediated service is based in Costa Rica, the fixed landline or the IP address of the customer corresponds to Costa Rica, the SIM card with Costa Rica country code is used, the address of the customer is in Costa Rica, Costa Rica is the country where the payment method was issued (e.g. credit card), any other information in the possession of the supplier or intermediary that allows to reasonably identify the place of consumption. In case of conflict, alphabetical order priority applies.<br>**B2B:** Customers tax residence status (Costa Rican VAT registration number).<br>**Implementation:** as of 1 July 2019. | No registration threshold |
| Czechia | European Union scheme (see below) | |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| Denmark | European Union scheme (see below) | |
| Estonia | European Union scheme (see below) | |
| Finland | European Union scheme (see below) | |
| France | European Union scheme (see below) | |
| Germany | European Union scheme (see below) | |
| Greece | European Union scheme (see below) | |
| Hungary | European Union scheme (see below) | |
| Iceland | ***B2C supplies***: the non-resident supplier is required to register and collect the VAT.<br>**Simplified** "pay-only" registration and reporting is available; standard VAT registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime).***<br>***B2B supplies***: exempt if the customer has a full right of deduction. If not, a reverse-charge mechanism applies.<br>**Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer.<br>**Supplies covered by the B2C rule**[3]: electronically supplied services, telecommunication services, radio and television services.<br>**Proxies for determining the place of taxation**[3]<br>**B2C**: customer's usual residence.<br>**B2B:** customer's location (permanent place of business Icelandic VAT registration number).<br>**Implementation**: 1 November 2011. | ISK 2 million<br>(USD 14 300)<br>Same as for domestic suppliers |
| Ireland | European Union scheme (see below) | |
| Israel | ***B2C supplies***: the customer must self-assess the VAT.<br>***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism.<br>**Supplies covered**[3]**:** services, including digital services. | N.A. |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer.<br>**Proxies for determining the place of taxation[3]**<br>**B2C and B2B**: the residence of the customer is in Israel or the supply is connected to an asset in Israel.<br>**Implementation:** 1 November 2011. | |
| Italy | European Union scheme (see below) | |
| Japan | ***B2C supplies***: the non-resident supplier is required to register and collect the VAT.<br>**Standard registration is required**. The non-resident service provider, which does not maintain a branch or an office in Japan, must appoint a **tax agent** to register under the standard registration procedure. No simplified registration procedure is available.<br>**Digital platforms**. No special rules exist for digital platforms. The underlying supplier is required to collect and remit the tax (***Mere vendor regime***).<br>***B2B supplies*****:** reverse-charge mechanism applies: non-resident businesses are required to notify their Japanese customers that they (customers) are required to account for VAT under the reverse-charge mechanism.<br>**Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided.<br>**Supplies covered by B2C rule[3]:** Electronic services as defined by law (e.g. online e-books, online game, music movies, cloud services, Internet shopping or auction site).<br>**Proxies for determining the place of taxation[3]**<br>**B2C and B2B:** the place where the customer is located (i.e., address or domicile for private customers and head office or principal office for businesses).<br>**Implementation:** 1 October 2015. | JPY 10 million (USD 1105.600)<br>Same as for domestic suppliers |
| Korea | ***B2C supplies*****:** the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; standard registration is allowed for non-resident businesses.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime*****).**<br>***B2B supplies*****:** out of the scope.<br>**Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided and the Korean Business Number of the customer.<br>**Supplies covered by the B2C rule[3]:** Electronic services as defined by law (e.g. applications, games, music, films, electronic documents, software, etc.).<br>**Proxies for determining the place of taxation[3]:**<br>**B2C**: the residence of the customer is in Korea. | No threshold |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | **B2B:** not applicable.<br>**Implementation:** 1 July 2015. | |
| Latvia | European Union scheme (see below) | |
| Lithuania | European Union scheme (see below) | |
| Luxembourg | European Union scheme (see below) | |
| Mexico* | ***B2C and B2B supplies*:** the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; additionally, standard registration is allowed for non-resident suppliers.<br>The appointment of a tax representative is required.<br>**Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime*).**<br>**B2B supplies:** the customer must apply the reverse-charge mechanism if the non-resident supplier has not registered for VAT in Mexico.<br>**Criteria for distinguishing B2C from B2B supplies:** not applicable.<br>**Supplies covered:** defined digital supplies such as downloads or access to images, movies, text, information, videos, audio, music, games, as well as other multimedia content, but does not apply to e-books or electronic versions of newspapers and magazines. The defined digital services also include online learning, tests or exercises and online clubs and dating sites.<br>**Proxies for determining the place of taxation**[3]:<br>**B2C and B2B:** the supply takes place in Mexico (primary legislation). Non-resident suppliers can use proxies to identify the place where these supplies take place including: the location of the customer, the location of the IP address of the device used by the customer; the country of issuance or registration of the card, bank account or other method of payment used, or the country code of the mobile phone SIM card being used (secondary legislation).<br>**Implementation:** 1 June 2020. | No threshold |
| Netherlands | European Union scheme (see below) | |
| New Zealand | ***B2C supplies*:** the non-resident supplier is required to register and collect the GST.<br>**Simplified "pay-only" registration** and reporting is available; full standard GST registration is allowed.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms** (Electronic Distribution Platforms) are liable to collect GST on inbound supplies made through them (**Full liability regime**).<br>***B2B supplies*:** out of scope; a reverse-charge mechanism applies if the purchaser's taxable supplies are mostly exempt from GST (e.g. financial services) or the services are partly used for personal consumption. | NZD 60 000<br>(USD 41 000)<br>Same as for domestic suppliers |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | **Criteria for distinguishing B2C from B2B supplies:** New Zealand GST registration number or business number. The Commissioner of Inland Revenue can prescribe or agree to an alternative method taking into account the nature of the supply, the value of the supply and the terms and conditions of the provision of services.<br>**Supplies covered by the B2C rule[3]:** remote services, including digital services such as e-books, music, videos and software downloads and non-digital services such as general insurance, consulting, accounting and legal services**.**<br>**Proxies for determining the place of taxation[3]:**<br>**B2C:** customer's tax residence.<br>**B2B:** customer's tax residence.<br>**Implementation:** 1 October 2016. | |
| Norway | ***B2C supplies*:** the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; full standard VAT registration is allowed.<br>Fully digital registration is available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms** (Electronic Distribution Platforms) are liable to collect VAT on inbound supplies made through them (**Full liability regime**).<br>***B2B supplies***: the reverse-charge mechanism applies.<br>**Supplies covered by the B2C rule[3]:** telecommunication, radio and television broadcasting and electronically supplied services (TBE services).<br>**Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer<br>**Proxies for determining the place of taxation[3]:**<br>**B2C:** customers usual residence.<br>**B2B**: customers location.<br>**Implementation**: 1 July 2011. | NOK 50 000<br>(USD 5 600)<br>Same as for domestic suppliers |
| Poland | European Union scheme (see below) | |
| Portugal | European Union scheme (see below) | |
| Slovak Republic | European Union scheme (see below) | |
| Slovenia | European Union scheme (see below) | |
| Spain | European Union scheme (see below) | |
| Sweden | European Union scheme (see below) | |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| Switzerland | ***B2C supplies of electronic and telecommunication services***: the non-resident supplier must register for VAT under the standard registration procedure.<br>**Standard registration**. No simplified registration procedure is available.<br>The appointment of a tax representative is required.<br>**Digital platforms**. No special rules exist for digital platforms. The underlying supplier is required to collect and remit the tax (**Mere vendor regime**).<br>***B2B supplies and other B2C supplies of services with place of taxation in Switzerland by reference to the customer's location***: most of the inbound supplies of services and intangibles are taxed under the reverse-charge mechanism, unless the non-resident supplier is registered for VAT in Switzerland (e.g. to account for B2C supplies). NB: for B2C supplies of services other than electronic and telecommunication services, the final consumer in Switzerland must self-assess the VAT only if its purchases of such services exceed CHF 10 000 per year.<br>**Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer.<br>**Proxies for determining the place of taxation[3]:**<br>**B2C**: customers usual residence.<br>**B2B:** customers location.<br>**Implementation**: 1 January 2010. | CHF 100 000<br>(USD 103 500)<br>The threshold refers to the global turnover of the supplier. |
| Türkiye | ***B2C supplies***: the non-resident supplier is required to register and collect the VAT.<br>**Simplified registration** and reporting is available, with right to input VAT deduction<br>Fully digital registration is available for the simplified registration<br>The appointment of a tax representative is not required.<br>**Digital platforms** (electronic marketplaces) are liable to collect VAT on inbound supplies made through them (**Full liability regime**).<br>***B2B supplies***: reverse-charge mechanism applies.<br>**Supplies covered by the B2C rule[3]:** electronic services.<br>**Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer.<br>**Proxies for determining the place of taxation[3]**<br>**B2C**: customer's usual residence.<br>**B2B**: customer's location.<br>**Implementation**: 1 January 2018. | No threshold |
| United Kingdom* | **B2C supplies**: the non-resident supplier is required to register and collect the VAT (standard registration).<br>**Digital platforms** (electronic marketplaces) are liable to collect VAT on inbound electronically supplied services made through them (**Full liability regime**).<br>**B2B supplies:** the reverse-charge mechanism applies. | No threshold |

| Country[5] | Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2] | Threshold[4] |
|---|---|---|
| | **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer or other reasonable evidence that the customer is in business.<br>**Supplies covered by the B2C rule[3]:** telecommunication, electronic and broadcasting services.<br>**Proxies for determining the place of taxation[3]**<br>**B2C**: customers usual residence.<br>**B2B**: customers location.<br>**Implementation**: 1 January 2021. | |
| European Union* | **VAT collection mechanism:**<br>**B2C supplies**: the non-resident supplier is required to register and collect the VAT.<br>**Simplified "pay-only" registration** and reporting is available; standard VAT registration is allowed for non-resident EU businesses under the One Stop Shop (OSS) mechanism.<br>Non-EU suppliers can opt to register for VAT under the One Stop Shop's non -Union part mechanism to collect and remit VAT due on their B2C supplies of services in all EU Member States.<br>Fully digital registration and reporting are available for the simplified "pay-only" registration.<br>The appointment of a tax representative is not required.<br>**Digital platforms:** full liability regime.<br>**B2B supplies:** the reverse-charge mechanism applies.<br>**Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer.<br>**Supplies covered by the B2C rule[3]:** telecommunication, electronic and broadcasting services.<br>**Proxies for determining the place of taxation[3]**<br>**B2C:** customer's usual residence.<br>**B2B:** customer's location.<br>**Implementation**: 2003 for non-EU suppliers; 2015 for intra-EU suppliers; 2021 for the EU VAT Package also covering intra-EU supplies and imports of low-value goods within the EU. | No threshold (EUR 10 000 for intra-EU supplies) |

Notes

* See country note

1. In the context of this table:

"Services and intangibles" refer to any supply of services and intangibles by a non-resident supplier (without any physical presence in the customer's country).

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

2. The supplies covered in this table are those covered by the International VAT/GST Guidelines 3.1 to 3.4 and Guideline 3.6. Are therefore not covered in this table, the on-the spot supplies (Guideline 3.5), and supplies of services and intangibles subject to specific place of taxation rules including supplies directly connected with a specific immovable property, which are covered by Guidelines 3.7 and 3.8.
3. Some jurisdictions may limit the application of the International VAT/GST Guidelines 3.1 to 3.4 and/or Guideline 3.6 to certain categories of service supplies. Other place of taxation or VAT collection methods may therefore apply to supplies that are not covered by this definition.
4. The threshold applies for the registration of non-resident suppliers in the jurisdiction of taxation. The amount in local currency is converted into USD according to the OECD Purchase Power Parity rate for GDP (PPPs) 2023.
5. Only national taxes are included in this table. Sub-national VATs are not included.
6. For the purpose of this table “Digital platforms” is used as a generic term to describe the platforms that enable, by electronic means, direct interactions between two or more customers or participant groups, typically buyers and sellers. Digital platforms typically have two key characteristics: (i) each group of participants (e.g. online buyers and sellers) are users and therefore customers of the platform in some meaningful way, and (ii) the platform enables a direct interaction between these groups of participants (e.g. online sales of goods or services).
7. For the purpose of this table a “Withholding regime” refers to any regime or measure that makes financial intermediaries, such as banks and payment service providers (PSPs), responsible for the collection of VAT on payments for taxable services and intangibles.
Source: National delegates; position as of 1 January 2024

**Annex Box 2.A.4. Country notes to Annex Table 2.A.8. Mechanisms for collecting VAT on cross-border supplies of services and intangibles[1] by non-resident suppliers ("inbound supplies").**

**Chile.** Non-resident suppliers providing remote services to final consumers (B2C) in Chile (i.e., customers that are not registered for VAT purposes in Chile) are required to register under a simplified “pay only” registration and collection regime. Registration under the standard registration procedure is also available. Initially, the services covered included notably the supply of digital entertainment content, software, and data storage. However, as of 1 January 2023, the scope of the law has been expanded to include all services. Such supplies are taxable in Chile provided that they are “consumed within the country”. Foreign suppliers are able to use proxies as evidence to identify the place of consumption. These proxies include: the location of the IP address of the device used by the customer (or another geolocation mechanism) at the time of contracting or paying the services; the country of issuance or registration of the card, bank account or other method of payment used; the invoicing address; and/or the country code of the mobile phone´s SIM card being used. Two items of non-contradictory evidence are required. There is no registration threshold and foreign suppliers are in principle requested to register from the first sale to Chilean consumers. B2B supplies continue to be subject to a reverse-charge mechanism if the customer is registered for VAT in Chile. The foreign supplier has information sharing obligation with the tax authority regarding B2B customers subject to reverse-charge. A legislative proposal seeks to introduce a full liability regime for digital platforms.

**Japan.** From 1 April 2025, consumption tax liability will be imposed on digital platforms whose commercial transactions with non-resident suppliers exceed JPY 5 billion per taxable period with respect to inbound digital services (primarily B2C transactions) provided by non-resident suppliers through those platforms.

**Mexico.** Non-resident suppliers providing digital services to consumers (B2C and B2B) in Mexico are required to register under a simplified “pay-only” registration and collection regime. This registration does not grant the right to the registered businesses to deduct VAT incurred in Mexico. The registration does not generate a permanent establishment for income tax purposes in Mexico. Digital platforms are liable to collect the VAT on inbound supplies made through them and to remit it to the Mexican tax authorities. The digital services covered include notably downloads or access to images, movies, text, information, videos, audio, music, games, as well as other multimedia content, but does not apply to e-books or electronic versions of newspapers and magazines. The defined digital services also include distance learning, tests, and exercises and online clubs and dating sites. Such supplies are taxable in Mexico provided they “take place” in the country. Non-resident suppliers are able to use proxies as evidence to identify the place where these supplies take place. These proxies include: the location of the customer, the location of the IP address of the device used by the customer; the country of issuance or registration of the card, bank account or other method of payment used or the country code of the mobile phone SIM card being used. There is no registration threshold and non-resident suppliers are in principle requested to register 30 days after the first sale to Mexican consumers. B2B supplies continue to be subject to a reverse-charge mechanism if non-resident suppliers are not registered for VAT in Mexico. Non-resident suppliers are required to provide information to the tax administration monthly on the number of services provided, classified by type of services and their price, as well as number of recipients and they to keep the appropriate records. When requested by their business customers in Mexico, non-resident suppliers are required to issue proof of the payment made by this customer to the supplier with explicit and separate reference to the amount of VAT paid (to support these business customers’ claim to input-VAT deduction). In 2021 a measure was introduced that allows tax authorities to temporarily block access to the digital services of the non-resident suppliers that do not comply with some of their VAT obligations. The application of this measure provides prior right to hearing of the affected supplier.

**United Kingdom.** Foreign suppliers of B2C telecommunication, electronic and broadcasting (TBE) services are liable to account, collect and remit the VAT on those supplies in the UK where the customer is resident in the UK. In addition, where digital services are supplied via an online platform or marketplace, that platform or marketplace is deemed to have received and remade the supply in its own name. Other B2B supplies are subject to a reverse-charge mechanism when the customer is a UK business.

**European Union.** Under the VAT Mini-One-Stop-Shop scheme (MOSS) non-EU suppliers (since 2003) and EU suppliers (since 2015) of cross-border B2C telecommunication, broadcasting and electronic (TBE) services were liable to account, collect and remit the VAT due on those supplies in the Member State where the consumer has his residence under a simplified VAT registration and collection regime. From 1 July 2021, this regime is extended to all cross-border B2C supplies of services where the place of taxation is within the EU. Under this One Stop Shop scheme (OSS) EU and non-EU businesses that are not established in the

Member State of taxation can opt to register and account for the VAT due on those supplies in only one Member State. Whereas EU business have to choose their Member State of establishment, the non-EU business can choose any Member State. This simplification measure avoids the need to register for VAT in all the Member States where the foreign supplier has B2C customers. Digital platforms ("marketplaces") can be liable to collect, report and remit the VAT due on the B2C supplies they take part in. These platforms can have the possibility to register and account for VAT through the OSS.

Source: National delegates

## Annex Table 2.A.9. VAT Treatment of Imports of Low-Value Goods

| Country | VAT treatment[1] | Exemption threshold | | |
|---|---|---|---|---|
| | | Currency | In local currency[2] | In USD[3] |
| Australia* | T | - | - | - |
| Austria[4] | T | - | - | - |
| Belgium[4] | T | - | - | - |
| Canada* | E | CAD | 20 (40) | 17 (34) |
| Chile | E | USD | - | 41 |
| Colombia | E | USD | - | 200 |
| Costa Rica | E | USD | - | 500 |
| Czech Republic[4] | T | - | - | - |
| Denmark[4] | T | - | - | - |
| Estonia[4] | T | - | - | - |
| Finland[4] | T | - | - | - |
| France[4]* | T | - | - | - |
| Germany[4] | T | - | - | - |
| Greece[4] | T | - | - | - |
| Hungary[4] | T | | - | - |
| Iceland* | E | ISK | 2 000 | 13 |
| Ireland[4] | T | - | - | - |
| Israel* | E | USD | - | 75 |
| Italy[4] | T | - | - | - |
| Japan | E | JPY | 10 000 | 106 |
| Korea* | E | USD | - | 150 |
| Latvia[4] | T | - | - | - |
| Lithuania[4] | T | - | - | - |
| Luxembourg[4] | T | - | - | - |
| Mexico* | E | USD | - | 50 |
| Netherlands[4] | T | - | - | |
| New Zealand* | T | - | - | |
| Norway* | T | - | - | - |
| Poland[4]* | T | - | - | - |
| Portugal[4] | T | - | - | - |
| Slovak Republic[4] | T | - | - | - |
| Slovenia[4] | T | - | - | - |
| Spain[4] | T | - | - | - |
| Sweden[4]* | T | - | - | - |
| Switzerland* | E | CHF | 62 | 64 |
| Türkiye | T | - | - | - |
| United Kingdom* | T | - | - | - |

Notes

* See country notes

This table shows VAT collection thresholds below which the importation of goods dispatched from abroad to a customer in the given jurisdiction is exempt from VAT (VAT low-value import relief threshold). It does not cover other import scenarios such as imports of goods exchanged between private individuals or imports of goods in the personal luggage of travellers. It is recognised that imports of excisable goods are generally excluded from these VAT low-value import reliefs.

1. VAT treatment: this column shows situations where the importation of such goods is free of VAT (E) or taxed (T).
2. For Chile, Colombia, Costa Rica, Israel, Korea and Mexico, the threshold is not provided in local currency in national legislation but in USD. Except stated otherwise in the country notes, the amount reflects the intrinsic value of the goods (excluding freight, insurance and other costs and taxes).
3. Amounts are converted into USD at Purchase Parity Rates (PPPs) for GDP 2023.
4. Member States of the EU are bound by EU VAT and Customs legislation.

Source: National delegates. Position as of 1 January 2024.

### Annex Box 2.A.5. Country notes to Annex Table 2.A.9. VAT Treatment of Imports of Low-Value Goods

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

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

**Chile.** A legislative proposal introduced by the Ministry of Finance aims to extend the regime applicable to non-resident suppliers of services to also encompass the sale of low-value imported goods.

**Colombia:** It only applies to imports from countries which have a concluded Free Trade Agreement with Colombia, and such treatment is provided in such agreement.

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

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

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

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

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

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

**Switzerland.** The importation of goods in Switzerland is exempt from VAT when the amount of the VAT due on such imports is CHF 5 or less per declaration. For ease of comparison, the equivalent threshold under the standard VAT rate is shown in the table above, i.e., CHF 62 x 8.1% VAT = CHF 5. For goods taxed under the reduced rate of 2.6 % (e.g., books) the CHF 5 threshold is reached only for supplies of CHF 194 or above. However, anyone shipping such goods to consumers in Switzerland for an annual value of CHF 100 000 is considered as making taxable supplies of goods in Switzerland and must register, collect, and remit the VAT on those supplies.

**United Kingdom**. From 1 January 2021, the import VAT exemption for goods valued at GBP 15 or less was removed and these goods are now subject to VAT. How VAT is collected on imported goods depends on the value and nature of the consignment. Supplies of goods imported in low value consignments (valued at GBP 135 or less) are now subject to VAT at the point of sale instead of collection at the border.

- A seller, or an online marketplace where it facilitates the supply, must be registered for VAT, charge VAT at the point of sale, and account for it through their VAT return.
- Where a supply is to a VAT registered business, the seller or online marketplace should not charge VAT, and instead, the customer can account for the VAT through their VAT return.

Consignments valued above GBP 135, as well as consignments of any value containing excise goods or non-commercial goods (e.g. gifts), remain subject to import VAT collection at the border.

**European Union**. The supply of low-value goods (i.e., goods with value below EUR 150) that are imported and delivered to consumers in the EU is subject to VAT. The tax can be collected in two ways by the supplier or the digital platform (if the supply is facilitated through a digital platform – electronic interface).

- The supplier/digital platform can register, collect, and remit VAT under a simplified “pay-only” registration scheme (The Import One-Stop Shop - IOSS) in the Member State of its choice (this simplification measure avoids the need to register for VAT in all the Member States where low-value goods are delivered to customers). However, only suppliers/digital platforms established within the EU may register directly under that scheme whereas non-EU established suppliers/digital platforms must register through an intermediary, established in the EU. As an exception to this rule, suppliers/digital platforms established in a country with which the EU has concluded an agreement on mutual assistance and who are carrying out distance sales of goods from that third country can also register directly. It will charge the VAT directly to the consumer at the time of sale and remit it to the tax authorities. No VAT will be collected at the border. There is no registration threshold and suppliers/digital platforms using the IOSS must register and account for VAT from the first supply.
- The supplier/digital platform can opt for the standard customs procedure and elect to have the customs declarant (usually the postal operator, courier firm, or a customs agent) collecting the import VAT (with possibly clearance fees) from the consumer at the time of the delivery.

Source: National delegates

## Annex Table 2.A.10. Availability of VAT relief or refund to non-resident businesses

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| Australia | Yes | Refund available for registered businesses other than non-resident businesses who register through the simplified "pay-only" registration system. | No | No ("pay-only" registration) |
| Austria | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. No VAT refund for the purchase of fuel. | No | No ("pay-only" registration) |
| Belgium | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |
| Canada | Yes | Relief through zero-rating where appropriate. If not available, the following forms of relief may be available (facts-and-circumstances test):<br>• No VAT to be charged to a foreign business on an otherwise taxable supply of goods in Canada provided the supplier to the foreign business receives a "drop shipment certificate" from a VAT registered person who is physically receiving the goods.<br>• Allowing a foreign business to "flow through" VAT paid on the importation of goods into Canada or paid to a VAT registered person, | No | No |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | to its VAT registered customer or supplier, who will in turn recover that VAT through its VAT return.<br>• A VAT rebate is available to non-resident purchasers in respect of goods acquired for commercial use primarily outside Canada. | | |
| Chile | No | N/A | N/A | No ("pay-only" registration) |
| Colombia | No | N/A | N/A | No ("pay-only" registration) |
| Costa Rica | No | N/A | N/A | No ("pay-only" registration) |
| Czechia* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Czech businesses (see country note). | No ("pay-only" registration) |
| Denmark | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |
| Estonia* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC. | Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Estonian businesses (see country note). | No ("pay-only" registration) |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | | |
| Finland | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |
| France | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |
| Germany* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds are available only to businesses established in the EU and in countries listed as providing a reciprocal treatment to German businesses (see country note). | No ("pay-only" registration) |
| Greece* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC (electronic-based system). | Yes: refunds are available only to businesses established in the EU, Norway, Switzerland and the United Kingdom (see country note). | No ("pay-only" registration) |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive (paper-based system). | | |
| Hungary* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to business established in the EU, Liechtenstein, Norway, Serbia, Switzerland, Türkiye and the United Kingdom (see country note). | No (“pay-only” registration) |
| Iceland | Yes | Refund available through direct refund mechanism (without registration or tax representative). | No | N/A |
| Ireland | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No (“pay-only” registration). |
| Israel | No | N/A | N/A | N/A |
| Italy* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC. | Yes: refunds available only to businesses established in the EU, Israel, Norway, Switzerland and the United Kingdom (see country note). | No (“pay-only” registration) |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | | |
| Japan | Yes | A non-established business must appoint a resident tax representative and elect to be treated as a taxable business. | No | No |
| Korea* | Yes | Refund available through direct refund mechanism (without registration or tax representative). | Yes: refunds available only to foreign businesses on a reciprocal basis (see country note). | No |
| Latvia* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to businesses established in the EU and in Iceland, Monaco, Norway, Switzerland and the United Kingdom (see country note). | No ("pay-only" registration) |
| Lithuania* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds are available only to businesses established in the EU and in Armenia, Iceland, Norway, Canada, Switzerland, the United Kingdom, Türkiye and the United States. | No ("pay-only" registration)[2] |
| Luxembourg | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| Mexico | No | N/A | N/A | No ("pay-only" registration) |
| Netherlands | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | No | No ("pay-only" registration) |
| New Zealand* | Yes | Most supplies to non-residents are zero-rated. | No. However, foreign businesses may register under the full registration regime allowing them to claim GST back on New Zealand-based costs (see country note). | No ("pay-only" registration) However, foreign suppliers may elect to register under the full registration regime allowing them to claim GST back on New Zealand-based costs. |
| Norway | Yes | Refund available through direct refund mechanism (without registration or tax representative). | No | No ("pay-only" registration) |
| Poland* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to businesses established in the EU and in countries considered as providing a reciprocal treatment i.e. Iceland, North Macedonia, Norway, Switzerland, and the United Kingdom. | No ("pay-only" registration) |
| Portugal* | Yes | Refund available through direct refund mechanism:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC. | Yes: refunds available only to businesses established in the EU and in countries that refund VAT to Portuguese businesses (see country note). | No ("pay-only" registration). |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive through the appointment of a VAT representative in Portugal. | | |
| Slovak Republic* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovak businesses (see country note). | No ("pay-only" registration) |
| Slovenia* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovenian businesses (see country note). | No ("pay-only" registration) |
| Spain* | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC.<br>• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. | Yes: refunds available only to businesses established in the EU, Canada, Israel, Japan, Monaco, Norway and Switzerland (see country note). | No ("pay-only" registration) |
| Sweden | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:<br>• Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC. | No | No ("pay-only" registration) |

| Country | Availability of VAT relief/refund mechanism to foreign businesses[1] | Approach | Reciprocity requirement[2] | Availability of VAT deduction under the simplified registration and compliance regime[3] |
|---|---|---|---|---|
| | | • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.<br>Non-established businesses may claim relief of Swedish VAT to the same extent as VAT-registered businesses (effective as of 1 January 2010). | | |
| Switzerland | Yes | Switzerland refunds VAT incurred by businesses that are neither established nor registered for VAT in Switzerland or Liechtenstein and that have not made any supplies in Switzerland or Liechtenstein (except for supplies that are exempt from the tax, services whose place of supply is the place of the recipient or supplies of electricity in cables, gas via the natural gas distribution network and district heating to persons liable to the tax on Swiss territory). | Yes: refunds are available only to businesses established in countries listed as providing a reciprocal treatment to Swiss businesses (see country note). | N/A |
| Türkiye* | Yes | Refund available through direct refund mechanism (without registration or tax representative) for certain transactions. | Yes, partially dependent on reciprocity. (see country note). | Yes |
| United Kingdom | Yes | Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: | No | No ("pay-only" registration) |

* See country note

Notes

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

1. The reference to "Availability of VAT relief/refund" in this table does not mean that refunds are made automatically. They may be subject to some conditions and verification processes.

2. For the purpose of this table "Reciprocity requirement" means that the country grants VAT refund or relief to foreign businesses on condition that similar relief or refund is granted by the country where such foreign business is established.

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

Source: National delegations; position as of 1 January 2024

### Annex Box 2.A.6. Country notes to Annex Table 2.A.10 Availability of VAT relief or refund to non-resident businesses

**Czechia.** Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Formal reciprocity agreements for VAT refunds were also concluded with Macedonia, Moldavia, Norway, Switzerland, and the United Kingdom. However, businesses from other non-EU countries may also claim VAT refunds if they are established in a country that refunds VAT to Czech taxpayers or in a country that does not apply VAT or similar consumption tax.

**Estonia.** Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Formal reciprocity agreements for VAT refunds were also concluded with Iceland, Israel, Norway, Switzerland, and the United Kingdom. However, VAT refunds can also be granted to businesses established in countries granting similar rights to Estonian businesses, even in the absence of formal bilateral agreements. VAT refunds to the relevant non-EU foreign businesses is granted on the import or acquisition of goods, except immovable property, or the receipt of services for business purposes.

**Germany**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. For businesses established outside of the EU, there are no formal bilateral reciprocity agreements for the refund of VAT but reciprocity is determined by the German Finance Ministry following examination of the statutory rules and regulations governing the relevant taxes in the jurisdictions concerned. Reciprocity has so far been established with the following jurisdictions: Andorra, Antigua and Barbuda, Bahamas, Bahrain, British Virgin Islands, Bermudas, Brunei Darussalam, Cayman Islands, Gibraltar, Grenada, Greenland. Guernsey, Hong Kong (People’s Republic of China), Iran, Iceland, Israel, Jamaica, Japan, Jersey, Canada, Qatar, Korea (Democratic People's Republic), Korea (Republic), Kuwait, Lebanon, Liberia, Libya, Liechtenstein, Macao, Former Yugoslav Republic of Macedonia, Maldives, Norway, Oman, Solomon Islands, San Marino, Saudi Arabia, Switzerland, St. Vincent, Swaziland, Vatican, United Arab Emirates, United States of America.

**Greece**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Formal reciprocity agreements for the VAT refunds are also concluded with Switzerland, Norway and the United Kingdom under the terms of EU 13th Directive (86/560/EEC).

**Hungary.** Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC and in Liechtenstein, Norway, Serbia, Switzerland, Türkiye and the United Kingdom. For businesses established in Türkiye, the refund is provided only in respect of supply of fuel, road toll service, supplies in connection with the maintenance of vehicles acquired to carry out transportation of goods or persons; and supplies acquired to participate as an exhibitor on exhibitions, expositions and fairs.

**Italy.** Reciprocity requirement: VAT refunds are only available to businesses established in the EU (EU Directive 2008/9/EC), Israel, Norway, Switzerland, and the United Kingdom. With regard to the United Kingdom, the “Agreement on the refund of VAT on a reciprocal basis between the Government of the Italian Republic and the Government of the United Kingdom of Great Britain and Northern Ireland” entered into force on 7 February 2024.

**Korea.** Reciprocity requirement: VAT refunds are only available to businesses established in countries with which Korea has a formal reciprocity agreement i.e., Austria, Australia, Belgium, Bosnia & Herzegovina, Denmark, Finland, France, Germany, Hong Kong, Iceland, Ireland, Japan, Luxembourg, North Macedonia, Malta, Monaco, Netherlands, New Zealand, Norway, Sweden, Bulgaria, Slovenia, United Arab Emirates, the United Kingdom, and the United States. In addition, VAT is refunded only on the following expenditures: office equipment and supplies, telecommunications, advertisement, lodging, restaurant, and hotel accommodation, maintenance and rent of local representatives' offices, renting of real estate.

**Latvia.** Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. VAT refunds are also granted to businesses established in countries considered as providing reciprocal treatment to Latvian businesses i.e., Iceland, Monaco, Norway, Switzerland, and the United Kingdom.

**Lithuania**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Refunds are also granted to businesses established in countries considered as providing reciprocal treatment to Lithuanian businesses i.e., Armenia, Iceland, Norway, Canada, Switzerland, the United Kingdom and Türkiye. VAT refund is also granted businesses established in the United States.

**New Zealand**. Non-resident businesses that do not make taxable supplies in New Zealand may register for GST to recover GST incurred in New Zealand under several conditions: (1) the non-resident business must generally be registered for a general consumption tax (GST, VAT or retail sales tax) in its own country; (2) the GST refund resulting from the first GST return must be more than NZD 500; (3) the GST input tax credits only arise when the non-resident has paid for the expenditure; (4) the non-resident cannot form a New Zealand GST group with New Zealand resident entities unless the non-resident is registered for GST under the ordinary rules; (5) the non-resident must not be making supplies of services that are likely to be received by a person in New Zealand who is not registered for GST; (6) the tax authority will not be legally obliged to refund the GST until 90 days after the GST return has been lodged

**Poland**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. VAT refunds are also granted to businesses established in third countries considered as providing reciprocal treatment to Polish businesses i.e., Iceland, North Macedonia, Norway, Switzerland, and the United Kingdom.

**Portugal.** Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Portugal applies the principle of reciprocity to businesses established in third countries, which must be considered as providing analogical VAT refunds to Portuguese businesses. There is no public list of such countries, but the claimant must provide a certificate, issued by the country where it is established, confirming such reciprocal treatment. There are, however, bilateral declarations between Portugal, Switzerland and Liechtenstein recognising such reciprocal treatment.

**Slovak Republic**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. The Slovak Republic applies the principle of reciprocity to businesses established in third countries. There is no list of such countries publicly available.

**Slovenia**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Slovenia applies the principle of reciprocity; that means the country where the claimant is established must also provide VAT refunds to Slovenian businesses.

**Spain**. Reciprocity requirement: VAT refunds are available to businesses established in the EU according to the EU Directive 2008/9/EC. Formal reciprocity agreements for the VAT refunds are also concluded with Monaco, Japan, Switzerland, Israel, and Norway. Reciprocity is also recognised with the United Kingdom but VAT refund will not apply with respect to those supplies of goods and services which, in the United Kingdom, do not result in the refund of input VAT, in particular, in connection with the following transactions: acquisition of goods or services that will not be used in the taxpayer's business activity, acquisition of goods and services intended for resale, acquisition of goods and services related to entertainment or services of a recreational nature, acquisition of a motor vehicle, 50% of the input VAT on the rental or leasing of a motor vehicle. A direct VAT relief is also available to the following supplies made to non-EU businesses: the supply of moulds, designs, and equipment for the manufacturing in Spain of goods to be exported out of the EU to a non-established business and of any service for the assistance of commercial or professional fairs, expositions or congresses organised in Spain.

**Switzerland**. Reciprocity requirement: VAT refunds are available to businesses established in countries considered as providing a similar treatment to Swiss businesses i.e., all EU Member States, Australia, Hong Kong China, Bahrain, Saudi Arabia, Bermuda, Israel, Serbia, Canada, Japan, Chinese Taipei, North Macedonia, Türkiye, United Arab Emirates, United Kingdom, United States, Norway, Iceland, and Monaco.

**Türkiye.** Reciprocity requirement: VAT refunds to foreign businesses not established in Türkiye are limited to VAT incurred on expenses incurred by international transporters - repairs, fuel, and spare parts – and by foreign producers of cinematographic works approved by the Ministry of Culture and Tourism. Refunds of VAT incurred on fairs and exhibitions are available provided that the county where the claimant is established provides a similar treatment to Turkish businesses.

**European Union**. Member States of the European Union are bound by a common legal framework. According to this framework, most businesses established in the EU who incur VAT in connection with their activities in another EU Member State where they are not required to register for VAT purposes are entitled to obtain a refund from the EU country where they paid the VAT (Directive 2008/9/EC). Regarding the refunds to businesses not established in the EU, Member States may refuse to refund VAT if the claimant’s jurisdiction does not grant reciprocal refund rights for VAT or similar to businesses based in that EU country, impose restrictions on the type of expenditure qualifying for refunds and require that the claimant appoint a tax representative (Directive 86/560/EEC).

Source: National delegates.

## Annex Table 2.A.11. Electronic invoicing

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| Australia* | | | | | | |
| B2G | O | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Austria* | | | | | | |
| B2G | M<br>(1 January 2014) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Belgium* | | | | | | |
| B2G | M<br>(1 November-2022) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Canada* | | | | | | |
| B2G | O | F | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Chile* | | | | | | |
| B2G | M<br>(1 November 2014) | M | C | No | - | Yes |
| B2B | M<br>(1 November 2014 - 1 February 2018 for small enterprises) | M | C | No | - | Yes |
| B2C | M<br>(1 January 2021 – 1 April for | M | C | No | - | Yes |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| | specific taxpayers) | | | | | |
| Colombia* | | | | | | |
| B2G | M<br>(15 June 2020) | M | C | No | - | No |
| B2B | M<br>(15 June 2020) | M | C | No | - | No |
| B2C | M<br>(1 February 2023) | M | C | No | - | No |
| Costa Rica* | | | | | | |
| B2G | M<br>(31 January 2018) | M | C | No | - | No |
| B2B | M<br>(31 January 2018) | M | C | No | - | No |
| B2C | M<br>(31 January 2018) | M | C | No | - | No |
| Czechia* | | | | | | |
| B2G | M<br>(1 October 2016) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Denmark* | | | | | | |
| B2G | M<br>(1 January 2005) | M | No | No | Yes | No |
| B2B | O | M | No | | Yes | No |
| B2C | O | M | No | | Yes | No |
| Estonia* | | | | | | |
| B2G | M<br>(1 July 2019) | M | No | - | Yes | No |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| B2B | O | F | No | - | Yes | No |
| B2C | O | F | No | - | Yes | No |
| Finland* | | | | | | |
| B2G | M<br>(1 April 2019) | M | No | | Yes | No |
| B2B | O | | No | | Yes | No |
| B2C | O | | No | | Yes | No |
| France* | | | | | | |
| B2G | M<br>(1 January 2017) | M | No | | Yes | No |
| B2B | O | F | No | | Yes | No |
| B2C | O | F | No | | Yes | No |
| Germany* | | | | | | |
| B2G | M<br>(27 November 2020) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Greece* | | | | | | |
| B2G | M<br>(12 September 2023) | M | C | No | Yes | Yes |
| B2B | O | | No | | Yes | Yes |
| B2C | O | | No | | Yes | Yes |
| Hungary* | | | | | | |
| B2G | M<br>(1 January 2018) | M | No | | Yes | No |
| B2B | O | M | No | | Yes | No |
| B2C | O | M | No | | Yes | No |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| Iceland* | | | | | | |
| B2G | M<br>(1 January 2020) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Ireland* | | | | | | |
| B2G | O | F | No | No | No | No |
| B2B | O | F | No | No | No | No |
| B2C | O | F | No | No | No | No |
| Israel* | | | | | | |
| B2G | O | F | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Italy* | | | | | | |
| B2G | M<br>(1 June 2014) | M | C | No | Yes | No |
| B2B | M<br>(1 January 2019) | M | C | No | Yes | No |
| B2C | M<br>(1 January 2019) | M | C | No | Yes | No |
| Japan* | | | | | | |
| B2G | O | F | No | No | No | No |
| B2B | O | F | No | No | No | No |
| B2C | O | F | No | No | No | No |
| Korea* | | | | | | |
| B2G | M<br>(1 January 2010) | M | C | No | Yes | No |
| B2B | M | M | C | No | Yes | No |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| | (1 January 2011) | | | | | |
| B2C | O | F | No | No | Yes | No |
| Latvia* | | | | | | |
| B2G | O<br>(1 April 2020) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Lithuania* | | | | | | |
| B2G | M<br>(1 July 2017) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Luxembourg* | | | | | | |
| B2G | M<br>(18 May 2022) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Mexico* | | | | | | |
| B2G | M<br>(1 January 2014) | M | C | No | Yes | No |
| B2B | M<br>(1 January 2014) | M | C | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Netherlands* | | | | | | |
| B2G | M<br>(18 April 2019) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| New Zealand* | | | | | | |
| B2G | O | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Norway* | | | | | | |
| B2G | M<br>(1 January 2012) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Poland* | | | | | | |
| B2G | M<br>(18 April 2019) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Portugal* | | | | | | |
| B2G | M<br>(1 April 2020) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Slovak Republic* | | | | | | |
| B2G | M<br>(1 August 2019) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Slovenia* | | | | | | |
| B2G | M<br>(1 January 2015) | M | No | | Yes | No |
| B2B | O | F | No | No | Yes | No |

| Country<br>Type of supply | E-invoicing[1]<br>Not allowed (N)<br>Optional (O)<br>Mandatory (M)<br>(First implementation date) | Digital standard(s)[2]<br>Free (F)<br>Mandated (M) | Mandatory systematic transmission of e-invoices[3] by the supplier to the tax authority[4] | | Mandatory on-request transmission of e-invoices to the tax authority (where available)[8] | Mandatory systematic transmission of other accounting documents[9] to the tax authority in digital format |
|---|---|---|---|---|---|---|
| | | | Real time[5] with clearance (C)[6]<br>Real time without clearance (W) | Periodic[7] | | |
| B2C | O | F | No | No | Yes | No |
| Spain* | | | | | | |
| B2G | M<br>(15 January 2015) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Sweden* | | | | | | |
| B2G | M<br>(1 January 2019) | M | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Switzerland* | | | | | | |
| B2G | M<br>(1 January 2016) | F | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |
| Türkiye* | | | | | | |
| B2G | M<br>(1 January 2020) | M | W | No | Yes | No |
| B2B | M<br>(1 January 2013) | M | W | No | Yes | No |
| B2C | M<br>(1 January 2014 | M | No | No | Yes | No |
| United Kingdom* | | | | | | |
| B2G | O | F | No | No | Yes | No |
| B2B | O | F | No | No | Yes | No |
| B2C | O | F | No | No | Yes | No |

* See common country notes to Annex Tables 2.A.11, 2.A.12 and 2.A.13 after Table 2.A.13.

Notes

1. For the purposes of this table, “electronic invoicing” or “e-invoicing” means the issuing of invoices that are issued, transmitted and received in a structured digital format which allows for their automatic and electronic processing i.e., containing data in a machine-readable format, that can be automatically imported into the recipient's system without requiring manual entering. Invoices in an electronic format that contain only unstructured data (such as the scanned image of a paper invoice or an invoice in pdf format) usually referred to as “digitised invoices” are not considered as “electronic invoices” in this context. This column indicates whether electronic invoicing is not allowed/optional/mandatory for the relevant supplies i.e., Business to Government entities (B2G), Business to Business (B2B) or Business to Consumer (B2C). Electronic invoicing rules mentioned in this table may not directly result from VAT legislation or regulations.
2. This column indicates, where suppliers can or must use electronic invoices, whether they can freely choose any digital standard (including group or industry-specific standard) to structure the data in their electronic invoices or whether they must use one specific standard or choose among a range of standards imposed or validated by the public authority.
3. For the purposes of this table, transmission of e-invoices to the tax authority means the transmission of the electronic invoice itself, as issued by the supplier to the customer. The mere transmission of (some elements of) invoicing data to the tax authority is <u>not</u> considered “transmission of e-invoices” for the purposes of this table (such transmission is rather reported in Table 2.A.12 below).
4. For the purposes of this table, systematic transmission by the supplier to the tax authority refers to situations where the invoice is sent directly by the supplier (centralised model) or through ad-hoc service providers (decentralised model) to the tax authorities. Situations where the electronic invoice is sent to another government authority e.g. where that government authority is the customer as part of a procurement process, is <u>not</u> considered as transmission by the supplier to the tax authority, even if the tax authority may have access to the invoice afterwards.
5. In the case where a systematic transmission to the tax authority is mandatory, this transmission may occur “in real time” i.e., before, at the same time or in the next few days after it is issued by the supplier to the customer.
6. For the purposes of this table “clearance” means the formal validation of the e-invoice by the tax authority either before it is sent to the customer (“pre-clearance”) or just after (“post-clearance”) for the invoice to be considered as a valid document e.g., to allow the deduction of input VAT.
7. For the purposes of this table, “periodic” means the transmission to the tax authority of all the electronic invoices issued by the supplier over a period of time (e.g., a month, three months, a year). Such transmission often occurs at the same time as the periodic VAT return.
8. For the purposes of this table, “on request” refers to situations where the supplier, when it issues electronic invoices (whether it is mandatory or not), must transmit such invoices on a one-off basis at the request of tax authorities e.g., as part of an audit.
9. This refers to situations where the supplier must systematically transmit other accounting documents than the invoices themselves to the tax authority in digital format.

Source: National delegates. Position as of 1 January 2024

## Annex Table 2.A.12. Digital transaction reporting

| Country | Transmission of digital transactional data to tax authorities[1] | | | | | SAF-T[6] |
|---|---|---|---|---|---|---|
| | On request (Time of first implementation) | Systematic | | | | |
| | | Periodical - Frequency (Time of first implementation) | Real time[2] (Time of first implementation) | Centralised[3] (C) Decentralised[4] (D) | Covered by mandatory electronic invoicing transmission[5] | |
| Australia* | Yes (01 January 2000) When the taxpayer uses digital accounting | No | No | - | - | - |
| Austria* | No | No | No | - | - | Allowed since 2009 |
| Belgium* | Yes (1 January 2000) When the taxpayer uses digital accounting | No | No | - | - | - |
| Canada | No | No | No | - | - | - |
| Chile* | - | No | Yes (1 August 2017; or 1 February 2018 for small rural enterprises | C | Yes | - |
| Colombia* | - | No. | Yes (31 January 2013) | C | Yes | - |
| Costa Rica* | - | No | Yes (1 January 2018) | C | Yes | - |
| Czechia* | - | Yes Monthly/quarterly (1 January 2016) | No | C | No | - |

| Country | Transmission of digital transactional data to tax authorities[1] | | | | | SAF-T[6] |
|---|---|---|---|---|---|---|
| | On request (Time of first implementation) | Systematic | | | | |
| | | Periodical - Frequency (Time of first implementation) | Real time[2] (Time of first implementation) | Centralised[3] (C) Decentralised[4] (D) | Covered by mandatory electronic invoicing transmission[5] | |
| Denmark* | Yes (1 March 2015) | - | No | - | - | - |
| Estonia* | | Yes When VAT return is lodged (1 January 2017) | No | C | No | - |
| Finland | Yes (1 April 2021) | No | No | - | - | - |
| France* | Yes (1 January 2014) When the taxpayer uses digital accounting | No | No | - | Yes | Mandatory for tax audit when accounting is kept in computerised form since the 1 January 2014 |
| Germany | Yes (1 January 2014) | No | No | - | - | - |
| Greece* | - | Yes Data on sales: real time. Data on purchases: at the time the VAT return must be lodged. (1 October 2021) | Yes For data on sales (1 October 2021) | C D | No Yes for B2G | - |
| Hungary* | - | No | Yes (1 July 2018) | C | No | - |
| Iceland | No | No | No | - | - | - |

| Country | Transmission of digital transactional data to tax authorities[1] | | | | | SAF-T[6] |
|---|---|---|---|---|---|---|
| | On request (Time of first implementation) | Systematic | | | | |
| | | Periodical - Frequency (Time of first implementation) | Real time[2] (Time of first implementation) | Centralised[3] (C) Decentralised[4] (D) | Covered by mandatory electronic invoicing transmission[5] | |
| Ireland | Yes (1 January 2014) | No | No | - | - | - |
| Israel* | | Yes Monthly (1 January 2010) | No | C | No | - |
| Italy* | | No | Yes (1 July 2019) | C | Yes | - |
| Japan | No | No | No | - | - | - |
| Korea* | - | No | Yes (1 January 2011) | C | Yes | - |
| Latvia* | Yes (26 0ctober 2011) | No | No | - | - | - |
| Lithuania | | Yes Monthly (1 October 2016) | No | C | No | SAF-T[3] |
| Luxembourg* | Yes (1 January 2014) | N o | No | - | - | SAF-T[3] |
| Mexico* | Yes (1 January 2015) | Yes (1 January 2015) | Yes (1 January 2015) | D | Yes | - |
| Netherlands | Yes (1 January 2000) | No | No | - | - | SAFT[3] |
| New Zealand | Yes | No | No | - | - | - |

| Country | Transmission of digital transactional data to tax authorities[1] | | | | | SAF-T[6] |
|---|---|---|---|---|---|---|
| | On request (Time of first implementation) | Systematic | | | | |
| | | Periodical - Frequency (Time of first implementation) | Real time[2] (Time of first implementation) | Centralised[3] (C) Decentralised[4] (D) | Covered by mandatory electronic invoicing transmission[5] | |
| | (1 January 2000) | | | | | |
| Norway* | Yes (1 January 2020) | No | No | - | | SAF-T[3] |
| Poland* | Yes (1 January 2018) | Yes Monthly (1 January 2018) | No | C | | SAF-T Mandatory |
| Portugal* | Yes | Yes Monthly (1 January 2013) | Optional (1 January 2013) | C- | No | SAF-T Mandatory |
| Slovak Republic* | Yes (1 January 2014) | Yes Monthly/quarterly (along with VAT return) (1 January 2014) | No | C | No | - |
| Slovenia | Yes (1 January 2014) | No | No | - | - | SAF-T[3] |
| Spain* | Yes (1 July 2017) | No | Yes (1 July 2017) | C | No | |
| Sweden* | Yes (1 January 2014) | No | No | - | - | - |
| Switzerland* | No | No | No | - | - | - |
| Türkiye | Yes (1 January 2020) | No | Yes (1 January 2020) | C | Yes | - |

| Country | Transmission of digital transactional data to tax authorities[1] | | | | | SAF-T[6] |
|---|---|---|---|---|---|---|
| | On request (Time of first implementation) | Systematic | | | | |
| | | Periodical - Frequency (Time of first implementation) | Real time[2] (Time of first implementation) | Centralised[3] (C) Decentralised[4] (D) | Covered by mandatory electronic invoicing transmission[5] | |
| United Kingdom | Yes (1 January 2010) | No | No | No | No | - |

Notes
1. For the purposes of this table, "transmission of digital transactional data" means the transmission by VAT-registered businesses of detailed information in a digital format (i.e., in the form of structured machine-readable data) on individual transactions, including accounting information, invoicing information (incl. the transmission of electronic invoices) or any other information allowing tax authorities to obtain information on each taxable supply made and/or received by a taxpayer. This does not include the provision of bulk data such as total sales/turnover or deductible amounts e.g., in periodic returns or statements.
2. For the purposes of this table, the "systematic transmission of digital transactional data to tax authorities in real time" means that such transactional data is transmitted before, at the same time or in the next few days after the transaction or the reportable event has taken place.
3. / 4. For the purposes of this table, the systematic transmission of digital transactional data to tax authorities is considered "Centralised" when data is uploaded directly by the taxpayer onto the digital platform of the tax authority and "Decentralised" when the reporting is made through delegated ad-hoc service providers that afterwards transmit the relevant information to the tax administrations' platform.
5. For the purposes of this table "covered by mandatory digital invoicing transmission" means that the transactional data provision to the tax authority results from the mandatory transmission of the electronic invoices themselves to the tax authority (see Table 2.11).
6. SAF-T stands for Standard Audit File for Tax, a mechanism that was developed by the OECD involving the use of accounting software to create a standard digital file (the SAF-T) containing accounting data enabling the transfer of data from the taxpayer to the tax authorities in a standardised, digital format. In most cases, a local version of the SAF-T is created to respond to local needs.
* See common country notes to Tables 2.11, 2.12 and 2.13 after Table 2.13.

Source: National delegations; position as of 1 January 2024

## Annex Table 2.A.13. Use of electronic cash registers (ECR) by retailers

| Country | Mandatory (M)[1]<br>Optional (O)<br>Not regulated (N)<br>(Date of entry into force) | Type of ECR required[2]<br>Non-secure<br>Secure<br>Online | Software required[3]<br>No specific rule<br>Minimum specifications<br>Certified software<br>Software provided by the tax administration | Time of the data transmission |
|---|---|---|---|---|
| Australia | N | - | - | - |
| Austria* | M<br>(1 January 2016) | Secure | Minimum specifications | On request |
| Belgium* | M<br>(1 July 2016) | Secure | Certified software | On request |
| Canada | N | - | - | - |
| Chile | M<br>(1 March 2021) | Online | Certified software | In real time |
| Colombia | O<br>(1 February 2023) | Online | Certified software | In real time |
| Costa Rica | M<br>(15 June 2017) | Online | Minimum specifications | In real time |
| Czechia | N | | | |
| Denmark | N | - | - | - |
| Estonia | N | - | - | - |
| Finland | N | - | - | - |
| France | O<br>(1 January 2018) | Secure | Certified software | On request |
| Germany | O<br>(30 September 2020) | Secure- | Certified software- | On request |
| Greece | M<br>(1 October 2021) | Secure | Certified software | Next day |
| Hungary | M<br>(1 January 2014) | Secure | Certified software | In real time |
| Iceland | N | - | - | - |
| Ireland | N | - | - | - |
| Israel | M / O<br>(1 January 2010) | Secure | Certified software | Monthly |
| Italy | M<br>(1 January 2020) | Online | Certified software | Daily |
| Japan | N | - | - | - |
| Korea | M<br>(1 January 2005) | Online | Certified software | Daily |
| Latvia | M<br>(1 July 2017) | Secure | No specific rule | On request |
| Lithuania | M<br>(1 November 2023) | Online | Certified software | Periodically or in real time |
| Luxembourg | N | - | - | - |
| Mexico | O | Secure | Certified software | On request |

| Country | Mandatory (M)[1]<br>Optional (O)<br>Not regulated (N)<br>(Date of entry into force) | Type of ECR required[2]<br>Non-secure<br>Secure<br>Online | Software required[3]<br>No specific rule<br>Minimum specifications<br>Certified software<br>Software provided by the tax administration | Time of the data transmission |
|---|---|---|---|---|
| Netherlands | N | - | - | - |
| New Zealand | N | - | - | - |
| Norway | M<br>(1 January 2019) | Secure | Minimum specifications | On request |
| Poland | M<br>(1 January 2020) | Secure | Certified software | On request |
| Portugal | O | Non-secure | Certified software | Monthly |
| Slovak Republic | M<br>(1 January 2012) | Online | Certified software | In real time |
| Slovenia | M<br>(2 January 2016) | Online | Certified software | In real time |
| Spain | N | - | - | - |
| Sweden | M<br>(1 January 2014) | Secure | Certified software | On request |
| Switzerland | N | | | |
| Türkiye | M<br>(1 January 2018) | Secure | Certified software | Daily/monthly |
| United Kingdom | N | - | - | - |

* See Country note

Notes

1. This table presents the position of countries regarding the use of electronic cash registers (ECR) in the retail sector. For the purpose of this table “electronic cash registers” are electronic devices that generate and preserve sales data for tax compliance purposes, whatever the means of payment (cash, credit card, e-money, etc.)

2. Non-secure ECRs are devices that maintain paper or electronic records of transactions which can be seen by tax administration officials in an audit. Secure ECRs are devices which contain a secure electronic memory which captures the details of transactions such as the amounts, classification of goods, the applicable tax, and the time of the transaction. The secure memory is only accessible by the tax administration. Online ECRs are connected devices which share the security features of the secure ECRs but where the information is transmitted directly or through an approved intermediary to the tax administration, often in real time or close to real-time.

3. The legislation may impose specific features for the software used by ECRs. These can include software with certain specifications, software that are certified by the tax administration, or the use of one specific software (provided by the tax administration or not.

Source: National delegates. Position as of 1 January 2024

### Annex Box 2.A.7.Country notes to Tables 2.11, 2.12 and 2.13

**Australia.** ***Electronic invoicing***: the Australian Government is promoting e-invoicing to generate productivity benefits, combat email invoice scams, increase small business digitalisation, and support faster payments. The Australian Government has adopted the international Peppol Framework for e-invoicing which has members in over 40 countries, including key trade partners in the Asia-Pacific region such as New Zealand, Singapore, Japan, and Malaysia, helping to facilitate international trade. Adoption of e-invoicing by businesses is voluntary, and major small business accounting software products are enabled for e-invoicing, allowing many businesses to readily adopt. Commonwealth Government agencies were enabled to receive e-invoices from 1 July 2022, and the Australian Government has implemented a 5-day payment policy for e-invoices to improve business cashflow and encourage uptake of e-invoicing.

**Austria***. ***Electronic invoicing***: for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with Peppol-UBL 2.1 or the national standard structure (ebInterface), both of which are compatible with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. For B2B and B2C supplies, businesses are free to use any standard, including EU, Peppol and national standard structure. However, when electronic invoices are used, the authenticity of origin, the integrity of the content and the readability need to be guaranteed. ***Transaction data digital transmission:*** taxpayers must provide transaction data under electronic format at the request of tax authorities (in the course of an audit). However, such data is not always transmitted in a structured format. The transmission under the SAF-T format is allowed. ***Electronic cash registers***: businesses are required to have electronic cash registers or other electronic recording systems for digital recording of transactions. Each cash register must draw up a data collection log to record and store each individual cash transaction. The data collection log must be exportable without delay in case of a request from the tax administration. A secure electronic signature creation device must be contained within the cash register and the electronic signature must be printed on each receipt. The use of electronic cash registers is mandatory for businesses with a net annual turnover of EUR 15 000 or more, provided that the cash turnover (i.e. also payments with ATM or credit cards) exceeds EUR 7 500 per year. The applicable annual turnover is of EUR 30 000 for businesses in the following areas: outdoor sales; sales directly connected to huts (e.g. sales of mountain ski and refuge huts); sales in specific kinds of wine taverns ("Buschenschank"); sales in canteens of non-profit organisations. A general exemption from the cash register obligation applies to non-profit organisations, charitable and ecclesiastic bodies; self-service automates with single sales of less than EUR 20, and online shops.

**Belgium***. ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU and Peppol standard structure. **As of 1 January 2026**, structured electronic invoices will become mandatory for all B2B supplies by Belgian-established and VAT-registered businesses. Taxpayers will be obliged to send and/or receive structured electronic invoices via the Peppol network and the Peppol-BIS standard. Paper invoices or unstructured formats (e.g. PDF) will not be allowed any more. ***Transaction data digital transmission.*** Taxpayers must provide transaction data in digital format at the request of tax authorities for audit purposes. ***Electronic cash registers***: the obligation to issue cash receipts delivered by a cash registered system (CRS) is imposed on taxpayers supplying meals or catering services on a regular basis when their annual turnover, excluding VAT, related to the restaurant and catering services, exclusive of the supply of drinks, exceeds EUR 25 000. If the threshold is exceeded, CRS cash receipts must be issued for all their supplies relating to the provision of meals and drinks (supplied during the meal or not), including all sales of food and drinks.

**Chile.** ***Electronic invoicing*** is mandatory for all B2G, B2B and B2C supplies. Suppliers must send electronic invoices in XML format meeting the specific requirements provided by the tax administration (SII). B2C electronic invoices should be sent through any electronic method (e.g., email) provided that it is accessible to the consumer and the business. Businesses must use software provided free of charge by the Chilean tax authorities, allowing them to create, store, and transmit electronic invoices to the tax authority. The software must also generate a PDF417 bar code for the electronic invoice that contains all the necessary information. Alternatively, businesses can use a certified third-party e-invoicing service provider that meets the requirements of electronic invoices in Chile. Exceptions to the electronic invoicing obligations may apply for taxpayers located in zones where no internet connection or energy supply exist, with prior authorisation by the tax authority. Electronic invoices should be transmitted in real time to and validated by tax authorities. ***Electronic transaction information***: in 2017, the requirement to systematically transmit electronic invoices to the tax authority was extended to a number of other accounting data. ***Electronic cash registers***: the use and online transmission of B2C electronic receipts ("boleta electrónica") to the tax authority is mandatory since 1 March 2021. As of 1 August 2022, issuers of B2C electronic receipts are not required to submit a daily sales report.

**Colombia*.** ***Electronic invoicing*** is mandatory for all B2G, B2B and B2C supplies. Suppliers must send electronic invoices in XML format meeting the specific requirements provided by the tax administration (DIAN). The obligation to transmit B2B and B2G electronic invoicing data to tax DIAN started in 2019. Transaction data must be transmitted in XML format to DIAN in real time. Until mid-2019, the reporting model required taxpayers to submit invoices to DIAN within 24 hours of their issuance. Since then, the taxpayer must submit the e-invoice in XML format for prior validation by DIAN. Until this is granted, which is done live, the e-invoice is not considered as a valid accounting document (incl. for the right to deduct input VAT).E-invoicing is mandatory for all VAT-registered entities with the exception of a) foreign digital service providers, b) financial institutions, c) cooperatives, d) taxpayers under the simplified scheme, e) retailers of petroleum fuels and compressed natural gas, f) entities providing urban or metropolitan public transport services to passengers, g) those providing public toilet services, h) natural persons in an employment relationship. The electronic invoicing obligations may also not apply when technological problems render the transmission of electronic invoices impossible. Electronic invoices should be transmitted in real time to and validated by tax authorities (see Table 2.12). ***Electronic cash registers***: receipts delivered by means of ECRs cannot be used to support VAT credit or deduction in the income tax regime (CIT and PIT). Point of sale systems are required to issue full electronic invoices in any transaction above 5 TVU (190 020 COP).

**Costa Rica*.** ***Electronic invoicing*** is mandatory for all B2G, B2B and B2C supplies. It is mandatory for all VAT-registered entities except for a) taxpayers registered in the simplified regime, b) taxpayers registered in the agricultural regime, c) religious institutions, d) condominiums, e) unions, g) the state, h) political parties, and i) public transport. E-invoices must be issued in XML format meeting the specific requirements provided by the tax administration and include a digital signature to guarantee the authenticity and integrity of the invoice. They must also include a unique identification number assigned by the Ministry of Finance. Electronic invoices should be transmitted in XML format in real time to tax authorities and must be cleared to be considered as a valid accounting document (incl. for the right to deduct input VAT). In this system, the tax administration performs basic validation checks and issues an acceptance confirmation within three hours to the taxpayer. This ensures that the document has full tax status and may be used as evidence for VAT deduction. In the case of a rejection, the supplier must issue a credit note to reissue a corrected invoice. ***Electronic cash registers***: the use of B2C electronic receipts ("tiquete electrónico") is mandatory and is subject to broadly the same regulations as electronic invoices, including its transmission to the tax authority.

**Czechia***. ***Electronic invoicing***: for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 or the national standard ISDOC. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU, national or Peppol standard structure. ***Transaction data digital transmission.*** Taxable persons registered for VAT are obliged to submit a "VAT Control Statement" from 1 January 2016 onwards. It contains data from records that taxable persons are already obliged to keep for VAT purposes (incl. invoices). The VAT Control Statement has to be submitted electronically. Taxable persons who are legal entities submit monthly VAT Control Statements. Taxable persons who are natural persons submit their VAT Control Statement along with VAT return (monthly/quarterly).

**Denmark*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 or the national standard OIOUBL. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU, national or Peppol standard structure. ***Electronic cash registers***. From 1 January 2024, a requirement to use electronic cash registers is imposed to taxpayers in the following sectors: cafés, restaurants, public houses, grocers, newsagents, pizzerias and takeaway. These businesses must be able to submit their sales data in digital SAF-T format to the Danish Tax Agency during or immediately after an inspection visit.

**Estonia*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 or the national standard EVS 923: 2014. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU, national or Peppol standard structure. ***Transaction data digital transmission.*** Transaction data must be systematically transmitted in digital format to the tax authority at the time the VAT return is lodged for all transactions above EUR 1000 per business partner (below the threshold, transactions data can be reported as an aggregate amount). Reporting format: X-road by sending a VAT return directly from the business software; in online self-service environment using formats XML, CSV.

**Finland*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU and Peppol standard structure. ***Transaction data digital transmission.*** Taxpayers must provide transaction data in digital format at the request of tax authorities for audit purposes.

**France*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, when electronic invoices are used, they are subject to certain rules (in terms of data accuracy, security, accessibility, integrity, and storage). For B2B and B2C supplies, businesses can use any standard, including EU and Peppol standard structure. Mandatory electronic invoicing will be introduced for B2B supplies under the national standards (UBL2.1, CII or Factur-X) as of 1 September 2026 for large businesses and as of 1 September 2027 for all businesses. Under the new regime, invoicing data will have to be transmitted in real time to tax authorities. ***Transaction data digital transmission.*** Taxpayers keeping their accounts in digital format must provide them in the form of digital files upon request by tax administration for control purposes under the FEC format (Fichier d'Écritures Comptables), a French version of SAF-T. ***Electronic cash registers:*** VAT registered taxpayers making sales to final consumers, who record payments using electronic cash registers must use certified software meeting several technical conditions (inalterability, security, preservation) for tax control purposes. However, the use of electronic cash registers is not mandatory.

**Germany***. ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 or the national standards XRechnung or ZugFerd 2.0. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission.*** Taxpayers must provide transaction data in digital format at the request of tax authorities for audit purposes. ***Electronic cash registers***. Taxpayers using electronic cash registers must equip them with certified security systems. However, the use of electronic cash registers is not mandatory.

**Greece***. ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission.*** As of 1 October 2021, businesses established in Greece subject to the Greek Accounting Standards and making supplies to other businesses/consumers/government entities are required to transmit their transactional data (sales and purchases) to an online platform called myDATA (my Digital Accounting & Tax Application). All entities subject to these provisions must digitally transmit to myDATA: (1) a summary of issued and received sales documents (invoices, retail receipts etc.); (2) the characterisation of the transactions covered by these sales documents classifying them according to revenue and expenses categories; (3) data on the additional adjustment accounting entries (e.g. payroll, depreciation) that form their accounting/tax base for the export of the accounting/tax result of each fiscal year. Such data can be transmitted through: an interoperable accounting/commercial software (ERP), a special Data Entry Form developed by IAPR, connected Electronic Cash Registers (ECRs) for retail sale transactions, or Electronic Invoicing through Licensed Providers or through an application named "timologio" developed by IAPR for issuance and transmission of accounting documents (invoices, retail receipts). The required data have to be transmitted either in real time (E-Invoicing Provider, ERP, Timologio) or up to the 2nd day following the issuance of the invoice (Special Data Entry Form and ECR) and on purchases at the time the VAT return has to be lodged (monthly or quarterly using ERP or Special Data Entry). As of 1 January 2024, VAT returns are pre-filled depending on the data transmitted to the myDATA digital platform. Retailers must use ***connected Electronic Cash Registers*** (ECRs) for retail sale transactions, except for those listed by tax administration's regulation (e.g. solicitors, accountants, farmers, etc.).

**Hungary***. ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. The obligation requires any taxpayer issuing an invoice to report the B2G eInvoice data immediately and without human intervention to the Hungarian tax authority (NAV). ***Transaction data digital transmission.*** For all supplies, the invoicing software must transmit invoicing information automatically to the NAV (real time reporting). Information on invoices issued manually on paper must be provided to the tax authorities within one day (if the value of VAT figuring in the invoice exceeds HUF 500 000) or within 4 days (in other cases). The use of ***online electronic cash registers*** is mandatory for business-to-consumer transactions.

**Iceland. *Electronic invoicing:*** since Iceland is part of the European Economic Area, it applies EU electronic invoicing rules for B2G supplies. Electronic invoicing is mandatory according to local legislation and B2G invoices must be compliant with the European standard EN16931 through the national TS-236 standard. B2B and B2C supplies are not subject to mandatory electronic invoicing.

**Ireland*.** ***Electronic invoicing:*** for B2G supplies, it is mandatory for public bodies to receive and process electronic invoices, in line with EU Directive 2014/55/EU and complying with the European standard EN16931. The following standards are supported: UBL (XML based syntax standard), UN/CEFACT CII (XML-based syntax standard) and EDIFACT (EDI mnemonic-based syntax standard). B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission.*** Taxpayers must provide transaction data in digital format at the request of tax authorities for audit purposes.

**Israel.** ***Electronic invoicing*** is not mandatory in Israel. However, taxpayers above a certain turnover threshold must transmit invoicing information every month to the tax administration. ***Transaction data digital transmission.*** Taxpayers ("licenced dealers") whose turnover exceeds ILS 2 500 000 or that are obliged to implement the double-entry bookkeeping system; or those whose turnover exceed ILS 1 500 000 and are required by law to prepare balance sheets and to appoint an auditor must transmit invoicing information every month (i.e. by the 23rd of the following month) to the tax administration under the prescribed format (PCN874).***Electronic cash registers***: the use of certified electronic cash registers is imposed on/available to certain taxpayers depending on their activity and turnover. All retailers must use certified electronic cash registers (no threshold applies but under ILS 350 000 annual turnover, the retailer can choose to use sales book instead). Wholesalers with turnover up to ILS 10 100 000 can use certified electronic cash registers as an option for cash transactions up to ILS 710 instead of invoices. Transportation service providers can use certified electronic cash registers (no threshold). For other services, electronic cash registers can be used (no threshold); if a transaction is recorded with a receipt, the receipt replaces the electronic cash registers.

**Italy*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory since 2014. The national standard is FatturaPA (the European standard EN16931 is accepted too, in line with Directive 2014/55/EU). Since 2019, for all B2B and B2C supplies VAT registered businesses established in Italy must issue and accept electronic invoices under the national standard FatturaPA, through "Sistema di Interscambio" (SdI, a public platform). The SdI checks that the documents received contain all the data elements required by the VAT Directive in order to be properly considered invoices and forwards them to the final recipients, who process them. For B2G invoices, Public Administrations may refuse the invoice, in limited circumstances, within fifteen days. ***Transaction data digital transmission:*** since all VAT-registered national businesses must issue and receive invoices electronically using the tax authority's e-invoicing platform Sistema di Interscambio (SdI), they comply with the TDDT when they emit an e-invoice (real time e-invoice reporting). Where non-resident businesses are involved, providing supplies to or receiving supplies from an Italian VAT-registered business for which e-invoicing is not mandatory, TDDT is a separate obligation in case where e-invoicing is not used. ***Electronic cash registers***: all retailers are subject to the obligation to transmit daily their sales records electronically to the Revenue Agency through electronic cash registers or through a web application offered free of charge by the Revenue Agency. The retailers must also issue receipts to their customers, but this document has only commercial value; the fiscal certification of the supply is given by the storage of data in the cash register and the daily transmission of data to the Revenue Agency. Businesses established in Italy providing or purchasing supplies to/from businesses established abroad must provide the Revenue Agency with transaction data on such transactions by the end of the month following the reference quarter.

**Japan.** The issuance of ***electronic invoices*** is allowed. However, there is no obligation nor mandated standard for the issuance of electronic invoices.

**Korea.** ***Electronic invoicing:*** all business operators and individual businesses whose total value of supplies of goods and services for the immediately preceding taxable year is at least KRW 80 million are required to issue electronic invoices under a prescribed format for all B2B supplies. ***Transaction data digital transmission:*** the invoices must be sent to the National Tax Service (NTS) 1 day after the invoice is emitted through the Electronic Tax Invoicing System. The invoicing information must be available to the tax administration for clearance before it can be considered as a valid accounting document, including as supporting evidence for the deduction of input VAT. ***Electronic cash registers:*** individual businesses who supply goods or services mainly to final consumers must issue electronic cash receipts and transmit daily their sales data to the tax authority.

**Latvia*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is optional. However, the commissioning authority – the direct State administration institution - has a duty to accept a structured electronic invoice but does not impose an obligation on the supplier to draw up the invoice in the form of a structured electronic invoice. Structured electronic invoicing shall be drawn up in accordance with EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission***: if a taxpayer maintains accounting registers in electronic form, it must, at the request of the tax administration, provide access to any information related to its economic activities, stored in electronic form. The accounting computer programme shall ensure the recording of accounting data in such formats: MS Excel, dBase/FoxPro, Text Report files, Flat files, Excel, Access, PDF, Adobe PDF, XML or ODBC data sources. ***Electronic cash registers:*** cash registers are used in all industries, except for wholesale companies. Close to real-time information about taxi services is provided to the tax administration by taxi companies and taxi service apps. Mandatory use is established for transactions in cash as well as transactions with payment cards or by other means of payment confirmation (for example gift cards, receipts, vouchers). Exemptions from the use of cash registers are established in specific cases, for example, for the sale of self-produced goods at public markets, for services outside the company's territory, for services of state and local government institutions. Compliance of cash registers (including software) with technical requirements is checked by companies registered with the tax administration to perform these duties. Cash registers are also registered with the tax administration.

**Lithuania*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Electronic cash registers***: from 1 November 2023, taxpayers using electronic cash registers and with annual turnover above EUR 300 000 must install secured electronic cash registers whose model is validated by the tax administration, remotely register those cash registers and other points of sale and transmit receipt data to the Intelligent Electronic Cash Register subsystem known as i.EKA. Taxpayers with annual turnover above EUR 300 000 using electronic cash register models, which have been removed from the list of models permitted for use have until 1 May 2024 to conform with the new standards. From 1 May 2025 onwards, all taxpayers using electronic cash registers will have to conform to the new standards.

**Luxembourg*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 or the national standards. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission.*** All taxpayers are required to make transaction information available to the tax administration under the SAF-T format, except for those that are not liable to the *plan comptable normalisé* (standardised chart account); or that benefit from the simplified regime; or whose turnover is below EUR 112 000; or that have no reasonable volume of booking transactions (under +/- 500).

**Mexico.** ***Electronic invoicing*** is mandatory under the *Comprobante Fiscal Digital por Internet* (CFDI) that is the structured file in XML format used to declare different tax documents to the Mexican tax authority (SAT). ***Transaction data digital transmission.*** Suppliers must send their invoices to certified third-party service providers (PACs) accredited by the tax authorities (SAT). These service providers are responsible for controlling, approving, and forwarding invoices to customers under a clearance system and then forwarding the invoices to the tax authority. Invoices must be transmitted at the time they are emitted (real time transmission) and must be validated to be considered as a valid accounting document (incl. for the right to deduct input VAT). The PACs also provide secure storage for invoices. This obligation applies to all taxpayers and covers the domestic supplies of goods and services for both

B2B and B2C transactions. Periodic transmission of transaction information is also imposed on all taxpayers. Federative entities, municipalities, trade unions and entities of the parastatal public administration; certain small taxpayers and non-profit legal persons are relieved from that obligation.

**Netherlands*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. Public entities in the Netherlands can receive e-invoices in several formats: Peppol BIS 3.0 (Preferred format), UBL-OHNL standard based or SETU (HR – XML).

**New Zealand**. ***Electronic invoicing:*** the New Zealand government entities are committed to delivering e-invoices with Central Government agencies required to be capable of receiving e-invoices as of 31 March 2022. E-invoicing software products must be registered with the New Zealand government.

**Norway.** ***Electronic invoicing:*** although not a member of the European Union, Norway has implemented the EU Directive 2014/55/EU on electronic invoicing. As a result, for B2G supplies, electronic invoicing is mandatory and must comply with the European standard EN16931. As of 1 January 2012, it became mandatory for the suppliers of central government entities to send e-invoices and 2 April 2019 for all public contracting authorities, using EHF/Peppol BIS Billing and the Peppol eDelivery network. ***Transaction data digital transmission.*** Businesses with annual turnover of NOK 5 million or more must disclose accounting data in the SAF-T format at the request of the tax authority. This requirement also applies to businesses with an annual turnover of less than NOK 5 million if they have bookkeeping information available electronically. ***Electronic cash registers:*** all businesses subject to a bookkeeping obligation making cash sales in excess of NOK 50 000 must use a certified electronic cash register system to record these sales. Cash register systems must meet the requirements laid down in the Norwegian Cash Register Systems Act and regulations.

**Poland*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing, but electronic invoices are allowed. The government plans to introduce mandatory B2B e-invoicing where all businesses would have to use structured electronic invoices and send them to the National e-invoicing System (Krajowy System e-Faktur KSeF), a central government platform for the issuance and reception of electronic invoices, on which a digital time stamp would be applied to validate the invoice under a clearance model. The date of implementation has not been decided yet. ***Transaction data digital transmission***: taxable persons must provide transaction data to the tax authorities under the Polish SAF-T format on a monthly basis Taxpayers carrying out only supplies exempt from VAT or those benefiting from the VAT exemption for the small enterprises whose annual turnover does not exceed PLN 200 000 (the registration threshold), are exempt from this obligation. The tax authority can also obtain electronic transaction information on request only from taxpayers who keep accounting books using computer programs. This obligation also applies to stock movement, invoicing and bank statement programs. ***Electronic cash registers:*** the use of certified electronic cash registers is mandatory for all taxable persons, except those whose annual turnover on B2C supplies, exclusive of VAT, does not in the current tax year exceed PLN 20 000 and did not do so in the course of the preceding tax year (this exemption does not apply to certain categories of goods /services). Are also exempt certain categories of supplies e.g., when an invoice is emitted and/or the payment is made by bank transfer. ***Online cash registers*** have been gradually introduced for industries recognised as particularly vulnerable to fraud and non-compliance: for fuel suppliers, car repair services, restaurants and catering services, supplies of coal, short-term accommodation services, hair and beauty salons, construction services, private medical practice, legal services, fitness clubs and gyms. ***Cash registers in the form of software*** (the so-called virtual cash registers) are a type of online cash registers not requiring hardware equipment or any external devices and they are available to taxpayers conducting activity in specified sectors (e.g., transportation).

**Portugal*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. However, businesses that have to comply with invoicing rules in Portugal and that make supplies subject to VAT must systematically transmit transaction data to the tax administration. ***Transaction data digital transmission***: businesses that have to comply with invoicing rules in Portugal that make supplies subject to VAT must systematically (at the latest 5 days after the end of each month) transmit invoicing data to the tax administration. This can be done in real time (via web-service) or on a monthly basis through a structured file based on the SAF-T format or by filing it directly in the Tax Authority Web portal. The tax administration can request a SAF-T file for audit purposes, which includes accounting and invoicing data. Taxpayers with a turnover above EUR 50 000 during the previous taxation period are required to use, exclusively, computer invoicing programs certified by the Tax and Customs Authority (AT). ***Common Simplified Report*** (IES): accounting and financial reporting information to different government bodies is provided through one single common declaration. The use of ***certified electronic cash registers*** is not mandatory but given the obligation to issue an invoice for any transaction and the obligation for taxpayers to use certified invoicing programs, most taxpayers use certified invoicing software instead of electronic cash registers. Data from cash registers and POS systems must be transmitted to the tax administration.

**Slovak Republic*.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931. B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital transmission*****:** all taxable persons registered for VAT purposes in the Slovak Republic are obliged to submit a special VAT Control Statement, together with their VAT returns to the Financial Administration (FA). VAT listings are submitted separately and are not dependant on the VAT return. Some crosschecking between VAT listings and VAT returns are built into the analytical system. The use of ***certified cash registers*** is mandatory for all businesses receiving payments in cash or by other payment methods replacing cash at the point of sale and those providing sole services listed in the law. Data from these electronic cash registers must be transmitted to the tax authorities in real time.

**Slovenia***. ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 using e-SLOG (national XML standard), UBL 2.1 or UN/CEFACT CII D16B standards. B2B and B2C supplies are not subject to mandatory electronic invoicing.

**Spain.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 using the Facturae – XML national standard. For B2B supplies, electronic invoicing is allowed but not mandatory. ***Transaction data digital transmission.*** VAT-registered businesses in Spain registered in the monthly VAT refund register; those whose annual turnover exceed EUR 6 million and VAT groups are required to provide the tax administration with invoicing data in XML format within four calendar days after the invoice is issued or received under the Suministro Inmediato de Información (SII). Businesses complying with the SII are exempted from other periodic reporting obligations, including the submission of the third-party transactions form, record books and the annual VAT return. All other taxpayers can voluntarily opt to be subject to the SII. Taxpayers may also be required to transmit transaction information to the tax authorities in a digital format when they use digital accounting.

**Sweden.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory according to EU Directive 2014/55/EU and must comply with the European standard EN16931 using Peppol BIS or EDIFACT (GS1 EANCOM) standards. B2B and B2C supplies are not subject to mandatory electronic invoicing. The use of **certified electronic cash registers** is mandatory for taxpayers with an annual turnover above SEK 182 000 that handle either cash or credit/debit card payments. The tax information is encrypted and stored in the control unit and can only be read and decrypted by the tax administration.

It is not imposed on certain taxpayers such as taxi drivers and sales from vending machines. Taxpayers can apply for an exemption of the obligation to use certified electronic cash registers.

**Switzerland.** ***Electronic invoicing:*** for B2G supplies, electronic invoicing is mandatory for supplies made to the federal administrations when public contracts are equal to or greater than CHF 5 000 B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data transmission:*** the tax administration cannot require a registered VAT taxpayer to provide invoicing data in electronic format. The taxpayer is allowed to provide only the paper invoices. ***Electronic cash registers***: where the taxpayer opts for an electronic cash register, data on individual transactions must be transmitted to the tax administration on request or during an audit.

**Türkiye. Electronic invoicing: t**he international UBL standard has been adopted for the issuance of e-Invoices since 2010. E-invoices are issued for B2B, B2C and B2G transactions. The e-invoice system was operated on a voluntary basis in the first stage, The issuance of e-Invoices became obligatory as of 2013 for large-scale taxpayers in certain sectors and with high gross sales revenues. Over time, these gross sales revenue figures were reduced, and the group of taxpayers that are obliged to issue e-invoices was expanded by including smaller and medium-sized enterprises and different sectors. Public institutions within the scope of central government were included in the e-Invoice application as of 2020. E-Archive invoices with separate standards are issued to taxpayers or end consumers who are not registered under the e-Invoice application. If the invoices to be issued by taxpayers who are not included in the e-Invoice application as of 1/1/2020 exceed the amount specified in the law, these invoices must be issued as e-Archive Invoices through the e-Archive Invoice Issuance Portal offered by the Turkish Revenue Administration. ***Electronic cash registers***: Electronic cash registers used by taxpayers are divided into two categories: old generation electronic cash registers and new generation electronic cash registers. New generation electronic cash registers are computer-based devices that can securely transfer data and communicate to the Revenue Administration via the internet. According to the relevant law, first and second-class merchants are obliged to use electronic cash registers in retail sales of goods and services for which invoices are not required. Taxpayers who are notified by the General Communiques of the Ministry of Treasury and Finance that there is no obligation to use electronic cash registers in their activities are not obliged to use electronic cash registers. Taxpayers using electronic cash registers are obliged to replace the old generation electronic cash registers with new generation electronic cash registers by 01.07.2024, regardless of whether their financial memories are full. In addition, new generation fuel pump electronic cash registers have started to be used. New generation fuel pump electronic cash registers are devices that can transfer instant data electronically, have increased security levels, and whose technical and functional features have been re-determined by the Revenue Administration of the Ministry of Treasury and Finance within the framework of technological developments. First and second-class merchants who sell fuel to vehicles at retail (those who engage in fuel station operation) are required to use new generation fuel pump electronic cash registers.

**United Kingdom.** ***Electronic invoicing:*** B2G, B2B and B2C supplies are not subject to mandatory electronic invoicing. ***Transaction data digital provision.*** Under the Making Tax Digital initiative, VAT registered businesses with taxable turnover above the VAT registration threshold need to keep digital records and submit VAT Returns to HMRC using functional compatible software.

Note: Member States of the European Union (*) are bound by a common legal framework under the eInvoicing Directive 2014/55/EU. Since the entry into force of the Directive in 2020, all invoices to public administrations in the EU must be sent in electronic format in accordance with the European standard EN16931. The three additional member countries of the European Economic Area (Iceland, Liechtenstein and Norway) apply the same rules and standard.

Source: National delegates. Position as of 1 January 2024

## Annex Table 2.A.14. Application of Domestic Reverse-Charge and Split-Payment Mechanisms

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| Australia | A mandatory reverse-charge applies on business-to-business supplies of precious metals. It applies to supplies made between GST registered businesses. | **Withholding.** Recipients of new residential premises are required to remit GST directly to the tax authorities. This payment is reconciled against GST amounts reported by the supplier in respect of these supplies. |
| Austria | Supply of laptops, tablet computers, game consoles, mobile phones and integrated circuit devices if the amount of the invoice is at least EUR 5,000;<br>Supply of gas and electric energy to taxable dealers;<br>Supply of gas and electric energy certificates;<br>Supply of $CO_2$ emission allowances;<br>Supply of certain metals and of taxable investment gold;<br>Supply of scrap and industrial and non-industrial waste and recyclable waste;<br>Construction services if the recipient is acting as general contractor or if he usually is rendering construction services;<br>Supplies of staff engaged in the construction sector;<br>Supply of goods provided as security by a VAT taxable person to another person in execution of that security;<br>Supply of goods following the cession of the reservation of ownership to an assignee and the exercising of this right by the assignee;<br>Supply of immovable property sold by the judgment debtor in a compulsory sale procedure to another person. | |
| Belgium | Some supplies of investment gold and of gold products of a purity of at least 325 thousands;<br>Supply of work on immovable property under several conditions;<br>Supplies of staff engaged in the construction sector;<br>Supply of $CO_2$ emissions allowances. | |
| Canada | Certain purchasers of real property are required to self-assess (e.g. when the supplier is a non-resident; or when the purchaser is registered for GST/HST and, if he is an individual, the property is not a residential complex).<br>Self-assessment is generally required with respect to supplies of carbon emission allowances.<br>In certain circumstances, persons may be required to self-assess the provincial part of the HST when certain property or services are moved from one province to another. | |
| Chile | Supplies of rice, construction works, scrap metal, marine species, livestock, legumes, wood, wild products, (herbs, mushrooms, blackberry, beeswax and rosehip), wheat, cardboard, sales of prepaid cellphone minutes and internet, sales catalogues, sales of oil and other liquid hydrocarbons explored exploited by state owned company or through administrative concessions or special operating contracts, cigarettes, cigars and processed tobaccoand berries.<br>Certain (large) taxpayers are required to reverse-charge the VAT in B2B supplies from businesses included by the tax | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | administration in a special list because of repeated tax compliance breaches. | |
| Colombia | - | **Withholding.** Supplies of goods and services made to: (i) public authorities or government bodies; (ii) public owned companies (more than 50% publicly owned); and (iii) companies listed as Big Contributors or VAT withholding agents by the Colombian Tax Authority.<br>Purchase of goods or services made to taxpayers under the SIMPLE tax regime. |
| Costa Rica | - | **Withholding.** Mandatory VAT withholding for national Payment Service Providers (PSP). VAT withheld varies from 0% up to 6% of the transaction value depending on the type of business.<br>PSP entities remit the withheld amounts daily to the Tax Administration. An informative return with the details of the withholdings and relevant taxpayers must be remitted on a monthly basis.<br>Withholdings are considered as an advanced payment of the VAT by the non-resident supplier. |
| Czechia | Supply of taxable investment gold and gold material of purity equal to or greater than 333 thousandths,<br>Supply of designated categories of scrap and waste,<br>Supply of $CO_2$ emission allowances,<br>Supply of construction and assembly services provided between taxable persons registered for Czech VAT,<br>Supply of mobile phones, integrated circuit devices, notebooks, tablets and videogame consoles,<br>Supply of certain metals and basic products from metals,<br>Supply of cereals and industrial crops, including oil seeds and sugar beet,<br>Supply of immovable property under the option for taxation,<br>Supply of gas and electric energy to taxable dealers,<br>Supply of gas and electric energy certificates,<br>Supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee,<br>Supply of immovable property sold by a judgment debtor in a compulsory sale procedure,<br>Supply of staff engaged in construction and assembly services,<br>Supply of certain telecommunication services. | **Split payment.** A special method for securing the payment of VAT can be used by customers of taxable supplies that wish to avoid joint and several liability for the supplier's unpaid taxes. Similarly to the split-payment mechanism, the customer then pays the VAT due directly to the account of the supplier's tax office. |
| Denmark | Supply of $CO_2$ emission allowances,<br>Supply of scrap metals,<br>Supply of investment gold,<br>Supply of mobile phones, integrated circuit devices, games consoles, tablets PCs and laptops. | |
| Estonia | Supply of immovable property and investment gold, where the supplier has opted for taxation, | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | Supply of gold material, including semi-finished gold products (purity of at least 325 thousandths),<br>Supply of scrap metal and precious metals. | |
| Finland | Supply of taxable investment gold as well as gold material and semi-manufactured gold products of purity equal to or greater than 325 thousandths,<br>Supply of $CO_2$ emission allowances,<br>Supply of scrap metal and waste,<br>Construction services, including supply of staff engaged in the construction sector. | |
| France | Supply of $CO_2$ emission allowances,<br>Supply of used materials, scrap and waste,<br>Supply of investment gold and gold products of a purity of at least 325 thousandths,<br>Construction services (limited to certain services provided on a building when performed by a subcontractor on behalf of a taxable person),<br>Supply of gas and electric energy to taxable dealers,<br>Supply of certain telecommunication services,<br>Supply of certificates/guarantees of origin of electricity from renewable energy sources,<br>Supply of certificate of performance guarantee of the public power transport system operator,<br>Supply of certificates/guarantees of origin of gas from renewable energy sources. | |
| Germany | Supplies of pledged assets by the guarantor to the recipient of the security outside the framework of judicial liquidation.<br>Supplies covered by the Real Property Transfer Tax Law (in particular transfers of real estate).<br>If the customer is an entrepreneur: supplies of work or other services serving the construction, repair, maintenance, alteration or removal of structures (except for planning, engineering and supervision) and cleaning of buildings when the customer himself supplies such services.<br>Supply of gold (unwrought or semi-finished of a purity of at least 325 thousandths.<br>Supply of $CO_2$ emissions allowances,<br>Supply of industrial scrap, ferrous and non-ferrous waste and other waste,<br>Supply of mobile devices, integrated circuit devices, game consoles and tablet PC if the transaction value is or exceeds EUR 5 000.<br>Supply of electricity (generally applicable only if supplier and recipient are both treated as resellers) and supply of gas (generally applicable only if the recipient is to be treated as reseller).<br>Transfer of gas and electricity certificates,<br>Supply of precious metals as well as certain ignoble metals (e.g. copper, nickel, aluminum, lead, zinc), unwrought or semi- | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | manufactured, if the transaction value is or exceeds EUR 5 000. | |
| Greece | Construction work on immovable property assigned to contractors of public works by public authorities (that are not necessarily public law entities) when these public authorities are owners of these works and are taxable persons with the right to input VAT deduction. Major projects as defined by EU Regulations are exempt from the reverse-charge system.<br>Provided the supply is intended for recycling, the following supplies of recyclable waste:<br>Supply of ferrous and non-ferrous waste metals, scrap(clippings) and other used materials,<br>Supply of semi-finished products made of ferrous and non-ferrous metals,<br>Supply of residues and other recyclable materials consisting of ferrous and non-ferrous metals, alloys, slag, scales or ash and industrial residues containing metals or metal alloys;<br>Supply of scrapings and scrap (clippings), waste and used recyclable material consisting of glass fragments, glass, paper, cardboard, rags, bone, leather (natural or artificial), diphtheria, raw hides and skins, tendons and sinews, twine, rope and head rope, cables, rubber and plastic materials,<br>Supply of scrap (clippings) and waste from the working of base materials,<br>Supply of the aforementioned materials after cleaning, polishing, selection, cutting, fragmenting and pressing.<br>Supply of greenhouse gas emissions allowances according to EU Directive 2003/87/EC.<br>Supply of mobile phones, videogame consoles, tablets and laptops provided the acquirer is a taxable person entitled to input tax deduction (that is if registered under the normal VAT scheme). | |
| Hungary | Supply of construction works regarded as a supply of goods.<br>Construction or other alteration or repair activity qualifying as service, directed at the construction, expansion, rearrangement, demolition or modification of the use of immovable property, under certain conditions.<br>Hiring out of employees and the supply of staff in relation to supplies mentioned above.<br>Supply of scrap and waste products.<br>Supply of a building and the land on which it stands or of an inbuilt plot of land (with certain exceptions) if the supplier opted for taxation.<br>In relation with debtors and creditors, the supply of goods that were pledged as collateral security to cover an overdue claim in execution of that security.<br>Supply of goods qualifying as tangible assets, or which have an open market value of more than HUF 100 000 (EUR 334) used by the taxable person for the purposes of his business if the supplier is adjudicated in liquidation proceedings or any similar insolvency proceedings. | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | Supply of CO2 emissions allowances.<br>Supply of certain specific agricultural products such as wheat and meslin, rye, barley, oats, maize, triticale, soya beans whether or not broken; rape and colza seeds whether or not broken; sunflower seeds whether or not broken.<br>Supply of certain iron and non-alloy steel products such as flat-rolled products of iron or non-alloy steel, bars and rods of iron or non-alloy steel, angles, shapes and sections of iron or non-alloy steel, wire of iron or non-alloy steel, tubes, pipes and hollow profiles of iron or non-alloy steel. | |
| Iceland | - | |
| Ireland | Supply of construction services supplied by sub-contractors to principal contractors,<br>Supply of immovable property under the option for taxation (including sale by receiver, liquidator or mortgagee in possession,<br>Supply of used material and scrap metal,<br>Supply of $CO_2$ emissions allowances,<br>Supply of gas and electricity by a business in Ireland to a taxable dealer carrying on business in Ireland,<br>Supply of gas certificates or electricity certificates by a business in Ireland to another business in Ireland. | |
| Israel | A person not liable for payment of the tax may, with the Director's consent and on conditions prescribed by him, take the payment upon himself, and after the date of that consent be treated as the person liable for its payment.<br>The tax levied on a buyer, if the buyer is a dealer, a non-profit organisation or a financial institution and has committed a real estate sale which is an occasional transaction.<br>Sale of metal debris.<br>Services of the types specified below acquired by a dealer, a non-profit organisation or a financial institution from a person, whose main income is from wage, benefit or pension, shall pay the tax in respect of that service, unless a tax invoice was received from the person rendering the service.<br>Artistic performance; construction or preparation of stage sets; preparation, checking, conducting and supervising exams; lectures etc.<br>Services of the following professionals: agronomist, architect, practical engineer; private investigator; rabbinical pleader; technician; dental technician; organizational, management, scientific or tax consultant; economist; engineer etc. | |
| Italy | Supplies carried out by subcontractors in the building sector,<br>Supply of staff engaged in the construction sector,<br>Supply of immovable property under the option for taxation,<br>Supply of used materials, scrap, waste and specific services,<br>Supply of investment gold, including supply of semi-finished products and of gold of a purity of at least 325 thousandths (so | **Withholding.** Supplies of goods and services made to public authorities or government bodies, public owned companies, companies listed on the Italian Stock Market (FITSE-MIB) |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | called industrial gold),<br>Supply of scrap iron,<br>Supply of mobile phones, tablets, personal computers and integrated circuit devices under certain conditions,<br>Supply of $CO_2$ emission allowances,<br>Supply of gas and electric energy to taxable dealers,<br>Supply of gas and electric energy certificates. | |
| Japan | | |
| Korea | – | **Split payment.** For supplies of gold bullion (99.5% or higher purity) and second-hand gold products (with 58.5% or higher purity), copper, gold and iron scrap, the supplier must open a bank account designated for the gold or scrap transactions and the purchase price (without VAT) must be transferred to the supplier using the designated bank account. At the same time, the recipient must also deposit the relevant VAT amount into an account designated by the Director of the National Tax Services. |
| Latvia | Supply of timber and services related to thereto,<br>Supply of construction services,<br>Supply of scrap metals and services related to thereto,<br>Supply of mobile telephones, integrated circuit devices, tablet PC's and laptops,<br>Supply of cereals and industrial crops (including oil seeds), including mixtures of these goods, that are not normally used in the unaltered state for final consumption.<br>Supply of raw and semi-finished precious metals, where they are not covered by special scheme for investment gold, raw and semi-finished precious metal alloys and precious metal clad, as well as precious metal or precious metal clad scrap and debris.<br>Supply of video game consoles,<br>Supply of ferrous and non-ferrous semi-finished metals. | |
| Lithuania | Supply of mobile phones, tablets and laptops,<br>Supply of construction services,<br>Supply of ferrous waste and scrap, residues and other recyclable materials consisting of ferrous and non-ferrous metals,<br>Supply of essential (material) improvement to the owner of the building,<br>VAT calculated on assets taken over as a contribution in kind or due to reorganisation of another person registered for VAT purposes. | |
| Luxembourg | Supply of CO2 emission allowances; supply of gas and electricity certificates.<br>Supply of mobile phones, being devices made or adapted for use in connection with a licensed network and operated on specified frequencies, whether or not they have any other use, provided that the value of the transactions exceeds EUR 10 000.<br>Supply of integrated circuit devices such as microprocessors and central processing units in a state prior to integration into end user products, provided that the value of the transactions | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | exceeds EUR 10 000.<br>Supply of tablet PC's and laptops and headphones, provided that the value of the transactions exceeds EUR 10 000.<br>Supply of raw and semi-finished precious metals, where they are not covered by special scheme for investment gold, raw and semi-finished precious metal alloys and precious metal clad, as well as precious metal or precious metal clad scrap and debris, provided that the value of the transactions exceeds EUR 10 000.<br>Supply of video game consoles, provided that the value of the transactions exceeds EUR 10 000. | |
| Mexico | Domestic reverse-charge applies to:<br>Corporations that receive independent personal services from individuals or rent goods from them; acquire waste to be used for commercial or industrial activities; receive services rendered by commissionaires who are individuals; and receive land motor transportation services of goods lent to both individuals and corporations.<br>Credit institutions acquiring assets through payments in kind or through legal or trust adjudication; and<br>Individuals or entities acquiring or having temporary use or enjoyment of tangible assets transferred or granted by foreign residents who do not have a permanent establishment in Mexico. | |
| Netherlands | Supply of construction work (including shipbuilding), including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, including the handing over of construction works; supply of staff engaged in the construction sector; supply of immovable property under the option for taxation; supply of immovable property sold by a judgement debtor in a compulsory sale procedure.<br>Supply of used materials, scrap, waste and specific services,<br>Supply of goods provided as security by one taxable person to another in execution of that security,<br>Supply of $CO_2$ emission allowances,<br>Supply of mobile phones, integrated circuit devices, laptops, game consoles and tablet pc's provided that the value of the transactions exceeds EUR 10,000.<br>Supply of gas and electricity certificates (e.g. green certificates, guarantees of origin). | |
| New Zealand | If the supply of land has been incorrectly zero-rated and the incorrect treatment is discovered after settlement, the recipient of the supply is made responsible for paying the GST. | |
| Norway | Supply of $CO_2$ emission allowances,<br>Supply of investment gold (with purity equal to or greater than 325 thousandths). | |
| Poland | As of November 2019, the domestic reverse-charge mechanism was replaced by a split-payment mechanism. As of that date, supplies previously covered by the domestic reverse-charge are now subject to a mandatory split payment.<br>Poland has introduced temporary solutions for the reverse-charge mechanism from 1 April 2023 (the solution is expected to be in place until 28 February 2025). The scope of the solution is significantly limited. It applies to purchasers or recipients in the supply of gas in the gas system, the supply of electricity in the | **Split payment.** A mandatory split-payment mechanism is applicable when the invoice for a transaction meets the following conditions: (1) the invoice's total gross amount exceeds PLN 15 000; (2) at least one item on the invoice relates to goods or services enumerated in Annex no. 15 to the Polish VAT Act; and (3) supplier and buyer are VAT payers.<br>This Annex no. 15 covers in particular: fuels, steel, steel products, scrap, waste, precious metals (e.g. |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | electricity system and the provision of services for the transfer of greenhouse gas emission allowances, when they are made directly or through an authorised entity on:<br>a) a commodity exchange within the meaning of the legislation on commodity exchanges,<br>b) a regulated market or an organised trading facility (OTF) within the meaning of the Act on Trading in Financial Instruments. | gold, silver) and non-precious metals (e.g. copper), stretch foil, tablets, smartphones, consoles, computers, HDD and SDD hard drives, electronic equipment, construction services, parts and accessories for motor vehicles, coal and coal products, electrical machinery and equipment and their parts and accessories, services for the transfer of CO2 emission allowances.<br>Upon decision of the customer, an optional split-payment mechanism can be applied to B2B supplies which are not covered by the mandatory split payment (all taxpayers have automatically a VAT account associated with their bank account separating the VAT from the net amount of the transaction). |
| Portugal | Supply of used material, scrap metal, waste and specific services,<br>Supply of immovable property under the option for taxation,<br>Work on immovable property (such as repair, cleaning, maintenance, alteration and demolition services, including the handing over of construction works).<br>Supply of taxable investment gold and gold material of purity equal to or greater than 325 thousandths,<br>Supplies of CO2 emission allowances,<br>Supplies of cork, wood, pine cones and pine kernels in their shell.<br>Sale of surplus electricity produced for self-consumption when the buyers are electricity resellers. | |
| Slovak Republic | Supply of immovable property under the option for taxation,<br>Supply of goods which are pledged as a security of a receivable of a creditor within the enforcement of such pledge,<br>Supply of a building or a part of a building in the Slovak Republic which the supplier as a debtor recognised by a court or another relevant state authority sold within the statutory enforcement proceedings.<br>Supply of investment gold and of gold material or semi-manufactured products of gold of a purity of at least 325 thousandths between taxable persons.<br>Supply of metal scrap and metal waste,<br>Supply of $CO_2$ emission allowances,<br>Supply of cereals and oil seeds, grains, straw and fodder crops, which are not typically intended in the unaltered state for final consumption.<br>Supplies of iron and steel,<br>Supply of mobile phones, being devices made or adapted for use in connection with a licensed network and operated on specified frequencies, whether or not they have any other use, if the taxable amount in the invoice for the supply of mobile telephones is EUR 5 000 and more.<br>Supply of integrated circuit devices such as microprocessors and central processing units in a state prior to integration into end user products, if the taxable amount in the invoice for the supply is EUR 5 000 and more. | |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
|---|---|---|
| | Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property as well as the handing over of construction works regarded as a supply of goods. | |
| Slovenia | Supply of construction work (including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property).<br>Supply of staff engaged in the mentioned activities,<br>Supply of certain immovable property, where the supplier has opted for taxation of the supply,<br>Supply of certain waste, scrap, used material and services,<br>Supply of allowances to emit greenhouse gases. | |
| Spain | Construction works, including the supply of staff for its performance, in the framework of development, construction or renovation of immovable property.<br>Supply of $CO_2$ emission allowances.<br>Supply of metal scrap, metal waste, investment gold and supply of gold material or semi-finished products of a purity of at least 325 thousandths.<br>Supply of buildings in certain situations,<br>Supply of immovable property within bankruptcy proceedings,<br>Supply of immovable property made under enforcement of a security or with the obligation for the acquirer to settle the securitized debt.<br>Supply of mobile phones, videogame consoles, laptop and tablet PCs, only where the customer is a reseller of the goods (traders habitually engaging in the resale of these goods) or, otherwise, where the total amount of supplies to one trader exceeds EUR 10 000.<br>Supply of silver, platinum and palladium. | |
| Sweden | Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, including the handing over of construction works.<br>Supply of staff engaged in the construction sector,<br>Supply of $CO_2$ emissions allowances,<br>Supply of used materials, scrap, waste and specific services,<br>Supply of investment gold and gold products of a purity of at least 325 thousandths,<br>Supply of mobile phones, certain integrated circuit devices, games consoles, tablet PCs and laptops, where the taxable amount of the supplies of such goods in an invoice exceeds SEK 100 000. | |
| Switzerland | - | - |
| Türkiye | Supply of lease of movable property by non-taxable persons to taxable persons,<br>Supply of scientific, artistic and literary works provided to taxable persons.<br>Supply of advertisement services provided by non-taxable | **Withholding.** Certain recipients of a number of specified services are required to withhold a percentage of the VAT charged to them by the service provider and remit it directly to the tax authorities (*partial withholding*). Among others, |

| Country | Domestic[1] reverse-charge[2] system | Domestic[1] split payment[2]/withholding[3] mechanism |
| --- | --- | --- |
| | persons to taxable persons. | these services are (a) supervisory services for building construction, (b) scrap metal, glass, plastic and paper (in cases where the supplier waives the VAT exemption), (c) advisory, supervisory and audit services maintenance and (d) repair services for machinery, equipment and other fixed assets. |
| United Kingdom | Supply of investment gold and of gold products of a purity of at least 325 thousandths,<br>Supply of $CO_2$ emissions allowances,<br>Supply of mobile phones and integrated circuit devices if the value of the goods supplied exceeds GBP 5,000 (VAT inclusive). The value limit does not apply to services.<br>Supply of gas through a natural gas system situated in the United Kingdom or any network connected to such a system and to electricity.<br>Wholesale supply of electronic communication services,<br>Supply of renewable energy certificates,<br>Supplies of building and construction services by subcontractors to contractors. | |

Notes

1. Domestic mechanisms: mechanisms described in this table are only those applicable to wholly domestic supplies i.e., supplies where both the supplier and the customer are established in the taxing jurisdiction.

2. For the purposes of this table, “domestic reverse-charge” refers to a VAT collection regime where the customer rather than the supplier is liable to collect and remit the VAT to the tax authorities on a given supply. The supplier does not charge the VAT to the customer.

3. For the purposes of this table, a “domestic withholding mechanism” is a mechanism whereby the supplier is liable to charge the VAT to the customer on a domestic supply, but where the customer or a payment intermediary remits (part of) the VAT directly to the tax authorities rather than to the supplier.

4. For the purposes of this table, a “domestic split-payment mechanism” is a mechanism whereby the supplier is liable to charge the VAT to the customer on a domestic supply, but where the customer deposits (part of) the VAT amount on a bank account dedicated solely for tax purposes.

Source: National delegates; position as of 1 January 2024.

## Annex Table 2.A.15. Application of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) – Restrictions regarding its application to VAT

| Country | VAT covered by the MAAC[3] | Reservations[2] to the application of the MAAC[1] to VAT[4] | | |
|---|---|---|---|---|
| | | Reservation to provide assistance in the exchange of information based on Art. 30 (1) (a) | Reservation to provide assistance in the recovery of VAT claims or administrative fines based on Art. 30 (1) (b) | Reservation to provide assistance in the service of documents based on Art. 30 (1) (d) |
| Australia | Yes | | | |
| Austria | Yes | | Reservation | |
| Belgium | Yes | | | |
| Canada | Yes | | Reservation | |
| Chile | Yes | | Reservation | Reservation |
| Colombia | Yes | | Reservation | Reservation |
| Costa Rica | Yes | | Reservation | Reservation |
| Czechia | Yes | | | |
| Denmark | Yes | | | |
| Estonia | Yes | | | |
| Finland | Yes | | | |
| France | Yes | | | |
| Germany | Yes | | Reservation | |
| Greece | Yes | | | - |
| Hungary | Yes | | | |
| Iceland | Yes | | | |
| Ireland | Yes | | | |
| Israel | No | No assistance | No assistance | No assistance |
| Italy | Yes | | | |
| Japan | Yes | | | - |
| Korea | Yes | | - | Reservation |
| Latvia | Yes | | | |
| Lithuania | Yes | | | |
| Luxembourg | No | No assistance | No assistance | No assistance |
| Mexico | Yes | | | - |
| Netherlands | Yes | | | |
| New Zealand | Yes | | | |
| Norway | Yes | | | |
| Poland | Yes | | | |
| Portugal | Yes | | | |
| Slovak Republic | Yes | | | |
| Slovenia | Yes | | | |
| Spain | Yes | | | |
| Sweden | Yes | | | |
| Switzerland | No | No assistance | No assistance | No assistance |
| Türkiye | Yes | | | |
| United Kingdom | Yes | | | |
| United States[5] | Yes | | Reservation | Reservation |

Notes:

1. This table refers to the participation of States to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), i.e. where the MAAC has entered into force following the signature of either the original convention and its protocol or the amended convention, and the subsequent deposit of the instrument of ratification, acceptance or approval. More detail can be found at https://www.oecd.org/tax/exchange-of-tax-information/Status_of_convention.pdf.

2. Reservations are provided by Art. 30 (1) (a), (b) and (d) of the MAAC. Article 30 (1) (a) to (f) enables a State to sign the MAAC with reservations about the type of tax to be covered or the type of assistance to be provided, so that it may limit its participation in the provision of mutual assistance under the MAAC to certain taxes or certain forms of assistance. This table focuses on reservations provided by Art. 30 (1) (b) and (d) of the MAAC.

3. According to paragraph 2 of Article 2 of the MAAC, the participant States' existing taxes to which the MAAC shall apply are listed in the Annex A to the Convention. These are the taxes in relation to which a Party to the MAAC expects to receive assistance and should not include a tax in respect of which such jurisdiction has made a reservation under paragraph 1, sub-paragraph a, of Article 30

4. Even if a State does not include a general consumption tax, such as VAT, as tax covered by the Convention according to paragraph 2 of Article 2 of the MAAC, it remains committed to providing administrative assistance in relation to such a tax of other States, unless it makes a reservation under paragraph 1, of Article 30. On the other hand, if a State includes VAT in the scope of the Convention, it may still reserve the right not to provide certain forms of assistance related to this tax.

5. The United States will only provide assistance for the purposes of the exchange of information with respect to VATs imposed at the national level as covered in Article 2, b.iii. Assistance will not be provided for other forms of assistance or for VATs imposed at the subnational level by virtue of Article 2, b.iv. The United States signed the original 1988 MAAC with entry into force in April 1995 but have not yet ratified the 2010 Protocol.

Source: National delegates, situation as of 1 January 2024.

# 3 Selected Excise Duties in OECD Countries

## 3.1. Introduction

Although excise may be levied on a broad range of products, excise taxes on alcohol, tobacco and hydrocarbon oils in particular raise significant revenues for governments in all OECD countries. In recent decades, governments have increasingly used these taxes not only to raise revenue but also to influence customer behaviour where consumption of certain products is considered harmful to health or to the environment.

The main characteristics of excise duties, and their policy objectives as revenue raisers and tools to influence consumer behaviour, are largely shared amongst OECD countries. However, their rates and structure differ significantly, and it is therefore not straightforward to estimate the order of magnitude of the total tax burden on specific excisable goods. For example, standard excise rates on beer may be tempered by the application of reduced rates on small breweries. For tobacco products, different duty rates applicable to substitutes (cigarettes and rolling tobacco) may also blur the picture. Similarly, excise duties on road fuels reflect only a part of automotive taxation policy that also includes road tolls, taxes on registration and use of vehicles, taxes on insurance, etc.

This chapter provides an overview of the main differences in the structure of excise duties and illustrates their increasing use as an instrument to influence behaviour. It includes an overview of the key characteristics of excise duties and their revenue trends (Section 3.2). It then looks in some further detail at the excise rates structure for alcoholic beverages (Section 3.3) and tobacco products (Section 3.4). Data on fuel taxes are collected and published by the International Energy Agency (IEA, 2024[1])and are not included in this publication.

## 3.2. Key characteristics and revenue trends

### *3.2.1. Excise duties are typically targeted at specific product categories*

Excise, unlike other general consumption taxes (incl. value added taxes - VAT), is levied only on specific goods. Although many products can be subject to excise, such as chocolate, coffee and orange juice, this chapter focuses on two product groups that are subject to excise in all OECD countries: alcoholic beverages and tobacco products.

Before looking at the key characteristics of these groups and their comparative treatment in OECD countries, it is useful to recall the following general characteristics of excise duties:

- Excise duties are generally calculated by reference to the weight, volume, strength, or quantity of the product, combined in some cases with the value, but sometimes on a value basis only.

- Excise duties normally become payable when the goods enter free circulation. Transfers of ownership of excisable goods can take place within a controlled warehousing environment or between registered operators without creating an excise charge.
- The excise system is characterised by small numbers of taxpayers that are active in the import, manufacturing, or trade in the targeted products.

Unlike VAT, which is collected through a staged collection process by all the stakeholders in the value chain until the stage of final consumption (see Chapter 2), excise duties are normally collected only once, from a registered operator, at the time the goods are released for consumption. In the European Union, the movement of excisable products between Member States takes place under a duty-suspension arrangement until the moment these products are released for free circulation. In this chapter the term "excise" is used to qualify the taxes having the characteristics above.

### *3.2.2. The level of revenues raised by excise duties and their social and economic impact depend on their structures.*

The level of revenues raised by excise duties and their social and economic impact depend on the structure of these taxes. There are two main ways of levying excise duties on excisable products: *ad valorem* and *specific* taxes (also referred to as a "*ad quantum*" excise). Under an *ad valorem* excise, the tax is levied as a proportion of the product price (e.g. 20% of the selling price), and it is thus a tax on the value of sales. Under a *specific* excise, a fixed amount of tax is levied per unit of the product (e.g. USD 1 per litre), which means that this is a tax on the volume of sales. A *specific* excise requires a precise definition of the nature and characteristics of the tax base (e.g. a litre of beer at 3.5% alcohol by volume) while an *ad valorem* excise is simply based on the price of the excisable good. *Specific* excises remain unaffected by changes in the product characteristics that have not been defined as being relevant for the tax base, whereas *ad valorem* taxes bear on all the characteristics of the product that are reflected in the price.

The choice of the form of excise has therefore strong implications, notably for revenue administration, and depends on the policy objectives pursued. In general, *specific* excises facilitate the administration, as the determination of the tax amount does not require an assessment of the price or cost of the products. In addition, these taxes can discourage alcohol consumption for example by directly or indirectly targeting the alcohol content. However, *specific* excises impose a proportionally higher tax burden on cheaper products, require a clear definition of the tax base, and are insensitive to inflation, which affects tax revenues over time in real terms. Regular adjustments to rates are required to keep up with inflation, and although they seem a straightforward policy to adopt, many countries still suffer excise revenue losses due to non- or late indexation (Mario Mansour, 2023[2]).

There may be a case for a combination of *specific* and *ad valorem* excises if the tax is aimed at discouraging consumption of, or maximising revenue from, both high and low value products. Where there are large differences in prices of a product, a *specific* excise will be less likely to reduce demand for the high value product and will raise less revenue from it than an *ad valorem* excise as it is not linked to price. Higher income consumers who are more likely to consume high value products may be less responsive than low-income groups to the imposition of a given tax (although a *specific* excise may reduce the price differentials). If the aim is to influence behaviour, the imposition of a higher aggregate tax on these expensive products may be needed. To achieve this, an *ad valorem* excise can be combined with a *specific* excise, which is common in tobacco taxation (see Section 3.4 below). Setting the "optimal" balance between specific and *ad valorem* components of excise will depend on the products concerned, the market structure and the policy objective; hence, there is no optimal balance between the two taxes in absolute terms (KEEN, 1998[3]).

When assessing the impact of change to excise duty regimes, it is also important to note that excise is normally part of the VAT base, i.e. VAT is usually levied on the duty-paid value of the excise products. The revenue (and consumer price) impact of any changes in an excise tax will thus also be influenced by the level of the VAT rate on a given excisable product. In other words, the higher the rate of VAT, the greater the impact of (the increase in) excise duty on the consumer price.

Finally, illicit trade and opportunities for cross border shopping are other factors that might influence the revenue potential and the impact on consumption of excisable products.

All these factors play a role in governments' policies depending on their policy objectives, whether these are to reduce consumption of specific products considered harmful to health, protecting certain sectors or small producers, increasing revenue, or a combination of these.

### *3.2.3. Excise revenue in OECD countries has seen a long decline*

In the OECD countries, the relative share of excise duties in total tax revenue has seen a long decline between 1975, when they accounted for 10.5% on average, and 2022 when these taxes represented 5.6% of total tax revenue on average (see Annex Table 1.A.5). Although some large differences between OECD countries can be observed, with excise accounting from 0.7% of total tax revenue in New Zealand to 13.4% in Türkiye, the weight of excise duties ranges between 3% and 8% of total tax revenue in the majority of OECD countries (30 out of 38). These taxes account for less than 4% of total taxes in 11 OECD countries (Australia, Austria, Canada, Chile, Israel, Italy, Japan, New Zealand, Norway, Switzerland and the United States). They account for more than 9% of total tax revenue in four OECD countries (Greece, Latvia, Poland, and Türkiye) down from 14 OECD countries in 2010 (see also Chapter 1).

## 3.3. Alcoholic beverages

### *3.3.1. Taxing alcoholic beverages is part of public health policy*

Although taxes on alcoholic beverages are amongst the oldest sources of governmental revenue, the growing importance of other forms of consumption taxes, in particular general consumption taxes such as VAT, has considerably reduced the relative share of these taxes in total taxation. However, public health policies are focusing on the taxation of alcoholic beverages as a means of influencing consumer behaviour and reducing their consumption.

Alcohol consumption is considered as one of the leading risk factors for population health worldwide. While historically predominantly used to raise revenue, taxes are generally considered as an effective tool to decrease the affordability of alcoholic beverages and reduce alcohol consumption and related harms. However, existing taxes on alcoholic beverages differ widely in terms of design and level and may not be optimised to pursue health goals (WHO, 2023[4]).

The World Health Organization recommends increasing taxes on alcoholic beverages as one of the most cost-effective policies to lower alcohol consumption levels in order to combat alcohol-related diseases (WHO, 2023[4]). From a public health perspective, it has been argued that the best tax structure links the taxation level to alcohol content, keeps pace with inflation and avoids substantial disparities between different beverage types (Colin Angus, 2019[5]). It is recognised, however, that the alcohol market creates employment in agriculture, industry, and distribution while generating tax revenue for governments. Public health measures to reduce harmful use of alcohol are therefore often balanced with other goals and considerations such as maintaining ancestral industries, safeguarding a free market and consumer choice, and ensuring government revenues.

The taxes' structure and rates on alcoholic beverages differ across OECD countries, but also across types of product. Alcoholic beverages exist in a wide variety of forms and are produced from a wide range of fermented or distilled ingredients (grapes, apples, malt, rice, etc.). The Customs Combined Nomenclature

Code (CN) provides a classification of alcoholic beverages to which excise categories are linked. The CN includes six main categories of alcoholic beverages: beer made from malt (code 22.03); wine of fresh grapes, including fortified wines (code 22.04); vermouth and other wine of fresh grapes flavoured with plants or aromatic substances (code 22.05); other fermented beverages (for example, cider, perry, mead), mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages (code 22.06); undenatured ethyl alcohol of an alcoholic strength of 80 % pure alcohol by volume (abv) or higher (code 22.07) and undenatured ethyl alcohol of an alcoholic strength of less than 80 % abv (code 22.08). There are inevitably subdivisions within each of these broad categories, but the use of the internationally accepted nomenclature enhances consistency and helps to avoid contradictory definitions in applying rates. Except otherwise mentioned in country notes, Annex 3.A Tables 3.A.1 and 3.A.2 respectively cover products under CN codes 22.03 and 22.04 while Table 3.A.3 covers products not included in these tables.

Given the long history of alcohol taxation, several methods and measures have been developed over time for assessing the alcoholic content of a product. The alcohol by volume (abv) is now the standard measure of the level of alcohol contained in an alcoholic beverage. It is defined as the number of litres of pure ethanol present in 100 litres of solution at 20 °C, expressed as a percentage of the total volume. Annex 3.A Tables 3.A.1 and 3.A.2 provide an overview of excise taxation of beer and wine, whereby the alcoholic content is expressed in percentage abv. In some countries, the excise taxation of beer calculates the alcoholic content in degrees Plato (measuring the density of beer wort in terms of percentage of extract by weight). To allow cross-country comparison, Annex Table 3.A.1 shows the estimated amounts of tax per percentage abv for these countries based on a conversion from the amounts of tax per degree Plato. There is no precise method to convert from degrees Plato to abv, but for tax purposes it is assumed that 2.5 degrees Plato is equivalent to 1% abv. The tax amounts per degree Plato have thus been multiplied by 2.5 to obtain the rates in degree abv for the relevant countries in Annex 3.A Table 3.A.1.

Member States of the European Union are subject to common provisions applicable to all products subject to excise duties under European Union law i.e. Council Directive (EU) 2020/262, which repeals and replaces Council Directive 2008/118/EC as of 13 February 2023. Excise duties on alcohol and alcoholic beverages are regulated by Council Directive 92/83/EEC complemented with Directive EU 2020/1151 and Directive 92/84/EEC setting out minimum rates that must be applied to each category of alcoholic beverage.

Annex 3.A Tables 3.A.1. and 3.A.2 below show that beer is generally taxed based on its alcohol content because it exists in a wide range of strengths. This method ensures that higher-alcohol beers are taxed more, reflecting their greater potential impact on health and social issues. On the other hand, wine is typically taxed per litre regardless of its alcohol content since this approach simplifies the taxation process for wine, which generally has a more consistent alcohol content compared to beer. Depending on the countries, historical, market and consumption patterns also influence this excise structure.

### *3.3.2. Excise rates on beer vary widely among OECD countries*

Beer is taxed under both VAT and excise duties in all OECD countries. In addition, the European Directives have set a minimum excise duty on beer, that is EUR 1.87 per hectolitre/%abv, while providing for a possible reduction of excise for beer produced by small and independent breweries.

Annex 3.A Table 3.A.1 illustrates the complexity of the computation of excise duties in many instances. The existence of differing subcategories and specific rates (e.g. for low-alcohol products and for small breweries) and calculations based on both the value and the nature of the product, make it challenging to estimate the precise total excise tax burden at the consumer level. This Table also illustrates the large differences of taxation levels between OECD countries, with the standard excise rate on beer varying from less than USD 5 per hl/% abv (Czechia, Germany, Luxembourg, Slovak Republic) up to more than USD 15 (Finland, Ireland, Israel, New Zealand and Sweden) and the highest levels being observed in Finland (USD 39.35) and Israel (USD 71.12). About two thirds of OECD countries (25 out of 38) apply reduced excise rates to small breweries, with a progressive increase in the tax rate according to their annual production in many cases. Country notes to Annex 3.A Table 3.A.1 illustrate the wide diversity of these tax regimes. Four OECD countries do not apply any *specific* excise to beer but only *ad valorem* taxes: Chile, Colombia, Korea, and Mexico.

All OECD countries apply the standard VAT rate to beer, except Iceland, which applies the reduced rate of 11%, and the United States where there is no VAT but where sales taxes are levied at the subnational level.

### *3.3.3. Excise tax rates on wine vary from zero to more than USD 6 per litre in OECD countries*

Annex 3.A Table 3.A.2 considers two main categories of wine: still wine and sparkling wine. In addition, it shows the difference of tax levels between wine and "low-alcohol wine" as defined by countries (see below). Excise rates on wine vary widely across OECD countries from zero in 13 countries i.e. one third of OECD countries (Austria, Czechia, Germany, Greece, Hungary, Israel, Italy, Luxembourg, Portugal, Slovak Republic, Slovenia, Spain, and Switzerland) up to more than USD 4 per litre in Finland and Ireland, and almost USD 6 per litre in Norway. In 9 OECD countries, sparkling wine is subject to a higher excise rate than still wine (Belgium, Czechia, Denmark, France, Hungary, Ireland, Slovak Republic, Türkiye, and the United States). Five OECD countries do not apply any *specific* excise to wine but only *ad valorem* taxes: Australia, Chile, Colombia, Korea, and Mexico.

Although the structure of excise rates on wine is generally not directly proportional to the alcohol content of the product (unlike beer), 12 countries apply reduced (or zero) rates to 'low alcohol' wine, although the alcohol content at which wines fall into this category varies widely from country to country, i.e.: Belgium (8. 5%abv), Denmark (15%abv), Estonia (6%abv), Finland (1.2%abv), France (1.2%abv), Germany (1.2%abv), Ireland (5.5%abv), Japan (10%abv), Lithuania (8. 5%abv), Luxembourg (13%abv), Netherlands (1.2%abv), Norway (12%abv), Slovak Republic (8.5%abv), Spain (1.2%abv), Sweden (2.25%abv), United Kingdom (1.2%abv) and United States (16%abv). Seven countries apply graduated rates of excise duty according to the quantity of alcohol contained in the wine: Canada, Denmark, Finland, Germany, Spain, the United Kingdom, and the United States. Two countries (Costa Rica and Iceland) apply excise duty rates directly proportional to the alcohol content of the product.

All OECD countries apply the standard VAT rate to wine, except Colombia, Luxembourg and Portugal that apply reduced VAT rates of respectively 5%, 14% and 13% to still wine and the United States where there is no VAT but rather retail sales taxes at the subnational level.

### *3.3.4. No zero-rates are applied to other alcoholic beverages than beer and wine*

For alcoholic beverages other than beer and wine (Annex 3.A Table 3.A.3), excise duty rates also vary across OECD countries, but to a lesser extent as there are no zero excise rates. These rates range from less than USD 15 per litre of absolute alcohol (Austria, Canada, Czechia, Hungary, Italy, Luxembourg, Slovak Republic, Spain and the United States) to up to USD 95 per litre of absolute alcohol in Norway and USD 128 in Iceland. The only countries to apply a reduced VAT rate to these alcoholic beverages are Colombia (5%) and Iceland (11%). The United States does not apply a federal VAT but retail sales taxes are levied at the subnational level.

Four OECD countries do not apply any *specific* excise to these alcoholic beverages but only *ad valorem* taxes (Chile, Colombia, Korea and Mexico). Country notes to Annex 3.A Table 3.A.3 provide a description of the specific regimes applied in OECD countries.

## 3.4. Tobacco products

### *3.4.1. Tobacco taxes have long been an attractive source of revenue for governments, but they are increasingly being used as part of public health policy.*

Historically, as for alcohol taxation, the primary motivation for tobacco taxation was the raising of government revenue. Nearly all OECD countries have taxed tobacco products for many decades and even for centuries in some cases. The significant tobacco consumption and the relatively low elasticity of demand for tobacco products (i.e. the less than proportionate response of tobacco product consumption to a moderate price increase) along with the small number of producers made these products a particularly attractive target for excise and other taxation.

Over time, the clear evidence of the negative health consequences of tobacco use have turned tobacco taxation increasingly into a tool to reduce tobacco consumption and its negative health consequences. The World Health Organisation (WHO) provides economic evidence that increased taxes that are passed on to tobacco users effectively reduce tobacco consumption. It considers that, of the different types of tax levied on tobacco products, excise taxes are the most effective at raising prices and that simple tax structures are easiest to administer. Complex structures and tiered excise taxes should be avoided to diminish incentives for producers to price tobacco products in ways that can undermine the health and revenue impact of tobacco taxes. It shows that tobacco taxation is highly cost-effective, combining the potential for considerable impact on tobacco consumption with a low implementation cost. Returns and economic benefits from tobacco taxation have proven to be several times higher than the cost of these measures (WHO, 2023[6]).

### Box 3.1. WHO Framework Convention on Tobacco Control (FCTC) and MPOWER policy package

The World Health Organisation (WHO) FCTC was developed in 2005 to tackle some of the causes of the tobacco epidemic, including trade liberalisation, direct foreign investment, tobacco advertising, promotion and sponsorship and illicit trade in tobacco products. It is the first international public health treaty negotiated under WHO auspices and contains guidelines and requirements for the implementation of the most cost-effective tobacco control measures available necessary for reducing the tobacco consumption.

Raising tobacco taxes is one of the key measures that Parties to the FCTC are required to implement (Article 6) along with protection from second-hand smoke in all indoor workplaces, public places and public transportation (Article 8); large graphic health warnings on the packaging of tobacco products (Article 11); and a comprehensive ban on tobacco advertising, sponsorship, and promotion (Article 13).

While the FCTC guidelines provide the foundation for countries to implement and manage tobacco control, the MPOWER policy package was developed in 2007 to provide the tools necessary for action on tobacco control. The MPOWER measures are used to assist in the country-level implementation of effective interventions to reduce the demand for tobacco. The acronym represents the following: **M**onitoring tobacco use and prevention policies; **P**rotecting people from tobacco smoke; **O**ffer help to quit tobacco use; **W**arn about the dangers of tobacco; **E**nforce bans on tobacco advertising, promotion, and sponsorship; and **R**aise taxes on tobacco.

As part of the “Raise tobacco taxes” guidelines, the WHO notably recommends that governments monitor tobacco tax rates and prices relative to real income and significantly raise tax rates at regular intervals to ensure that tobacco products do not become more affordable.

As of August 2024, 183 parties have ratified the FCTC treaty, including all OECD member countries.

Source: WHO 2021 global progress report on implementation of the WHO Framework Convention on Tobacco Control (World Health Organisation, 2021[7]); WHO report on the global tobacco epidemic (World Health Organization, 2021[8]); OECD Health at Glance 2021 (OECD, 2021[9]);WHO Framework Convention on Tobacco Control Parties.

As with alcohol, tobacco products are subdivided into a number of categories (see Annex 3.A Table 3.A.4) i.e. cigarettes, cigars, and rolling tobacco. New tobacco products have also emerged such as Heated Tobacco Products (HTP), and Electronic Nicotine Delivery Systems (ENDS), which may be subject to specific tax rates (but are outside the scope of this publication).

Unlike excises on alcoholic beverages, which are most often *specific*, the majority of countries use a combination of *specific* and *ad valorem* elements to calculate excise on tobacco products. Annex 3.A Table 3.A.4 illustrates the wide disparity in the tax rates applied by different OECD countries. This is the case in the United States, for example, where local excise duties on cigarettes (in addition to federal duties) range from USD 0.17 per pack of 20 cigarettes in Missouri to USD 4.50 in the District of Columbia. The Member States of the European Union are subject to common provisions applicable to all products subject to excise duty under European Union law, namely Council Directive (EU) 2020/262, which repeals and replaces Council Directive 2008/118/EC with effect from 13 February 2023. Directive 2011/64/EU also requires Member States to levy a minimum rate of excise duties on cigarettes consisting of (1) a specific component of between 7.5% and 76.5% of the total tax burden (TTB) - expressed as a fixed amount per 1000 cigarettes - and (2) an *ad valorem* component - expressed as a percentage of the maximum retail selling price. In addition, the overall excise rate must be at least EUR 90 per 1000 cigarettes and at least 60% of the weighted average retail selling price (Member States that apply excise duty of EUR 115 or more, however, do not need to comply with the 60% criterion above). Directive 2011/64/EU also sets down minimum excise duty rates for manufactured tobacco other than cigarettes.

Looking in particular at the structure and level of excise duties on the most widely consumed product, cigarettes, it can be seen that all OECD countries apply excise duties to cigarettes, and almost all of them in the form of a combination of *specific* and *ad valorem* duties, with the exception of Australia, Canada, Iceland, Japan, New Zealand, and Norway, which apply only a *specific* excise duty. Twenty countries (Austria, Belgium, Czechia, Estonia, Finland, France, Germany, Hungary, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Switzerland, Türkiye, and the United Kingdom) mentioned the application of a minimum amount of total excise duty (*specific* and *ad valorem*), which offers protection against the undervaluation of products. It also forces prices to rise, since the price will not be lower than the tax paid (this category does not apply to countries where only a *specific* excise is applicable).

It should be noted that the rates or amounts of each tax (ad valorem or specific excise duty, VAT or other duties) by type of tobacco product, as shown in Annex 3.A Table 3.A.4, do not in themselves make it possible to assess the entire tax burden on these products. Ad valorem excise duties can be calculated on different bases (producer price, import price, retail price). When the structure of excise duties is mixed (the excise duty comprising an ad valorem component and a specific component), a high ad valorem tax applied to a category of products may be counterbalanced by a low specific excise duty (or vice versa). The cumulative effect of VAT and excise duties also needs to be assessed. The World Health Organisation (for 180 countries (WHO, 2023[6])) and the European Union (for its 27 members -plus the United Kingdom until 2020- - European Commission 'Taxes in Europe Database' accessed in August 2024) calculate the total amount of tax as a proportion of the price of a packet of 20 cigarettes. These data show a very wide disparity between OECD countries, from less than 60% of the total selling price in Costa Rica, the United States, Norway, Switzerland and Japan to more than 80% in Belgium, Chile, Denmark, Estonia, Finland, France, Greece, Ireland, Lithuania, Latvia, the Netherlands, New Zealand, Poland, Portugal, Slovenia, Türkiye and the United Kingdom.

## References


Brys, B. et al. (2016), "Tax Design for Inclusive Economic Growth", *OECD Taxation Working Papers*, No. 26, OECD Publishing, Paris, https://doi.org/10.1787/5jlv74ggk0g7-en. [10]

Colin Angus, J. (2019), "Comparing alcohol taxation throughout the European Union", *Addiction notes*. [5]

Federation of Tax Administrators (2022), *State excise tax rates on cigarettes*. [13]

IEA (2024), *International Energy Agency*, https://www.iea.org/data-and-statistics. [1]

KEEN, M. (1998), "The Balance between Specific and Ad Valorem Taxation", *Fiscal Studies*, Vol. 19/1, pp. 1-37, https://doi.org/10.1111/j.1475-5890.1998.tb00274.x. [3]

Mario Mansour, P. (2023), *How to Design Excise Taxes on Alcoholic Beverages*, International Monetary Fund, Washington. [2]

OECD (2021), *Health at a Glance 2021: OECD Indicators*, OECD Publishing, Paris, https://doi.org/10.1787/ae3016b9-en. [9]

WHO (2023), *Global report on the use of alcohol taxes*, World Health Organization, Geneva. [4]

WHO (2023), *WHO Report on the tobacco epidemic*, World Health Organisation, Geneva. [6]

WHO (ed.) (2021), *WHO Technical manual on tobacco tax policy and administration*, WHO, Geneva. [12]

WHO (2010), *Global strategy to reduce the harmful use of alcohol*, World Health Organisation. [11]

World Health Organisation (2021), *Global progress report on implementation of the WHO Framework Convention on Tobacco Control*. [7]

World Health Organization (2021), *WHO report on the global tobacco epidemic 2021 web annex IX*, https://apps.who.int/iris/handle/10665/343468. [8]

# Annex 3.A. Excise duty and vehicle tax rates

## Annex Table 3.A.1. Taxation of Beer

| Country | Currency | Excise rate per hectolitre per % abv[1] | | Lower excise rates for small independent breweries Excise per hectolitre per % abv[1] | | | Excise duty on low alcohol beer Excise per hectolitre of product[2] | | VAT rate | Progressive excise rate by strength[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | National currency | USD | Annual production (hl)[4] | National currency | USD | National currency | USD | % | |
| Australia* | AUD | Country note | | Country note | | | Country note | | 10.0 | Yes |
| Austria* | EUR | 5.00 | 5.43 | ≤12 500 | 3.00 | 3.26 | 0.00 | 0.00 | 20.0 | No |
| | | | | ≤ 25 000 | 3.50 | 3.80 | | | 20.0 | |
| | | | | ≤ 37 500 | 4.00 | 4.35 | | | 20.0 | |
| | | | | ≤ 50 000 | 4.50 | 4.89 | | | 20.0 | |
| Belgium* | EUR | 5.01 | 5.45 | ≤ 12 500 | 4.36 | 4.74 | 0.00 | 0.00 | 21.0 | No |
| | | | | ≤ 25 000 | 4.50 | 4.89 | | | 21.0 | |
| | | | | ≤ 50 000 | 4.65 | 5.05 | | | 21.0 | |
| | | | | ≤ 75 000 | 4.79 | 5.21 | | | 21.0 | |
| | | | | ≤ 200 000 | 4.94 | 5.37 | | | 21.0 | |
| Canada* | CAD | Country note | | Country note | Country note | | Country note | | 5.0/13.0<br>15.0 | Yes |
| Colombia* | COP | Country note | | Country note | | | Country note | | 19.0 | No |
| Costa Rica | CRC | Country note | | Country note | | | Country note | | 13.0 | Yes |
| Czechia* | CZK | 80.00 | 3.60 | ≤ 10 000 | 40.00 | 1.80 | 0.00 | 0.00 | 21.0 | No |
| | | | | ≤ 50 000 | 48.00 | 2.16 | | | 21.0 | |
| | | | | ≤ 100 000 | 56.00 | 2.52 | | | 21.0 | |
| | | | | ≤ 150 000 | 64.00 | 2.88 | | | 21.0 | |
| | | | | ≤ 200 000 | 72.00 | 3.24 | | | 21.0 | |
| Denmark* | DKK | 48.74 | 7.07 | ≤ 3 700 | Country note | | 0.00 | 0.00 | 25.0 | No |
| | | | | ≤ 20 000 | Country note | | | | 25.0 | |
| | | | | ≤ 200 000 | Country note | | | | 25.0 | |
| Estonia* | EUR | 13.34 | 14.50 | ≤ 15 000 | 6.67 | 7.25 | 0.00 | 0.00 | 22.0 | No |
| Finland* | EUR | 36.20 | 39.35 | ≤ 5 000 | 18.10 | 19.67 | 0.00/28.35 | 0.00<br>–<br>30.81 | 24.0 | No |
| | | | | ≤ 30 000 | 25.34 | 27.54 | | | 24.0 | |
| | | | | ≤ 55 000 | 28.96 | 31.48 | | | 24.0 | |
| | | | | ≤ 100 000 | 32.58 | 35.41 | | | 24.0 | |
| France* | EUR | 7.96 | 8.65 | ≤ 200 000 | 3.98 | 4.33 | 3.98 | 4.33 | 20.0 | No |
| Germany* | EUR | 1.97 | 2.14 | ≤ 5 000 | 1.10 | 1.20 | 0.00 | 0.00 | 19.0 | No |
| | | | | ≤ 10 000 | 1.32 | 1.43 | | | 19.0 | |
| | | | | ≤ 20 000 | 1.54 | 1.67 | | | 19.0 | |
| | | | | ≤ 40 000 | 1.65 | 1.79 | | | 19.0 | |
| Greece* | EUR | 12.50 | 13.59 | ≤ 200 000 | 6.25 | 6.79 | 0.00 | 0.00 | 24.0 | No |
| Hungary* | HUF | 1800.00 | 5.10 | ≤ 200 000 | 900.00 | 2.55 | 0.00 | 0.00 | 27.0 | No |
| Iceland* | ISK | Country note | | ≤ 2 000 | Country note | _ | 0.00 | 0.00 | 11.0 | Yes |
| Ireland* | EUR | 22.55 | 24.51 | ≤ 75 000 | Country note | | 0.00<br>Country note | 0.00 | 23.0 | No |
| Israel* | ILS | 261.00 | 71.12 | _ | _ | _ | Country note | | 17.0 | No |
| Italy* | EUR | 7.475 | 8.42 | ≤ 10 000 | 4.485 | 4.88 | 0.00<br>Country note | 0.00 | 22.0 | No |
| Japan* | JPY | Country note | | | Country note | | _ | _ | 10.0 | No |

| Country | Currency | Excise rate per hectolitre per % abv[1] | | Lower excise rates for small independent breweries Excise per hectolitre per % abv[1] | | | Excise duty on low alcohol beer Excise per hectolitre of product[2] | | VAT rate | Progressive excise rate by strength[3] |
|---|---|---|---|---|---|---|---|---|---|---|
| | | National currency | USD | Annual production (hl)[4] | National currency | USD | National currency | USD | % | |
| Korea* | KRW | Country note | | | | | Country note | | 10.0 | No |
| Latvia* | EUR | 8.20 | 8.91 | ≤ 10 000 | 4.10 | 4.46 | 0.00 | 0.00 | 21.0 | No |
| Lithuania* | EUR | 9.46 | 10.28 | ≤ 10 000 | 4.73 | 5.14 | 0.00 | 0.00 | 21.0 | No |
| Luxembourg* | EUR | 1.98 | 2.15 | ≤ 50 000 | 0.99 | 1.08 | 0.00 | 0.00 | 17.0 | No |
| | | | | ≤ 200 000 | 1.12 | 1.22 | | | 17.0 | |
| Mexico* | MXN | 26.50% | | | | | Country note | – | 16.0 | Yes |
| Netherlands* | EUR | 8.12 | 8.83 | ≤ 200 000 | 7.51 | 8.16 | 0.00 | 0.00 | 21.0 | Yes |
| New Zealand* | NZD | 29.05 | 17.82 | | | | Country note | – | 15.0 | No |
| Norway* | NOK | Country note | | | | | Country note | | 25.0 | Yes |
| Poland* | PLN | 23.58 | 5.61 | ≤ 200 000 | Country note | | 0.00 | 0.00 | 23.0 | No |
| Portugal* | EUR | Country note | | ≤ 200 000 | Country note | | 0.00 Country note | | 23.0 | No |
| Slovak Republic* | EUR | 3.59 | 3.90 | ≤ 200 000 | 2.65 | 2.88 | 0.00 | 0.00 | 20.0 | No |
| Slovenia* | EUR | 12.10 | 13.15 | ≤ 20 000 | 6.05 | 6.58 | 0.00 | 0.00 | 22.0 | No |
| Spain* | EUR | Country note | | – | – | – | 0.00 Country note | 0.00 | 21.0 | No |
| Sweden* | SEK | 228.00 | 23.57 | – | – | – | 0.00 | 0.00 | 25.0 | No |
| Switzerland* | CHF | Country note | | ≤ 55 000 | Country note | | Country note | | 8.1 | Yes |
| Türkiye* | TRY | 777.71 | 13.64 | – | – | – | 0.00 | 0.00 | 20.0 | No |
| United Kingdom* | GBP | Country note | | | Country note | | | | 20.0 | Yes |
| United States* | USD | Country note | | ≤ 2 347 000 | Country note | | – | – | | No |

Notes
*See Country notes
Conversion of national currency in USD: conversion rates are average market rates (2023). Source: https://data-explorer.oecd.org
Beer as defined in the WCO Customs nomenclature under 2203
1. % abv = percentage of pure alcohol by volume at 20°C. In some countries, the excise rate on beer is calculated per hectolitre per degree Plato. For ease of reading, all amounts have been converted in % abv. There is no precise conversion between degrees Plato and % abv but for tax purposes it is often assumed that 1% abv is equivalent to 2.5 degrees Plato. As a result, tax rates expressed in degree Plato have been multiplied by 2.5 to obtain the % abv.
2. Beer with an alcoholic degree below a certain % alcohol by volume is either taxed at a lower rate or untaxed in some jurisdictions. Some (like the EU) do not consider beer with a low alcoholic content (e.g. less than 0.5% abv. In the EU) a beer and it is not subject to excise duty.
3. Progressive excise rate by strength covers situations where the excise duty per hectolitre per % abv is higher for products with a higher %abv.
4. The annual production in hectolitre must be understood in tranches e.g. "≤ 10 000" in a first row and "≤ 20 000" in the row below must be understood as "production up to 10 000" and "production between 10 000 and 20 000".
Source: National delegates; position as of 1 January 2024

### Annex Box 3.A.1. Country notes to Annex Table 3.A.1. Taxation of Beer

**Australia**. The excise rates for beer in individual containers of less than 8 litres; or individual containers of at least 8 litres but not exceeding 48 litres and not designed to connect to a pressurised gas delivery system or pump delivery system are: AUD 51.63 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 60.12 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 60.12 where the alcohol volume exceeds 3.5%. The excise rates for beer in individual containers exceeding 48 litres; or individual containers of at least 8 litres but not exceeding 48 litres and designed to connect to a pressurised gas delivery system or pump delivery system are: AUD 10.32 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 32.33 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 42.37 where the alcohol volume exceeds 3.5%. Lower rates also apply for beer produced for non-commercial purposes using commercial facilities or equipment, being AUD 3.63 per litre of alcohol for beer where the alcohol volume does not exceed 3% and 3.65 per litre of alcohol for beer where the alcohol volume is over 3%. Excise duty on beer is calculated on the amount by which the alcohol content exceeds 1.15% by volume of alcohol. Beer that does not contain more than 1.15% by volume of alcohol is not subject to excise duty. These rates are indexed to inflation (Consumer Price Index) in February and August each year. Eligible manufacturers can apply a remission (i.e. not required to pay) of 100% of the excise duty payable up to a maximum of AUD 350,000 per financial year.

**Austria**. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Belgium.** Beer with an alcoholic content less than 0.5 % vol. is free of excise on beer (see European Union country note below) but is subject to a national excise.

**Canada**. Excise duty rates for beer are imposed per hectolitre of product (not per hectolitre per degree alcohol). As of 1 January 2024, federal excise duty rates, on all beer or malt liquor containing: (1) more than 2.5% abv, CAD 35.52 per hectolitre; (2) more than 1.2% abv but not more than 2.5% abv, CAD 17.76 per hectolitre; (3) not more than 1.2% abv, CAD 2.948 per hectolitre. Reduced rates of excise duty apply on the first 75 000 hectolitres of beer and malt liquor brewed in Canada per year by licensed brewers: the aforementioned rates are reduced by (1) 90%, on the first 2 000 hectolitres, (2) 80%, on the next 3 000 hectolitres, (3) 60%, on the next 10 000 hectolitres, (4) 30%, on the next 35 000 hectolitres, and (4) 15%, on the next 25 000 hectolitres. Automatic inflationary adjustments on duty rates for beer occur annually on April 1. As of April 1, 2023, a temporary cap on the inflation adjustment for excise duties on beer, wine, and spirits at two per cent, for one year, was implemented. On March 9, 2024, a proposed two-year extension of the two per cent cap on the annual alcohol excise duty inflation adjustment, and a 50 per cent reduction for two years on excise duty rates for the first 15,000 hectolitres of beer brewed in Canada, effective April 1, 2024, was announced. Provincial and territorial governments also charge taxes and mark-ups on beer.

**Chile**. The sale of alcoholic beverages (including wine, beer, distilled alcoholic beverages and other alcoholic beverages) is subject to 19% VAT and also to a surtax on the sale or import of alcoholic beverages. The rate applied to beer is of 20.5% and does not depend upon the degree of alcohol that the beer contains. The tax is applied to the VAT base, that is the sale`s price (excluding VAT itself) and levies sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. Retail commerce that sells to other vendors, can credit the surtax paid against output VAT proportionality. The sale from the retailer to the final consumer is not subject to the surtax and the retailer cannot deduct the input tax.

**Colombia**. The beer consumption tax is a national tax, collected by the territories (*"Departmentos")* on the products consumed in their territory. National and imported beers are subject to the consumption tax of 48% on the retail price without taxes. That price doesn't include the value of packages and bottles. It is a monophasic tax paid at the moment of the import or exit of factory. The mix of beer with non-alcoholic beverages (refajos) is levied at 20%. Non-alcoholic beer (with an alcoholic content less than 2.5% vol.) is not subject to tax.

**Costa Rica.** There is a specific tax for each millilitre of absolute alcohol contained in any domestically produced or imported alcoholic beverage, regardless of its presentation, according to the concentration of alcohol by volume. Tax rates are defined by law and quarterly updated according to the variation of the consumer price index. Tax rates varies according the abv for each liquor and beer following these ranges: from 0 up to15%, between 15% and up to 30%, and above 30 %.

**Czechia.** Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Denmark**. Lower rates on small independent breweries: production ≤ 3 700 hl reduce the excise duty by 50 percent; production > 3 700 but ≤ 20 000 hl reduce the excise duty in percent that equals to 168 607 divided by the produced amount in hl plus 4.43; production > 20 000 but ≤ 200 000 hl reduce the excise duty in percent that equals to 14.29 minus produced amount in hl divided by 14 003. Beer with alcohol content less than 2.8% vol. is free of excise tax.

**Estonia.** Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Finland**. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below). The excise rate for beer with an alcoholic content 0.5-3.5 % vol. is 28.35 per hectolitre per % abv. Similar reductions for small breweries as for beer with alcoholic content more than 3.5 % vol.: the aforementioned rate is reduced by 50%, on the first 5 000 hectolitres, 30%, on the next 25 000 hectolitres, 20%, on the next 25 000 hectolitres and 10%, on the next 45 000 hectolitres. Small breweries with maximum production of 200 000 hectolitres are entitled to the reduced rates.

**France**. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Germany**. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Greece.** Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Hungary.** Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below). Flavoured beers are subject to a HUF 33/litre public health product tax for beer with sugar content exceeding 5 grams of sugar/100 millilitres and HUF 10/litre public health product tax for beer with a sugar content not exceeding 5 grams sugar/100 millilitres.

**Iceland**. The duty in Iceland is ISK 147.15 per centilitre of alcohol per litre minus 2.25 centilitres. For example, one litre of beer that has 6% abv has 6 centilitres alcohol per litre. Therefore, the duty for one litre of beer that contains 6% abv would be as follows: (6-2.25) * 147.15 = ISK 551.8 per litre. As a result of this formula, beer with less than 2.25% abv is not taxed. From 1 January 2024 the excise duty on beer may be reduced by 50% if the beer is produced in a small and independent brewery. A brewery is considered small if its total annual production of beer is less than 500 000 litres. The brewery must also meet certain conditions of independence. For each brewery the 50% discount is limited per year to a total of 550 000 centilitres of abv. from which the duty is calculated. That is equivalent to 200 000 litres (2 000 hl.) of beer containing 5% abv.

**Ireland**. There is remission or repayment of 50% alcohol products tax (excise duty) on beer brewed in independent small breweries producing up to 75 000 hl a year. Budget 2023 increased the qualifying production level from 50 000 to 75 000 hectolitres but maintained the current 30 000 hectolitre limit for remission/repayment of APT. For low alcohol beer, the rate is 0.00 (beer ≤ 1.2% abv) and EUR 11.27 (beer > 1.2% abv up to 2.8% abv). Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Israel**. The duty was set as ILS 261 on 1 January 2024. The amount is updated each year according to the change in the Consumer Price Index (CPI). There is no duty on beer under 2% alcohol (or under 3.8% alcohol if marketed in reusable bottles).

**Italy**. Starting from 1 January 2024, the standard rate of excise duty is EUR 2.99 per hectolitre and per degree Plato. With regard to small independent breweries with annual production not exceeding 10 000 hectolitres, the excise rate is reduced by 40 percent (in comparison to the standard rate). Beer with actual alcoholic strength not exceeding 0.5 percent by volume is not subject to excise duty.

**Japan**. Reduced rates for small brewers (whose taxable volume of liquor in the previous fiscal year shall be up to 100 000 hl) apply for the first 2 000 hl of beer per the fiscal year at the following rates: (a) if the taxable volume of beer in the previous fiscal year is less than or equal to 10 000 hl, 85% of the normal rate; (b) if the taxable volume of beer in the previous fiscal year is more than 10 000 hl but less than or equal to 13 000 hl, 92.5% of the normal rate (temporary measure).

Reference information No1 (FY2023 Liquor tax reform). From 1 April 2024, the normal rate is JPY 18 100/hl. However, depending on the accumulated amount of liquor tax for the current fiscal year, reduced rates for small brewers (those who are willing to strengthen their management bases and whose taxable volume for the previous fiscal year was 30 000 hl or less (excluding corporations with capital exceeding JPY 300 million and more than 300 full-time employees )) will be applied at (a) if the accumulated amount of liquor tax is JPY 50 million or less, 80% of the normal rate, (b) if the accumulated amount of liquor tax exceeds JPY 50 million and is JPY 80 million or less, 90% of the normal rate, (c) if the accumulated amount of liquor tax exceeds JPY 80 million and is JPY 100 million or less, 95% of the normal rate (temporary measure).The current measures will be abolished, but transitional measures will be taken to ensure a smooth transition to the new measures.

Reference information No.2. (FY2017 Liquor tax reform). From 1 October 2020, the excise rates for liquor were changed in order to restore fairness in tax burden between different types of beer. Specifically, the excise rates for beer and beer-like liquors will be unified at JPY 15 500 per hl in October 2026 (the revision will be implemented in three stages).

**Korea**. The tax rate of beer is KRW 885 700 per kilolitre (as for beer sold in the container sized 8 litre or bigger that uses a separate dispensing tap before 31 December 2026, KRW 708 500 of tax rate applied).

**Latvia**. Starting from 1 March 2024 the excise per hectolitre per % abv is EUR 9.0; excise per hectolitre per % abv for small independent breweries is EUR 4.5 (not less than EUR 16.7 per hectolitre of beer). The reduced rate for small independent breweries (annual production up to 50 000 hl) is applied for the first produced 10 000 hl of beer. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Lithuania**. Starting from 1 January 2022 the reduced rate is applied for small independent breweries (annual production up to 80 000 hl) for the first produced 10 000 hl of beer. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Luxembourg**. Additional rate for alcopops: EUR 600 per hectolitre. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Mexico**. The rates apply to the value of the goods as follows: 26.5% for beer and other alcoholic beverages up to 14° Gay-Lussac (GL); 30% for beverages above 14° G.L. and up to 20° G.L.; 53% for beverages above 20° G.L.

**Netherlands**. Excise duty rates are as mentioned in table 3.1. However, the minimum amount of excise duty per hectolitre is EUR 26,13. Beer with a maximum alcohol content of 0.5% vol. is subject to a consumer tax of EUR 26.13 per hectolitre and a VAT rate of 9%. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**New Zealand**. The excise rate for beer containing more than 2.5% abv is NZD 35.451 per litre of alcohol in finished product. The rate for beer containing more than 1.15% abv but not more than 2.5% abv is NZD 0.53170 per litre of product. There is no excise duty on beer containing less than 1.15% abv.

**Norway**. Excise rates are as follows per hectolitre of product: a) 0.0-0.7% abv: NOK 0; b) 0.7-2.7% abv: NOK 353; c) 2.7-3.7% abv: NOK 1 328; d) 3.7-4.7% abv: NOK 2299. The excise rate for beer with an alcoholic content of more than 4.7% abv is NOK 514 per degree of alcohol and hectolitre.

**Poland**. Exemptions from excise for small breweries: 1) production ≤ 200 000 hl a year – 50% of the amount of excise duty calculated with the standard rate of excise duty on beer; the above rules also apply to producers who cooperate with each other; 2) intra-Community purchase or import of beer by entities that meet the conditions specified in law – 50% of the amount of excise duty calculated with the standard rate of excise duty on beer. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Portugal**. Excise rates for beer are as follows per hectolitre of product: (a) >0.5. ≤ 1.2% abv EUR 9.64; (b) >1.2 ≤2.8% abv EUR 12.06; (c) > 2.8 ≤ 4.4% abv EUR 19.29; (d) > 4.4 ≤ 5.2% abv EUR 24.13; (e) > 5.2 ≤ 6% abv EUR 28.95; (f) >6% abv EUR 33.85 (rates as of 01 January 2024). Rates for small breweries (annual production up to 200 000 hl) are 50% of the normal rates. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Slovak Republic.** Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Slovenia**. Reduced rate for small breweries (yearly production ≤ 20 000 hl) is 50% of the standard rate of excise duty for beer: EUR 6.05 per hl per % abv. Exemption for natural person use of beer if yearly production is less than 500 l. Beer with an alcoholic content less than 0.5 % vol. is free of excise (see European Union country note below).

**Spain**. Excise rate according to strength is: beer with less than 1.2% abv is free of excise; beer between 1.2% and 2.8% abv is EUR 2.75/hl; beer with more than 2.8% abv and 4.4%abv is EUR 7.48/hl; beer with more than 4.4%abv and 6%abv is EUR 9.96/hl; beer with more than 6%abv and 7.6%abv is EUR 13.56/hl; beer with more than 7.6%abv is EUR 0.91/hl and per degree Plato. There is no tax on Beer in Ceuta and Melilla (Spanish cities situated in the North of Africa).

**Sweden**. The excise duty for beer with an alcoholic content below 2.8 % abv is SEK 0.

**Switzerland**. Rates per hectolitre: light beer (up to 10.0° Plato): CHF 16.88, regular and special beer (10.1 to 14.0° Plato): CHF 25.32, strong beer (from 14.1° Plato): CHF 33.76. For small breweries producing less than 55 000hl per year the tax rate is progressively reduced according to the volume of production up to 40 % reduction (annual production of max. 15 000 hl). Beer with more than 15 % vol. alcohol is taxed as an alcoholic beverage (CHF 2900 per hectolitre of absolute alcohol). Beer with an alcoholic content of less than 0.5 % vol. is free of excise.

**Türkiye**. The minimum tax amount is TL 777.71 per hectolitre/degree. If the amount computed according to the tax rate (63%) is lower than the minimum tax amount, the minimum tax amount is paid.

**United Kingdom**. Beer with an alcoholic content below 1.2% abv is free of excise duty. All other beer products attract rates based on abv per hectolitre of pure alcohol in the product as follows; between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 8.4% abv is GBP 2101.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00. For beer, two forms of reduced duty rates can apply. Firstly, reduced duty rates for draught beer products below 8.5% abv if the product is packaged in eligible draught containers that are designed for connection to a pump system or pressurised drinks taps. Draught beer rates as follows; below 3.5% abv per hectolitre of pure alcohol in the product is GBP 842.00; between 3.5% and 8.4% abv per hectolitre of pure alcohol is GBP 1908.00. Secondly, beer with below 8.5% abv and made by producers who, in the previous production year made 4,500 hectolitres or less of pure alcohol, may be entitled to the Small Producer Relief (SPR). The amount of SPR depends on the alcoholic product produced and quantity of pure alcohol in a production year. Guidance and an SPR calculator are available on Gov.UK. Additional eligibility requirements apply to small producer products entering Northern Ireland. The above rates were introduced in the UK on 1 August 2023.

**United States**. The weighted average Federal and State excise tax rate is USD 21 per hectolitre of product. The Federal tax is USD 16.00 per barrel (31 gallons) for the first 6 million barrels of beer and then USD 18.00 per barrel for each barrel after. 1 barrel = 1.1735 hectolitres. Small domestic brewers who produce less than 2 million barrels of beer per calendar year pay USD 3.50 in federal tax per barrel on the first 60 000 barrels and then USD 16.00 for each barrel over 60 000. . State excise tax rates range from USD 0.50 to USD 33.99 per hectolitre. There is no progressive rate structure based on alcohol content and no Federal VAT.

Source: National delegates.

## Annex Table 3.A.2. Taxation of Wine

| Country | Currency | Still wine[1] | | | Low-alcohol[3] still wine | | | Sparkling wine[2] | | | Low-alcohol[3] sparkling wine | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT |
| | | National currency | USD | % | National currency | USD | % | National currency | USD | % | National currency | USD | % |
| Australia* | AUD | Country note | | 10.00 | Country note | | 10.00 | Country note | - | 10.00 | Country note | | 10.00 |
| Austria | EUR | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 20.00 |
| Belgium | EUR | 74.91 | 81.42 | 21.00 | 23.91 | 25.99 | 21.00 | 256.32 | 278.61 | 21.00 | 23.91 | 25.99 | 21.00 |
| Canada* | CAD | 70.20 | 52.00 | 5.0/13.0 15.0 | Country note | - | 5.0/13.0 15.0 | 70.20 | 52.00 | 5.0/13.0 15.0 | Country note | - | 5.0/13.0 15.0 |
| Chile* | CLP | Country note | - | 19.00 | Country note | - | 19.00 | Country note | - | 19.00 | Country note | - | 19.00 |
| Colombia* | COP | Country note | - | 5.0 | Country note | - | 5.0 | Country note | - | 5.0 | Country note | - | 5.0 |
| Costa Rica* | CRC | Country note | - | 13.0 | Country note | - | 13.0 | Country note | - | 13.0 | Country note | - | 13.0 |
| Czechia | CZK | 0.00 | 0.00 | 21.00 | 0.00 | 0.00 | 21.00 | 2 340.00 | 105.41 | 21.00 | 0.00 | 0.00 | 21.00 |
| Denmark* | DKK | 1 126 Abv. >6 but ≤ 15 Country note | 163.43 | 25.00 | 518 Abv. >1.2 but ≤ 6 Country note: | 75.18 | 25.00 | 1 461 Abv. >6 but ≤ 15 | 212.05 | 25.00 | 853 Abv. >1.2 but ≤ 6 Country note: | 123.80 | 25.00 |
| | | 1 508 Abv. >15 but ≤ 22: Country note | 218.87 | 25.00 | 0.00 | 0.00 | 25.00 | 1 843 Abv. >15 but ≤ 22: Country note | 267.49 | 25.00 | 00.0 | 00.0 | 25.00 |
| Estonia* | EUR | 155.21 | 168.71 | 22.00 | 66.52 | 72.30 | 22.00 | 155.21 | 168.71 | 22.00 | 66.52 | 72.30 | 22.00 |
| Finland* | EUR | 456.00 | 495.65 | 24.00 | Country note | - | 24.00 | 456.00 | 495.65 | 24.00 | Country note | - | 24.00 |
| France* | EUR | 4.05 | 4.40 | 20.00 | Country note | - | 20.00 | 10.02 | 10.89 | 20.00 | Country note | - | 20.00 |
| Germany* | EUR | 0.00 | 0.00 | 19.00 | 0.00 | 0.00 | 19.00 | Country note | - | 19.00 | 0.00 | 0.00 | 19.00 |
| Greece | EUR | 0.00 | 0.00 | 24.00 | 0.00 | 0.00 | 24.00 | 0.00 | 0.00- | 24.00 | 0.00 | 0.00 | 24.00 |
| Hungary* | HUF | 0.00 | 0.00 | 27.00 | 0.00 | 0.00 | 27.00 | 18 100.00 | 51.26 | 27.00 | 0.00 | 0.00 | 27.00 |
| Iceland* | ISK | Country note | - | 11.00 | Country note | - | 11.00 | Country note | - | 11.00 | Country note | - | 11.00 |
| Ireland* | EUR | 424.84 | 461.78 | 23.00 | 141.57 | 153.88 | 23.00 | 849.68 | 923.57 | 23.00 | 141.57 | 153.88 | 23.00 |
| Israel | ILS | 0.00 | 0.00 | 17.00 | 0.00 | 0.00 | 17.00 | Country note | - | 17.00 | 0.00 | 0.00 | 17.00 |
| Italy | EUR | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 |
| Japan* | JPY | 10 000.00 | 71.18 | 10.00 | 10 000.00 | 71.18 | 10.00 | 10 000.00 | 71.18 | 10.00 | 8 000.00 | 54.94 | 10.00 |

| Country | Currency | Still wine[1] | | | Low-alcohol[3] still wine | | | Sparkling wine[2] | | | Low-alcohol[3] sparkling wine | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT | Excise per hectolitre of product | | VAT |
| | | National currency | USD | % | National currency | USD | % | National currency | USD | % | National currency | USD | % |
| Korea* | KRW | Country note | - | 10.00 | Country note | - | 10.00 | Country note | - | 10.00 | Country note | - | 10.00 |
| Latvia* | EUR | 111.00 | 120.65 | 21.00 | 111.00 | 120.65 | 21.00 | 111.00 | 120.65 | 21.00 | 111.00 | 120.65 | 21.00 |
| Lithuania* | EUR | 219.00 | 238.04 | 21.00 | 109.00 | 118.48 | 21.00 | 219.00 | 238.04 | 21.00 | 109.00 | 118.48 | 21.00 |
| Luxembourg* | EUR | 0.00 | 0.00 | 14.00 or 17.00 | 0.00 | 0.00 | 14.00 or 17.00 | 0.00 | 0.00 | 17.00 | 0.00 | 0.00 | 14.00 |
| Mexico* | MXN | 26.5% / 30% | - | 16.00 | 26.5% | - | 16.00 | 26.5% / 30% | - | 16.00 | 26.5% | - | 16.00 |
| Netherlands* | EUR | 95.69 | 104.01 | 21.00 | 47.95 | 52.12 | 21.00 | 95.69 | 104.01 | 21.00 | 47.95 | 52.12 | 21.00 |
| New Zealand | NZD | 354.51 | 217.49 | 15.00 | 354.51 | 217.49 | 15.00 | 354.51 | 217.49 | 15.00 | 354.51 | 217.49 | 15.00 |
| Norway* | NOK | 6 168.00 | 584.09 | 25.00 | Country note | - | 25.00 | 6 168.00 | 584.09 | 25.00 | Country note | - | 25.00 |
| Poland* | PLN | 191.00 | 45.48 | 23.00 | 191.00 | 45.48 | 23.00 | 191.00 | 45.48 | 23.00 | 191.00 | 45.48 | 23.00 |
| Portugal | EUR | 0.00 | 0.00 | 13.00 | 0.00 | 0.00 | 13.00 | 0.00 | 0.00 | 23.00 | 0.00 | 0.00 | 23.00 |
| Slovak Republic* | EUR | 0.00 | 0.00 | 20.00 | 0.00 | 0.00 | 20.00 | 79.65 | 84.58 | 20.00 | 54.16 | 58.87 | 20.00 |
| Slovenia | EUR | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 | 0.00 | 0.00 | 22.00 |
| Spain* | EUR | 0.00 | 0.00 | 21.00 | 0.00 | 0.00 | 21.00 | 0.00 | 0.00 | 21.00 | 0.00 | 0.00 | 21.00 |
| Sweden* | SEK | Country note | | 25.00 | Country note | - | 25.00 | Country note | - | 25.00 | Country note | - | 25.00 |
| Switzerland* | CHF | 0.00 | 0.00 | 8.10 | 0.00 | 0.00 | 8.10 | 0.00 | 0.00 | 8.10 | 0.00 | 0.00 | 8.10 |
| Türkiye* | TRY | 3824.13 | 161.42 | 20.00 | Country note | | 20.00 | 25 836.82 | 1090.60 | 20.00 | Country note | | 20.00 |
| United Kingdom* | GBP | Country note | | 20.00 | Country note | | 20.00 | Country note | | 20.00 | Country note | | 20.00 |
| United States* | USD | 44.00 | 44.00 | - | Country note | - | - | 111.00 | 111.00 | - | Country note | - | - |

Notes

1. Still wine as defined under WCO customs code 2204.

2. Sparkling wine as defined under WCO customs code 2204 10.

3. There is no OECD or international definition of “low-alcohol wine”. The national thresholds (in % abv) are indicated in the relevant country notes, if any.

Conversion of national currency in USD: conversion rates are average market rates 2023. Source: https://data-explorer.oecd.org.

Source: National delegates; position as of 1 January 2024

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

**Australia**. All wine (which includes grape wine, grape wine products, fruit or vegetable wine, cider or perry, mead and sake – subject to specific definitions) is generally subject to the wine equalisation tax (WET). WET does not apply to beverages containing 1.15% abv or less. WET applies at the rate of 29% of the wholesale value of the wine, and generally only applies when an entity that has a dealing with the wine in Australia is registered or required to be registered for goods and services tax (GST). The WET producer rebate, calculated as the amount of WET paid, or the amount of WET that would have been paid had the purchaser not quoted, applies to eligible wine producers in certain circumstances, up to a maximum of AUD 350 000 per financial year.

**Belgium.** Low alcohol still and sparkling wine is wine with alcohol content with 8.5%abv or less.

**Canada**. (1) As of January 1, 2024, a rate of CAD 0.702 per litre applied to wine with more than 7% abv; the rate was CAD 0.322 per litre on wine of more than 1.2% abv, but not more than 7% abv; and for all wine with 1.2% abv or less the rate was CAD 0.021 per litre. (2) Fortified wine in excess of 22.9% abv would not be included in the definition of "wine" (and, therefore, fall within the definition of "spirits"). Automatic inflationary adjustments on duty rates for wine occur annually on April 1. As of April 1, 2023, a temporary cap on the inflation adjustment for excise duties on beer, wine, and spirits at two per cent, for one year, was implemented. On March 9, 2024, a proposed two-year extension of the two per cent cap on the annual alcohol excise duty inflation adjustment was announced. Provincial and territorial governments also charge taxes and mark-ups on wine.

**Chile**. The sale of alcoholic beverages is subject to a surtax of 20.5% on the sale or import of wine, sparkling wine, champagne, cider and other alcoholic beverages (among others). The tax is applied to the VAT base, that is the sale`s price (excluding VAT itself) and is levied on sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. Retail commerce that sells to another vendor, can credit the input tax paid against output VAT proportionally. The sale from the retailer to the final consumer is not subject to this surtax and the retailer cannot deduct the input tax. This surtax is also not levied on the sale of wine in bulk by producers to a taxpayer seller who subject to this surtax.

**Colombia**. Alcoholic beverages are subject to a 5% VAT. Wines and wine aperitifs, imported and national, are subject to the consumption tax with two components: an ad valorem component at 20% of the retail price (excluding taxes); and a specific component at COP 220 per grade of alcohol in a bottle of 750cc (value for year 2024). There are no different rates for types of wine.

**Costa Rica**. There is a specific tax for each millilitre of absolute alcohol contained in any domestically produced or imported alcoholic beverage, regardless of its presentation, according to the concentration of alcohol by volume. Tax rates are defined by law and quarterly updated according to the variation of the consumer price index to the consumer by trimestral period.

**Denmark**. The rate for high-alcohol wine > 15 % abv – maximum 22 % abv is DKK 1 508 per hectolitre. Medium-alcohol wine > 6% abv – maximum 15 % abv is DKK 1 126 per hectolitre. Low-alcohol wine > 1.2 % abv – maximum 6 % abv is DKK 518 per hectolitre. The rates for sparkling wine correspond to the rates for still wine plus DKK 335 per hectolitre.

**Estonia**. Wine with an alcoholic content up to 6% abv is low alcohol wine.

**Finland**. Wine and other fermented beverages are taxed as follows: >1.2 % but not exceeding 2.8 % abv EUR 36.00/hl; >2.8 % but not exceeding 5,5 % abv EUR 198.00/hl; >5.5 % abv but not exceeding 8 % abv EUR 308.00/hl; >8 % abv EUR 456.00/hl.

**France**. A reduced rate of EUR 1.41/hl applies to the following categories of low-alcohol wine: cider, perry, mead, grapes juice lightly sparking. Still wines and sparkling wine: abv. >1,2 % - ≤ 15%.

**Germany**. Excise rate for sparkling wine is EUR 136.00/hl. Excise rate for low alcohol sparkling wine < 6 % abv is EUR 51.00. Intermediate products with a volume of alcoholic degree between 1.2 % and 22 % abv are taxed according to the following rates: > 15 % abv - 22 % abv = EUR 153/hl; <= 15 % abv = EUR 102/hl; <= 15 % abv and sparkling = EUR 136/hl. Wine is not subject to an excise duty. Nevertheless, wine is subject to excise duty supervision in the German tax territory.

**Hungary**. The rates for other fermented beverages (mostly fruit wines) are as follows: a) still: HUF 10 900 per hectolitre of product, b) sparkling: HUF 18 100 per hectolitre of product. c) low alcohol: HUF 0 per hectolitre of still blend of more than 50% wine and sparkling mineral water without added flavouring and not exceeding 8.5% vol. The rate for intermediate products is HUF 28 100 per hectolitre of product.

**Iceland**. The duty rate is ISK 134.05 per centilitre of alcohol per litre minus 2.25 centilitres for wine up to 15% abv. For example, one litre of wine that has 15% abv has 15 centilitres alcohol per litre. So, the duty for one litre of wine that contains 15% abv would be as follows: (15-2.25) * 134.05 = ISK 1709.1 per litre.

**Ireland**. The rate for low alcohol wine applies to wine with an alcoholic content not exceeding 5.5% abv. The rate for still wine with alcoholic content > 15% abv is EUR 616.45. The rate for still wine exceeding 5.5% vol but not exceeding 15% volume is EUR 424.84.

**Japan**. Low alcohol sparkling wine is defined as sparkling wine with an alcohol content of less than 10% abv. Reference information (FY2023 Liquor tax reform). From 1 April 2024, depending on the accumulated amount of liquor tax for the current fiscal year, reduced rates for small brewers (those who are willing to strengthen their management bases and whose total taxable export volume for the previous fiscal year was 30 000 hl ore less - excluding corporations with capital exceeding JPY 300 million and more than 300 full-time employees) will be applied at: (a) if the accumulated amount of liquor tax is JPY 50 million or less, 80% of the normal rate; (b) if the accumulated amount of liquor tax exceeds JPY 50 million and is JPY 80 million or less, 90% of the normal rate; (c) if the accumulated amount of liquor tax exceeds JPY 80 million and is JPY 100 million or less, 95% of the normal rate (temporary measure).The current measures will be abolished, but transitional measures will be taken to ensure a smooth transition to the new measures.

**Korea**. The rate of liquor tax on wine is 30% on the manufacturer’s price (or imported price). In addition, Education Tax (10% of the amount of Liquor tax levied) is also levied. These rates are applicable to both still and sparkling wine regardless of alcohol content.

**Latvia**. Starting from 1 March 2024 the excise for wine (still and sparkling) is EUR 122 per hectolitre. There is no specific rate for low-alcohol (still) wine (<8.5% abv).

**Lithuania**. Low-alcohol wine covers still and sparkling wine < 8.5% abv.

**Luxembourg**. The reduced VAT rate (14%) applies to still wine with alcoholic content ≤ 13% abv. Additional rate for alcopops: EUR 600 per hectolitre.

**Mexico**. All rates apply to the value of the goods, and not per hectolitre of product, as follows: 26.5% for beer and other alcoholic beverages up to 14° Gay-Lussac (GL); 30% for beverages above 14° G.L. and up to 20° G.L.; 53% for beverages above 20° G.L.

**Netherlands**. Low alcohol wine with < 1.2% vol. is subject to a consumer tax of EUR 26.13 per hectolitre and a VAT rate of 9%.

**Norway**. The rate shown in the table is the rate for wine with an alcoholic content of 12% abv. Excise rates for wine with an alcoholic content of 4.7%-22% abv = NOK 514 per vol. pct. alcohol and per hectolitre.

**Poland**. Exemptions from excise for small wine producers: (1) production ≤ 1 000 hl a year holding an annual certificate confirming total annual production issued by the competent head of the revenue office: 50% of the amount of excise duty due under the standard rate for excise duty on wine; this also applies to producers who cooperate with each other; (2) intra-community purchase or import of wine by entities that meet the conditions specified in law: 50% of the amount of excise duty due under the standard rate of excise duty on wine.

**Slovak Republic**. The rate of EUR 54.16/hl applies to sparkling wine with an alcoholic strength by volume not exceeding 8.5 % abv. The rate for intermediate products is EUR 84.24/hl.

**Spain**. Intermediate products - products to which distilled alcohol has been added - and with a volume of alcoholic degree between 1.2% abv and less than 22% abv are taxed according to the following rates: alcoholic degree > 1.2% abv and less than 15% abv = EUR 38.48/hl. Others = EUR 64.13/hl (in the Canary Islands rates are 30.14% and 50.21% respectively).

**Sweden**. Excise rates for alcohol wine (still and sparkling) are as follows: a) < 2.25%abv SEK 0; b) 2.25%-4.5% abv SEK 1038; c) 4.5%-7% abv SEK 1534; d) 7%-8.5% abv SEK 2112; e) 8,5-15% abv SEK 2958; f) 15,0-18,0% abv SEK 6190.

**Switzerland**. In general, natural wines made from fresh grapes with more than 18% abv and other wines with more than 15% abv are taxed as an alcoholic beverage (CHF 1 450 per hectolitre of absolute alcohol). All wines with more than 22% abv are taxed as an alcoholic beverage (CHF 2 900 per hectolitre of absolute alcohol).

**Türkiye.** Fresh grape wine (including fortified wines), grape must (except those in heading 20.09) and sparkling wines are taxed regardless of the "amount/degree of pure alcohol" contained in the goods. In this respect, no distinction between "Low-alcohol still wine" and "Low-alcohol sparkling wine" is made in table 3.2. Other fermented beverages (such as apple cider, pear cider, honey wine, sake), mixtures of fermented beverages that are not specified or included elsewhere in the tariff, and mixtures of fermented beverages and non-alcoholic beverages are taxed regardless of the "amount/degree of pure alcohol". The minimum fixed tax amount for 1 hectoliter of these goods is calculated as TL 8 436.41.

**United Kingdom**. Wine (including sparkling wine) with an alcoholic content below 1.2% abv is free of excise duty. All other wine attracts rates based on abv per hectolitre of pure alcohol in the product as follows: between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 8.4% abv is GBP 2477.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00. For wine, three forms of reduced duty rates can apply. Firstly, as part of recent changes to the UK's alcohol duty system an easement for some wine products was introduced on 1 August 2023 until 1 February 2025. During this period, wine 'of fresh grape' between 11.5% and 14.5% abv will pay duty equivalent to 12.5% abv. Secondly, reduced duty rates for draught wine products below 8.5% abv if the product is packaged in eligible draught containers that are designed for connection to a pump system or pressurised drinks taps. Draught wine rates as follows; below 3.5% abv per hectolitre of pure alcohol in the product is GBP 842.00; between 3.5% and 8.4% abv per hectolitre of pure alcohol in the product is GBP 1908.00. Lastly, wine below 8.5% abv and made by producers who, in the previous production year made 4,500 hectolitres or less of pure alcohol, may be entitled to the Small Producer Relief (SPR). The amount of SPR depends on the alcoholic product produced and quantity of pure alcohol in a production year. Guidance and an SPR calculator are available on Gov.UK. Additional eligibility requirements apply to small producer products entering Northern Ireland. The above rates were introduced in the UK on 1 August 2023.

**United States.** The weighted average Federal and State excise tax rate is USD 44 per hectolitre of product for still wine up to 16% abv and USD 111 for sparkling wine. The Federal excise rates are as follows: a) up to 16% abv: USD 0.07 per gallon for the first 30 000 wine gallons, USD 0.17 for each wine gallon over 30 000 up to 130 000, USD 0.535 for each wine gallon over 130 000 up to 750 000, and USD 1.07 per gallon over 750 000 gallons; b) 16%-21% abv: USD 0.57 per gallon for the first 30 000 wine gallons, USD 0.67 for each wine gallon over 30 000 up to 130 000, USD 1.035 for each wine gallon over 130 000 up to 750 000 gallons, and USD 1.57 per gallon over 750 000 gallons; c) 21%-24% abv: USD 2.15 for the first 30 000 wine gallons, USD 2.25 for each wine gallon over 30 000 up to 130 000, USD 2.615 for each wine gallon over 130 000 up to 750 000, and USD 3.15 per gallon over 750 000 gallons; d) artificially carbonated wine: USD 2.30 for the first 30 000 gallons, USD 2.40 for each gallon over 30 000 up to 130 000, USD 2.765 for each gallon over 130 000 up to 750 000, and USD 3.30 per gallon over 750 000 gallons; and e) sparkling wine: USD 2.40 for the first 30 000 gallons, USD 2.50 for each gallon over 30 000 up to 130 000, USD 2.865 for each gallon over 130 000 up to 750 000, and USD 3.40 per gallon over 750 000 gallons.. 26.42 US gallons = 1 hectolitre. There is no Federal VAT.

Source: National delegates.

## Annex Table 3.A.3. Taxation of Alcoholic Beverages other than Beer and Wine

| Country | Currency | Undenatured ethyl alcohol[1] Tax per hectolitre of absolute alcohol | | | | Other fermented beverages[2] Tax per hectolitre of absolute alcohol | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Excise | | VAT rate | Small producer rate | Excise | | VAT rate | Small producer rate |
| | | National currency | USD | % | | National currency | USD | % | |
| Australia* | AUD | 8 891.00 | 5888.08 | 10.00 | No | Country note | | 10.00 | |
| Austria* | EUR | 1 200.00 | 1304.35 | 20.00 | Yes | Country note | | 20.00 | |
| Belgium* | EUR | 2 992.79 | 3253.03 | 21.00 | No | Country note | | 21.00 | |
| Canada* | CAD | 1 330.30 | 1064.4 | 5.0/13.0/15.0 | No | Country note | | 5.0/13.0/15.0 | |
| Chile* | CLP | Country note | - | 19.00 | No | Country note | | 19.00 | |
| Colombia* | COP | Country note | - | 5.00 | No | Country note | | 5.00 | |
| Costa Rica* | CRC | Country note | - | 13.0 | No | Country note | | 13.0 | |
| Czechia* | CZK | 35 500.00 | 1599.10 | 21.00 | No | Country note | | 21.00 | |
| Denmark* | DKK | 15 000.00 | 2177.07 | 25.00 | Yes | Country note | | 25.00 | No |
| Estonia* | EUR | 1 975 | 2146.74 | 22.00 | No | 155.21 | 168.71 | 22.00 | No |
| Finland* | EUR | 5480.00 | 5956.52 | 24.00 | No | Country note | | 24.00 | |
| France* | EUR | 1 866.52 | 2028.83 | 20.00 | No | Country note | | 20.00 | |
| Germany* | EUR | 1 303.00 | 1416.30 | 19.00 | Yes | Country note | | 19.00 | |
| Greece* | EUR | 2 450.00 | 2663.04 | 24.00 | Yes | 20.00 | 21.74 | 24.00 | No |
| Hungary* | HUF | 565 840.00 | 1602.54 | 27.00 | Yes | Country note | | 27.00 | |
| Iceland* | ISK | 1 814 000.00 | 13150.65 | 11.00 | No | Country note | | 11.00 | |
| Ireland* | EUR | 4 257.00 | 4627.17 | 23.00 | No | Country note | | 23.00 | Yes |
| Israel | ILS | 9 469.00 | 2580.11 | 17.00 | No | | | 17.00 | |
| Italy* | EUR | 1 035.52 | 1035.52 | 22.00 | No | 0.00 | 0.00 | 22.00 | |
| Japan* | JPY | Country note | - | 10.00 | Yes | Country note | | 10.00 | Yes |
| Korea* | KRW | Country note | - | 10.00 | No | Country note | | 10.00 | |
| Latvia* | EUR | 1 724.00 | 1873.91 | 21.00 | Yes | 111.00 | 120.65 | 21.00 | |
| Lithuania* | EUR | 2 467.00 | 2681.52 | 21.00 | No | 219 / 109 | 238.04 / 118.48 | 21.00 | |
| Luxembourg* | EUR | 1 041.15 | 1131.68 | 17.00 | No | Country note | | 17.00 | |
| Mexico* | MXN | 53% | - | 16.00 | No | Country note | | 16.00 | |
| Netherlands* | EUR | 1 827.00 | 1985.87 | 9.0/21.0 | No | Country note | | 9.0/21.0 | |
| New Zealand* | NZD | Country note | - | 15.00 | No | Country note | | 15.00 | |

| Country | Currency | Undenatured ethyl alcohol[1] Tax per hectolitre of absolute alcohol | | | | Other fermented beverages[2] Tax per hectolitre of absolute alcohol | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Excise | | VAT rate | Small producer rate | Excise | | VAT rate | Small producer rate |
| | | National currency | USD | % | | National currency | USD | % | |
| Norway* | NOK | 87 700.00 | 8304.92 | 25.00 | No | Country note | | 25.00 | Yes |
| Poland* | PLN | 6 903,00 | 1643.(7 | 23.00 | No | Country note | | 23.00 | Yes |
| Portugal* | EUR | 1602.51 | 1741.86 | 23.00 | Yes | 12.06 | 13.11 | 23.00 | No |
| Slovak Republic* | EUR | 1490.40 | 1620.00 | 20.00 | Yes | Country note | | 20.00 | Yes |
| Slovenia* | EUR | 1 320.00 | 1434.78 | 22.00 | Yes | Country note | | 22.00 | |
| Spain* | EUR | 958.94 | 1042.33 | 21.00 | Yes | Country note | | 21.00 | |
| Sweden* | SEK | 52 697.00 | 4966.73 | 25.00 | No | Country note | | 25.00 | |
| Switzerland* | CHF | 2 900.00 | 3222.22 | 8.10 | Yes | Country note | | 8.10 | |
| Türkiye* | TRY | 106 262.09 | 4485.53 | 20.00 | No | Country note | | 20.00 | |
| United Kingdom* | GBP | Country note | | 20.00 | Yes | Country note | | 20.00 | Yes |
| United States* | USD | 922.00 | 922.00 | - | No | Country note | | - | |

* See country note

Notes

1. Undenatured ethyl alcohol as defined under WCO customs code 2207 and 2208

2. Other fermented beverages as defined under WCO customs code 2206

Conversion of national currency in USD: conversion rates are average market rates 2023. Source: https://data-explorer.oecd.org.

Source: National delegates. Position as of 1 January 2024

### Annex Box 3.A.3. Country notes to Annex Table 3.A.3. Taxation of Alcoholic Beverages other than Beer and Wine

**Australia**. The excise duty rate of AUD 101.85 per litre of alcohol applies to spirits and other excisable beverages (excluding beer and wine where wine includes cider and perry, mead and sake) where the alcohol content is greater than 1.15% abv. A lower rate of AUD 95.12 per litre of alcohol applies to brandy (distilled from grape wine). These rates are indexed to inflation (Consumer Price Index) in February and August of each year. Eligible distillers can apply a remission (i.e., not required to pay) of 100% of the excise duty payable up to a maximum of AUD 350 000 per financial year.

**Austria**. For small distilleries producing not more than 4hl pure alcohol per year the rate is EUR 648 (54% of the standard rate).

**Belgium**. Other fermented beverages are taxed per hectolitre of product. In analogy to the category “wine”, the following excise rates apply: EUR 74.91 for still fermented beverages, EUR 256.32 for sparkling fermented beverages and a reduced excise rate of 23.91 EUR for low-alcohol fermented beverages (≤ 8,5 % abv).

**Canada**. As of 1 January 2024, spirits were subject to excise duty at the rate of CAD 13.303 per litre abv; spirits containing not more than 7% abv were subject to excise duty at the rate of CAD 0.337 per litre. (2) Beer with an alcoholic strength in excess of 11.9% abv and fortified wine with an alcoholic strength in excess of 22.9% abv are deemed to be spirits. Automatic inflationary adjustments on duty rates for alcoholic beverages occur annually on April 1. As of 1 April 2023, a temporary cap on the inflation adjustment for excise duties on beer, wine, and spirits at two per cent, for one year, was implemented. On 9 March 2024, a proposed two-year extension of the two per cent cap on the annual alcohol excise duty inflation adjustment was announced. Provincial and territorial governments also charge taxes and mark-ups on spirits. Beverages falling under the category “Other fermented beverages” are generally considered wine for tax purposes.

**Chile**. Alcoholic beverages are subject to a surtax on the sale or import. The rates applied are the following: 31.5% on liquors, brandy, vermouth, pisco, whiskey and other distilled alcoholic beverages; 20.5% on beer, wine, sparkling wine, champagne, cider and other alcoholic beverages. The tax is applied to the VAT base, that is the sale`s price (excluding VAT itself) and is levied on sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. Retail commerce that sells to other vendors can credit the input tax paid against output VAT proportionally. The sale from the retailer to the final consumer is not subject to the surtax and the retailer cannot deduct the input tax. The surtax is also not levied on the sale of wine in bulk by producers to a taxpayer seller who is subject to this surtax.

**Colombia**. Alcoholic beverages are subject to a 5% VAT. Imported and domestic alcoholic beverages are subject to a consumption tax at 25% of the retail price (excluding taxes) and COP 262 per grade of alcohol in a bottle of 750cc (value for year 2022). The specific component of this consumption tax is equivalent to COP 325 per degree of alcohol in each litre. The specific tax rate that applies to San Andrés, Providencia y Santa Catalina is of COP 51 per degree of alcohol in each litre. As a general rule, territories (*“Departamento”*) must use the same taxable bases and the same rates as set out above both for the specific component and for the ad valorem component of this consumption tax. However, in light of the rules governing Colombia’s state liquor monopoly, a territory can increase the rates for the two components (specific and ad valorem) or for only one of them. Currently only one territory (Nariño) increased the rate in the specific component, in the other territories the same rates of consumption tax are applied. The introduction of distilled liquors into a territory with a liquor monopoly is subject to introduction rights (“*Derechos de introducción*”) of 2% of annual sales. *Undenatured ethyl alcohol* destined for the manufacture of liquors may be subject to a monopoly by the territories. In this case, between COP 133 and COP 524 must be paid per litre to the final territory, as defined by the respective territorial authority (*Asamblea*).

**Costa Rica**. There is a specific tax for each millilitre of absolute alcohol contained in any domestically produced or imported alcoholic beverage, regardless of its presentation, according to the concentration of alcohol by volume. Tax rates are defined by law and quarterly updated according to the variation of the consumer price index to the consumer by trimestral period. Liquor: tax rates vary according to the abv following these ranges: from 0 up to 15%, between 15% and up to 30%, and above 30 %. Beer and similar: between 15% and 30%.

**Czechia**. The reduced rate of CZK 17 800 per hectolitre of pure alcohol applies to small fruit grower's distilleries producing no more than 30 litres of pure alcohol in fruit spirit per year per household. The excise duty of CZK 2 340 per hectolitre of product is applicable for intermediate products (products containing more than 1.2% and less than 22 % of ethanol). Excise tax applied on other sparkling fermented beverages is set at the same level as the tax rate on sparkling wine.

**Denmark**. The spirit rate also applies to spirit drinks with more than 1.2% alcohol as well as wine and fruit-wine with more than 22% alcohol. Small producers (≤ 10 hl annually) have the rate reduced by 50%. Other fermented beverages as defined under WCO customs code 2206 are taxed as wine, see Table 3.2.

**Estonia.** Excise duty rate on other fermented beverages is 155.21 EUR per hectolitre of product. Excise duty rate on low alcohol other fermented beverages (up to 6%vol) is 66.52 EUR per hectolitre.

**Finland**. Excise rates are as follows: (a) CN - code 2208 alcoholic content between 1.2% abv and 2.8% abv. EUR 3 090 per hectolitre of absolute alcohol; (b) other products EUR 5 480 per hectolitre of absolute alcohol. Other fermented beverages are taxed as follows: >1.2 % but not exceeding 2.8 % abv EUR 36.00/hl; >2.8 % but not exceeding 5,5 % abv EUR 198.00/hl; >5.5 % abv but not exceeding 8 % abv EUR 308.00/hl; >8 % abv EUR 456.00/hl. Intermediate beverages are taxed as follows: >1.2 % but not exceeding 15 % abv EUR 568.00/hl; >15 % but not exceeding 22 % abv EUR 863.00/hl.

**France**. Additional taxation for social budget: EUR 599.31 per hectolitre of absolute alcohol exceeding 18% abv.

**Germany**. (1) The rates for small distilleries are EUR 730 or EUR 1 022. (2) Additional rate for alcopops: EUR 5 550 per hectolitre of absolute alcohol.

**Greece**. The rate for ouzo and tsipouro / tsikoudia is EUR 1 225 per hectolitre of pure alcohol. The rate for traditional distillate from fruits supplied from the household of the producer, which are distilled in simple copper traditional distilling devices with a capacity of up to 130 litres, is EUR 370 per hectolitre of pure alcohol. The rate for other fermented beverages is EUR 20 per hectolitre of final product.

**Hungary**. A reduced excise rate of 0% applies to ethyl-alcohol produced by fruit growers' distilleries from fruit supplied to them by private fruit growers. The application of the reduced rate is limited to 43 litres of pure alcohol for private consumption per fruit grower household per year. The product subject to this reduced rate should not be brought on the market - it should be used by the household for its own consumption. The excise duty rate for other fermented beverages is HUF 10 900/hectolitre of still product and HUF 18 100/hectolitre of sparkling product. The excise duty rate for intermediate products is HUF 28 100/hectolitre of product (definition of intermediate product is in Article 17 of Directive 92/83/EEC). Ready-to-drinks are subject to a HUF 33/litre public health product tax for beverages with a sugar content exceeding 5 grams of sugar/100 millilitre and HUF 10/litre public health product tax with a sugar content not exceeding 5 grams of sugar/100 millilitre.

**Iceland**. Excise rate shown in this table is the rate for other alcohol than beer or wine up to 15% abv. The rate is ISK 181.4 per each centilitre of alcohol.

**Ireland**. Other fermented beverages and intermediate beverages are taxed as follows: other fermented beverages (cider and perry) still and sparkling ≤ 2.8% abv EUR 47.23/hl; still and sparkling > 2.8% abv but not exceeding 6.0% abv EUR 94.46/hl; still and sparkling >6.0% abv but not exceeding 8.5% abv

EUR 218.44/hl; still >8.5% abv EUR 424.84/hl and sparkling >8.5% abv EUR 849.68/hl. Other fermented beverages (other than cider and perry) still and sparkling ≤ 5.5% abv EUR 141.57/hl; still >5.5% abv EUR 424.84/hl and sparkling >5.5% abv EUR 849.68/hl. Intermediate beverages: still ≤ 15% abv EUR 424.84/hl; still >15% abv EUR 616.45/hl; sparkling EUR 849.68/hl. Relief is available at a rate of 50% of the standard Irish excise rate on cider and perry exceeding 2.8% abv but not exceeding 8.5% abv, produced by qualifying small producers producing up to 10 000hl per year. Qualifying small producers of cider and perry can receive a remission or repayment of alcohol products tax on up to 8 000hl per year.

**Italy**. An excise duty rate of EUR 88.67/hectolitre of finished product is applied to intermediate products, i.e. to all alcoholic beverages falling under CN codes 2204, 2205 and 2206 other than beer, wine and other fermented beverages, having an actual alcoholic strength exceeding 1.2 % by volume but not exceeding 22 % by volume. Intermediate products are also any other still fermented beverages with actual alcoholic strength exceeding 5.5 percent by volume and not entirely obtained by fermentation, as well as any sparkling fermented beverage with actual alcoholic strength exceeding 8.5 % by volume and not entirely obtained by fermentation.

**Japan**. Excise rates are as follows (per hectolitre): a) whiskey and brandy (40% abv) JPY 40 000; b) spirits (37% abv) JPY 37 000; c) shochu Group A and B (25% abv) JPY 25 000; d) sake JPY 10 000. Of the above, reduced rates for small producer of shochu Group A and B and sake (the taxable volume of liquor in the previous fiscal year shall be up to 100 000 hl) apply for the first 2 000 hl of shochu Group A and B or sake per the fiscal year at the following rates: (1) if the taxable volume of shochu Group A and B or sake in the previous fiscal year is less than or equal to 10 000 hl, 80% of the normal rates; (2) if the taxable volume of shochu Group A and B or sake in the previous fiscal year is more than 10 000 hl but less than or equal to 13 000 hl, 90% of the normal rates (temporary measure). Reference information (FY2023 Liquor tax reform). From 1 April 2024, depending on the accumulated amount of liquor tax for the current fiscal year, reduced rates for small brewers (those who are willing to strengthen their management bases and whose total taxable export volume for the previous fiscal year was 30 000 hl ore less - excluding corporations with capital exceeding JPY 300 million and more than 300 full-time employees) will be applied at: (a) if the accumulated amount of liquor tax is JPY 50 million or less, 80% of the normal rate; (b) if the accumulated amount of liquor tax exceeds JPY 50 million and is JPY 80 million or less, 90% of the normal rate; (c) if the accumulated amount of liquor tax exceeds JPY 80 million and is JPY 100 million or less, 95% of the normal rate (temporary measure).The current measures will be abolished, but transitional measures will be taken to ensure a smooth transition to the new measures.

**Korea**. As Excise Tax for liquor is based on the value of the product, the rate does not vary with alcohol content. For whiskey, brandy, general distilled spirits, liquor, diluted soju and distilled soju, the Liquor tax is 72% and the Education tax is 30%.

**Latvia**. Starting from 1 March 2024 the excise rate is EUR 1862 per hectolitre of absolute alcohol. Starting from 1 March 2024 the reduced rate for ethyl alcohol produced by a small distillery (not more than 10 hl of absolute alcohol) is EUR 931 per hectolitre of absolute alcohol. Starting from 1 March 2024 the reduced excise rate (50% of standard rate) for fermented beverages produced by a small producer (not more than 150 hl) or medium producer (not more than 1500 hl) is applied depending on alcoholic strength: not exceeding 6% abv – EUR 35 per hectolitre of fermented beverages; exceeding 6% abv – EUR 61 per hectolitre of fermented beverages.

**Lithuania**. Other fermented beverages below 8.5% abv are taxed at EUR 109 per hectolitre of product; other fermented beverages above 8.5% abv are taxed at EUR 219 per hectolitre of product. Starting from 1 January 2024, intermediate products below 15% abv are taxed at 234.00 per hectolitre of product; intermediate products above 15% abv are taxed at 333.00 per hectolitre of product.

**Luxembourg**. Additional rate for alcopops: EUR 600 per hectolitre. From 1 May 2024 onwards, the excise rate is 1 123,1042 per hectolitre of absolute alcohol.

**Mexico**. The excise tax is set at an ad valorem rate and not per hectolitre of product. The rates for alcoholic beverages apply to the value of the goods as follows: 26.5% up to 14° Gay-Lussac (G.L.); 30% above 14° G.L. and up to 20° G.L.; 53% above 20° G.L.

**Netherlands**. Low alcohol spirits with an alcoholic content <1.2% are subject to a consumer tax of EUR 26.13 per hectolitre and a VAT rate of 9%.

**New Zealand**. For alcoholic beverages with 9-14% abv, the excise rate is NZD 3.5451 per litre. For alcoholic beverages above 14% abv, the excise rate is NZD 64.571 per litre of absolute alcohol (with the exception of unfortified wine and vermouth which has the rate of NZD 2.7870 per litre of product).

**Norway.** Excise rates on fermented beverages are as follows per hectolitre of product: a) 0.0-0.7% abv: NOK 0; b) 0.7-2.7% abv: NOK 353; c) 2.7-3.7% abv: NOK 1 328; d) 3.7-4.7% abv: NOK 2 299. The excise rate for on fermented beverages with an alcoholic content of more than 4.7% abv is NOK 482 per degree of alcohol and hectolitre. Fermented alcoholic beverages containing from 3.7 up to and including 4.7 volume per cent alcohol by volume, produced by small breweries (production below 500,000 litres annually): NOK 1 839 per hectolitre for volumes up to and including 50 000 litres annually; NOK 1 955 per hectolitre for volumes from 50 000 up to and including 100 000 litres annually; NOK 2070 per hectolitre for volumes from 100 000 up to and including 150 000 litres annually; NOK 2 184 per hectolitre for volumes from 150 000 up to and including 200 000 litres annually.

**Poland**. Reduced rates up to 50% of the basic rate also apply to small producers of intermediate products and fermented beverages. The rate is expressed in hl of the finished product and is not based on the alcohol content of 100% vol. ***Other fermented beverages - Tax per hectolitre of absolute alcohol***: Poland imposes excise tax on other fermented beverages (as defined under WCO customs code 2206) per volume of the finished product (not on the alcohol content of 100% vol). For that reason, this figure (tax per hectolitre of absolute alcohol) cannot be provided.

**Portugal**. Intermediate products are taxed at EUR 87.92/hl. Ethyl alcohol/spirits: EUR 1602.51/hl (rates as of 01 January 2024). Other fermented beverages: EUR 12.06/hl (rates as of 01 January 2024). A reduced rate of 50% applies to small distilleries.

**Slovak Republic**. A reduced rate of 50 % of the national rate of excise duty on ethyl alcohol, applies to ethyl alcohol produced by fruit growers´ distilleries. The application of the reduced rate is limited to 43 litres of ethyl alcohol for personal consumption of the fruit growers´ household per year. A reduced rate of 50 % of the national excise duty rate on ethyl alcohol applies also for private home production of max. 25 l absolute alcohol per year. A reduced rate of 50 % of the national excise duty rate on ethyl alcohol applies for small producers.

**Slovenia**. Tax per hectolitre of absolute alcohol is EUR 1 320. For small producers not producing more than 150 litres of pure alcohol per year, the rate is EUR 660 per hl. For other fermented beverages the excise duty is EUR 0 per hectolitre of absolute alcohol.

**Spain**. The excise rate in the Canary Islands is EUR 750.36 per hl of pure alcohol. There is a special regime for small distilleries for which the rate is EUR 839.15 per hl (or EUR 653.34 in the Canary Islands).

**Sweden**. Excise rates for alcoholic beverages (other than beer and wine) are as follows: a) <2.25% abv SEK 0; b) 2.25%-4.5% abv SEK 1038; c) 4.5%-7% abv SEK 1534; d) 7%-8.5% abv SEK 2112; e) 8.5%-15% abv SEK 2958. Intermediate products: a) 1.2%-15% abv SEK 3734; b) 15%-22% abv SEK 6190. Ethyl alcohol: 100 % abv SEK 52697.

**Switzerland**. Under certain conditions farmers do not pay tax on the alcohol produced for their personal consumption. A reduced rate of 30 % is applied to the first 30 litres of pure alcohol produced per year by small producers. Normal rate: CHF 2900 per hectolitre. Special rate for certain types of sweet wines and vermouth: CHF 1450 per hectolitre. Special rate for alcopops: CHF 11 600 per hectolitre - alcopop, also called ready-to-drink (RTD) or designer drink, is a mix of alcohol and soda.

**Türkiye.** The excise rate is 0%. If the tax amount computed according to the tax rate is lower than the minimum tax amount specified in the table, then the minimum tax amount is paid.

**United Kingdom.** All other alcohol products with an alcoholic content below 1.2% abv are free of excise duty. Above 1.2% abv alcohol products attract the following rates based on abv per hectolitre of pure alcohol in the product as follows:

- Spirits or spirit-based products between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 8.4% abv is GBP 2477.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00.
- Cider (excluding sparkling cider) between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 8.4% abv is GBP 967.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00.
- Sparkling cider between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 5.5% abv is GBP 967.00; between 5.6% and 8.4% abv is GBP 2477.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00.
- Other fermented products between 1.3% and 3.4% abv is GBP 927.00; between 3.5% and 8.4% abv is GBP 2477.00; between 8.5% and 22% abv is GBP 2850.00 and stronger than 22% abv is GBP 3164.00.

Reduced duty rates to the above can apply. Firstly, reduced duty rates for draught products below 8.5% abv if the product is packaged in eligible draught containers that are designed for connection to a pump system or pressurised drinks taps. Draught product rates as follows; below 3.5% abv per hectolitre of pure alcohol in the product is GBP 842.00; 3.5% abv and upwards:

- Cider between 3.5% and 8.4% abv is GBP 878.00;
- Sparkling cider between 3.5% and 5.5% abv is GBP 878.00; sparkling cider between 5.6% and 8.4% is GBP 1908.00;
- Other fermented products, spirits and spirit-based products between 3.5% and 8.4% is GBP 1908.00.

Secondly, all other alcohol products below 8.5% abv and made by producers who, in the previous production year, made 4,500 hectolitres or less of pure alcohol, may be entitled to the Small Producer Relief (SPR). The amount of SPR depends on the alcoholic product produced and quantity of pure alcohol in a production year. Guidance and an SPR calculator are available on Gov.UK. Additional eligibility requirements apply to small producer products entering Northern Ireland. The above rates were introduced in the UK on 1 August 2023.

**United States.** The weighted average Federal and State excise tax rate for undenatured ethyl alcohol is USD 922 per hectolitre. The Federal excise rate is USD 2.70 per proof gallon for the first 100 000 proof gallons, USD 13.34 on the next 22 130 000 proof gallons, and USD 13.50 for every proof gallon over 22 230 000. A proof gallon is a US gallon (3.785 litres) containing 50% alcohol. There is no Federal VAT. The Federal excise rate for other fermented beverages varies by type. The Federal rate for hard cider is USD 0.164 for the first 30 000 gallons, USD 0.17 for the next 100 000 gallons, USD 0.193 for the next 620 000 gallons, and USD 0.226 for every gallon over 750 000. The Federal rate for mead is USD 0.07 for the first 30 000 gallons, USD 0.17 for the next 100 000 gallons, USD 0.535 for the next 620 000 gallons, and USD 1.07 for every gallon over 750 000.

Source: National delegates.

## Annex Table 3.A.4. Taxation of Tobacco

| Country | Currency | Cigarettes | | | | | Cigars[2] | | | | | Rolling tobacco for cigarettes | | | | | VAT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Specific excise per 1 000 cigarettes | | Excise on value | Overall minimum excise rate per 1000 cigarettes[3] | | Specific excise per 1 000 cigars | | Excise on value | Overall minimum excise rate per 1000 cigars | | Specific excise per 1 000 grams | | Excise on value | Overall minimum rate excise per 1000 grams[3] | | |
| | | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | % |
| Australia* | AUD | 1243.35 | 823.41 | 0.00 | | | Country note | - | 0.00 | | | 1842.00 | 1219.87 | 0.00 | | | 10.00 |
| Austria* | EUR | 76.50 | 83.15 | 32.50 | 165.9 | 180.33 | Country note | - | 13.00 | 105 | | Country note | | 56.00 | 147 | 159.78 | 20.00 |
| Belgium* | EUR | 178.00 | 193.48 | 34.04 | 326.50 | 354.89 | 0.00 | 0.00 | 11.50 | | | 136.00 | 147.83 | 31.50 | 228.10 | 247.93 | 21.00 |
| Canada* | CAD | 158.324 | 117.28 | 00.00 | | | Country note | - | Country note | | | 197.90 | 146.59 | 00.00 | | | 5.0/13.0/15.0 |
| Chile* | CLP | 67 434,04 | 80.27 | 30.00 | | | Country note | - | 52.60 | | | Country note | | 59.70 | | | 19.00 |
| Colombia* | COP | 186 250.00 | 43.05 | 10.00 | | | 186 250.00 | 43.06 | 10.00 | | | 297 000.00 | 68.66 | 10.00 | | | 19.00 |
| Costa Rica* | CRC | 26 578.98 | 48.85 | 20.00 | | | Country note | - | | | | Country note | | | | | 13.0 |
| Czechia | CZK | 1970.00 | 88.74 | 30.00 | 3 360 | 151.35 | 2 290.00 | 103.15 | - | | | 3 000.00 | 135.14 | - | | | 21.00 |
| Denmark* | DKK | 1 935.40 | 280.90 | 1.00 | | | 1 185.10 | 172.0 | 10.00 | 2 279 | 330.77 | 1 550.90 | 225.09 | 0.00 | | | 25.00 |
| Estonia* | EUR | 100.50 | 109.24 | 30.00 | 169.10 | 183.80 | 151.00 | 164.13 | 10.00 | 222.00 | 241.30 | 112.40 | 122.17 | 0.00 | | | 22.00 |
| Finland* | EUR | 94.30 | 102.50 | 52.00 | 353.60 | 384.35 | 125.80 | 136.74 | 34.00 | 353.60 | 384.35 | 80.50 | 87.50 | 52.00 | 273.70 | 297.50 | 24.00 |
| France* | EUR | 71.30 | 77.50 | 55.00 | 371.40 | 403.70 | 54.70 | 59.46 | 36.30 | 296.60 | 322.39 | 99.70 | 108.37 | 49.10 | 345.40 | 375.43 | 20.00 |
| Germany* | EUR | 111.5 | 121.20 | 19.84 | Country note | | 14.00 | 15.22 | 1.47 | Country note | | 54.39 | 59.12 | 17.00 | Country note | | 19.00 |
| Greece* | EUR | 82.50 | 89.67 | 26.00 | | | 0.00 | 0.00 | 35.00 | | | 170.00 | 184.78 | 0.00 | | | 24.00 |
| Hungary* | HUF | 29 500.00 | 83.55 | 24.00 | 41 800 | 118.38 | 4 840.00 | 13.71 | 14.00 | | | 25 960.00 | 73.52 | 0.00 | | | 27.00 |
| Iceland* | ISK | 30 212.50 | 219.03 | 0.00 | | | Country note | - | 0.00 | | | 33 600.00 | 243.58 | Country note | | | 24.00 |
| Ireland* | EUR | 428.48 | 465.74 | 8.85 | | | Country note | - | 0.00 | | | 465 003 | 565.44 | 0.00 | | | 23.00 |

| Country | Currency | Cigarettes | | | | | Cigars[2] | | | | | Rolling tobacco for cigarettes | | | | | VAT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Specific excise per 1 000 cigarettes | | Excise on value | Overall minimum excise rate per 1000 cigarettes[3] | | Specific excise per 1 000 cigars | | Excise on value | Overall minimum excise rate per 1000 cigars | | Specific excise per 1 000 grams | | Excise on value | Overall minimum rate excise per 1000 grams[3] | | |
| | | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | % |
| Israel* | ILS | 444.03 | 120.99 | Country note | | | 0.00 | 0.00 | Country note | | | 634.34 | 172.84 | 0.00 | | | 17.00 |
| Italy | EUR | 29.30 | 31.85 | 49.50 | | | 0.00 | 0.00 | 23.50 | | | 0.00 | 0.00 | 60.00 | | | 22.00 |
| Japan* | JPY | 15244.00 | 108.51 | 0.00 | | | 15244.00 | 108.51 | 0.00 | | | 15244.00 | 108.51 | 0.00 | | | 10.00 |
| Korea* | KRW | 145 720.00 | 111.61 | 64.76 | | | Country note | - | 0.00 | | | 103 200.00 | 79.04 | 0.00 | | | 10.00 |
| Latvia | EUR | 104.00 | 113.04 | 15.00 | 135.90 | 147.72 | 126.7 | 137.72 | - | | | 91.9 | 99.89 | - | | | 21.00 |
| Lithuania* | EUR | 85.30 | 92.72 | 25.00 | 138.00 | 150.00 | Country note | - | - | - | | 112.80 | 122.61 | - | - | | 21.00 |
| Luxembourg* | EUR | 20.64 | 22.43 | 48.14 | 136.10 | | 0.00 | 0.00 | 10.00 | 23.50 | 25.54 | 22.50 | 24.46 | 35.50 | 66.50 | 72.28 | 17.00 |
| Mexico* | MXN | 616.60 | 34.72 | 40.97 | None | | Country note | - | Country note | None | | Country note | - | Country note | None | | 16.00 |
| Netherlands | EUR | 362.12 | 393.61 | 5.00 | 390.42 | 424.37 | 0.00 | 0.00 | 11.00 | | | 346.98 | 377.15 | 0.00 | | | 21.00 |
| New Zealand* | NZD | Country note | - | 0.00 | | | Country note | - | 0.00 | | | Country note | - | 0.00 | | | 15.00 |
| Norway | NOK | 3 150.00 | 298.30 | 0.00 | | | Country note | | 0.00 | | | 3 150.00 | 298.30 | 0.00 | | | 25.00 |
| Poland* | PLN | 228.10 | 54.31 | 32.05 | 487.55 | 116.08 | 433.00 | 103.10 | - | Country note | | 155.79 | 37.09 | 32.05 | 313.42 | 74.62 | 23.00 |
| Portugal* | EUR | 151.88 | 118.82 | 1.00 | 154.35 | 167.77 | 0.00 | 0.00 | 25.00 | | | 91.00 | 98.91 | 15.00 | | | 23.00 |
| Slovak Republic* | EUR | 84.60 | 91.96 | 23.00 | 132.10 | 143.59 | 89.30 | 97.07 | - | | | 101.30 | 110.11 | 0.00 | | | 20.00 |
| Slovenia* | EUR | 90.56 | 98.43 | 22.67 | 141.00 | 153.26 | 0.00 | 0.00 | 6.40 | 56 | 60.87 | 56.00 | 46.62 | 38.00 | 119.00 | 129.35 | 22.00 |
| Spain | EUR | 24.70 | 26.85 | 51.00 | 131.50 | 142.93 | 0.00 | 0.00 | 15.80 | 41.50 | 45.11 | 23.50 | 25.54 | 41.50 | 98.75 | 107.34 | 21.00 |
| Sweden* | SEK | 1 840.00 | 173.42 | 1.00 | | | 1 620.00 | 152.69 | 0.00 | | | 2 241.00 | 211.22 | 0.00 | | | 25.00 |
| Switzerland* | CHF | 118.32 | 131.47 | 25.00 | 212.10 | 235.67 | 5.60 | 6.22 | 1.00 | | | 38.00 | 42.22 | 25.00 | 80 | 88.89 | 8.10 |
| Türkiye* | TRY | 240.29 | 10.14 | 57.00 | 1429.9 | 60.36 | 33 526.00 | 1415.20 | 45.00 | 1253.80 | 52.93 | 32.474 | 1370.79 | 55 | 178.4 | 7.53 | 20.00 |

| Country | Currency | Cigarettes | | | | | Cigars[2] | | | | | Rolling tobacco for cigarettes | | | | | VAT |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Specific excise per 1 000 cigarettes | | Excise on value | Overall minimum excise rate per 1000 cigarettes[3] | | Specific excise per 1 000 cigars | | Excise on value | Overall minimum excise rate per 1000 cigars | | Specific excise per 1 000 grams | | Excise on value | Overall minimum rate excise per 1000 grams[3] | | |
| | | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | National currency | USD | % of RSP[1] | National currency | USD | % |
| United Kingdom* | GBP | 316.70 | 395.88 | 16.50 | | | 395.03 | 493.79 | 0.00 | | | 412.32 | 515.40 | 0.00 | | | 20.00 |
| United States* | USD | 131.00 | 131.00 | Country note | Country note | | Country note | - | - | Country note | | Country note | - | - | | | - |

Notes

* See Country notes

Conversion of national currency in USD: conversion rates are average market rates 2024. Source: https://data-explorer.oecd.org.

1. RSP. Retail selling price.

2. Cigars. Japan taxes cigars at a rate per 1 000 pieces and not according to weight. In Japan it is assumed that a cigar weighs 1 gram.

3. Overall minimum excise rates (i.e. specific + ad valorem - excl. VAT- expressed in local currency for 1000 units in this table to allow for cross-country comparison) are those applicable to prevent that a too low ex-tax price (on which the excise on value is collected) would lead to a too low overall excise amount. In the EU, a minimum excise rate as a percentage of the weighted average selling price (WAP) also applies, which is not reflected in the table itself but mentioned in the country note for the EU.

Source: National delegates. Position as of 1 January 2024

### Annex Box 3.A.4. Country notes to Annex Table 3.A.4. Taxation of Tobacco

**Australia**. The excise rate of AUD 1.124335 per stick applies to cigarettes or cigars (in stick form) not exceeding in weight 0.8 grams per stick actual tobacco content. Other tobacco products are subject to an excise rate of AUD 1842.00 per kilogram of tobacco content. These rates apply from 1 January 2024. The excise rate for tobacco increased on 1 March 2024 to AUD 1.27816 per stick applied to cigarettes or cigars (in stick form) not exceeding in weight 0.8 grams per stick actual tobacco content. Other tobacco products are subject to an excise rate of AUD 1893.57 per kilogram of tobacco content.

**Austria**. As of 1 April 2024, rates for cigarettes change to 32% of RSP and EUR 80 per 1000 pieces; moreover, minimum overall excise duty per 1000 cigarettes increases to EUR 172.29. The minimum excise duty on cigarettes is 98% of the total excise duty burden on cigarettes falling under the WAP. The excise duty on cigars is 13% of RSP, i.e. EUR 110 for 1 000 pieces and the minimum excise duty on rolling tobacco for cigarettes is EUR 154 per kg as of 01/04/2024.

**Belgium**. As of 1 January, e-liquids are subject to an excise duty of EUR 0.15/ml.

**Canada**. As of 1 January 2024, the excise duty on cigars was CAD 34.45873 per 1 000 cigars plus an additional excise duty based on the greater of CAD 0.12386 per cigar and 88% of the sale price or the duty-paid value, as the case may be. Automatic inflationary adjustments on tobacco duty rates occur annually on April 1. The most recent inflationary adjustments took effect on 1 April 2023. Each province and territory also levies a tobacco tax at varying rates on all tobacco products. Retail sales prices are subject to GST/HST and, in some cases, when the HST is not applicable, to a provincial sales tax.

**Chile**. The sale of tobacco products is subject to 19% VAT. There is also a tax levied on the sale or import of processed tobacco, cigarettes, and cigars. The tax rate applied on the sale price of processed tobacco is 59.7%. Cigars are taxed at a rate of 52.6%. Cigarettes are taxed at a rate of 30% on the pack's sale price plus the result of applying a factor of 0.0010304240 of a Monthly Tax Unit per cigarette in a cigarette pack (Monthly Tax Unit: CLP 65 443 or USD 68.17 approx.). The tax base of the excise tax considers the sale price to the final consumer, the VAT and the tax levied on tobacco, cigarettes and cigars.

**Colombia.** Tax rates for cigarettes and manufactured tobacco apply as follows: 10% on retail sale price with taxes. Cigarettes, cigars, cigarillos: COP 3725 for each pack of 20 units as of 2024. Fine-cut tobacco, snuff or chimú: COP 297 for each gram. Products of tobacco are subject to a Consumption Tax of 10% of RSP and COP 2 800 for each pack of twenty units. The sale and importation of cigarettes and elaborated tobacco, national and foreign, is taxed at the general rate.

**Costa Rica.** For this specific tax, there is not an individual statistic as the cigarette category represents 99% of selective consumption and value added tax revenues and it includes the cigarettes, cigars and rolling tobacco.

**Czechia.** As of 1 February 2024, excise duty rates on all types of tobacco products increased by 10 % in comparison to the year 2023.The excise tax applied on heated tobacco products increased by 15%. These products are subject to excise tax under a separate category.

**Denmark**. The excise tax for other smoking tobaccos than rolling tobacco (e.g., coarse cut tobacco) is DKK 1500.90/1000 g.

**Estonia**. For cigarettes, the minimal excise amount to be paid is EUR 169.10 per 1000 items. For cigars and cigarillos, the minimal excise amount to be paid is EUR 222.00 per 1000 items.

**Finland**. Cigarette paper: excise at 60% of RSP. Other smoking tobacco: EUR 107.50 /kg and 48 % of RSP. Heated tobacco products: EUR 0.30/g. E-liquids (with nicotine or without nicotine) EUR 0.30/ml.

**France**. The minimal excise amounts to be paid are EUR 371.40 per 1000 items for cigarettes, EUR 296.60 per 1000 items for cigars and EUR 345.40 per 1000g for rolling tobacco for cigarettes.

**Germany**. The minimum overall excise rate per 1000 cigarettes is EUR 228.88 less VAT of the TIRSP (Tax included retail selling price, i.e. all taxes included). The minimum overall excise rate per 1000 cigars is EUR 75.04 less VAT of the TIRSP. The minimum overall rate per 1000 grams rolling tobacco for cigarettes is EUR 111.78 less VAT of the TIRSP. Other smoking tobacco is subject to excise duty at a rate of EUR 15.66/kg and 13.13% of RSP. Minimum excise duty is EUR 26/kg for other smoking tobacco. The excise duty for heated tobacco products is 80 percent of the excise duty for cigarettes. Water pipe tobacco is taxed as other smoking tobacco. In addition, an excise duty of EUR 19.00/kg is levied. An excise duty of EUR 0.20/ml is levied on substances for e-cigarettes.

**Greece**. Minimum excise duty is 117.5 EUR per 1000 cigarettes. Other smoking tobacco is subject to excise duty at a rate of EUR 156.7 per kg of net weight.

**Hungary**. Minimum excise tax is HUF 41 800 per 1000 pieces for cigarettes, HUF 4 840 per 1000 pieces for cigar and cigarillo. VAT as % of tax included in the retail selling price is 21.26%.

**Iceland**. There is no specific excise rate for a piece of cigar. The rate is ISK 33 600 per 1000 grams of cigars (i.e., the same rate as for rolling tobacco).

**Ireland**. The rate of excise duty on cigarettes is EUR 428.48 per 1000 cigarettes together with an amount equal to 8.85% of the price at which the cigarettes are sold by retail or EUR 479.37 per 1000 cigarettes, whichever is the greater. The rate of excise duty on cigars is EUR 483.343per kilogram. The rate of excise duty on fine-cut tobacco for the rolling of cigarettes is EUR 465.003per kilogram. Other smoking tobacco is subject to excise duty at a rate of EUR 335.322 per kilogram.

**Israel**. Excises on value for cigarettes are 270% of the wholesale price plus ILS 444.03 and not less than ILS 850.62 per 1000 cigarettes. From 4 March 2024, these excises amount to 270% of the wholesale price plus ILS 524.5 and not less than ILS 930 per 1000 cigarettes. Excise on value for cigars is 90% of the wholesale price and not less than ILS 80.54 per kilogram. Excises on value for rolling tobacco are 270% of the wholesale price plus ILS 634.34 per kilogram and not less than ILS 1215.18 per kilogram. From 4 March 2024, these excises amount to 270% of the wholesale price plus ILS 749.29 and not less than 1328.57 per kilogram.

**Italy.** An overall minimum tax, i.e., excise duty plus VAT, was introduced from 1 January 2015. Starting from 16 January 2024 such tax amounts to EUR 202.23 per 1 000 cigarettes (i.e., 98.70% of the excise duty plus VAT on the WAP).

**Japan**. The tax consists of a national element, a prefectural element, and a municipal element.

**Korea**. The excise tax on cigars is KRW 294800/1000g. National tax (Individual Consumption Tax) is levied on tobacco since 2015.

**Lithuania**. The excise rate for cigars and cigarillos is set per kilogram at a rate of EUR 95.00/kg. The excise rate for smoking tobacco is set per kilogram at a rate of EUR 112.80/kg. From 1 March 2019 liquids for e-cigarettes are subject to excise duty, and the excise duty rate for them is EUR 0.25 per ml of the product from 1 January 2024. From 1 March 2019, heated tobacco products are subject to excise duty as a separate category (until 28 February 2019, the rate of smoking tobacco was applied for heated tobacco products). As of 1 January 2022, heated herbal sticks of vegetable origin which does not contain tobacco shall be considered to be heated tobacco products. The rate of excise duty for heated tobacco products is applied per 1,000 items from 1 January 2022 (before was per kilogram of tobacco) and the rate for them is EUR 79.50 per 1 000 items as of 1 January 2024.

**Luxembourg**. As of the 1st of February 2022, the excise duties applicable are as follow: Cigarettes Specific excise per 1 000 cigarettes - EUR 19.3914; Excise on value - 46.90%; Rolling tobacco for cigarettes Specific excise per 1 000 grams - EUR19.50; Excise on value - 34.25%. The minimal excise amounts to be paid are EUR 124 per 1000 items for cigarettes, EUR 23.50 per 1000 items for cigars and EUR 58.50 per 1000g for rolling tobacco for cigarettes.

**Mexico**. An ad valorem rate of 160% on the producer or importer price applies for all categories. A reduced rate of 30.4% applies for cigars or rolling tobacco as long as these products are fully handmade.

The ad valorem tax applies at the stage of the producer or importer but at the retail and is calculated on the retail price. In addition, a charge of MXN 0.6166 should be paid for each sold or imported cigarette. This charge also applies for cigars and other tobacco (MXN 0.6166 per each 0.75 grams), with the exception of those that are fully handmade.

**New Zealand**. The excise rate for 1 000 cigarettes with actual tobacco content not exceeding in weight of 0.8 kg is NZD1 244,23 per kilo tobacco content. The excise rate for cigarettes exceeding 0.8 kg in actual tobacco content per 1 000 cigarettes and for rolling tobacco for cigarettes is NZD 1 773.02 per kilo tobacco content. The excise rate for other tobacco products, such as snuff, cigars, cheroots and cigarillos is NZD 1 555.23 per kilo of tobacco content.

**Norway.** The excise duty rate for cigars is not calculated per piece, but according to weight. The rate is NOK 3 150 per 1000 grams of cigars, (i.e., the same rate as for rolling tobacco).

**Poland**. Since 1 January 2015 the excise duty rate for cigars is calculated on per kilogramme basis. The minimum excise duty on cigarettes is 105% of the total excise duty amount charged on the price equal to the WAP. The minimum excise duty on rolling tobacco is 100% of the total excise duty amount charged on the price equal to the WAP. ***Minimum overall excise rate per 1000 cigars***: Poland imposes excise tax on cigars per kilogramme basis. For that reason, this figure cannot be provided.

**Portugal**. Excise duty on cigarettes is reduced to: (1) EUR 35.36 per 1000 and 42% on value for cigarettes sold in Azores Islands and produced by small producers from the Azores and Madeira Islands; (2) EUR 86.48 per 1000 and 18% on value for cigarettes sold in Madeira Island and produced by small producers from the Azores and Madeira Islands.

**Slovak Republic**. As of 1 February 2024, the excise duty rates applicable are:

- Cigarettes: specific excise per 1 000 cigarettes - EUR 91.30; excise on value: 25.00%; minimum overall excise rate per 1000 cigarettes: EUR 148.00.
- Rolling tobacco for cigarettes: specific excise per 1 000 grams: EUR 139.00. Tax on rolling tobacco for cigarettes includes other smoking tobacco.
- Cigars: EUR 89.30/kg.
- Heated tobacco products: the tax base is the weight of tobacco in the smokeless tobacco product, expressed in kilograms, the excise duty rate applicable as of 1 February 2024 is EUR 211.30/kg.

**Slovenia**. As of 1 January 2024, the excise duty applicable are: minimum excise duty EUR 141 per 1000 cigarettes; minimum excise duty EUR 119 per kilo of rolling tobacco for cigarettes.; minimum excise duty EUR 56 per 1000 cigars; EUR 56 per kg of other smoking tobacco; EUR 0.27 per ml for electronic cigarettes; EUR 0.12 per ml for nicotine free electronic cigarettes and EUR 132 per kg of heating tobacco.

**Sweden**. Cigarettes with a length over 8 cm up to 11 cm should be taxed as two cigarettes. If the cigarette is longer than 11 cm every started additional 3 cm is considered a cigarette.

**Switzerland**. If the Retail Selling Price for 1 000 cigarettes is CHF 375.00 or less, minimum excise duty (specific + on value) is CHF 212.10 for 1 000 pieces. Specific excise per 1 000 grams of rolling tobacco for cigarettes: the minimum excise duty (specific + on value) is CHF 80.00 per 1 000 grams.

**Türkiye**. Minimum tax amount per 1000 cigarettes is TL 1424.90. Specific tax amount is TL 4.8058 for pack of cigarettes. Tax on cigarettes and other tobacco products computed according to the tax rate cannot be less than the minimum tax amount. After calculating the tax according to minimum tax amount system, specific tax amount is added to the tax per pack of cigarettes.

**United Kingdom.** Retail selling price (RSP) of cigarettes is typically based on Recommended Retail Price (RRP). RRP is usually taken as the manufacturer's or importer's recommended retail selling price in force at the time the cigarettes become chargeable with duty. Specific excise rate for cigars is given per kilogramme and not for 1 000 units. Specific rates exist for "other smoking tobacco and chewing tobacco" and “tobacco for heating” which on 1 January 2024 were set at GBP 173.68 and GBP 325.53 per kilo respectively.

**United States.** State taxes vary widely. The weighted average of Federal and State excise taxes per thousand cigarettes is USD 131.00. Federal specific excise tax rates on tobacco are: USD 50.33 per thousand for small cigarettes (no more than 3 pounds per thousand); USD 105.69 per thousand for large cigarettes; USD 50.33 per thousand for small cigars weighing no more than 3 pounds per thousand; 52.75% of the manufacturers price but not more than USD 402.60 per thousand for large cigars; and USD 24.78 per pound (54.63 per kg) for roll-your-own tobacco. Some states also tax on an ad valorem basis.

**Member States of the European Union.** Council Directive 2011/64/EU sets minimum rates on cigarettes i.e., a specific component of between 7.5% and 76.5% of the total tax burden (TTB) - expressed as a fixed amount per 1000 cigarettes and an ad valorem component - expressed as a percentage of the maximum retail selling price. In addition, the overall excise rate must be at least EUR 90 per 1000 cigarettes and at least 60% of the weighted average retail selling price (WAP). Member States that apply excise duty of EUR 115 or more, however, do not need to comply with the 60% criterion above.

Source: National delegates.

# 4 Taxing Vehicles and their Use

## 4.1. Introduction

Taxes related to the purchase, ownership and usage of vehicles were introduced in most OECD countries in the first half of the 20th century and have become an important source of tax revenue for many governments. Current taxes on vehicles result from a long evolution and reflect a variety of influences beyond the need to raise revenue. Progressively, geographical, industrial, social, energy, transport, urban and environmental policy considerations have all had an influence on the level and structure of taxation. Also, the distributional impact of taxes on vehicles has evolved. Many of these taxes were instituted at a time when cars were considered luxury items. Wider ownership of cars over time (many low-income households own at least one car today) has reduced progressivity of taxes on vehicles.

All OECD countries now rely on a wide range of tax instruments to raise revenue from both private and commercial vehicle owners and road users. Vehicle and vehicle usage taxation, in its widest definition, represents a prime example of the use of the whole spectrum of consumption taxes for taxing vehicles and their use, including specific taxes on vehicle characteristics, use, or value. In a growing number of countries, governments are gradually modulating these taxes in line with their environmental or climate objectives.

Consumption taxes on road vehicles are multiple and include:

- Taxes on the purchase (including VAT and retail sales taxes) and registration of motor vehicles (including fees and charges, which are considered as taxes for the purpose of this chapter), payable once at the time of acquisition and/or the first putting into service of a vehicle (see Annex 4.A Tables 4.A.1 and 4.A.2),
- Periodic taxes payable in connection with the ownership or use of the vehicles (see Annex 4.A Table 4.A.3),
- Taxes on road fuels,
- Taxes on vehicle insurance premiums,
- Import duties,
- Other taxes (e.g. road tolls and congestion charges).

In most countries, vehicle taxation is a mixture of one-off taxes (applied at the time of purchase, import or entry into service) and recurrent taxes (applied to vehicle owners or use). These taxes are applied according to the price or value of the vehicle (particularly for purchase and import taxes) and, according to vehicle characteristics such as pollutant emissions, weight, engine power, number of axles, age, fuel consumption, equipment, suspension, engine capacity, number of seats, type of fuel used, electric propulsion or distance travelled.

While this publication covers the main taxes and charges on road motor vehicles, i.e. those relating to the purchase/registration and use of vehicles, these cannot be considered in isolation from the other tax bases and rates. Among the other elements to be taken into account when considering the taxation of vehicles as a whole (but not covered in this publication) are insurance premium taxes, specific road tolls (bridge or motorway tolls, congestion charges, and distance charges), import duties and company car taxation. (Harding, 2014[1]),

This chapter describes the taxes imposed on the purchase, registration and use of road vehicles in OECD countries, highlighting in particular those that include environmental criteria (Section 4.2). It also covers taxes on aviation fuels (insofar as the data collected here are not presented as such in the IEA databases - unlike taxes on road fuels), showing their level, including the tax exemptions that often apply to these fuels (Section 4.3).

## 4.2. Taxes on road vehicles are increasingly designed to influence consumer behaviour for environmental purposes

There is growing awareness among countries that a transition to net zero greenhouse gas emissions by around the middle of the century is essential for containing the risks of dangerous climate change (OECD, 2021[2]). Reaching climate neutrality by mid-century, in line with the 2015 Paris Agreement's goal, demands deep transformations (Filippo Maria D'Arcangelo Ilai Levin Alessia Pagani Mauro Pisu Åsa Johansson, 2022[3]) and these transformations are particularly urgent given the rapidly closing window to act, the state of the climate system and the gap between current efforts and the goals of the Paris Agreement (Sirini Jeudy-Hugo, 2023[4]). These transformations include the development of comprehensive policy mixes combining direct and indirect emission pricing, standards and regulations, and complementary policies such as innovation support and offsetting adverse distributional effects.

Globally, the transport sector produces over 20% of global energy-related $CO_2$ emissions and has the highest reliance on fossil fuels of all sectors (IEA, 2023[5]). Yet transport is relatively difficult to decarbonise, due to its high dependence on oil and the complexity that arises from individuals' own transport choices. Policy makers must address and mitigate emissions from the sector in line with the goals of the Paris Agreement in a context where transport demand will have to be met in a socially and environmentally just manner (ITF, 2023[6]).

Well-designed taxes play a direct role by sending the right price signals and providing the right incentives for sustainable practices of producers, users and consumers (EU Parliament, 2021[7]). Governments increasingly use taxation to influence consumer behaviour with a view to reducing $CO_2$ emissions from road transport. They notably adopt or adapt a number of tax instruments, including one-off taxes such as registration taxes, or recurrent taxes such as annual circulation taxes based on levels of $CO_2$ or other polluting emissions. However, the effectiveness and efficiency of such tax policies depends largely on how they are designed and implemented as part of an overall policy framework taking into account available alternatives, interactions with other policies, and public support (Van Dender, 2020[8]). In this regard, adequate compensation schemes and support to switch to cleaner technologies are particularly important policy components to protect the most vulnerable households (Cristian Alonso and Joey Kilpatrick, 2022[9]).

Against this backdrop, taxes on road vehicles have been progressively adjusted to influence consumer behaviour to curb transport impacts, in particular environmental and climate impacts. Energy and environmental considerations have led to a progressive adjustment of the taxes on the purchase and registration of road vehicles to take account, for example, of their fuel efficiency or $CO_2$ and other polluting emissions. Some of these taxes have a direct relationship with environmental objectives, for example where the tax differentiates on the basis of $CO_2$ emissions of the vehicles, while others may only have an indirect connection such as taxes based on the weight of the vehicle.

### *4.2.1. Taxes on the purchase and registration of road vehicles are increasingly used to induce consumers to buy less polluting vehicles*

All OECD countries levy national and sometimes sub-national taxes on the purchase and registration of road vehicles. These taxes may include VAT or sales taxes and also duties, fees and charges associated with the registration of a vehicle. Their level and structure vary considerably among OECD countries (see Annex 4.A Tables 4.A.1 and 4.A.2). They are based on a large diversity of criteria including combinations of these. The main criteria for assessing these taxes can include:

- The price or value of the vehicle,
- The direct environmental impact, i.e. $CO_2$ emissions and other polluting emissions,
- The characteristics of the vehicle such as the type of fuel used, the weight, the cylinder capacity and the engine power. These may be indirectly connected with polluting emissions but were generally not introduced for environmental purposes,
- The specific features of vehicles for the transportation of goods such as the number of axles, cargo room, number of seats, etc.,
- Social considerations incl. preferential treatment of emergency vehicles, ambulances, vehicles for people with disabilities, vehicles for public transport, etc.,
- The private or commercial use of the vehicle.

A number of specific elements can further be taken into consideration for determining the tax burden, such as the presence of safety equipment, air conditioning, etc. A specific tax applies to tyres in the United States. Taxation may also depend on the age and date of registration of the vehicle in several countries.

All OECD countries levy VAT on the sale of vehicles at the standard rate, except the United States that does not have a VAT and where retail sales taxes are imposed at sub-national level. Unlike final consumers, businesses will in principle have a right to an input tax credit for the VAT incurred on the purchase of vehicles for professional use. However, a large majority of OECD countries with VAT (20 out of 37) prohibit or severely restrict this right to deduct input VAT, particularly for passenger vehicles (see Chapter 2 and Annex Table 2.A.4) but, four of these countries (Austria, Canada, Lithuania and Slovenia) offer a full or greater right of deduction for vehicles that do not emit $CO_2$ in order to encourage their purchase by businesses.

In many countries VAT is also levied on the sale of second-hand vehicles under a margin scheme when they are sold by a professional (sales of their own second-hand cars by individuals are not subject to VAT), whereby the tax base for VAT is determined on the basis of the margin of the professional reseller rather than on the full sale price of the vehicle.

*Almost all OECD countries vary vehicle purchase or registration taxes according to pollutant emissions.*

Differentiating taxes on the purchase or registration of road vehicles to take account of their polluting emissions can give vehicle purchasers an immediate incentive to buy a vehicle that pollutes less. This practice is now observed in 34 of the 38 OECD countries. Annex 4.A Table 4.A.1 shows that all OECD countries except Colombia, Estonia, Sweden, and Switzerland have incorporated environmental or fuel economy criteria into the tax structure and/or eligibility conditions for vehicle purchase incentives, whether at national or sub-national level.

In 18 of these countries (Australia, Austria, Belgium, Canada, Czechia, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Lithuania, Netherlands, Norway, Portugal, Slovenia, and Spain), the $CO_2$ emissions are directly considered to determine the level of taxation. Conversely, New Zealand and Sweden ended their tax reduction measures for low $CO_2$ emission vehicles in December 2023 and November 2022 respectively.

Eight countries apply either a “bonus” (i.e. a direct subsidy paid by the government or a local authority on the purchase of a vehicle) to the buyers of selected vehicles with low or no $CO_2$ emissions (Canada, France, Iceland, Italy, Korea, Latvia, Luxembourg, and the United States). Germany and Sweden have ended their bonus schemes for the purchase of electric or hybrid vehicles in December 2023 and November 2022 respectively. Some countries apply a “malus” (i.e. an additional tax or charge on vehicles with high $CO_2$ emissions (Belgium, Canada, France, and Italy). In some of these countries the system is designed as a “feebate” i.e. a budget-neutral system with both a bonus and a malus compensating for each other (e.g. France, Italy, and Sweden until recently). In addition to Germany and Sweden, two countries have ended their tax incentives for electric vehicles: Switzerland ended the exemption of automobile tax in November 2023 and New Zealand ended the exemption of road user charge in April 2024.

More than half of OECD countries (22 out of 38) apply (sometimes at sub-national level) a reduction in taxes, fees or registration charges, or even a total exemption, to hybrid or full-electric vehicles. Furthermore, in Chile, Ireland, Israel and Norway, the level of nitrogen oxide (NOx) emissions is taken into account in the registration tax scale.

### But the level and structure of taxes vary widely between OECD countries

Annex 4.A Table 4.A.2 provides an illustration of the cumulative effect of VAT, (local) taxes on registration, fees and environmental taxes on the purchase and registration of some typical vehicles (with electric, hybrid and combustion engines). Since rates, charges and rebates may differ at sub-national level in some countries, the table shows the overall tax calculations for the purchase and registration of these vehicles in the capital city.

In the category of the highest taxed vehicles (i.e. four wheel drive vehicle with combustion engine emitting more than 290gr $CO_2$/km) the total tax burden ranges from less than 20% of the ex-tax price of the vehicle in Bern, Switzerland and in Washington, United States (VAT rate of 8.1%% and a sales tax of 6% respectively, with relatively low registration taxes and no $CO_2$ tax) up to more than 150% of the ex-tax price in The Hague, Netherlands (VAT rate of 21% and a relatively high registration tax fully based on $CO_2$ emissions) and Copenhagen, Denmark (VAT rate of 25% and relatively high registration taxes based on value and $CO_2$ emissions). In Ankara, Türkiye, the total purchase and registration taxes can amount to about 200% of the ex-tax price due to a very high registration tax.

On the other hand, tax rebates and bonuses on (fully) electric vehicles may reduce the amount of these taxes to less than 10% of the ex-tax price in Austria (Vienna), Canada (Ottawa), Costa Rica (San Jose), Denmark (Copenhagen), France (Paris), Greece (Athens), Lithuania (Vilnius), Luxembourg, Norway (Oslo), Slovenia (Lubljana), or even provide a net purchase aid in Luxembourg and the United States (Washington).

These figures illustrate the very large differences in taxation across OECD countries both in terms of the total amount of taxes and the structure of these taxes. Even within the integrated market of the EU, there is no harmonisation or even approximation of tax structures or rates on motor vehicles. However, a key factor behind the slow replacement of the polluting car fleet with zero-emission vehicles are lower national purchase and registration taxes for cars, which often do not reflect carbon-intensity (ACEA, 2022[137]). However, the risk of cross-border shopping in countries with lower taxes is very limited as motor vehicles need to be registered with a unique identification number in the principal country of use. VAT levied on the importation of a vehicle (or on its "acquisition" for cross-border sales within the EU) will generally be due in the country of registration.

### *4.2.2. While recurrent taxes on ownership or use also vary widely across OECD countries, they are used increasingly to pursue environmental objectives*

All OECD countries levy taxes on ownership or use of motor vehicles, or both (see Annex 4.A Table 4.A.3). These taxes include recurring charges and taxes (annual or semi-annual registration fees, motor vehicle taxes, road taxes, licencing fees, etc.) levied on the right to drive on public roads. As was the case for taxes on vehicle purchase and registration, these recurrent taxes take many forms across OECD countries and their level varies widely. The main elements used to assess these taxes are very similar to those used for assessing taxes on the purchase and registration of vehicles, such as use (commercial or not), vehicle type, type of fuel, engine size, age, emissions of pollutants, and fuel efficiency. In about one third of OECD countries (13 out of 38 i.e. Australia, Belgium, Canada, Chile, Colombia, Japan, Mexico, Netherlands, Poland, Portugal, Spain, Switzerland, and the United States) local taxes are levied on the ownership or use of motor vehicles.

As for taxes on purchase and registration of motor vehicles, differentiating recurrent taxes on ownership or use on the basis of polluting emission has become widespread among OECD countries. About two thirds of these countries (24 out of 38) include $CO_2$ emissions in the criteria for assessing these taxes and/or apply an exemption or tax reduction to hybrid and electric vehicles (Austria, Belgium, Chile, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Luxembourg, Mexico, Netherlands, Portugal, Slovak Republic, Slovenia, Sweden, Switzerland, Türkiye, and the United Kingdom). Fourteen of these countries (Austria, Belgium, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Netherlands, Norway, Portugal, Slovenia, and Sweden) apply such differentiation for both purchase/registration and periodic taxes.

All OECD countries except Canada, Colombia, Costa Rica, Germany, Mexico, New Zealand and Sweden, reported the application of specific tax rates and/or specific tax bases for commercial vehicles (lorries, trucks, heavy goods vehicles, buses, utility vehicles). Criteria for assessing these taxes include the weight, the loading capacity, the number of axles and the type of vehicle (e.g. semi-trailers).

## 4.3. Aviation fuels are often subject to tax exemptions

This section provides an overview of VAT and excise taxes applied to the two main categories of fuels destined to aircrafts, i.e. JET A-1 fuel used in turbine engines and AVGAS used in piston-engine aircrafts.

Annex 4.A Table 4.A.4 shows the excise and VAT rates applied to these types of fuels (hereafter “aviation fuels”) in OECD member countries and, where applicable, other specific taxes on the provision of those fuels to aircraft (e.g. carbon tax).Other taxes applied to air transport (ticket taxes, airport taxes, etc.) and emissions trading schemes (ETS) are not covered in this publication.

The provision of aviation fuels to enterprises operating aircraft for international commercial flights (i.e. passenger transport or cargo) is subject to a zero rate of VAT in all OECD countries that operate a VAT, or subject to a full refund of input VAT (Chile). An exception is Colombia, where it is subject to the reduced VAT rate of 5%. The provision of aviation fuels for domestic non-commercial or pleasure flights is taxed at the standard VAT rate in all OECD countries with a VAT, except in Colombia where it is subject to the reduced VAT rate of 5%. In the United States, it is taxed at the state level, with rates varying across them. In theory, the VAT zero-rating of aviation fuel for international flights reflects the objective of relieving exports from VAT in the jurisdiction of origin so as to avoid double taxation in the jurisdiction of destination, which normally has the right to levy VAT on internationally traded goods in accordance with the destination principle. However, unlike most exported items that are normally subject to VAT in the destination country, aviation fuel used in international flights will generally remain untaxed as most of it is consumed during the international flight and the remainder is generally untaxed in accordance with the International Civil Aviation Organisation (ICAO) Convention (also known as the Chicago Convention; see below) requiring contracting states to not charge duty on aviation fuel already on board any aircraft arriving on their soil from another contracting state (all OECD countries are parties to the Convention). Since aviation fuel will typically be a business input of an enterprise large enough to be registered for VAT, this component of tax will generally be fully deductible (in the case VAT is imposed) and thus ultimately have no economic impact.

Annex 4.A Table 4.A.4 shows that all OECD countries also exempt aviation fuels from excise duties when used for commercial international flights, in contrast to fuels used in road and rail transport. They also all exempt aviation fuel for domestic commercial flights, except Australia, Canada, Costa Rica, Japan, Norway, Switzerland and the United States. The landscape is more diverse for aviation fuel used for non-commercial and pleasure flights, which is subject to excise duties in 20 OECD countries for international flights (Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovenia, Spain and Sweden) and in all OECD countries (except Chile, Colombia, Iceland, Israel, Korea, Mexico, Norway and New Zealand) for domestic flights.

Two OECD countries apply other (environmental) taxes to aviation fuels. Norway exempts aviation fuel from excise tax but submits it to a carbon tax, and Slovenia applies a surcharge to all aviation fuels (including for international flights) in addition to excise duties (for non-commercial and pleasure flights).

As explained above, the exemption of aviation fuels for international flights in countries of arrival results from the Chicago Convention, which lays down the basic standards and principles governing international aviation. Article 24 of the Convention forbids the taxation of fuel onboard aircraft arriving in the territory of a contracting party. However, the Convention does not forbid imposing any taxes on fuel supplied to an aircraft at the point of departure (Faber and O'Leary, 2018[10]) This tax exemption for fuels supplied to aircraft results from the network of bilateral "Air Service Agreements" (ASAs) between individual countries, which generally provide for such an exemption on the basis of reciprocity (Teusch Jonas, 2021[11]). The Chicago Convention is not applicable to domestic air transport and therefore nothing prevents countries from taxing aviation fuels on domestic flights.

Reaching climate neutrality by mid-century requires that all sectors, including aviation, cut emissions strongly. For the time being, unlike road fuels which are subject to high levels of tax, aviation fuels remain largely under-priced, reflecting lower energy tax rates and tax exemptions. Recent research suggests that, like for other transport fuels, carbon price signals in the form of kerosene taxes, may support an orderly transition in aviation. A gradually increasing tax on kerosene could strengthen the incentives for investment and innovation in clean aviation technologies and provide implementing countries with tax revenues that could be used to support clean investment and innovation, while addressing competitiveness and equity issues (Teusch Jonas, 2021[11]).

## References


Antony Seely (2019), "Taxing aviation fuel", *Briefing Paper*, No. 523, House of Commons, London. [15]

Braathen, A. et al. (2017), *Environmental Fiscal Reform PROGRESS, PROSPECTS AND PITFALLS*, http://www.oecd.org/tax/tax-policy/tax-and-environment.htm. [12]

Cristian Alonso and Joey Kilpatrick (2022), *The Distributional Impact of a Carbon Tax in Asia and the Pacific*, IMF, Washington. [9]

EU Parliament (2021), *Review of the Energy Taxation Directive*, European Parliament. [7]

Faber, J. and A. O'Leary (2018), *Taxing aviation fuels in the EU*, CE Delft, Delft. [10]

Filippo Maria D'Arcangelo Ilai Levin Alessia Pagani Mauro Pisu Åsa Johansson (2022), "A framework to decarbonise the economy", *Economic Policy Paper*, No. No. 31, OECD, Paris. [3]

Flues, F. and A. Thomas (2015), "The distributional effects of energy taxes", *OECD Taxation Working Papers*, No. 23, OECD Publishing, Paris, https://doi.org/10.1787/5js1qwkqqrbv-en. [29]

Harding, M. (2014), "Personal Tax Treatment of Company Cars and Commuting Expenses: Estimating the Fiscal and Environmental Costs", *OECD Taxation Working Papers*, No. 20, OECD Publishing, Paris, https://doi.org/10.1787/5jz14cg1s7vl-en. [1]

IEA (2023), *Global EV Outlook*, International Energy Agency, Paris. [5]

IEA (2021), *Net Zero by 2050*, International Energy Agency, Paris. [20]

IEA (2020), *Global EV Outlook 2020*, IEA, Paris. [18]

IEA (n.d.), *International Energy Agency, Prices and taxes database https://www.oecd-ilibrary.org/energy/data/iea-energy-prices-and-taxes-statistics_eneprice-data-en*, IEA. [24]

International Energy Agency (2022), *International Energy Agency, Prices and taxes database*, International Energy Agency, https://www.oecd-ilibrary.org/energy/data/iea-energy-prices-and-taxes-statistics_eneprice-data-en (accessed on 27 October 2022). [25]

IPCC (2021), *Climate Change 2021: The Physical Science Basis*, https://www.ipcc.ch/assessment-report/ar6/. [17]

ITF (2023), *ITF Transport Outlook 2023*, International Transport Forum, Paris. [6]

ITF (2021), *ITF Transport Outlook 2021*, OECD Publishing, Paris, https://doi.org/10.1787/16826a30-en. [16]

John Larsen, N. (2020), *Expanding the reach of a carbon tax*, Columbia University Center for Energy Policy. [19]

Kurt van Dender (2019), *Taxing vehicles, fuels, and road use Opportunities for improving transport tax practice*, OECD, Paris. [14]

Nils Axel Braathen (2009), *Incentives for CO2 Emission Reductions in Current Motor Vehicle Taxes*, http://www.oecd.org/env/transport. [13]

OECD (2021), *Carbon prices in times of Covid-19*, OECD, Paris. [2]

OECD (2019), *Taxing Energy Use 2019: Using Taxes for Climate Action*, OECD Publishing, Paris, https://doi.org/10.1787/058ca239-en. [26]

OECD (2017), *Policy Instruments for the Environment (PINE)*, OECD. [21]

OECD (2013), *Taxing Energy Use: A Graphical Analysis*, OECD Publishing, Paris, https://doi.org/10.1787/9789264183933-en. [30]

OECD Publishing (ed.) (2022), *Pricing Greenhouse Gas Emissions - Turning Climate Targets into Climate Action*. [22]

OECD/ITF (2019), *Tax Revenue Implications of Decarbonising Road Transport: Scenarios for Slovenia*, OECD Publishing, Paris, https://doi.org/10.1787/87b39a2f-en. [27]

Sirini Jeudy-Hugo, L. (2023), *Towards a successful outcome of the first global stocktake of the Paris Agreement*, OECD/IEA, Paris. [4]

Teusch Jonas, S. (2021), *Greening international aviation post COVID-19: What role for kerosene taxes?*, OECD, Paris. [11]

Teusch, J. and S. Ribansky (2021), *Greening international aviation post COVID-19: What role for kerosene taxes?*, OECD, Paris. [23]

Van Dender, K. (2020), “Making environmental tax reform work”, *La Revue des juristes de Sciences Po* 18. [8]

van Dender, K. (2019), “Taxing vehicles, fuels, and road use: Opportunities for improving transport tax practice”*, OECD Taxation Working Papers*, No. 44, OECD Publishing, Paris, https://doi.org/10.1787/e7f1d771-en. [28]

# Annex 4.A. Taxes on vehicles

## Annex Table 4.A.1. Taxes on the Purchase and Registration of Motor Vehicles

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| Australia | **GST:** 10%<br>**Luxury Car Tax**: 33% calculated on the value of most cars that exceed the luxury car tax threshold. On 1 January 2024, the luxury car tax threshold is AUD 89 332, tax inclusive (including GST) or AUD 76 950, tax inclusive (including GST) if the car's fuel consumption is less than 7 liters per 100 kilometres.<br>**Registration fee** – varies between States/Territories – may be calculated on the tare weight, value or type of vehicle.<br>**Stamp duty** - varies between States/Territories - calculated on the tare weight (heavy vehicles) or value (light vehicles). | Value<br>Fuel efficiency<br>Weight (registration or stamp duty only)<br>Weight<br>$CO_2$ emissions (subnational) | GST: exemption is provided to veterans and persons with a disability that fulfil legal requirements.<br>Some exemptions apply from luxury car tax including:<br>- Emergency vehicles such as ambulances etc.<br>- Sale of vehicle is more than two years after manufacture or importation<br>- Vehicles modified to transport a person in a wheelchair (provided it is not GST-free)<br>- Commercial vehicles primarily used for carrying goods in business or trade<br>- Imported by museum for public display.<br>Eligible tourism operators and primary producers are eligible to claim a refund of Luxury Car Tax paid up to AUD 10 000 for certain cars.<br>In some States/Territories electric or low-$CO_2$ emission vehicles are exempt from the stamp duty /are subject to reduced rates of stamp duty |
| Austria | **VAT:** 20%.<br>**New Car Registration Tax:** while the tax base is the selling price, the tax rate depends on the $CO_2$-emissions of the car*, i.e. $CO_2$ emissions in gram/km, reduced by 97 grams WLTP (Worldwide harmonised light-duty vehicles test procedure) for passenger cars and by 150 grams WLTP for small lorries (up to 3,5 tons), divided by 5. The rate cannot exceed 80%. For $CO_2$ emissions above 155g/km WLTP for passenger cars or 208 g/km WLTP for small lorries, the tax increases by EUR 80 for each g/km exceeding the limit. An amount of up to EUR 350 has to be deducted from the amount of tax calculated following the above rules. *Starting from 1.1.2020 the relevant $CO_2$-emissions are determined by WLTP (NEDC before that).<br>**Registration fee**: fixed rate of EUR 119.80 per motor vehicle (+ up to EUR 49.70 | Value<br>$CO_2$ emissions | **New Car Registration Tax**: exemptions for demonstration vehicles, motor vehicles for driving schools, vehicles that are hired, used for guests or as taxis, motor vehicles used for short time hiring out, motor vehicles used for the transport of sick persons and for rescue services, vehicles used for the transport of corpses, vehicles used by fire brigades and accompanying vehicles for special transports, vehicles used for disabled persons.<br>**Registration fee**: exemption for motor vehicles registered for the state or local |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | processing fee for the registration office + approx. EUR 20 for other expenditures). | | authorities. |
| Belgium | **VAT**: 21%<br>**Entry into Service Tax:**<br>*Flemish Region*: for non-leased passenger cars, the tax rate depends on vehicle age, environmental characteristics (including $CO_2$ emissions), the type of fuel and the European Emission Standards. For non-leased passenger cars, registered for the first time after 31/12/2020, the impact of the $CO_2$ emissions has increased, due to the new WLTP-method for the calculation of the emission. The tax for leased vehicles is still calculated based on the engine power of the vehicle.<br>*Walloon Region*: for cars, mixed cars, minibuses and motorcycles, the tax rate depends on engine power or the fiscal power (which is derived from the combustion engine capacity). When the tax determined on the basis of one parameter exceeds the tax determined on the basis of the other, the highest tax is retained. For motorcycles the amount is calculated on the basis of the kilowatt. For electric cars and electric motorcycles, the tax is set at EUR 61.50 as of fiscal year 2019. For all hybrid vehicles (cars and motorcycles), the power taken in consideration is the one supplied by the combustion engine. Cars and mixed cars are also subject to a second constitutive element of the tax on registration of vehicles, the so-called “ecomalus”, which is based on the $CO_2$- emission of the vehicle.<br>As from 1 January 2022 vehicles designated to the transport of goods with a maximum authorised mass of more than 3.5 tonnes are not subject to the Entry into Service Tax.<br>*Brussels Capital Region*: for passenger cars, the applicable tax rate depends on the engine power of the vehicle, which is derived from either the so-called fiscal horsepower (based on the total cylinder capacity of the vehicle) or the kW (kilowatt) value of the vehicle. When the applicable tax rate varies between these two parameters, the highest tax rate applies. The tax rate is also subject to a reduction based on the age of the vehicle. Rates vary between EUR 61.50 and EUR 4.957. | Value<br>Age of vehicle<br>Engine power<br>Cylinder capacity<br>Environmental characteristics (incl. $CO_2$ emissions)<br>Electric propulsion<br>Type of fuel/gas<br>Malus | All regions provide exemption of the Entry into service tax for certain vehicles used by public authorities and vehicles for disabled people and war invalids.<br>*Flemish Region*: an exemption of the Entry into Service Tax is granted for purely electric vehicles.<br>An age correction is applied for the Entry into Service Tax for used cars in a progressive scale from 90% to 10% of the registration tax or for a lump sum depending on the age of the vehicle. A flat tax rate of EUR 53 (last indexation on 01/07/2023) applies to vehicles that have been in traffic for at least 30 years.<br>Walloon Region: for cars, mixed cars, minibuses and motorcycles older than 15 years, an age correction applies. The age is counted as from the first registration of the vehicle and provides the basis for a reduction of the tax amount on a progressive scale form 90% to 10%. The reduction is applied for each year and start from the year one.<br>As from 1 January 2022 vehicles designated for the transportation of goods with a maximum authorised mass lower than 3.5 tonnes are subject to the Entry into Service Tax when they are not registered with the CBE (*Crossroads Bank for Enterprises*). Motorhomes are excluded from this rule since 1 January 2022.<br>*Brussels Capital Region:* Light goods vehicles up to and including a maximum permissible laden weight of 3.5 tonnes, as well as camping cars, are not subject to the Entry into Service Tax. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | For hybrid vehicles, the applicable tax rate is derived from the engine power of the combustion engine. For electric cars, the applicable tax rate is set at EUR 61.50. | | |
| Canada | **GST**: 5%<br>**HST**: 13% or 15% for sales in the participating provinces.<br>The following provinces have harmonised their provincial sales taxes with the federal Goods and Services Tax and therefore levy a rate of **GST/HST** as follows: New Brunswick, Newfoundland and Labrador, Prince Edward Island, Nova Scotia 15%; Ontario: 13%; Québec applies GST at a rate of 5% and Québec Sales Tax at a rate of 9.975%.<br>**Provincial tax** rates are applicable for sales made in provinces not applying HST<br>**Automotive Air Conditioning Tax:** CAD 100 per air conditioning unit.<br>**Excise tax on Fuel Inefficient Vehicles (Green Levy):** vehicles (including station wagons, vans and sport utility vehicles) with a weighted fuel consumption rating of 13 or more litres per 100 kilometres (55 % city and 45% highway) are subject to an excise tax at the following rates: at least 13 but less than 14 litres per 100 kilometres: CAD 1 000; at least 14 but less than 15 litres per 100 kilometres: CAD 2 000; at least 15 but less than 16 litres per 100 kilometres: CAD 3 000; and 16 or more litres per 100 kilometres: CAD 4 000.<br>**Luxury Tax.** A luxury tax applies to certain vehicles priced above CAD 100,000. The luxury tax rate is equal to the lesser of 10 per cent of the total value of the subject item or 20 per cent of the value above CAD 100,000.<br>Each province and territory may also levy taxes or fees on the sale and registration of motor vehicles. | Value<br>Air conditioning<br>Fuel efficiency<br>Malus<br>Bonus<br>$CO_2$ emissions | Rebate of GST/HST to purchasers of specially equipped motor vehicles for persons with disabilities. The rebate is only available on the GST/HST paid on the portion of the purchase price that is attributable to the special features.<br>The Excise Tax on Fuel Inefficient Vehicles does not apply to pickup trucks, vans equipped to carry 10 or more passengers, ambulances and hearses.<br>Rebate of Excise Tax on Fuel Inefficient Vehicles to end-users of Specially Equipped Vans equipped with a device designed exclusively to assist in placing a wheelchair in the van without having to collapse the wheelchair.<br>Incentives for Zero-Emission Vehicles (iZEV) Program - point-of-sale incentive of up to CAD 5 000 for Canadians and Canadian businesses (subject to funding availability) who buy or lease an eligible zero-emission vehicle. Eligibility requirements for the Program are based on the manufacturer's suggested retail price (MSRP) of the vehicle and the vehicle's all electric range.<br>Several provinces and territories may also offer bonuses for zero-emission vehicles ranging from CAD 2 500 – CAD 7 000. Eligibility requirements vary by province/territory although several provinces/territories (such as Nova Scotia, New Brunswick, and Prince Edward Island) mirror the requirements of the iZEV Program. Provincial/territorial incentives can be combined with the iZEV incentive. |
| Chile | **VAT:** 19%<br>**Registration fees** payable to Civil Registry: first registration fee, new plate fee, fee for transfer and registration of vehicles.<br>**Tax on transfer of used motor vehicles** (levied by municipalities): 1.5% of the | Value<br>Fixed fee<br>Environmental | **VAT**: used cars are exempt with some exceptions. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | value of the vehicle.<br>**Excise tax on emissions from new motor vehicles**: an excise based on urban performance, sale price and nitrogen oxide emission of the vehicle. | characteristics<br>Electric propulsion | Excise tax on emissions exemptions: for passenger transport vehicles (more than 9 seats); taxis; some pick-up trucks, tractors, electric vehicles, police and ambulance cars. |
| Colombia | **VAT:** 19%.<br>**Vehicle registration fee:** approximately COP 485 000 for cars and COP 294 500 for motorcycles variyng between cities.<br>**National Consumption Tax:** 16% tax rate applies to family-type motor vehicles, camper vehicles and pick-ups whose Free On Board (FOB) value (or the equivalent) is greater than or equal to USD 30 000.<br>An 8% tax rate applies to family-type motor vehicles, camper vehicles and pick-ups and whose FOB value (or the equivalent) is less than USD 30.000 and to motorcycles with cylinder capacity greater than 200cc. | Value<br>Type of vehicle | |
| Costa Rica | **VAT**: 13%<br>**Selective consumption tax:** calculated on the fiscal value.<br>**Vehicle registration fee**: calculated on fiscal value.<br>**Registry fees and stamps**: calculated on fiscal value.<br>**Tax on transfer of used motor vehicles:** 2.5% calculated on fiscal value. | Value<br>Electric propulsion | Full battery electric vehicles (BEV) are exempt from the VAT and the Selective Consumption Tax when their value is less than CRC 17.4 million. Beyond that value, the tax rates increase progressively with the value of the vehicles. |
| Czechia | **VAT**: 21%<br>**Registration fee**: CZK 300 or 500 for motorcycles (depending on cylinder capacity); CZK 800 for other motor vehicles. The fee includes the registration plate.<br>**Environmental surcharge:** No surcharge – Euro 3 and higher standard fulfilled; CZK 3 000 for Euro 2 fulfilled; CZK 5 000 – Euro 1 fulfilled.<br>**Permit fee** on non-standard motor vehicles | Value<br>Cylinder capacity<br>Electric/Hydrogen fuel<br>$CO_2$ emissions<br>Malus | Full battery electric vehicles (BEV), fuel cell electric vehicles (FCEV) and vehicles with alternative powertrains (electric or hydrogen) with $CO_2$ emissions up to 50g/km are exempt from the registration fee |
| Denmark | **VAT**: 25% | Value | Low- and zero-emission vehicles receive a tax advantage under the registration tax |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | **Vehicle registration tax:** payable on first registration of the vehicle. Graduated tax rates according to the value of the vehicle (price excluding the tax but including VAT): below DKK 70 200 – 25% of the value, between DKK 70 200 and 218 100 – 85% of the value, and above DKK 218 100 – 150 % of the remainder.<br>**Fee based on $CO_2$ emissions**. For $CO_2$ emissions below 113 $CO_2$ g/km the rate is DKK 270 per g/km, for $CO_2$ emissions between 113 to 155 $CO_2$ g/km the rate is DKK 539 per g/km and for $CO_2$ emissions above 155 $CO_2$ g/km the rate is DKK 1024 per g/km. The total tax amount is reduced by DKK 23 400. | $CO_2$ emissions<br>Battery capacity | compared to conventional vehicles. In 2024 the registration tax for zero-emission vehicles is discounted to 40% of the full tax, and then reduced by a flat fee of up to 162 500 DKK. For low-emission vehicles, the registration tax is discounted to 60% of the full tax, reduced by a flat fee of up to 46 250 DKK. Further a deduction is given in the value before tax based on the battery capacity. In 2024 the deduction is DKK 500 per kWh (for a maximum of 45 kWh). |
| Estonia | **VAT:** 22%<br>**Vehicle registration fee (State fee):** vehicle: EUR 130; temporarily imported vehicle: EUR 335 | Value<br>Type of vehicle | |
| Finland | **VAT**: 24%<br>**Vehicle Registration Tax** is based on $CO_2$ emissions. Rates vary from 0% of the general consumer price of the vehicle for cars emitting 0g/km to 48.9% for cars emitting 360g/km or more.<br>**For delivery vans** there is a deduction based on maximum laden weight of the vehicle for vans weighing over 2 500 kg.<br>**For motor cycles** rates vary from 9.8% to 24.4% according to the cylinder capacity; the tax base is generally the retail value. | Value<br>$CO_2$ emissions<br>Utilisation<br>Cylinder capacity<br>Type | Exemption for people with disabilities, taxis, motor homes, cars used for veterinary purposes, rescue vehicles and funeral cars. |
| France | **VAT**: 20%<br>**Fixed tax:** due for each issue of a registration certificate for a land vehicle. It applies to any land vehicle subject to the registration obligation, whether or not it has an engine. Its amount is equal to EUR 11.<br>**Regional tax on motor vehicles:** based on horsepower. Rates vary between EUR 33 and EUR 60 per unit of horsepower according to the region. The rate is reduced by half for some vehicles depending on their nature (trucks weighing more than 3.5 | Value<br>Engine power<br>Weight<br>Utilisation<br>Age of vehicle<br>$CO_2$ emissions | Vehicles whose energy source is exclusively electricity, hydrogen or a combination of the two are exempt from the Regional tax on motor vehicles, the Tax on carbon dioxide emissions and the Mass tax in running order).<br>For vehicles other than those mentioned above whose energy source includes electricity, hydrogen, natural gas, liquefied petroleum gas or super ethanol E85, the rate of the Regional tax on motor vehicles is, by regional decision, reduced by half or raised to EUR 0. When the energy source has been modified since the last certificate was issued and subject to the regional tax to include super ethanol E85, the benefit of the zero rate is capped at a reduction of EUR 750 in the amount of the tax. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | tonnes, motorcycles) or age (more than 10 years old).<br>**Tax on transport vehicles of categories N, M2 and M3:** due for any issue of a registration certificate following a change of ownership of a vehicle intended for the transport of goods or passengers if it has at least nine seats. The rate of the tax is determined according to a scale based on the technically permissible laden mass of the vehicle.<br>**Tax on carbon dioxide emissions (« CO2 malus »):** $CO_2$ emission component of the tax varies from EUR 0 for vehicles emitting less than 118g $CO_2$/km to EUR 40 000 for vehicles emitting more than 193g $CO_2$/ km. ($CO_2$ emissions are determined according to the Worldwide harmonised light-duty vehicles test procedure 6 WLTP). The horsepower component of the tax (vehicles that have not been subject to an EU-type approval) varies from EUR 1 000 (5HP) to EUR 60 000 (25HP). The tax is not applicable to vehicles belonging to disabled people.<br>**Mass tax in running order** (malus by weight) varies on a progressive scale from EUR 10/kg exceeding the threshold of 1 600 kg to EUR 30/kg exceeding the threshold of 2 100 kg. | Type of fuel<br>Electric propulsion<br>Bonus<br>Malus | Wheelchair-accessible vehicles and, within the limit of one vehicle per beneficiary, vehicles whose owner or child is a holder of the "mobility inclusion" card bearing the mention "disability" are exempt from the Tax on carbon dioxide emissions and the Mass tax in running order.<br>Within the limit of a single vehicle with at least five seats, households responsible for at least three children benefit from a reduction in the $CO_2$ emission rate of 20 grams per kilometre or one administrative horsepower (HP) per child within the limit of once every year (Tax on carbon dioxide emissions).<br>Legal entities acquiring a vehicle with at least eight seats benefit from a reduction in their $CO_2$ emissions equal to 80 grams per kilometre (or 4 HP) for the Tax on carbon dioxide emissions.<br>Vehicles specially equipped to run on E85 super ethanol, known as "flex fuel", whose $CO_2$ emissions do not exceed 250 grams per kilometre (or whose administrative power does not exceed 12 HP), benefit from a reduction of 40% of their emission rate (or 2 HP) for the Tax on carbon dioxide emissions.<br>For vehicles that have already been registered (imported used vehicles and vehicles converted into passenger vehicles), the amount of the Tax on carbon dioxide emissions and of the Mass tax in running order are reduced by 10% for each twelve-month period since the vehicle was first registered.<br>The issuance of certificates for collector vehicles is exempt from the Tax on transport vehicles.<br>Reduction of the Mass tax in running order applies to vehicles purchased by households with at least three children (200 kg per child) and to legal entities acquiring a vehicle with at least eight seats (400 kg).<br>A ceiling ensures that the cumulative $CO_2$ and weight penalty does not exceed the maximum amount of the $CO_2$ penalty (EUR 50 000 in 2023 and EUR 60 000 in 2024).<br>From 2025 onwards, externally rechargeable electric hybrid vehicles whose range in electric mode exceeds 50 kilometres benefit from a reduction in their weight equal to 200 kg within the limit of 15% of their total mass for the application of the Mass tax in running order.<br>Ecological bonus provides a help for the purchase or the rent of a new or second- |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | | | hand electric or hydrogen vehicle or a new rechargeable hybrid vehicle (see Table 4.A.2.) |
| Germany | **VAT**: 19% | Value | |
| Greece[2] | **VAT**: 24%<br>**Registration tax:** rate varies as follows:<br>- from 3.8% up to 60% of the taxable value, according to a progressive scale on the taxable value (retail price before taxes) depending on $CO_2$ emissions and Euro emissions standard of cars complying with the specifications of Euro 6 emission limits, by design, with the last classification date, for the first classification, from 01.9.2018 onwards (Regulation 715/2007 (EC) and 692/2008 (EU) or 2017/1151 (EU) or subsequent), or Euro VI specifications with the last date of classification, for the first classification, from 01.09.2019 onwards (Regulation 595/2009).<br>- from 5.7% up to 90% of the taxable value, according to a progressive scale on the taxable value (retail price before taxes) depending on $CO_2$ emissions and Euro emissions standard of the car complying with the specifications of Euro 6 emission limits, by design, with the last classification date, for the first classification, up to 31.8.2018, as defined in Regulations 715/2007 (EC) and 692/2008 (EU) or 2017/1151 (EU) or subsequent; or the specifications of Regulation 595/2009 (EC) Euro VI, with the last date of classification, for the first classification up to 31.8.2019.<br>- from 7.60% to 120% of the taxable value, according to a progressive scale on the taxable value (retail price before taxes) depending on $CO_2$ emissions and Euro emissions standard of the car complying with the emission limit specifications Euro 6 and European emission standards Euro 5b, by design, with the last classification date, for the first classification, up to and including 31.8.2015, as defined in Regulations 715/2007 (EC), 692/2008 (EU) or subsequent; or the specifications of series B2 or C (EEV) of Directive 1999/96 EC, 2005/55 EC Euro V, or subsequent.<br>- from 11.40% to 180% of the taxable value, according to a progressive scale on | Value<br>**Cars:** value (retail price before taxes),<br>$CO_2$ emissions,<br>"Euro" emissions standards,<br>Electric propulsion<br>**Lorries**: weight, emissions standards, body type.<br>**Motorcycles:** cylinder capacity | Exemptions from registration tax: electric vehicles, vehicles used by public authorities, vehicles used by disabled persons, vehicles used by parents having at least three (3) children, ambulances used by public hospitals, vehicles used by people who have moved their normal residence to Greece, vehicles donated to the Greek Police, Fire Brigade or Greek Coast Guards.<br>Hybrid cars are relieved from the registration tax by 50% or 75% depending on $CO_2$ emissions. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | the taxable value (retail price before taxes) depending on $CO_2$ emissions and Euro emissions standard of the car complying with the specifications of European emission standards Euro 6a and Euro 5a; with the last classification date, for the first classification, up to 31.12.2012, as defined in Regulations 715/2007 (EC), 692/2008 (EU) or subsequent, or the specifications of Directive 98/69/EC line (phase) B Euro 4, or subsequent, or the specifications of series B1 of Directives 1999/96 EC, 2005/55 EC Euro IV or subsequent.<br>-. from 5% to 20% of the taxable value, for lorries-trucks etc. (less or more than 3.5 tonnes), according to their emissions standard.<br>- from 0% to 25% of the taxable value for motorcycles according to their cylinder capacity.<br>**Registration tax for buses** depends on the number of seats etc. | | |
| Hungary | **VAT**: 27%<br>**Registration Tax**: from HUF 45 000 to HUF 4 800 000 on new passenger cars according to engine type (diesel or petrol) and engine cylinder capacity, and from HUF 15 000 to HUF 230 000 on motorcycles according to engine cylinder capacity. For cars with lower environmental category of engine higher rates are levied (400, 600, 800 or 1200% higher), but the rate is reduced according to a scale based on age (up to 90%). A reduced rate applies to hybrid cars and HUF 0 is levied on electric cars.<br>**Transfer of motor vehicles**: the rate of duty is determined based on the basis of engine capacity (in kW). The tax rate is from HUF 300/kW to HUF 850/kW depending on the age of the vehicle (the older the vehicle, the less is due). | Value<br>Engine type<br>Cylinder capacity<br>Engine power<br>Polluting emissions<br>Type of fuel<br>Age of vehicle<br>Electric propulsion | Reduced registration tax for cars with hybrid engines or with gas-powered engines (HUF 76 000) and for cars with electric engines as well as for hybrid and electric motorcycles (HUF 0). |
| Iceland | **VAT**: 24%<br>**Vehicle Registration Fee** of ISK 5 187 on initial registration and ISK 2 183 for subsequent changes.<br>**Motor vehicle excise duty:** based on $CO_2$ emissions ranging from 0-65%. | Value<br>$CO_2$ emissions<br>Electric propulsion | From 1 January 2024 a grant is provided for the purchase of a zero emission vehicle such as an electric or hydrogen passenger car (with maximum of 9 passengers) or an electric or hydrogen van (with a maximum of 3.5 tonnes) where the purchase price is less than ISK 10 million. For new cars, the grant is ISK 900.000 for a passenger car and ISK 500.000 for a van. For used cars, the grant is |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | **Excise duties on motor vehicles other than private automobiles:** a percentage of value.<br>**Small goods vehicles**, small special purpose vehicles, vehicles over 40 years old, motor vehicle bodies13%.<br>**Small coaches**, motorbikes, other vehicles 30% | | ISK 400.000 up to ISK 700.000, depending on the type of the car (passenger car and a van) and the age of the car (0-4 years).<br>Car rentals enjoy a temporary VAT exemption (until 31 December 2025). The exemption is adjusted in case the electric, hydrogen or plug-in hybrid vehicles that benefitted from the VAT exemption when imported or at first domestic sale are re-sold.<br>Exempt from excise duty: large goods vehicles, large special purpose vehicles, tractors, agriculture trailers, large snow-mobiles, amphibious vehicles, competition cars and motorbikes, vehicles for transport of disabled persons, rescue vehicles and large coaches. |
| Ireland | **VAT**: 23%<br>**Registration Tax**: based on $CO_2$ emissions and NOx emissions for passenger vehicles with not more than 9 seating positions and certain commercial vehicles with 4 or more seats. For the $CO_2$ element of the charge, rates vary from 7% of the value of such a vehicle with $CO_2$ emissions of up to and including 50 g/km to 41% for such a vehicle with $CO_2$ emissions above 190 g/km. The NOx element of the charge is EUR 5 per mg/km for the first 40 mg/km, EUR 15 per mg/km for the next 40 mg/km, and EUR 25 per mg/km thereafter. The NOx element of the charge is capped at EUR 4 850 for diesel vehicles and EUR 600 for other vehicles. The registration tax for commercial vehicles designed and constructed for the carriage of goods, that do not exceed 3.5 tonnes, and motor caravans is 13.30% of the value of the vehicle.<br>Motorcycles are charged EUR 2 per cc up to and including 350cc and EUR 1 per cc above. Large vehicles designed and constructed for the carriage of goods, buses, tractors and "vintage" (over 30 years old) vehicles are charged EUR 200. Special purpose vehicles such as ambulances and fire engines are subject to a nil rate. | Value<br>$CO_2$ emissions<br>NOx emissions<br>Electric propulsion<br>Type<br>Age of vehicle<br>Max laden mass<br>Body type | Series production electric passenger and commercial vehicles are eligible for relief from vehicle registration tax (VRT) up to a maximum amount of EUR 5000. Vehicles with an Open Market Selling Price (OMSP) of up to EUR 40,000 will be granted relief of up to EUR 5,000. Vehicles with an OMSP of greater than EUR 40,000 but less than EUR 50,000 will receive a reduced level of relief.<br>Series production electric motorcycles are exempt from VRT.<br>Remission/repayment of VRT for vehicles adapted for persons with specific severe and permanent physical disabilities is subject to a maximum of EUR 10 000, EUR 16 000, EUR 22 000 or EUR 48 000 for a disabled driver and EUR 16 000 and EUR 22 000 or EUR 32 000 for a disabled passenger. The amount depends on the category of adaptations carried out on the vehicle. Relief for qualifying organisations is subject to a maximum of EUR 22 000 when the vehicle is adapted to transport less than five persons with disabilities. There's no limit to the relief from VRT for qualifying organisations where the adapted vehicle is for the transport of five or more disabled persons.<br>Exemptions: Transfer of residence, transfer of business undertakings, inheritance, donations by official bodies, public authorities or groups, international air services, |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | | | diplomatic agents, transfers to the State of EU Officials, and vehicles acquired for the official use of an EU Institution. |
| Israel | **VAT**:17%<br>**Purchase Tax**: private and commercial vehicles with a weight not exceeding 3500 kg are taxed at 83% of the value. An additional luxury tax is levied on the value of the vehicle that exceeds 300 000 NIS, according to the following formula: 20%*(vehicle price - 300 000NIS)/vehicle price.<br>Rates for taxis < 3 500 kg are taxed at 8%. Taxi >3 500 kg is taxed at 0%.<br>Commercial vehicles between 3500 kg and 4500 kg are taxed at 72% of their value but not eligible for a rebate. A 0% rate applies to commercial vehicles > 4500 kg. | Value<br>Weight<br>Polluting emissions<br>Electric propulsion<br>Safety system<br>Engine power | Purchase tax rebates according to the polluting emissions: vehicles ≤ 3500 kg benefit from a rebate on the Purchase Tax according to their degree of pollution. There are 15 levels of polluting emissions according to a "Green Score" (weighting the emission of five major pollutants). Rebate is up to the amount of NIS 18 762.<br>Electricity powered vehicles are taxed at a rate of 35% of their value (rebate up to NIS 50 000). Since June 2018, luxury tax is also levied on hybrid vehicles and electric vehicles.<br>Vehicles ≤ 3500 kg receive a Purchase Tax rebate (up to 2400 NIS) according to their safety level. There are 9 safety levels (0-8) depending on the number of safety systems. |
| Italy | **VAT**: 22%<br>**Vehicle Registration Tax** (Imposta Provinciale di Trascrizione IPT): based on the engine power of the vehicle, i.e. EUR 150 on the first 53kw + EUR 3.51 per kw above 53kw. A surcharge is levied by the provinces (from 0% to 30%)<br>**Ecotax:** Anyone who buys, incl. through financial leasing, and registers a new M1 vehicle (i.e. vehicles designed and constructed for the carriage of passengers and comprising no more than eight seats in addition to the driver's seat) in Italy, as well as registers in Italy an M1 vehicle already registered in another State, is required to pay a **tax based on the number of grams of $CO_2$ emitted** per km exceeding the threshold of 160 $CO_2$ g/km as follows: 161-175 $CO_2$ g/km: EUR 1100; 176-200 $CO_2$ g/km: EUR 1600; 201-250 $CO_2$ g/km: EUR 2000; above 250 $CO_2$ g/km: EUR 2500. | Engine power<br>$CO_2$ emissions<br>Bonus<br>Malus | A reduction of the IPT is granted in some provinces for vehicles for disabled people. A bonus of EUR 4 000 is granted for vehicles emitting less than 20 g $CO_2$ /km and 1500 for those emitting between 21 and 70 g $CO_2$/km.<br>Exemption from the Ecotax: special purpose vehicles such as vehicles for disabled people.<br>Vehicles emitting less than 20g $CO_2$/km (typically BEVs) receive a EUR 4 000 subsidy and vehicles emitting between 20–60g $CO_2$/km (typically PHEVs) receive a EUR 1 500 subsidy. |
| Japan | **VAT:** 10%<br>**Environmental performance excise (automobile tax - light motor vehicle tax):** | Value | Special measures of reduced environmental performance excise (automobile tax): vehicles with small burden for the environment, barrier-free buses and taxis, trucks |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | 0-3% of acquisition price (0-2% for commercial and light vehicles) according to environmental criteria (e.g. vehicle type, fuel efficiency, etc.). | Environmental criteria<br>Fuel efficiency | with collision damage alleviation brake control device, etc., buses for ordinary passengers used on the bus routes provided for in prefectural ordinance. |
| Korea | **VAT**: 10% (calculated on the vehicle value inclusive of the Individual Consumption Tax and the Education tax).<br>**Individual Consumption Tax (ICT):** 5% of the manufacturer's price on Taxable objects: passenger cars (excluding those of up to 1 000cc), camping cars, two-wheeled vehicles, electric passenger cars (Pick-up vehicles are not subject to ICT and Education Tax). *A temporary reduced rate of 3.5% applied from 1 July 2020 to 31 December 2022 (not exceeding 1 000 000 KRW*).<br>**Education Tax**: 30% on the amount of the Individual Consumption Tax.<br>**Acquisition Tax**: 2-7% of the retail price excluding VAT. | Value<br>Cylinder capacity<br>Electric propulsion<br>Bonus | Exemptions from ICT and Education Tax: cars used by disabled persons; ambulances used by hospitals; cars used for transportation business (public passenger transportation only); cars used for car-rental business.<br>Exemptions from Acquisition Tax: cars used by disabled persons, cars used by parents having at least 3 children, small cars for non-commercial activities.<br>Rebate for hybrid and electricity powered vehicles: relief of the ICT not exceeding KRW 1 000 000 (hybrid) and KRW 3 000 000 (electric) and KRW 4 000 000 (hydrogen electric).<br>A bonus is provided upon first registration of electric vehicles (BEVs, HEVs, PHEVs and FCEVs). |
| Latvia | **VAT:** 21%<br>**Vehicle registration (state fee):** for registration, registration certificate and registration number plates - EUR 43.93<br>**Natural resource tax:** EUR 110 per vehicle. | Value<br>Electric propulsion<br>Bonus | Electric vehicles are exempt from the vehicle registration fee.<br>A bonus is provided upon first registration of electric vehicles. |
| Lithuania | **VAT:** 21 %<br>**Registration fee:** flat rate fees on the first registration (applies to passenger cars and heavy vehicles): (1) of a new vehicle: EUR 14.48; (2) of other (used) vehicle: EUR 12.45.<br>**An additional registration fee** applies from 1 July 2020 to passenger cars and commercial vehicles that exceed a 130 g/km $CO_2$ emissions threshold. Fee rates range from EUR 18.44 to EUR 737.64 depending on $CO_2$ emissions and fuel type (diesel/petrol/gas). Fee rates are indexed annually. It is paid on the first registration | Vehicle type<br>Age of vehicle (new/used)<br>Type of fuel<br>$CO_2$ Emissions | Rebates of the flat rate vehicle Registration fee are granted for disabled people (only the owners of passenger cars are entitled to the rebate - it is set once every 3 years):<br>- 90% rebate for a car owner with a disability percentage of 75%-100%,<br>- 75% rebate for a car owner with a disability percentage of 60%-70%,<br>- 50% rebate for a car owner with a disability percentage of 45%-55%,<br>Exemptions to the registration fee applies in the following cases:<br>- Temporary (up to one month) registration of a vehicle that is subject to be |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | of a vehicle in the Republic of Lithuania, or after the change of ownership (exemptions apply). | | exported outside the territory Republic of Lithuania;<br>- Historic vehicles with historic registration plates,<br>- Registration of a vehicle where ownership does not change (for example, after paying out the lease of the vehicle, changing owner's surname, ordering a duplicate of the registration certificate if the original certificate was lost, destroyed, etc.),<br>- Registration of a vehicle with equipment for disabled drivers (vehicle documents must contain special designation code: SH or SV),<br>- Registration of an inherited vehicle. |
| Luxembourg | **VAT**: 17%<br>**Registration Tax (Timbre de chancellerie)**: EUR 50 | Value<br>Electric propulsion<br>Bonus | Bonus system: purchasers of new hydrogen powered vehicles and full electricity powered vehicles are entitled to a bonus of EUR 8 000 (the bonus is reduced to EUR 3 000 for electricity powered vehicles whose consumption exceeds 18kwh/100km). |
| Mexico | **VAT**: 16%<br>**New Vehicles Tax**: from 2% to 17% plus a fixed fee according to vehicle value.<br>A discount applies for vehicles with a price higher than MXN 977 228.54 in the form of a reduction of the tax at 7% of the difference between the sales price and the price threshold mentioned above.<br>The tax tariff thresholds, deductions and exemptions are updated every year to reflect the evolution of the consumption price index. | Value<br>Electric propulsion | Exemption of 100% of the New Vehicles Tax for vehicles with a value of up to MXN 328 965.21.<br>Exemption of 50% of the New Vehicles Tax for vehicles with a value from MXN 328 965.22 to MXN 416 689.29.<br>Exemption of 100% of the New Vehicles Tax on the sale or import of hybrid electricity powered vehicles or vehicles powered by rechargeable electric batteries.<br>Trucks with a load capacity of up to 4 250 kilograms, including the panel types with a maximum capacity of three passengers and trailers and semi-trailers types are subject to the rate of 5%. |
| Netherlands | **VAT**: 21%<br>**Registration Tax:** for passenger cars and delivery vans, fully based on $CO_2$ emissions and the type of motor fuel used.<br>The registration tax is progressive with a minimum of EUR 440 and an additional | Value<br>$CO_2$ Emissions<br>Type of fuel | Zero-emission vehicles (e.g. electricity powered vehicles) are exempt from Registration Tax.<br>Other examples of exemption include delivery vans owned by entrepreneurs and used for business purposes for at least 10%. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | sum that varies between EUR 2 and EUR 549 per g/km.<br>Passenger cars using diesel are charged with an additional EUR 106.07 per g/km exceeding the level of 71 g/km.<br>Registration tax for motorcycles and delivery vans is based on the value of the vehicle. | Electric propulsion | Tax refunds are provided for vehicles such as: vehicles used by fire brigades, vehicles used by the police, funerary vehicles, vehicles used for the transport of prisoners, vans used by disabled persons, (animal) ambulances and vehicles that are used for secure transport. |
| New Zealand | **GST:** 15%<br>**Registration Fee on initial registration**: the registration fee varies depending on the type of vehicle being registered and the size of the engine.<br>**Road user charges (RUC)**: applies to vehicles with a GVM of 3.5 tonnes or more, vehicles powered by diesel, electricity (from 1 April 2024) and any other fuel not taxed at source. Road user charges are distance based (in 1000-kilometre increments) and charges vary based on the weight and configuration of the vehicle. | Value<br>Vehicle type<br>Cylinder capacity<br>Weight | Electric vehicles were exempt from Road user charges. From 1 April 2024, Road user charges will apply to light electric vehicles (under 3.5 tonnes). |
| Norway | **VAT**: 25%<br>**Registration Tax**: rates vary according to weight, $CO_2$-emissions and NOx-emissions. When $CO_2$-emissions information is not stated, the tax is calculated based on cylinder capacity instead of $CO_2$-emissions. | Value<br>Weight<br>$CO_2$ emissions<br>NOx emissions<br>Electric propulsion | Electricity powered vehicles are subject to a 0% VAT rate for the price below NOK 500 000 and are subject to a reduced Registration Tax rate. |
| Poland | **VAT**: 23%<br>**Excise Duty** is levied on passenger cars prior to their first registration at the time of their sale, intra-community acquisition or import. The following are also subject to excise:<br>1) making design changes to a motor vehicle other than passenger car, registered in the territory of Poland, modifying the type of the vehicle so that it becomes a passenger car;<br>2) acquisition or possession of a passenger car that has not been previously | Value<br>Cylinder capacity<br>Electric/hydrogen propulsion | Are exempt from the Excise Duty: certain types of ambulance vehicles; electric, hybrid (plug-in) with engine capacity of 2 000 cubic centimetres or less and hydrogen fuelled vehicles (the exemption for hybrid vehicles is temporary applies until 31 December 2022); passenger cars brought into in Poland permanently or returning from a temporary stay in the EU or EFTA (under certain conditions). |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | registered in the territory of Poland.<br>The tax base is the sales price or the customs value (for imports). Rates for passenger cars depend on engine capacity, i.e. 18.6% for cars with engine cubic capacity over 2000 $cm^3$ and 3.1% for the others. For hybrid fuelled passenger cars combining conventional combustion engine with an electric propulsion (hybrid electric vehicle - HEV) the tax rate is reduced by half of the standard rate. For hybrid passenger cars with combustion engine capacity of 2 000 $cm^3$ or less, the tax is paid at a rate of 1.55% of the tax base and for passenger cars with engine capacity exceeding 2 000 $cm^3$ but not exceeding 3 500 $cm^3$ excise tax is paid at a rate of 9,3% of the tax base. A reduced tax rate of 9.3% of the tax base for hybrid fuelled vehicles (plug-in) with combustion engine capacity higher than 2 000 $cm^3$ but not exceeding 3 500 $cm^3$ also applies. | | |
| | **Tax on civil law transactions:** tax on the sales contract of a vehicle. The buyer is required to pay the tax. The tax rate is 2% of the market value of the vehicle. | Market value | Vehicle sales contracts are not subject to the tax to the extent that they are subject to VAT or if at least one of the parties is exempt from VAT for this transaction. |
| Portugal | **VAT**: 23% | Value | |
| | **Motor vehicle tax release for consumption (ISV)** is based on cylinder capacity and $CO_2$ emissions (light passengers' vehicles) or only on cylinder capacity (other light vehicles, and cycles with two, three or four wheels). Other rate brackets are applicable for light commercial vehicles and some segments of combined (passenger and freight) vehicles. | Engine capacity<br>$CO_2$ Emissions<br>Particles emissions<br>Electric propulsion | Exemption: vehicles owned by the State (central, regional or local administration), armed forces, fire brigades, foreign States, diplomatic and consular missions, international organisations and European agencies.<br>Transfers of permanent residence; vehicles for persons with disabilities; vehicles acquired for transport of families with three or more children benefit from a tax reduction of 50%, passenger vehicles for rental benefit from a tax reduction of 40%, taxi services benefit from a tax reduction of 70% of the tax.<br>Plug-in hybrid vehicles with an electric range of at least 50km and $CO_2$ emissions that not exceed 50 gr/km benefit from a tax reduction of 25%.<br>Vehicles exclusively consuming natural gas benefit from a tax reduction of 40%.<br>Electric vehicles or vehicles using renewable energies, and ambulances and heavy vehicles (above 3.500 kg) are not subject to the Motor vehicle tax. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| Slovak Republic | **VAT**: 20%<br>**Administrative fees**: registration of new, imported and used cars in the vehicle register is subject to a registration fee payable by the holder of the vehicle. The fee is calculated according to the following formula: RP = Pkw x EKW where RP is fee rate, Pkw refers to an amount of tax depending on engine power in Kilowatt and EKW is an ecologic coefficient of the vehicle. The RP rate cannot be lower than EUR 33. Pkw values are determined across 10 brackets ranging from EUR 33 (engine capacity up to 80kw) to EUR 1000 (engine capacity above 210kw). EKV coefficient are determined across 7 brackets ranging from 1 (EURO 1 Emission standard) to 0.40 (EURO 6d/VID and newer emission standards). The registration of electric cars is subject to a fee of EUR 33 payable by the holder of the vehicle.<br>**Plate fee:** for the issuance of a license plate number, a fee is due of EUR 16.50 per plate i.e. EUR 33 for 1 vehicle. Since 1 April 2024, the license plate fee has been set at EUR 25, i. e. EUR 50 for both plates. | Value<br>Engine power<br>Residual value<br>Type of fuel<br>Electric propulsion | Disabled persons: 50% rebate (max. 100 EUR) of the administrative fee.<br>Hybrids, CNG, LNG vehicles: 50% rebate of the administrative fee for the vehicle holder.<br>Family vans: 50% rebate of the administrative fee for the holder of a vehicle with maximum engine power of 110 kW provided that holder has at least 4 children in parenting.<br>Other exemptions: 100% rebate for state authorities, higher territorial units, budget organisation, diplomats, Court of Justice, prosecution office, police and Slovak Red Cross. |
| Slovenia | **VAT**: 22%<br>**Motor Vehicle Tax** is levied on passenger motor vehicles that are put into circulation for the first time or are registered in Slovenia for the first time. The Motor Vehicle Tax is also levied on motor vehicles that are subsequently converted into passenger motor vehicles. This tax is based on the Motor Vehicle Tax return to be submitted in electronic form (via eDavki). The person liable to declare and pay the tax (hereinafter referred to as the taxable person) is the motor vehicle manufacturer and/or the person that acquires the vehicle in another EU Member State and/or the importer of the motor vehicle and/or the person whose motor vehicle has been converted and the motor vehicle tax for that vehicle has not been paid. The tax base is determined according to the type of motor vehicle. The criteria for determining the tax base are: the type of fuel used for propulsion, $CO_2$ emissions from combined driving expressed in g/km, the engine power expressed in kilowatts (kW), and the environmental category according to the EURO emission standard. | Value<br>$CO_2$ emissions<br>EURO emissions standards<br>Engine power | Are exempt from the Motor Vehicle Tax: special vehicles for transport of deceased persons; fire-fighting vehicles and civil protection vehicles; vehicles for transport of persons with disabilities; vehicles for families with three or more children; exported vehicles and vehicles supplied before first registration; intervention ambulances; historic vehicles; sports vehicles used only on racetracks, vehicles of diplomatic and consular representations accredited to Slovenia and international organizations. The tax on purely electric motor vehicles and other motor vehicles without $CO_2$ emission is 0 EUR.<br>Tax exemptions listed in this box also apply to the financial leasing of these vehicles. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | The data for determining the tax base are specified in the certificate of conformity, in the register of registered vehicles of the ministry responsible for transport, in the records of the financial administration or in another authentic document containing data for determining the tax base. $CO_2$ emissions according to the WLTP are taken into account for determining the $CO_2$ emissions component of the tax. For motor vehicles for which $CO_2$ emissions according to WLTP is not available, a conversion method is applied. After the Motor Vehicle Tax return process is completed, the taxable person may register the motor vehicle with the registration authority. | | |
| Spain | **VAT**: 21%<br>**Vehicle Registration Tax (IEDMT)** is based on $CO_2$ emissions and set as a percentage of the value of the vehicle. Rates are as follows: 0% (emissions up to 120 g $CO_2$/km); 4,75% (emissions between 120 g $CO_2$/km and 160 g $CO_2$/km); 9,75% (emissions between 160 g $CO_2$/km and 200 g/km) and 14,75% for vehicles emitting more than 200 g $CO_2$/km and for other vehicles (pleasure craft and pleasure vessels or pleasure boats). Airplanes, light aircraft and other aircraft: 12%. | Value<br>$CO_2$ emissions | The VAT tax rate for vehicles for persons with reduced mobility is 4%.<br>IEDMT. Tax exemptions apply to taxis; driving school vehicles; rental service vehicles; vehicles acquired and used by people with disabilities; vehicles with special diplomatic registration; transfer of vehicles in the case of change of residence of the vehicle's owner. In the Canary Islands, tax rates are 1% lower than in Continental Spain and are set to 0% in Ceuta and Melilla. |
| Sweden | **VAT**: 25% | Value | - |
| Switzerland | **VAT**: 8.1%<br>**Automobile tax:** 4% of the vehicle's value is levied on light commercial vehicles with a unit weight of no more than 1600 kg, as well as on passenger vehicles. The tax is payable on the importation of automobiles into the domestic territory and the delivery and own use of automobiles produced domestically.<br>No registration tax (but small fees for number plates and registration papers). | Value | |
| Türkiye | **VAT**: 20%.<br>**Special Consumption Tax (SCT)** is collected once on first acquisition of a vehicle. Criteria include: engine capacity, SCT tax base, motor power for electric and hybrid | Value<br>Cylinder capacity | Exemption: vehicles for diplomatic use, vehicles for people with disabilities, acquisition of aircraft and helicopters by Turkish Airlines, the first acquisition of vehicles by the headquarters of the Presidency, the vehicles acquired exclusively |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | vehicles in kW. | Electric propulsion | for use in petroleum exploration activities, vehicle purchases by relatives of martyrs.<br>Rebate: discounted SCT rate applied for only electric vehicles in the 87.03 and 87.11 tariff positions and motor vehicles that have electric motors along with fuel engines (hybrids) in the 87.03 tariff position. |
| United Kingdom | **VAT**: 20%<br>**Vehicle First Registration Fee**: a flat rate fee of GBP 55.0 is payable on the first registration and licensing of a motor vehicle in the United Kingdom | Flat rate | People with disabilities are exempt from the Vehicle First Registration Fee.<br>Other exemptions: vehicles previously registered in Northern Ireland; vehicles registered for off-road use; Crown Exempt Vehicles; historic vehicles previously registered with the old Local Authorities (late conversions); imported vehicles previously registered under the Personal Export Scheme and New Means of Transport Scheme; Visiting Forces Vehicles. |
| United States | **A 'gas guzzler' tax** is imposed on the sale, use, or lease by the manufacturer or importer of an automobile of a model type that does not meet certain standards for fuel economy. Automobiles imported for business or personal use are also subject to the tax. "Automobile" means any four-wheeled vehicle (including limousines) rated at 6 000 pounds or less unloaded gross weight that is propelled by an engine powered by gasoline or diesel fuel and is intended for use mainly on public streets, roads, and highways. The tax applies to motor vehicles that achieve less than 22.5 miles per gallon. The tax is USD 1 000 for automobiles that got between 21.5 and 22.5 miles per gallon and increased in stages, reaching USD 7 700 for vehicles that got less than 12.5 miles per gallon.<br>**A retail tax on heavy trucks, trailers, and tractors**.12% of the sales price applies to the first retail sale of a truck chassis or body, a truck trailer and semitrailer chassis or body, and tractors that are primarily used for highway transportation in combination with a trailer or semitrailer.<br>**A taxable tire tax** is imposed on tires sold by the manufacturer, producer, or importer at the rate of USD 9.45 cents (USD 4.725 cents in the case of a biasply | Fuel efficiency<br>Value<br>Weight<br>Tires | The gas guzzler tax is widely applied and must be paid by vehicles sold to the federal government, state and local governments, and non-profit educational organizations. Vehicles used for police, other law enforcement purposes, or firefighting purposes or as ambulances are exempt. Limousines weighing more than 6 000 pounds or designed to carry more than 10 people are exempt.<br>**Taxable tire tax:** tires for use on local and school buses or for the exclusive use of the Department of Defense or the Coast Guard are exempt. |

| Country | Taxes/Malus[1] | Criteria determining the tax base and/or amount Bonus/Malus | Rebates/Bonuses/Exemptions[2 3] |
|---|---|---|---|
| | tire or super single tire not designed for steering) for each 10 pounds of the maximum rated load capacity over 3 500 pounds. | | |

Notes:

This table does not include specific VAT regimes applicable to businesses. It does not include customs duties; specific regimes for second-hand cars (e.g. margin scheme), export/import and transit schemes and insurance premium tax.

1. Some jurisdictions impose a “malus” that is added to the regular purchase/registration taxes and duties

2. Unless otherwise specified, vehicles used by embassies and other diplomatic missions and international organisations are generally exempted from purchase and registration taxes.
3. For the purposes of this table, “bonuses” are direct subsidies provided by jurisdictions to the purchasers of less or non-polluting vehicles.

Source: National delegates. Position as of 1 January 2024

## Annex Table 4.A.2. Taxes on Sale and Registration of Selected New Vehicles (in USD)

| Country | Category A | Category B | Category C | Category D |
|---|---|---|---|---|
| **Australia (Canberra)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| GST 10% | 3 300 | 5 500 | 2 300 | 5 000 |
| Registration fee | - | - | - | - |
| Stamp duty | - | - | - | - |
| **Price (All Taxes Included)** | 36 300 | 60 500 | 25 300 | 55 000 |
| **Austria (Vienna)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Bonus (-) | (-) 3 550 | (-) 3 550 | (-) 1 480 | - |
| VAT 20% | 6 600 | 11 000 | 4 600 | 10 000 |
| New Car Registration Tax | - | - | 570 | 30 930 |
| Vehicle Registration Fee | 220 | 220 | 220 | 220 |
| **Price (All Taxes Included)** | 36 270 | 62 670 | 26 910 | 91 150 |
| **Belgium (Brussels)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 21% | 6 930 | 11.550 | 4.830 | 10.500 |
| Entry into service tax | 65 | 65 | 2 608 | 5 218 |
| **Price (All Taxes Included)** | 39 930 | 66 615 | 27 830 | 60 500 |
| **Canada (Ottawa)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| GST 5% | 1 650 | 2 750 | 1 150 | 2 500 |
| Provincial part of HST 8% | 2 640 | 4 400 | 1840 | 4 000 |
| Air conditioning tax (included in the GST/HST base) | 80 | 80 | 80 | 80 |
| Tax on Fuel Inefficient Vehicles (included in the GST/HST base) | 0 | 0 | 0 | 0 |
| Incentives for Zero-Emission Vehicles (iZEV) Program (The dealer must apply taxes and fees to the purchase or lease before applying the incentive.)* | - 3 987 | 0 | 0 | 0 (not applicable) |
| **Price (All Taxes Included)** | 33 383 | 62 230 | 26 070 | 56 580 |
| **Chile (Santiago)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 19% | 6 270 | 10 450 | 4 370 | 9 500 |
| Excise tax on emissions from new motor vehicles | 0 | 0 | 0 | 0 |
| **Price (All Taxes Included)** | 39 270 | 65 450 | 27 370 | 59 500 |
| **Colombia (Bogotà)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT (A, B, C 5%; D 19%) | 6 270 | 10 450 | 4 370 | 9 500 |
| Vehicle Registration Fee | 114 | 114 | 114 | 114 |
| National Consumption Tax | 5280 | 8 880 | 1840 | 8 000 |
| **Price (All Taxes Included)** | 44 654 | 74 444 | 29 324 | 67 614 |
| **Costa Rica (San José)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 13% | 330 | 550 | 2 990 | 6 500 |
| Vehicle Registration Fee | 2 732 | 12 804 | 6 734 | 9 640 |
| Special Consumption Tax | 0 | 0 | 6 900 | 15 000 |
| **Price (All Taxes Included)** | 36 062 | 68 354 | 39 624 | 81 140 |

| Country | Category A | Category B | Category C | Category D |
|---|---|---|---|---|
| **Czechia (Prague)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 21% | 6 930 | 11 550 | 4 830 | 10 500 |
| Registration fee | 0 | 0 | 36 | 36 |
| **Price (All Taxes Included)** | 39 930 | 66 550 | 27 866 | 60 536 |
| **Denmark (Copenhagen)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 25% | 8 250 | 13 750 | 5 750 | 12 500 |
| Deduction in value liable to registration duty for battery capacity | - 3 280 | - 3 280 | - | - |
| Value liable to registration tax | 37 970 | 65 470 | 28 750 | 62 500 |
| Value-based registration tax | 30 150 | 71 400 | 18 298 | 66 945 |
| $CO_2$-based registration tax | - | - | 4 605 | 29 502 |
| General deduction | - 3 411 | - 3 411 | - 3 411 | - 3 411 |
| Registration tax before further deductions for zero-emissions vehicles | 26 739 | 67 989 | 19 491 | 93 035 |
| Low- and zero-emission vehicles tax rebate | - 26 739 | - 64 919 | - | - |
| Total registration tax | 0 | 3 070 | 19 491 | 93 035 |
| **Price (All Taxes Included)** | 41 250 | 71 820 | 48 241 | 155 535 |
| **Estonia (Tallinn)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 22% | 7260 | 12100 | 5060 | 11 000 |
| Vehicle Registration Fee | 132 | 132 | 132 | 132 |
| **Price (All Taxes Included)** | 40 392 | 67.232 | 28 192 | 61 132 |
| **Finland (Helsinki)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 24% | 7 920 | 13 200 | 5 520 | 12 000 |
| Car tax | 0 | 0 | 2 664 | 39 750 |
| **Price (All Taxes Included)** | 40 920 | 68 200 | 31 184 | 101 750 |
| **France (Paris)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 20% | 6 600 | 11 000 | 4 600 | 10 000 |
| Bonus/Malus | - 4 000 | | | 60 000 |
| Taxes on registration certificates | 11 | 11 | 11 | 11 |
| **Price (All Taxes Included)** | 35 611 | 66 011 | 27 611 | 120 011 |
| **Germany (Berlin)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 19% | 6 270 | 10 450 | 4 370 | 9 500 |
| **Price (All Taxes Included)** | 39 270 | 65 450 | 27 370 | 59 500 |
| **Greece (Athens)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 24% | 7 920 | 13 200 | 5 520 | 12 000 |
| Bonus | - 8 000 | - 8 000 | 0 | 0 |
| Registration tax | 0 | 0 | 3 052.63 | 24 784.16 |
| **Price (All Taxes Included)** | 32 920 | 60 200 | 31 572.63 | 86 784.16 |

| Country | Category A | Category B | Category C | Category D |
|---|---|---|---|---|
| **Hungary (Budapest)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 27% | 8 910 | 14 850 | 6 210 | 13 500 |
| Duty on transfer | 0 | 0 | 284 | 707 |
| Vehicle Registration tax | 0 | 0 | 211 | 1 109 |
| **Price (All Taxes Included)** | 41 910 | 69 850 | 29 705 | 65 316 |
| **Iceland (Reykjavik)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 24% | 8 316 | 13 860 | 5 984 | 19 690 |
| Motor vehicle excise duty | 1 650 | 2 750 | 1 932 | 32 040 |
| Vehicle registration fee | 41 | 41 | 41 | 41 |
| **Price (All Taxes Included)** | 36 578 | 65 222 | 30 957 | 101 771 |
| **Ireland (Dublin)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 23% | 7 590 | 12 650 | 5 290 | 11 500 |
| Vehicle Registration Tax | 0 | 4 736 | 4 329 | 8 180 |
| **Price (All Taxes Included)** | 40 590 | 72 386 | 32 619 | 69 680 |
| **Israel (Tel Aviv)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 17% | 5 610 | 9 350 | 3 910 | 8 500 |
| Purchase Tax | 20 816 | 30 076 | 19 090 | 41 500 |
| **Price (All Taxes Included)** | 59 426 | 103 426 | 46 000 | 100 000 |
| **Italy (Rome)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 22% | 7 260 | 12 100 | 5 060 | 11 000 |
| Registration Tax | 490 | 1368 | 389 | 1 017 |
| Ecotax | 0 | 0 | 0 | 2 500 |
| Bonus | - 4 000 | - 4 000 | 0 | 0 |
| **Price (All Taxes Included)** | 36 750 | 64 468 | 28 449 | 64 517 |
| **Japan (Tokyo)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | USD 23 000 | 50 000 |
| VAT 10% | 3 300 | 5 500 | 2 300 | 5 000 |
| Motor Vehicle Tonnage Tax | 0 | 0 | 374 | 468 |
| Environmental Performance Excise | 0 | 0 | 0 | 1500 |
| Automobile tax | 190 | 190 | 274 | 122 |
| **Price (All Taxes Included)** | 36 490 | 60 690 | 25 948 | 57 090 |
| **Korea (Seoul)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Individual Consumption Tax (ICT) | 0 | 0 | 0 | - |
| Education Tax (30% ICT) | 0 | 0 | 0 | - |
| VAT 10% (on selling price + Individual Consumption Tax + Education Tax) | 3 300 | 5 500 | 2 300 | 5 000 |
| Acquisition Tax | 1 086 | 2 626 | 1 260 | 3 500 |
| **Price (All Taxes Included)** | 37 386 | 63 126 | 26 560 | 58 500 |
| **Latvia (Riga)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 21% | 6 930 | 11 550 | USD 4 830 | 10 500 |
| Bonus | - 5 325 | - 5 325 | - 2 663 | 0 |
| Vehicle Registration Fee | 0 | 0 | 52 | 52 |
| Natural Resource Tax | 110 | 110 | 110 | 110 |
| **Price (All Taxes Included)** | 40 040 | 66 660 | 27 940 | 60 610 |

| Country | Category A | Category B | Category C | Category D |
|---|---|---|---|---|
| **Lithuania (Vilnius)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Bonus (after registration) | -5 917 | -5 917 | - | - |
| VAT 21% | 6 930 | 11 550 | 4 830 | 10 500 |
| Registration Fee:<br>- Flat registration fee<br>- Registration fee based on CO2 emissions | 15<br>- | 15<br>- | 15<br>- | 15<br>367 |
| **Price (All Taxes Included)** | 34 028 | 60 648 | 27 845 | 60 882 |
| **Luxembourg (Luxembourg)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 17% | 5 610 | 9 350 | 3910 | 8 500 |
| Bonus | - 9 467 | - 9 467 | 0 | 0 |
| Registration Tax | 59 | 59 | 59 | 59 |
| **Price (All Taxes Included)** | 29 202 | 54 942 | 26 969 | 58 559 |
| **Mexico (Mexico)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| New vehicles tax | 0 | 0 | 0 | 2 500 |
| VAT 16% | 5 280 | 8 800 | 3 680 | 8 400 |
| **Price (All Taxes Included)** | 38 280 | 63 800 | 26 680 | 60 900 |
| **Netherlands (The Hague)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 21% | 6 930 | 11 550 | 4 830 | 10 500 |
| Registration Tax | 0 | 0 | 16 697 | 87 770 |
| **Price (All Taxes Included)** | 39 930 | 66 550 | 44 527 | 148 270 |
| **New Zealand (Wellington)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 15% | 4 950 | 8 250 | 3 450 | 7 500 |
| Registration Fee | 106 | 106 | 106 | 143 |
| Clean car discount scheme | | | | |
| **Price (All Taxes Included)** | 38 056 | 63 356 | 26 556 | 57 643 |
| **Norway (Oslo)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 25% | 0 | 750 | 5 750 | 12 500 |
| Registration Tax | 1 660 | 1 800 | 22 500 | 98 750 |
| **Price (All Taxes Included)** | 34 660 | 57 550 | 51 250 | 161 250 |
| **Poland (Warsaw)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 23% | 7 590 | 12 650 | 5 290 | 11 500 |
| Excise Duty | 0 | 0 | 356 | 9 300 |
| Tax on civil law transactions | 660 | 1 100 | 460 | 1 000 |
| **Price (All Taxes Included)** | 41 250 | 68 750 | 29 106 | 71 800 |
| **Portugal (Lisbon)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 23% | 7 590 | 12 650 | 5 290 | 11 500 |
| Motor Vehicle Tax (ISV) | 0 | 0 | 3 718 | 16 743 |
| **Price (All Taxes Included)** | 40 590 | 67 650 | 32 008 | 78 243 |
| **Slovak Republic (Bratislava)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 19% | 6 600 | 11 000 | 4 600 | 10 000 |
| Registration fee | 36 | 36 | 199 | 442 |
| **Price (All Taxes Included)** | 39 636 | 66 036 | 27 799 | 60 442 |

| Country | Category A | Category B | Category C | Category D |
|---|---|---|---|---|
| **Slovenia (Ljubljana)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | USD 23 000 | USD 50 000 |
| Bonus (Eko found) refund | - 6 842 | – 4 737 | | |
| Motor Vehicle Tax | 0 | 0 | 43 | 5 061 |
| VAT 22% | 7 260 | 12 100 | 5 069 | 12 113 |
| **Price (All Taxes Included)** | 33 418 | 62 363 | 28 112 | 67 174 |
| **Spain (Madrid)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Bonus | - | - | - | - |
| VAT 21% | 6 930 | 11 550 | 4830 | 10 500 |
| Registration Tax $CO_2$ emissions) | 0 | 0 | 0 | 7 375 |
| **Price (All Taxes Included)** | 39 630 | 66 550 | 27 830 | 67 875 |
| **Sweden (Stockholm)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 25% | 8 250 | 13 750 | 5 750 | 12 500 |
| **Price (All Taxes Included)** | 41 250 | 68 750 | 28 750 | 62 500 |
| **Switzerland (Bern)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Automobile Tax 4% | 1 320 | 2 200 | 920 | 2 000 |
| VAT 8.1% | 2 780 | 4 633 | 1 938 | 4 212 |
| Fee for license plates and registration papers | 115 | 115 | 115 | 115 |
| **Price (All Taxes Included)** | 37 215 | 61 948 | 25 973 | 56 327 |
| **Türkiye (Ankara)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Special Consumption Tax (SCT) | (10%) 3 300 | (60%) 33 000 | (80%) 18 400 | (220%) 110 000 |
| VAT 20% (includes the SCT) | 7 260 | 17 600 | 8 280 | 32 000 |
| **Price (All Taxes Included)** | 43 560 | 105 600 | 49 680 | 192 000 |
| **United Kingdom (London)** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| VAT 20% | 6 600 | 11 000 | 4 600 | 10 000 |
| Registration fee | 69 | 69 | 69 | 69 |
| **Price (All Taxes Included)** | 39 669 | 66 069 | 27 669 | 60 069 |
| **United States (Washington DC)*** | | | | |
| Selling price (before tax) | 33 000 | 55 000 | 23 000 | 50 000 |
| Sales tax (6%) | 1 980 | 3 300 | 1 380 | 3 000 |
| Registration fee (first time) | 36 | 36 | 36 | 250 |
| Electric Vehicle Credit | - 7 500 | - 7 500 | 0 | 0 |
| DC motor vehicle excise tax | 0 | 0 | 460 | 4 550 |
| **Price (All Taxes Included)** | 27 516 | 50 836 | 24 876 | 57 800 |

Notes:
The purpose of this table is to allow a comparison of the level of taxation across member countries and not to reflect the actual local market prices. Therefore, to ease cross-country comparisons on the level of taxes it is assumed, for the purpose of this table, that the selling price before tax of the vehicles is the same in all countries.

To ease cross-country comparison, the cars are divided into four categories of typical vehicles: SUV/Hatchback electric electric, Sedan electric, Sedan electric/hybrid fuel, and Pick-up 4X4 fuel. For simplification purposes, all vehicles are presumed to have air conditioning and to be used for private purposes only i.e. not for business purposes. The vehicle brands and models mentioned in the descriptions below should be considered as examples only. If some of these specific models are not sold on a national market, the tax regime applicable is that of the vehicle whose technical specifications are the closest to those described for the different categories. The specifications for each category are as follows: **Category A**: SUV/Hatchback electric engine, power 150 KW (204hp), battery capacity 58 kWh, consumption 17 kWh/100km, weight 1730 kg, $CO_2$ emissions 0g/km, battery range over 400km, price USD 33 000 (example Volkswagen ID3 Performance). **Category B**: Sedan electric engine, power 370 kW (496 hp), battery capacity 82 kWh, consumption 15 kWh/100km, weight 1830 kg, $CO_2$ emissions 0g/km, battery range over 400km, price USD 55 000 (example Tesla Model 3 Long Range Dual Motor). **Category C**: Sedan hybrid electric/fuel engines, fuel engine with cylinder capacity 1.8 litre, power 121 kW (162 hp), unleaded gasoline 95-98 RON, consumption 4.5 l/100 (combined) and electric engine with power 53 kW (71hp), battery capacity 1.3 kWh, weight 1 800kg, $CO_2$ emissions 115g/km, battery range less than 10km, NOx emissions of 3 mg/km; price USD 23 000 (example Toyota Corolla Hybrid LE). **Category D**: Pick-up 4X4 with fuel engine, unleaded gasoline 95-98 RON, cylinder capacity 3.5 litre V6, power 300 kW (400 hp), consumption 12.4 l/100, $CO_2$ emissions 296g/km, NOx emissions of 20 mg/km, weight 2 200 kg; price USD 50 000 (example Ford F – 150 Ecoboost V6). Categories A, B and C are not equipped with four-wheel drive.

When local taxes, fees or duties apply, the table shows data for the capital of the country. It is not intended to reflect all specificities that may occur in the calculation of the taxes (e.g. specific tax base calculation rules such as possible inclusion of registration taxes in the VAT/GST base). Note that relatively low registration taxes or an absence of such taxes do not necessarily reflect an overall general low taxation of vehicles. In some countries, low registration taxes can be compensated by higher annual taxes.

Bonuses mentioned in this table are subsidies from the government on the purchases of new cars designed to encourage the purchase of vehicles with low or very low emissions.

Source: Source: National delegates. Data as of 1 January 2024

### Annex Box 4.A.1. Country notes to Annex Table 4.A.2.

**Australia.** Luxury Car Tax (or LCT) in Australia is a tax on vehicles that have a GST-inclusive value above the LCT threshold. For the 2023/24 financial year, the threshold is AUD 89 332 for fuel efficient vehicles and AUD 76 950 for other vehicles. LCT is imposed at the rate of 33% on the amount above the threshold. The category A-D vehicles do not have a GST-inclusive value above this threshold, therefore LCT will not apply. Registration fees and stamp duty on vehicles in Australia fall under the jurisdiction of each Australia State and Territory. Registration fees will differ according to which State or Territory a vehicle owner resides in, and is influenced by vehicle type, weight, engine size and number of cylinders in that engine. Stamp duty is also calculated differently based on which State or Territory the vehicle owner resides in. Relevant factors include the vehicle value or class and whether any concessions or exemptions apply.

**Belgium (Brussels Capital Region).** Legislative work is currently ongoing to make the entry into service tax subject to yearly indexation, from the 1st of July 2024 onwards. Legislative work is also ongoing to abolish the 'light trucks' regime for pick-up vehicles that are registered by a natural person from the 1st of January 2025 (these vehicles are not subject to the entry into service tax and undergo an annual vehicle tax based on the maximum permissible laden weight - TBC). As a result, pick-up vehicles newly registered by a natural person would have to pay both the entry into service tax and the annual road tax, based on the vehicle's characteristics.

**Canada.** A battery electric vehicle as described in Category A would be under the Incentives for Zero-Emission Vehicles (iZEV) Program MSRP cap of CAD 60 000 for base models of SUVs, and it would be eligible for an incentive of CAD 5 000. A battery electric vehicle as described in Category B would be above the iZEV MSRP cap of CAD 55 000 for base models of cars (i.e. sedans) and would not be eligible for any incentives. Under the iZEV Program, conventional hybrid vehicles (i.e. no plug-in capabilities) as described in Category C are not eligible for incentives.

**Chile.** The acquisition of new vehicles is subject to a green excise tax, which was gradually implemented between 2015 and 2017. The tax base of the excise tax is determined on the basis of the urban performance (km/lt), nitrogen oxide emissions (NOx; gr/km) of the vehicle reported by the Ministry of Transport and Telecommunications as well as the sales price (including VAT) or the final customs value for direct imports according to the invoice or documentation using the following formula: Excise (in UTM) = [(35/urban consumption (km/lt)) + (120 x g/km NOx)] x (sales price x 0,00000006). For the purposes of this table, it has been assumed that combined consumption equals urban consumption. The value of one UTM (monthly tax unit) as of 1 January 2024 was 64 666 CLP. This excise tax is paid only by the registrant of the vehicle in the Registry of Motor Vehicles of the Service of the Civil Registry and Identification. There are two ways to calculate the amount of the tax, one considering the specific brand, type, model and value of the vehicle, and the second by directly entering the Technical Report Code (CIT) and the value of the vehicle. Exemptions: vehicles for the transportation of passengers (more than 9 seats including the driver's seat), vehicles used for taxi services, purchasers of new vans with up to 2,000 kilos of payload capacity by VAT taxpayers, provided that they become part of the taxpayer's fixed assets, trucks, vans or vans with a payload capacity of 2,000 kilos or more and closed vans of lower capacity, tractors, wheelbarrows, automobiles, electrically powered vehicles and self-propelled motor homes, vehicles for police, army, mortuary and ambulance.

**Colombia.** The Vehicle Registration Fee is subject to procedures that are carried out by the registration agencies and includes two charges: a charge set by the Ministry of Transportation and a charge whose amount is determined by municipal authorities. It is therefore not possible to determine an exact rate at the national level for the process of registering a vehicle. The rate shown in the table is the rate imposed in Bogotá D.C. Hybrid and electric cars are subject to lower rates of customs tax (5% and 0%, respectively).

**France. Bonus:** the maximum ecological bonus is set at EUR 4 000 and only applies to vehicles declared eligible by ministerial decree. Individuals with an annual income of less than or equal to EUR 15 400 can benefit from an additional EUR 3 000 in purchase subsidy. In addition, a premium is granted for the purchase or leasing of a new vehicle in exchange for scrapping an old diesel or gasoline vehicle. The maximum premium is EUR 4 000 for the purchase of vehicles emitting less than 50 g/km or EUR 6 000 for full electric vehicles. **Malus:** an additional tax applies to the purchase of new vehicles depending on their CO2 emissions, from EUR 50 for vehicles emitting up to 118 grams CO2/km to EUR 60 000 for vehicles emitting more than 193 grams of CO2/km. **Regional tax on motor vehicles**: based on horsepower. Rates vary between EUR 33 and EUR 60 per unit of horsepower according to the region, with a maximum of EUR 9 720, and with the possibility of an exemption of 50% or 100%, upon deliberation by the local authority.

**Greece. Bonus**: Categories A and B: 30% of Price Before Tax (PBT); maximum of EUR 8.000; open to individuals and companies; only for cars with zero $CO_2$ emissions. Category C: not eligible for bonus. Category D: no bonus for fuel cars. Since 7 June 2024, as part of the "Go Electric" subsidy scheme, the maximum bonus was increased to EUR 9 000 for individuals (Cat. A) and decreased to EUR 6 000 for enterprises (Cat. B) (but still calculated at 30% of the price before taxes).

**Italy.** Vehicles emitting less than 20 gCO2/km (typically BEVs) receive a EUR 4 000 subsidy and vehicles emitting between 20–60g CO2/km (typically PHEVs) receive a EUR 1 500 subsidy.

**Korea.** The amounts of the Individual Consumption Tax (ICT administered by the Ministry of Finance) include the reduction for eco-friendly vehicles (electric and hybrid). The Acquisition Tax (administered by the Ministry of Interior and Safety, which has not directly provided the tax amounts shown in this table) is also subject to a reduction for eco-friendly vehicles.

**Lithuania.** Bonus is available until 1 December 2026 (or until funds are available). For the purchase of a new electric car the compensation is EUR 5 000.

**Luxembourg.** If the vehicle is first put into circulation no later than on 31 December 2022 inclusive and the date of conclusion of the contract of sale or, in the case of leasing, of the contract for the hire or leasing of the vehicle, is between 1 April 2021 and 31 March 2022 inclusive: (1) for pure electric self-propelled vehicles (BEV) with an electric energy consumption of up to 18 KWh/100 km, the amount of the bonus is EUR 8 000 (but not more than 50% of the cost excluding VAT) for passenger cars; (2) for pure electric self-propelled vehicles (BEV) with an electric energy consumption above 18 KWh/100 km the amount of the bonus is EUR 3 000 (but not more than 50% of the cost excluding VAT) for passenger cars. The bonus is not available any more for plug-in hybrid vehicles from 1 January 2022.

**Mexico**. The tax on new vehicles is part of the VAT base. Vehicles Category D: Pick-up trucks are considered a cargo vehicle, regardless of its value and use. The new vehicles tax is calculated with a rate of 5%.

**Poland.** *Category A and B*: tax exempted if the vehicle complies with the conditions to apply the exemption for electric vehicles i.e. the vehicle utilises for propulsion only electricity accumulated by connection to an external power source. *Category C:* reduced excise tax rate of 1.55% of the tax base. *Category D:* taxed with excise tax rate of 18.6% of the tax base. Tax on civil law transactions: Contracts of sale are not subject to tax to the extent that they are subject to VAT or if at least one of the parties is exempt from VAT for this transaction. Tax rate is 2% of the market value. Under "My Electrician" program, individual purchasers of electric cars can apply for a PLN 18 750 subsidy for cars with value up to PLN 225 000. For holders of the Large Family Card, the subsidy is PLN 27 000 and there is no price limit.

**Sweden.** The bonus för electric and plug-in hybrids has been abolished.

**United States**. The excise tax in Washington DC is based on the fuel efficiency (in miles per gallon) and weight in Pounds (Lbs). Secretariat calculations based on Washington DC Regulations. Qualified plug-in EV or fuel cell electric vehicles are eligible for an income tax credit (Electric Vehicles Credit) up to USD 7 500. However, the credit applies only to EVs under a manufacturer suggested retail price (MSRP) cap of USD 80 000 for vans, sport utility vehicles, and pickup trucks; and USD 55 000 for other vehicles. Additionally, the tax credit is limited to taxpayers under certain income thresholds. The two vehicles in categories C and D would not qualify for the Electric Vehicle Credits.

## Annex Table 4.A.3. Taxes on Ownership or Use of Motor Vehicles

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| Australia | **Annual registration fees**. States and Territories levy fees for annual registration, third party compulsory insurance and drivers' licenses. Fees for commercial vehicles are generally higher than the fees for private vehicles. In most States, fees for trucks vary depending on the type of vehicle and the gross vehicle mass. License renewal fees vary to reflect validity periods from one to five years. | Commercial/private use<br>Gross vehicle mass | |
| Austria | **Motor Vehicles Tax**: All motor vehicles are subject to a Motor Vehicle Tax based on the following criteria:<br>- Lorries above a permissible gross weight of 3.5 tonnes: the weight of the vehicle (from EUR 1.55 to EUR 1.90 per month and ton depending on the weight),<br>- Passenger cars below a permissible gross weight of 3.5 tonnes: engine capacity – 61) x 0,72 Cent + ($CO_2$ Emissions – 103) x 0,72 Cent per month,<br>- All other cars below a permissible gross weight of 3.5 tonnes: (engine Power – 24) x 0,65 to 0,79 Cent per month; and<br>- Motorbikes: (cubic capacity – 52) x 0,014 Cent + ($CO_2$ Emissions – 52) x 0.20 Cent per month. | Weight<br>Engine power<br>Cubic capacity<br>$CO_2$ emissions<br>Electric propulsion | Vehicles used by diplomatic missions and consular offices; armed forces; police; fire brigade; ambulances; mountain rescue; electrically propelled vehicles; self-propelled working machines; trial moving vehicles; taxi services; mopeds and motorcycles with a cubic capacity of maximum 100cc; vehicle used solely in agricultural production and forestry; vehicles used for disabled persons. |
| Belgium | **Federal tax:** the tax base for private use of a company car is based on $CO_2$ emissions. The deductibility of professional expenses related to the use of the car, including fuel expenses, (50 to 120%) is linked to $CO_2$ emissions.<br>**Annual Road Tax:**<br>*Walloon Region*: for cars, mixed cars and minibuses the tax rate depends on fiscal horsepower. and cylinder capacity and is set according to a progressive scale from EUR 97.68 to EUR 2498.50 (from 01/07/2023 to 30/06/2024). For vehicles above 20 hp (more than 41cc cylinder capacity), an additional amount of EUR 136.22 per hp is levied. Vehicles of more than 30 years old (25 years old in the Brussels Capital Region) are subject to an annual tax of EUR 44.30. | Engine power<br>Cylinder capacity<br>Fuel used<br>Environmental characteristics<br>$CO_2$ emissions | All regions provide exemptions for cars used by public authorities, vehicles for disabled people and war invalids, agricultural vehicles, rescue vehicles, trial moving vehicles, ships and little boats, taxi services, mopeds and motorcycles with a cylinder capacity of maximum 250 CC and, for Walloon Region, electric motorcycles of maximum 11KW.<br>*Walloon region:* For motorcycles, tricycles and quadricycles with a cylinder capacity exceeding 250 CC, the amount applicable on 1 July 2021 was EUR 60,46<br>An additional road tax applies to cars running on Liquefied Gas Petroleum. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | *Flemish Region:* for passenger cars, dual-use cars and minibuses that were registered as from 1 January 2016 as well as for vehicles, intended for the transport of goods, hearses, tractors or trailers with a MAM (maximum authorized mass) of less than or equal to 3 500 kg that are registered as from 30 June 2017, the tax rate depends on fiscal horsepower and cylinder capacity or the weight of the vehicle, and includes "ecoboni" and "ecomali". This implies that the tax rate can be adjusted depending on environmental factors, such as $C0_2$ emission, the euro standard and the type of fuel. For these categories of vehicles, that are registered for the first time after 31 December 2020, the "ecoboni" and "ecomali" based on $CO_2$ emission were adapted in light of the WLTP-method for estimating $CO_2$ emissions. As from the fiscal year 2022 this annual tax is only applicable for cars of 30 years of age or older.<br><br>For leased vehicles and non-leased vehicles other than those mentioned above, the tax rate depends only on the fiscal hp and cylinder capacity and is set according to a progressive scale from EUR 85.14 up to EUR 2179,32. For vehicles with a hp above 20 (more than 41 cc cylinder capacity) an additional amount of EUR 118,80 is levied for each hp higher than 20. A flat tax rate of EUR 38.63 applies for vehicles that have been in traffic for at least 30 years. As from 1 January 2023 an elevated flat tax rate of EUR 99,99 applies (last indexation on 1 July 2023).<br><br>*Brussels Capital Region*: for passenger cars the applicable tax rate depends on engine power (expressed in fiscal hp based on the total cylinder capacity of the vehicle) and is set according to a progressive scale from EUR 97.68 to EUR 6 585.22. For electric cars, the minimum rate applies. Vehicles of more than 25 years old are subject to an annual tax of EUR 44.30. (It should be noted that the age at which a vehicle is considered to be an "old-timer" will be increased gradually from 25 to 30 years old by 2025). For motorcycles (with a cylindric capacity of more than 250 $cm^3$) an annual flat-rate tax of EUR 69.30 applies. For light trucks up to and including a maximum permissible laden weight up to and including 3.5 tonnes, as well as for camping cars the tax rate depends on the maximum permissible laden weight. For heavy goods vehicles with a maximum permissible laden weight of over 12 tonnes the tax rate depends on the maximum permissible laden weight, the | | Vehicles destined for the transportation of goods with a Maximum Mass Amount below 3.5 tonnes are subject to this tax as soon as they are not registered with the CBE (*Crossroads Bank for Enterprises*)..<br>Vehicles of which the date of their first registration is older than 30 years must have a licence plate "o" to benefit from the beneficial "age" rate.<br>Flemish Region: as of fiscal year 2016 a tax reduction of EUR 100 is applicable to cars running on Liquefied Gas Petroleum. An exemption is granted for purely electric vehicles.<br><br>*Brussels Capital Region*: an exemption is granted to victims of a terrorist attack who are entitled to an invalidity pension of minimum 60%. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | number of axles and the suspension type. Tax rates are subject to indexation every year, on the first of July. Tax rates in this table reflect the situation as of 1 January 2024.<br>**Additional annual road tax** is levied in all the regions on cars entirely or partially powered by Liquefied Gas Petroleum. This tax is based on a progressive scale depending on the engine power from EUR 89.16 to EUR 208. 20.<br>**Kilometre charge**: a kilometre charge is levied in all the Regions on motor vehicles or articulated vehicle combinations intended or used for the carriage by road of goods having a maximum permissible laden weight of over 3,5 tonnes. | | |
| Canada | **Annual fees**. All provinces impose annual fees for the use of motor vehicles. In general, the fees depend on the type of vehicles and in most cases on the weight of the vehicle. | Type<br>Weight | Quebec, British Columbia (BC), and Prince Edward Island (PEI) offer ownership/usage bonuses for ZEVs. PEI exempts ZEVs from annual vehicle registration fees, Quebec offers access to reserved lanes, toll exemptions, and free parking, and BC offers access to HOV lanes. |
| Chile | **Annual Motor Vehicle Tax** (levied by municipalities) for the use of motor vehicles on public roads:<br>- Lightweight vehicles: depending on the commercial value of the vehicle.<br>- Passenger vehicles: fixed fee<br>- Cargo vehicles: according to loading capacity. | Commercial value<br>Fixed fee<br>Loading capacity (trucks) | Hybrid and full electric vehicles, and zero emission vehicles qualified as such by the Ministry of Energy; vehicles of the Armed Forces for exclusive military use; vehicles of the Fire Department; vehicles owned or leased with the option to purchase, by diplomatic missions are exempt from the Annual Motor Vehicle Tax.. |
| Colombia | **Annual Motor Vehicle Tax**. This tax is levied by municipalities for the use of motor vehicles on public roads. The rates depend on the commercial value of the vehicle, as follows:<br>(a) 1,5% of the commercial value of the vehicle when the value of the vehicle is less than COP 48 029 000;<br>(b) 2,5% of the commercial value of the vehicle when the value of the vehicle is greater than COP 48 029 000 and less than COP 108 063 000;<br>(c) 3.5% of the commercial value of the vehicle when the value of the vehicle is | Commercial value | |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | greater than COP 108 063 000. | | |
| Costa Rica | **Annual Motor Vehicle Tax** (as reformed in 2023)<br>Tax base and tax rates: have been modified. Accumulated depreciation is recognized, and the value is not increased due to inflation.<br>Additional Deductions related to weight and polluting emissions for automobiles are now considered to encourage modernisation of the fleet.<br>A depreciation factor is established according to the useful life of the vehicle (15 years for automobiles, aircraft or recreational boats, and 10 years for motorcycles).<br>Partial Advance Payments: as of March 2025, the payment of the annual tax will be allowed to be made in partial advance payments during March, June and September.<br>The minimum tax base is determined taking into account depreciation. It will be determined differently for new first-entry vehicles, first-entry used vehicles and the circulating fleet.<br>For new first-time vehicles: the tax base is the customs value understood as the value detailed in the commercial sales invoice of the vehicle purchased abroad, plus the amount for insurance and freight. The customs value does not include customs duties, taxes and fees associated with importation, or other costs in the importation process.<br>For first-time used vehicles and vehicles from the circulating fleet, the tax base is the highest value of the purchase price or the contract value recorded in the public deed when applicable, and the value determined as set out above. Note: if there is no purchase price or contract value, the value will correspond to the simple average of the value of the vehicle, according to information recorded in the National Registry, regarding brand, year, fuel, body and country of manufacture.<br>Note: Law 10390: “Modificación al impuesto sobre la propiedad de vehículos automotores, embarcaciones y aeronaves”, it presents the new methodology for calculating the tax Annual Motor vehicle and the discounts applicable. It applies to all vehicles as of 1 November 2023. | Value | Vehicles owned by foreign embassies and consulates accredited in the country, only for their exclusive use and on a reciprocal basis; vehicles of international organizations that are exclusively used for their functions; vehicles of the central Government and Municipalities; ambulances and rescue units of the Costa Rican Red Cross, the National Hospital System, nursing homes and the National Insurance Institute, including firefighting machines; rubber tire tractors, caterpillar tractors, cane loaders, grain harvesters and any other type of self-propelled agricultural machinery are exempt from the Annual Motor Vehicles Tax. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| Czechia | **Road tax**. The tax is imposed on heavy goods vehicles registered in Czechia whose technically permissible maximum laden mass exceeds 3.5 tonnes. Vehicles are effectively taxed (at rates greater than zero) up to a weight of 12 tonnes.<br>The annual tax amount is set for three separate groups of vehicles: **Lorries and vans:** the tax rate varies from CZK 0 to CZK 14000 depending on the number of axles and permitted weight of the vehicle in tonnes; **Semi-trailer tractors and trailer tractors:** the tax rate varies from CZK 0 to CZK 24200 depending on the number of axles and maximum permissible weight in tonnes of the vehicle combination. **Trailers (except semi-trailers)**: the tax rate is either CZK 0 (for trailers with maximum permitted weight below12 tonnes) or CZK 3600. **Semi-trailers themselves** are not taxable vehicles; their taxation is part of the tax levied for their tractors. **Special purpose vehicles** are not taxable vehicles.<br>The Czech government is currently considering a reduction of the annual amount of tax ("tax rates") for vehicles with air suspension of the drive axle or its recognised equivalent. This reduction is in accordance with the possibilities of the EU Directive and will be proposed for entry into effect on 1 January 2025. | Maximum permitted weight of the vehicle in tonnes. Number of axles.<br>Maximum permitted weight of the vehicle combination in tonnes. | Tax exemptions:<br>- Vehicles fitted with a special audible warning device supplemented by a special blue or blue and red warning light recorded on the vehicle's technical certificate;<br>- State material reserve vehicles, if they are not used for business.<br>- Vehicles category O (trailers), in case their taxpayer is the owner of the trailer tractor.<br>- Vehicles owned by diplomatic missions and consular offices (if there is a reciprocal arrangement); providers of medical services, mining rescue service or mountain rescue service, if it is marked in the technical certificate of the vehicle as ambulance or rescue vehicle; the Czech Red Cross, to the extent of exemption under the Act on the Protection of the Emblem and Name of the Red Cross and on the Czechoslovak Red Cross, or the owner of the road, the road administrator or a person authorized by them, if the vehicle is used exclusively on this road.<br>Tax reduction of 25% to 100% applies to vehicles exclusively used for carriage in the combined transport with railway transport or inland waterway transport. |
| Denmark | **Passenger cars and vans semi-annual tax** is based on $CO_2$ emissions. Rates range from DKK 340 (>0g $CO_2$/km) up to DKK 12 040 (>645g $CO_2$/km). | $CO_2$ emissions | |
| Estonia | **Heavy goods vehicle tax**. Varies from EUR 0 to 232,60 (per quarter) depending on the combination of following factors: weight range (12 tonnes to 40 and more tonnes), axel combination (2, 3, 4, 2+1, 2+2, 2+3, 3+2, 3+3), type of suspension (air, other). | Weight range,<br>Axle combination,<br>Type of suspension | Exemptions apply for Defence Force, Defence League, Enforcement Force and Rescue Service, local authorities, NGOs, Foundation and business vehicles intended for rescue operations, heavy goods vehicles. |
| Finland | **Annual tax for passenger cars and delivery vans** based on $CO_2$ emissions. If the car does not have emission data in the Vehicular and Driver Data Register, the tax is based on the total mass of the vehicle. Tax rates vary from EUR 53.29 for | $CO_2$ emissions<br>Weight | Exemptions apply to buses (M2- and M3-categories), emergency vehicles, ambulances, cars belonging to the state or national defense forces, museum cars and diplomatic cars. An exemption also applies for disabled persons. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | vehicles emitting from 0g $CO_2$/km up to EUR 654.44 for vehicles emitting 400g $CO_2$/km or more.<br>**A tax on driving power** is applicable to diesel passenger cars and vans, based on the total mass of the vehicle. The tax on driving power also applies to other cars and vans using less taxed fuels than petrol. For lorries there is an annual tax based on maximum gross weight, number of axles and use of trailer. | Number of axles (lorries) | |
| France | **Taxes on passenger vehicles used for economic purposes.** (1) annual tax on $CO_2$ emissions; rates vary from EUR 1 for each gramme emitted for cars emitting from 15 g CO2/km up to 55g $CO_2$/km, to EUR 65 for each gramme emitted for cars emitting more than 176g $CO_2$/ km. (2) Annual tax on air pollutants. Taxes rates are EUR 100 for EURO 5 and EURO 6 vehicles (gasoline vehicles) and EURO 500 for others vehicles. Electric vehicles are exempt.<br>**Annual tax on heavy goods vehicles** (former "axle tax") applies to the following vehicles with a technically permissible laden mass of at least 12 tons<br>- vehicles whose design allows the transport of goods without a trailer or semi-trailer (European categories N2 and N3);<br>- vehicle combinations consisting of a tractor and one or more semi-trailers (European category O);<br>- trailers with a technically permissible laden weight of at least 16 tons.<br>The tax rate is determined according to the number of axles, the maximum technically permissible load of the vehicle, expressed in tons, and the presence or absence of an air suspension system. | Engine power<br>Electric propulsion<br>Type of fuel<br>$CO_2$ emissions | Exemption from annual tax on $CO_2$ emissions:<br>- wheelchair accessible vehicles,<br>- vehicles exclusively assigned by the taxpayer to the rental or temporary use by its customers to replace their immobilized vehicle,<br>- vehicles rented by the taxpayer for a period of not more than one calendar month or thirty consecutive days,<br>- vehicles used for the public transport of people, for the needs of agricultural or forestry activities, for driving lessons and for teaching piloting or sporting competitions; vehicles assigned to non-profit or general interest organisations; vehicles assigned to a sole proprietorship;,<br>- vehicles whose energy source is exclusively electricity, hydrogen or a combination of both,<br>- vehicles whose energy source is a combination of one or more non-fossil fuels (in particular natural gas and liquefied petroleum gas), including when this combination includes gasoline or superethanol, subject to a maximum $CO_2$ emission threshold (or administrative power).<br>From 2025 onwards, vehicles whose energy source is a combination of one or more non-fossil fuels will no longer be exempt.<br>With the exception of the exemption for vehicles whose energy source is a combination of one or more non-fossil fuels, which is conditional on compliance with a maximum $CO_2$ emission threshold, the above-mentioned exemptions from the annual $CO_2$ emission tax also apply to the annual tax on air pollutant from passenger vehicles. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | | | Are exempt from these taxes, the vehicles used for national defence, homeland security or road maintenance purposes; vehicles used for internal transportation within the confines of construction sites; collector's vehicles; vehicles used for the transport of goods in the context of circus and fairground activities; vehicles used by riding schools or farmers to transport their crops. |
| Germany | **Motor Vehicle Tax**. For passenger cars with a first registration from 1 July 2009, the Motor Vehicle Tax is based mainly on $CO_2$ emissions. It consists of a base tax (according to cylinder capacity) and a $CO_2$ tax. The rates of the base tax are EUR 2 per 100 cc (petrol) and EUR 9.50 per 100 cc (diesel) respectively. The $CO_2$ tax rate depends on the year of first registration and the $CO_2$ emissions and ranges between EUR 2 and EUR 4 per g $CO_2$/km.<br>Cars that were first registered before 1 July 2009 are taxed according to their polluting emissions (EURO-Norm) and cylinder capacity. | Polluting emissions<br>Cylinder capacity<br>$CO_2$ emissions<br>Electric propulsion | Cars with $CO_2$ emissions below 120/110/95 g/km (depending on whether the date of first registration was before 1 January 2012, before 1 January 2014, or on or after 1 January 2014) are exempt from the $CO_2$-element. Only the base tax is due.<br>Exemption for pure electric cars for ten years after the first registration, if the car is registered between 18 May 2011 and 31 December 2025. The time-limited tax exemption is only available until 31 December 2030 at the latest.<br>After the tax exemption has expired, the vehicle tax is assessed by weight and reduced by 50 percent.<br>Other exemptions may apply, e.g. for severely disabled people or emergency vehicles. |
| Greece | **Annual road tax.**<br>**Passenger cars for private use**: annual road tax for cars registered for the first time in Greece/European Union/ European Economic Area on or before 31/10/2010 and on motorcycles and three wheeled cycles regardless of their date of registration: based on cylinder capacity as follows: first registration before 2000, from EUR 22 to EUR 1 230; first registration between 2001 and 2005, from EUR 22 to EUR 1 260; first registration from 2006 onwards, from EUR 22 to EUR 1 380.<br>Annual road tax on cars registered for the first time in Greece/European Union/ European Economic Area on or after 01/11/2010 until 31.12.2020: based on $CO_2$ emission, from EUR 0 to EUR 3.72 per g/$CO_2$.<br>Annual road tax on cars registered for the first time in Greece/European Union/ European Economic Area on or after 01/01/2021: based on $CO_2$ emissions, from EUR 0 to EUR 2.85 per g/$CO_2$.<br>Annual road tax on hybrid passenger cars, above cylinder capacity of 1 549c.c. registered for the first time in Greece/European Union/European Economic Area until 31/10/2010, 60% of the annual road tax on private passenger cars of the relevant category of conventional cars referred above. | Cylinder capacity<br>$CO_2$ emissions<br>Electric propulsion<br>Gross weight (trucks)<br>Number of seats (buses) | Exemptions from the annual road tax.<br>Cars owned by public authorities, municipalities, public hospitals, social security funds; cars owned by Special Account for Research Grants; cars owned by disabled persons, cars owned by parents for the transportation of their disabled children.<br>Electric and hydrogen cars, registered for the first time in Greece/European Union/ European Economic Space until 31/10/2010; electric and hydrogen motorcycles; hybrid cars registered until 31.10.2010 with cylinder capacity up to 1.549cc.<br>Private passenger cars registered for the first time in Greece/European Union/European Economic Space from 01.11.2010 until 31.12.2020 with $CO_2$ emissions up to 90g/km; private passenger cars registered for the first time in Greece/European Union/European Economic Space from 01.01.2021 with $CO_2$ emissions up to 122g/km.<br>Hybrid motorcycles and three wheeled cycles for private use up to 1,549cc;<br>Hybrid motorcycles and three wheeled cycles for public use up to 1,949cc |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | Annual road tax on hybrid motorcycles and three-wheeled motorcycles of private use, above cylinder capacity of 1 549 c.c. regardless of their date of registration in Greece/European Union/ European Economic Area, 60% of the annual road tax on motorcycles and three wheeled cycles of the relevant category of conventional motorcycles referred above.<br>**Passenger cars for public use**: annual road tax for cars registered for the first time in Greece/European Union/ European Economic Area on or before 31/10/2010: EUR 290.<br>Annual road tax on public passenger cars registered on or after 01.11.2010 until 31.12.2021, based on $CO_2$ emission, from EUR 0 to EUR 2.80 per gram of $CO_2$..<br>Annual road tax on public passenger cars registered on or after 01.1.2022, based on $CO_2$ emission, from EUR 0 to EUR 2 per gram of $CO_2$..<br>Annual road tax on hybrid passenger cars above cylinder capacity of 1 929cc registered for the first time in Greece/European Union/ European Economic Area, before and until 31/10/2010, 50% of the annual road tax on public passenger cars of the relevant category of conventional cars referred above.<br>Annual road tax on hybrid motorcycles and three-wheeled motorcycles of public use above cylinder capacity of 1 929cc regardless of their date of registration in Greece/European Union/ European Economic Area, 50% of the annual road tax of the relevant category of conventional motorcycles and three wheeled cycles referred above.<br>Annual road tax on hybrid passenger cars registered for the first time in Greece/European Union/ European Economic Area, after 1/11/2010 according to $CO_2$ emissions.<br>**Annual road tax on electric and hydrogen passenger cars for private and public use**, registered for the first time in Greece/European Union/ European Economic Area after 1/11/2010, according to $CO_2$ emissions.<br>Annual road tax on historical cars, from EUR 50 to EUR 200 based on the cylinder capacity.<br>**Annual road tax on trucks and truck motorcycles:** based on gross weight and on buses, on the number of seats.<br>**Annual road tax on historical motorcycles**, from EUR 25 to EUR 50, based on cylinder capacity.<br>**Annual road tax on individual vehicles of special construction**, from EUR 22 to EUR 1 230 based on the cylinder capacity. | | Specified vehicles which are owned and used by organisations with public benefit and are working voluntarily.<br>Historical vehicles (cars, busses, motorcycles), in circulation over than 45 years.<br>Garbage trucks that provide cleaning services to municipalities and belong to Solid Waste Management Agencies and to the Special Interlevel Association of the Prefecture of Attica.<br>'Water-carrying" trucks that belong to the Municipal Water Supply and Sewerage Enterprises.<br>Cars and motorcycles, registered with a valid permission of circulation, may be imported for a limited period up to six months per year, by the customs procedure of temporary importation. Exemptions from registration tax is granted to hybrid cars with $CO_2$ emissions less than or equal to 50 g/km. These are exempt from the registration tax by 75%; hybrid cars with $CO_2$ emissions more than or equal to 51g/km are exempt released from the registration tax by 50%; Caravans and automotive wheelhouses are exempt from the registration tax by 75%. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| Hungary | **Motor vehicle tax** is levied according to the engine capacity (in Kw) of passenger cars and motorcycles. The tax base for buses, semi-trailers and caravans is the unladen weight of the vehicle. For lorries the tax is based on net weight plus 50 % of cargo weight.<br>The tax rate for passenger cars and motorcycles is from HUF 140/kW to HUF 345/kW depending on the age of the vehicle (the older the vehicle, the less is due). For lorries, buses, semi-trailers the tax rate is HUF 850/100 kg of the tax base, if the vehicle is equipped with road-saving axles. The tax rate for other lorries, ansd trailers is HUF 1380/100 kg. | Engine capacity<br>Weight (for lorries)<br>Type of axles (for high-duty vehicles)<br>Electric propulsion | Vehicles exempt from the Motor vehicles tax: vehicles owned by budgetary agencies and religious organisations; vehicles owned by social organisations, foundations not subject to profit tax; vehicles owned by public bodies using them for public transport or fire service; vehicles owned by persons seriously disabled or by persons who regularly transport seriously disabled persons up to HUF 13 000 (the tax exemption is available for one vehicle, if its engine capacity does not exceed 100 kW); passenger cars equipped with environment- saving engine.<br>An additional 20% to 30% tax discount applies to trucks and buses depending on the environmental classification. |
| Iceland | **A disposal charge** of ISK 900 is levied on each vehicle per six-month period. This charge is payable for 15 years from the date of the first registration of the vehicle in Iceland, except when the vehicle is already 25 years old at the beginning of the payment year. The charge is an environmental tax that is intended to finance the disposal of the vehicle at the end of its useful life. Once the vehicle is delivered for scrap, an ISK 30 000 refund will be paid to the owner.<br>Motor vehicles fuelled with diesel in excess of 10 tonnes are subject to a special weight/distance tax, calculated on the basis of the weight of the vehicle and the number of kilometres driven. Owners of diesel vehicles that weigh less than 10 tonnes do not pay a weight/distance tax.<br>**A semi-annual road tax on passenger cars** is levied based on the vehicle's carbon dioxide emissions declared by the car manufacturer for combined city and road usage. Where emission data are not available, the tax rate is based on the weight of the vehicle. The semi-annual road tax is ISK 176 for each gram of carbon dioxide emission 168 grams, according to the New European Driving Cycle/NECD in addition to the minimum fee which is ISK 20 000. If $CO_2$ emissions of a vehicle are registered according to World Forum for Harmonization of Vehicle Regulations/WLTP or both NEDC and WLTP the semi-annual road tax is ISK 145 for emission above 204 grams in addition to the minimum fee which is ISK 20 000.<br>**Distance-based charge per kilometre** was introduced from 1 January 2024 for | Weight<br>Distance<br>$CO_2$ emissions | |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | the use of electric, hydrogen and plug-in hybrid vehicles (passenger cars and vans). This was the first step in introducing a new vehicle and fuel revenue collection scheme that is intended to reflect the actual use of road network. The fee will be ISK 6/km for electric and hydrogen vehicles and ISK 2 per km for plug-in hybrid vehicles. The second step is envisaged in 2025 with the introduction of distance-based charge per kilometre for the use of all vehicles on the road network, including diesel and petrol cars. | | |
| Ireland | **Road tax on private cars** based on $CO_2$ emissions. Rates vary from EUR 120 (for 0g $CO_2$/km) to EUR 2 400 (above 225g $CO_2$/km).<br>Tax on commercial vehicles based on net weight: from EUR 333 (<3000 kg) up to EUR 900 (>12 001 kg) | $CO_2$ emissions<br>Weight<br>(commercial vehicles)<br>Electric propulsion | Electrically propelled vehicles: EUR 120 flat rate for private cars and EUR 92 flat rate for commercial vehicles not over 1 500kg |
| Israel | **Annual licensing fees** apply to private and commercial vehicles weighing up to 3500 kg in total. Vehicles are divided into seven groups (generally based on the price). The annual licensing fees differentiate according to the year of vehicle production and the group that the vehicle belongs to. The annual licensing fees range from NIS 778 to NIS 4 917. Starting from 1 April 2024 the fees will be updated to NIS 801 to NIS 5 062. Commercial vehicles above 3 500 kg with diesel engine are subject to a different tariff. | Price<br>Age<br>Category | Vehicles for disabled person, diplomats, United Nations Organisations, specific charity institutions. |
| Italy | **Annual Ownership Tax**: from EUR 2.58 per KW to EUR 4.95 per KW according to engine cylinder capacity and polluting emissions. Regions are entitled to vary the national rate.<br>**A surtax on use of cars and vehicles intended for the transport of persons or goods** applies at a rate of EUR 20 for each KW exceeding 185 KW in engine power. The surtax is reduced after five, ten or fifteen years from the construction of the vehicle by 40%, 70% and 85%, respectively | Engine power<br>Polluting emissions<br>Electric propulsion | Exemption of ownership tax applies to vehicles over 30 years old.<br>A flat motors vehicle tax applies on vehicles over 30 years old if still running on public roads. 50% reduction of the motor vehicle tax applies to vehicles of historical and collectors' interest between 20 and 29 years old, subject to the possession of the certificate of historical relevance.<br>An exemption of 100% from ownership tax applies to electric, LPG and CNG vehicles in the first 5 years (from the first registration) and an exemption of 75% afterwards in many regions. 100% exemption also applies to vehicles for disabled persons. |
| Japan | **Motor Vehicle Tonnage Tax** (National) levied on private and commercial vehicles | Weight | Reduced Motor Vehicle Tonnage Tax rates apply to vehicles with low impact |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | according to weight. The tax rate for passenger vehicles varies from JPY 4 100 per 0,5 tonne up to JPY 6 300 per 0,5 tonne (reduced rates from JPY 2 600 up to JPY 2 800); for lorries from JPY 3 300 per tonne up to JPY 6 300 per tonne (reduced rates from JPY 2 600 up to JPY 2 800).<br>**Automobile Tax** (Prefecture) levied on private and commercial vehicles according to the type of vehicle and displacement (i.e. displacement of the piston in the cylinder). The tax rate for passenger vehicles ranges from JPY 25 000 up to JPY 110 000 (reduced rates from JPY 7 500 up to JPY 40 700); the rate for lorries: (4-5 tonnes maximum load) is JPY 25 500 (reduced rate: JPY 18 500); and for buses: is (41-50 passengers' capacity) JPY 49 000 (reduced rate: JPY 17 500).<br>**Light Vehicle Tax** (Local): levied on light vehicles and motorcycles according to displacement and standards. | Displacement<br>Impact on the environment (incl. Electric/fuel cell propulsion) | on the environment, barrier-free buses and taxis, trucks with collision damage alleviation brake control device, etc.<br>A refund of the Motor Vehicle Tonnage Tax applies to ysed vehicles properly scrapped or destroyed following certain disasters before the expiry date of valid period of inspection certificate.<br>Reduced rates of Automobile Tax and Light Vehicle Tax apply to vehicles with low impact on the environment. |
| Korea | **Annual Vehicle Tax**: rates are applicable according to cylinder capacity from KRW 80 per cc up to KRW 200 per cc for non-commercial vehicles; and from KRW 18 per cc to KRW 24 per cc for commercial vehicles.<br>Vehicle Education Tax: 30% of the Annual Vehicle Tax. | Cylinder capacity | Full exemption for disabled persons |
| Latvia | **Annual tax for passenger cars:** based on $CO_2$ emissions for cars with first registration after 31 December 2008. $CO_2$ emissions for passenger cars with first registration starting from 2021 are determined according to WLTP method. For cars with first registration from 2005 to 2008, the tax is based on gross weight, motor capacity and maximum motor power. The annual tax for passenger cars registered before 2005 is based only on gross weight.<br>**Annual tax for motorcycles**: based on motor capacity<br>**Annual tax for heavy goods vehicles:** based on gross weight and number of axes and type of suspension if gross weight exceeds 12 000 kg. | $CO_2$ emissions<br>Weight (passenger cars and heavy goods vehicles)<br>Motor capacity (passenger cars and motorcycles)<br>Maximum motor power (passenger cars)<br>Number of axes and type of suspension (heavy good vehicles) | Main exemptions of the annual tax:<br>- car, motorcycle, tricycle or quadricycle whose owner, holder or driver is a disabled person or a representative of a diplomatic, consular or international organisation or a person who has diplomatic or consular privileges and immunities;<br>- emergency vehicles<br>- vehicles registered with the status of historic motor vehicle<br>- electric vehicles |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | | Electric propulsion. | |
| Lithuania | **Charge for buses and heavy vehicles** (vignettes). Annual tax rate varies from EUR 365 (for buses) up to EUR 1801 (for heavy vehicles of more than 12 tonnes of gross laden weight). | Vehicle type, category, class and group, emission class, gross laden weight. | Exemptions: vehicles used by public authorities; vehicles specially designed for the use and (or) transportation of disabled persons; vehicles of health care institutions (ambulance and resuscitation cars); buses on local (city and suburban) regular routes. |
| Luxembourg | **Automobile Tax**: the annual circulation tax is based on $CO_2$ emissions (WTLP) and the type of fuel used as follows: Tax = a * b * c, where (a) = $CO_2$ emissions component; (b) = multiplier ( 0.9 for cars using gasoil / 0.6 for cars not using gasoil); (c) = additional $CO_2$ multiplier: up to 90 g/km = 0.5; above 90 g/km 0.5 plus 0.1 per additional 10 g/km . For electric vehicles (BEV) a lump sum tax of EUR 30 applies.<br>**Tax on heavy vehicles** (also known as “Eurovignette”) is levied on vehicles (lorries) with a gross weight of 12 tonnes or more for the use of motor ways. The tax varies according to Euro norms. | $CO_2$ emissions<br>Type of fuel<br>Electric propulsion | Exemptions: vehicles for disabled people; historical vehicles; cars used by public authorities; electrically propelled cars |
| Mexico | The tax on ownership was eliminated as a Federal Tax as of 2012. State governments may impose a tax on ownership and/or periodic registration of vehicles up to 10 years old.<br>**Registration fee** is MXN 1090 on average and **Tax on ownership** usually varies from 2.6% to 25% based on value, type of vehicle and number of passengers. | Value<br>Type of vehicle<br>Number of passengers<br>Electric propulsion | States exempt hybrid and electric vehicles used for public passenger transport; Some states provide exemptions for particular uses.<br>Some states provide a subsidy of 100% for vehicles of any value. |
| Netherlands | **Motor vehicle tax** is based on the dead-weight and the fuel type used. A Provincial surtax is applicable.<br>Passenger cars and vans with $NO_x$ emissions > 5 mg/km or 10 mg/kWh pay an additional 19% tax.<br>**Tax on heavy vehicles** (also known as “Eurovignette”) is levied on vehicles (lorries) with a gross weight of 12 tonnes or more for the use of motor ways in the Netherlands. Tax varies according to Euro norms (diesel category); | For motor vehicle tax:<br>Fuel used<br>Weight<br>$NO_x$ emissions<br>Region (province)<br>$CO_2$ emissions<br>For tax on heavy vehicles: Number of axles and Polluting emissions | Vehicles with a $CO_2$ emission of 0 are exempt. Low-emission vehicles ($CO_2$ is not exceeding a level of 50 g/km) are subject to a tax reduction of 50%.<br>Other examples of exemptions include: (animal) ambulances; vehicles used by fire brigades and by the police/defense; funerary vehicles; vehicles used to clean, maintain or construct roads; taxis and vehicles older than 40 years.<br>Other special regimes apply such as reduced tax rate for delivery vans owned by entrepreneurs and used for business purposes for at least 10% and for vans equipped for and used by disabled persons. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| New Zealand | **Vehicle license fees**. Most vehicles are required to be continuously licensed in order to operate on public roads. Vehicle licenses are valid for up to 12 months. Fees vary depending on the type of vehicle being licensed. | Vehicle type | |
| Norway | **Traffic insurance tax.** Daily tax: NOK 9.84 for diesel cars without factory-fitted particle filter and NOK 8.38 for other cars, NOK 6.10 for motorbikes. NOK 1.42 for moped, tractors etc. | Vehicle type<br>Particle filter | |
| Poland | **Annual Motor Vehicles Tax** is levied at municipal level on heavy goods vehicles with maximum permissible gross laden weight over 3.5 tonnes, road and ballast tractors, trailers and semi-trailers and buses. | Weight<br>Type of vehicle<br>Number of passengers for busses | Exemptions apply to tansport vehicles constituting mobilisation supply, special vehicles and vehicles used for special purposes, historic vehicles.<br>Other exemptions and reduced rates can be introduced by local governments. |
| Portugal | **Annual state and municipal tax** on vehicle ownership (reformed on 1 July 2007). For passenger vehicles and mixed-use cars with gross weight not exceeding 2500 Kg registered after the reform, the tax rate is based on motor capacity and $CO_2$ emissions. For vehicles registered since 1981 up to the reform rates vary depending on motor capacity or voltage, date of registration and fuel type. For motorcycles, the tax is based on motor capacity (>=120cc).<br>**Vehicle excise duty on lorries** above 2.5 tonnes used in public and private transportation of merchandise. | Motor capacity<br>$CO_2$ emissions<br>Electric propulsion<br>Weight<br>Number of axels<br>Vehicle type and fuel<br>Type of suspension | Exemptions apply to vehicles owned by the State (central, regional or local administration), fire brigades, foreign States, diplomatic and consular missions, international organizations, specialized European agencies and disabled persons; vehicles seized by the State for as part of a criminal procedure, ambulances, passengers vehicles destined to rental or taxi services, vehicles used by forest sappers, tractors, funerary vehicles, non-motorized vehicles that are purely electric or moved by renewable energies.<br>A 50% exemption applies to category C vehicles, with weight above 3.5t, used exclusively in an activity of itinerant entertainment or performing arts.<br>A tax exemption is also applies to certain types of vehicles over 30 years old, considered of historic interest and whose annual circulation does not surpass 500 kilometres. |
| Slovak Republic | **Motor Vehicle Tax** is imposed only on vehicles that are registered in the Slovak Republic and used to conduct business activities during the tax period. Rates vary depending on the type of vehicle, weight, cylinder capacity, number of axles (for utility vehicles and buses) of the vehicle and type of engine. The annex of the Motor Vehicle Tax Act includes about 85 different tax rates. | Usage<br>Electric propulsion<br>Vehicle type (passenger cars)<br>Weight | **Exemption:** vehicles used by diplomatic missions and consular offices, vehicles used for emergency services (first aid), vehicles for public services - public buses, vehicles used solely in agriculture or forestry.<br>Tax rate for electric vehicles is EUR 0.<br>**Tax reduction (50%)** for hybrid motor vehicles or hybrid electric vehicles, |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | | Cylinder capacity (utility vehicles and buses)<br>Number of axles<br>Type of engine | vehicles using compressed natural gas (CNG) or liquefied natural gas (LNG), hydrogen-powered vehicles, vehicles which were used for combined transport at least 60 times.<br>Tax rates are reduced for the period of 108 months from the date of the first registration of the tvehicle (or for the period of 156 months for buses and trucks): for the first 36 months by 25 % (by 50 % for buses and trucks), for the next 36 months by 20 % (by 40 % for buses and trucks); for the next 36 months by 15 % (by 30 % for buses and trucks); for the next period of 36 months by 20 % for buses and trucks, and for the next period of 12 months by 10 % for buses and trucks.<br>Tax rates for vehicles other than trucks and buses are increased after 144 months from the date of the first registration of the vehicle by 10 % and after 156 months by 20 %. Tax rates for trailers are reduced by 70 % regardless the age of such vehicle. |
| Slovenia | **Circulation tax.** An annual fee for the use of road transport vehicles is paid once a year for the use of motor vehicles and trailers in Slovenia by vehicle owners. The fee is paid at the time of renewal of registration certificate. By paying an annual duty a person acquires the right to use a registered vehicle in road traffic for the next 12 months. The amount of the tax depends on the category of the vehicle and is proportionate to the duration of the registration period in a certain year. If a motor vehicle is deregistered from traffic (the vehicle is no longer registered) and the vehicle is not properly decommissioned due to environmental protection, a charge for the deregistered vehicle is paid for motor vehicles of categories M1, N1 and L2e. The charge for a deregistered vehicle is paid for the first time after 2 years of deregistering the vehicle, and then every year on the day of deregistering the vehicle. The duty is payable 10 years after the last deregistration. The fee amounts to 25% of the annual fee, but not less than EUR 25. For electric vehicles of categories M1 and N1, the daily amount is EUR 25, and for vehicles of category L2e EUR 20 . | Cylinder capacity,<br>Engine power,<br>Weight<br>Polluting emissions<br>Electric propulsion<br>Type of suspension<br>Number of seats | Tax exemptions:<br>Tractors and tractor trailers, motorcycles, three-wheeled cycles with engine capacity up to 50 cc and light four-wheeled cycles, light trailers with maximum permissible weight up to 750 kg, motor vehicles registered to the Slovenian Army, Civil Protection, Mountain Rescue Service, Cave Rescue Service, Underwater Rescue Service, Disaster Response Service for Ecological and other Disasters and for Search Operations at Sea, Ecological Laboratory with mobile unit, police and fire-fighting vehicles, ambulances, motor vehicles and trailers registered for diplomatic and consular missions, vehicles owned by certain international organizations, and vehicles used for the transport of disabled persons and old timers.<br>Tax reduction for low polluting trucks: Trucks of category N1: tax reduction for EURO 5 (-25%) and EURO 6 and higher (-35%) and tax increase for EURO 3 (+10%), EURO 2 (+20%), EURO 1 (+30%) and EURO 0 or lower (+40%); Trucks of category N2, N3 and buses (M2, M3): tax reduction for EURO 5 (-25%) and EURO 6 and higher (-35%) and tax increase for EURO 3 (+10%) |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | | | EURO 2 (+20%), EURO 1 (+30%) and EURO 0 or lower (+40%); Tax reduction for buses and trucks with air suspension (-15%)<br>Tax reduction for old-timers (-80%) and vehicles acquired for transport of families with four or more children (-50%). |
| Spain | **Motor Vehicle Tax** (levied by municipalities) based on engine power for passenger cars, passenger capacity for buses, loading capacity for trucks and cylinder volume for motorcycles. | Vehicle type<br>Engine power<br>Cylinder capacity | Official vehicles belonging to public bodies of diplomatic offices, vehicles adapted to disabled people, ambulances, public transport vehicles over nine seats, tractors and other vehicles of agricultural use; historic vehicles. |
| Sweden | **Annual circulation tax** based on $CO_2$ emissions applies to cars as of 2006 and later or, older cars that meet at least Euro 4 emission standards. Campers, light goods vehicles and light buses that are taken into use in 2011 or later are taxed based on the $CO_2$ emissions. The tax consists of a basic rate of SEK 360 plus SEK 22 for each gram $CO_2$ the vehicle emits above 111 g/km. If the vehicle can be driven with diesel fuel this sum is multiplied by 2.37 plus SEK 250 or 500 depending on vehicle year. For vehicles that can be driven with alternative fuels, the tax is SEK 360 plus SEK 11 for each gram $CO_2$ the vehicle emits above 111 g/km. New vehicles taxable for the first time after1 July 2018 i.e. vehicle model year 2018 or later, with high emissions of $CO_2$ are taxed at a higher rate for the first three years. Vehicles running on gasoline fuel are taxed at a basic rate of SEK 360, plus a $CO_2$ component consisting of SEK 107 for each gram of $CO_2$ the vehicle emits above 90 g/km up to 130 g/km and SEK 132 for each gram of $CO_2$ the vehicle emits above 130 g/km. If the vehicle can be driven with diesel fuel the same principles apply plus that the amount of $CO_2$ g/km the vehicle emits is multiplied with 13.52 plus SEK 250. After the first three years the $CO_2$ related amount is SEK 22/gram for emissions over 111g/km.<br>From 1 June 2022 onwards, vehicles with emissions exceeding 75 $gCO_2$/km are subject to the increased rate for the first three years and those with emissions exceeding 125 $gCO_2$/km are taxed at SEK 132 per gram during this three-year period. | Weight<br>$CO_2$ emissions<br>Type of fuel | |
| Switzerland | **Annual motor vehicle tax - Cantonal (provincial) tax,** levied according to the weight or engine volume of the vehicle.<br>**Use of Swiss motorways** (first and second-class motorways) is generally subject | Weight<br>Engine volume<br>Kilometres driven | **Annual motor vehicle tax - Cantonal (provincial) tax:** A reduced rate of the motor vehicle tax usually applies to electric and agricultural vehicles.<br>**Use of Swiss motorways**: exemptions apply to police and fire brigade |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | to a federal charge levied in the form of a motorway charge sticker, which costs CHF 40. The obligation to display a motorway charge sticker generally applies to motor vehicles and trailers that are subject to the heavy vehicle charge. This group comprises primarily passenger vehicles, motorbikes, vans, trailers, etc. Motor vehicles and trailers with a total weight exceeding 3.5 tonnes (so-called heavy vehicles) require a motorway charge sticker if they are not subject to the heavy vehicle charge. These include, for example, heavy utility vehicles (e.g. crane lorries).<br>**The performance-related heavy vehicle charge (LSVA)** depends on the total weight, polluting emissions and kilometres driven in Switzerland. It is levied on all motor vehicles and trailers that have a total permissible laden weight of more than 3.5 tonnes, are used to transport goods, are registered in Switzerland or abroad and are driven on the Swiss public road network.<br>**The lump-sum heavy vehicle charge (PSVA)** is levied in the form of a lump sum on heavy motor vehicles for the following vehicle types that are driven on the Swiss public road network: heavy passenger vehicles, heavy campervans, motor-homes and caravans, vehicles used for transporting passengers (coaches, buses), tractors and motor carriages, motor vehicles for fun fairs and circuses. Other motor vehicles for the carriage of goods and with a maximum speed of 45 km/h. | Polluting emissions<br>Electric propulsion | vehicles and to ambulances.<br>**LSVA and PSVA:** exemptions apply to police and fire brigade vehicles and to ambulances.as well as to agricultural and forestry vehicles, electric vehicles, veteran vehicles, and driving school vehicles. |
| Türkiye | **Motor Vehicle Tax**. Motor vehicles specified in the Law and registered at the related government institution are subject to motor vehicle tax, according to the classification (Scale) of the vehicle. The tax is paid in two instalments. Tax Scales: automobiles, carry-alls, off-road vehicles and similar vehicles and motorcycles that are registered after 31/12/2017 are taxed under the scale No 1. Automobiles, carry-alls, off-road vehicles and similar vehicles and motorcycles that were registered before 31/12/2017 (this day included) are taxed under the scale No 1/A. Minibuses, vans, motor caravans, buses and similar vehicles, small trucks, trucks, tow trucks and similar vehicles are taxed under the scale No II. Planes and helicopters are taxed under the scale No IV. The vehicles in Scales (I), (I/A) and (II) that only have electric engines are taxed with 25% of the tax that applies to the vehicles of the | Weight (maximum take-off weight – maximum total weight)<br>Number of seats<br>Age<br>Value<br>Vehicle type<br>Cylinder capacity<br>Engine power | Are exempt from motor vehicle tax: vehicles that are registered in the name of General Budget Administrations, Special Budget Administrations, Social Security Administrations, Special Provincial Administrations, Municipalities, Village legal entities, Turkish Red Crescent Association and Disabled and Handicapped people, and vehicles that belong to foreign states' embassy and consulates, ambassador, chargé d'affaires and consuls and officers of embassies and consulates who are citizens of that country, international committees having center located in Türkiye and foreign officers of these committees, delegates and delegations that come to Türkiye for an official duty and members of these delegates with foreign nationalities. |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | same type. | Electric propulsion | |
| United Kingdom | **Vehicle Excise Duty (VED)** on Heavy Goods Vehicles is set according to the number of axles, weight and type of vehicle.<br>VED for buses is based on seating capacity. VED for vans is based on a standard rate. However, there is a lower rate for Euro 4 compliant vans first registered between 01/03/2003 – 31/12/2006 and Euro 5 compliant vans first registered between 01/01/2009 -31 December 2010.<br>Cars that are presented for registration in the UK on or after 1 March 2001 – and before 01/04/17, on the basis of a type approval certificate specifying a carbon dioxide ($CO_2$) emission figure, attract a rate of VED according to the amount of $CO_2$ emitted and the type of fuel used. These cars fall within a 13-banded graduated VED system. The bands are labelled A-M, with band A containing the least polluting vehicles and band M comprising of vehicles that have high $CO_2$ emissions. Full details can be found at www.direct.gov.uk/Motoring<br>Cars registered on or after 01/04/2017 on the basis of a type approval certificate specifying a carbon dioxide (CO2) emission figure, attract a rate of VED for its first vehicle license according to the amount of $CO_2$ emitted and fuel used. For the second vehicle license, vehicles with a list price exceeding GBP 40 000 attract a standard rate of VED plus an additional rate of VED for the first five years. Vehicles with a list price of GBP 40 000 or less attract a standard rate of VED.<br>For private cars which do not fall into the above graduated VED system there is a two-tier threshold: vehicles not over 1549cc and those over 1549cc. | Vehicle type<br>$CO_2$ emissions<br>Type of fuel<br>Electric propulsion | VED exemptions apply to vehicles for disabled people, historic vehicles that are at least 40 years old, limited use vehicles, agricultural machines, mowing machines, steam powered vehicles, electrically propelled vehicles, and electrically assisted pedal cycles.<br>Vehicles belonging to emergency services such as ambulances, fire engine, and the police cars are exempt from VED. Vehicles belonging to Government bodies are also exempt from VED.<br>Alternatively fuelled vehicles and hybrids attract a discounted rate of VED.<br>From 1 April 2025 electric propelled vehicles will no longer be exempt from VED, and the discount for alternatively fuelled vehicles and hybrids will be removed. |
| United States | **Heavy Highway Vehicle Use Tax** is imposed on the use of trucks weighing 55 000 pounds or above. For those trucks (except logging trucks) weighing no more than 75 000 pounds, the tax is USD 100 per year plus USD 22 for each 1 000 pounds in excess of 55 000 pounds. For those trucks weighing more than 75 000 pounds, the tax is USD 550. For logging trucks, the tax is USD 75 per year for trucks weighing at least 55 000 pounds plus USD 16.50 per 1 000 pounds in excess of 55 000 pounds. For logging trucks weighing more than 75 000 pounds the tax is USD 412.50. A credit may be claimed for the tax in the following year if the vehicle was | Weight (for trucks) | |

| Country | Taxes | Criteria for determining the tax base and amount | Rebates/Exemptions[1] |
|---|---|---|---|
| | driven 5 000 miles or less (7 500 miles or less for agricultural vehicles.).<br>State and local governments may impose a **periodic registration, operators' license, parking and inspection fees as well as property taxes.** | | |

Notes: Insurance premium taxes are not covered in this table.

1. Unless otherwise specified, vehicles used by embassies and other diplomatic missions and international organisations are generally exempted from most taxes.

Source: National delegates; position as of 1 January 2024

## Annex Table 4.A.4. Taxation of aviation fuels

| Country | Tax | Commercial aviation[1] (JET A-1)[2] | | Private/pleasure flights[3] (JET A-1/AVGAS)[4] | |
|---|---|---|---|---|---|
| | | Domestic flights | International flights | Domestic flights | International flights |
| Australia* | Excise (AUD) per litre | 0.03556 | 0 | 0.03556 / 0.03556 | 0 |
| | GST (%) | 10 | 0 | 10 | 0 |
| Austria | Excise (EUR) per litre | 0 | 0 | 0.397/0.587 | 0.397/0.587 |
| | VAT (%) | 20 | 0 | 20 | 0 |
| Belgium | Excise (EUR) per litre | 0 | 0 | 0.6325307 / 0.6678350 | 0.6325307 / 0.6678350 |
| | VAT (%) | 21 | 0 | 21 | 0 |
| Canada | Excise (CAD) per litre | 0.04 | 0 | 0.04/0.1 | 0 |
| | GST (%) | 5 | 0 | 5 | 0 |
| Chile* | Excise (CLP) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 19 | 19 | 19 | 19 |
| Colombia | Excise (COP) per litre | 53 328 | 53 328 | 0 | 0 |
| | VAT (%) | 5 | 5 | 5 | 5 |
| Costa Rica | Excise (CRC) per litre | 156.25 | | 156.25 / 260.75 | 0 |
| | VAT (%) | - | - | - | 0 |
| Czechia | Excise (CZK) per litre | 9.95 | 0 | 9.95 | 9.95 |
| | VAT (%) | 21 | 0 | 21 | 0 |
| Denmark | Excise (DKK) per litre<br>Includes Excise Tax, Environment Tax and the NOx Tax | 0 | 0 | 3.643 | 3.643 |
| | VAT (%) | 25 | 0 | 25 | 0 |
| Estonia | Excise (EUR) per litre | 0 | 0 | 0.3301 / 0.563 | 0.3301 / 0.563 |
| | VAT (%) | 22 | 0 | 22 | 0 |
| Finland | Excise (EUR) per litre | 0 | 0 | 0.7663 / 0.6955 | 0.7663 / 0.6955 |
| | VAT (%) | 24 | 0 | 24 | 0 |
| France | Excise (EUR) per litre | 0 | 0 | 0.726 | 0.726 |
| | VAT (%) | 20 | 0 | 20 | 0 |
| Germany | Excise (EUR) per litre | 0 | 0 | 0.6545 / 0.721 | 0.6545 / 0.721 |
| | VAT (%) | 19 | 0 | 19 | 0 |
| Greece | Excise (EUR) per litre | 0 | 0 | 0.410/0.697 | 0.410/0.697 |
| | VAT (%) | 24 | 0 | 24 | 0 |
| Hungary | Excise (HUF) per litre | 0 | 0 | 152.55 | 152.55 |
| | VAT (%) | 27 | 0 | 27 | 0 |
| Iceland | Excise (ISK) per litre | 0 | 0 | 0 | 0 |

| Country | Tax | Commercial aviation[1] (JET A-1)[2] | | Private/pleasure flights[3] (JET A-1/AVGAS)[4] | |
|---|---|---|---|---|---|
| | VAT (%) | 24 | 0 | 24 | 0 |
| Ireland* | Excise (EUR) per litre | 0 | 0 | 0.5268/0.6064 | 0.5268/0.6064 |
| | VAT (%) | 0 | 0 | 13.5 | 0 |
| Israel | Excise (ILS) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 17 | 0 | 17 | 0 |
| Italy* | Excise (EUR) per litre | 0 | 0 | 0.3375 / 0.7284 | 0.3375 / 0.7284 |
| | VAT (%) | 22 | 0 | 22 | 0 |
| Japan | Excise (JPY) per litre | 9 | 0 | 13/13 | 0 |
| | VAT (%) | 10 | 0 | 10 | 0 |
| Korea | Excise (KRW) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 10 | 0 | 10 | 0 |
| Latvia | Excise (EUR) per litre | 0 | 0 | 0,414 / 0,594 | 0,414 / 0,594 |
| | VAT (%) | 21 | 0 | 21 | 0 |
| Lithuania | Excise (EUR) per litre | 0 | 0 | 0,33017 / 0,57924 | 0,33017 / 0,57924 |
| | VAT (%) | 21 | 0 | 21 | 0 |
| Luxembourg | Excise (EUR) per litre | 0 | 0 | 0.41674 | 0.41674 |
| | VAT (%) | 17 | 0 | 17 | 17 |
| Mexico | Excise (MXN) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 16 | 0 | 16 | 0 |
| Netherlands* | Excise (EUR) per litre | 0 | 0 | 0.62835 / 1.07163 | 0.62835 / 1.07163 |
| | VAT (%) | 21 | 0 | 21 | 0 |
| New Zealand | Excise (NZD) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 15 | 0 | 15 | 0 |
| Norway | Excise (NOK) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 25 | 0 | 25 | 0 |
| | $CO_2$ Tax (non-ETS flights) | 3.0 | 0 | 3.0 | 0 |
| | $CO_2$ Tax (ETS flights) | 1.72 | 0 | 1.72 | 0 |
| Poland* | Excise (PLN) per litre | 0 | 0 | 1590/1956 | 1590/1956 |
| | VAT (%) | 23 | 0 | 23 | 0 |
| Portugal* | Excise (EUR) per litre | 0 | 0 | 0.33759/0.45036 | 0.33759/0.45036 |
| | VAT (%) | 23 | 0 | 23 | 0 |
| Slovak Republic | Excise (EUR) per litre | 0 | 0 | 0.481 | 0.481 |
| | VAT (%) | 20 | 0 | 20 | 0 |
| Slovenia | Excise (EUR) per litre | 0 | 0 | 0.330/0.42161 | 0.330/0.42161 |
| | VAT (%) | 22 | 0 | 22 | 0 |
| | Other | 0,00911 | 0,00911 | 0.0489 / 0.05238 | 0.0489 / 0.05238 |
| Spain | Excise (EUR) per litre | 0 | 0 | 0.378 | 0.378 |

| Country | Tax | Commercial aviation[1] (JET A-1)[2] | | Private/pleasure flights[3] (JET A-1/AVGAS)[4] | |
|---|---|---|---|---|---|
| | VAT (%) | 21 | 0 | 21 | 0 |
| Sweden | Excise (SEK) per litre | 0 | 0 | 4.192/5.75 | 4.192/5.75 |
| | VAT (%) | 25 | 0 | 25 | 0 |
| Switzerland | Excise (CHF) per litre | 0.7395 | 0 | 0.7395/0.7682 | 0 |
| | VAT (%) | 8.1 | 0 | 8.1 | 0 |
| Türkiye | Excise (TRY) per litre | 0 | 0 | 0 | 0 |
| | VAT (%) | 20 | 0 | 20 | 0 |
| United Kingdom | Excise (GBP) per litre | 0 | 0 | 0.5295/0.3629 | 0.0/0.3629 |
| | VAT (%) | 20 | 0 | 20 | 0 |
| United States* | Excise (USD) per litre | 0.0116 | 0 | 0.0579/0.0512 | 0 |
| | Sales taxes (%) | | | | |

Notes:
Fuels considered in this table are JET A-1 used in turbine engines and AVGAS used in piston-engine aircrafts. This table does not include fuels on board of aircrafts when they land in a jurisdiction covered by the ICAO Chicago Convention and specific fuels for military use or for use in Nordic areas.

For the purposes of this table, taxes on aviation fuel only include consumption taxes (either ad valorem or specific) that have a direct impact on the sales price of a litre of fuel. Are therefore excluded, for example, the burdens imposed on importers or refiners as part of an emission trading scheme.

1. For the purpose of this table, "commercial aviation" means aviation for the transport of goods or passengers for consideration, whatever the type of plane.

2. For the purpose of this table, it is assumed that commercial flights (passenger and cargo) only use JET A-1 fuels.

3. For the purpose of this table, "private/pleasure flights" means flights that are not considered as commercial flights.

4. For private/pleasure flights, both rates for JET A-1 and AVGAS fuels are shown.

5. The tax covers fuel for all domestic flights, but domestic flights that are also covered by the EU Emission Trading System (ETS) and domestic flights not covered by the ETS are subject to different tax rates.

Source: National delegates. Situation as of 1 January 2024

### Annex Box 4.A.2. Country notes to Annex Table 4.A.6. Taxation of aviation fuel

**Canada.** The federal Goods and Services Tax is levied at a rate of 5% on aviation fuel and gasoline used in domestic flights. The federal excise rate, when applicable, is CAD 0.04 per litre of aviation fuel and CAD 0.10 per litre of aviation gasoline. Provinces and territories may also impose additional sales taxes and excise rates over and above the applicable federal rate.

**Chile.** Commercial services provided by aviation companies (notably, international cargo and/or passenger flights) to non-residents are considered exports. The aviation companies are therefore entitled to claim the refund of the VAT incurred on fuel purchases. The practical effect can then be similar to the application of a zero-rate (for ease of reading of the table, the VAT rate indicated in the table is 0 although in practice it is taxed and refunded to aviation companies and to non-residents).

**Colombia.** Jet A1 aviation fuel and/or domestic 100/130 aviation fuel is subject to 5% of VAT. Aviation fuel supplied for national passenger air transportation services to and from some departments are not subject to VAT. The tax base for the calculation of the VAT amount included in the consumer price is determined on the basis of objective and subjective criteria as follows for 100/130 octane aviation gasoline: (a) for the producer: the official list price at the refinery; (b) for the wholesale distributor: the official list price at the refinery plus a marketing margin. The excise tax is a specific carbon tax that is indexed annually; for 2024 the tariff is of COP 202 per gallon for jet fuel.

**Estonia.** Aviation gasoline used for private pleasure flights is subject to an excise rate of EUR 563/1000l.

**Finland**. The excise amount includes energy content tax, $CO_2$ tax and strategic stockpile fee.

**France.** As of 1 January 2024, the excise rate on JET A-1 and AVGAS have been raised up to excise rate on road gasolines.

**Germany.** Fuels used for private pleasure flights are taxed at an excise rate of EUR 654,50 /1000 l (JET A-1) and 721 /1000l (AVGAS).

**Greece.** The VAT rate for aviation fuel is 24%. However, in each case the Directive 2006/112/EC is applied and a conditional exemption is provided, which is reflected as a 0% rate. For private/pleasure flights the excise duty rates for AVGAS (CN code 27101231, 27101270) are EUR 697/1000 litres and for JET A-1 (CN codes 2710 1921, 2710 1925) EUR 410/1000 litres.

**Hungary**. The excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than USD 50/barrel the excise amount is HUF 152.55/litre. If the world market price of crude oil is USD 50/barrel or less the excise amount is HUF 157.55/litre.

**Ireland.** AVGAS used for commercial aviation is partially relieved from excise. The rate of relief is EUR 0.2323 per litre giving an effective ‘Excise’ rate of EUR 0.3741 per litre. Aviation Fuel is subject to the standard VAT rate of 23% but it can be subject to the zero rate (0%) in certain circumstances, namely where aircraft is used or to be used by a transport undertaking operating for reward chiefly on international routes. Also, Kerosene used as aviation fuel is subject to the reduced rated of 13.5%.

**Netherlands.** A zero VAT rate applies to fuels for aircrafts that are used by airlines that are mainly occupied with the international transportation of persons or goods against remuneration.

**Poland.** Both fuel charge and excise tax are imposed on aviation fuels. The rate shown in the table includes the excise duty of PLN 1.446/l (JETA-1) and PLN 1.822 (AVGAS) and the fuel charge of PLN 0,18632per kg). As the national excise rates are expressed in PLN per litre whereas fuel charge rate is expressed per kg, the rate for the fuel charge has been converted into a rate per litre by applying the appropriate density of the fuel.

**Portugal.** Aviation fuels used for commercial flights (i.e. flights for the transport of goods or passengers for consideration, whatever the type of plane) are exempt from excise duties. Fuels used for pleasure private flights are taxed at an excise rate of EUR 450.36 per 1000 litres for aviation gasoline (AVGAS) and EUR 337.59 per 1 000 litres for jet fuel (JET A-1).

**Slovenia**. Aviation fuels used for private/pleasure flights are taxed at an excise rate of EUR 330.00 per 1000 litres JET A-1 and EUR 460.51 per 1000 litres AVGAS plus a $CO_2$ tax of EUR 39.79 per 1000 litres JET A-1 and EUR 43.25 per 1000 litres AVGAS. Aviation fuels are also subject to surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration at EUR 9.11 per 1000 litres JET A-1 and 9.13 per 1000 litres AVGAS. There are no domestic commercial flights in Slovenia.

**United States**. For commercial aviation, the federal tax rate in the US is USD 0.044 per gallon (EUR 0.010 per litre). For non-commercial aviation, kerosene is generally taxed at USD 0.219 per gallon. Aviation gasoline is taxed at USD 0.194 per gallon. In addition, states or local authorities can levy additional taxes on aviation fuel varying from USD 0 and USD 0.235 per gallon for jet fuel (District of Columbia) and USD 0 to USD 0.38 per gallon (Massachussets) for Aviation Gasoline. There is no federal sales tax; States and local sales rates vary from 0% (Delaware, Montana, New Hampshire, and Oregon) to more than 9.5% (Tennessee and Louisiana); however, sales tax does not apply to aviation fuel in every state.

# Annex A. Countries with VAT

Almost all countries levy general consumption taxes i.e. taxes on the sale of most goods and services. The general consumption tax applied by the majority of those countries is value added tax (VAT) i.e. a tax collected at all stages of the processes of production and distribution of goods and services, accumulation of the tax being prevented by allowing businesses to deduct the tax they incur on their inputs from the tax they collect on their outputs. Exports of goods and services are generally within the scope of VAT, although they are commonly zero rated. On the other hand, the importation of goods and services is subject to tax to ensure the neutrality of the tax system (see Chapter 1). A minority of countries (and some sub-national entities) apply retail sales taxes, i.e. single-stage taxes on goods and services supplied to final consumers (these are not listed in the table below). All OECD countries levy VAT, except the United States, where sales taxes are levied at sub-national level (see Chapter 1).

As of 1 July 2024, 175 countries and territories in the world had implemented a VAT.

## Table A A.1. Countries and territories operating a VAT

| No. | Country | Implementation | Rates 2022 (%) | | |
|---|---|---|---|---|---|
| | | | Standard[1] | Reduced[2] | Increased |
| 1 | Afghanistan | 2021 | 10 | 0 | |
| 2 | Albania | 1995 | 20 | 0, 6, 10 | |
| 3 | Algeria | 1992 | 19 | 9 | |
| 4 | Andorra | 2013 | 4.5 | 0, 1, 2.5 | 9.5 |
| 5 | Angola | 2019 | 14 | 0, 2, 5, 7 | |
| 6 | Anguilla | 2022 | 13 | 0 | |
| 7 | Antigua and Barbuda | 2007 | 17 | 0 | |
| 8 | Argentina | 1974 | 21 | 0, 2.5, 5, 10.5 | 27 |
| 9 | Armenia | 1993 | 20 | 0 | |
| 10 | Australia | 2000 | 10 | 0 | |
| 11 | Austria[3] | 1973 | 20 | 10, 13 | |
| 12 | Azerbaijan | 1992 | 18 | 0 | |
| 13 | Bahamas | 2015 | 10 | 0, 2.5 | |
| 14 | Bangladesh | 1991 | 15 | 0, 10 | |
| 15 | Barbados[4] | 1997 | 17.5 | 0, 7.5 | 22 |
| 16 | Bahrain | 2018 | 10 | 0 | |
| 17 | Belarus[5] | 1991 | 20 | 0, 10 | 25 |
| 18 | Belgium | 1971 | 21 | 0, 6, 12 | |
| 19 | Belize | 2006 | 12.5 | 0 | |
| 20 | Benin | 1991 | 18 | 0 | |
| 21 | Bolivia | 1986 | 13 | 0 | |
| 22 | Bosnia Herzegovina | 2006 | 17 | 0 | |
| 23 | Botswana | 2002 | 12 | 0 | |
| 24 | Brazil[6] | 1964 | 17 to 22 | 4, 7, 12 | 25 to 38 |
| 25 | Bulgaria | 1994 | 20 | 9 | |
| 26 | Burkina Faso | 1993 | 18 | 0, 10 | |
| 27 | Burundi | 2009 | 18 | 0, 10 | |
| 28 | Cambodia | 1999 | 10 | 0 | |
| 29 | Cameroon | 1999 | 19.25 | 0 | |

| | | | | | |
|---|---|---|---|---|---|
| 30 | Canada[7] | 1991 | GST/HST: 5, 13, 15 | | |
| 31 | Cape Verde | 2004 | 15 | 0, 8 | |
| 32 | Central African Republic | 2001 | 19 | 0, 5 | |
| 33 | Chad | 2000 | 17.5 | 0, 9 | |
| 34 | Chile | 1975 | 19 | | |
| 35 | China (People's Republic)[8] | 1994 | 6, 9, 13 | 0, 1.5 | |
| 36 | Chinese Taipei | 1986 | 5 | 0 | |
| 37 | Colombia | 1983 | 19 | 0, 5 | |
| 38 | Commonwealth of Dominica | 2006 | 18 | 0, 16 | |
| 39 | Congo (Dem. Republic) | 2012 | 16 | 0, 8 | |
| 40 | Congo (Republic) | 1997 | 18 | 0, 5 | |
| 41 | Cook Islands | 1997 | 15 | 0 | |
| 42 | Costa Rica | 2019 | 13 | 1, 2, 4 | |
| 43 | Côte d'Ivoire | 1960 | 18 | 9 | |
| 44 | Croatia | 1998 | 25 | 5, 13 | |
| 45 | Cyprus[9] | 1992 | 19 | 0, 3, 5, 9 | |
| 46 | Czechia | 1993 | 21 | 12 | |
| 47 | Denmark | 1967 | 25 | 0 | |
| 48 | Djibouti | 2009 | 10 | 0 | |
| 49 | Dominican Republic | 1983 | 18 | 0, 16 | - |
| 50 | Ecuador[10] | 1970 | 14 | 0 | |
| 51 | Egypt | 2017 | 14 | 0, 5 | |
| 52 | El Salvador | 1992 | 13 | 0 | |
| 53 | Equatorial Guinea | 2005 | 15 | 0, 6 | |
| 54 | Estonia | 1991 | 20 | 0, 5, 9 | |
| 55 | Eswatini | 2012 | 15 | 0 | |
| 56 | Ethiopia | 2003 | 15 | 0 | |
| 57 | Faroe Islands | 1993 | 25 | 0 | |
| 58 | Fiji[11] | 1992 | 15 | 0 | |
| 59 | Finland | 1994 | 24 | 0, 10, 14 | |
| 60 | France[12] | 1968 | 20 | 2.1, 5.5, 10 | |
| 61 | Gabon | 1995 | 18 | 0, 5, 10 | |
| 62 | Gambia | 2013 | 15 | 0 | |
| 63 | Georgia | 1993 | 18 | 0 | |
| 64 | Germany | 1968 | 19 | 7 | |
| 65 | Ghana | 1998 | 15 | 0, 3 | |
| 66 | Greece[13] | 1987 | 24 | 6, 13 | |
| 67 | Grenada | 2010 | 15 | 0, 10 | 20 |
| 68 | Guatemala | 1992 | 12 | 0 | |
| 69 | Guinea | 1996 | 18 | 0 | |
| 70 | Guinea-Bissau | 2001 | 19 | 0, 10, 15 | 30 |
| 71 | Guyana | 2007 | 14 | 0 | |
| 72 | Haiti | 1982 | 10 | | |
| 73 | Honduras | 1964 | 15 | 0 | 18 |
| 74 | Hungary | 1988 | 27 | 0, 5, 18 | |
| 75 | Iceland | 1990 | 24 | 0, 11 | |
| 76 | India | 2017 | 12, 18 | 0, 5 | 28 |
| 77 | Indonesia | 1985 | 11 | 0 | |
| 78 | Iran[14] | 2008 | 9 | 0 | 12+3, 20 (5 or 10)<br>25-30 |
| 79 | Ireland | 1972 | 23 | 0, 4.8, 9, 13.5 | |
| 80 | Isle of Man | 1973 | 20 | 0, 5 | |
| 81 | Israel[15] | 1976 | 17 | 0 | |
| 82 | Italy | 1973 | 22 | 4, 5, 10 | |

| | | | | | |
|---|---|---|---|---|---|
| 83 | Jamaica | 1991 | 15 | 2, 10 | 20, 25 |
| 84 | Japan | 1989 | 10 | 8 | |
| 85 | Jersey | 2008 | 5 | 0 | |
| 86 | Jordan | 2001 | 16 | 0, 2, 4, 5, 10 | |
| 87 | Kazakhstan | 1992 | 12 | 0 | |
| 88 | Kenya | 1990 | 16 | 0 | |
| 89 | Kiribati | 2014 | 12.5 | 0 | |
| 90 | Korea | 1977 | 10 | 0 | |
| 91 | Kosovo[16] | 2001 | 18 | 0, 8 | |
| 92 | Kyrgyzstan | 1999 | 12 | 0 | |
| 93 | Lao (People's Democratic Republic) | 2010 | 7 | 0 | |
| 94 | Latvia | 1995 | 21 | 5, 12 | |
| 95 | Lebanon | 2002 | 11 | 0 | |
| 96 | Lesotho | 2003 | 15 | 0, 10 | |
| 97 | Liechtenstein | 1995 | 8.1 | 0, 2.8, 3.8 | |
| 98 | Lithuania | 1994 | 21 | 5, 9 | |
| 99 | Luxembourg | 1970 | 17 | 3, 8, 14 | |
| 100 | Madagascar | 1994 | 20 | 0, 5 | |
| 101 | Malawi | 2002 | 16.5 | 0 | |
| 102 | Maldives | 2011 | 8 | 0 | 16 |
| 103 | Mali | 1991 | 18 | 5 | |
| 104 | Malta | 1999 | 18 | 0, 5, 7, 12 | |
| 105 | Mauritania | 1995 | 16 | 0 | 18 |
| 106 | Mauritius | 1998 | 15 | 0 | |
| 107 | Mexico[20] | 1980 | 17 | 0, 8 | |
| 108 | Moldova | 1998 | 20 | 0, 8, 12 | |
| 109 | Monaco | 1968 | 20 | 2.1, 5.5, 10 | |
| 110 | Mongolia | 1998 | 10 | 0 | |
| 111 | Montenegro | 2003 | 21 | 0, 7 | |
| 112 | Morocco | 1986 | 20 | 0, 7, 10, 14 | |
| 113 | Mozambique | 1999 | 16 | 0, 5 | |
| 114 | Namibia | 2000 | 15 | 0 | |
| 115 | Nepal | 1997 | 13 | 0 | |
| 116 | Netherlands | 1969 | 21 | 9 | |
| 117 | New Zealand | 1986 | 15 | 0 | |
| 118 | Nicaragua | 1975 | 15 | 0 | |
| 119 | Niger | 1986 | 19 | 0, 5, 10 | |
| 120 | Nigeria | 1994 | 7.5 | 0 | |
| 121 | Niue | 2009 | 12.5 | 0 | |
| 122 | North Macedonia | 2000 | 18 | 0, 5, 10 | |
| 123 | Norway | 1970 | 25 | 0, 12, 15 | |
| 124 | Oman | 2021 | 5 | 0 | |
| 125 | Pakistan | 1990 | 17 | 0, 5, 7.5 | 18.5, 21, 22, 25 |
| 126 | Palau | 2023 | 10 | | |
| 127 | Panama | 1977 | 7 | 0 | 10, 15 |
| 128 | Papua New Guinea | 1999 | 10 | 0 | |
| 129 | Paraguay | 1993 | 10 | 0, 5 | |
| 130 | Peru[18] | 1991 | 16 + 2 | 0, 8 | |
| 131 | Philippines | 1988 | 12 | 0, 5 | |
| 132 | Poland | 1993 | 23 | 0, 5, 8 | |
| 133 | Portugal[19] | 1986 | 23 | 6, 13 | |
| 134 | Romania | 1993 | 19 | 0, 5, 9 | |
| 135 | Russia | 1991 | 20 | 0, 10, 16.67 | |

| | | | | | |
|---|---|---|---|---|---|
| 136 | Rwanda | 2001 | 18 | 0 | |
| 137 | Saint Kitts and Nevis[21] | 2010 | 17 | 0, 10, 13 | |
| 138 | Saint Lucia | 2012 | 12.5 | 0, 10 | |
| 139 | Saint Vincent and the Grenadines | 2007 | 16 | 0, 11 | |
| 140 | Samoa | 1994 | 15 | 0 | |
| 141 | Saudi Arabia | 2018 | 15 | 0 | |
| 142 | Senegal | 1980 | 18 | 0, 10 | |
| 143 | Serbia | 2005 | 20 | 0, 10 | |
| 144 | Seychelles | 2012 | 15 | 0 | |
| 145 | Sierra Leone | 2009 | 15 | 0 | |
| 146 | Singapore | 1994 | 9 | 0 | |
| 147 | Slovak Republic | 1993 | 20 | 10 | |
| 148 | Slovenia | 1999 | 22 | 5, 9.5 | |
| 149 | South Africa | 1991 | 15 | 0 | |
| 150 | Spain[20] | 1986 | 21 | 0, 4, 10 | |
| 151 | Sri Lanka | 1998 | 18 | 0 | |
| 152 | Sudan | 2000 | 17 | 0 | 40 |
| 153 | Suriname | 2023 | 10 | 0 | 25 |
| 154 | Sweden | 1969 | 25 | 0, 6, 12 | |
| 155 | Switzerland | 1995 | 8.1 | 2.6, 3.8 | |
| 156 | Tajikistan[22] | 1992 | 14 | 0, 5, 7 | |
| 157 | Tanzania | 1998 | 18 | 0 | |
| 158 | Thailand[23] | 1992 | 7 | 0 | |
| 159 | Togo | 1995 | 18 | 10 | |
| 160 | Tonga | 2005 | 15 | 0 | |
| 161 | Trinidad and Tobago | 1990 | 12.5 | 0 | |
| 162 | Tunisia | 1988 | 19 | 0, 7, 13 | |
| 163 | Turkey | 1984 | 20 | 0, 1, 10 | |
| 164 | Turkmenistan | 1992 | 15 | 0 | |
| 165 | Uganda | 1996 | 18 | 0 | |
| 166 | Ukraine | 1992 | 20 | 0, 7, 14 | |
| 167 | United Arab Emirates | 2018 | 5 | 0 | |
| 168 | United Kingdom | 1973 | 20 | 0, 5 | |
| 169 | Uruguay | 1972 | 22 | 0, 10 | |
| 170 | Uzbekistan | 1992 | 12 | 0 | |
| 171 | Vanuatu | 1998 | 15 | 0 | |
| 172 | Venezuela | 1993 | 16 | 0, 8 | 31 |
| 173 | Vietnam[24] | 1999 | 10 | 0, 5 | |
| 174 | Zambia | 1995 | 16 | 0 | |
| 175 | Zimbabwe | 2004 | 15 | 0 | |
| | | | | | |
| | Aruba[25] | | | | |
| | Bhutan[26] | | | | |
| | Kuwait[27] | | | | |
| | Liberia[28] | | | | |
| | Qatar[29] | | | | |
| | Malaysia[30] | | | | |

Source: F. Annacondia, International - Overview of General Turnover Taxes and Tax Rates, International VAT Monitor, Journals IBFD, cited with permission of IBFD, see http://online.ibfd.org/kbase/, All rights reserved.

Notes:

The acronym "VAT" refers to any national tax that embodies the basic features of a value added tax as described in Chapter 1, by whatever name or acronym it is known e.g. "Goods and Services Tax" ("GST")

1. The standard rate is the rate that generally applies, unless the legislation explicitly provides that specific goods and services are subject to different (reduced or increased) rates.

2. Reduced rates include zero-rates applicable to domestic supplies (i.e. an exemption with right to deduct input tax). This does not include zero-rated exports or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions. Temporary VAT rate reductions notably implemented in the context of the COVID-19 and energy crises are not reflected in this table given their temporary nature.

3. **Austria**: The standard VAT rate is 19% and the reduced VAT rates are 10% and 13% in Jungholtz and Mittelberg.

4. **Barbados**: There is an extended reduction in the VAT rate on electricity supplied to households (from 17.5% to 7.5%) on the first 250 kWh supplied from 1 April 2024 to 30 September 2024 inclusive).

5. **Belarus**: The increased rate of 25% applies to electronic communication services.

6. **Brazil:** the standard (internal) rate varies from 17% to 22% depending on the federal state (some states may also apply an additional rate (e.g. 1%, 2%) to the standard (internal) rate for certain products, for the financing of certain state funds). The internal rate of a state applies to supplies within that state.

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

8. **China (People's Rep.)**: Different rates for specific goods and services may also be determined separately by the tax authority in official notices or announcements. Small-scale taxpayers are exempt from VAT on the sale of certain goods or the provision of certain services up to CNY 100,000 on a monthly basis and the excess is subject to VAT at a flat rate of 3% (known as the collection rate), and they are not entitled to deduct input VAT (the application of the so-called "simplified calculation method"). The rate of 3% also applies to specified asset management services. In addition, a reduced rate of 5% is applied to the collection rate on total revenue of individuals that rent residential properties.

9. **Cyprus:** Footnote by Turkey: the information in this document with reference to « Cyprus » relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognizes the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of United Nations, Turkey shall preserve its position concerning the "Cyprus issue".

Footnote by all the European Union Member States of the OECD and the European Union: the Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

10. **Ecuador**: The standard VAT rate has been temporarily increased to 15% from 1 April 2024 to 31 December 2024.

11. **Fiji:** from 1 August 2023 onwards, the VAT standard rate is 15%. Before this date, the standard rate was 9% and an increased 15% rate applied to selected goods and services.

12. **France:** Specific rates also apply in some regions/territories: standard rate of 20% and reduced rates of 0.9%/2.1%/10.0%/13.0% (Corsica); standard rate of 16% and reduced rates of 10.5%/1.75%//2.1% (Martinique, Guadeloupe, Réunion); standard rate of 16% and reduced rates of 5% (French Polynesia).

13. **Greece:** Specific regional standard rate of 17% and reduced rates of rates of 4.0% and 9.0% apply in the islands of Chios, Kos, Leros, Lesbos, and Samos.

14. **Iran:** In addition to VAT (at the rate of 6%) an additional levy of 3% is collected and treated in the same way as VAT.

15. **Israel:** The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

16. **Kosovo** This designation is without prejudice to positions on status, and is in line with United Nations Security Council Resolution 1244/99 and the Advisory Opinion of the International Court of Justice on Kosovo's declaration of independence.

17. **Mexico:** a reduced rate of 8% applies for the Northern and Southern border regions. It applies to the supply of goods, the provision of services and the grant of temporary use or enjoyment of goods within the northern or southern border region, excluding the sale of real estate and the sale or grant of the use or enjoyment of intangible assets. It also applies to transportation of goods or persons made by land, sea or air when such services begin and end in the same region without making stops outside of it. It is valid until 31 December 2024.

18. **Peru:** in addition to the standard IGV rate of 16%, a 2% sales tax (IPM) is levied at municipal level. Moreover, a reduced IGV rate of 8% applies to micro and small enterprises that carry out restaurant, hotel or tourist accommodation activities until 31 December 2024.

19. **Portugal:** In the Islands of Azores, the standard VAT rate is 16% and the reduced rates are 4% and 9%. In the Islands of Madeira the standard rate is 22% and reduced rates are 5% and 12%.

20. **Spain:** Rates of 0.0%, 3.0%; 7.0%, 9.50%; 13.50%, 20% apply in the Canary Islands.

21. **St. Kitts and Nevis:** The VAT rate on eligible building materials for first-time homeowners and home renovations and repairs will be reduced to 13% from 19 September 2023 to 31 December 2024.

22. **Tajikistan**: For cashless transactions, the VAT rate has been reduced from 15% to 14% from 1 January 2024 and will be reduced to 13% from 2027. However, for cash transactions, the VAT rate has been increased from 18% to 19% in 2024, and to 20% in 2027. The VAT rate reduction aims to incentivize the transition to cashless payments.

23. **Thailand:** The standard VAT rate was 10% before 16 August 1997. However, the VAT rate was reduced to 7% from 1 April 1999 and the application period of the reduced rate has been extended on a regular basis and will continue to apply until 30 September 2024. The rate of 10% will be applied from 1 October 2024 onwards, unless the reduces rate of 7% is extended.

24. **Vietnam**: The government has extended the 2% VAT reduction for goods and services subject to the standard rate up to 31 December 2024, bringing the VAT rate for these products to 8%.
25. **Aruba**. The implementation of VAT, initially planned for 1 January 2023 was delayed.
26. **Bhutan**: The implementation of VAT, initially planned for 1 July 2022 was delayed
27 **Kuwait**. The implementation of VAT, initially planned for 1 January 2023 was delayed.
28. **Liberia**. The government announced the implementation of VAT in 2023.
29. **Qatar.** The implementation of VAT was delayed.
30. **Malaysia.** GST was abolished and a single-stage sales tax system was reintroduced on 1 September 2018, three years after GST was first introduced. In 2023, the government announced that it is considering the reintroduction of the GST.

# Annex B. Exchange rates

## Table A B.1. Exchange rates

| Country | Currency | PPP exchange rates for GDP 2023 | Market exchange rates for 2023 |
|---|---|---|---|
| Australia | AUD | 1.39 | 1.51 |
| Austria | EUR | 0.71 | 0.92 |
| Belgium | EUR | 0.70 | 0.92 |
| Canada | CAD | 1.17 | 1.35 |
| Chile | CLP | 431.42 | 840.07 |
| Colombia | COP | 1 401.24 | 4 325.96 |
| Costa Rica | CRC | 323.00 | 544.05 |
| Czechia | CZK | 12.55 | 22.20 |
| Denmark | DKK | 6.11 | 6.89 |
| Estonia | EUR | 0.56 | 0.92 |
| Finland | EUR | 0.76 | 0.92 |
| France | EUR | 0.67 | 0.92 |
| Germany | EUR | 0.70 | 0.92 |
| Greece | EUR | 0.52 | 0.92 |
| Hungary | HUF | 170.21 | 353.09 |
| Iceland | ISK | 140.16 | 137.94 |
| Ireland | EUR | 0.75 | 0.92 |
| Israel | ILS | 3.59 | 3.67 |
| Italy | EUR | 0.60 | 0.92 |
| Japan | JPY | 94.68 | 140.49 |
| Korea | KRW | 800.35 | 1 305.66 |
| Latvia | EUR | 0.51 | 0.92 |
| Lithuania | EUR | 0.48 | 0.92 |
| Luxembourg | EUR | 0.83 | 0.92 |
| Mexico | MXN | 9.66 | 17.76 |
| Netherlands | EUR | 0.74 | 0.92 |
| New Zealand | NZD | 1.46 | 1.63 |
| Norway | NOK | 8.89 | 10.56 |
| Poland | PLN | 1.88 | 4.20 |
| Portugal | EUR | 0.52 | 0.92 |
| Slovak Republic | EUR | 0.51 | 0.92 |
| Slovenia | EUR | 0.54 | 0.92 |
| Spain | EUR | 0.57 | 0.92 |
| Sweden | SEK | 8.51 | 10.61 |
| Switzerland | CHF | 0.97 | 0.90 |
| Turkey* | TRY | 6.97 | 23.69 |
| United Kingdom | GBP | 0.67 | 0.80 |
| United States | USD | 1.00 | 1.00 |

Notes:
1. Average market exchange rates 2023 and Purchase Parity Rates (PPP) for GDP 2023. Accessed on 29 July 2024.
Source: https://data-explorer.oecd.org). Market exchange rate for Türkiye: source Central Bank of Türkiye cited by United States Department of Agriculture.

# Consumption Tax Trends 2024

## VAT/GST AND EXCISE, CORE DESIGN FEATURES AND TRENDS

*Consumption Tax Trends* provides information on Value Added Taxes/Goods and Services Taxes (VAT/GST) and excise duty rates in OECD member countries. It also contains information about international aspects of VAT/GST developments and the efficiency of this tax. It describes a range of other consumption taxation provisions on tobacco, alcoholic beverages, motor vehicles and aviation fuels.

**PRINT ISBN 978-92-64-72736-6**
**PDF ISBN 978-92-64-77888-7**

9 789264 727366