Consumption Tax Trends 2022

VAT/GST AND EXCISE, CORE DESIGN FEATURES AND TRENDS



OECD

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Foreword

This is the fourteenth edition of *Consumption Tax Trends*, a biennial OECD publication. It presents cross-country comparative data on consumption taxes in OECD member countries, as at 1 January 2022.

Tables using data from the *National Accounts* and data on tax revenue from *Revenue Statistics 2022* (OECD, 2022[1]) are updated up to and including 2020. Price levels for fuel oils are updated as at 1st Quarter 2022 from *Energy Prices Database* issued by the International Energy Agency. 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 2021 taken from the OECD *Monetary and Financial Statistics*, except for Annex Tables 3.A.6, 4.A.4 and 4.A.5 where market rates for 1st Quarter 2022 are used since fuel taxes data refer to that period. For Annex Table 3.A.5 market rates for 2020 are used since tobacco taxes data refer to that year. For Annex Tables 2.A.5 and 2.A.9 Purchase Power Parity (PPP) rates for GDP (2021) 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 1965-2020, including a brief overview of the evolution of VAT and excise revenues during the Covid-19 pandemic. 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 provides updated estimates of OECD countries' VAT Revenue Ratio (VRR) as an indicator of the effect of exemptions, reduced rates and non-compliance on VAT revenues. It considers evolutions in countries' strategies to counter VAT fraud and to enhance VAT compliance, including through digital reporting requirements, and the administrative co-operation in the area of VAT. 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, tobacco, and household fuel in OECD countries. It also provides an estimate of the total tax burden in a pack of cigarettes 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 and recurrent taxes on vehicles and on taxes of the main road fuels (i.e. unleaded gasoline and diesel). 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 Consumption Taxes Unit in the CTPA.

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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

Consumption tax revenues decreased slightly in 2020 to 9.9% of GDP in OECD countries on average, down from 10.0% in 2019 and 10.2% in 2018. The overall share of consumption taxes in total tax revenue decreased to 30.0% in 2020, compared to 30.6% in 2019 and 30.8% in 2018. This decline is mainly attributable to the continuously decreasing importance of taxes on specific goods and services (mostly on tobacco, alcoholic drinks and fuels, as well as some environment-related taxes) as a share of total taxation in OECD countries, on average. Value added taxes (VAT) produced 20.2% of total taxes in OECD countries on average in 2020. This makes VAT by far the main category of consumption taxes, generating almost three times as much tax revenue as excise duties that form the bulk of taxes on specific goods and services, accounting for 6.9% of total tax revenues in 2020 on average.

Main consumption tax trends in OECD countries

- Consumption tax-to-GDP ratios declined in 28 out of the 38 OECD countries between 2018 and 2020, increased in 9 countries while 1 country saw no change. Consumption taxes produce more than 40% of total taxes in 5 OECD countries (Chile, Colombia, Hungary, Latvia and Türkiye) and more than 50% of total tax revenue in one country (Chile). They account for less than 20% of total taxes in 3 OECD countries (Japan, Switzerland and the United States).
- VAT revenues have remained stable in OECD countries between 2018 and 2020 on average, at 6.7% as a share of GDP in 2020, i.e. the same level as in 2018 and 2019. VAT accounts for one-fifth of total tax revenues (20.2%) on average, representing 20% or more of total taxes in 21 of the 37 OECD countries that operate a VAT. Twenty countries saw a decline in VAT revenue as a share of GDP between 2018 and 2020, while 13 reported an increase and 4 saw no change. Decreases of 0.5 percentage points (p.p.) or more were recorded in Germany (-0.5 p.p.), in Chile and Iceland (-0.6 p.p.), in Greece and Slovenia (-0.7 p.p.), and in Ireland (-0.9 p.p.). The largest increases were seen in Netherlands (+0.6 p.p.), (Norway (+0.7 p.p.) and in Japan and New Zealand (+0.9 p.p.).
- Nominal VAT revenue decreased in 2020 compared to 2019 in 19 OECD countries while it increased slightly in 12 countries and remained almost stable in 6 others. Overall VAT revenues declined in OECD countries by 2.4% in nominal terms in 2020. Preliminary figures for 2021 analysed in the special feature in 2022 edition of Revenue Statistics on The Impact of COVID-19 on OECD Tax Revenues, show that VAT revenues rose by 17.3% in nominal terms between 2020 and 2021.
- Revenues from taxes on specific goods and services, primarily excises, have further declined both as a percentage of GDP (to 3.0% in 2020; a decline of 0.2 percentage points compared to 2018) and as a percentage of total tax revenue (to 9.1% in 2020; down 0.6 percentage points since 2018).
- Standard VAT rates across OECD countries remained stable in 2022 at 19.2% on average. Two OECD countries (Germany and Ireland) introduced a temporary reduction of their standard VAT rate in 2020 (from 19% to 16 % and from 23% to 21% respectively) as part of their economic stimulus packages in response to the COVID-19 crisis. They have reverted to their pre-crisis standard rate since then.
- In response to the COVID-19 outbreak, most OECD countries introduced zero (or reduced) VAT rates for supplies and imports of medical equipment and sanitary products (gloves, masks, hand

sanitiser…) and for healthcare services where these were not yet VAT exempt or subject to reduced rates under normal rules. Some countries introduced temporary VAT rate reductions to stimulate consumption and/or to support specific economic sectors (e.g. tourism, hospitality). Most temporary rate changes that were introduced in 2020 to address the pandemic were withdrawn in 2021, except those related to medical supplies used to respond to the pandemic. More recently, several OECD countries introduced VAT rate reductions to help cushion the impact of rising energy prices. These measures, which have been typically announced as temporary, can apply to energy products in general or to specific products such as electricity, gas and district heating.

- All OECD countries with a VAT have implemented, or committed to, the OECD standards for the collection of VAT on online sales of services and digital products from non-resident e-commerce vendors. Many OECD countries have further expanded these e-commerce VAT regimes, in particular to include online sales of small parcels imported from abroad by foreign e-commerce marketplaces and other digital vendors. Twenty-six OECD countries (Australia, New Zealand, Norway, the United Kingdom and the 22 countries that are Member States of the European Union) have implemented such reform, in line with OECD guidance.
- Most OECD countries have now implemented some type of electronic transaction information reporting obligation, requiring the transmission of detailed information in an electronic format on individual taxable transactions. These requirements are heterogeneous across OECD countries and can differ on several aspects such as scope, data collected or frequency of reporting (systematic or on request). Eighteen out of the 31 countries requiring electronic transaction reporting require the systematic transmission of such information to the tax administration and 10 of these countries require this transmission to happen 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 11 of these countries.
- Excise duties are used by OECD countries 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. This is notably illustrated by the total tax burden on cigarettes, which was above 60% of the consumer price in almost all OECD countries and above 75%, as recommended by the World Health Organisation, in 21 OECD countries. The total tax burden for premium unleaded gasoline exceeds 40% of the consumer price in all but eight OECD countries in 2022. Excise levels for diesel fuel remain lower than those for gasoline in all but four OECD countries. Aviation fuels remain often exempt from taxes, particularly when used for commercial international flights.
- Car taxation is increasingly aimed at influencing customer behaviour and at stimulating the use of low polluting vehicles. In 2022, almost all OECD countries take environmental or fuel efficiency criteria into account when determining the level of taxation for the purchase or use of vehicles and 26 of these countries apply tax rebates or exemptions for electric or hybrid vehicles.

The VAT Revenue Ratio for OECD countries

Across the OECD, the unweighted average VRR has remained relatively stable at 0.56 in 2020, up 0.01 from 0.55 in 2019 and at the same level as in 2018. The stability of the average VRR in the first year of the COVID-19 pandemic stands in contrast to 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 0.56 in 2020 suggests that, on average, an estimated 44% of the theoretical potential VAT revenue is not collected. 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 as a consequence of exemptions and reduced rates, fraud and non-compliance.

1 Consumption tax revenue: Main figures and trends

1.1. Introduction

Consumption taxes[1] 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.

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).

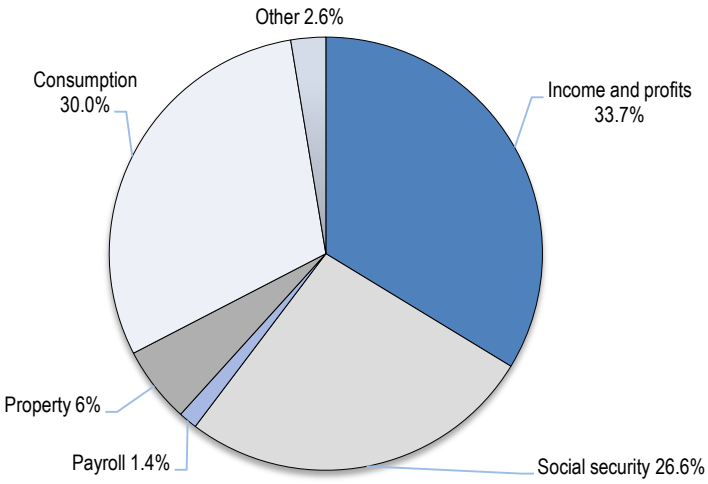
1.2. Evolution of consumption tax revenues

1.2.1. Consumption taxes account for 30% of total tax revenue in OECD countries, on average

In 2020, consumption taxes accounted for 30% of the total tax revenue in OECD countries on average, representing 9.9%% of these countries' GDP (see Annex 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 Table 1.A.2 and Annex Table 1.A.3).

Figure 1.1. Average tax revenue as a percentage of aggregate taxation, by category of tax, 2020



Note: Percentage of total taxation 2020
Source: OECD Adapted from Revenue Statistics 2022, OECD publishing Paris (OECD, 2022[3]).

StatLink https://stat.link/gwnos7

Between 2018 and 2020, the average consumption tax-to-GDP ratio in OECD countries decreased by 0.3 percentage point, from 10.2% to 9.9%. 28 out of 38 OECD countries reported a decrease in their consumption tax-to-GDP ratios during this period, while 9 countries recorded an increase (Australia, Japan, Lithuania, Mexico, Netherlands, New Zealand, Norway, Slovak Republic and Türkiye) and 1 country (the United States) saw no change. Slovenia, Ireland and Iceland reported the largest decrease (of 1.4, 1.2 and 1.0 percentage points respectively) whereas Japan, Mexico and Norway recorded the largest increase (all three increased by 0.7 percentage points).

The overall share of consumption taxes in total tax revenue decreased to 30.0% in 2020 from 30.8% in 2018 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 1.2.2. and 1.2.4 below). The share of consumption taxes in total tax revenue decreased in 26 countries between 2018 and 2020, while it increased in 11 countries (Australia, Chile, France, Hungary, Japan, Mexico, Netherlands, New Zealand, Norway, Sweden and Türkiye) and no change was recorded in one country (Finland). Consumption taxes produce more than 40% of total taxes in 5 OECD countries (Chile, Colombia, Hungary, Latvia, Türkiye) and more than 50% of total tax revenue in one country (Chile). 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 remained stable between 2018 and 2020, both as a share of GDP and as a share of total taxation. They decreased slightly as a share of GDP (- 0.1 p.p.) from 7.0% in 2018 to 6.9% on average in 2020, representing 20.9% of total tax revenues in OECD countries on average in 2020, slightly down from 21.1% in 2018.

Their importance varies considerably across OECD countries both as a share of GDP and as a share of total taxation (see Annex 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 Denmark, Finland, Hungary, Latvia, New Zealand, Norway and Sweden. Taxes on general consumption produce more than 20% of total taxes in 21 of the 38 OECD countries. They represent more than 29% 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, Italy, Japan, Luxembourg, 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 6.9% in 2020. They produced only 13.4% of total tax revenues in OECD countries in 1975 compared to 20.9% in 2020.

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

VAT revenues have remained stable in OECD countries between 2018 and 2020 on average, at 6.7% as a share of GDP in 2020 (the same level as in 2018 and 2019) and at 20.2% as a share of total taxation, slightly down from 20.3% in 2018 and 2019 (see Annex Table 1.A.4). 21 OECD countries recorded a drop in VAT revenues as a share of GDP between 2018 and 2020, while 13 reported an increase (Australia, Costa Rica, Denmark, Hungary, Japan, Korea, Latvia, Lithuania, Mexico, Netherlands, New Zealand, Norway and Slovak Republic) and 4 saw no change (Canada, Finland, Sweden and Switzerland). Decreases of 0.5 percentage points (p.p.) or more were recorded in Germany (-0.5 p.p.), Chile and Iceland (-0.6 p.p.), in Greece and Slovenia (-0.7 p.p.), and in Ireland (-0.9 p.p.). The largest increases were seen in Netherlands (+0.6 p.p.), Norway (+0.7 p.p.) and in Japan and New Zealand (+0.9 p.p.).

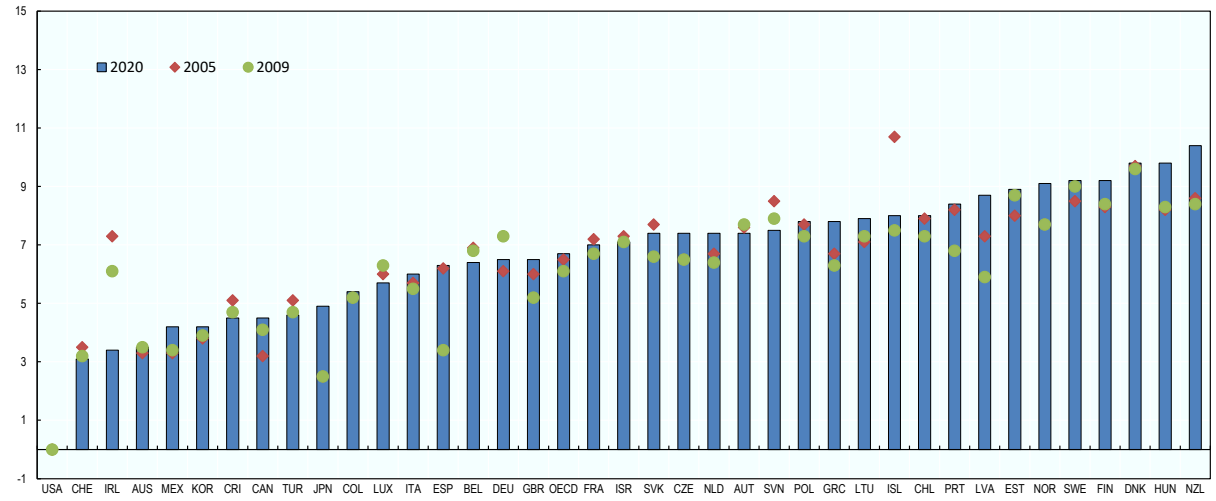
Revenues from VAT decreased in 21 countries as a share of total taxes between 2018 and 2020, while an increase of VAT as a share of total taxation was seen in 13 OECD countries (Australia, Chile, Costa Rica, Finland, Hungary, Japan, Latvia, Luxembourg, Netherlands, New Zealand, Norway, Slovak Republic, Sweden) and no change was recorded in 3 countries (France, Israel, Lithuania). Decreases of 1.0 percentage point (p.p.) or more were observed in in Germany (-1.0 p.p.), the United Kingdom (-1.1 p.p.), Greece (-1.2 p.p.), Portugal (-1.3 p.p.), Iceland (-1.6 p.p.), Slovenia and Spain (-1.9 p.p.) and Ireland (-2.2 p.p.). The largest increases were seen in New Zealand (+1.0 p.p.), Hungary (+1.2 p.p.), Costa Rica (+1.9 p.p.), Japan (+2.1 p.p.) and Norway (+2.4 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 slightly increased from 6.5% in 2005 to 6.7% in 2020 on average and remained stable as a share of total taxation at 20.2% over the same period. An increase of VAT revenues as a share of GDP was observed in 24 OECD countries between 2005 and 2020, while a decrease was recorded in 13 countries and Annex Table 1.A.4. The largest increases were observed during that period in Japan (+2.4 p.p.), New Zealand (+1.8 p.p.), Hungary (+1.6 p.p.), Norway and Latvia (+1.4 p.p.) and Canada (+1.3 p.p.) whereas the largest decreases were seen in Ireland (-3.9 p.p.), Iceland (-2.7p.p.) and Slovenia (-1.0 p.p.). VAT revenues decreased as a percentage of GDP on average in OECD countries as a consequence of the Global Financial Crisis (GFC) between 2007 and 2009, as illustrated by the decline of the average VAT-to-GDP ratio from 6.5% in 2005 to 6.1% in 2009.

VAT revenues as a share of GDP broadly returned to their pre-crisis level in 2012 on average in OECD countries and have remained relatively stable since then.

Figure 1.2. Value added taxes (5111) as a percentage of GDP 2005-2020



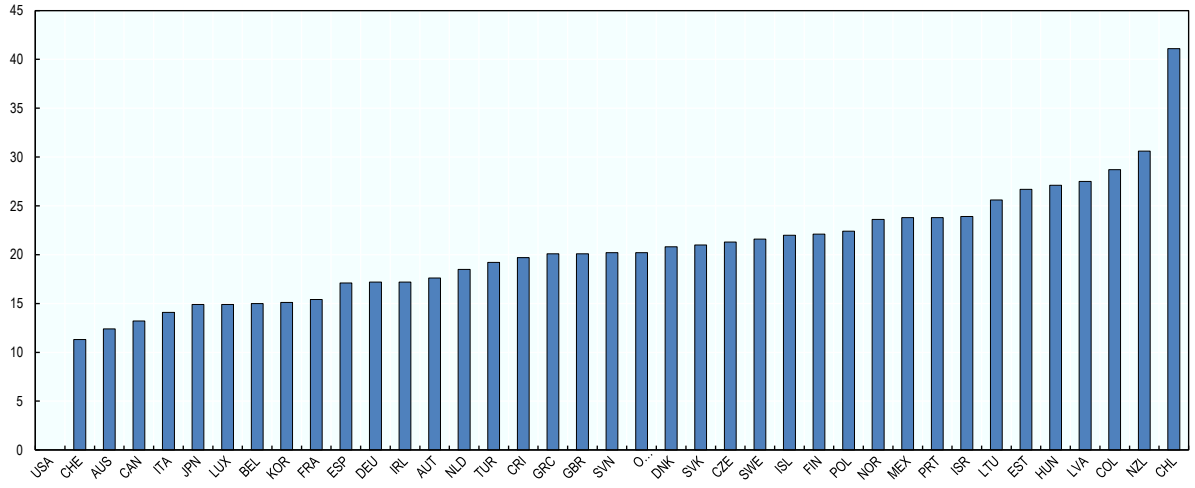
Source: OECD Adapted from Revenue Statistics 2022, OECD publishing Paris (OECD, 2022[3]).

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The share of VAT in total tax revenues in OECD countries shows a considerable spread in 2020, ranging from 15% or less in Australia, Belgium, Canada, Italy, Japan, Luxembourg and Switzerland to more than 25% in Chile, Colombia, Estonia, Hungary, Latvia, Lithuania and New Zealand. VAT (GST) produces 30.6% in New Zealand and 41.1% in Chile (see Figure 1.3 and Annex Table 1.A.4). VAT produces 15% or more of total tax revenues in 31 of the 38 OECD countries and it accounts for more than 20% of total taxes in 21 of these 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 2020



Source: OECD Adapted from Revenue Statistics 2022, OECD publishing, Paris (OECD, 2022[3]).

StatLink https://stat.link/01ms2q

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

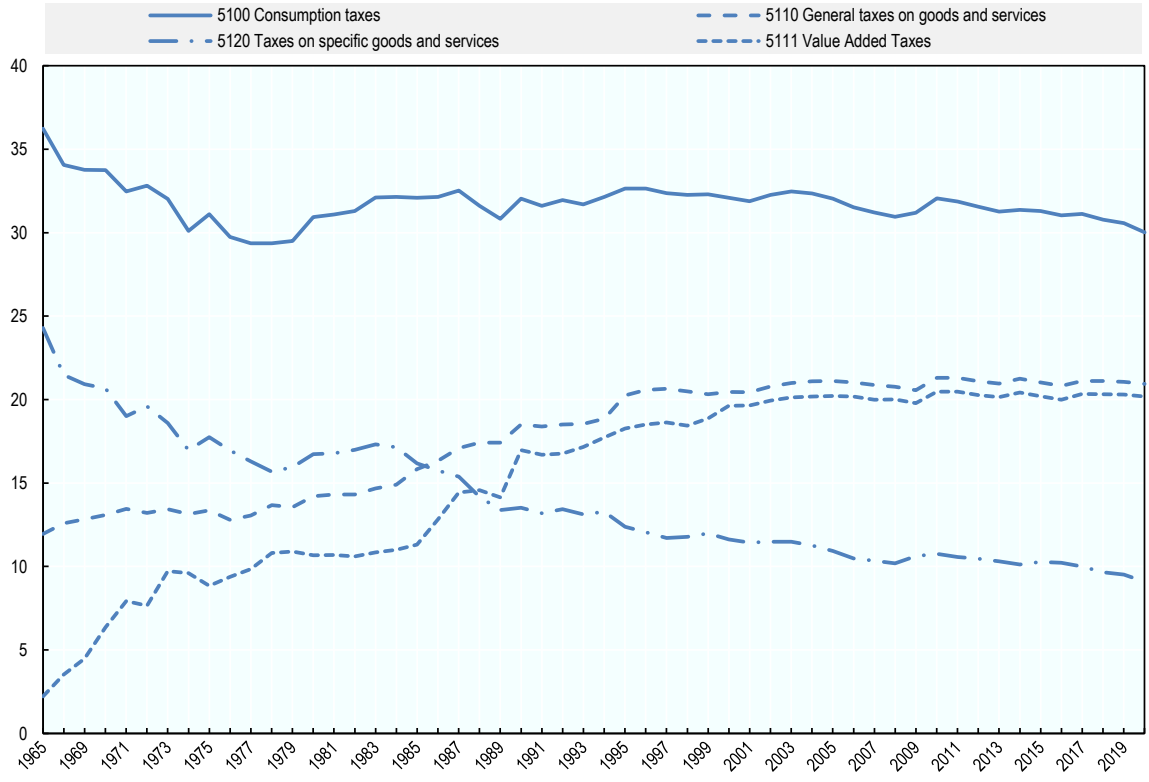
Annex Table 1.A.3 shows that revenues from taxes on specific goods and services have decreased steadily as a percentage of GDP between 1975 (4.6%) and 2020 (3.0%). The evolution of the share of taxes on specific goods and services in total taxation has followed the same pattern – it has almost halved from 17.7% in 1975 to 9.1% on average in 2020. 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 13% of total taxes in all OECD countries, except in Mexico and Türkiye where taxes on specific goods and services represent 13,0% and 22.4% of total taxation respectively.

Excise duties currently form the bulk of taxes on specific goods and services, representing 2.3% of GDP on average in 2020, down from 2.4% in 2018. They produced 6.9% of total tax revenues in 2020 on average, down from 7.3% in 2018. Between 2018 and 2020, 31 OECD countries recorded a drop in revenues from excise duties as a share of GDP, with only 3 countries reporting an increase (Canada, Mexico and Türkiye) and 4 countries recording no change (Latvia, Norway, Sweden and the United States). Rather than as a significant revenue raiser, excise duties taxes are increasingly used to influence customer behaviour. This is discussed in further detail in Chapter 3 and Chapter 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 VAT (5111), in total tax revenue in OECD countries almost doubled between 1965 and 2020 from 11.9% to 20.9% on average (see Figure 1.4 and Annex 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 9.1% of total revenues in OECD countries on average. The overall share of taxes on consumption (5100) in total taxation fell from 36.2 % to 30.0% between 1965 and 2020, while it increased as a percentage of GDP during that period from 8.7% in 1965 to 9.9% in 2020 on average.

Figure 1.4. Share of consumption taxes as percentage of total taxation 1965-2020

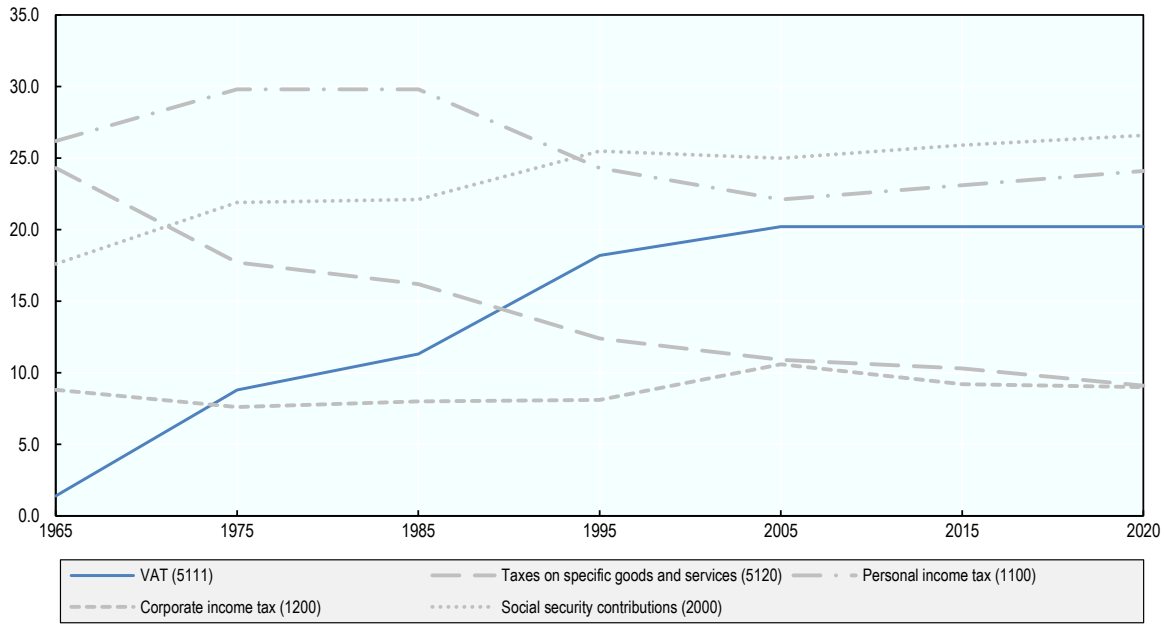


Source: OECD Adapted from Revenue Statistics 2022, OECD Publishing (OECD, 2022[3]).

StatLink https://stat.link/cv2rtf

Figure 1.5 below and Annex 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 2020. Personal income tax and social security contributions account for more than 50% of total tax revenue in OECD countries in 2020, respectively producing approximately 24.1% and 26.6% 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 approximately 10% of total tax revenue in 2020.

Figure 1.5. Evolution of the tax mix as a percentage of total tax revenue 1965-2020



Source: OECD Adapted from Revenue Statistics 2022, OECD publishing, Paris (OECD, 2022[3]).

StatLink https://stat.link/z9yn80

1.2.6. The impact of COVID-19 on VAT and excises

The 2022 edition of Revenue Statistics presents a Special Feature on *The Impact of COVID-19 on OECD Tax Revenues* (OECD, 2022[3]). It notably uses preliminary data for 2021 to analyse changes in tax revenues across OECD countries during the second year of the pandemic. Readers are referred to this Special Feature for a detailed analysis of tax revenue performance in OECD countries in 2021, including changes of the main tax types both in nominal terms and as a share of GDP. This section hereafter briefly recalls the main VAT measures included in governments' fiscal and tax policy responses to the COVID-19 outbreak and outlines the main trends in revenues from VAT and from excise duties during the second year of the pandemic in particular.

Tax policy has been a critical tool in governments' response to COVID-19 across the OECD. Over the course of the pandemic, the objectives of tax policy evolved in line with the evolution of the pandemic itself and governments' broader policy goals. In general, tax policy in 2020 was characterised by measures to protect workers and businesses from the disruptions caused by the pandemic, while there has been greater focus on policies to promote investment and accelerate the post-pandemic recovery in 2021. Some tax policy measures have evolved over the course of the pandemic to become more targeted, while others were eliminated altogether. While a majority of the measures were temporary, most of these temporary measures were extended beyond their initial duration. Other measures became permanent.

VAT policy and administration measures were an important component of governments' early fiscal and tax policy responses to the COVID-19 outbreak. These measures were mainly aimed at supporting business cash flow, in particular through VAT payment deferrals and the acceleration of excess input VAT refunds, and at reducing compliance burdens notably by extending filing and reporting deadlines. Most OECD countries have also taken VAT measures to facilitate emergency medical responses and to support the healthcare sector. These included in particular the introduction of zero (or reduced) VAT rates for

supplies and imports of medical equipment and sanitary products (gloves, masks, hand sanitiser…) and for healthcare services where these were not yet VAT exempt or subject to reduced rates under normal rules (OECD, 2020[5]).

Some countries also introduced temporary VAT rate reductions to stimulate consumption and/or to support specific economic sectors that had been hardest hit by the pandemic (e.g. tourism, hospitality) (see Section 2.2.3). A few OECD countries introduced more general temporary rate reductions. Germany reduced its standard VAT rate from 19% to 16% and its reduced VAT rate from 7% to 5% from 1 July to end 2020. Ireland reduced its standard VAT rate from 23% to 21% from 1 September 2020 until 28 February 2021. Norway decreased its 12% reduced VAT rate to 6% from 1 April until the end of 2020. Most temporary changes to VAT rates that were introduced in 2020 to address the pandemic were withdrawn in 2021, except those related to medical supplies used to respond to the pandemic.

As highlighted above (Section 1.2.3), VAT revenues remained stable in OECD countries in 2020 at 6.7% as a share of GDP on average and accounting for 20.2% of total taxes compared to 20.3% in 2018 and 2019. Nominal VAT revenue decreased in 2020 compared to 2019 in 19 OECD countries while it increased slightly in 12 countries and remained almost stable in 6 others. Overall VAT revenues declined in OECD countries by 2.4% in nominal terms in 2020.

The preliminary figures for 2021 analysed in the Special Feature in Revenue Statistics 2022 show that VAT revenues increased by 17.3% in nominal terms between 2020 and 2021. These revenues rose in all OECD countries, with the increase exceeding 20% in nine. As a share of GDP, VAT revenue grew in 30 countries in 2021, remained unchanged in three and declined in three. The increase in VAT revenues exceeded 0.5 percentage points (p.p.) as a share of GDP in 13 countries with the largest increase observed in Chile (+1.5 p.p.). The largest decline occurred in Norway where VAT revenues as a share of GDP declined by 1.0 p.p. although they increased by 8.5% in nominal terms (OECD, 2022[3]).

Excise revenue showed a relatively weak growth in nominal terms of 5.5% in 2021 (versus a 5.4% decline in 2020). Excise revenues rose in nominal terms in 29 countries and declined in eight. The increase exceeded 10% in six countries while the decline exceeded this threshold in two countries (OECD, 2022[3]).

1.3. Main features of VAT design

1.3.1. VAT is the main consumption tax for 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 two decades to replace lost revenues from trade taxes following trade liberalisation. Over 170 countries operate a VAT today (see Annex A), including 37 of the 38 OECD member countries, the only exception being the United States although most states within the US employ some form of retail sales tax. This is more than twice as many as 25 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, this tax can be defined by its purpose and its specific tax collection mechanism. The *OECD International VAT/GST Guidelines* (OECD, 2017[6]) 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[7]) 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 a legal and practical standpoint, VAT is essentially a transaction tax, where all supplies are subject to taxation along the supply chain in a staged collection process, up to the final consumer.

It can be argued, however, that the economic burden of the VAT may effectively lie in a variable proportion on business and consumers. Indeed, the effective incidence of VAT, like that of any other tax, is determined not only by its formal nature but also by market circumstances, including the elasticity of demand and the nature of competition between suppliers (Ebrill, Keen and Perry, 2001[8]).

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 takes part in the process of controlling and collecting the tax, remitting the proportion of tax corresponding to its margin, i.e. on the difference between the VAT imposed on its taxed inputs and the VAT imposed on its taxed outputs. 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 point of final sale.

This requires a mechanism for relieving businesses of the burden of the VAT they pay when they acquire goods, services or intangibles. There are two main approaches for operating the staged collection process:

- Under the invoice credit method (which is a “transaction based method”), each trader charges VAT at the rate specified for each supply and passes to the purchaser an invoice showing the amount of tax charged. The purchaser is in turn able to credit that input tax against the output tax it charges on its sales, remitting the balance to the tax authorities and receiving refunds when there are excess credits. This method is based on invoices that could, in principle, be crosschecked to pick up any overstatement of credit entitlement. By linking the tax credit on the purchaser’s inputs to the tax paid by the purchaser, the invoice credit method is designed to discourage fraud.
- 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.

Almost all jurisdictions that operate a VAT use the invoice-credit method. In the OECD, only Japan uses "credit subtraction VAT", where the VAT on taxable sales (output tax) is calculated by multiplying the total taxable sales by the VAT rate while the amount of deductible input VAT is calculated by extracting the VAT from the total VAT inclusive amount of purchases as recorded in the business's purchase records. This includes the purchases from exempt suppliers such as unregistered small businesses so that there is no incentive to purchase from taxable businesses, but excludes exempt supplies such as financial services. The VAT-liability is calculated on an annual basis, except for certain businesses that can elect for quarterly accounting periods (e.g. exporters that are eligible for VAT refunds). There is no requirement to issue VAT invoices; businesses are required to document their VAT liability and this documentation can include invoices.

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 in domestic trade 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[9]) 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 (Liam Ebrill, 2001[10]).

When the right to deduct input VAT covers all business inputs, the final burden of the tax does not lie on businesses but on 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 destination principle in VAT achieves neutrality in international trade. Under the destination principle, exports are not subject to tax with refund of input taxes (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. 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 be an element of sales tax embedded in the price.

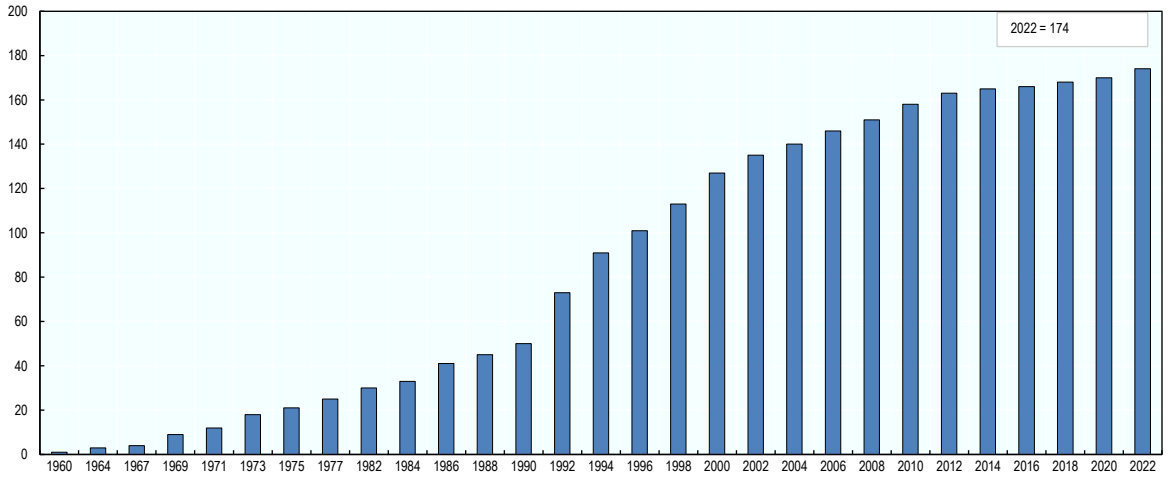
1.3.2. VAT has now been implemented in 174 countries worldwide

The spread of VAT has been among the most important developments in taxation 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 1.1 and Annex 1.A).

The domestic and international neutrality properties of the VAT 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. A VAT is operated in 37 of the 38 OECD countries, the only exception being the United States.

Figure 1.6. Countries with VAT 1960 - 2022



Note: See Annex A.
Source: Author's work based on Fabiola Annacondia 2022.

StatLink https://stat.link/7hlxb8

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 (and within the OECD where 37 out of 38 member countries have implemented it), 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 1.5 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, 2022[11]).

Combined state and local sales tax rates vary widely in the United States, from 1.76% (Alaska), 4.44% (Hawaii) and 5.22% (Wyoming) to 9.55% (Louisiana and Tennessee),9.47% (Arkansas) and 9.29% (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 (Janelle Fritts, 2022[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 June 2022, 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. *Consumption Tax Trends 2022* 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, which may be at a late stage in the supply chain.
- Excise charges are generally assessed by reference to the weight, volume, strength or quantity of the product, combined in some cases, with *ad valorem* taxes.
- 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 resale stage).

Whilst VAT was first introduced about 60 years ago, excise duties have existed since the dawn of civilisation. They are levied on a specific range of products and are assessed by reference to various characteristics such as weight, volume, strength or quantity of the product, combined in some cases with ad valorem taxes. 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. Excise duties are increasingly being used to influence consumer behaviour to achieve health and, increasingly, 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, 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 consumers' behaviour and continue to raise significant revenues for governments (see Chapter 3 and Chapter 4).

There has indeed been a discernible trend in recent decades to ascribe to these taxes characteristics other than simply revenue raising. A number of excise duties have been adjusted with a view to discouraging certain behaviours considered harmful, especially for health and environmental reasons. This is particularly

the case for excise duties on tobacco and alcohol whose rates have increased over time with the aim of reducing consumption of these products. The structure of certain excise duties, for example on road fuels and vehicles, has also gradually changed to encourage more responsible behaviour towards the collective welfare, especially the environment (see Chapter 3).

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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	2009	2010	2015	2018	2019	2020	1975	2005	2009	2010	2015	2018	2019	2020
Australia	6.5	7.5	6.7	6.4	6.6	6.3	6.2	6.5	25.8	25.3	26.5	25.5	23.7	21.9	22.5	22.9
Austria	12.3	11.1	10.9	10.9	10.9	10.7	10.7	10.4	33.9	27.1	26.6	26.5	25.3	25.4	25.1	24.6
Belgium	10.1	10.5	10.3	10.5	10.2	10.4	10.2	9.8	26.0	24.2	24.1	24.6	23.2	23.7	24.0	23.0
Canada	8.1	7.7	7.0	7.0	7.1	7.3	7.2	6.9	26.0	23.7	21.5	22.5	21.5	21.7	21.7	20.2
Chile	..	10.2	9.1	9.5	10.4	10.5	10.3	9.8	..	48.7	52.2	48.2	50.8	49.5	49.2	50.5
Colombia	..	8.1	8.0	8.1	8.0	8.1	8.3	7.6	..	44.4	42.3	44.7	40.4	42.0	42.1	40.5
Costa Rica	..	9.2	8.3	8.1	7.9	7.2	7.3	6.9		42.4	37.5	36.5	34.5	31.3	31.1	30.4
Czech Republic	..	10.1	10.2	10.2	10.7	10.8	10.6	10.3	..	29.5	31.6	31.8	32.3	30.8	30.4	29.7
Denmark	12.1	15.3	14.1	13.9	13.4	13.5	13.1	13.4	32.7	31.8	31.4	31.1	29.1	30.5	27.9	28.4
Estonia	..	12.1	13.9	13.1	13.7	13.3	13.4	12.5	..	40.7	39.8	39.6	41.2	40.3	40.1	37.6
Finland	11.4	13.0	12.6	12.6	13.6	13.7	13.6	13.5	31.6	30.8	30.8	31.0	31.3	32.4	32.2	32.4
France	11.3	10.7	10.2	10.8	11.4	11.9	11.9	11.8	32.4	25.0	24.5	25.5	25.1	25.8	26.5	26.0
Germany	8.7	9.7	10.6	10.2	9.9	9.7	9.7	9.1	25.4	28.1	28.9	28.7	26.7	25.3	25.1	24.1
Greece	7.9	10.1	9.8	11.4	12.2	13.7	13.6	12.8	42.2	31.7	31.8	35.2	33.3	34.3	34.4	32.9
Hungary	..	14.3	15.0	15.5	16.6	16.1	15.8	15.8	..	39.2	38.8	42.2	42.9	43.8	43.5	43.9
Iceland	18.3	15.7	10.6	10.9	11.0	11.6	10.7	10.6	62.2	40.0	34.0	33.8	31.3	31.8	30.7	29.5
Ireland	12.4	10.8	9.2	9.2	6.9	6.3	6.2	5.1	44.4	35.8	32.7	33.0	29.6	28.3	28.6	25.9
Israel	..	10.7	10.5	11.0	10.9	10.3	10.0	9.8	..	32.7	35.9	36.4	35.0	33.4	33.2	33.0
Italy	6.9	9.4	9.4	10.0	10.5	10.4	10.4	9.9	28.3	24.1	22.5	23.9	24.5	25.0	24.7	23.3
Japan	3.0	4.4	4.3	4.4	5.9	5.7	5.8	6.4	15.1	17.2	16.9	16.7	19.5	18.1	18.3	19.4
Korea	8.9	7.2	7.0	7.3	6.2	6.6	6.6	6.3	60.0	33.3	30.7	32.6	26.2	24.7	24.3	22.9
Latvia	..	11.3	10.4	11.2	12.4	13.3	13.0	13.2	..	40.6	36.9	39.3	41.7	42.8	41.9	41.6
Lithuania	..	10.9	11.2	11.4	11.4	11.3	11.3	11.4	..	37.2	37.0	40.4	39.5	37.4	37.5	37.0
Luxembourg	6.7	10.7	10.0	9.7	8.2	8.9	9.0	8.5	20.6	28.5	27.5	27.2	23.6	22.7	22.7	22.4
Mexico	..	4.2	4.5	4.7	6.0	5.8	6.1	6.5	..	37.1	36.0	36.7	37.9	35.9	37.2	36.8
Netherlands	8.5	10.2	9.8	10.1	10.0	10.5	10.9	11.0	22.5	29.3	28.0	28.2	27.1	27.1	27.7	27.5
New Zealand	6.8	10.8	10.3	11.2	11.4	11.4	11.3	12.0	22.8	30.0	34.1	37.1	36.3	35.3	36.1	35.6
Norway	14.2	11.1	10.9	11.0	11.0	11.1	11.2	11.8	36.6	26.1	26.5	26.3	28.6	28.1	27.9	30.5
Poland	..	12.2	11.4	12.2	11.4	12.6	12.3	12.1	..	37.1	36.5	38.8	35.3	36.0	35.0	34.1
Portugal	7.6	13.3	11.2	11.9	12.9	13.2	13.1	12.6	40.1	42.9	37.6	39.3	37.4	38.0	38.0	35.7
Slovak Republic	..	11.6	9.8	9.6	10.7	11.1	11.2	11.3	..	37.1	33.8	34.3	32.9	32.4	32.4	32.0
Slovenia	..	12.7	12.8	13.3	13.7	13.0	12.6	11.6	..	32.5	34.6	35.2	36.8	34.9	34.0	31.1
Spain	4.3	9.3	6.1	7.9	9.6	9.5	9.3	9.0	24.0	26.3	20.6	25.3	28.2	27.3	26.7	24.5
Sweden	8.7	11.9	12.3	12.3	11.6	11.9	11.7	11.6	22.7	25.1	28.1	28.7	27.3	27.3	27.3	27.5
Switzerland	4.5	5.3	5.1	5.1	5.0	4.8	4.7	4.7	20.6	20.4	19.5	19.9	18.7	17.8	17.2	17.2
Türkiye	4.7	11.0	10.2	11.3	10.6	9.4	8.7	9.9	40.9	47.4	43.6	45.8	42.7	39.0	37.5	41.5
United Kingdom	8.1	9.5	8.8	9.6	10.3	10.2	10.2	9.6	23.7	29.4	28.3	30.2	32.7	31.5	31.6	29.8
United States	4.2	3.8	3.6	3.6	3.8	3.9	3.9	3.9	17.1	14.7	15.5	15.5	14.6	15.6	15.3	15.0
OECD average	8.7	10.2	9.6	9.9	10.1	10.2	10.0	9.9	31.1	32.0	31.2	32.1	31.3	30.8	30.6	30.0

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, 2022[3]).

StatLink https://stat.link/49u0vj

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	2009	2010	2015	2018	2019	2020	1975	2005	2009	2010	2015	2018	2019	2020
Australia	1.7	3.9	3.6	3.4	3.7	3.4	3.3	3.6	6.7	13.2	14.1	13.5	13.2	12.0	12.0	12.7
Austria	7.2	7.6	7.7	7.7	7.6	7.6	7.7	7.4	19.8	18.6	18.8	18.7	17.7	18.0	18.0	17.6
Belgium	6.3	7.0	6.9	7.0	6.7	6.8	6.7	6.4	16.2	16.2	16.1	16.4	15.1	15.5	15.8	15.1
Canada	3.9	4.8	4.3	4.3	4.6	4.7	4.7	4.7	12.5	14.8	13.2	14.0	13.9	14.1	14.2	13.6
Chile	..	7.9	7.3	7.6	8.4	8.6	8.3	8.0	..	37.8	42.1	38.5	40.8	40.2	39.9	41.1
Colombia	..	5.9	6.0	6.1	6.1	6.5	6.7	6.3	..	32.3	32.0	33.9	30.4	33.8	34.1	33.5
Costa Rica	..	5.1	4.7	4.6	4.5	4.2	4.4	4.5		23.3	21.3	21.0	19.8	18.1	18.8	20.0
Czech Republic	..	6.5	6.5	6.6	7.2	7.6	7.5	7.4	..	19.1	20.4	20.5	21.7	21.6	21.6	21.3
Denmark	6.5	9.7	9.6	9.4	9.0	9.5	9.4	9.8	17.5	20.2	21.4	20.9	19.6	21.5	20.0	20.8
Estonia	..	8.0	8.7	8.5	9.1	9.0	8.9	8.9	..	26.9	24.8	25.8	27.2	27.3	26.7	26.7
Finland	5.7	8.3	8.4	8.3	9.0	9.2	9.2	9.2	15.6	19.9	20.5	20.4	20.6	21.6	21.7	22.1
France	8.2	7.4	7.0	7.5	7.7	7.8	7.9	7.8	23.4	17.3	16.8	17.9	16.9	17.1	17.7	17.3
Germany	5.0	6.1	7.3	7.0	7.0	7.0	7.0	6.5	14.6	17.8	19.8	19.8	18.8	18.2	18.2	17.2
Greece	3.4	6.9	6.5	7.4	7.4	8.6	8.4	7.9	18.3	21.6	21.0	22.8	20.3	21.4	21.4	20.2
Hungary	..	10.2	10.8	10.9	11.7	11.6	11.6	11.7	..	28.1	27.8	29.7	30.3	31.6	31.9	32.3
Iceland	8.4	11.6	7.6	7.5	8.1	8.8	8.2	8.2	28.6	29.5	24.4	23.3	23.2	24.1	23.4	22.6
Ireland	4.1	7.3	6.1	6.0	4.5	4.3	4.3	3.4	14.7	24.2	21.7	21.7	19.4	19.4	19.6	17.2
Israel	..	9.0	8.6	9.0	9.1	8.7	8.4	8.4	..	27.5	29.4	29.6	29.4	28.2	28.0	28.3
Italy	3.5	5.7	5.5	6.1	6.1	6.2	6.2	6.0	14.3	14.6	13.1	14.5	14.2	14.8	14.7	14.1
Japan	0.0	2.5	2.5	2.5	4.1	4.0	4.2	4.9	0.0	9.5	9.6	9.6	13.7	12.8	13.2	14.9
Korea	1.9	3.8	3.9	3.9	3.6	4.1	4.3	4.2	12.7	17.4	17.2	17.5	15.3	15.3	15.7	15.1
Latvia	..	7.3	6.2	7.2	8.7	9.3	9.1	9.2	..	26.4	22.1	25.2	29.1	29.8	29.3	29.1
Lithuania	..	7.5	7.3	7.8	7.8	7.8	7.9	7.9	..	25.8	24.3	27.5	26.9	25.8	26.2	25.8
Luxembourg	3.9	6.0	6.3	6.2	5.4	5.8	5.8	5.7	12.1	16.0	17.2	17.3	15.6	14.7	14.7	14.9
Mexico	..	3.3	3.4	3.8	3.8	3.9	3.8	4.2	..	29.3	26.9	29.4	23.9	24.3	23.4	23.8
Netherlands	5.4	6.7	6.4	6.7	6.5	6.8	7.2	7.4	14.4	19.2	18.4	18.7	17.6	17.6	18.2	18.5
New Zealand	2.7	8.6	8.4	9.3	9.5	9.5	9.5	10.4	9.0	23.8	27.6	30.7	30.2	29.6	30.4	30.6
Norway	8.0	7.7	7.7	7.8	8.2	8.4	8.7	9.2	20.5	18.2	18.7	18.6	21.4	21.3	21.6	23.7
Poland	..	7.7	7.3	7.6	7.0	8.1	7.9	8.0	..	23.2	23.1	24.2	21.6	23.1	22.6	22.4
Portugal	2.1	8.2	6.8	7.5	8.6	8.7	8.8	8.4	11.2	26.5	22.9	24.8	24.9	25.1	25.4	23.8
Slovak Republic	..	7.7	6.6	6.1	6.8	7.1	7.3	7.4	..	24.6	22.8	21.8	20.8	20.7	21.0	21.0
Slovenia	..	8.5	7.9	8.1	8.3	8.2	8.0	7.5	..	21.6	21.3	21.3	22.2	22.1	21.6	20.2
Spain	2.7	6.2	3.4	5.2	6.4	6.6	6.5	6.3	15.3	17.7	11.6	16.6	19.1	19.0	18.8	17.2
Sweden	4.6	8.5	9.1	9.1	9.0	9.2	9.1	9.2	12.0	18.1	20.8	21.3	21.1	21.1	21.3	21.6
Switzerland	1.9	3.5	3.3	3.3	3.3	3.2	3.1	3.2	8.7	13.6	12.6	12.9	12.6	11.9	11.5	11.5
Türkiye	0.0	5.1	4.7	5.4	5.1	4.8	4.2	4.6	0.0	21.8	20.0	21.7	20.6	19.8	18.1	19.2
United Kingdom	3.0	6.0	5.2	6.1	6.9	6.9	6.9	6.5	8.9	18.6	16.9	19.0	21.7	21.2	21.3	20.2
United States	1.7	2.1	1.9	2.0	2.1	2.0	2.1	2.1	7.0	8.0	8.4	8.4	7.8	8.3	8.2	8.3
OECD average	4.1	6.7	6.3	6.6	6.8	7.0	6.9	6.9	13.4	21.0	20.6	21.3	21.0	21.1	21.1	20.9

Note: The OECD average is the unweighted average.
Source: (OECD, 2022[3]).

StatLink https://stat.link/pmblzj

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	2009	2010	2015	2018	2019	2020	1975	2005	2009	2010	2015	2018	2019	2020
Australia	4.9	3.6	3.1	3.0	2.9	2.8	2.9	2.9	19.1	12.1	12.3	12.0	10.5	9.9	10.6	10.1
Austria	5.1	3.5	3.2	3.2	3.3	3.1	3.0	2.9	14.0	8.4	7.8	7.8	7.6	7.4	7.1	7.0
Belgium	3.8	3.5	3.4	3.5	3.6	3.6	3.5	3.3	9.8	8.1	8.0	8.2	8.1	8.2	8.2	7.9
Canada	4.2	2.9	2.7	2.6	2.5	2.5	2.5	2.2	13.6	8.9	8.3	8.5	7.7	7.6	7.4	6.6
Chile	..	2.3	1.8	1.9	2.0	2.0	1.9	1.8	..	10.9	10.1	9.8	10.0	9.3	9.3	9.4
Colombia	..	2.2	1.9	2.0	2.0	1.6	1.6	1.3	..	12.1	10.3	10.9	10.0	8.2	8.0	7.0
Costa Rica	..	4.2	3.6	3.4	3.4	3.0	2.9	2.3		19.2	16.1	15.5	14.7	13.1	12.4	10.3
Czech Republic	..	3.5	3.6	3.6	3.5	3.2	3.1	2.9	..	10.3	11.3	11.3	10.6	9.2	8.8	8.4
Denmark	5.6	5.5	4.5	4.6	4.4	4.0	3.7	3.6	15.2	11.6	10.0	10.2	9.6	9.0	7.9	7.6
Estonia	..	4.1	5.2	4.6	4.6	4.3	4.5	3.6	..	13.8	15.0	13.8	13.9	13.0	13.4	10.9
Finland	5.8	4.6	4.2	4.3	4.7	4.6	4.5	4.3	16.0	11.0	10.4	10.6	10.7	10.8	10.5	10.3
France	3.2	3.3	3.2	3.2	3.7	4.0	3.9	4.0	9.0	7.7	7.7	7.6	8.2	8.7	8.8	8.8
Germany	3.7	3.5	3.3	3.1	2.9	2.7	2.7	2.6	10.8	10.2	9.0	8.8	7.9	7.1	6.9	6.9
Greece	4.5	3.2	3.3	4.0	4.7	5.1	5.1	4.9	23.9	9.9	10.6	12.3	12.9	12.7	12.9	12.6
Hungary	..	4.0	4.2	4.6	4.9	4.5	4.2	4.2	..	11.1	10.9	12.5	12.6	12.2	11.5	11.5
Iceland	9.9	4.1	3.0	3.4	2.9	2.8	2.5	2.5	33.6	10.6	9.6	10.5	8.2	7.7	7.3	6.9
Ireland	8.3	3.5	3.1	3.1	2.4	2.0	2.0	1.7	29.7	11.6	11.0	11.3	10.2	8.9	9.0	8.7
Israel	..	1.7	1.9	2.0	1.7	1.6	1.6	1.4	..	5.3	6.5	6.7	5.6	5.2	5.2	4.7
Italy	3.4	3.7	4.0	3.9	4.5	4.3	4.2	3.9	14.0	9.5	9.4	9.4	10.4	10.2	10.0	9.2
Japan	3.0	2.0	1.9	1.9	1.8	1.7	1.6	1.5	15.1	7.7	7.3	7.2	5.8	5.3	5.1	4.5
Korea	7.0	3.4	3.1	3.4	2.6	2.5	2.4	2.2	47.3	15.9	13.6	15.1	10.9	9.4	8.7	7.8
Latvia	..	4.0	4.2	4.0	3.8	4.0	3.9	4.0	..	14.2	14.8	14.1	12.6	13.0	12.6	12.6
Lithuania	..	3.3	3.8	3.6	3.6	3.5	3.4	3.5	..	11.4	12.7	12.8	12.6	11.6	11.3	11.2
Luxembourg	2.7	4.7	3.7	3.5	2.8	3.1	3.2	2.9	8.4	12.5	10.3	9.8	7.9	8.0	8.0	7.5
Mexico	..	0.9	1.1	0.9	2.2	1.9	2.3	2.3	..	7.8	9.1	7.3	14.0	11.6	13.9	13.0
Netherlands	3.1	3.5	3.4	3.4	3.5	3.7	3.7	3.6	8.1	10.1	9.6	9.5	9.6	9.6	9.5	8.9
New Zealand	4.1	2.2	1.9	1.9	1.9	1.9	1.8	1.7	13.8	6.2	6.4	6.4	6.1	5.7	5.8	5.0
Norway	6.3	3.4	3.2	3.2	2.8	2.7	2.5	2.7	16.1	7.9	7.8	7.6	7.2	6.8	6.3	6.9
Poland	..	4.6	4.2	4.6	4.5	4.5	4.3	4.2	..	13.9	13.3	14.6	13.7	12.9	12.4	11.8
Portugal	5.5	5.1	4.4	4.4	4.3	4.5	4.3	4.2	28.9	16.4	14.7	14.5	12.5	12.9	12.6	11.9
Slovak Republic	..	3.9	3.2	3.5	3.9	4.0	3.9	3.9	..	12.5	11.0	12.5	12.1	11.8	11.4	11.0
Slovenia	..	4.2	4.9	5.3	5.4	4.8	4.6	4.1	..	10.8	13.3	13.9	14.5	12.9	12.4	10.9
Spain	1.6	3.0	2.7	2.7	3.1	2.9	2.7	2.7	8.7	8.6	9.0	8.7	9.2	8.2	7.9	7.3
Sweden	4.1	3.3	3.2	3.1	2.6	2.7	2.6	2.5	10.7	7.1	7.4	7.3	6.2	6.2	6.0	5.9
Switzerland	2.6	1.7	1.8	1.8	1.6	1.6	1.6	1.6	11.9	6.7	6.8	6.9	6.1	5.9	5.7	5.7
Türkiye	4.7	5.9	5.5	5.9	5.5	4.6	4.5	5.3	40.9	25.5	23.6	24.1	22.0	19.2	19.3	22.4
United Kingdom	5.1	3.5	3.5	3.6	3.5	3.4	3.3	3.1	14.8	10.8	11.5	11.2	11.0	10.4	10.3	9.6
United States	2.5	1.7	1.6	1.7	1.8	1.8	1.8	1.7	10.0	6.7	7.1	7.2	6.7	7.3	7.1	6.7
OECD average	4.6	3.5	3.3	3.3	3.3	3.2	3.1	3.0	17.7	10.9	10.6	10.8	10.3	9.7	9.5	9.1

Note: The OECD average is the unweighted average.
Source: (OECD, 2022[3]).

StatLink https://stat.link/xmoqws

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	2009	2010	2015	2018	2019	2020	1975	2005	2009	2010	2015	2018	2019	2020
Australia	0.0	3.9	3.5	3.3	3.6	3.3	3.2	3.5	0.0	12.9	13.8	13.1	12.8	11.7	11.7	12.4
Austria	7.2	7.6	7.7	7.7	7.6	7.6	7.7	7.4	19.8	18.6	18.8	18.7	17.7	18.0	18.0	17.6
Belgium	6.3	6.9	6.8	7.0	6.6	6.7	6.6	6.4	16.2	15.9	15.9	16.2	15.0	15.4	15.6	15.0
Canada	0.0	3.2	4.1	4.2	4.4	4.5	4.5	4.5	0.0	9.9	12.7	13.7	13.3	13.6	13.5	13.2
Chile	..	7.9	7.3	7.6	8.4	8.6	8.3	8.0	..	37.8	42.1	38.5	40.8	40.2	39.9	41.1
Colombia	..	5.2	5.2	5.3	5.2	5.7	5.8	5.4	..	28.2	27.5	29.3	26.0	29.4	29.6	28.7
Costa Rica	..	5.1	4.7	4.6	4.4	4.1	4.3	4.5		23.3	21.3	21.0	19.3	17.8	18.5	19.7
Czech Republic	..	6.5	6.5	6.6	7.2	7.6	7.5	7.4	..	19.1	20.4	20.5	21.7	21.6	21.6	21.3
Denmark	6.5	9.7	9.6	9.4	9.0	9.5	9.4	9.8	17.5	20.2	21.4	20.9	19.6	21.5	20.0	20.8
Estonia	..	8.0	8.7	8.5	9.1	9.0	8.9	8.9	..	26.9	24.8	25.7	27.2	27.3	26.7	26.7
Finland	5.7	8.3	8.4	8.3	9.0	9.2	9.2	9.2	15.6	19.9	20.5	20.4	20.6	21.6	21.7	22.1
France	8.1	7.2	6.7	6.8	6.9	7.1	7.1	7.0	23.1	16.7	16.2	16.1	15.2	15.4	15.9	15.4
Germany	5.0	6.1	7.3	7.0	7.0	7.0	7.0	6.5	14.6	17.8	19.8	19.8	18.8	18.2	18.2	17.2
Greece	0.0	6.7	6.3	7.1	7.3	8.5	8.4	7.8	0.0	21.1	20.4	22.0	20.0	21.3	21.3	20.1
Hungary	..	8.2	8.3	8.5	9.5	9.5	9.5	9.8	..	22.6	21.3	23.0	24.5	25.9	26.2	27.1
Iceland	0.0	10.7	7.5	7.4	7.9	8.6	8.0	8.0	0.0	27.3	23.9	22.8	22.6	23.6	22.9	22.0
Ireland	4.1	7.3	6.1	6.0	4.5	4.3	4.3	3.4	14.7	24.2	21.7	21.7	19.4	19.4	19.6	17.2
Israel	..	7.3	7.1	7.4	7.7	7.4	7.1	7.1	..	22.3	24.2	24.3	24.8	23.9	23.8	23.9
Italy	3.3	5.7	5.5	6.1	6.1	6.2	6.2	6.0	13.7	14.6	13.1	14.5	14.2	14.8	14.7	14.1
Japan	..	2.5	2.5	2.5	4.1	4.0	4.2	4.9	..	9.5	9.6	9.6	13.7	12.8	13.2	14.9
Korea	0.0	3.8	3.9	3.9	3.6	4.1	4.3	4.2	0.0	17.4	17.2	17.5	15.3	15.3	15.7	15.1
Latvia	..	7.3	5.9	6.6	7.6	8.4	8.6	8.7	..	26.4	20.9	23.3	25.6	27.1	27.8	27.5
Lithuania	..	7.1	7.3	7.8	7.7	7.7	7.9	7.9	..	24.3	24.1	27.5	26.7	25.6	26.0	25.6
Luxembourg	3.9	6.0	6.3	6.2	5.4	5.8	5.8	5.7	12.1	16.0	17.2	17.3	15.6	14.7	14.7	14.9
Mexico	..	3.3	3.4	3.8	3.8	3.9	3.8	4.2	..	29.3	26.9	29.4	23.9	24.3	23.4	23.8
Netherlands	5.4	6.7	6.4	6.7	6.5	6.8	7.1	7.4	14.4	19.2	18.4	18.7	17.6	17.6	18.2	18.5
New Zealand	0.0	8.6	8.4	9.3	9.5	9.5	9.5	10.4	0.0	23.8	27.6	30.7	30.2	29.6	30.4	30.6
Norway	8.0	7.7	7.7	7.8	8.2	8.4	8.6	9.1	20.5	18.1	18.7	18.6	21.3	21.2	21.5	23.6
Poland	..	7.7	7.3	7.6	7.0	8.1	7.9	8.0	..	23.2	23.1	24.2	21.6	23.1	22.6	22.4
Portugal	0.0	8.2	6.8	7.5	8.6	8.7	8.8	8.4	0.0	26.5	22.9	24.8	24.9	25.1	25.4	23.8
Slovak Republic	..	7.7	6.6	6.1	6.8	7.1	7.3	7.4	..	24.6	22.8	21.8	20.8	20.7	21.0	21.0
Slovenia	..	8.5	7.9	8.1	8.3	8.2	8.0	7.5	..	21.6	21.3	21.3	22.2	22.1	21.6	20.2
Spain	0.0	6.2	3.4	5.2	6.4	6.6	6.5	6.3	0.0	17.7	11.6	16.5	19.0	19.0	18.7	17.1
Sweden	4.6	8.5	9.0	9.0	8.9	9.2	9.1	9.2	12.0	17.9	20.5	21.1	20.9	21.1	21.3	21.6
Switzerland	0.0	3.5	3.2	3.3	3.3	3.1	3.1	3.1	0.0	13.4	12.4	12.7	12.3	11.7	11.3	11.3
Türkiye	..	5.1	4.7	5.4	5.1	4.8	4.2	4.6	..	21.8	20.0	21.7	20.6	19.8	18.1	19.2
United Kingdom	3.0	6.0	5.2	6.1	6.9	6.9	6.9	6.5	8.9	18.6	16.9	19.0	21.7	21.2	21.3	20.1
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 unweighted average	3.1	6.5	6.1	6.4	6.6	6.7	6.7	6.7	8.8	20.2	19.8	20.5	20.2	20.3	20.3	20.2

Note: The OECD average is the unweighted average.
Source: (OECD, 2022[3]).

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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	2009	2010	2015	2018	2019	2020	1975	2005	2009	2010	2015	2018	2019	2020
Australia	3.0	2.3	1.9	1.9	1.4	1.3	1.2	1.2	11.8	7.6	7.7	7.5	4.9	4.4	4.4	4.4
Austria	2.9	2.6	2.3	2.3	2.3	2.1	2.1	1.9	7.9	6.3	5.7	5.7	5.2	5.0	4.9	4.5
Belgium	2.6	2.3	2.1	2.1	2.1	2.2	2.1	2.0	6.6	5.3	4.9	5.0	4.7	5.0	4.9	4.7
Canada	2.0	1.6	1.4	1.4	1.3	1.2	1.2	1.3	6.3	4.9	4.3	4.5	3.9	3.7	3.8	3.7
Chile	..	1.6	1.3	1.4	1.5	1.5	1.5	1.4	..	7.8	7.4	7.1	7.4	6.9	7.0	7.5
Colombia	..	1.4	1.1	1.1	1.4	1.2	1.2	1.0	..	7.5	6.1	6.1	7.1	6.3	6.2	5.4
Costa Rica		3.1	2.7	2.6	2.6	2.4	2.3	1.9	..	14.2	12.3	11.9	11.5	10.3	9.8	8.4
Czech Republic	..	3.4	3.5	3.5	3.3	3.1	2.9	2.8	..	9.8	10.8	10.8	10.0	8.7	8.4	7.9
Denmark	5.1	5.0	4.0	4.1	4.0	3.6	3.3	3.2	13.8	10.4	8.9	9.1	8.7	8.1	7.1	6.9
Estonia	..	3.6	4.9	4.2	4.2	3.9	4.1	3.3	..	12.2	14.1	12.6	12.6	11.9	12.1	9.8
Finland	4.2	3.6	3.2	3.3	3.6	3.6	3.4	3.4	11.5	8.6	7.9	8.2	8.3	8.4	8.0	8.0
France	2.3	2.4	2.3	2.3	2.6	2.7	2.7	2.6	6.5	5.7	5.5	5.4	5.7	6.0	5.9	5.8
Germany	3.0	2.8	2.6	2.5	2.2	2.0	1.9	1.9	8.8	8.3	7.1	7.0	5.8	5.1	4.9	4.9
Greece	2.5	2.6	2.7	3.4	3.9	4.0	3.9	3.8	13.6	8.1	8.6	10.4	10.7	9.9	10.0	9.9
Hungary	..	3.5	3.7	3.4	3.2	2.9	2.7	2.7	..	9.7	9.5	9.2	8.3	8.0	7.5	7.6
Iceland	0.9	3.6	2.5	2.8	2.5	2.4	2.2	2.2	3.0	9.2	7.9	8.6	7.0	6.7	6.3	6.1
Ireland	7.3	3.2	2.9	2.9	2.1	1.7	1.7	1.5	26.0	10.5	10.2	10.5	9.0	7.5	7.7	7.4
Israel	..	1.5	1.6	1.7	1.5	1.4	1.4	1.2	..	4.4	5.5	5.7	4.8	4.5	4.5	4.0
Italy	2.5	2.2	2.3	2.3	2.8	2.7	2.6	2.4	10.2	5.6	5.4	5.4	6.5	6.4	6.2	5.7
Japan	2.2	1.8	1.7	1.7	1.5	1.5	1.4	1.3	11.3	6.9	6.7	6.5	5.1	4.6	4.5	4.0
Korea	3.3	2.6	2.1	2.4	1.9	1.9	1.8	1.7	22.0	12.0	9.3	10.6	8.1	7.1	6.6	6.1
Latvia	..	3.5	3.6	3.6	3.3	3.6	3.5	3.6	..	12.6	13.0	12.5	11.0	11.5	11.3	11.4
Lithuania	..	2.9	3.4	3.2	3.1	3.2	3.1	3.1	..	10.0	11.4	11.4	10.8	10.5	10.2	10.1
Luxembourg	2.4	4.4	3.5	3.3	2.5	2.6	2.7	2.3	7.3	11.8	9.7	9.3	7.3	6.6	6.8	6.1
Mexico	..	0.6	0.7	0.6	1.9	1.5	1.9	2.0	..	5.1	5.7	5.0	12.2	9.4	11.8	11.3
Netherlands	2.4	3.1	2.9	2.9	2.6	2.7	2.7	2.6	6.3	8.7	8.2	8.1	7.1	7.0	6.9	6.4
New Zealand	2.8	1.4	0.9	0.9	0.9	0.8	0.8	0.6	9.4	3.9	2.8	2.9	2.8	2.6	2.5	1.8
Norway	4.0	3.2	3.0	2.9	2.5	2.4	2.2	2.4	10.3	7.4	7.2	7.0	6.6	6.0	5.6	6.2
Poland	..	4.3	3.9	4.3	3.9	3.9	3.7	3.5	..	13.0	12.3	13.7	12.1	11.0	10.4	9.8
Portugal	2.5	3.7	3.0	3.1	2.9	3.0	2.9	2.7	13.0	11.9	10.2	10.4	8.4	8.8	8.4	7.8
Slovak Republic	..	3.6	2.7	3.0	3.2	3.1	3.0	3.0	..	11.4	9.5	10.9	9.9	9.2	8.7	8.5
Slovenia	..	3.4	4.1	4.3	4.2	3.7	3.4	3.0	..	8.8	11.2	11.3	11.2	9.8	9.3	8.2
Spain	0.4	2.5	2.2	2.3	2.4	2.2	2.1	2.1	2.2	7.1	7.5	7.3	7.1	6.4	6.1	5.6
Sweden	3.4	2.8	2.7	2.6	2.1	2.1	2.1	2.1	8.8	6.0	6.1	6.0	5.0	4.8	4.8	4.9
Switzerland	1.7	1.4	1.3	1.3	1.2	1.2	1.1	1.1	7.7	5.4	5.0	5.1	4.5	4.4	4.2	4.1
Türkiye	2.0	4.9	4.3	4.9	4.5	3.6	3.4	4.1	17.6	21.2	18.6	19.9	18.1	14.9	14.7	17.2
United Kingdom	4.3	2.8	2.8	2.8	2.4	2.3	2.2	2.1	12.7	8.6	9.1	8.8	7.7	7.0	6.8	6.5
United States	1.9	1.0	1.0	1.0	0.9	0.8	0.8	0.8	7.6	3.9	4.3	4.2	3.3	3.2	3.1	3.0
OECD unweighted average	2.9	2.8	2.6	2.6	2.5	2.4	2.3	2.3	10.5	8.7	8.4	8.5	7.9	7.3	7.2	6.9

Note: The OECD average is the unweighted average
Source: (OECD, 2022[3]).

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

	1965	1975	1985	1995	2005	2015	2020
Taxes on income, profits and capital gains (1000)	34.7	37.1	36.9	33.0	33.8	33.2	33.7
Personal income tax (1100)	26.2	29.8	29.8	24.3	22.1	23.1	24.1
Corporate income tax (1200)	8.8	7.6	8.0	8.1	10.6	9.2	9.0
Social security contributions (2000)	17.6	21.9	22.1	25.5	25.0	25.9	26.6
Payroll taxes (3000)	1.0	1.3	1.2	1.1	1.1	1.2	1.4
Property taxes (4000)	7.9	6.4	5.4	5.1	5.4	5.7	5.7
Taxes on goods and services (5000)	38.4	32.8	33.7	34.4	33.9	33.3	32.1
Consumption taxes (5100)	36.2	31.1	32.1	32.6	32.0	31.3	30.0
General taxes on goods and services (5110)	11.9	13.4	15.8	20.3	21.1	21.0	20.9
Value added taxes (VAT) (5111)	2.2	8.8	11.3	18.3	20.2	20.2	20.2
Specific consumption taxes (5120)	24.3	17.7	16.2	12.4	10.9	10.3	9.1
Other (6000)	0.4	0.5	0.7	0.9	0.8	0.7	0.5

Note: OECD unweighted averages.
Source: (OECD, 2022[3]).

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Note

[1] For the purpose of this publication, “consumption taxes” are defined as all items under the heading 5100 if the OECD classification of taxes.

2 Value-added taxes - Main design features and trends

2.1. Introduction

Although VAT systems are generally built on the basis of a common set of core principles, such as the principles of neutrality and of destination-based taxation (see Chapter 1), there is considerable diversity in the actual design and operation of these VAT systems in OECD countries. This is notably illustrated by the wide variety of reduced rates, exemptions and other preferential treatments and special regimes that are widely used in OECD countries, for practical or historical reasons, to support certain economic sector or to achieve equity or social objectives.

This chapter presents an overview of the VAT rate structures in OECD countries and their evolution between 1975 and 2022, including the scope of reduced rates and the temporary measures taken by government to support consumers and businesses facing the COVID-19 pandemic (Section 2.2) and looks in some detail at the VAT exemptions that exist in these countries (Section 2.3). This is followed by an overview and analysis of the wide variety of special regimes used in OECD countries on the following aspects: specific restrictions to the right to deduct VAT on specific inputs (Section 2.4), registration and collection thresholds (Section 2.5), and the application of margin schemes (Section 2.6). This chapter also presents the challenges of applying VAT to international trade, the solutions developed by the OECD and how member countries are implementing them (Section 2.7). It finally provides VAT Revenue Ratio data, as an indicator of the revenue effect of VAT exemptions, reduced rates and non-compliance (Section 2.8) and the measures taken by governments to enhance the enforcement of VAT and combat VAT fraud and avoidance (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 countries 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 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 (such as income taxes) is often

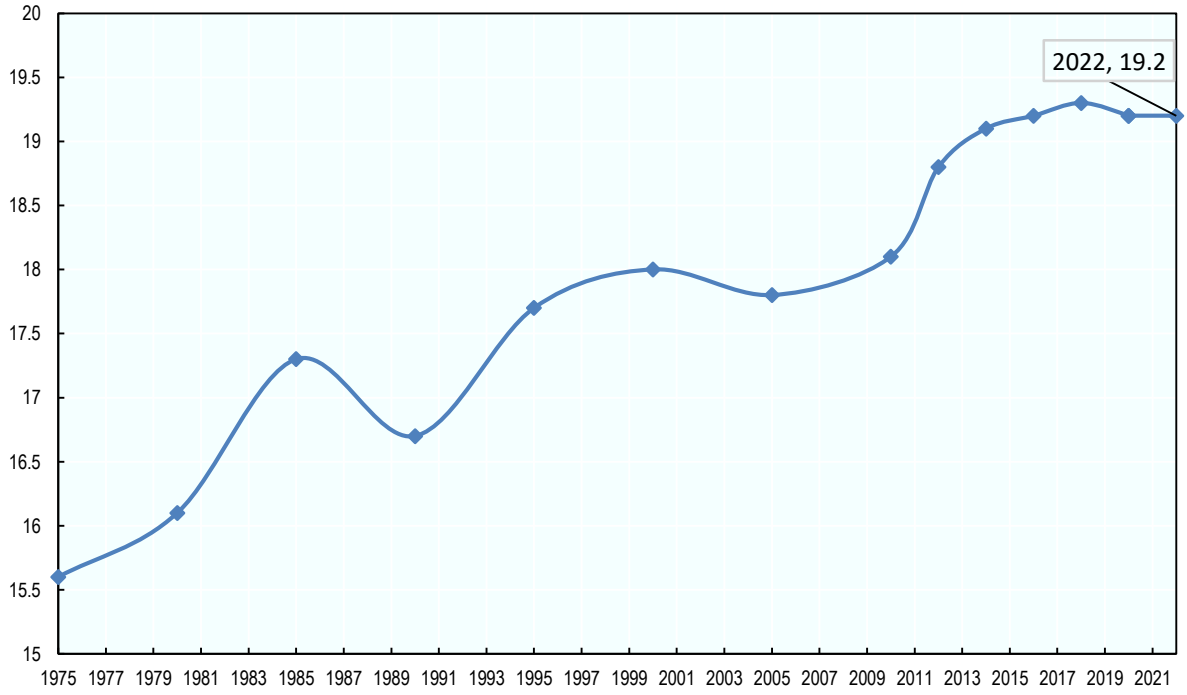
considered more effective, generating immediate additional revenue, and less detrimental to economic growth and competitiveness than income taxes (Jens Matthias Arnold, 2011[1]). Between January 2009 and December 2016, 25 OECD countries raised their standard VAT rate at least once. These changes occurred 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.

The increases in standard VAT rates did not continue as OECD countries entered a new period of stable standard VAT rates, with only Japan having increased its standard VAT rate since January 2017 (from 8% to 10% in October 2019).

Only four OECD countries have reduced their standard VAT rate since January 2008, i.e. 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) and Switzerland (which increased its standard VAT rate from 7.6% to 8% in 2011 and reduced it back to 7.7% in 2018). 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 but have now returned to their original rate.

As a result, the unweighted OECD average standard VAT rate has remained relatively stable at 19.2% in 2022 compared to 19.3% in 2017 (see Figure 2.1).

Figure 2.1. Evolution of standard VAT rates – OECD average 1976-2022



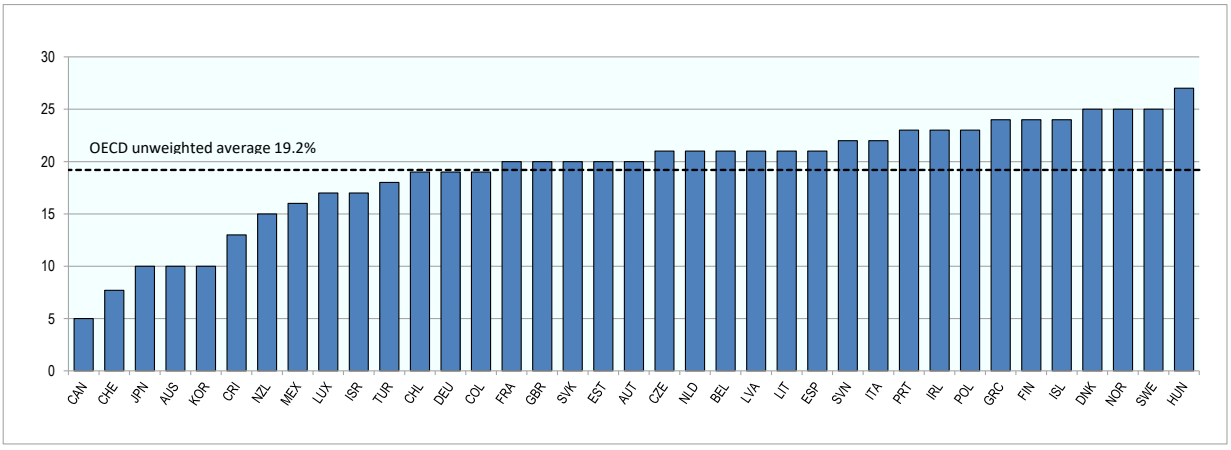
Note: Unweighted average.
Source: Author's calculations.

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Major differences in standard VAT rates continue to be observed among OECD countries, with rates ranging from 5% in Canada (noting, however, that most Canadian provinces levy specific sales taxes or Harmonised Sales Taxes alongside the Federal 5% GST); 7.7% in Switzerland and 10% in Australia, Japan and Korea; to 25% in Denmark, Norway and Sweden and 27% in Hungary (see Figure 2.2). On 1 January 2022, 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).

The average standard VAT rate of the 22 OECD countries that are members of the EU is at 21.8%, which is significantly above the OECD average (19.2%). 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%.

Figure 2.2. Standard VAT rates in OECD countries, 2022



Note: Data as at 1 January 2022.
Source: Author's work based on country information.

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2.2.2. OECD countries continue to apply a wide variety of reduced rates mainly as a means to promote equity and/or to stimulate certain sectors

Most OECD countries apply reduced VAT rates to a wide range of goods and services (see Annex 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. In addition, reduced VAT rates have also been 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.

However, empirical evidence suggests that exemptions and reduced VAT rates are not the most effective way of achieving those policy objectives (OECD/KIPF, 2014[2]) and they can even be regressive in some instances. 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[3]). Reduced VAT rates that are targeted at supporting lower-income households (i.e. to address distributional goals) typically do have the desired progressive effect. Notably reduced rates for basic food generally provide greater support to the poor than to the rich as a proportion of household income and as a proportion of expenditure. However, despite their progressive effect, research led notably by the OECD has shown that these reduced VAT rates remain an inefficient distributive tool. This is because better-off households tend to benefit more in absolute terms from VAT reduced rates than low-income households. As richer households tend to consume more, and more expensive products than poorer households, their consumption of the tax-favoured goods and services is generally greater than that of poorer households. Research has also demonstrated that preferential VAT rates introduced to stimulate employment (e.g. in the tourism or hospitality sectors), or to support cultural activities (e.g. theatre) or to pursue other non-distributional goals, clearly benefit richer households more than lower-income categories of the population, and often considerably so.

Preferential VAT regimes such as reduced rates and exemptions (see Section 2.3) also tend to considerably add to the complexity of the VAT system, increasing the compliance burden for businesses and negatively impacting compliance levels (C. Evans; R. Highfield; B. Tran-Nam; M. Walpole, 2020[4]). 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 (in particular their perceived distributional impact) can indeed be formidable, and often insurmountable, particularly where the social transfer and benefit system may not be sufficiently effective to ensure that poorer households are properly compensated for the impact of a VAT increase on the cost of their consumption basket.

Member States of the European Union are bound by common rules regarding the operation of reduced VAT rates (VAT Directive 2006/112/EC). This common framework allows Member States to apply one or two reduced rates of not less than 5% and a third reduced rate lower than 5 % (incl. 0%) to a limited number of goods and services listed in the VAT Directive. In addition, the Directive provides that the European Commission can grant Member States the authorisation to apply a zero rate ("exemption with deductibility of the VAT paid at the preceding stage ") to the import and supplies of goods for the benefit of disaster victims. The European Commission also allowed Member States to apply a temporary zero rate to the import and supply of certain products needed to combat the COVID-19 (see Section 2.2.3 hereafter).

Since 2020, a number of countries made changes to the level and/or scope of their reduced VAT rates. Some are permanent (see below) while others are temporary in the context of the COVID-19 pandemic (see Section 2.2.3 hereafter).

Permanent changes include the application of a (further) reduced VAT rate to female sanitary products in Austria, Ireland, Italy, Mexico, Slovenia and the United Kingdom. This has followed similar measures taken by several other OECD countries in recent years, i.e. Australia, Belgium, Canada, Colombia, Germany and Iceland. Austria, Czech Republic, Estonia, Greece, Lithuania, Netherlands, Spain and the United Kingdom have reduced the VAT rate applicable to electronic publications, following the adoption in 2018 of an amendment to the EU VAT Directive allowing the application of VAT reduced rates to electronic publications, which had already triggered rate reductions in Belgium, Finland, France, Germany, Ireland, Luxembourg, Norway, Poland, Portugal and Sweden. In Latvia, the VAT rate on books, newspapers and periodicals (including in electronic format) was further reduced from 12% to 5%. Reduced rates now apply to e-books and e-publications in 20 of the 37 OECD countries that have a VAT – these are all EU Member States, except Iceland, Norway and the United Kingdom. Portugal permanently reduced its VAT rate on certain supplies of electricity up to a certain consumption amount to 13%. Austria (in 2021) and Sweden (in 2022) added repair services to the items that are taxed at the reduced rate of respectively 10% and 6%.

In the European Union, as of 1 July 2022, a zero rate will apply to supplies made for the benefit of the armed forces of the EU 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.

2.2.3. Temporary VAT rate reductions have been used in response to the COVID-19 crisis and to rising energy costs.

Most OECD countries have introduced temporary VAT rate reductions in response to the COVID-19 crisis

In 2020 and 2021, many OECD countries included temporary VAT rate reductions, including zero rates, in their tax response packages to the COVID-19 crisis (see (OECD, 2020[5]) and the country notes to Annex

Table 2.A.2). Most of these measures have been aimed at supporting the healthcare sector, in particular through the application of zero rates or reduced rates to supplies and imports of certain medical equipment and sanitary products and to healthcare services (Austria, Belgium, Canada, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic, Spain and United Kingdom) where these were not yet VAT exempt or subject to reduced rates under normal rules.

Several countries also introduced temporary rate reductions to stimulate consumption and/or to support specific economic sectors that have been hardest hit by the COVID-19 crisis. These include restaurants (Austria, Belgium, Colombia, Germany, Greece, Lithuania); accommodation or other tourism activities (Austria, Colombia, Costa Rica, Czech Republic and United Kingdom); cinema, culture or sports (Austria, Greece, Lithuania, Netherlands and United Kingdom); passenger transport (Colombia, Greece and Türkiye); or leases of commercial property (Colombia). Colombia applies a VAT rate of 0% to supplies of certain goods to final consumers on specific days in the year ("VAT holidays"). In most instances, the duration of these measures was initially limited in time, typically to three to six months, but many of these were subsequently extended in response to the (often) longer-than-expected duration of the pandemic.

While many of these measures have been phased out, a number of these temporary VAT rate reductions were extended and remained in place after 1 January 2022, such as the application of reduced or zero rates to imports and supplies of certain goods to combat COVID-19 pandemic (Austria, Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Slovak Republic, Slovenia, Spain and Sweden); passenger transport (Colombia, Greece); tourism-related services (Colombia, Costa Rica, Ireland, and United Kingdom); cinema (Greece); and restaurants (Greece).

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

Some countries have recently introduced or announced temporary reduced VAT rates to cushion the impact of the sharp rise in energy prices

Energy prices have been soaring since early 2021 due to a combination of supply and demand factors. These include long-term trends such as underinvestment in natural gas and clean energy supply, and short-term developments like reductions in natural gas spot delivery by Russia and a strong recovery in demand in the aftermath of the COVID-19 crisis (IEA, 2021[6]). It is very difficult for consumers and businesses to drastically reduce their energy consumption in the short term, which raises concerns over energy affordability and the cost of living. Price shocks have had significant adverse effects on households and businesses, which has prompted governments to respond with short-term measures to support income and limit price increases (Boone and Elgouacem, 2021[7]). A wide range of measures have been taken by governments to cushion the impact of raising energy prices, including subsidies, transfers, price support measures and reductions in personal income taxes, corporate income taxes and consumption taxes. (OECD, 2022[8])

Price support measures in particular can take the form of price controls, rebates at the pump, reductions in excise duties (see Chapter 3), environmentally related taxes and VAT rates (see below).

In this context, several OECD countries reported the introduction of VAT rate reductions, most often announced as temporary measures (see country notes to Annex Table 2.A.2). 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; Ireland with a reduction of the VAT rate on energy products from 13.5% to 9%; Netherlands with a reduction of the VAT rate from 21% to 9% on natural gas, electricity and district heating and Poland that reduced its VAT rate on the provision of electricity from 23% to 5% and on district heating from 23% to 5%. In September 2022, the government of Luxembourg announced a temporary reduction of its standard VAT rate from 17% to 16% and of its reduced rates from 14% to 13% and from 8% to 7%.

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.

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

Although it is a significant departure from the basic concept of VAT, all OECD countries 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 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 also be subject to other specific taxes (e.g. property, insurance, financial services).

Exemptions beyond these core items are also numerous and cover a wide diversity of sectors such as culture, legal aid, passenger transport, public cemeteries, waste and recyclable material, water supply, precious metals and agriculture (see Annex Table 2.A.3). To this regard, EU Member States are subject to common rules providing for the exemption of supplies considered as in the public interest such as postal services, healthcare, social services, education, public broadcasting and charities but also for a number of specific supplies such as financial and insurance services, transactions involving immovable property and gambling. However, EU Member States may choose to allow business to opt to tax certain transactions and 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 and Norway; 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 in some cases in Australia. On the other hand, the transportation of passengers, which is taxed in most countries, is exempt (to some extent) in Chile, Denmark, Ireland and Korea. In Chile, services that are not specifically listed as subject to VAT by law, are treated as “out of scope”, i.e. they are exempt from VAT. These include legal, accounting, engineering, architecture and other professional services.

2.3.2. Exemptions have a number of undesirable effects

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

VAT exemptions introduce a cascading effect when applied in a B2B context. 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 this 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. The size of this cascading effect depends on where the exemption is applied in the supply chain. If the exemption is applied only at the stage of the final consumption, there is no cascading effect and the consequence is simply a loss of tax revenue since the value added at the final stage escapes tax. If the exemption occurs at some intermediate stage, the consequence of the cascading effect may be an increase of net revenues in a non-transparent manner.

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

Exemptions generally lead to the under-taxation of supplies to consumers, 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.

It has been suggested that managing exemptions also increases administrative costs and compliance burden. As is the case for differentiated rate structures, it may often be difficult for businesses and tax administrations to distinguish between exempt and taxable supplies, in particular in complex areas such as financial services. Businesses that make both taxable and exempt supplies are often faced with complex allocation rules to determine the share which is attributable to taxed outputs and for which it is thus entitled to an input tax credit. However, there is little quantitative evidence of the impact of exemptions on the cost of administration and on compliance burden (Bird and Gendron, 2007[9]).

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

consultation in February 2021, the outcome of which was published in September 2021 (European Commission, 2021[10]). The findings of this consultation show that, although a vast majority of respondents consider that the VAT exemption is still needed, there is a need for clarification and further harmonisation across the EU.

The emergence of "fintech" and of new products and services such as virtual currencies and other crypto-assets raises new questions for VAT regimes, notably in light of their existing rules for the VAT treatment of financial services (OECD/G20, 2020[11]).

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

Although the burden of the tax should not fall on businesses, the right to deduct the VAT on business inputs is in principle limited to inputs that are used for producing taxable outputs. The right to input VAT deduction is in principle denied in cases where inputs are used to make onward supplies that are not taxable, i.e. exempt without credit (e.g. health care or financial services for example – see Section 2.3 above) or outside the scope of VAT (e.g. supplies for no consideration). Input-VAT deduction is normally also denied when purchases are not (wholly) used for the furtherance of taxable business activity, for example, when they are used for the private needs of the business owner or its employees (i.e. for final consumption).

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

The rationale behind these limitations is generally threefold. First, they aim to avoid the administrative burden of having to police the actual use of goods and services that may easily be used for dual business/private purposes due to their very nature. Second, it is a way of reducing risks of fraud. Third, such commodities often contain an element of "consumption" (e.g. restaurant meals).

All OECD countries operating a VAT, except Colombia, Israel, Japan, Mexico and Switzerland, report restrictions to the right to VAT deduction on a number of specific inputs - mainly entertainment 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. The expenses on which this input VAT is incurred must be 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 24 out of the 37 OECD countries operating a VAT. Colombia, Czech Republic, 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.

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[12]) (Evans et al., 2018[13]). 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 VAT regime (exemption thresholds); those that facilitate the calculation of VAT liability; and those that simplify accounting, filing and/or payment obligations (OECD, 2015[14]).

In most OECD countries (except Chile, Colombia, 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 Table 2.A.5).

The consequences of such exemptions are equivalent to treating small businesses as non-taxable businesses. There are two kinds of exemption thresholds: registration thresholds that relieve suppliers from both the requirement to register for VAT and to collect the tax; and collection thresholds 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. supply of services vs. supply of goods) or sectors (e.g. the non-profit sector) may be subject to different thresholds or even be excluded from their application (e.g. the construction sector). In most cases registration thresholds do not apply to foreign businesses and in some cases collection thresholds apply only to individuals or to businesses that are not subject to commercial accounting requirements.

The calculation of thresholds is generally based on annual turnover. In Japan, businesses (companies and individuals) are not required to register and account for VAT during the first two years of establishment if they remain below a capital-based threshold, 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 thresholds is generally the result of a trade-off between, on the one hand, minimising compliance and administration costs for small businesses and tax administrations, 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.

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

Nine countries have a threshold between USD 40 000 and 80 000: Australia, Austria, Czech Republic, Estonia, Hungary, Korea, Latvia, 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).

Six OECD countries do not operate any general VAT exemption threshold: Chile, Colombia, Costa Rica, Mexico, Spain and Türkiye.

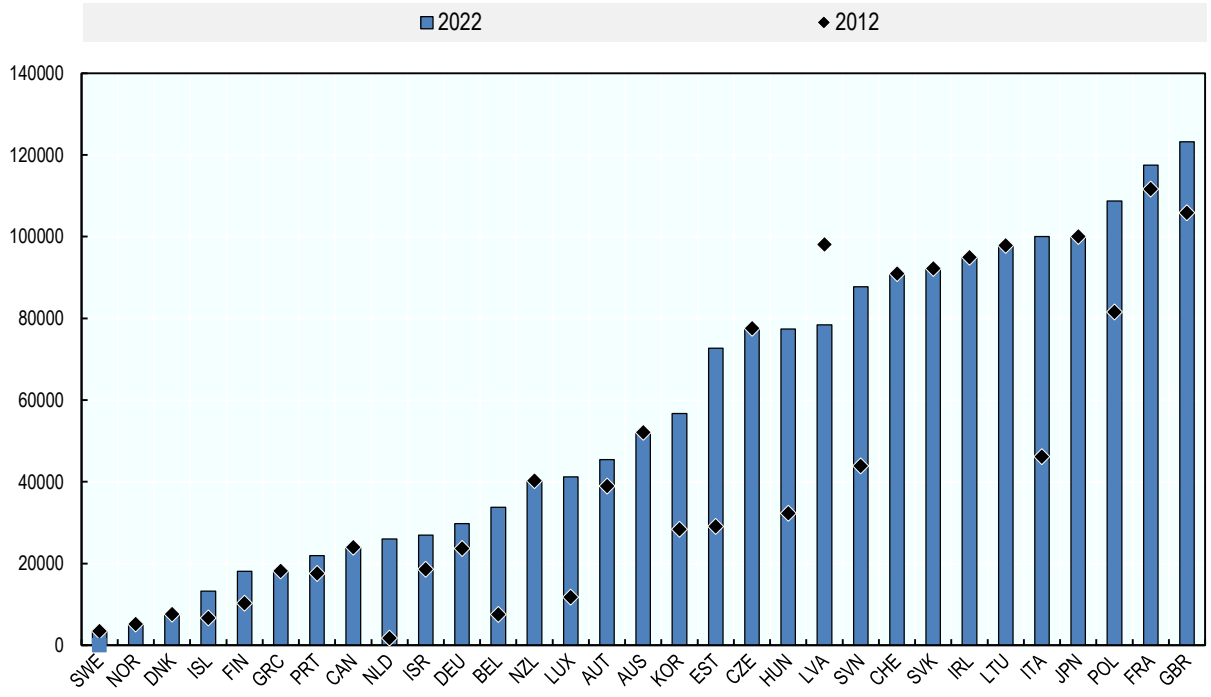
Since 2020, only Finland, Israel, Korea and Luxembourg have raised their threshold while none have reduced it. Compared to 2012, 17 OECD countries have raised their threshold (Austria, Belgium, Estonia, Finland, France, Germany, Hungary, Iceland, Israel, Italy, Korea, Luxembourg, Netherlands, Poland, Portugal, Slovenia and the United Kingdom). Only one country has decreased its threshold during this period (Latvia from EUR 50 000 to EUR 40 000).

There are no definitive arguments on the need for, or the level of, VAT 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 VAT 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 threshold and thus bringing them into the "formal" economy. The level of the threshold is often the result of a trade-off between minimising compliance and administration costs, and the need to protect revenue and avoid competitive distortion.

Figure 2.3. Annual turnover registration and collection thresholds, 2022



Note: Annual turnover thresholds expressed in USD purchasing power parity.
Source: Author's work.

StatLink https://stat.link/fa0jei

All OECD countries that have a registration or collection threshold give the option to businesses below the threshold to register and account voluntarily for VAT, except Israel and Korea. Voluntary registration is often intended to provide an option for small businesses to avoid the disadvantages of non-registration. This however increases the risk of VAT fraud by "fly-by-night" traders who register 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, Czech Republic, Greece, Hungary, Slovak Republic and Switzerland) to two years (Denmark, France, Japan and Norway) or 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[15]) shows that firms tend to bunch below the registration threshold by restricting their reported turnover to avoid having to register for the VAT when they have a high share of sales to private consumers (B2C); but tend to register voluntarily, even when their turnover is below the threshold, in cases where they have a low share of such B2C sales, a relatively high share of external costs and more competition in the industry.

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 85 800 (for goods) and EUR 34 400 (for most services) may continue to benefit from the exemption if their turnover does not exceed EUR 94 300 and EUR 36 500 respectively for more than a year.

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[14]).

The application of these exemption thresholds remains typically limited to domestic businesses. These thresholds notably do not apply under most of the “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.

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 a typical method to simplify VAT calculation, which 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 taxpayer 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 its purchase price of the items that are resold under the margin scheme.

Annex Table 2.A.6 shows that all the OECD countries have implemented more or less extensive margin schemes, except Canada, Iceland, 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, 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 in real estate 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 also apply to gambling in Australia and sales of coins, stamps and foreign currency in Israel.

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 COVID-19 pandemic has impacted VAT administration

Beyond temporary VAT rate reductions described in Section 2.2.3 above many OECD countries have introduced policy and administrative measures to alleviate the VAT burden on businesses, as part of their packages to support businesses during the COVID-19 crisis (OECD, 2020[5]). These measures mainly included the deferral of the obligation to file returns and pay the VAT due, to support business cash-flow and alleviate compliance burden. Most countries complemented VAT payment deferrals with a suspension, or reduction, of penalties and/or interest charges that are normally applied for late tax filing and payments. Other measures were taken such as the acceleration and/or enhancement of the processing of excess input VAT refund claims, the temporary relaxation of the conditions for claiming relief from VAT on bad debts and increased use of digital communication channels to simplify compliance processes and facilitate the interaction with taxpayers (CIAT/IOTA/OECD, 2021[16]). Several countries temporarily suspended audits and other enforcement and/or recovery actions to limit the additional stress and diversion of resources and time that these actions may cause during the COVID-19 crisis.[1] Cases involving potential fraud or businesses with a high-risk profile have typically been excluded from these measures.

Countries' experience and feedback from the business community through Business@OECD suggest that the VAT measures to support cash flow and to reduce VAT compliance burden have been particularly important in helping to mitigate the impact of the crisis for businesses. VAT payment deferrals, fast and flexible refunds of excess VAT and enhanced relief of VAT on bad debts have been highlighted as particularly important measures to support business cash flow. Measures to temporarily simplify VAT procedures and formalities notably by moving away from paper-based to electronic and online processes have been highlighted as critical in alleviating compliance burdens and in allowing business to continue given the mitigation and containment restrictions in place in many countries. On the other hand, tax authorities have highlighted that measures such as deferral of VAT payments and suspension of audits required careful management to minimise risks of fraud.

The COVID-19 pandemic challenged the operating models of tax administrations, and it triggered an acceleration of their digital transformation, including in the way they interact with taxpayers, with for example a drop of 55% in in-person visits, and a 30% increase in digital contacts (OECD, 2022[17]) and in the way they collect and manage data from the taxpayers and other sources (see Section 2.9. below).

2.8. The application of VAT to digital trade

The international tax challenges of the digital economy dominate the contemporary global dialogue over tax policy and its implementation. The growth of the digital economy, which increasingly informs the broader economy, raises fundamental 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 conducting a physical activity or having a physical presence in that jurisdiction (see Chapter 1). 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.

Countries worldwide recognised that the absence of a robust response to these challenges could lead to increasingly significant VAT revenue losses and growing unfair competitive pressure on brick-and-mortar retailers that were increasingly incapable of competing against the continuously rising volumes of online

sales, where VAT was not being levied. This issue became even more important as the COVID-19 pandemic accelerated a further shift from brick-and-mortar businesses to online sales.

The global policy dialogue organised by the OECD in response to these challenges resulted in a set of internationally agreed standards, rules and mechanisms to address the VAT challenges of digital trade. They allow governments to secure important VAT revenues on e-commerce and to ensure a level playing field between e-commerce and traditional businesses, 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. They were delivered as part of the OECD/G20 Base Erosion and Profit Shifting (BEPS) package in 2015 and have been further complimented with guidance to support their effective and consistent implementation since then. The following subsections briefly discuss the main challenges of digital trade and provide a concise overview of the internationally agreed standards and guidance for addressing them. These include principles for identifying the jurisdiction that has the right to levy VAT on cross-border supplies of services and intangibles in accordance with the "destination" principle and mechanisms for the effective collection of the VAT due on these supplies, in particular from non-resident (online) suppliers of goods, services and intangibles.

Box 2.1. The OECD VAT policy framework

The OECD policy framework for addressing the VAT challenges of digital trade has four main pillars:

1. Creating 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. Ensuring the efficient collection of VAT on online sales of goods, services, and digital products from foreign vendors through simplified VAT registration and collection.
3. Boosting 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. Enhancing VAT compliance by foreign online vendors through a modern risk-based compliance strategy and robust administrative co-operation

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

Introduction

The VAT legislation in many countries tends to define a "service" negatively as "anything that is not otherwise defined", or to define a "supply of services" as anything other than a "supply of goods". While this generally also includes a reference to intangibles, some jurisdictions regard intangibles as a separate category. For the purposes of this section, references to "services" include "intangibles" unless otherwise stated.

While the determination of the jurisdiction having the taxing rights over supplies of goods is relatively straightforward since they are in principle subject to VAT in the jurisdiction where they are physically located at the time of the supply or where they are imported, it is much less so for services. Given their intangible nature, it is more challenging for VAT systems to determine their place of consumption and thus to determine the jurisdiction that has the right to collect the VAT on the supply of services in a cross-border trade context. A variety of models for determining the place of taxation of internationally traded services can be observed in VAT systems around the world. 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 of services 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. The key common feature among these various VAT models for determining the place of taxation of internationally traded services is that they generally aim to implement the destination principle, under which the place of taxation rules are intended to impose tax at the place of consumption.

The translation of these principles in legislation traditionally relied on concrete criteria such as, explicitly or implicitly, the place where the services were performed or the place where the supplier was located to determine the place of taxation. Before the advent of the global digital economy, these criteria were often appropriate for ensuring taxation at the place of consumption as B2C services were indeed generally consumed where they were performed. Now that suppliers can deliver most services remotely form one location to consumers anywhere in the world, these criteria are ineffective for determining the place of their consumption and hence for the effective allocation of jurisdictions' rights to levy VAT on such services.

The use of these historical place of taxation rules for such remotely deliverable services led to increasingly significant uncertainties, competitive distortions, double taxation, unintended non-taxation and revenue losses.

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

Tax authorities worldwide recognised the need for an internationally agreed framework for the application of VAT to cross-border trade to minimise the growing risks of under-taxation and loss of revenue for governments, and of trade distortion due to double taxation. The need for the implementation of such a consistent global framework became particularly obvious in the context of the strong growth of international trade in online services and digital products as a consequence of the expansion of the digital economy (see Chapter 1). In response to the strong international call for a global standard on VAT design and operation, the OECD's Committee on Fiscal Affairs (CFA) developed the International VAT/GST Guidelines (hereafter "the OECD Guidelines"), which were adopted as a Recommendation by the Council of the OECD in September 2016.

This Recommendation is the first OECD legal instrument in the area of VAT (OECD, 2016[18]). It incorporates the International VAT/GST Guidelines (OECD, 2017[19]), which present a set of internationally agreed standards and recommended approaches for the consistent application of VAT to international trade, with a particular focus on trade in services and intangibles.

The OECD Guidelines include chapters on the principle of VAT neutrality and its implementation in practice, and on the implementation of the destination principle for allocating the taxing rights on cross-border supplies of services and intangibles. For B2B supplies, the Guidelines establish that the right to levy VAT on cross border supplies of services and intangibles is to be allocated to the jurisdiction where the business customer has located its permanent business presence. For B2C supplies, the Guidelines recommend that the taxing rights over "on-the-spot supplies" be allocated to the jurisdiction in which the supply is physically performed; and that the taxing rights over all other supplies and services in principle be allocated to the jurisdiction in which the customer has its usual residence. These include remote supplies of services and digital products over 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 more targeted rules might be more likely to identify an appropriate place of taxation in these 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.

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.

These Guidelines are further complemented with guidance and technical standards to support their coherent implementation and application. 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[20]), a report on "The role of digital platforms in the collection of VAT/GST on online sales" (OECD, 2019[21]) and a set of toolkits aimed at supporting their actual implementation in different regions of the world i.e. Digital VAT Toolkits for Asia-Pacific (OECD/WBG/ADB, 2022[22])and for Latin America and the Caribbean (OECD/WBG/CIAT/IDB, 2021[23]) providing comprehensive and detailed guidance for the policy design, implementation, operation and enforcement of a comprehensive VAT strategy targeted at digital trade. A Digital VAT Toolkit for Africa will be released in early 2023.

Digital platforms can play a key 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 increasingly buy online from a website operated by a digital platform that facilitates 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. Digital platforms now facilitate a significant share of digital trade transactions globally. The increasingly dominant role of digital platforms in digital trade 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 generally are better positioned than other third-party service providers to assist with the VAT collection process 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. Moreover, imposing VAT compliance obligations on the platform in principle relieves the underlying non-resident suppliers from incurring the economic and administrative burdens of having to comply with the associated VAT obligations in the taxing jurisdiction. 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. 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" where they are designated by law as the supplier for VAT liability and compliance purposes. Under that regime, the digital platform is solely and fully liable for assessing, collecting, and remitting the VAT due on the online sales in the jurisdiction of taxation. Almost all OECD countries (see below) consider that such a full VAT liability regime for digital platforms is the most effective and comprehensive means of ensuring 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 have already had a considerable impact on VAT policy reforms in OECD countries and beyond, aimed at effectively collecting the VAT over cross-border trade in services and intangibles. At least 76 jurisdictions in the world have already enacted reforms to achieve more effective taxation of international digital trade and a further 34 are identified as being either in the process of enactment or actively considering commencement of reforms. Very positive results have been reported both in terms of compliance and revenue collected from these measures.

Within the OECD, all member countries that have a VAT system have implemented rules that reflect the neutrality and destination principles provided in the Guidelines for the determination of the place of taxation for internationally traded services and intangibles. All of them, except Israel, have also implemented mechanisms for the online registration of foreign suppliers (or digital platforms facilitating the supply) that are liable to account for the VAT on those supplies.

Each jurisdiction has implemented these rules in accordance with its own legislative framework. The following paragraphs provide an overview of some of the models for determining the place of taxation and collecting the VAT on internationally traded services that are operated in OECD countries.

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 it is provided), implementing the destination principle for both supplies within the EU and supplies involving customers or suppliers in third countries. On the other hand, supplies of services to final consumers (B2C supplies) are still taxed at the supplier's place of establishment as a general rule. This rule does not reflect a will to apply the "origin principle" to B2C supplies but rather the historical reality that most services were consumed where they were provided and it was technically difficult to provide services at a distance to final consumers. There are, however, many exceptions aiming at aligning the place of taxation with the place where consumption is likely to take place. These exceptions include notably the services connected with immovable property, which taxed where the property is located; services relating to cultural, artistic, sporting, scientific, educational, entertainment etc., which are taxed at the place where they are physically carried out; and B2C telecommunication, broadcasting and electronically supplied services, which are taxed where the customer resides (since 2003 for services provided by non-EU suppliers and since 2015 also for EU suppliers). 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, Czech Republic, 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 Member States of the European Union and in a number of other OECD countries such as Norway and Switzerland, it is not the international norm. A number of countries (e.g. Australia, Canada, New Zealand, Singapore, and South Africa) have adopted different models. While the EU model is based on an approach by category of supplies, where a "place of supply" (which is also the place of taxation) is determined for each category according to its nature and the status (business or consumer) of the customer, other models systematically apply a series of proxies for place of consumption or use, to all kinds of services. Such systems work in steps: first a connection with the country is established (e.g. the supplier or the customer are established there; the service is performed or can be acquired there). Then, a number of proxies are applied to determine the actual place of taxation, e.g. a connection with a tangible property; the customer location and/or residence; the location of the person to whom the services are delivered or who uses the service.

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 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 digital 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 (or non-resident distribution platform operator vendors) who sell taxable digital products or services, such as online music streaming or traditional services, 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 (incl. distribution platform operator vendors) to account for the tax due on these supplies.

Annex 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").

This overview shows that, according to their common legislative root, the 22 OECD member countries that belong to the European Union determine the place of taxation for cross-border supplies of services and intangibles in principle by reference to the customer's location (i.e. where the customer has established his business) for B2B supplies and to the customer's usual residence for B2C supplies, in line with the OECD Guidelines. In these countries, the VAT on inbound supplies is collected through a reverse charge (self-assessment) mechanism for B2B supplies and through a simplified vendor registration and compliance regime ("One Stop Shop") for B2C supplies.

Twelve other OECD countries use (some variation of) the customer's location (usual residence, place of VAT registration, head office, etc.) as the main proxy for determining the place of taxation for cross-border supplies of services and intangibles in a B2B and B2C context (Australia, Canada, Colombia, Iceland, Israel, Japan, Korea, New Zealand, Norway, Switzerland, Türkiye and the United Kingdom).

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.

Most OECD countries apply a reverse charge mechanism to collect VAT on inbound B2B supplies of services and intangibles. In Australia, Iceland and New Zealand this mechanism only applies when the customer has a limited right to deduct the input tax, and no tax is due when the customer has a full right to deduction. In Korea, inbound B2B supplies are considered out of scope and no VAT is due on such supplies. 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 mechanism 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.

For remote B2C supplies of services and intangibles by non-resident suppliers, all OECD countries that have implemented place of taxation rules to levy VAT on these supplies as outlined above, require the non-resident supplier to register and account for the VAT, except Israel where the customer is liable to account for the tax on inbound supplies of services and intangibles. A simplified registration and collection regime (without right to deduct input taxes in the taxing jurisdiction - "pay-only registration") applies in these countries (generally with an option for standard registration), except in Japan and Switzerland where only the standard registration applies (with the right to deduct the input tax incurred in the country) and where the foreign supplier must appoint a local tax agent. Six of the 36 OECD countries requiring foreign suppliers to register to account for VAT on their remote B2C supplies into the country do not impose such a requirement when the annual turnover of these suppliers 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 whereby financial intermediaries are required to withhold the VAT on payments made for taxable B2C supplies of services and intangibles made by non-resident suppliers that do not comply with their obligations under these countries' vendor collection regime, 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 have also implemented a full liability regime for digital platforms facilitating these supplies, except Chile, where such digital platforms have only an information provision requirement, and Japan and Switzerland, which require non-resident suppliers to account for inbound B2C supplies of services and intangibles under the standard registration procedure.

The neutrality principles set forth in the OECD Guidelines 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 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. Input tax recovery can remain available for non-resident suppliers under the standard VAT refund or registration and collection procedure. Such an approach may ensure a

proper balance between simplification and the needs of tax authorities to safeguard revenue and reduce refund fraud risks. Most non-resident suppliers that register under a simplified compliance regime make online supplies to customers in the jurisdiction where they register without having any physical presence there. They are thus unlikely to incur substantial amounts of input VAT in that jurisdiction. However, it is also recognised that circumstances may arise where a refund of VAT for registrants under the simplified "pay only" regime could be warranted such as, for example overpayments of VAT by suppliers and refunds made by suppliers to their customers after a product recall (OECD/WBG/ADB, 2022[22]).

One of the main ways in which jurisdictions can allow non-resident non-registered (under the standard registration regime) taxpayers to be relieved from the VAT incurred in the jurisdiction is to allow non-resident taxpayers to apply for a VAT refund. Annex Table 2.A.10 shows that most OECD countries with a VAT system allow non-resident businesses to recover the input VAT through a direct refund mechanism. This refund can only be done by way of a GST registration in Australia and New Zealand. 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 allows VAT refunds to non-resident businesses registered under the simplified registration and compliance regime. By contrast, Chile, Colombia, Costa Rica and Mexico currently 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 taxpayers that are not established there 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). The use of 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.

2.8.2. Addressing the challenge of VAT collection on imports of "low-value" goods

The term "goods" generally means "tangible property" for VAT purposes. The VAT treatment of supplies of goods normally depends on the location of the goods at the time of the transaction and/or their location as a result of the transaction. 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 for the importation of relatively low value goods. These exemptions were generally motivated by the consideration that the administrative costs of bringing these low value items into the customs and tax system were likely to outweigh the revenue gained. Until 2018, the vast majority of OECD counties applied such a VAT relief arrangement, with value thresholds under which the VAT was not collected varying from USD 11 in Denmark to USD 200 in

Colombia. For European Union countries, legislation in place until 1 July 2021 provided that Member States must exempt from VAT the import of goods whose value does not exceed EUR 10, and are permitted to grant an exemption for imported goods with a value of more than EUR 10 but not exceeding EUR 22. All EU Member States that are members of the OECD had opted for the higher threshold of EUR 22, except Denmark that applied the lower threshold of EUR 10 and France and Poland where there was no threshold for goods imported on mail order. 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 become increasingly difficult to bear in the context of the growing digital economy (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. In recent years, however, most countries have seen a significant and rapid growth in the volume of low value imports of physical goods from online sales on which VAT was not collected. This resulted in unfair competitive pressures on domestic retailers who are required to charge VAT on their sales to domestic consumers and in decreased VAT revenues for governments. It also created an incentive for domestic suppliers to relocate to an offshore jurisdiction in order to sell their low value goods free of VAT. The 2015 BEPS Action 1 report (OECD, 2015[25]) recognised that the difficulty lies in finding the balance between the need for appropriate revenue protection and avoidance of distortions of competition and the need to keep the cost of collection proportionate to the amounts of VAT to be collected.

The report observed that tax authorities could be in a position to remove or lower their VAT exemption threshold for imports of low value goods, if they were able to improve the efficiency of processing such low value imports and of collecting the VAT on such imports. The report outlines and assesses 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 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 these sales in that jurisdiction via the same simplified registration and collection mechanism that is recommended for the taxation of remote supplies of services and intangibles to final consumers (see below). Such a model limits or removes the need for customs authorities to intervene in the collection of VAT collection on the importation of these low value goods, since this VAT is collected directly from the vendor or digital platform at the time of sale. This collection method can apply to goods that are only subject to VAT on importation, which are in practice goods that have a value below the customs “de minimis” threshold (generally significantly higher than the VAT de minimis thresholds). Goods subject to specific duties such as excise would in principle be excluded from the vendor collection approach.

The OECD subsequently complemented the conclusions and recommendation for addressing the VAT challenges of the digital economy included in the 2015 BEPS Action 1 report with further detailed guidance to support their consistent and effective implementation. A first report on “Mechanisms for the effective collection of VAT/GST” (OECD, 2017[20]) includes detailed guidance on the design and implementation of the vendor collection model and on the simplified registration and compliance mechanism. A second report on “The role of digital platforms in the collection of VAT/GST on online sales” (OECD, 2019[21]) provides guidance on the available models for enlisting online marketplaces and other digital platforms in the collection of VAT on e-commerce, focusing in particular on the implementation of the vendor collection mechanism for the effective collection of VAT on imports of low value goods. These reports were further complemented with more detailed guidance aimed at supporting countries for the successful implementation of a comprehensive VAT strategy directed at e-commerce i.e. the VAT Digital Toolkit for Latin America and the Caribbean (OECD/WBG/CIAT/IDB, 2021[23]) and for Asia Pacific (OECD/WBG/ADB, 2022[22]).

Australia was the first country to implement a vendor collection model for the collection of GST on imports of low value goods as of 1 July 2018, in accordance with the OECD guidance. The GST relief for imports of goods with value of AUD 1 000 or less remains in place and no GST on these imports is collected through border processes. 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. The GST on the importation of these 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 for whom the compliance cost of registering and remitting the GST on their goods sales to consumers in Australia, from the requirement to do so.

New Zealand implemented a similar regime from 1 December 2019, where imports of low-value goods from foreign supplies to final consumers in New Zealand are taxed if 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 goods with value of NZD 1000 or less supplied by foreign vendors to New Zealand final consumers was also repealed from that date. As for remote services, a simplified “pay only” registration is available to foreign suppliers, 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, are allowed to make an election to apply the simplified “pay only” regime to the entire shipment, including the goods with a value above NZD 1000.

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 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 goods with value below NOK 3 000 to final consumers in Norway must register and account for VAT 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 value at or above NOK 3 000, foodstuffs, restricted goods, and goods subject to excise duties, which are subject to border collection of VAT, excise duties and customs duties.

Switzerland implemented a regime since 1 January 2019 requiring foreign vendors to register for VAT in the country and to remit to the tax authorities the tax on imports of goods if the vendor's turnover of imports of low value goods exceeds CHF 100 000 per annum (i.e. the same as the domestic registration threshold). In Switzerland, low value goods are defined by the VAT amount due, i.e. when this amount exceeds CHF 5, which means that the value of the goods subject to that regime is of CHF 200 for those subject to the reduced rate of 2.5% and CHF 65 for those subject to the standard rate of 7.7%. Unlike the Australian and New Zealand rules, there is no simplified “pay only” registration available and the vendor must register under the standard registration procedure.

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 July 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 where 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. Following the "Brexit", the United Kingdom has adopted its own regime, applicable from 1 January 2021, where, for goods with a value below GBP 135, the point at which VAT is collected was moved from the point of importation to the point of sale. Foreign vendors or digital platforms where they are involved in facilitating the sale, will be responsible for registering collecting and accounting for the VAT through an online process.

The common features of all these regimes is that the imports of low value goods destined to final consumers are not relieved from VAT any more, in principle placing foreign and domestic vendors of such goods on an equal footing. The VAT is not collected upon importation by customs authorities any more but by the tax administration at the point of sale, i.e. when the good is sold by the foreign vendor or digital platform to the final consumer. Imports of goods that are not considered as "low value" goods i.e. whose value is above the value set by legislation or possibly subject to other taxes such as excise duties are taxed upon importation according to the standard customs procedures.

9 OECD countries still exempt the importation of low-value goods from VAT with widely varying exemption thresholds, i.e. Canada (USD 16), Chile (USD 30), Colombia (USD 200), Costa Rica (USD 500), Iceland (USD 13), Israel (USD 75), Japan (100), Korea (150), and Mexico (USD 50) (see Annex Table 2.A.9).

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. It has traditionally been estimated by the "efficiency ratio", defined as the ratio of VAT revenues to GDP divided by the standard rate (expressed as a percentage). Although the efficiency ratio has been widely used as a diagnostic tool in evaluating VATs, it does not distinguish a product-type VAT from a consumption-type VAT. This limitation can be addressed by taking final consumption as a reference for the potential tax base rather than production (Ebrill, Keen and Perry, 2001[27]). If measured by the ratio of revenue from the tax to the product of the standard VAT rate and aggregate consumption, a benchmark VAT levied at a uniform rate on all consumption would have "C-Efficiency" of 100% provided that all the tax due is collected by the tax administration.

The estimates of the VAT Revenue Ratio (VRR) for OECD countries presented in this section build on the "C-Efficiency ratio" principles. The VRR provides an indicator that combines the effect of loss of revenues as a consequence of exemptions and reduced rates, fraud, evasion and tax planning. Although the VRR has to be interpreted with care and erosion of the tax base may be caused by a variety of factors, it may support policymakers in assessing the revenue raising performance of their VAT system and in identifying opportunities to 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 advised by legislation. Legislation can (and many countries do) provide that lower (or higher) rates are applicable to a defined list of products. Reduced VAT rates are still widely used in OECD countries, mainly to pursue equity or social objectives (basic essentials, health, education, etc.). No OECD countries apply higher VAT rates (see Annex Table 2.A.1).

In the VRR calculation formula as presented above, the 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 Table 2.A.1 have been calculated as follows:

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

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

2.9.2. 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 non-business activities or in VAT exempt activities (Chapter 1 and this chapter). In such situations, VAT can be viewed as treating such entities as if they were end consumers, or as "input taxing" the supplies made by such entities on the presumption that the burden of the VAT imposed will be passed on in the prices of the outputs of those non-business activities. The tax ultimately collected by the government in these situations is the tax on these inputs.

In the absence of a standard assessment of the potential VAT base for all OECD countries, the closest statistical data that can serve a basis for estimating that VAT base is the final consumption expenditure as measured in national accounts. Final consumption expenditure in national accounts in OECD countries is measured according to the 2008 System of National Accounts (SNA 2008) except for Türkiye, Chile and Japan that continue to use SNA 1993, under Item P3 Final Consumption Expenditure (see also 2.9.2 above).

2.9.3. The average VRR for OECD countries has remained stable

Across the OECD, the unweighted average VRR has remained relatively stable at 0.56 in 2020, up 0.01 from 0.55 in 2019 and at the same level as in 2018 as is shown in Annex Table 2.A.7. This stability of the unweighted average VRR in the first year of 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

has remained stable around 0.55 since 2010. The unweighted average VRR of 0.56 in 2020 suggests that, on average, an estimated 44% of the theoretical potential VAT revenue is not collected.

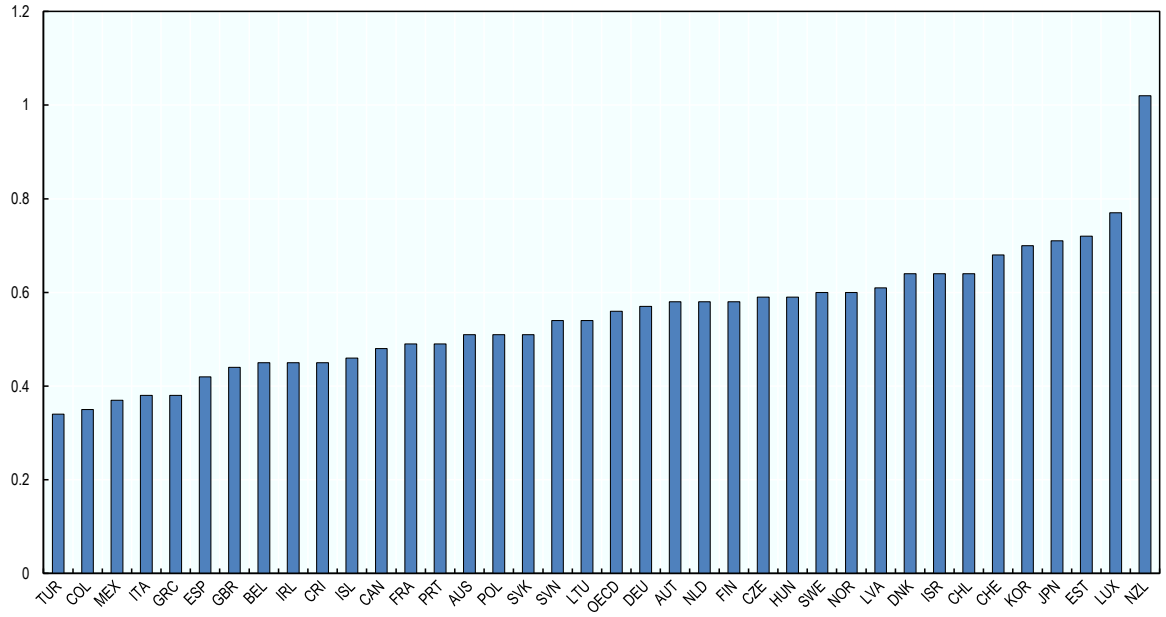
The VRR estimates vary considerably across OECD countries. In 2020 the estimates ranged from 0.35 in Colombia, 0.37 in Mexico and 0.38 and Italy, to 0.77 in Luxembourg and 1.01 in New Zealand. An additional four OECD countries have an estimated VRR above 0.65, i.e. Estonia (0.72), Japan (0.71), Korea (0.70) and Switzerland (0.68). All the other countries (31 out of 37) have a VRR below 0.65 and 13 of these countries have a ratio below 0.50 (Belgium, Colombia, Costa Rica, Canada, France, Greece, Iceland, Ireland, Italy, Mexico, Portugal, Spain, Türkiye, United Kingdom). This suggests that a considerable part of the theoretical potential VAT revenue remains uncollected in many OECD countries.

Compared to 2018, the VRR declined in 18 countries in 2020. The biggest decline was seen in Iceland, of where the estimated VRR decreased by 0.8 points from 0.54 to 0.46. Other relatively big drops were observed in Greece and Slovenia, which both saw their estimated VRR decline by 0.6 points from 0.44 to 0.38 and from 0.60 to 0.54 respectively.

The impact of the decreases of the estimated VRR in these 18 countries on the OECD average was offset by the increase in 13 countries between 2018 and 2020, in particular in New Zealand (from 0.95 to 1.02), Netherlands (0.53 to 0.58) and Australia (from 0.47 to 0.51). The VRR estimates remained unchanged in 4 countries in 2020 compared to 2018: Germany (0.57), Hungary (0.59), Poland (0.51) and Switzerland (0.68).

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 Table 2.A.2 and Annex Table 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. Australia and Poland, for example, have very different standard VAT rates (10% and 23% respectively) and the same VRR estimate (0.51). Although two thirds of countries (24 out of 37) have a VRR between 0.45 and 0.65, they have standard VAT rates that vary widely from 5% (Canada) to 25% (Denmark, Norway, and Sweden) and 27% (Hungary). These last four countries combine relatively high standard VAT rates (25% and 27%) with a VRR above the OECD average, at respectively 0.64, 0.60, 0.60 and 0.59; while Mexico and Türkiye combine lower standard VAT rates (respectively 16% and 18%) with a VRR estimate considerably below the OECD average (respectively 0.37 and 0.34).

Figure 2.4. VAT Revenue Ratio 2020



Türkiye: VRR for 2019
Source: Author's work.

StatLink https://stat.link/bgv29h

The respective weight of the different factors that affect the VRR may vary widely across countries depending on the circumstances. The two countries with the highest VRR, New Zealand and Luxembourg, have an estimated VRR of 1.02 and 0.77, which is far above the unweighted OECD average of 0.56 and significantly above any other OECD country. The behind these high ratios are very different.

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

for Luxemburg from this change of the intra-EU place of taxation rules for e-commerce is reflected in the 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 Table 2.A.3) at a single 17% rate with very limited application of a zero rate (see Annex Table 2.A.2). Second, New Zealand treats public services as GST taxable (see Chapter 1). Although this does not generate actual additional revenue (the GST charged by public bodies to the government is compensated through budgetary transfers and the GST collected on local government activities is included in local taxes), this increases the 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 and even sometimes above 1.

At the opposite end, Mexico and Colombia have the lowest VRR in 2020 (0.37 and 0.35 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 to a number of goods and services and the level of such lower rates that reduce the tax revenue and have a negative impact on the VRR.
- The level of the registration and/or collection threshold under which small businesses are not required to account for VAT. These thresholds reduce the amount of VAT collected, although it could be argued that the adverse revenue consequences of such thresholds may remain limited since the businesses under the thresholds will generally not be able to deduct any input VAT and their overall value added be relatively modest.
- The presence and scope of exemptions. Depending on the features of the exemptions and market structures, exemptions may influence the VRR upwards or downwards. Exemptions may reduce the tax revenue when the exemption applies to goods or services directly supplied to final consumers without requiring much investment or expenditure other than the supplier's own labour. They may increase revenue when the exemption occurs early in a supply chain and the revenue arising from the non-recoverable input VAT and its cascading through the value chain exceeds the potential tax arising from taxation at standard rates with the deduction of input tax. The application of a VAT exemption for financial services in particular may have a considerable impact on the VRR, given the economic importance of this sector in many countries.
- The VAT treatment of public sector activities. Final consumption by government is the second largest category of final use in national accounts after household consumption. Government activities are exempt or outside the scope of VAT in most countries, New Zealand being the notable exception treating all government activities as taxable. As a consequence, public bodies can generally not deduct the input VAT paid on their taxable expenditure, again with the exception of

New Zealand that provides a full right to deduct input tax for government activities. A number of countries have created mechanisms for balancing the adverse effects of the exemption of public sector activities, such as targeted VAT refunds, full or partial right to deduct input VAT, budgetary compensations or extended taxation of government activities. The different options chosen by governments may have varied impacts on the VRR. Compensations outside of the VAT system (e.g. a simple budgetary compensation) have no direct effect on the VRR. The government activities remain input taxed, generating the corresponding VAT revenue, before and after the compensation measures. A measure that provides the right to input-VAT deduction to government bodies will normally reduce VAT revenue if the outputs remain exempt, and hence influence the VRR downwards. Applying VAT to government activities like New Zealand does, on the other hand, will increase the amount of VAT collected and influence the VRR upwards, as it results in the taxation of the total government output rather than just the inputs.

- The implementation of an effective regime for the collection of VAT on online supplies of goods, services and digital products by foreign vendors and electronic marketplaces. Many VAT regimes have struggled to ensure the proper collection of VAT on online trade, in particular when faced with the challenge of collecting these taxes from non-resident vendors, which has caused increasingly important revenue losses as the value and volume of digital trade has continued to increase (see Chapter 1).
- The capacity of the tax administration to manage the VAT system efficiently and the degree of compliance by taxpayers influences the VRR, as losses of VAT revenue from non-compliance and fraud obviously have a negative impact on a country's VRR. Also the level of taxpayer insolvencies and bankruptcies can influence the VRR.
- The failure of a tax administration to operate an appropriate VAT refund process (with timely refunds of excess input-VAT credits to domestic businesses and/or refunds to non-resident businesses), may influence the VRR upwards for the "wrong" reasons, as it is contrary to the fundamental principle of VAT-neutrality.
- Similarly, the failure of a VAT regime to ensure that the exportation of goods and/or services is treated as "free of VAT" (i.e. zero-rated), notably because it levies VAT on exports or exempts exports without a right for the exporter to recover the associated input-VAT, may influence the VRR upwards "for the wrong reasons".
- Finally, also the possible differences in the measurement of final consumption expenditure in national accounts across countries and thus in countries' potential VAT base should be taken into account when interpreting the VRR.

For further technical discussion on the factors influencing the calculation of the VRR see (OECD, 2016[28]).

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 gap"), and
- Those related to the efficiency of the tax collection and compliance levels ("compliance gap").

The VRR is a combination of the result of policy decisions and the "compliance gap". Analysis to further break down the composition of the VRR can be carried out. One method to decompose the VRR into its policy and compliance components 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). (Institute for Advanced Studies, 2015[29]). (CASE – Center for Social and Economic Research, 2020[30]). 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 (Australian Taxation Office, 2020[31]). The International Monetary Fund RA-GAP framework (Hutton, 2017[32]) 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.

2.10. Combatting VAT non-compliance and fraud

There is no common OECD definition of concepts such as VAT "non-compliance" or "fraud". For the purpose of this publication, a distinction is 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.

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

Reducing the revenue losses from VAT fraud and non-compliance remains a key challenge and a priority for countries around the world. Many tax administrations carry out research to estimate their country's VAT compliance gap, i.e. the revenue loss from VAT fraud, non-compliance and bankruptcies. The VAT Gap in the European Union (EU) was estimated at EUR 134 billion in nominal terms and at 10.3 percent expressed as a share of the VAT Total Tax Liability (VTTL) in 2019, down by approximately 0.8 percentage points from the 2018 estimates (Poniatowski, 2021[33]). The smallest VAT Gaps in the EU were observed in Croatia (1 percent) and Sweden (1.4 percent); the largest in Romania (34.9 percent), Greece (25.8 percent), and Malta (23.5 percent). Advanced estimates for 2020 forecast a reversal of the downward trend, with a potential loss of EUR 164 billion in 2020 due to the impact of the COVID-19 crisis on the economy. The United Kingdom estimated its VAT Gap at GBP 8.6 billion in 2020-21, i.e. 6.7% of the VTTL (HMRC, 2022[34]), declining from GBP 10.0 billion and 7.0% of the VTTL in 2018-19. A number of other

OECD countries provide public estimates of their VAT gap. In Australia the GST gap is estimated for 2019–20 at AUD 53 billion, i.e. 7.8% of the VTTL (Australian Taxation Office, 2021[35]); in Canada, the GST/HST gap for 2018 is estimated at CAD 4.3 billion and 9% VTTL (Canada Revenue Agency, 2022[36]). In Latin America, the VAT gaps showed a wide diversity in 2017 (CEPAL, 2020[37]) but OECD countries in this region had a relatively low VAT gaps compared to other countries in the region, i.e. 21.4% 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 43.8% in the Dominican Republic).

In addition to unintended and intended non-compliance, VAT systems are the target of organised criminal attacks. The most common type of organised VAT fraud is the “missing trader” or “carousel” fraud. It arises when a business makes a purchase without paying VAT (typically a transaction for which tax self-assessment applies), then collects VAT on an onward supply and disappears without remitting the VAT collected. Originally, the fraud involved primarily high-value goods that can easily be moved across borders, such as computer chips and cell phones - but it expanded to services that can be bought and sold like goods. Organised VAT fraud in CO_2 emission trading, for instance, caused billions of Euros of VAT revenue losses in a range of countries. Energy markets are also vulnerable to organised VAT fraud. European energy regulators, energy trading firms and gas and electricity operators notably warned EU authorities about the serious impact of VAT carrousel fraud on the functioning of European gas and electricity markets (Europex – Association of European Energy Exchanges, 2018[38]). They reported signs of "a major penetration of the gas and electricity markets by VAT fraudsters”. Networks involved in such organised and criminal VAT fraud are often also active in money laundering, corruption and other crime types (EU SOCTA, 2021[39]).

As economic activity continues to evolve, so do the risks of VAT fraud and non-compliance that VAT administrations are facing. Research in the past for instance showed that certain accounting software products contained hidden tools (zappers) for the manipulation of VAT receipts (OECD, 2013[40]). The digitalisation of the economy creates increasingly important risks of VAT fraud and non-compliance and new challenges for tax administrations to address them, notably in light of the exponential growth of cross-border e-commerce and the growing capacity of online operators to carry out activities in a given jurisdiction without needing any physical presence there (OECD, 2015[41]). Activities supported by new technologies, such as those involving crypto-currencies and Non Fungible Tokens (NFT), may also create new risks of VAT fraud and non-compliance and challenges for tax administrations’ traditional VAT compliance risk management.

2.10.2. Reducing VAT non-compliance and fraud remains a priority for tax authorities

Countries are increasingly implementing measures to enhance VAT compliance and to reduce the vulnerability of VAT regimes to non-compliance and fraud, in particular in the context of the digitalisation of the economy. These measures include on the one hand the implementation of alternative collection mechanisms such as domestic reverse charge mechanisms and VAT split payment regimes; and, on the other hand, as the implementation of data collection regimes, including though electronic invoicing and data reporting requirements, to support VAT risk management through advanced data analysis. While these strategies can significantly enhance tax administrations’ VAT enforcement capacity, they increasingly require the effective international administrative cooperation in the area of VAT, given the globalisation and digitalisation of the economy (and of VAT fraud networks).

Almost all OECD countries apply domestic reverse charge measures to limit fraud risks in sectors that may be particularly vulnerable to VAT fraud

In a standard VAT regime, the tax is collected from suppliers through a staged process whereby the supplier collects the VAT from its customer and remits it to the authorities after having deducted any recoverable input VAT (see Chapter 1). Under a domestic reverse charge mechanism, the liability for

remitting the VAT to the tax authorities is shifted from the supplier to its business customer (i.e. in B2B transactions). Shifting the VAT liability from the supplier to the customer 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 administrations and growing risks of other types of fraud at the retail level (e.g. sales suppression, misuse of VAT identification numbers). One concern is that it would effectively transform the VAT into a retail sales tax, with the concentration of all revenue risks at the stage of the final sale or at a limited number of points, with the inherent weaknesses of such a system.

In the 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 Table 2.A.12 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, Luxembourg 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 EU countries); electronic devices such as laptops, chips, mobile phones etc. (11 EU countries) and the supply of gas and electricity to taxable dealers (10 EU countries). Also other OECD countries use a domestic reverse mechanism albeit to a much lesser extent, i.e. Canada (supplies of real property by non-residents and some supplies between provinces); Chile (supplies of rice, construction works, waste and certain plants and animals); Israel (metal debris); Mexico (waste, some supplies made by individuals); New Zealand (supplies of land incorrectly zero rated); Norway (supply of CO_2 emission allowances and investment gold) and Türkiye (some supplies made by non-taxable persons). Chile also require certain (large) taxpayers to reverse charge the VAT on B2B supplies acquired from suppliers considered as not trustworthy by the tax administration. More than half of the OECD countries operating a VAT (23 out of 37) apply the reverse charge to supplies in the real estate sector.

No domestic reverse charge measures have been implemented in Colombia, Costa Rica, Iceland, Japan, Korea, and Switzerland. Poland replaced its domestic reverse charge arrangements with a mandatory split payment mechanism in November 2019 (see below).

The split payment mechanism applies to a more limited extent

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

only). Poland, which operates such a split payment regime (see previous section), has extended the possible use of amounts on special VAT accounts to pay certain other public levies.

A split-payment or withholding regime has a similar fraud-prevention effect as a domestic reverse-charge mechanism in that it removes the possibility for a supplier to collect the VAT without remitting it to the tax authorities. Among the drawbacks of these regimes are the added complexity (incl. the requirement for suppliers to determine for each transaction whether or not it is in the scope of the regime) and the cash-flow impact for businesses, which can be significant particularly under a withholding regime as businesses receive no/less output VAT against which they can offset deductible input-VAT (and this could result in a perennial excess-input VAT position). Some have observed that split-payment mechanisms may not prevent more complex missing trader frauds (Bartosz Gryziak, 2020[42]). Annex Table 2.A.12 shows that such a regime has been implemented in only five OECD countries and these are all targeted at specific sectors or types of supplies.

Colombia and Italy apply the split payment mechanism to supplies made to public authorities, government bodies and public owed companies. In Colombia the split payment also applies to supplies made to listed large businesses.

In Poland, a mandatory split payment mechanism applies to business-to-business (B2B) supplies of a defined list of goods and services that are considered to be sensitive to fraud (such as fuels, steel products, scrap metal, of CO_2 emission allowances, mobile phones, tablets, construction services etc. which were previously subject to a domestic reverse charge), if the invoiced gross amount exceeds PLN 15 000. Korea applies a split payment regime to supplies of gold, copper and scrap gold and iron. Australia requires purchasers of new residential property to effectively withhold GST from payment to the supplier and to remit the full amount of the GST to the tax authority. This is reconciled against taxable amounts of GST required to be reported for these supplies by the supplier.

In the Czech Republic such a system is only optional for customers that wish to avoid possible joint and several liability for the supplier's unpaid taxes. Türkiye operates a partial withholding regime whereby customers are required to withhold a percentage of the VAT charged to them by suppliers and remit it directly to the tax authorities for supplies in certain sectors, such as construction, scrap metal, glass, plastic and paper, advisory and audit services, some repair services etc.

Research (Deloitte, 2017[43]) has shown that, although a split payment regime could help combatting non-compliance and fraud in the EU, it may have a negative cash-flow impact on businesses and possibly increase their compliance costs, depending on business size and sector, which could lead to any additional revenue not outweighing its costs.

2.10.3. Digital reporting requirements are on the rise

Over the last decade, a range of incremental changes occurred across tax administrations which, taken together, are changing the nature of the tax compliance environment, allowing for more targeted and managed compliance (OECD, 2017[44]). A significant part of this change is driven by the increased availability of data. As digitalisation proceeds, even more tax related data from taxpayers and third parties is becoming available (for example, data from e-invoicing, automated transaction data reporting, online cash registers and financial account information), which is contributing to more targeted actions by tax administrations (OECD, 2022[17]).

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[45]), many OECD countries have introduced or consider introducing a requirement for taxpayers to provide transaction data to tax authorities (Transaction-Based Reporting – TBR), sometimes in real time. These measures typically require detailed information to be provided in an electronic format at individual taxable transaction level. This information

can include invoicing information and accounting data or any other information that allows tax authorities to monitor supplies made and/or received by individual taxpayers and determine their tax liability.

TBR requirements in OECD countries, where they exist, are heterogeneous and can differ on several dimensions such as their scope, the data collected or the frequency of reporting. Annex Table 2.A.11 shows that most OECD countries have now implemented mandatory electronic transaction information reporting obligations (i.e. the transmission of detailed information in an electronic format on individual taxable transactions), except Belgium, Canada, Finland, Iceland, Japan and Switzerland. Amongst the countries that have implemented mandatory electronic transaction information reporting obligations, 20 impose a more or less detailed specific format for such reporting (Chile, Colombia, Costa Rica, Czech Republic, Estonia, France, Greece, Israel, Italy, Korea, Lithuania, Luxembourg, Mexico, Netherlands, Norway, Poland Portugal, Slovak Republic, Slovenia, Spain and Türkiye). Seven of them (France, Lithuania, Luxembourg, Netherlands, Norway, Poland and Slovenia) use (a variation of) the Standard Audit File for Tax (SAF-T) format developed by the OECD Forum on Tax Administration (OECD, 2005[46]). This involves the use of accounting software to create an electronic file (the SAF-T) containing tax-relevant accounting data. The SAF-T format enables the transfer of these data from the taxpayer to the tax authorities in a standardised electronic format.

More than half of the countries requiring electronic transaction reporting (18 out of 31) require the systematic transmission of such information to the tax administration (Austria, Chile, Colombia, Costa Rica, Czech Republic, Estonia, Greece, Hungary, Israel, Italy, Korea, Lithuania, Mexico, Poland, Portugal, Slovak Republic, Spain and Türkiye) and 10 out of these countries require this transmission to happen in (near) real time (Chile, Colombia, Costa Rica, Greece, Hungary, Italy, Korea, Mexico, Spain and Türkiye). Such electronic transaction reporting may involve the mere transmission of data to the tax administration - the “Transmission model” - or a validation system where each transaction data must be systematically cleared by tax authorities for the invoice emitted by the supplier related to this supply to be considered a valid accounting document - the “Clearance model”. Among the OECD countries requiring the systematic transmission of transaction data to the tax administration, 8 countries have reported the use of a form of Clearance model: Chile, Colombia, Costa Rica, Greece, Italy, Korea, Mexico and Türkiye. In all these countries, the clearance model is coupled with a real time reporting obligation

Countries are also increasingly concerned with the monitoring of transactions in cash in the business-to-consumer (B2C) environment and more than one third of OECD countries having a VAT (16 out of 37) have implemented requirements for suppliers to use electronic cash registers (Austria, Belgium, Costa Rica, Czech Republic, France, Greece, Hungary, Israel, Italy, Korea, Latvia, Norway, Poland, Slovak Republic, Slovenia, and Sweden). Five of these countries require the systematic transmission of such data to the tax administration (Greece, Israel, Korea, Slovak Republic and Slovenia) and this in (near) real time for Korea, Slovak Republic and Slovenia.

Another trend that is observed is the progressive digitalisation of invoices. For the purposes of this publication two kinds of dematerialised invoices are considered: **“**electronic invoice” that is a digital file allowing the automated exchange of invoice information between accounting systems of parties to a transaction; and “digitised invoice” that is a mere copy of an invoice (e.g. in pdf format) sent by electronic means (e.g. by email) between parties to a transaction. Annex Table 2.A.11 shows that, although electronic invoicing is now permitted in all OECD countries, it is still only mandatory in 10 of them. Among these countries, Austria, Portugal and France require it only for B2G (Business to Government) transactions, while Korea, Mexico, Norway and Türkiye require it for B2B and B2G supplies. On the other hand, electronic invoicing is mandatory for all invoices, including B2C, B2B and B2G supplies in Chile, Colombia, Costa Rica and Italy. France will however progressively introduce mandatory electronic invoicing for B2B supplies between 2024 (for large businesses) and 2026 (small businesses). The obligation to allow reception of invoices in electronic format will be mandatory on 1 July for all businesses, regardless of their size, as soon as their supplier is obliged to issue invoices in electronic format.

The implications of these different TBR regimes on businesses and tax administrations are different depending on the type of reporting. Under a Periodic Transaction Controls (PTCs) system transactional data reported to tax authorities at regular intervals can complement or be joined to the existing VAT return. Continuous Transaction Controls (CTCs) systems, in which transactional data is submitted electronically to tax authorities just before, during or shortly after the actual exchange of such data between the parties, are radically different and require more automation in an appropriate IT environment (Luchetta, 2022[47]). From a pure technical perspective, automatic transaction reporting systems are separate from the digitalisation of accounting documents or invoicing rules and don't necessarily require the invoice as exchanged between the supplier and the customer to be in electronic format. However, tax authorities, in their efforts to gain more control over VAT revenue sources and prevent fraud may extend their mandates to cover more fiscal documents in the mandatory electronic transmission (Christiaan van der Valk, 2023[48])

Much is likely to depend on the design of these digital reporting requirements and on the performance of tax authorities' online services and their technological capacity to minimise risks these new requirements adversely affect economic activity, including in a cross-border context. In addition, tax authorities will need to manage and analyse an unprecedented volume of data, to be stored in a secure environment. In order for countries to take full advantage of the opportunities that such data collection provides, citizens and businesses need to have confidence in the security and confidentiality of the information gathered. Facing the risks of inappropriate disclosure of information whether intentionally or by accident (e.g. hacking of tax administration databases), countries must ensure that both the legal framework and appropriate data protection systems are in place (OECD, 2012[49]).

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

The continuously expanding internet penetration and the continuously growing ease for consumers worldwide to shop online and to make use of online payment solutions, including through mobile devices, have been among the key drivers of an extraordinary increase in digital trade over the last decade. 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 2.8 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. Early OECD analysis 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 to manage them. These may include limitations to tax administrations' audit and risk detection and management capabilities and processes, challenges to access relevant information, and limitations to the capacity to enforce compliance against economic operators in digital trade that may often 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 undertaking work to enhance tax authorities' capacity to tackle VAT fraud and non-compliance in digital trade, including through the analysis, experience sharing and development of guidance on enforcement

strategies to support the effective collection of VAT on digital trade and the exchange of information and other forms of administrative cooperation in the area of VAT.

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

Greater need for administrative co-operation to tackle VAT fraud and non-compliance

Governments increasingly recognise that information exchange and 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 in international trade and in, not least in the context of the digitalisation of the economy (OECD, 2015[41]); (Court Auditors, 2015[50]). This need was notably highlighted in the 2015 OECD Report on Tax Challenges Arising from Digitalisation (OECD, 2015[25]) and the OECD is carrying out work in this context.

A number of instruments are available that provide the legal foundation for the international administrative co-operation, including the exchange of information, in the area of VAT. These include the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD/Council of Europe, 2011[51]); the bilateral treaties implementing the current Articles 26 and 27 of the OECD and UN Model Tax Conventions; and Tax Information Exchange Agreements (TIEAs) based on the OECD Model. Regional agreements can also provide a legal base for such co-operation. These include EU Regulation No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax; 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[52]) has the widest coverage both in terms of membership (as of November 2022, 146 jurisdictions participate in the Convention) and in scope. The Convention was developed jointly by the Council of Europe and the OECD. It was opened for signature by the member states of both organisations in 1988. It was then aligned with the internationally agreed standard on transparency and exchange of information and opened to all countries in 2011.

It provides for all possible forms of administrative co-operation between the Parties (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.

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.

However, Article 30 of the Convention also enables a State to put reservations about 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 Table 2.A.13 shows that all OECD countries have signed the Convention and 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 in this area under the Convention. A limited number of other OECD countries have made reservations on specific components of administrative co-operation in the area of VAT, 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).

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

Within the European Union, the VAT Directive (2006/112/EC) and implementing Regulation (904/2010) provide the legal base for the administrative co-operation and exchange of information among Member States. It is supported by an operational network of tax officials, Eurofisc. 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, including requests for information, audits or deregistration of VAT numbers. The implementing Regulation was amended in 2018 to improve the exchange and analysis of

information between the Member States' tax administrations and with law enforcement bodies. The EU also signed a bilateral agreement on the VAT exchange of information with Norway in February 2018.

The VAT e-commerce package applicable from 1 July 2021, which removes the VAT exemption on imports of low value goods and obliges suppliers to pay the VAT on all goods imported into the EU, was accompanied by reinforced co-operation provisions between tax and customs authorities. Eurofisc has also strengthened its co-operation and exchange of information with the European Anti-Fraud Office (OLAF) and Europol.

On 18 February 2020, the European Council adopted a legislative package (EU Council Directive 2020/284 and Council Regulation 2020/283) that will require payment service providers to transmit information on cross-border payments originating from Member States and on the beneficiary ("the payee") of these cross-border payments. Under this package, payment service providers offering payment services in the EU will have to monitor the payees of cross-border payments and transmit information on those who receive more than 25 cross-border payments per quarter to the administrations of the Member States This information will then be centralised in a European database, the Central Electronic System of Payment information (CESOP), where it will be stored, aggregated and cross-checked with other European databases. All information in CESOP will then be made available to anti-fraud experts of Member States via a network called Eurofisc. The objective of this new measure is to give tax authorities of the Member States the right instruments to detect possible e-commerce VAT fraud carried out by sellers established in another Member State or in a non-EU country. The measure respects the data protection rules. Only information related to payments that are likely to be connected to an economic activity is transmitted to the tax authorities. Information on consumers and on the reason underlying the payment is not part of the transmission. The transmission of data must start on 1 January 2024.

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Annex 2.A. Data on VAT rates and structures

Annex Table 2.A.1. VAT Rates

Country	VAT Implemented	Standard VAT rates[1]										Reduced VAT rates[2]	Regional VAT rates
		2005	2008	2011	2014	2017	2018	2019	2020	2021	2022	2022	2022
Australia	2000	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	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
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	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
Costa Rica	2019							13.0	13.0	13.0	13.0	*(0.0)*/1.0/2.0/4.0	
Czech Republic*	1993	19.0	19.0	20.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	*(0.0)*/10.0/15.0	-
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	20.0	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	19.0	19.0 *(16.0)*	19.0	19.0	*(0.0)*/7	-
Greece*	1987	18.0	19.0	23.0	23.0	24.0	24.0	24.0	24.0	24.0	24.0	6.0/13.0	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	23.0	23.0 *(21.0)*	23.0 *(21.0)*	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
Italy*	1973	20.0	20.0	20.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	*(0.0)*/4.0/5.0/10.0	-
Japan	1989	5.0	5.0	5.0	5.0	8.0	8.0	8.0	10.0	10.0	10.0	8	-
Korea	1977	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	0	-
Latvia*	1995	18.0	18.0	22.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	*(0.0)*/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	17.0	17.0	3.0/8.0/14.0	-
Mexico*	1980	15.0	15.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	0	8

Country	VAT Implemented	Standard VAT rates[1]										Reduced VAT rates[2]	Regional VAT rates
		2005	2008	2011	2014	2017	2018	2019	2020	2021	2022	2022	2022
Netherlands*	1969	19.0	19.0	19.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	9	-
New Zealand	1986	12.5	12.5	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	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	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	10	-
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	7.7	0.0/2.5/3.7	-
Türkiye*	1985	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	1.0/8.0	-
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	19.3	19.1	19.2	19.2	19.2		

Notes:

* 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 reduction of the standard rate during the year considered, even if its application has started after the 1st January of the year considered and/or has ceased before its end.
2. Reduced VAT rates and specific regional VAT rates are those applicable as at 1 January 2022. 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 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 in the context of the COVID 19 pandemic or to counter rising energy costs.). On the other hand, the temporary extension 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 rates changes or adoption of new VAT rates introduced after 1 January 2022 are mentioned in the country notes to this table.

Historical data on VAT rates is available at https://www.oecd.org/ctp/tax-policy/tax-database/.

Source: National delegates.

StatLink https://stat.link/vjxwoc

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

Austria*. A standard rate of 19% applies in Jungholtz and Mittleberg. *Specific temporary reduced VAT rates apply in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Belgium*. *Specific temporary reduced VAT rates apply in the context of the COVID-19 and rising energy costs – 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. *Specific reduced VAT rates apply in the context of the COVID-19 pandemic – See country note to Table 2.2.* The rate of 0% applies to hygiene products destined to final consumers in the department of Amazonas.

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

Czech Republic*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Estonia*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Finland*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

France*. Rates of 0.9%; 2.1%; 10.0%; 13.0% and 20.0% apply in Corsica; rates of 1.05%; 1.75%; 2.1% and 8.5% apply to overseas departments (DOM) excluding French Guyana and Mayotte. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Germany*. *The standard VAT rate was reduced from 19% to 16% and the reduced VAT rate from 7% to 5% from 1 July to 31 December 2020. Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Greece*. Specific regional rates of 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. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Hungary*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Ireland*. *The standard VAT rate was reduced from 23% to 21%, with effect from 1 September 2020 until 28 February 2021. Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

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

Italy*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Latvia*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Lithuania*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Luxembourg*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Mexico. A reduced VAT rate of 8% applies in the northern border region (Ensenada, Playas de Rosarito, San Quintín, 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.

Netherlands*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Poland*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – 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%. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Slovak Republic*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Slovenia*. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic and to counter rising energy costs – See country note to Annex Table 2.A.2.*

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 or Melilla. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Sweden. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

Türkiye. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

United Kingdom. *Specific temporary reduced VAT rates in the context of the COVID-19 pandemic – See country note to Annex Table 2.A.2.*

***Member States of the European Union** *apply a customs duties and VAT exemption for the importation of certain goods needed to combat the effects of the COVID-19 outbreak (Commission Decision (EU) 2021/2313). For more details, see country notes to Table 2.2.*

Note: Temporary VAT rate reductions applicable in the context of the COVID-19 or energy crises are shown in italics in the country comments above. More details on temporary application of reduced VAT rates applicable in the context of the COVID-19 or energy crises are shown in country notes to Table 2.2.

Annex Table 2.A.2. Application of Reduced VAT Rates

Country	Reduced VAT rates, including domestic zero rate[1]
Australia	0%: most basic food and beverages for human consumption; most health and medical supplies (including certain menstrual products); some education courses and students accommodation; some child care services; some religious services; some activities of charitable institutions; water (except supplied in, or transferred to, a container less than 100L); sewerage and drainage; sales of businesses as going concerns; precious metals (first supply after refinement); grants of freehold and similar interests by governments; supplies of farm land; cars for use by disabled people subject to a (general) threshold of AUD 59 136; supplies of accommodation and meals to residents of retirement villages by certain operators; certain government services; some telecommunication supplies made under arrangements for global roaming in Australia; international mail; 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 (Carbon Farming Initiative) Act 2011).
Austria*	10%: food; water supply; pharmaceuticals; passenger transport (except domestic flights); books; newspapers and periodicals; e-books and e-publications; pay television; some supplies of artists, writers and composers; forestry; restaurants (except beverages); letting of immovable property for residential use, hotel accommodation, camping; collection of domestic waste and street cleaning; sewage; supply of sanitary towels and sanitary tampons; repair services of bicycles, shoes and leather goods, clothing, and household linen. 13%: supply of wine by producing farmers; agricultural supplies; some supplies of artists, writers and composers; admission to cultural, sporting events and cinemas; domestic flights.
Belgium*	0%: cars for disabled persons; certain newspapers and periodicals; certain recovered materials and by products. 6%: food; some beverages; water supply; pharmaceuticals; feminine hygiene products and external defibrillators; equipment for the disabled; passenger transport; books; newspapers and periodicals; certain electronic publications and e-books; culture; sport; works of art, collector's items and antiques; works of art delivered by their authors/creators; some products and services supplied by organisations with a social purpose; agriculture; hotel accommodation and camping sites; renovation of dwellings over 10 years old; private homes and establishments for disabled; subsidised social housing; some labour intensive services (small repair services); reconstruction subsequent to demolition works leading to the construction of new private housing (under strict conditions and specific limitations as to the amount); funeral services; cut flowers and plants; buildings dedicated to education and pupil guidance. 12%: restaurants (except beverages); certain energy products (coal, coke; lignite); certain social housing; some products for plants protection for agricultural purposes; tyres for agricultural vehicles.
Canada	0%: prescription medicine, basic groceries; certain financial services provided by financial institutions (usually to non-residents); certain agricultural and fishing products; certain medical devices; international bridge or tunnel authorities (on certain purchases only); precious metals; sales of 25 cents or less made through mechanical coin-operated devices.
Chile	-
Colombia	0%: food for human consumption; some health products such as medicines, antibiotics and blood, medical consultations, diagnostic images; books and newspapers; personal hygiene products. Military and police weapons and ammunition; fuel alcohol; solar panels; public transportation vehicles for small entrepreneurs that have up to two vehicles; clothes, bicycles, motorcycles, construction materials, medicines (for humans and animals). 5%: certain agricultural products; agricultural equipment; some electric or hybrid vehicles and some of their auto parts; storage of agricultural products; agricultural and health insurances; safety and cleaning services; wine and liquors; some food products; aviation fuels.
Costa Rica*	0%: books; services rendered for cultural radio stations; 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. 1%: basic basket of consumer goods and services (it includes certain food items of mass consumption); articles for personal hygiene and cleaning, home care goods; school supplies; some veterinary products and agricultural and fishing supplies. 2%: medicines; private education services; personal insurance premiums. 4%: private health services; local and international flight tickets.

Country	Reduced VAT rates, including domestic zero rate[1]
Czech Republic*	10%: essential child nutrition; gluten-free products; certain pharmaceutical products; certain printed books; certain electronic publications and e-books; passenger transport; water; collection and treatment of waste and waste water; restaurant and catering services; domestic care services; cleaning in private households; domestic care services; hairdressing; repairs of clothing, shoes and leather goods; accommodation, admission to cultural events and facilities, admission to sporting events and use of sporting facilities. 15%: food; pharmaceutical products; books and e-books (when not subject to the lower rate of 10%); some beverages; water supply; medical services (if not exempt); equipment and repair for the disabled; passenger transport; art; cultural services; newspapers and periodicals; construction of private dwellings and social housing; renovation and repair of private dwellings; collection and treatment of waste and waste water; hotel accommodation; health care and domestic care services; cleaning in households; funeral services; sport activities; agricultural products; cut flowers and plants; heating.
Denmark*	0%: newspapers and periodicals. 5%: first time sale of products of artistic work valued over DKK 300 000 (the standard rate of 25% applies to 20% of the tax base resulting in an effective rate of 5%).
Estonia*	0%: certain commercial aircraft and sea-going vessels and certain supplies of goods and services related to them; international transport of passengers. 9%: pharmaceuticals; medical equipment or devices for disabled; books; newspapers and periodicals; certain electronic publications and e-books; hotel accommodation.
Finland*	0%: printing services for certain membership publications; certain vessels. 10%: pharmaceuticals; passenger transport; books, subscribed newspapers and periodicals; certain electronic publications and e-books; hotel accommodation; admission to cultural, entertainment and sporting events and cinema performances; use of sports facilities; works of art supplied by their creators or imported; copyrights to literary and artistic works; TV license fees; *supply of services by athletes and performing artists, provided that they have opted for VAT liability.* 14%: food; non-alcoholic drinks; animal food; restaurants (except alcoholic beverages).
France*	2.1%: newspapers and periodicals; pharmaceuticals. 5.5%: most food products and beverages (except alcoholic beverages); water supply; equipment for the disabled; books and e-books; admission to cultural services; work on dwellings over 2 years old under certain conditions; domestic care services; subscription fees to natural gas and electricity networks; district heating; supplies of works of art by their creators; women's sanitary products; some social housing. 10%: passenger transport; social housing; admission to exhibitions, sites and facilities of a cultural, recreational, educational or professional nature; pay TV; domestic care services; restaurant services and catering (except alcoholic beverages); hotel accommodation; farm products; gardens, plants and flowers; treatment of waste; sewage; passenger transport; author's rights.
Germany*	7%: food; water supply; equipment for the disabled; medical services (if not exempt); books and newspapers; certain electronic publications and e-books; plants; flowers; certain cultural events; museums; zoos; circuses; charitable work (if not exempt); author's rights; local public passenger transport within a municipality or if the distance covered is not more than 50 km; long-distance rail travel; hotel accommodation; cut flowers and plants; works of art supplied by their creator or successors in title and importation of collectors' items; feminine hygiene products; long-distance travel by rail.
Greece*	6%: pharmaceutical drugs and vaccines for human medicine; books and versions thereof, optical or acoustic, recorded on a hard disk and on electronic devices; picture books for children; newspapers, journals and periodicals; admission to theatres (theatrical plays) and concerts, supply of natural gas and electricity; district heating; the performance of certain radiotherapy operations; 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; preparations and reagents used in human medicine; white sticks and typewriters with Braille characters designed to serve the visually impaired; feed, waste and scrap of industrial foodstuffs; corn; fertilizers. 13%: basic food goods (meat and abattoir by-products; meat preparations; fish, squid, octopus and cuttlefish excluding livers, eggs and semen; milk and dairy products; birds eggs; natural honey; vegetables, plants, some types of roots and tubers; animal food falling within CN code 230990, oil cake, seeds for sowing; fruit and nuts; cereal; flour and flour products; olive oil; pasta not baked or stuffed or otherwise processed; bread; fruit and vegetable juices excluding the undermentioned subject to the standard rate: most types of processed food, farm supplies that are usually intended to be used as intermediate inputs by farmers and farm industries (excluding capital goods such as machinery or buildings); live plants and their roots, cuttings and slips; pharmaceutical products

Country	Reduced VAT rates, including domestic zero rate[1]
	(besides those subject to 6%); 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; water supply; accommodation provided in hotels and similar establishments, including the provision of holiday accommodation and the letting of places on camping or caravan sites;, juices and beverages; domestic care services such as home help and care of young, elderly, sick or disabled; services by retirement homes and establishments for disabled and mentally retarded persons or persons suffering from mental disorders or substance abuse insofar as those transactions are subject to VAT and not exempt as welfare or social security work; the provision of services for farming production(excluding capital goods such as machinery or buildings); infant food and other baby products, such as diapers and car seats; bicycle helmets.
Hungary*	5%: pharmaceuticals for humans; certain equipment for the blind; books, newspapers and sheet music; live pigs and carcasses of pig; certain live cattle, sheep, lamb, goat, and their meat in bulk; meat of domestic pig; meat and edible offal of poultry; fresh eggs; fresh milk; edible offal and inner parts of domestic swine; live fish (excluding ornamental fish) and the body/parts/fillet of fish for human consumption; district heating; services supplied by performing artists; internet access services; restaurant meals and supply of non-alcoholic beverages prepared on site; provision of accommodation; sale of new dwellings (either house or flat, not exceeding 300 or 150 m2 respectively), sale of new dwellings constructed on brownfield sites. 18%: milk and dairy products; products containing cereals, flour, starch or milk; certain open-air concerts.
Iceland	0%: shipbuilding and maintenance of ships and aircraft; services to foreign fishing vessels related to landing and sale of fish in Iceland; direct payments to farmers. 11%: food and beverages; passenger transport (if not exempted); services of travel agencies, travel organisers and touring associations; travel guidance; books including music books and e-books; audio recordings of books. 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; rental of hotels, guestrooms and other guest services; hot water, electricity and fuel oil used for the heating of houses and swimming pools; admission tolls to land transportation projects; CD disks, records, magnetic tapes and other similar means of music recordings, other than visual records. Electronic version of music other than visual; condoms; diapers for children; admission fees to bathhouses, bathings, saunas and spas (if not exempted); contraceptive products and feminine hygiene products.
Ireland*	0%: books and certain printed matter; children's clothing and footwear; oral medicine; certain medical equipment; certain food products; seeds for food production; fertilisers; certain animal foodstuffs; supply of sanitary towels and sanitary tampons; certain lighthouse services; certain services relating to aircraft and sea-going vessels; supplies of certain candles. 4.8%: livestock and horses for food or agricultural production. 9%: certain food and drink; newspapers and certain periodicals, e-books; certain electronic publications; promotion, admission to, and showings of, shows, exhibitions or cultural facilities; hotel and holiday accommodation; provision of sporting facilities; certain hairdressing services. 13.5%: waste disposal; energy for heating and light; fuel for certain purposes; gas; electricity; building services; immovable goods and certain services related to immovable goods; concrete works; repair services; tour guide services; photographic prints; works of art; antiques; literary services; short-term car and boat hire; driving instruction; veterinary services; jockey services; certain plants and flowers; seeds for plants and flowers; medical services (if not exempt); admission to cinemas/certain musical performances; holiday accommodation; restaurant/hotel meals; certain agricultural services; certain hairdressing services.
Israel	0%: 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 in a private motor vehicle, a bus or an airplane; hospitalization of a foreign tourist; sale of fruits and vegetables; sale of dealer's/dealers' assets to a company in exchange for the company's stock only, provided that the dealer/dealers owns 90%, or more, of the voting power immediately after the assets transfer; sale of all of the company's assets to its shareholders in a liquidation process, in which, the assets are divided amongst the said shareholders in proportion to the shares respectively held by them; supplies of goods to who would be exempted from sales tax due to entry to Israel (supplies of certain goods to new immigrants and to students returning from study abroad); sale of a real estate by a non-profit organization or by a financial institution to a non-profit organization or to a financial institution as part of restructuring; renting exhibition space by non-resident; services given by an Israeli production company to a non-resident for film production in Israel; services given to a non-resident in respect of human clinical trials; an Eilat resident dealer buys goods from an Eilat non-resident; 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.

Country	Reduced VAT rates, including domestic zero rate[1]
Italy*	4%: certain food; medications and health products/services and equipment for the disabled; supply of services for certain residential housing constructions; books; newspapers; weekly magazines; supply of food by schools, canteens and soup kitchens. 5%: aromatic herbs, fresh or chilled truffles, social and health service for the elderly, drug addicts, migrants, prisoners, handicapped, AIDS patients, transport services on urban waterways (see, river, lake or lagoon); compostable feminine hygiene products. 10%: certain food and beverage, water supply; pharmaceutical products (for humans and animals); feminine hygiene products; medical services (if not exempt); passenger transport; combustible gas for cooking; mineral oil; electricity; gas; urban waste; purification stations; livestock meat and fish; renewable-source energy; works of art; admission to shows and cultural events; letting of immovable property by building enterprises; renovation and maintenance work for residential housing; restaurants; construction of urban development; hotel and similar accommodation services.
Japan	8% food, beverages (excluding alcoholic beverages and eating-out services) and certain newspapers under subscription.
Korea	0%: supply of certain machinery and materials for agriculture; fishery; livestock and forestry; supply of mineral oil used for certain purposes in agriculture, fishery and forestry; certain equipment for the disabled.
Latvia*	12%: medicinal products; medical devices; food for infants; pharmaceutical products; inland passenger transport services; hotel accommodation; district heating, firewood for household needs. 5%: Certain supplies of fresh fruits, berries and vegetables; books, brochures, booklets and similar printed matter, newspapers, magazines and other periodicals, notices of information agencies intended for public distribution as well as publications on the Internet.
Lithuania*	9%: heating power used for heating residential premises, hot water (including cold water used for preparing hot water and to heating power used for preparation of hot water) supplied to residential premises; books, non-periodical information; inland regular passenger transport; accommodation services; firewood and wood products for heating supplied for domestic energy consumers. 5%: certain medicines and medical aid equipment (including prescription drugs); technical aids for disabled persons and repairs of such aids; newspapers, magazines and periodical publications.
Luxembourg*	3%: food for human and animal consumption; water supply; pharmaceutical products including products used for contraception and sanitary protection; certain medical equipment; certain aids and other appliances normally intended to alleviate or treat disability; passenger transport; accommodation; books, newspapers and periodicals supplied on physical means of support or electronically, but excluding material with predominantly adult content; admission to cultural and sporting events; use of sporting facilities; restaurant services but excluding alcoholic beverages; services by writers, composers and performing artists, or of the royalties due to them; goods and services of a kind normally intended for use in agricultural production; services supplied in connection with waste collection and treatment; children's clothing and footwear; housing used by the owner, for his own use, as principal dwelling; substantial works on housing used as principal dwelling and (i) constructed more than 20 years prior to the start of the works (ii) newly acquired, the works to be completed in the five years following the acquisition; funeral services; reception of radio and television broadcasting services but excluding exclusively adult content services. 8%: certain labour intensive services; works of art delivered by their authors/creators or by their heirs or imported; gas; electricity; firewood; district heating; flowers and ornamental plants; certain plant protection products allowed for organic production. 14%: certain wines; certain fuels; washing and cleaning products; printed advertising; heat and air conditioning; certain financial services.
Mexico	0%: sale of non-industrialised animals (except dogs, cats and small species used as home pets) and vegetables (except rubber); patent medicines; milk; bottled water; juices, nectar and concentrated fruits and vegetables; ice; food (except sale of processed food in restaurants and food establishments, chewing gum, caviar, smoked salmon, eels, pet food and soft drinks); agricultural equipment; machinery and fishing boats; wholesale of gold; gold bullion (with a content of at least 80% of gold) and jewellery; some agricultural and fishing services; magazines, books and newspapers printed by the taxpayer himself; domestic water supply; hotel services provided to foreign tourists participating in congresses, conventions and trade shows; use of convention centres by event organisers who are residents abroad; call centre services for telephone calls originated abroad, as long as the services are contracted and paid a foreign resident without a permanent establishment in Mexico; and sanitary pads, tampons and cups, for menstrual management.
Netherlands*	9%: food; catering; goods and services for the disabled; medicine; accommodation; books; certain electronic publications and e-books; lending of books; newspapers; magazines; passenger transport (except passenger transport by air); water supply; entrance fees for sports events; amusement; parks; museums; cinemas; zoos and circuses; cut flowers and plants; restaurant and hotel meals; aids for the visually disabled; use of sports accommodation; art and antiques; hotel and holiday accommodation; certain labour intensive services like some specific services for the

Country	Reduced VAT rates, including domestic zero rate[1]
	maintenance and isolation of dwellings; cleaning of dwellings and hairdressing.
New Zealand	0%: supply of taxable activity (business) as a going concern; supply of fine metal (gold, silver or platinum) from a refiner in fine metal to a dealer in fine metal; supply by local authorities of the local authorities petroleum tax; supply of financial services to GST registered businesses. Supply of land by and to a GST registered person when the recipient intends to use it to make taxable supplies and it is not intended to be used as a principal place of residence (this zero-rating between GST-registered persons is equivalent to the domestic reverse charge). Long-term stay in a commercial dwelling; certain services provided as part of the right to occupancy (taxed at the standard rate on 60% of the value of the supply).
Norway	0%: books; newspapers; certain periodicals and publications; certain electronic publications and e-books; electronic news services; electricity and energy supplied from alternative energy sources for household use in the counties of Finnmark, Troms and Nordland; the purchase and leasing/hiring of electric motor vehicles and batteries; second-hand vehicles covered by re-registration tax; supply of certain ships, aircrafts and drilling platforms and hiring out such vessels; services that are directly related to the construction of embassy buildings (to final consumer); goods and services to specific international military forces and command units; supply of taxable activity (business) as a going concern; supply of human organs, blood; supply by funeral directors of services relating to the transportation of deceased persons. 12%: accommodation, passenger transport and transport of vehicles by ferries or other vessels in connection with the domestic road network; public broadcasting; admission to sporting events, museums, cinemas and amusement parks. 15%: food and non-alcoholic beverages.
Poland*	5%: certain foodstuffs (e.g. bread, meat, fish, fruits and vegetables, eggs, dairy products, bakery products, juices); products for children and hygiene products; books and regional or local magazines; e-books (other than publications consisting wholly or predominantly of video content or audible music). 8%: certain foodstuffs; newspapers and periodicals; goods and services of a kind normally intended for use in agricultural production; pharmaceutical products; medical devices; certain disinfectants applied in health protection; transport of passengers and their accompanying luggage; supply of water; admission to shows, theatres, circuses, amusement parks, concerts, museums, zoos, cinemas etc.; reception of radio and television broadcasting services (excluding VOD); supply, construction, renovation, modernization, thermo-modernization, reconstruction or maintenance works of buildings or parts thereof included in buildings covered by the social housing program;; maintenance of private dwellings; accommodation provided in hotels and similar establishments; restaurant and catering services; admission to sporting events and use of sporting facilities; funeral services; supply of services provided in connection with street cleaning, refuse collection and waste treatment, other than the supply of such services by public bodies; lending in libraries of books and newspapers; some labour intensive services; animal feeding stuffs; veterinary services; certain equipment for blind persons and certain animal semen (as of 31 August 2020).
Portugal*	6%: essential food; water supply; pharmaceutical products; devices for the disabled; medical services (if not exempt); books, newspapers and periodicals; certain electronic publications and e-books; passenger transport; hotels and similar services; social housing; fixed component of natural gas supplies in lower pressure contracts (10 000 m3) and fixed component of electricity supplies in lower power contracts (3.45 kVA); some goods used in agriculture; certain agriculture products and certain agriculture services; home care services for elderly people, children and drug addicts, as well as phone assistance services to elderly people or chronically ill patients; admission to cultural events as well as to admissions to exhibitions, zoos, parks, aquariums, museums and buildings of national interest. 13%: some other food; still wine; diesel fuel for agriculture; machinery mainly used in agricultural production; restaurant services; 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.
Slovak Republic*	10%: certain food; radioactive elements and isotopes and compounds for health service; pharmaceutical products; diagnostic or laboratory reagents; certain medical and sanitarian means; printed books and newspapers, brochures, leaflets and similar printed matter; picture books, drawing or painting templates for children; printed music; orthopaedic appliances; contact and spectacle lenses; certain means for blind and partly blind persons, hard-of-hearing persons and hard health-disabled persons; accommodation services. Goods and services supplied to an eligible authorised customer, within the social economy activities by a registered social enterprise.
Slovenia*	9.5%: foodstuff (for human and animal consumption); preparation of food; water supply; medicine, devices for the disabled; passenger transport; admission to cultural and sporting events; authors rights; import and supply of certain works of art, collectors' items or antiques; social housing; renovation and maintenance work of residential housing not provided as part of a social policy; livestock and certain supplies in connection with agricultural production; hotel accommodation; restaurant (except beverages); use of sporting facilities; supplies by undertakers and cremation services;

Country	Reduced VAT rates, including domestic zero rate[1]
	public hygiene services; window-cleaning and cleaning in private households; minor repairing of bicycles, shoes and leather goods; domestic care services; hairdressing; cut flowers and plants. 5%: books, including books form libraries, newspapers and periodicals.
Spain*	4%: basic foodstuff (bread, flour, milk, cheese, eggs, vegetables and fruit); certain supplies to the disabled (e.g. wheelchairs or cars); medicines and other medical devices for human use (e.g. lenses); books, newspapers and periodicals; certain electronic publications and e-books; supply of new buildings for social housing and social accommodation; supply of dwelling to certain house lease entities. 10%: foodstuff (for human or animal consumption); water supply; medicines for animal use; certain medical equipment and certain pharmaceutical products; passengers transport; sale (also restoration or construction works under conditions) of building or parts of buildings susceptible of use as private housing; minor works on private housing; restaurants and catering; certain cultural and entertainment services; hotel accommodation and alike; amateur sport events; commercial fairs; animals as well as agriculture and forestry products for obtaining foodstuffs; goods and services used in agricultural, livestock and forestry undertakings, including flowers and plants; waste treatment; cleaning of public sewage; burial services; cleaning and maintenance services of public areas.
Sweden*	0%: commercial aircraft and ships and certain services related to these; aircraft fuel; prescribed medicine; printing of certain membership publications. 6%: passenger transport; books, newspapers and magazines, including in electronic format; certain electronic publications and e-books; culture (theatre, cinema, etc.); authors rights; zoos; commercial sports events; commercial museums, exploitation of natural areas, parks and nature reserves. 12%: food and restaurants services; accommodation; works of art owned by the originator; import of antiques, collectors' items and works of art; repair of bikes, shoes and other leather goods and household linen.
Switzerland	0%: Supply of services by travel agents and organisers of events, if they make use of supplies of goods and services by third parties that are provided abroad; certain supplies of goods and services to international airlines; state minted gold coins, fine gold for investment purposes and gold destined for refining or recovery. 2.5%: tap water; food; cattle; poultry; fish; grains; seeds; planting roots and bulbs; living plants; cuttings; scions and cut flowers and branches; animal feed; silage acids; scatterings for animals; fertilisers; pesticides; mulch; medication; books, newspapers and magazines, including in electronic format; non-commercial services of radio and television companies, certain supplies in connection with agricultural production. The 2.5% rate also applies to certain cultural services supplied directly to the public, considerations demanded for sporting events, cultural services and the supply of works by their creators when the suppliers have opted for taxation (otherwise those supplies are exempt without right of deduction). 3.7%; accommodation services.
Türkiye	0%: 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; exemption for delivery of equipment produced for the disabled; deliveries and services made to Türkiye Red Crescent Society; fertilizer and feed deliveries; 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; printed books and periodicals. 1%: Basic food, some agricultural products; 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; seeds. 8%: books; blood and blood component; cinema; theatre; opera and ballet tickets; private educational service; vaccines; some medical products and services; ambulance services; medicine; medical equipment; textile and confection products and custom manufacturing of them; accommodation services; meal services(excluding alcoholic beverages); services provided by orphanage and nursing homes; some constructional and agricultural machines; some furniture; clothing; stationery goods; waste water services; the part of the residences up to 150 square meters; plot and

Country	Reduced VAT rates, including domestic zero rate[1]
	land deliveries; electricity delivery to residences and agricultural irrigation subscribers; basic cleaning and hygiene products.
United Kingdom	0%: food; certain services and goods supplied to charities; children's clothing; passenger transport; books; newspapers; certain electronic publications and e-books; domestic sewage and water; prescribed drugs; medicine; certain aids and services for disabled people; new housing, including the construction of new houses; residential and some charitable buildings. 5%: fuel and power for domestic and charity use; certain energy saving materials supplied together with fitting services to recipient of benefits; certain grant-funded installations of heating equipment; children car seats; smoking cessation products.

Notes:
* See country note.
VAT rates changes introduced after 1 January 2022 and temporary VAT rate reductions are mentioned in the country notes to this table
1. For the purpose of this table, reduced rates also include “domestic zero rates” (0%), i.e. instances where VAT is not charged by the supplier on domestic supplies while related input VAT is deductible. In some countries, these supplies are called “exempt with right of deduction” and in others “GST free”. They do not include zero-rate applied to exports, supplies of goods or services used or consumed abroad or other supplies subject to similar treatment such as international transport or supplies to embassies, international organisations and diplomatic missions, 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.
Source: National delegates. Data as of 1 January 2022.

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

Austria*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January 2020 until 30 June 2022.*

Belgium*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies from 13 March 2020 until 30 June 2022 to imports of certain goods needed to combat the Covid-19 pandemic. A rate of 0% also applies to Covid-19 vaccines and in vitro diagnostic medical devices (and services closely linked to those) from 1 January 2021 to 31 December 2022. A rate of 6% applies to the supply, intra-Community acquisition and importation of masks and hydro alcoholic gels from 4 May 2020 until 30 June 2022. A rate of 6% applies to restaurant and catering services, excluding alcoholic beverages from 8 June 2020 until 31 December 2020.* ***Temporary reduced rate(s) to counter rising energy costs****: the VAT rate is reduced to from 21% to 6% on the supply of electricity for residential consumption from 1 March 2022 to 30 September 2022. The VAT rate is reduced from 21% to 6% on the supply of gas and district heating for residential consumption from 1 April 2022 to 30 September 2022. The VAT rate is reduced from 21% to 6% on the delivery with placement of solar panels, solar water heaters and heat pumps in recent homes (under strict conditions) from 1 April 2022 to 31 December 2023.*

Canada. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to supplies of certain face masks (medical and non-medical) and face shields design for human use that meet certain specifications made after 6 December 2020 and until their use is no longer broadly recommended by public health officials for the COVID-19 pandemic. Relief of customs duties and GST for goods imported on an emergency basis by or on behalf of certain entities, including health authorities, from 16 March 2020 to 7 May 2022.*

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). ***Temporary reduced rates related to the Covid-19 pandemic: "****VAT holidays" (i.e. days where B2C supplies of goods in a specific list of products is subject to a VAT rate of 0%) took place on 19 June, 3 July, and 19 July 2020, 28 October, 19 November and 3 December 2021; and on 11 March, 17 June and 2 December 2022. The leases of commercial property were subject to a VAT rate of 0% from 1 June until 31 July 2020. The VAT rate for airline tickets and related services was reduced from 19% to 5% from 15 April 2020 until 31 December 2021. This measure was extended until 31 December 2022. The provision of hotel and tourism services were excluded from VAT from 4 June until 31 December 2020. Afterwards, these services subject to a VAT rate of 0%, from 1 January 2021 to 31 December 2022. Restaurants operating as franchises were excluded from VAT from 4 June 2020 until 31 December 2021.*

Costa Rica. Engineering, architecture, topography, and civil works construction services are exempt from VAT are subject to the reduced rate of 4% from 1 September 2021 to 31 August 2022; to the reduced rate of 8% from 1 September 2022 to 31 August 2023 and to the standard rate of 13% from 1 September 2023 onwards. ***Temporary reduced rates related to the Covid-19 pandemic****: tourism-related services were subject to a VAT rate of 0% from 1 August 2020 to 31 July 2021; to the rate of 4% until 30 June 2022 and to 8% until 30 June 2023. Standard rate of 13% will apply from 1 July 2023 onwards.*

Czech Republic*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 from 1 January until 30 June 2022 and to*

diagnostic medical devices for testing for the disease COVID-19 and vaccines against this disease until 31 December 2022.

Denmark*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022.*

Estonia*. From 1 August 2022, a rate of 5% instead of 9% applies to newspapers and periodicals (both physical and electronic). ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022.*

Finland*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applied to certain goods needed to combat the Covid-19 from 30 January 2020 until 30 June 2022. A temporary zero rate applies to Covid-19 self-test kits during 2022.* ***Temporary zero rate applies to goods and associated services intended to be donated to Ukrainian refugees*** *from 24 February until 31 December 2022."*

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. ***Temporary reduced rates related to the Covid-19 pandemic:*** *rates of 0% or 5.5% apply to imports of certain goods needed to combat the Covid-19 from 1 January until 30 June 2022. A rate of 5.5 % also applies to supplies of certain goods needed to combat the Covid-19 from 1 march 2020 until 31 December 2022.*

Germany*. ***Temporary reduced rates related to the Covid-19 pandemic:*** *a rate of 0% applies to donations of certain medical material and equipment to hospitals from 1 March 2020 to 31 July 2020. A rate of 0% applies to imports of goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022. Restaurant and catering services (except beverages) were subject to the reduced rate of 5% from 1 July 2020 until 31 December 2020 and 7% from 1 January 2021 until 30 June 2021.*

Greece*. **Specific regional rates** of 4.0%, 9.0% and 17.0% apply on the islands of Leros, Lesbos, Kos, Samos and Chios; 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 rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January 2020 until 31 December 2022. A rate of 0% also applies to the supply of COVID-19 vaccines and in vitro diagnostic medical devices and services closely linked to them. Sanitary products essential for the protection of public health during the COVID-19 pandemic (masks, gloves, etc.) are subject to the reduced rate of 6% from 20 March 2020 until 31 December 2022. Between 1 June 2020 and 31 December 2022, the reduced rate of 13% applies to admission to cinemas; transport of passengers and their accompanying luggage. In the same period, the reduced rate of 13% applies to services provided by restaurants, coffee shops and similar businesses, excluding nightclubs, and with the exception of the disposal of alcoholic beverages. In the same period, the reduced rate 13% applies to the supply of non-alcoholic beverages. The reduced rate of 13% also applies to sports tickets from 1 September 2020 until 30 June 2022. A reduced rate of 13% also applies to zoo tickets with effect from 5 February 2021 until 31 December 2022 and to services provided by gyms and dance schools (as soon as those are not exempt) from 1 October 2021 until 31 December 2022.*

Hungary*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022.*

Ireland*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022. From 12 December 2020 until 31 December 2022, a rate of 0% applies to the supply of authorised*

Covid-19 vaccines, services closely linked to those vaccines and to the supply of certain Covid-19 in vitro diagnostic medical devices and services closely linked to those devices. Temporary VAT rate reduction for Tourism and Hospitality sector from 13.5% to 9%, from 1 November 2020 to 28 February 2023. ***Temporary VAT rate reduction on energy products*** *and supplies from 13.5% to 9%, from 1 May 2022 to 31 October 2022.*

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

Italy*. ***Temporary reduced rates related to the Covid-19 pandemic****: until 31 December 2022, a rate of 0% applies to the supply of COVID-19 vaccines and in vitro diagnostic medical devices and services closely linked to them.* ***Temporary reduced rate(s) to counter rising energy costs:*** *The VAT rate on the supply of natural gas for "civil and industrial uses" was reduced from 22% to 5% from 1 October 2021. In addition, the VAT rate on natural gas for transport use was reduced from 22% to 5% during the period from 3 May 2022 until 20 September 2022.*

Latvia*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 31 December 2022. A rate of 0% also applies to Covid-19 vaccines and in vitro diagnostic medical devices (and services closely linked to those) from 20 December 2020 to 31 December 2022.*

Lithuania*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January 2020 until 31 December 2021. From 1 January 2021 until 31 December 2022, a 0% VAT rate is applied to: supplies of vaccines against coronavirus infection; the supply of in vitro diagnostic medical devices for the diagnosis of coronavirus infection. A reduced rate of 9% applied to restaurants services, events and performance services provided by performers from 1 July 2021 to 31 December 2022.*

Luxembourg*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022.*

Netherlands*. ***Temporary reduced rates related to the Covid-19 pandemic:*** *a rate of (effectively) 0% applied to the hiring of healthcare workers by healthcare facilities or institutions qualifying for the VAT exemption of medical services. The measure applied from 16 March 2020 to 1 October 2021. The rate of (effectively) 0% also applied to donations of Covid-19 related medical material and equipment to healthcare facilities or institutions and to general practitioners from 16 March 2020 to 1 January 2021. A rate of 0% applied to imports of certain goods needed to combat the Covid-19 pandemic from 30 January 2020 to 30 June 2022. A rate of 0% applied to the purchase in the Netherlands of mouth masks (medical and non-medical) from 25 May 2020 to 1 October 2021; a rate of 0% also applied to the supply of anti Covid-19 vaccines approved by the authorities and on the actual testing therewith as well as on the supply of Covid-19 self-test kits from 21 December 2020 until 1 October 2021; a rate of 0% applied to the supply of test kits with a CE-number (as listed by the European Commission) and the actual testing therewith from 16 April 2021 until 1 October 2021. A reduced rate of 9% on online sporting lessons by gyms/sporting schools applied from 28 November 2021 to 15 January 2022; reduced rate of 9% on individual online sporting lessons applied from 18 December 2020 until 19 May 2021 (online group lessons: until 4 June 2021).****Temporary reduced rate(s) to counter rising energy costs****: the reduced rate of 9% (from 21%) applies to natural gas, electricity, and district heating from 1 July 2022 to 31 December 2022.*

Poland*. ***Temporary reduced rates related to the Covid-19 pandemic.*** *0% VAT rate has been temporarily introduced for the supply of vaccines being pharmaceutical products and tests for SARS-CoV-2 and the COVID-19 being in vitro diagnostic medical devices, meeting the conditions specified in the regulation. The measure applies (under certain conditions) from 23 December 2020 until 31*

December 2022. ***Temporary reduced rates rate(s) to counter rising energy costs and inflation.*** *As of 1 February until 31 December 2022: 0% for natural gas (8% in January 2022); 5% for district heating (8% in January 2022) and electricity (5% as of 1 January 2022); 8% for some motor fuels. From 1 February to 31 December 2022 the VAT rate has been lowered to 0% for foodstuffs subject to 5% VAT rate and for soil improvers, plant bio stimulants, growing media in the meaning of The Act on fertilisers and fertilising (excluding mineral growing media), fertilisers, plant protection products normally intended for use in agriculture. Until 16 May 2022 the 0% rate was applied for the donation of laptops, tablets, central processing units, servers, monitors, desktop computer sets, printers, scanners, computer equipment for writing Braille, digital data transfer equipment (including concentrators and net switches, routers and modems), made by VAT payers to educational institutions or educational, charitable or humanitarian organisations which transferred them free of charge to educational institutions*

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 rates related to the Covid-19 pandemic****: a rate of 0% applies to donations of certain medical material and equipment to hospitals from 1 March 2020. A rate of 0% applies to supplies, intra-community acquisition and imports of certain goods needed to combat the Covid-19 pandemic acquired by the State and other public entities, the national health service, private hospitals contracted by the State to fight COVID-19 and NGOs, from 30 January 2020 until 30 June 2022. A rate of 6% applies to imports, supplies and intra-community acquisitions of protective masks and disinfectant gel, from 8 May 2020 until 31 December 2022.*

Slovak Republic*. ***Temporary reduced rates related to the Covid-19 pandemic****: a temporary rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 30 January 2020 until 31 December 2021. A temporary rate of 0% applied from February to April 2021 to supplies (and intra-community acquisitions and imports) of personal protective equipment for respiratory protection (FFP2 and FFP3 respirators).*

Slovenia*. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 0% applies to imports of certain goods needed to combat Covid 19 from 30 January 2020 until 30 June 2022. The same applies to supplies and Intra-Community acquisition of these goods from 13 March 2020 until 31 July 2020 and from 1 November 2020 until 30 June 2022.* ***Temporary reduced rate to counter rising energy costs:*** *the VAT rate is reduced from 22 % to 9.5 % on electricity, natural gas and district heating from 1 September 2022 until 31 May 2023.*

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 rates related to the Covid-19 pandemic****: a rate of 0% applies to the supply of medical equipment from national producers to public entities, NGOs and hospitals until 31 October 2020. A rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January until 30 June 2022.* ***Temporary reduced rate(s) to counter rising energy costs:*** *the VAT rate was reduced from 21% to 10% on energy bills from 1 December 2021 until 30 June 2022.*

Sweden*. From 1 July 2022 the reduced rate 6 % applies on repair of bikes, shoes, leather goods and household linen (instead of the reduced rate 12%). ***Temporary reduced rates related to the Covid-19 pandemic:*** *a rate of 0% applies to imports of certain goods needed to combat the Covid-19 pandemic from 1 January 2020 until 30 June 2022.*

Türkiye. ***Temporary reduced rates related to the Covid-19 pandemic****: a rate of 1% applies to the supply of domestic air transport from 1 April to 30 June 2020. A rate of 8% applies to the supply of tradesman services such as small home appliance maintenance and repairing; house maintenance, paint and cleaning; car washing; barbering; hairdressing; locksmithing; tailoring; shoe repairing and painting; dry cleaning; carpet washing; etc. from 31/7/2020 to 30/9/2021. A rate of 8% applies to the*

supply of workplace rental, passenger transportation, wedding organization services, entrance fees (congress, conference, seminar, concert, fair and amusement park), etc. from 31/7/2020 to 30/9/2021. A rate of 1% applies to the supply of entrance fees (cinema, theatre, opera, operetta, ballet, museum), accommodation and catering services from 31/7/2020 to 30/9/2021. A rate of 1% applies to the supply of education and training services from 31/7/2020 to 30/9/2021. A rate of 1% applies to the supply of Covid-19 vaccines from 23/12/2020 to 31/12/2022. 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 organizations 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 500 million Turkish Liras 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 2022, 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 2022.

***United Kingdom: Temporary reduced rates related to the Covid-19 pandemic:** a rate of 12.5% applies to the supply of hospitality, holiday accommodation and attractions from 1 October 2021 to 31 March 2022.*

*** European Union.** *According to the European Commission Decision (EU) 2021/2313 on 22 December 2021, the exemption from import duties and VAT on the imports of goods intended for distribution free of charge by the relevant bodies and organisations to the persons affected by or at risk from COVID-19 or involved in combating the COVID-19 outbreak was extended from 1 January 2022 to 30 June 2022 for 23 EU Member States, at their request. This Decision is further extended until end 2022 for 5 EU Member States. Are also exempt from VAT the imports of goods and purchases of goods and services made by the European Commission or a European institution, in execution of tasks they have been entrusted with in the objective of fighting the Covid pandemic-19.*

On 5 April 2022, the EU Council adopted a change in the EU VAT Directive providing Member States more freedom regarding the use of reduced VAT rates, including the use of domestic zero rates for essential products such as food, pharmaceuticals and products for medical use. Most country-specific rates (i.e., derogations) will become available to all Member States. On the other hand, environmentally harmful goods such as fossil fuels and chemical fertilisers/pesticides will be excluded from the reduced rates as of 1 January 2030 and 1 January 2032, respectively. As of 1 July 2022, a zero rate will also apply 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.

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 are out of scope of VAT (e.g. legal, accounting, engineering, architecture and other professional services). As from 1 of January 2023, all services will be subject to VAT. Exemptions apply to: used motor vehicles; goods provided by the employer to dependent employees; domestic raw materials used in the production, processing or manufacture of goods for export; some imports by the Ministry of Defense, the Army and other related organisms; some imports by the firefighting organisations (Cuerpos de Bomberos) and the Junta Nacional de Cuerpos de Bomberos; some imports by the Chilean Mint (Casa de Moneda de Chile S.A.) and other persons provided that the import is made in the context of operations with the Central Bank of Chile; capital goods imported and assigned to projects involving investments of USD 5 000 000 or more; income received from tickets to shows and meetings; international freight, passenger transport including the transport of passenger within the national territory; premiums and disbursements of reinsurance contracts; commissions earned by the Regional and Metropolitan Housing and Urbanisation Services and Social Security Institutions on mortgages; non-taxable income; income subject to additional income tax; income such as wages, salaries, pensions, income obtained by independent workers and directors fees if taxed with income tax; insertions and notices to be published and disseminated under the right of reply; certain insurance premiums; financial interests; commissions coming from guarantees issued by financial institutions; letting and lease with a purchase option of immovable property; remunerations linked to exports; income obtained from services rendered to persons domiciled or resident abroad and qualified as exportable services by Customs; income of hotels relating to services rendered to foreign tourists and income from letting of furnished immovable properties rented to foreign tourists; fees paid for managing retirement savings earned by specific authorized institutions; income obtained by independent professionals, where the	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 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
	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 services; health services; health contributions paid to Private Health Insurance Companies; manufacturing of currency by Casa de Moneda de Chile; postal services rendered by Servicio de Correos y Telégrafos de Chile; interests, premiums, commissions or other forms of remunerations paid by authorized lotteries (Polla Chilena de Beneficencia and Lotería de Concepción to individual) or legal entities for business services; other minor exemptions. As from 1 January 2023, specific exemptions will apply in regard to certain professional and medical 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 1 900 200), bicycles and scooters (that cost less than COP 1 815 400), smartphones (that cost less than COP 836 088); clothes, hygiene products, construction materials, medicine (for humans and animals), jet fuel destined exclusively to the departments of Guainía, Guaviare, Vaupés and Vichada; oil payed in kind as royalties; scientific books and magazines; restaurants, bakeries and catering.	Postal services from countries where Free Trade Agreements are not concluded, 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 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. 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	

Country	Exemptions	Taxation of "common exemptions" in the country
	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 the Fire Department; acquisition of goods and services by the Children 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. 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. 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. Agricultural: commissions for the service of livestock and agricultural auctions and live animal transactions carried out at authorized auctions. 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.	
Czech Republic	Common exemptions[2]; public television and radio.	Certain cultural services (e.g. admission to theatres, cinemas, concerts, etc. subject to reduced rates); sporting services provided by others than by non-profit making organisations; supply of construction land; supply of new building and building land (subject for the option to taxation).
Denmark	Hospital and medical care; dental care; social service; education; non-commercial activities of some non-profit making organisations; non-profit sport activities etc.; cultural services (some exceptions); literary and composing activities; creative artist; letting of immovable property; supply of immovable property; insurance and reinsurance; financial services; lotteries and gambling; postal service; stamps; transport of persons; funeral service; certain fund-raising events; charitable work	Cultural services as radio, television broadcasting, cinema, theatre, concerts etc.; short term letting of immovable property; option to tax commercial letting; supply of new building and building land; some commercial postal service
Estonia	Common exemptions[2]	Immovable property, except dwellings (optional); financial services (optional); cultural services
Finland	Common exemptions[2]; services of performers; copyright to literary and artistic works (excluding payments to or from an organisation representing the copyright holders); certain transactions by blind people; public cemetery services; self-picked natural berries.	Cultural services; letting of commercial buildings in certain cases (optional)

Country	Exemptions	Taxation of "common exemptions" in the country
France	Common exemptions[2]; construction, improvement, repair and maintenance work on monuments, cemeteries and graves commemorating war victims undertaken for public authorities and non-profit bodies; commodity futures transactions carried out on a regulated market; services rendered by resource consortia to their members composed of natural or legal persons that are VAT exempt or not subject to VAT.	Letting of immovable property (full taxation for letting of developed immovable property and land for professional use; option to tax for letting of undeveloped immovable property for professional use in certain circumstances and letting of land and buildings for agricultural use); transport services for sick/injured persons in vehicles not specially equipped for this purpose and/or carried out by persons who do not have administrative certification; recreational and sporting services; cinemas, concerts and theatres.
Germany	Common exemptions[2]	
Greece	Common exemptions[2]; national radio and TV broadcasting activities other than those of commercial nature; remunerative contributions imposed by Organizations of Territorial Improvements to their members for the supply of irrigating water and relative supplies directly connected thereto; services provided by dental technicians and the supply of dental prosthetics by dentists and dental technicians; supply of breast milk; supply of goods of an enterprise, in whole or in part, to an existing legal person or one being set up against a consideration, or as a gift or as contribution, provided that the goods were used until then exclusively in an exempt from (or out of scope of) VAT activity (or supply of goods to special scheme farmers) and the supplier was not granted or exercised input tax deduction; disposal of staff by religious or philosophical institutions for hospital, social and educational activities, with a view to spiritual welfare.	Postal services not rendered by the Greek Post Office (ELTA.); charitable work when provided by organisations without state recognition; hospital and medical care supplied by profit organisations or by non-profit private organisations under distortion of competition; sporting, cultural, religion related or philosophy related etc. services supplied by profit organisations or subject to distortion of competition; supply of new buildings; letting of immovable property for professional use (optional taxation).
Hungary	Common exemptions[2]; public radio and TV broadcasting (except for commercial activities).	Supply of building land, of new buildings (taxation of further supplies and letting of immovable property is optional); certain cultural services (e.g. admission to theatres, cinemas, concerts), certain sporting services (e.g. swimming pool services, entrance tickets to sporting events).
Iceland	Common exemptions[2]; sports, admission fees to athletic events and health facilities; public transportation, organised transportation of disabled, elderlies and school children, taxi services; authors, composers, burials and church-related services; medical and social services; cultural services; operation of schools and educational institutions; rental of real properties and parking spaces; lotteries and betting pools, charities.	
Ireland	Common exemptions[2] ; passenger transport; national broadcasting; supply of water by public authorities; admissions to sporting events; funeral undertaking; 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 which was approved as a rental building; transactions of an exempt dealer, other than transactions that are sales of real estate; the sale of an asset, on which input tax in respect of its acquisition or importation could not be deducted lawfully at the time of its acquisition or importation; deposits in a financial institution or giving a loan to a financial institution; goods whose import is tax exempt in certain cases; supplies made by an Eilat resident supplier(to be consumed in Eilat); the sale of residential dwelling to Real Estate Investment Trust (REIT) by a person who is not a dealer and the sale of that dwelling by the REIT.	Non-commercial activities of non-profit making organisations; financial services (specific regime).

Country	Exemptions	Taxation of "common exemptions" in the country
Italy	Common exemptions[2]; taxi; funeral services.	Supply and letting of land; supplies of buildings are taxed in the first five years when sold by building enterprises within five years from their construction or after five years if the latter has opted for non-exemption. This scheme applies in the case of commercial buildings, while for residential housing taxation only applies when let by building enterprises which have opted for non-exemption. Rates are 4% for non-luxury owner-occupied dwelling, 10% for other non-luxury houses and 22% for luxury housing. Certain social assistance services provided by public bodies and non-profit organisations; welfare services to employees.
Japan	Common exemptions[2]; social welfare services; sale of certain kinds of equipment for the disabled people; administrative services; alienation of securities, textbooks, tuition fees.	Postal services; supply of buildings; cultural and sporting services provided by others than non-profit organisations; letting of immovable property by business.
Korea	Common exemptions[2]; certain public transport; supply of water and certain coal; mineral oil used for certain purposes in agriculture and fishery; funeral undertaking; certain personal services similar to labour; books, newspapers and magazines; broadcasting; 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 been used for the provision of residential accommodation for five years or more).

Country	Exemptions	Taxation of "common exemptions" in the country
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 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	The dispensing of artificial limbs and orthopedic equipment; renting of exhibition stands and individual rooms in exhibition and congress buildings.

Country	Exemptions	Taxation of "common exemptions" in the country
	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	Importation of goods for cultural and educational purposes or for social purposes; restoration project related to cultural object; delivery of goods and provision of services to military factories, shipyards and factory plants; exempted taxpayers according to Income Tax Law; mergers and transfer according to Corporate 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 and real properties that have been included for at least two years in the assets of institutions; transfer of movable and immovable assets and intangible assets to the asset leasing company and the leasing of assets by asset leasing company; services provided by "Insurance Arbitration Commission" about settling disputes; roaming services received from abroad in the scope of international roaming agreements and reflection of these services to customers in Türkiye; delivery and services for social content production and mobile application development earnings.	Private education; private cultural services and sporting services; private hospital and medical care and dental care; human blood; transport of sick/injured persons(lower rate); postal services; sale of commercial buildings; letting; radio and television broadcasting; betting, lotteries and gambling; financial services that are made by financial corporation; supply of land and buildings included in economic enterprises ; public education;; tissues and organs; 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 Zero-rated: New housing, including construction of new houses; residential and some charity buildings.

Notes:
1. Exemptions: for the purposes of this table, "exemption" refers to supplies for which VAT is not levied on the amount charged by the supplier while the latter is not allowed to deduct related input tax. In some countries, such supplies are called "input-taxed supplies".
2. Common exemptions: in this table, "common exemptions" refers to exemptions generally applied in most OECD countries, i.e. postal services; transport of sick/injured persons; hospital and medical care; human blood, tissues and organs; dental care; charitable work; education; non-commercial activities of non-profit making organisations; sporting services; cultural services (except radio and television broadcasting); insurance and reinsurance; letting of immovable property; financial services; betting, lotteries and gambling; supply of land and buildings; certain fund-raising events.
Source: National delegates; position as at 1 January 2022.

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

Country	Inputs on which the right to deduct VAT is denied or limited
Australia	**Entertainment:** recreational club leisure facility, entertainment, meal entertainment, family maintenance, relative's travel. **Vehicles:** the amount of GST recoverable on the acquisition of a car is limited to that applicable to the car depreciation limit for the income year, currently AUD 59 136. **Others:** penalties, non-compulsory uniforms. GST is not recoverable on the expenses above to the extent they are not eligible for a deduction under the income tax law.
Austria	**Entertainment:** all entertainment or lifestyle expenses. **Vehicles:** passenger vehicles, except used for at least 80% for commercial passenger transport or commercial leasing purposes, driving school vehicles.
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. **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.). **Others:** supplies relating to special VAT scheme (e.g. margin scheme, tobacco products).
Canada	**Entertainment**: deduction restrictions apply to memberships in dining, recreational or sporting facilities clubs; deduction for food, beverages, and entertainment expenses generally limited to 50% of the GST/HST payable. Food and beverage expenses for long-haul truck drivers are limited to 80%. **Vehicles:** deduction is limited on passenger vehicles acquired as capital property to the GST/HST payable on the capital cost value (CAD 34 000); a higher deduction limit is available for zero emission passenger vehicles (CAD 59 000); deduction is limited on passenger vehicles leases to the GST/HST payable on CAD 900 monthly lease payments. **Others:** home office expenses restriction to the extent that the consumption or use of a property or service of such quality, nature, or cost is unreasonable given the person's commercial activity.
Chile	**Vehicles:** automobiles, station wagons and similar vehicles as well their lubricants, spare parts, repairs or maintenance unless the regular business activity of the taxpayer is the sale, rental or lease of automobiles or unless the Commissioner of the Internal Revenue Service consider the relevant expenses as deductible for income tax purposes. **Fuels**: products or components that have any form of subsidy for end consumers.
Colombia	VAT levied on the acquisition of fixed assets that are not deemed as productive fixed assets is denied. Such VAT will be deemed as a higher value of the asset and will be taken into account for depreciation or amortization.
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: **Entertainment**: food, beverages and tobacco. Access to shows and services of a recreational character. Travel services, hotels and restaurant services. **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%. **Others**: Jewelry, gems, precious stones, natural or cultured pearls, and articles made wholly or partly of gold or platinum.
Czech Republic	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (except small gifts).
Denmark	**Entertainment:** expenses of entertainment, restaurant and presents. **Vehicles:** supply of vans with a weight of 3000kg or less used for both taxable and non-taxable purpose; cars with room for less than 10 persons; leased cars. **Others:** employee telephones paid by employer; board of employees and owner of the company; other objects in favour of the employees.

Country	Inputs on which the right to deduct VAT is denied or limited
Estonia	**Entertainment**: goods or services relating to the reception of guests or the provision of meals or accommodation for employees. This restriction does not apply to accommodation services received during a business trip. **Vehicles**: the right of deduction is limited to 50% on purchase, import, lease or hire of passenger cars not wholly used for business purposes and on the related expenditures, except for cars purchased for resale, hire or lease, for cars used for the transportation of passengers (e.g. taxis) and for cars used for driving lessons.
Finland	**Entertainment:** representation and entertainment expenses. **Vehicles,** boats and aircraft: used for sporting and leisure purposes, cars, motorcycles and caravans. However, any means of transport which are to be resold, rented out or used in professional passenger transport or in driving lessons as well as passenger cars used only for taxable transactions are deductible. **Others:** travelling costs of personnel between home and workplace; goods and services related to dwellings or buildings provided for the recreation of personnel.
France	**Vehicles**: vehicles or equipment, whatever their nature, designed to carry persons or mixed-use, except those for resale as new; leased, having in addition to the driver's seat more than eight seats used by companies to bring their staff on the workplace, assigned exclusively to the driving instruction, all type of road vehicles exclusively for the operation of ski lifts and ski areas, vehicles acquired by companies of public passenger transport and assigned exclusively to the realisation of such transport. Components, parts and accessories of vehicles and machines previously referred. **Others:** goods and services used by taxable persons for more than 90% for a non-business purpose; gifts above a certain value; goods or services linked to the free supply of housing to officers or employees of a company, except when it's for the security staff on construction sites or in company premises; goods or services used for advertising alcoholic beverages; supply of passenger transport and services ancillary to such transport, except those produced either on behalf of an enterprise of public passenger transport, or under a permanent contract of transport by companies to bring their staff on the workplace; most fuels not subsequently delivered or sold as is or as other petroleum products. **Partial restrictions**: The right of deduction is limited to 50% for gas oil and other hydrocarbons in gaseous state and kerosene used as fuel, when such products are used for vehicles and equipment mentioned above. The right of deduction is limited to 80% for gas oils and bio ethanol E85 used as fuel for vehicles and equipment mentioned above, except those used for testing for the purposes of making engines of motorised equipment and insofar as they are not subsequently delivered or sold as is or as other petroleum products. The right of deduction is limited to 60% for petrol used as fuel for vehicles.
Germany	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (e.g. gifts except small gifts, restaurant, catering, entertainment expenditure except appropriate ones, expenditures on hunting and fishing, sailing yacht or motor yachts and expenditures of similar nature).
Greece	**Entertainment:** receptions, recreation and hospitality in general; accommodation, food, drinks, transport and recreation for the personnel or representatives of the business. **Means of transport:** motor passenger vehicles of "private use" of up to 9 seats; motorcycles and mopeds, vessels and aircrafts of "private use" intended for recreation or sports, and the related supplies of fuel, repair, maintenance, rental/leasing and circulation in general. The restriction does not apply to the aforementioned means of transport when they are intended for sale, rental/leasing or transport of persons for a fare. **Others:** spirituous or alcoholic beverages intended to be used in non-taxable activities; manufactured tobacco products.
Hungary	**Entertainment**: services of restaurants and other public catering services; entertainment services; food and beverages. **Vehicles:** passenger cars (except hearses), motorcycles above 125 cubic centimetres; yachts and vessels. **Others**: supplies of motor fuels, other fuels, other goods used in connection with the operation or maintenance of passenger cars; residential properties, goods and services used for the construction or remodeling of residential properties; taxi services, parking services, highway toll services; 30% of input tax regarding fixed phone, mobile phone and VOIP service; 50% of input tax regarding the services used for the operation or maintenance of passenger cars.
Iceland	**Entertainment**: all expenses related to catering and food for the taxable person. **Vehicles**: supply, running and rental of passenger cars; delivery trucks, trucks and off-road vehicles with a weight of 5.000 kg or less, unless used for specially regulated taxable purpose. **Others**: all expenses related to residential property for the owner and the employees of the taxable person. All expenses which come instead of salaries to the owner and the employees of the taxable person. All expenses related to summer houses and similar entertainment for the owner and the employees of the taxable person; presents.

Country	Inputs on which the right to deduct VAT is denied or limited
Ireland	**Entertainment:** food, drink, accommodation (except for qualifying conferences), personal services, entertainment. **Vehicles:** purchase or hire of passenger vehicles (up to 20% of the VAT cost is allowed where the car meets certain conditions regarding business use and emission levels). **Others**: petrol (unless part of stock in trade).
Israel	None
Italy	**Entertainment**: entertainment expenses, food and beverages. **Vehicles**: means of transport and services of transport (motor vehicles, aircraft and yachts) – for means of transport 60% of the input VAT is not deductible; passenger transport. **Others**: luxury goods and connected services, buildings.
Japan	None
Korea	**Entertainment**: entertainment expenses and similar expenditures. **Vehicles**: purchase and maintenance of non-business small automobiles.
Latvia	**Entertainment**: 60 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for the goods acquired and services received for the representation needs. **Vehicles:** 50 % shall not be deductible from the tax as input tax from the tax amount to be paid into the State budget for an acquired, leased or imported passenger car the number of seats of which, not including the driver's seat, does not exceed eight seats, as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel. Fully non-deductible is the tax amount to be paid into the State budget for buying, renting and importing passenger car the number of seats of which, not including the driver's seat, does not exceed eight seats and value higher than EUR 50 000 (exclusive of VAT), as well as the costs related to the maintenance of such car, including expenses for repair of the car and purchase of fuel.
Lithuania	**Entertainment**: representation and entertainment expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law and 50 % expenditures of representation and entertainment as defined in the income tax law for which there is tax allowance according to the income tax law. **Vehicles**: passenger cars (up to 8 passengers excluding driver), except in cases where the cars are supplied, leased, used for taxi services or where the cars are classified as special purpose vehicles.
Luxembourg	**Entertainment**: not strictly business expenditures such as luxuries, entertainment or amusements.
Mexico	No 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. The Income Tax Law has list of "Authorised deductions" for each type of regime.
Netherlands	**Entertainment**: restaurant services. Also certain representation and gift expenditures.
New Zealand	**Entertainment**: entertainment expenses are in effect only 50% deductible. Businesses may claim a full deduction when the goods and services are acquired and must annually calculate and repay the deemed 50% private portion.
Norway	**Entertainment**: catering and hiring of locations related to catering; entertainment expenses; the construction, maintenance, renting or operation of real property for accommodation or welfare needs. **Vehicles**: procurement, operation or maintenance of passenger vehicles. **Others**: works of art or antiques; accommodation of- and remuneration in kind to the owner, management, employees or pensioners of an enterprise; business gifts, goods and services for distribution for advertising purposes; cash payments above NOK 10 000 (USD 1040).
Poland	**Entertainment**: restaurant services and accommodation. **Vehicles**: limitation to 50% of the right to deduct VAT on the purchase, intra- Community acquisition, import, hire or lease of motor vehicles as well as VAT charged on expenditure related to those vehicles, where the vehicle is not entirely used for business purposes. **Others**: limitation to 50% of the right to deduct VAT on the purchase of motor fuels, fuel oil &and natural gas used by aforementioned vehicles.
Portugal	**Entertainment**: transport, accommodation or meals (except connected with conferences, seminars, fairs or exhibitions, which, under certain conditions, are deductible in 25% or 50%). Luxury and entertainment expenses. **Vehicles**: acquisition or hiring of light vehicles deemed to be used for non-business purposes, as well as pleasure boats, helicopters, aircrafts and motorcycles (except if intended for sale or constitute the core of the

Country	Inputs on which the right to deduct VAT is denied or limited
	business activity). **Others**: fuel used in motor vehicles are deductible at 50%. Full deduction is possible if used in public transport vehicles, certain heavy vehicles, machines or tractors.
Slovak Republic	**Entertainment**: goods and services for the purposes of treat and entertainment. **Others**: suspense items (Suspense items means expenses paid on behalf and for the account of the purchaser or the customer, which the supplier charges to the purchaser or the customer.
Slovenia	**Entertainment:** entertainment expenses (where entertainment expenses shall include only the costs of entertainment and amusement during business or social contacts); meals (including drinks) and accommodation expenses, except expenses incurred by taxable person in connection with these supplies in the ordinary course of his business. **Vehicles:** yachts and boats intended for sport and recreation; aircrafts other than those used for transport of passengers and goods, leasing, renting and resale. Passenger cars and motorcycles other than: vehicles used for transport of passengers and goods, leasing, renting and resale, vehicles used in driving schools for the provision of the driver's training program in accordance with the regulations in force and combined vehicles for carrying out an activity of a public line and special line transport, and special vehicles adapted exclusively for the transport of deceased people. From 22 January 2022, 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 such a 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. **Others:** fuels, lubricants, spare parts and services which are closely linked to vehicles above.
Spain	**Entertainment:** access to shows and services of a recreational character; travel, accommodation and catering services, unless they are deductible as a cost in income taxes. **Others**: jewelry, gold and platinum objects, pearls, precious stones; food, drinks and tobacco; goods or services used as gifts to clients, employees or third parties.
Sweden	**Entertainment:** representation expenditures as defined in the income tax law for which there is no tax allowance according to the income tax law (costs of a maximum of a taxable amount of SEK 300 per person and occasion regarding restaurant services). **Vehicles:** cars with a weight of 3500 kg or less used for both taxable and non-taxable purposes unless the purpose is for taxi, car renting, car sales or driving school. Limitation to 50 % of the right to deduct VAT on the purchase of fuel used by those vehicles. **Others**: Expenses connected to a permanent residence.
Switzerland	None
Türkiye	**Cars**: purchases of cars except when used by car renting companies. **Others**: Missing and stolen stocks (excluding those lost due to earthquake, flood and fire in places of compelling reason declared by Ministry of Treasury and Finance).
United Kingdom	**Entertainment**: business entertainment; in general terms the free provision of any hospitality to business contacts is not recoverable. The exception is where the entertainment is provided to non-UK customers. However, it is likely that if recovery is granted it would be off-set by a private use charge that would effectively cancel out any credit obtained. **Vehicles**: motor cars in general, except motor cars that are stock in trade (car dealers etc.); tools of the trade (driving schools etc.) or exclusively used for business purposes with no availability for private use (leasing companies etc.); lease of a motor car (right to deduction is limited to 50%).

Note: Restrictions to the right to deduct VAT on specific inputs: this table includes limitations of the right to deduct input VAT on specific goods, services and intangibles because of their nature, generally with a view to achieving the (input) taxation of their deemed final consumption. The table does not include 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 Table 2.3 on VAT exemptions) or to deduct VAT on inputs that are not connected with a business's taxable activity.
Source: National delegates; position as at 1 January 2022.

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 [5]
		Registration or collection threshold	General threshold		Other thresholds				
			Nat. curr.	USD[4]	Nat. curr.	USD[4]			
Australia*	AUD	R	75 000	52 083	150 000	104 167	Yes	1 year	country note
Austria[6]	EUR	R	35 000	45 455			Yes	5 years	
Belgium[6]*	EUR	C	25 000	33 784			Yes	None	country note
Canada*	CAD	R	30 000	24 000	50 000	40 000	Yes	1 year	country note
Chile*	CLP	None	None						country note
Colombia*	COP	R	None		133 014 000	97 876	Yes		country note
Costa Rica	CRC	None	None						country note
Czech Republic[6]*	CZK	R	1 000 000	77 519			Yes	1 year	country note
Denmark[6]*	DKK	R	50 000	7 587	170 000	25 797	Yes	2 years	country note
					300 000	45 524			
Estonia[6]	EUR	R	40 000	72 727			Yes	None	
Finland[6]*	EUR	R	15 000	18 072	30 000	36 145	Yes	None	country note
France[6]*	EUR	R	85 800	117 534	34 400	47 123	Yes	2 years	country note
					44 500	60 959			
Germany[6]*	EUR	C	22 000	29 543	50 000	67 143	Yes	5 years	country note
Greece[6]*	EUR	C	10 000	18 330			Yes	1 year	country note
Hungary[6]	HUF	C	12 000 000	77 419			Yes	1 year	
Iceland	ISK	R	2 000 000	13 245			Yes	None	
Ireland[6]*	EUR	R	75 000	94 937	37 500	47 468	Yes	None	
Israel*	ILS	C	102 292	26 919			No	None	country note
Italy[6]*	EUR	C	65 000	100 000			Yes	None	country note
Japan*	JPY	R	10 000 000	100 000			Yes	2 years	country note
Korea	KRW	C	48 000 000	56 671			No	None	
Latvia[6]	EUR	R	40 000	78 431			Yes	None	
Lithuania[6]*	EUR	R	45 000	97 826			Yes	None	country note
Luxembourg[6]*	EUR	C	35 000	41 176			Yes	None	country note
Mexico	MXN	None	None						
Netherlands*[6]*	EUR	C	20 000	25 974			Yes	3 years	
New Zealand	NZD	R	60 000	40 268			Yes	None	
Norway*	NOK	R	50 000	5 171	3 000 000	310 238	Yes	2 years	country note
					140 000	14 478			
Poland[6]	PLN	R	200 000	108 696			Yes	None	country note
Portugal[6]*	EUR	C	12 500	21 769			Yes	5 years	country note
Slovak Republic[6]	EUR	R	49 790	92 240			Yes	1 year	
Slovenia[6]	EUR	R	50 000	87 962			Yes	5 years	
Spain[6]	EUR	None	None						
Sweden[6]	SEK	R	30 000	3 444			Yes	3 years	country note
Switzerland*	CHF	R	100 000	90 909	150 000	136 364	Yes	1 year	country note
Türkiye*	TRY	R	None		country note				country note
United Kingdom	GBP	R	85 000	123 188			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 2021.
5. Limitations or specific rules for application of the thresholds: restrictions or conditions to the application of the tax relief for businesses below the threshold.
6. Limitations for Member States of the European Union. Directive 2006/112/EC excludes from the application of the threshold the supply of new buildings or building land, certain supplies of new means of transport and disposals of the assets of the enterprise. The threshold does not apply to non-resident businesses. Specific thresholds also apply for certain intra-EU supplies.
Source: National delegates; position as at 1 January 2022.

Annex Box 2.A.3. Country notes to Annex Table 2.A.5. Annual Turnover Concessions 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 to not-for-profit organisations is AUD 150 000.

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

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

Chile. All taxpayers are required to register and obtain a taxpayer's identification number. However, small businesses, craftsmen and small service providers may be eligible for a special simplified regime according to which they account, for output VAT purposes, for a monthly fixed amount based on an average level of earnings. This special regime has to be calculated by taking into account the earnings from the last 12 months and there is a threshold of 20 Monthly Tax Units (CLP 1 083 420 - USD 1 274). This simplified tax regime does not apply to legal entities but to individuals only. This system must be adopted for at least for 12 months after which the taxpayer can return back to the ordinary regime.

Colombia. The VAT exemption threshold is mentioned in Tax 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 decree. The value for 1 TVU is COP 38 004 for fiscal year 2022. The VAT registration threshold for individuals is therefore 3 500 x 38 004 = 133 014 000 COP in 2022. The threshold for individuals that are contractors with the State, is of 4 000 TVU (i.e. 152 016 000 COP in 2022). There is no VAT registration threshold for incorporated businesses.

Costa Rica. Small businesses, craftsmen, small fisheries and farmers as well as small service providers can opt for a special simplified VAT and income tax regime, provided that the amount of their annual purchases does not exceed 350 base salaries (CRC 69 330 000 approximately USD 100 770) inclusive of VAT, employ a maximum of 5 employees, and their total assets do not exceed 150 base salaries (CRC 69 330 000 approximately USD 100 770). Businesses which perform as exclusive importer or distribution for the sale goods or services are not able to register under this regime as well as those that exploit franchise business.

Czech Republic. A taxable person that is not established in the Czech Republic should register immediately once it 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 22 840) applies to the blind, and a threshold of DKK 300 000 (EUR 40 300) applies to the first sale of works of art by their creator or his successors in title. For the purposes of the latter exemption, the threshold of DKK 300 000 must not have been exceeded in the current or preceding year.

Finland. Where a business 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. VAT relief applies to businesses whose annual turnover does not exceed EUR 85 800 or when their turnover does has not exceeded EUR 94 300 the preceding calendar year (when the turnover has not exceeded EUR 85 800 the penultimate year). For supplies of services (except hotel accommodation and food and drink in restaurants), the annual turnover must not exceed EUR 34 400 or EUR 36 500 the preceding calendar year (when the turnover has not exceeded EUR 34 400 the penultimate year). For lawyers (in the furtherance of their regulated business), writers and artists, the turnover must not exceed EUR 44 500 (the threshold is EUR 18 300 for their supplies outside the normal framework of their affairs). Experimentally, a specific threshold of EUR 100 000 has been implemented in Guadeloupe, Martinique and La Réunion until 31 December 2022.

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

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

Israel. Self-employed persons with annual revenue below NIS 102 292 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, writing, 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 65 000 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 less than 10 million yen, as well as new businesses of up to 2 years (except for the subsidiary of a certain large corporation) are exempt from 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. From 1 July 2022, the threshold is raised to 80 000 SEK.

Switzerland. The thresholds refer to the worldwide turnover. The higher threshold of CHF 150 000 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.

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. Gambling: GST applies to the gambling margin calculated based on the total amount wagered less total monetary prizes awarded. Second hand goods: when second-hand dealers adopt a special 'global' accounting method. It applies when (1) second-hand goods are acquired from an unregistered supplier and are divided up for re-supply and (2) the dealer exercises the option to apply the global method over a specified category of second-hand good.
Austria	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Belgium	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Canada	-
Chile	Used real estate property in which no value added tax has been paid, made by a professional seller. The tax base is the difference between the sale and purchase prices. For these purposes, the acquisition value of the property must be readjusted in accordance with the variation percentage experienced by the consumer price index in the period between the month prior to the acquisition and the month prior to the sale date. However, in the determination of the referred tax base, the value of the land included in both operations must be deducted from the purchase price and the sale price. For these purposes, the seller must deduct from the sale price the commercial value of the land at the date of the operation. Once this deduction has been made, the seller must deduct from the purchase price of the property an amount equivalent to the percentage that represents the commercial value assigned to the land in the sale price.
Colombia	Sale of used cars, commission gained by the intermediary by selling fixed assets, sale of gasoline; cleaning services; cafeteria services; safety services under authorisation of the Superintendence of Safety.
Costa Rica	Second-hand goods. Taxpayers have to be registered under the Special regime of second-hand goods.
Czech Republic	Travel agencies; second- hand goods; works of art; collector's items and antiques (EU Directive).
Denmark	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Estonia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Finland	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
France	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive); supply of building land; supply of a building completed more than five years ago, when taxed (option).
Germany	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Greece	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive); sales by public auction
Hungary	Travel agencies; second-hand goods; works of art, antiques, collectors' items (EU Directive).
Iceland	-
Ireland	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive). Mandatory margin scheme for auctioneers and travel agents.
Israel	Sale of used furniture by a dealer whose business is the sale of such furniture. Sale of used vehicle, motorcycle or cross-country vehicle by a dealer whose business is a purchase and sale of used vehicles. Sale of dwellings by a real estate dealer who acquired it from a person who is not a non-profit organisation, a financial institution nor a dealer. Sale of coins and medals, which the seller has purchased such coins and medals from a non-licensed dealer (i.e. not VAT registered business). Sale of postage stamps and revenue stamps by a person whose business is the sale of such stamps (deemed to be a service).

	Sale of foreign currency, securities or other negotiable instruments, including the acquisition of aforesaid securities and instruments in order to collect their redemption or retirement price, by a dealer whose business is the sale of such assets or the sale of foreign currency, shall be deemed to be a brokerage service rendered by the dealer, between the dealer's supplier and the dealer's customer.
Italy	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Japan	-
Korea	-
Latvia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Lithuania	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Luxembourg	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Mexico	Sale of used cars, previously acquired by a company from an individual.
Netherlands	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
New Zealand	-
Norway	Voluntary margin scheme for second hand goods, works of art, collectors' items and antiques.
Poland	Travel agencies; second-hand goods; works of art; collector's items and antiques (EU Directive).
Portugal	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive) and fuel retailers.
Slovak Republic	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Slovenia	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Spain	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Sweden	Travel agencies; second-hand goods, works of art, collector's items and antiques (EU Directive).
Switzerland	Collector's items such as works of art, antiques and suchlike.
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 jewellery 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.

Note:
1. Margin scheme: In this context, a margin scheme means a scheme where the tax base is calculated on the difference between the price paid by the taxpayer for an item and the resale price rather than on the full selling price. The reseller is not allowed to deduct the input VAT embedded in the buying price of the items resold under the margin scheme.
Source: National delegates; position as at 1 January 2022.

Annex Table 2.A.7. VAT Revenue Ratio (VRR) 2020

	Standard VAT rate 2020	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Diff 2018 2020
Australia	10		0.55	0.53	0.53	0.48	0.50	0.48	0.46	0.45	0.48	0.48	0.49	0.49	0.49	0.47	0.46	0.51	0.04
Austria	20	0.61	0.58	0.57	0.58	0.59	0.58	0.58	0.58	0.59	0.58	0.58	0.59	0.59	0.60	0.60	0.60	0.58	-0.02
Belgium	21	0.51	0.50	0.51	0.51	0.49	0.47	0.49	0.48	0.48	0.47	0.47	0.46	0.47	0.47	0.47	0.47	0.45	-0.03
Canada	5	0.49	0.49	0.46	0.50	0.49	0.48	0.48	0.47	0.47	0.46	0.47	0.48	0.48	0.49	0.49	0.49	0.48	-0.02
Chile	19	0.65	0.68	0.66	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	0.64	-0.02
Colombia	13	0.35	0.42	0.47	0.45	0.48	0.43	0.44	0.49	0.46	0.41	0.42	0.41	0.38	0.37	0.38	0.39	0.35	-0.04
Costa Rica	19																0.43	0.45	0.45
Czech Republic	21	0.42	0.56	0.52	0.54	0.56	0.55	0.52	0.55	0.57	0.56	0.58	0.58	0.60	0.62	0.61	0.61	0.59	-0.02
Denmark	25	0.59	0.62	0.64	0.65	0.61	0.58	0.57	0.58	0.58	0.56	0.57	0.57	0.59	0.61	0.62	0.61	0.64	0.02
Estonia	20	0.71	0.70	0.82	0.81	0.67	0.74	0.67	0.68	0.69	0.67	0.70	0.73	0.73	0.75	0.75	0.74	0.72	-0.02
Finland	24	0.61	0.61	0.61	0.60	0.58	0.56	0.55	0.56	0.56	0.55	0.55	0.54	0.55	0.56	0.57	0.57	0.58	0.01
France	20	0.51	0.52	0.52	0.51	0.50	0.47	0.48	0.48	0.48	0.48	0.48	0.49	0.49	0.50	0.51	0.51	0.49	-0.02
Germany*	19	0.61	0.55	0.57	0.55	0.56	0.55	0.55	0.56	0.56	0.55	0.55	0.56	0.56	0.56	0.57	0.57	0.57	0.00
Greece	24	0.45	0.47	0.46	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	-0.06
Hungary	27	0.52	0.48	0.55	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	0.00
Iceland	24	0.58	0.61	0.63	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	-0.08
Ireland*	23	0.61	0.66	0.67	0.63	0.55	0.46	0.48	0.46	0.44	0.45	0.48	0.48	0.48	0.48	0.49	0.50	0.45	-0.05
Israel	17	0.63	0.62	0.62	0.66	0.66	0.66	0.66	0.66	0.65	0.65	0.64	0.64	0.64	0.64	0.64	0.62	0.64	0.01
Italy	22	0.43	0.39	0.41	0.41	0.39	0.36	0.40	0.40	0.37	0.37	0.37	0.37	0.37	0.39	0.38	0.39	0.38	-0.01
Japan	10	0.68	0.70	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	0.69	0.71	-0.01
Korea	10	0.58	0.61	0.60	0.60	0.60	0.62	0.64	0.64	0.66	0.64	0.66	0.60	0.66	0.69	0.68	0.69	0.70	0.02
Latvia	21	0.50	0.57	0.60	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	0.61	0.03
Lithuania	21	0.52	0.52	0.56	0.61	0.58	0.47	0.49	0.51	0.50	0.50	0.51	0.51	0.51	0.53	0.53	0.54	0.54	0.02
Luxembourg	17	0.66	0.82	0.79	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	0.77	0.01
Mexico	16	0.25	0.29	0.32	0.32	0.33	0.30	0.32	0.31	0.31	0.28	0.32	0.32	0.33	0.32	0.34	0.33	0.37	0.03
Netherlands	21	0.57	0.55	0.57	0.58	0.56	0.52	0.54	0.52	0.52	0.47	0.47	0.49	0.51	0.52	0.53	0.56	0.58	0.05
New Zealand	17	0.97	1.01	1.02	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	0.07
Norway	25	0.67	0.57	0.61	0.63	0.57	0.55	0.56	0.56	0.57	0.57	0.56	0.56	0.57	0.57	0.58	0.57	0.60	0.02

	Standard VAT rate 2020	2000	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Diff 2018 2020
Poland	23	0.42	0.47	0.50	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	0.00
Portugal	23	0.60	0.56	0.51	0.51	0.49	0.43	0.48	0.45	0.47	0.46	0.49	0.50	0.49	0.51	0.52	0.53	0.49	-0.03
Slovak Republic	22	0.43	0.61	0.58	0.53	0.53	0.47	0.46	0.49	0.43	0.47	0.49	0.52	0.50	0.52	0.52	0.53	0.51	-0.01
Slovenia	22	0.68	0.67	0.68	0.69	0.68	0.59	0.59	0.59	0.57	0.59	0.58	0.58	0.58	0.59	0.60	0.58	0.54	-0.06
Spain	21	0.52	0.56	0.56	0.52	0.41	0.29	0.44	0.38	0.40	0.39	0.41	0.43	0.43	0.44	0.45	0.44	0.42	-0.03
Sweden	25	0.51	0.54	0.55	0.56	0.57	0.55	0.57	0.57	0.55	0.55	0.55	0.57	0.58	0.59	0.59	0.59	0.60	0.01
Switzerland	7.7	0.73	0.72	0.73	0.72	0.73	0.69	0.71	0.69	0.70	0.70	0.69	0.68	0.67	0.68	0.68	0.67	0.68	0.00
Türkiye*	18	0.46	0.40	0.42	0.38	0.37	0.36	0.41	0.44	0.40	0.44	0.40	0.42	0.40	0.41	0.40	0.34		
United Kingdom	20	0.44	0.44	0.44	0.45	0.43	0.43	0.44	0.44	0.43	0.44	0.44	0.45	0.44	0.45	0.45	0.45	0.44	-0.02
Unweighted average		0.56	0.57	0.58	0.59	0.56	0.53	0.55	0.54	0.54	0.54	0.55	0.54	0.55	0.56	0.56	0.55	0.56	

Notes:

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

Time series: Since data beyond 2020 is not available for all countries at the time of publication, VRR is not calculated after this date.

Canada: VRR Calculation includes federal VAT only.

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

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

Japan: 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%).

Luxembourg: The value of the Consumption expenditure in national accounts was revised upwards by 8% on average since 2010, which involves a slight reduction in the VRRs for the years before 2020 compared to the previous editions.

Türkiye: Consumption expenditure data was not available for 2020 at the time of the preparation of this edition.

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. **Simplified "pay-only" registration** and reporting is available; standard GST registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required but is allowed. **Digital platforms[6]** (Electronic Distribution Platforms) are liable to collect GST on inbound supplies made through them (***Full liability regime)***. ***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). **Criteria for distinguishing B2C from B2B supplies:** Australian Business Number (ABN) of the customer; and a statement that the customer is registered for GST. **Supplies covered by the B2C rule[3]**: inbound supplies of services and intangibles (anything other than goods or real property), including digital and non-digital services such as e-books, music, videos, software downloads, accounting, architectural or legal services. **Proxies for determining the place of taxation[3]** **B2C:** The supply is connected with Australia i.e. made to a consumer that is resident in Australia. **B2B:** Customers tax residence status (i.e. Australian Business Number (ABN)). **Implementation:** as of 1 July 2017.	AUD 75 000 (USD 51 000) 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. **Simplified "pay-only" registration** and reporting is available; standard GST registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required but is allowed. **Digital platforms[6]** (Distribution Platform Operators) are liable to collect GST on inbound supplies made through them (***Full liability regime)***. ***B2B supplies***: the customer is liable to account for GST under the reverse-charge mechanism. **Criteria for distinguishing B2C from B2B supplies: The** Canadian GST registration number of the customer.	CAD 30 000 (USD 25 000) 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]
	Supplies covered by the B2C rule[3]: inbound supplies of services and intangibles (anything other than goods or real property). **Proxies for determining the place of taxation[3]** **B2C**: The consumer's usual place of residence. **B2B**: Customer's GST/HST residence. **Implementation:** as of 1 July 2021.	
Chile*	***B2C supplies***: the non-resident supplier is required to register and collect the VAT. **Simplified "pay-only" registration** and reporting is available; standard VAT registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required but is allowed. **Digital platforms[6]** are not liable to collect the VAT on inbound supplies made through them but have rather an information sharing obligation with the tax authorities (***Information sharing obligation)***. **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. ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism. **Criteria for distinguishing B2C from B2B supplies**: Tax ID Number (TIN) of the customer; statement that the business is registered for VAT. **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. **Proxies for determining the place of taxation[3]** **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). **B2B**: Customers tax residence status (Tax ID Number). **Implementation:** as of 1 July 2021.	No registration threshold
Colombia	***B2C supplies***: the non-resident supplier is required to register and collect the VAT. **Simplified "pay-only" registration** and reporting is available; standard VAT registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime)***. **A Withholding regime[7]** applies for the collection of VAT on inbound B2C supplies of services and intangibles when the supplier voluntarily opts	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]
	for the use of this mechanism. Withholding is conducted by financial intermediaries based on a list of suppliers provided by the Tax Administration. ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism. **Criteria for distinguishing B2C from B2B supplies:** the Colombian VAT registration number of the customer. **Supplies covered by the B2C rule[3]**: inbound supplies of services and intangibles performed through electronic commerce. **Proxies for determining the place of taxation[3]** **B2C:** The customer is a tax resident in Colombia. **B2B:** Customer's tax residence status (Colombian VAT registration number). **Implementation:** as of 15 January 2019.	
Costa Rica	***B2C supplies***: the non-resident supplier is required to register and collect the VAT. **Simplified "pay-only" registration** and reporting is available; standard VAT registration is not allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime)***. **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 obligations for a list of foreign providers and intermediaries provided by the Tax Administration. ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism if the supplier has not registered for VAT. **Criteria for distinguishing B2C from B2B supplies:** the Costa Rican VAT registration number of the customer. **Supplies covered by the B2C rule[3]**: inbound supplies of services and intangibles (anything other than goods or real property). **Proxies for determining the place of taxation[3]** **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, 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. **B2B:** Customers tax residence status (Costa Rican VAT registration number). **Implementation:** as of 1 July 2019.	No registration threshold
Czech Republic	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. **Simplified** "pay-only" registration and reporting is available; standard VAT registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime).*** ***B2B supplies***: exempt if the customer has a full right of deduction. If not, a reverse-charge mechanism applies. **Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer. **Supplies covered**[3]: electronically supplied services and non-digital services such as services of consultants, lawyers, accountants and other similar specialised services. **Proxies for determining the place of taxation**[3] **B2C**: customer's usual residence. **B2B:** customer's location (permanent place of business Icelandic VAT registration number). **Implementation**: 1 November 2011.	ISK 2 million (USD 14 600) Same as for domestic suppliers
Ireland	European Union scheme (see below)	
Israel	***B2C supplies***: the customer must self-assess the VAT. ***B2B supplies***: the customer is liable to account for VAT under the reverse-charge mechanism. **Supplies covered**[3]**:** services, including digital services. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Proxies for determining the place of taxation**[3] **B2C and B2B**: the residence of the customer is in Israel or the supply is connected to an asset in Israel.	N.A.

Country[5]	Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2]	Threshold[4]
	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. **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. **Digital platforms**. No special rules exist for digital platforms. The underlying supplier is required to collect and remit the tax (***Mere vendor regime***). ***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. **Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided. **Supplies covered by B2C rule[3]:** Electronic services as defined by law (e.g. online e-books, online game, music movies, cloud services, Internet shopping or auction site). **Proxies for determining the place of taxation[3]** **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). **Implementation:** 1 October 2015.	JPY 10 million (USD 98.500) Same as for domestic suppliers
Korea	***B2C supplies*:** the non-resident supplier is required to register and collect the VAT. **Simplified "pay-only" registration** and reporting is available; standard registration is allowed for non-resident businesses. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime*).** ***B2B supplies*:** out of the scope. **Criteria for distinguishing B2C from B2B supplies:** the nature of the services provided and the Korean Business Number of the customer. **Supplies covered by the B2C rule[3]:** Electronic services as defined by law (e.g. applications, games, music, films, electronic documents, software, etc.). **Proxies for determining the place of taxation[3]** **B2C**: the residence of the customer is in Korea. **B2B:** not applicable. **Implementation:** 1 July 2015.	No threshold

Country[5]	Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2]	Threshold[4]
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. **Simplified "pay-only" registration** and reporting is available; additionally, standard registration is allowed for non-resident suppliers. The appointment of a tax representative is required. **Digital platforms** are liable to collect the VAT on inbound supplies made through them (***Full liability regime*).** **B2B supplies:** the customer must apply the reverse charge mechanism if the non-resident supplier has not registered for VAT in Mexico. **Criteria for distinguishing B2C from B2B supplies:** not applicable. **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. **Proxies for determining the place of taxation**[3]: **B2C and B2B:** the supply takes place in the 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 phones' SIM card being used (secondary legislation). **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. **Simplified "pay-only" registration** and reporting is available; full standard GST registration is allowed. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** (Electronic Distribution Platforms) are liable to collect GST on inbound supplies made through them (**Full liability regime**). ***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. **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.	NZD 60 000 (USD 41 000) 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]
	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**.** **Proxies for determining the place of taxation[3]** **B2C:** customer's tax residence. **B2B:** customer's tax residence. **Implementation:** 1 October 2016.	
Norway	***B2C supplies*:** the non-resident supplier is required to register and collect the VAT. **Simplified "pay-only" registration** and reporting is available; full standard VAT registration is allowed. Fully digital registration is available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **Digital platforms** (Electronic Distribution Platforms) are liable to collect VAT on inbound supplies made through them (**Full liability regime**). ***B2B supplies***: the reverse-charge mechanism applies. **Supplies covered by the B2C rule[3]:** telecommunication, radio and television broadcasting and electronically supplied services (TBE services). **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer **Proxies for determining the place of taxation[3]** **B2C:** Customers usual residence. **B2B**: Customers location. **Implementation**: 1 July 2011.	NOK 50 000 (USD 5 000) Same as for domestic suppliers
Poland	European Union scheme (see below)	
Portugal	European Union scheme (see below)	
Slovak Republic	European Union scheme (see below)	
Slovenia	European Union scheme (see below)	
Spain	European Union scheme (see below)	
Sweden	European Union scheme (see below)	
Switzerland	***B2C supplies of electronic and telecommunication services***: the non-resident supplier must register for VAT under the standard registration procedure. **Standard registration**. No simplified registration procedure is available.	CHF 100 000 (USD 87 000) The threshold refers to the global turnover of the supplier

Country[5]	Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2]	Threshold[4]
	The appointment of a tax representative is required. **Digital platforms**. No special rules exist for digital platforms. The underlying supplier is required to collect and remit the tax (**Mere vendor regime**). ***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 (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. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Proxies for determining the place of taxation[3]** **B2C**: Customers usual residence. **B2B:** Customers location. **Implementation**: 1 January 2010.	NB: until 2018, the CHF 100 000 threshold referred to supplies for which the place of supply is deemed to be on Swiss territory)
Türkiye	***B2C supplies***: the non-resident supplier is required to register and collect the VAT. **Simplified registration** and reporting is available, with right to input VAT deduction Fully digital registration is available for the simplified registration The appointment of a tax representative is not required. **Digital platforms** (electronic marketplaces) are liable to collect VAT on inbound supplies made through them (**Full liability regime**). ***B2B supplies***: reverse-charge mechanism applies. **Supplies covered by the B2C rule[3]:** electronic services. **Criteria for distinguishing B2C from B2B supplies**: VAT registration number of the customer. **Proxies for determining the place of taxation[3]** **B2C**: Customer's usual residence. **B2B**: Customer's location. **Implementation**: 1 January 2018.	No threshold
United Kingdom*	**B2C supplies**: the non-resident supplier is required to register and collect the VAT (standard registration). **Digital platforms** (electronic marketplaces) are liable to collect VAT on inbound electronically supplied services made through them (**Full liability regime**). **B2B supplies:** the reverse charge mechanism applies. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer or other reasonable evidence that the customer is in	No threshold

Country[5]	Regime for the collection of VAT on inbound supplies of services and intangibles by non-resident suppliers[2]	Threshold[4]
	business. **Supplies covered by the B2C rule[3]:** telecommunication, electronic and broadcasting services. **Proxies for determining the place of taxation[3]** **B2C**: Customers usual residence. **B2B**: Customers location. **Implementation**: 1 January 2021.	
European Union*	**VAT collection mechanism:** **B2C supplies**: the non-resident supplier is required to register and collect the VAT. **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. Non-EU suppliers can opt to register for VAT under the One Stop Shop non -Union part mechanism to collect and remit VAT due on their B2C supplies of services in all EU Member States. Fully digital registration and reporting are available for the simplified "pay-only" registration. The appointment of a tax representative is not required. **B2B supplies:** the reverse charge mechanism applies. **Criteria for distinguishing B2C from B2B supplies:** VAT registration number of the customer. **Supplies covered by the B2C rule[3]:** telecommunication, electronic and broadcasting services. **Proxies for determining the place of taxation[3]** **B2C:** Customer's usual residence. **B2B:** Customer's location. **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 to a specific immovable property, which are covered by Guidelines 3.7 and 3.8. For the purpose of this table, the term "digital platform" refers to platforms that enable, by electronic means, direct interactions between buyers and sellers.
3. Some jurisdictions may limit the application of the International VAT/GST Guidelines 3.1 to 3.4 and/or Guideline 3.6 to certain categories of service supplies. Other place of taxation or VAT collection methods may therefore apply to supplies that are not covered by this definition.
4. The threshold applies for the registration of 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) 2021.
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 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 PSPs, responsible for the collection of VAT on payments for taxable services and intangibles.
Source: National delegates; position as at 1 January 2022.

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 digital services to final consumers (B2C) in Chile (i.e. customers that are not registered for VAT purposes in Chile) are required to register under a simplified "pay only" registration and collection regime. Registration under the standard registration procedure is also available. Digital platforms are liable to collect the VAT on inbound supplies of these services made through them and remit the tax in Chile. The services covered include notably the supply of digital entertainment content, software and data storage. Such supplies are taxable in Chile provided 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.

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 online learning, tests or 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´s 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 these customer to the supplier with explicit and separate reference to the amount of VAT paid (to support these business customers' claim to input-VAT deduction). 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 its residence under a simplified VAT registration and collection regime. From 1 July 2021, this regime has been 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.

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	T	-	-	-
Belgium[4]	T	-	-	-
Canada*	E	CAD	20 (40)	16 (32)
Chile	E	USD	-	30
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	100
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	65	59
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 2021.

4. Member States of the EU are bound by EU VAT and Customs legislation.

Source: National delegates. Position as at 1 January 2022.

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.

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 65 x 7.7% VAT = CHF 5. For goods

taxed under the reduced rate of 2.5 % (e.g. books) the CHF 5 threshold is reached only for supplies of CHF 200 or above. However, anyone shipping such goods to consumers in Switzerland for an annual value of CHF 100 000 is considered as making taxable supplies of goods in Switzerland and must register, collect and remit the VAT on those supplies.

United Kingdom. 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. From 1 July 2021, the VAT exemption threshold for the importation of low-value goods was removed and these became subject to VAT. The VAT on supplies of low-value goods (i.e. goods with value below EUR 150) that are imported and delivered to consumers in the EU 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. Under this scheme, the supplier/digital platform will charge the VAT directly to the customer 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) collect the import VAT (with possibly clearance fees) from the final consumer at the time of the delivery.

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	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Australia	Yes	Refund available for registered businesses other than non-resident businesses that 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: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. No 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: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Canada	Yes	Relief through zero-rating where appropriate. If not available, the following forms of relief may be available (facts and circumstances test): • No VAT to be charged to a foreign business on an otherwise taxable supply of goods in Canada provided the supplier to the foreign business receives a "drop shipment certificate" from a VAT registered person who is physically receiving the goods; • Allowing a foreign business to "flow through" VAT paid on the importation of goods into Canada or paid to a VAT registered person, to its VAT registered customer or supplier, who will in turn recover that VAT through its VAT return.	No	No

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Chile	No	N/A	N/A	No ("pay-only" registration)
Colombia	No	N/A	N/A	No ("pay-only" registration)
Costa Rica[4]	No	N/A	N/A	No ("pay-only" registration)
Czech Republic	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Czech businesses.	No ("pay-only" registration)
Denmark	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Estonia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and countries that refund VAT to Estonian businesses.	No ("pay-only" registration)
Finland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC;	No	No ("pay-only" registration)

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
		• Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.		
France	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Germany	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, and in countries with which Germany has signed a reciprocity agreement.	No ("pay-only" registration)
Greece	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC (electronic-based system); • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive (paper-based system).	Yes refunds available only to businesses established in the EU, Norway, Switzerland and the United Kingdom.	No ("pay-only" registration)
Hungary	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to business established in the EU, Liechtenstein, Switzerland and Norway. Serbia and Türkiye (for Türkiye, 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). UK (in accordance with the Brexit Protocol)	No ("pay-only" registration)

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Iceland	Yes	Refund available through direct refund mechanism (without registration or tax representative).	No	N/A
Ireland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration).
Israel	No	N/A	N/A	N/A
Italy	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, Israel, Norway and Switzerland.	No ("pay-only" registration)
Japan	Yes	A non-established business must appoint a resident tax representative and elect to be treated as a taxable business.	No	No
Korea	Yes	Refund available through direct refund mechanism (without registration or tax representative).	Yes: refunds available only to foreign businesses on a reciprocal basis.	No
Latvia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and in countries that refund VAT to Latvian businesses.	No ("pay-only" registration)

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Lithuania	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds are available only to businesses established in the EU and in countries that refund VAT to Lithuanian businesses. Refunds are available to businesses established in OECD member countries that do not operate a VAT or a similar tax.	No ("pay-only" registration)[2]
Luxembourg	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
Mexico	No	N/A	N/A	No ("pay-only" registration)
Netherlands	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	No	No ("pay-only" registration)
New Zealand	Yes	Most supplies to non-residents are zero-rated. However, non-resident businesses that do not make taxable supplies in New Zealand may register for GST to recover GST incurred in New Zealand under several conditions: (1) the non-resident business must be registered for GST or VAT in its own country; (2) the GST refund resulting from the first GST return must be more than NZD 500; (3) the GST input tax credits only arise when the non-resident has paid for the expenditure; (4) The non-resident cannot form a New Zealand GST group with New Zealand resident entities unless the non-	No	No ("pay-only" registration). Foreign suppliers may elect to register under the full registration regime allowing them to claim GST back on New Zealand-based costs.

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
		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.		
Norway	Yes	Refund available through direct refund mechanism (without registration or tax representative).	No	No ("pay-only" registration)
Poland	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Polish businesses.	No ("pay-only" registration)
Portugal	Yes	Refund available through direct refund mechanism: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive through the appointment of a VAT representative in Portugal.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Portuguese businesses.	No ("pay-only" registration).
Slovak Republic	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovak businesses.	No ("pay-only" registration)

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Slovenia	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU and countries that refund VAT to Slovenian businesses.	No ("pay-only" registration)
Spain[3]	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive.	Yes: refunds available only to businesses established in the EU, Canada, Israel, Japan, Monaco, Norway and Switzerland through appointment of a VAT representative in Spain.	No ("pay-only" registration)
Sweden	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration: • Businesses established in the EU: refunds made under the terms of EU Directive 2008/9/EC; • Businesses established outside the EU: refunds made under the terms of the EU 13th Directive. Non-established businesses may claim relief of Swedish VAT to the same extent as VAT-registered businesses (effective as of 1 January 2010).	No	No ("pay-only" registration)
Switzerland	Yes	Switzerland refunds VAT incurred by businesses that are neither established nor registered for VAT in Switzerland or Liechtenstein and that have not made any supplies in Switzerland or Liechtenstein (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 made on the condition of reciprocity.	N/A

Country	Availability of VAT relief/refund mechanism to foreign businesses	Approach[2]	Reciprocity requirement	Availability of VAT deduction under the simplified registration and compliance regime[1]
Türkiye	Yes	Refund available through direct refund mechanism (without registration or tax representative) for certain transactions.	Yes (partially dependent on reciprocity).	Yes
United Kingdom	Yes	Refund available through direct refund mechanism (without registration or tax representative) or direct VAT registration:	No	

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 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.
2. The terms "refund available" in this table does not mean that refunds are made automatically. They may be subject to (manual) verification processes.
3. Spain: a direct VAT relief is provided on the purchase of moulds, designs and equipment for the manufacturing in Spain of goods to be dispatched out of the EU to a non-established business and for any service acquired for the assistance of commercial or professional fairs, expositions or congresses organised in Spain.
4. Costa Rica. A direct refund mechanism is in process of implementation. The scope of this mechanism will be restricted to specific services listed in legislation (access to events, hotels, restaurant and transport connected with the attendance to trade fairs and commercial exhibitions for commercial or professional purposes held within the national territory.
Source: national delegations; position as at 1 January 2022.

Annex Table 2.A.11. Digital Reporting Requirements

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
Australia*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (with accredited service providers)	Transaction data: yes (1 January 2000)	No specific format is required	On request (based on risk assessment)	-
		Electronic cash register: allowed (1 January 2000)	No specific format is required	On request	-
Austria*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (mandatory for B2G[4] supplies)	Transaction data: yes (1 January 2000)	No specific format is required SAF-T[3] is allowed since 2009	Systematic (periodically) and on request	Annual
		Electronic cash register: yes – offline (1 April 2017)	No specific format is required	On request	-
Belgium*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: no	-	-	-
		Electronic cash register: yes (1 July 2016)	Certified software	On request	-
Canada	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: no	-	-	-
		Electronic cash register: no	-	-	-
Chile*	Paper invoices: not allowed Digitised invoices: allowed for B2C E-invoices: mandatory for B2B, B2C and B2G supplies under XML format	Transaction data: yes (January 2003)	XML format determined by the tax authority	Systematic Clearance model	At the time the invoice is emitted (real time invoice reporting)
		Electronic cash register: no			

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
Colombia*	Paper invoices: not allowed unless there are technological problems that render impossible the transmission of e-invoices. Digitised invoices: not allowed for B2B nor B2C E-invoices: mandatory for B2B, B2G and B2C supplies under XML format	Transaction data: yes (January 2017)	XML format determined by the tax authority	Systematic Clearance model	At the time the invoice is emitted (real time invoice reporting)
		Electronic cash register: optional Limited to 5 TVU (190 020 COP) and does not allow to use as VAT credit nor to deduct in the income tax regime (CIT and PIT). (January 2022)	Subject to approval by the tax authorities.		
Costa Rica*	Paper invoices: not allowed, except as contingency measure and previously authorized by the Tax Administration. Digitised invoices: not allowed E-invoices: mandatory for B2B, B2G and B2C supplies under XML format.	Transaction data: yes (March 2018)	XML format determined by the tax authority	Systematic Clearance model	At the time the invoice is emitted (real time invoice reporting)
		Electronic cash register			
Czech Republic*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed.	Transaction data: yes	Control Statement	Systematic (periodically)	Monthly/quarterly
		Electronic cash register: yes - offline (1 January 2020)	No specific format is required	On request	-
Denmark*	Paper invoices: allowed. Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 March 2015)	No specific format is required	On request	-
		Electronic cash register: no	-	-	-

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
Estonia*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (2014)	X-road XML, CSV	Periodically	At the time the VAT return is lodged
		Electronic cash register: no	-	-	-
Finland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: no	-	-	-
		Electronic cash register: no	-	-	-
France*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed (mandatory for B2G[4] supplies)	Transaction data: yes (1 January 2014)	SAF-T[3]	On request	-
		Electronic cash register: yes – offline (1 January 2014)	No specific format is required	On request	-
Germany	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2014)	No specific format is required	On request	-
		Electronic cash register: no	-	-	-
Greece*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 October 2021)	Specific format is required	Systematic Clearance model	Data on sales: varies from the time of supply up to the 20th day of the month, and as of 1.1.2023 the 2nd day following the issuance of the invoice. Data on purchases: at the time the VAT return has to be lodged
		Electronic cash register: yes	Specific format is required	Systematic	At the time the VAT return is lodged

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
Hungary*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 July 2018)	No specific format is required	Systematic (real time) Transmission model-	At the time the invoice is emitted (real time invoice reporting)
		Electronic cash register: yes (1 January 2014)			
Iceland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: no	-	-	-
		Electronic cash register: no	-	-	-
Ireland	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2014)	No specific format is required	On request	
		Electronic cash register: no	-	-	
Israel*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2010)	Specific format required: PCN874	Systematic (periodically) Transmission model	Monthly
		Electronic cash register: yes (1 January 2010)	No specific format is required	Systematic (periodically) Transmission model	Monthly
Italy*	Paper invoices: not allowed Digitised invoices: not allowed Structured E-invoices: mandatory for all transactions (with few exceptions)	Transaction data: yes (1 January 2020)	XML format	Systematic (real time) Clearance model	At the same time the invoice is emitted (real time invoice reporting)
		Transaction data for not domestic transactions: yes (1 January 2019)	XML format	Systematic (periodically) Transmission model	Monthly - By the end of the month following the reference quarter
		Electronic cash register: yes (1 January 2020)	XML format	Systematic (periodically)	Daily

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
				Transmission model	
Japan	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: no	-	-	-
		Electronic cash register: no	-	-	-
Korea*	Paper invoices: not allowed for B2B transactions Digitised invoices: not allowed for B2B transactions E-invoices: mandatory for B2B transactions	Transaction data: yes (1 January 2011)	Electronic Tax Invoicing format	Systematic (near real time) Clearance model	One day after the invoice is emitted
		Electronic cash register: Yes (1 January 2005)	No specific format is required	Systematic	Daily
Latvia*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (26 0ctober 2011)	No specific format is required	On request	-
		Electronic cash register: yes (1 July 2017)	No specific format is required	On request	-
Lithuania	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 October 2016)	SAF-T[3]	Systematic Transmission model	Monthly
		Electronic cash register: optional	Certified software	On request	
Luxembourg*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes	SAF-T[3]	On request	-
		Electronic cash register: no	-	-	-

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
Mexico*	Paper invoices: not allowed for B2B and B2G transactions Digitised invoices: not allowed for B2B and B2G transactions E-invoices: mandatory for B2B and B2G transactions	Transaction data: yes (1 January 2015)	XML format	Systematic (automated, periodic and on request) Clearance model	E-invoices: at the same time the invoice is emitted (real time invoice reporting) Transaction data: monthly
		Electronic cash register: no	-	-	
Netherlands	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2000)	SAFT[3]	On request	- -
		Electronic cash register: no	-	-	-
New Zealand	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2000)	No specific format is required	On request	-
		Electronic cash register: no	-	-	-
Norway*	Paper invoices: not allowed for B2B and B2G[4] transactions Digitised invoices: not allowed for B2B and B2G transactions E-invoices: mandatory for B2B and B2G[4] transactions	Transaction data: yes (1 January 2020)	SAF-T[3]	On request	-
		Electronic cash register: Yes (1 January 2019)	Software approved by the tax administration	On request	-
Poland*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2018)	SAF-T[3]	Systematic and on request	Monthly
		Electronic cash	Certified software	On request	-

Country	Electronic invoicing[2]	Electronic transaction reporting			
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency
		register: yes			
Portugal*	Paper invoices: allowed Digitised invoices: allowed E-invoices: mandatory for B2G[4] transactions	Invoicing data: yes (1 January 2013)	Web-service format (real time) or Structured file based on SAF-T[3]/Direct upload on the tax administration (monthly). Mandatory invoice software certification (1 January 2011) SAF-T (accounting and invoicing data) (1 January 2008)	Systematic Transmission model On request for audit purposes	Near real time (until the 12th day following each month)/ Monthly
		Electronic cash register: optional	Certified software		-
Slovak Republic*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 January 2014)	Specific software is required	Systematic (in the same time as VAT return)	Monthly/quarterly
		Electronic cash register: yes (1 January 2012)	Certified software	Systematic	In real time
Slovenia	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes	SAF-T[3]	On request	-
		Electronic cash register: yes	Certified software	Systematic	In real time
Spain*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes (1 July 2017)	XML	Systematic (near real time) Transmission model	Within four days of issuance of the invoice (near real time)
		Electronic cash register: no			
Sweden*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes	No specific format is required	On request	- -
		Electronic cash register yes	Certified software	On request	

Country	Electronic invoicing[2]	Electronic transaction reporting				
		Mandatory electronic transaction reporting	Reporting format	Reporting provision	Reporting period/frequency	
Switzerland*	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data : no	-	-	-	
		Electronic cash register: no	-	-	-	
Türkiye	Paper invoices: allowed for B2C Digitised invoices: not allowed for B2C E-invoices: mandatory for B2B and B2G supplies under XML format	Transaction data: yes (January 2020)	XML format determined by the tax authority	Systematic (real time) Clearance model	Daily	
		Electronic cash register: no	-	-	-	
United Kingdom	Paper invoices: allowed Digitised invoices: allowed E-invoices: allowed	Transaction data: yes	Functional compatible software	On request	-	
		Electronic cash register: no	-	-	-	

Notes:
1. For the purpose of this table, electronic transaction reporting means the transmission by VAT registered businesses of detailed information under electronic format concerning individual taxable transactions, including accounting information, invoicing information or any other information allowing tax authorities to obtain information on each taxable supply made and/or received by the taxpayer. This does not include the electronic provision of bulk data such as total sales/turnover or deductible amounts e.g. in periodic returns or statements.
2. For the purpose of this table, "electronic invoice" or "e-invoice" refers to automatically exchanged invoice information between accounting systems of parties to a transaction. "Digitised invoice" means a copy of an invoice (e.g. in pdf format) sent by electronic means (e.g. by email) between parties to a transaction.
3. SAF-T stands for Standard Audit File for Tax, a mechanism that was developed by the OECD Forum on Tax Administration (FTA). It involves the use of accounting software to create an electronic file (the SAF-T) containing accounting data. The SAF-T enables the transfer of data from the taxpayer to the tax authorities in a standardised, electronic format. (Guidance for Developers of Business and Accounting Software Concerning Tax Audit Requirements available here http://www.oecd.org/tax/administration/guidancenote-guidancefordevelopersofbusinessandaccountingsoftware concerningtaxauditrequirements.htm). In most cases, a local version of the SAF-T is created to respond to local needs.
4. B2G means supplies made by VAT registered businesses to government or public authorities or agencies.
5. Clearance model: under a clearance model, VAT registered businesses must provide invoicing data to tax authorities and such data must be systematically cleared (validated) by these tax authorities for the invoice to be considered a valid accounting document.
Source: National delegations; position as at 1 January 2022.

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

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

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

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

Chile. ***Electronic invoicing*** for B2B and B2G is allowed since 2003 on a voluntary basis. It became mandatory since 2014 for large taxpayers, since 2016-2017 for medium taxpayers and since 2018 for small taxpayers. The electronic invoicing scheme requires taxpayers to provide B2B ***transaction information electronically*** to tax authorities. In 2017, this requirement was extended to the provision of other accounting data to an electronic record kept by the tax authority. Transaction data must be transmitted to tax authorities in near-real time. Invoicing data must be cleared by tax authorities to be considered as a valid supporting document (incl. for the right to deduct input VAT). Effective from 1 April 2021, an amendment to the VAT Act introduced the obligation to issue **B2C *invoices electronically.*** These invoices should be sent through any electronic method (e.g. email) provided that it is accessible to the consumer and the business. Exceptions to the electronic invoicing obligations may apply for taxpayers located in zones where no internet connection or energy supply exist, with prior authorization by the tax authority. ***Electronic cash registers*** are not allowed.

Colombia. The obligation to use ***electronic invoicing*** and to provide B2B ***transaction information electronically*** to tax authorities (DIAN) started in 2019. Transaction data must be transmitted in XML format to tax authorities in real time. Until mid-2019, the reporting model required taxpayers to submit invoices to DIAN within 24 hours for 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).

Costa Rica. The obligation to use ***electronic invoicing*** and to provide B2B ***transaction information electronically*** to tax authorities started in 2017. Transaction data must be transmitted in XML format to tax authorities in real time. Invoicing data must be cleared by tax authorities to be considered as a valid accounting document (incl. for the right to deduct input VAT). In this system, the tax administration performs basic validation checks and issues an acceptance confirmation within three hours to the taxpayer. This ensures the document has full tax status, and may be used as evidence for VAT deductions. In the case of a rejection, the supplier must issue a credit note to reissue a corrected invoice. This obligation is imposed on all taxpayers.

Czech Republic. 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.

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

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

France. ***Electronic invoicing*** is not mandatory, except for B2G supplies. However, mandatory electronic invoicing and e-reporting system will be introduced in stages as follows: the obligation to issue invoices in electronic format and the obligation to transmit payment information and data through a platform accredited by the tax administration will enter into effect as of 1 July 2024 for large businesses; as of 1 January 2025 for medium-sized businesses and 1 January 2026 for all businesses. The obligation to accept invoices in electronic format will enter into effect as of 1 July 2024 for all businesses, regardless of their size, as soon as their supplier is obliged to issue invoices in electronic format. ***Electronic transaction information***: taxpayers keeping electronic accounts must provide them in the form of digital files upon request by the tax administration for control purposes (these files should meet specific standards). ***Electronic cash registers***: VAT registered taxpayers making sales to final consumers, which record payments using electronic cash registers must use certified software meeting several technical conditions (inalterability, security, preservation) for tax control purposes. However, the use of electronic cash registers is not mandatory.

Greece. ***Electronic invoicing*** is not mandatory. ***Transaction data:*** 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 submit their transaction 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 to revenue and expenses categories; (3) data of the additional adjustment accounting entries (e.g. payroll, depreciation) that form their accounting/tax base for the export of the accounting/tax result of each fiscal year. Such data can be transmitted through: an interoperable accounting/commercial software; a special Data Entry Form developed by IAPR; connected Electronic Tax Register Machines (ETRMs) for retail sale transactions (Online Cash Registers, OCR); 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). These submissions are different from VAT returns but allow tax authorities to cross-reference the VAT return and myDATA information. If the information does not match up, businesses have two months to correct or justify any discrepancies. If they fail to do so, they can be subject to an audit. ***Electronic cash registers*** ("tax machines") are mandatory for retail sales, except for business categories listed by the tax administration regulation (e.g. solicitors, accountants, farmers, etc.).

Hungary. ***Invoicing information:*** invoices emitted by an invoicing programme must be transmitted to the tax authorities at the same time the invoice is emitted by the taxpayer (***real time reporting***). Information on 'paper invoices' must be provided to the tax authorities within one day (if the value of VAT figuring in the invoice exceeds HUF 500 000) or within 4 days (in other cases). The customer who wishes to deduct VAT has certain reporting obligations too. Further reporting obligations apply for the modification or cancellation of invoices as well. These reporting rules concerning emitted invoices apply to invoices which fall under the Hungarian invoicing rules according to EU-rules, B2B/B2C supplies and exempt Intra-Community supplies of goods included.

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

providers can use certified electronic cash registers (no threshold). For other services, electronic cash registers can be used (no threshold); if a transaction is recorded with a receipt, the receipt replaces the electronic cash registers.

Italy. Transaction data transmission: all VAT-registered businesses established in Italy are obliged to accept and issue invoices in electronic format through the Italian Revenue Agency's e-invoicing platform, Sistema di Interscambio (SdI) for the operations that take place in the Italian territory. The invoice file can also be submitted by the customer or a third party on behalf of the supplier. The invoice must be issued at the latest 12 days after the execution of the supply. From 1 July 2022, businesses subject to the exemption under the small enterprises regime with more than EUR 25 000 in annual turnover are obliged to accept and issue invoices in electronic format. From 1 January 2024, this obligation will be extended to all the remaining businesses subject to the exemption under the small enterprises regime, regardless of their turnover. 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. Starting from 1 July 2022, these businesses must transmit data to the Revenue Agency at the same time the invoice is emitted (real time invoice reporting) for active transactions or by the fifteenth day of the month following that of receipt of the document proving the transaction or execution of the transaction for passive transactions. For B2C supplies (i.e. businesses engaged in the retail trade and similar activities), the issuance of the invoice is not mandatory. However, if the customer requests an invoice no later than at the time of the supply, it should be issued in electronic format. ***Electronic cash registers***: from 1 January 2020, 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. Retailers must also issue a receipt to the customer 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.

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

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

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

Mexico. ***Electronic invoicing*** is mandatory since 1 January 2014. The ***transmission of transaction data*** to the tax authority is mandatory since 1 January 2015. Invoicing information must be transmitted to the tax authorities at the time the invoice is emitted (real time transmission) through a government-approved e-invoicing company (PAC) to validate and stamp invoices as they are issued. Invoices must be validated through the system to be considered as a valid accounting document (incl. for the right to

deduct input VAT). The PAC also provides secure storage and retrievable 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 to all taxpayers. Federative entities, municipalities, trade unions and entities of the parastatal public administration; certain small taxpayers and non-profit legal persons are relieved from that obligation.

Norway. ***Transaction data transmission***: the Norwegian Bookkeeping Regulation includes a requirement to disclose accounting data in the SAF-T format for all businesses with annual turnover of NOK 5 million or more. This requirement also applies to businesses with an annual turnover of less than NOK 5 million if they have bookkeeping information available electronically. The companies subject to bookkeeping obligations are only obliged to submit accounting information in SAF-T format on request by the tax authorities. ***Electronic Cash registers***: from 1 January 2017, cash register systems must meet the requirements laid down in the Norwegian Cash Register Systems Act and regulations. Suppliers must declare the systems to be in compliance with the new rules. Companies subject to a bookkeeping obligation must start using new cash register systems from 1 January 2019.

Poland. ***E-invoicing***: since the 1 January 2022, e-invoices are allowed but not obligatory. ***Transaction data provision***: taxable persons must provide transaction data to the tax authorities under the SAF-T format on a monthly basis for JPK_V7M and JPK_V7K; other JPKs (SAT-Ts) are submitted upon request and may cover periods other than one month. The obligation to report transactions was introduced in stages: on 1 July 2016 for large entrepreneurs, on 1 January 2017 for medium-sized and on 1 January 2018 for micro-entrepreneurs. Taxable persons carrying out only supplies exempt from VAT or those benefiting from the VAT exemption for the small enterprises whose annual turnover does not exceed PLN 200 000 (the registration threshold), are exempt from this obligation. The tax authority can also obtain electronic transaction information on request from taxpayers who keep accounting books using computer programs. This obligation also applies to stock movement, invoicing and bank statement programs. As of 1 October 2020 the SAF-T contains new fields to include VAT return data previously submitted in different separate files. ***Reporting format:*** Poland has applied its own solutions (JPK_V7M and JPK_V7K) as regards the SAF-T schema. ***Electronic cash registers:*** taxable persons whose annual turnover on B2C supplies, exclusive of VAT, does not in the current tax year exceed PLN 20 000 nor in the course of the preceding tax year are exempt from the obligation to use certified electronic cash registers (the exemption does not apply to certain categories of goods /services). Are also exempt, certain categories of supplies such as when an invoice is emitted and/or the payment is made by bank transfer. ***Online cash registers*** have been gradually introduced for industries recognised as particularly vulnerable to fraud and non-compliance: for fuel suppliers, car repair services as of 1 January 2020; restaurants and catering services, supplies of coal, short-term accommodation services as of 1 January 2021; hair and beauty salons, construction services, private medical practice, legal services, fitness clubs and gyms as of 1 July 2021. ***Cash registers in the form of software*** (the so called virtual cash registers) are a type of online cash registers not requiring hardware equipment or any external devices. They are available for taxpayers conducting activity in specified sectors (e.g. transportation).

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

Slovak Republic. ***Transaction data provision*****:** all taxable persons registered for VAT purposes in the Slovak Republic are obliged to submit a special VAT Control Statement, together with their VAT returns to the Financial Administration (FA). VAT listings are submitted separately and are not dependant on the VAT return. Some crosschecking between VAT listings and VAT returns are built into the analytical system. ***Electronic cash registers***: the use of certified cash registers is mandatory for all suppliers that receive payments in cash or by other payment methods replacing cash at the point of sale and those

providing sole services listed in the law. Data from these electronic cash registers must be transmitted to the tax authorities in real time.

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

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

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

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

Annex Table 2.A.12. Application of Domestic Reverse Charge and Split Payment Mechanisms

Country	Domestic reverse charge system	Domestic split payment mechanism
Australia	A mandatory reverse charge applies to supplies between GST registered businesses of precious metals.	Recipients of new residential premises are required to remit GST directly to the tax authorities. This payment is reconciled against GST amounts reported by the supplier in respect of these supplies.
Austria	Supply of laptops, tablets, PCs, game consoles, mobile phones and integrated circuit devices if the amount of the invoice is at least EUR 5 000; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates; Supply of CO_2 emission allowances; Supply of certain metals and of taxable investment gold; Supply of scrap and industrial and non-industrial waste and recyclable waste; Construction services if the recipient is acting as general contractor or if he usually is rendering construction services; Supplies of staff engaged in the construction sector; Supply of goods provided as security by a VAT taxable person to another person in execution of that security; Supply of goods following the cession of the reservation of ownership to an assignee and the exercising of this right by the assignee; Supply of immovable property sold by the judgment debtor in a compulsory sale procedure to another person.	
Belgium	Some supplies of investment gold and of gold products of a purity of at least 325 thousandths; Supply of work on immovable property under several conditions; Supplies of staff engaged in the construction sector; Supply of CO_2 emissions allowances.	
Canada	Certain purchasers of real property are required to self-assess (e.g. when the supplier is a non-resident; or when the purchaser is registered for GST/HST and, if he is an individual, the property is not a residential complex); Self-assessment is generally required with respect to supplies of carbon emission allowances; In certain circumstances, persons may be required to self-assess the provincial part of the HST when certain property or services are moved from one province to another.	
Chile	Supplies of rice, construction works, waste, marine species, livestock, vegetables, wood, wild products, wheat and berries. Certain (large) taxpayers are required to reverse-charge the VAT in B2B supplies from businesses included by the tax administration in a special list because of repeated tax compliance breaches.	
Colombia	-	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.

Country	Domestic reverse charge system	Domestic split payment mechanism
		Purchase of goods or services made to taxpayers under the SIMPLE tax regime.
Costa Rica	-	Mandatory VAT withholding through national Payment Service Providers (PSP). VAT withheld varies from 0% up to 6% of the transaction value and according to the type of business. PSP entities remit to the Tax Administration the withheld amounts on a daily basis. An informative return must be submitted on a monthly basis with the details of the withholdings and the relevant taxpayers. Withholdings are considered as an advanced payment of the VAT due by non-resident suppliers.
Czech Republic	Supply of taxable investment gold and gold material of purity equal to or greater than 333 thousandths; Supply of designated categories of scrap and waste; Supply of CO^2 emission allowances; Supply of construction and assembly services provided between taxable persons registered for Czech VAT; Supply of mobile phones, integrated circuit devices, notebooks, tablets and videogame consoles; Supply of certain metals and basic products from metals; Supply of cereals and industrial crops, including oil seeds and sugar beet; Supply of immovable property under the option for taxation; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates; Supply of goods following the cession of a reservation of ownership to an assignee and the exercising of this right by the assignee; Supply of immovable property sold by a judgment debtor in a compulsory sale procedure; Supply of staff engaged in construction and assembly services; Supply of certain telecommunication services.	A special method for securing the payment of VAT can be used by customers of taxable supplies that wish to avoid joint and several liability for the supplier's unpaid taxes. Similarly to the split payment mechanism, the customer then pays the VAT due directly to the account of the supplier's tax office.
Denmark	Supply of CO_2 emission allowances; Supply of scrap metals; Supply of investment gold; Supply of mobile phones, integrated circuit devices, games consoles, tablets PCs and laptops.	
Estonia	Supply of immovable property and investment gold, where the supplier has opted for taxation; Supply of gold material, including semi-finished gold products (purity of at least 325 thousandths); Supply of scrap metal and precious metals.	
Finland	Supply of taxable investment gold as well as gold material and semi-manufactured gold products of purity equal to or greater than 325 thousandths; Supply of CO_2 emission allowances;	

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

Country	Domestic reverse charge system	Domestic split payment mechanism
	Supply of ferrous and non-ferrous waste metals, scrap(clippings) and other used materials Supply of semi-finished products made of ferrous and non-ferrous metals, Supply of residues and other recyclable materials consisting of ferrous and non-ferrous metals, alloys, slag, scales or ash and industrial residues containing metals or metal alloys; Supply of scrapings and scrap (clippings), waste and used recyclable material consisting of glass fragments, glass, paper, cardboard, rags, bone, leather (natural or artificial), diphtheria, raw hides and skins, tendons and sinews, twine, rope and head rope , cables, rubber and plastic materials; Supply of scrap (clippings) and waste from the working of base materials Supply of the aforementioned materials after cleaning, polishing, selection, cutting, fragmenting and pressing; Supply of greenhouse gas emissions allowances according to EU Directive 2003/87/EC; Supply of mobile phones, videogame consoles, tablets and laptops provided the acquirer is a taxable person entitled to input tax deduction (that is if registered under the normal VAT scheme).	
Hungary	Supply of construction works regarded as a supply of goods; Construction or other alteration or repair activity qualifying as service, directed at the construction, expansion, rearrangement or other modification (including demolition) of immovable property and subject to acquiescence or authorisation by the building authority; Hiring-out of employees and the supply of staff in relation to supplies mentioned above; Supply of scrap and waste products; Supply of a building and the land on which it stands or of an inbuilt plot of land (with certain exceptions) if the supplier opted for taxation; In relation with debtors and creditors, the supply of goods that were pledged as collateral security to cover an overdue claim in execution of that security; Supply of goods 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; Supply of CO_2 emissions allowances; Supply of certain specific agricultural products such as wheat and meslin, rye, barley, oats, maize, triticale, soya beans whether or not broken; rape and colza seeds whether or not broken; sunflower seeds whether or not broken. Supply of certain iron and non-alloy steel products such as flat-rolled products of iron or non-alloy steel, bars and rods of iron or non-alloy steel, angles, shapes and sections of iron or non-alloy steel, wire of iron or non-alloy steel, tubes, pipes and hollow profiles of iron or non-alloy steel.	
Iceland	-	

Country	Domestic reverse charge system	Domestic split payment mechanism
Ireland	Supply of construction services supplied by sub-contractors to principal contractors; Supply of immovable property under the option for taxation (including sale by receiver, liquidator or mortgagee in possession; Supply of used material and scrap metal; Supply of CO_2 emissions allowances; Supply of gas and electricity by a business in Ireland to a taxable dealer carrying on business in Ireland; Supply of gas certificates or electricity certificates by a business in Ireland to another business in Ireland.	
Israel	A person not liable for payment of the tax may, with the Director's consent and on conditions prescribed by him, take the payment upon himself, and after the date of that consent be treated as the person liable for its payment; The tax levied on a buyer, if the buyer is a dealer, a non-profit organisation or a financial institution and has committed a real estate sale which is an occasional transaction; Sale of metal debris; Services of the types specified below acquired by a dealer, a non-profit organisation or a financial institution from a person, whose main income is from wage, benefit or pension, shall pay the tax in respect of that service, unless a tax invoice was received from the person rendering the service: Artistic performance; construction or preparation of stage sets; preparation, checking, conducting and supervising exams; lectures etc. Services of the following professionals: agronomist, architect, ; practical engineer; private investigator; rabbinical pleader; technician; dental technician; organizational, management, scientific or tax consultant; economist; engineer etc.	
Italy	Supplies carried out by subcontractors in the building sector; Supply of staff engaged in the construction sector; Supply of immovable property under the option for taxation; Supply of used materials, scrap, waste and specific services; Supply of investment gold, including supply of semi-finished products and of gold of a purity of at least 325 thousandths(so called industrial gold); Supply of scrap iron; Supply of mobile phones, tablets, personal computers and integrated circuit devices under certain conditions; Supply of CO_2 emission allowances; Supply of gas and electric energy to taxable dealers; Supply of gas and electric energy certificates.	Supplies of goods and services to public authorities or government bodies, public owned companies, and companies listed on the Italian Stock Market (FITSE-MIB)
Japan		
Korea	-	For supplies of gold bullion (99.5% or higher purity) and second hand gold products (with 58.5% or higher purity), copper, gold and iron scrap, the supplier must open a bank account designated for the gold or scrap transactions and the purchase price (without VAT) must be transferred to the

Country	Domestic reverse charge system	Domestic split payment mechanism
		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 thereto; Supply of construction services; Supply of scrap metals and services related thereto; Supply of mobile telephones, integrated circuit devices, tablet PC's and laptops; Supply of cereals and industrial crops (including oil seeds), including mixtures of these goods, that are not normally used in the unaltered state for final consumption; Supply of raw and semi-finished precious metals, where they are not covered by special scheme for investment gold, raw and semi-finished precious metal alloys and precious metal clad, as well as precious metal or precious metal clad scrap and debris; Supply of video game consoles; Supply of ferrous and non-ferrous semi-finished metals.	
Lithuania*	Supply of hard drives; Supply of mobile phones, tablets and laptops; Supply of construction services; Supply of ferrous waste and scrap, residues and other recyclable materials consisting of ferrous and non-ferrous metals; Supply of essential (material) improvement to the owner of the building; VAT calculated on assets taken over as a contribution in kind or due to reorganisation of another person registered for VAT purposes.	
Luxembourg	Supply of CO_2 emission allowances; supply of gas and electricity certificates.	
Mexico	Domestic reverse charge applies to: Corporations that receive independent personal services from individuals or rent goods from them; acquire waste to be used for commercial or industrial activities; receive services rendered by commissionaires who are individuals; and receive land motor transportation services of goods lent to both individuals and corporations; Credit institutions acquiring assets through payments in kind or through legal or trust adjudication; and 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 used materials, scrap, waste and specific services; Supply of goods provided as security by one taxable person to	

Country	Domestic reverse charge system	Domestic split payment mechanism
	another in execution of that security; Supply of immovable property sold by a judgement debtor in a compulsory sale procedure; Supply of CO_2 emission allowances; Supply of mobile phones, integrated circuit devices, laptops, game consoles and tablet pc's provided that the value of the transactions exceeds EUR 10,000. Supply of gas and electricity certificates (e.g. green certificates, guarantees of origin).	
New Zealand	If the supply of land has been incorrectly zero-rated and the incorrect treatment is discovered after settlement, the recipient of the supply is made responsible for paying the GST.	
Norway	Supply of CO_2 emission allowances; Supply of investment gold (with purity equal to or greater than 325 thousandths).	
Poland	As of November 2019 the domestic reverse charge mechanism was replaced by a mandatory split payment mechanism. As of that date, supplies previously covered by the domestic reverse charge are now subject to the mandatory split payment.	As of November 2019, a mandatory split payment mechanism for transactions that meet the following conditions: (1) the total gross amount of the invoice exceeds PLN 15 000; (2) one or more items on the invoice are goods or services enumerated in Annex no. 15 to the Polish VAT Act; and (3) supplier and buyer are VAT payers. This Annex no. 15 covers in particular: fuels, steel, steel products, scrap, waste, precious metals (e.g. 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 CO_2 emission allowances. 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 who want to use an optional split payment mechanism must have a VAT account associated with their bank account separating the VAT from the net amount of the transaction).
Portugal	Supply of used material, scrap metal, waste and specific services; Supply of immovable property under the option for taxation; Work on immovable property (such as repair, cleaning, maintenance, alteration and demolition services, including the handing over of construction works); Supply of taxable investment gold and gold material of purity equal to or greater than 325 thousandths; Supplies of CO_2 emission allowances; Supplies of cork, wood, pine cones and pine kernels in their shell.	
Slovak Republic	Supply of immovable property under the option for taxation; Supply of goods which are pledged as a security of a receivable of a creditor within the enforcement of such pledge; Supply of a building or a part of a building in the Slovak Republic	

Country	Domestic reverse charge system	Domestic split payment mechanism
	which the supplier as a debtor recognised by a court or another relevant state authority sold within the statutory enforcement proceedings; Supply of investment gold and of gold material or semi-manufactured products of gold of a purity of at least 325 thousandths between taxable persons; Supply of metal scrap and metal waste; Supply of CO_2 emission allowances; Supply of cereals and oil seeds, grains, straw and fodder crops, which are not typically intended in the unaltered state for final consumption; Supplies of iron and steel; Supply of mobile phones, being devices made or adapted for use in connection with a licensed network and operated on specified frequencies, whether or not they have any other use, if the taxable amount in the invoice for the supply of mobile telephones is EUR 5 000 and more; Supply of integrated circuit devices such as microprocessors and central processing units in a state prior to integration into end user products, if the taxable amount in the invoice for the supply is EUR 5 000 and more; Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property as well as the handing over of construction works regarded as a supply of goods.	
Slovenia	Supply of construction work (including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property); Supply of staff engaged in the mentioned activities; Supply of certain immovable property, where the supplier has opted for taxation of the supply; Supply of certain waste, scrap, used material and services; Supply of allowances to emit greenhouse gases.	
Spain	Construction works, including the supply of staff for its performance, in the framework of development, construction or renovation of immovable property; Supply of CO_2 emission allowances; Supply of metal scrap and metal waste; Supply of investment gold and supply of gold material or semi-finished products of a purity of at least 325 thousandths; Supply of buildings in certain situations; Supply of immovable property within bankruptcy proceedings; Supply of immovable property made under enforcement of a security or with the obligation for the acquirer to settle the securitized debt; Supply of mobile phones, videogame consoles, laptop and tablet PCs, only where the customer is a reseller of the goods (traders habitually engaging in the resale of these goods) or, otherwise, where the total amount of supplies to one trader exceeds EUR 10,000; Supply of silver, platinum and palladium.	

Country	Domestic reverse charge system	Domestic split payment mechanism
Sweden	Supply of construction work, including repair, cleaning, maintenance, alteration and demolition services in relation to immovable property, including the handing over of construction works; Supply of staff engaged in the construction sector; Supply of CO_2 emissions allowances; Supply of used materials, scrap, waste and specific services; Supply of investment gold and gold products of a purity of at least 325 thousandths; 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; Supply of scientific, artistic and literary works provided to taxable persons. Supply of advertisement services provided by non-taxable persons to taxable persons.	Certain recipients of a number of specified services are required to withhold a percentage of the VAT charged to them by the service provider and remit it directly to the tax authorities (*partial withholding*). Among others, these services are (a) supervisory services for building construction, (b) scrap metal, glass, plastic and paper (in cases where the supplier waives the VAT exemption), (c) advisory, supervisory and audit services maintenance and (d) repair services for machinery, equipment and other fixed assets.
United Kingdom	Supply of investment gold and of gold products of a purity of at least 325 thousandths; Supply of CO_2 emissions allowances; Supply of mobile phones and integrated circuit devices if the value of the goods supplied exceeds GBP 5,000 (VAT inclusive). The value limit does not apply to services; Supply of gas through a natural gas system situated in the United Kingdom or any network connected to such a system and to electricity; Wholesale supply of electronic communication services; Supply of renewable energy certificates. Supplies of building and construction services by subcontractors to contractors.	

Notes:
1. For the purpose of this table, a "domestic reverse charge" regime refers to a VAT collection regime whereby the customer rather than the supplier of goods, services or intangibles is liable to remit the VAT to the tax authorities on a wholly domestic supply (i.e. a supply where both the supplier and the customer are established in the taxing jurisdiction). The supplier does not charge the VAT to the customer.
2. For the purpose of this table, a "domestic split payment mechanism" is a mechanism whereby the supplier remains liable to charge the VAT to the customer on a wholly domestic supply of goods, services or intangibles, but where (part of) this VAT is directly transferred to the tax authorities or to a specific (blocked) "VAT account" that may belong to the supplier or customer.
* Lithuania. Domestic reverse charge for supply of hard drives was applicable until 28 February 2022.
Source: national delegates; position as at 1 January 2022

Annex Table 2.A.13. 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	Reservation
Chile	Yes		Reservation	Reservation
Colombia	Yes		Reservation	Reservation
Costa Rica	Yes		Reservation	Reservation
Czech Republic	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 shows reservations provided by Art. 30 (1) (a), (b) and (d) of the MAAC. Reservations shown for Art. 30 (1) (a) in this table are those concerning forms of assistance other than those covered by (b) and (d) i.e. exchange of information, simultaneous tax examinations and tax examinations abroad.
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.
Source: National delegates, situation as at 1 January 2022.

Note

[1] OECD. Tax policy responses to COVID-19; table with measures taken by countries, http://www.oecd.org/tax/covid-19-tax-policy-and-other-measures.xlsm.

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), tobacco products (Section 3.4) and heating fuel oil for households (Section 3.5). The taxation of road fuels is discussed in Chapter 4 on vehicle taxation.

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 the three principal product groups that are subject to excise in all OECD countries: alcoholic beverages, mineral oils and tobacco products.

Before looking at the key characteristics of these three groups and their comparative treatment in different 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 manufacturing, wholesale stage or importation of the three main product groups.

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 the United States, excise duties are levied by the federal government and by many states and local governments. Federal excise taxes are collected by the Internal Revenue Service while states may impose the tax according to their own rules and rates.

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 *ad quantum*. Under an *ad quantum* excise (also referred to as 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. 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. Excise duties can also be levied as a mix of *ad valorem* and *ad quantum* excises in a number of cases, such as for instance the tobacco taxes as presented in Annex Table 3.A.4. *Ad quantum* taxes requires a precise definition of the nature and characteristics of the tax base (e.g. a litre of unleaded gasoline with 94 RON) while an *ad valorem* tax is simply based on the price of the excisable good.

Most excisable products naturally present a bundle of different characteristics (volume, weight, strength, octane, alcoholic or carbon content, etc.). *Ad quantum* taxes 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. Depending on the structure of the excise, its impact on production and consumption is different. For example, a specific *ad quantum* excise on beer (per % absolute alcohol in volume) may encourage brewers to develop varieties of beer, including more exclusive labels, that could be offered at higher prices while remaining subject to the same level of excise as the cheaper product. On the other hand, *ad valorem* taxes may discourage costly improvements in product quality or encourage consumers to switch to low-cost products. An *ad quantum* excise may be easier to administer, because it requires only the determination of the physical quantity of the product taxed.

The tax revenue raised from excise duties and the revenue impact of changes of the design of these taxes are influenced by a wide range of factors. When assessing the impact of change to excise duty regimes, it is 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 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.

There may be a case for a combination of *ad quantum* and *ad valorem* taxes 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, an *ad quantum* tax will for instance be less likely to reduce demand for the high value product and will raise less revenue from it than an *ad valorem* tax. 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 *ad quantum* taxes may reduce the price differentials). If the aim is to influence behaviour, the imposition of a higher aggregate tax on these expensive products will therefore be needed. To achieve this, an *ad valorem* tax can be combined with an *ad quantum* tax, which is common in tobacco taxation (see Section 3.3 below). Setting the "optimal" balance between *ad*

quantum and *ad valorem* components of excise will depend of the products concerned, the market structure and the policy objective; hence, there is no optimal balance between the two taxes in absolute (Keen, 1998[1])

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 while protecting certain sectors or small producers or to increase revenue or both.

3.2.2. 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 2020 when these taxes represented 6.9% of total tax revenue on average (see Annex Table 1.A.5). Although some large differences between countries can be observed, with excise accounting for 1.8% of total tax revenue in New Zealand and 17.2% in Türkiye, the weight of excise duties is between 4% and 9% of total tax revenue in the majority of OECD countries (28 out of 38). These taxes account for less than 5% of total taxes in nine OECD countries (Australia, Austria, Belgium, Canada, Israel, Japan, New Zealand, Switzerland and the United States). They account for more than 10% of total tax revenue in four OECD countries (Latvia, Lithuania, Mexico and Türkiye) down from thirteen OECD countries in 2010 (see also Chapter 1).

3.3. Alcoholic beverages

3.3.1. There has been a resurgence of taxation of alcoholic beverages as part of public health policies

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 share of these taxes in total taxation. There has however been a resurgence of interest in specific taxation of alcoholic beverages in recent years as a means of influencing consumer behaviour in line with public health policies.

Alcoholic beverages exist in a wide variety across the world 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 with which excise categories are intrinsically 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 Table 3.A.1 and Annex Table 3.A.2 cover products under CN codes 22.03 and 22.04. Annex Table 3.A.3 covers products not included in Annex Table 3.A.1 and Annex Table 3.A.2.

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 Table 3.A.1 and Annex Table 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 degree 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 and alcohol per volume but for tax purposes, it is assumed that 1% abv is equivalent to 2.5 degrees Plato. 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 Table 3.A.1.

Excise can be applied to alcoholic beverages in two main ways. The duty can be either *ad quantum* in relation to the alcoholic content of the product or *ad valorem* calculated according to the value of the product. The two methods are generally combined in OECD countries where both the volume based on alcohol content and the value of the product are taken into account for determining the total amount of taxes.

Member States of the European Union apply a harmonised structure for excise duties on alcohol and alcoholic beverages (Council Directives 92/83/EEC on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages; and 92/84/EEC on the approximation of the rates of excise duty on alcohol and alcoholic beverages; complemented by Directive EU 2020/262 laying down general arrangements for excise duty and their movement between Member States).

The World Health Organization recommends increasing taxes on alcoholic beverages as a one of the most cost-effective policies to lower drinking levels in order to combat alcohol-related diseases, including cardiovascular diseases, cancer and other non communicable diseases (World Health Organization, 2010[2]). From a public health perspective, it has been argued that the best duty structure links the taxation level to alcohol content, keeps pace with inflation and avoids substantial disparities between different beverage types (Colin Angus, 2019[3]). 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.

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 in beer (i.e. EUR 1.87 per hl/degree alc.), which is low enough not to be binding for the vast majority of the Member States and also provides for a possible reduction of excise for beer produced by small and independent breweries.

Annex 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 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 hectolitre per % abv (Czech Republic, Germany, Luxembourg, Slovak Republic and Türkiye) up to more than USD 20 (Finland, Ireland, New Zealand, Sweden and United Kingdom) and the highest levels being observed in Finland (USD 44.76) and Israel (USD 74.30). Three quarters of OECD countries (30 out of 38) apply reduced rates to small breweries, with a progressive increase in the tax rate according to their annual production in many cases. country notes to Table 3.A.1 illustrate the wide diversity of these tax regimes. Four OECD countries do not apply any *ad quantum* 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 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 member countries. Excise rates on wine vary widely across OECD countries from zero (Austria, Czech Republic, 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 more than USD 6 per litre in Norway. In 10 OECD countries, sparkling wine is subject to a higher excise rate than still wine (Belgium, Czech Republic, Denmark, France, Hungary, Ireland, Slovak Republic, Türkiye, the United Kingdom and the United States. Four OECD countries do not apply any *ad quantum* excise to wine but only *ad valorem* taxes (Chile, Colombia, Korea and Mexico).

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 other alcoholic beverages than beer and wine (Annex 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, Czech Republic, 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%), Iceland (11%) and Colombia (5%). 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 *ad quantum* excise to these alcoholic beverages but only *ad valorem* taxes (Chile, Colombia, Korea and Mexico). Country notes to Annex Table 3.A.3 provide a description of the specific regimes applied in OECD countries.

3.4. Tobacco products

3.4.1. Given their nature, tobacco products have long been an attractive source of revenue for governments

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. The World Health Organisation (WHO) provides economic evidence that increased taxes that are passed on to tobacco users effectively reduce tobacco consumption. 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 (World Health Organisation, 2021[4]).

As with alcohol and mineral oils, tobacco products are subdivided into a number of categories,0 i.e. cigarettes, cigars, cigarette rolling tobacco and pipe 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 and mineral oils, which are almost exclusively *ad quantum*, the majority of countries use a combination of *ad quantum* and *ad valorem* elements to calculate excise on tobacco products.

3.4.2. The total tax burden on cigarettes is above 60% of the consumer price in almost all OECD countries and above 75% in a majority of them

Annex Table 3.A.4 and Annex Table 3.A.5 show large differences in tax rates among OECD countries. Differences in tax levels can also exist in jurisdictions that allow excises to be levied at the sub-national level, such as in the United States where, for instance, local excise rates on a pack of 20 cigarettes (on top of the federal tax) range from USD 0.17 in Missouri and USD 0.37 in Georgia to USD 4.50 in the District of Columbia and USD 4.35 in Connecticut (Federation of Tax Administrators, 2022[5])

It should be noted that the individual rates or amounts of tax (*ad valorem/ad quantum* excise, VAT, duties, etc.) per type of tobacco product as shown in Annex Table 3.A.4 are not sufficient to assess the overall tax burden on those products. *Ad valorem* excises can be assessed on a range of bases (producer price, import price, retail price). A high *ad valorem* tax on a given product group can be balanced with a low *ad quantum* excise (or vice versa) when excise is levied on the basis of a mix of both *ad valorem* and *ad quantum* taxes. Also the combined effect of the VAT and the excise duties needs to be assessed. A better understanding of the relative taxation levels can be gained by calculating the total tax burden (TTB) as a share of the total retail selling price (RSP) of a given product to the final consumer. This is illustrated in Annex Table 3.A.5 that shows the total tax burden (*ad quantum* excise + *ad valorem* excise + VAT) for cigarettes as a share of the retail selling price (RSP) of a pack of 20 cigarettes in OECD countries, based on data extracted from the WHO database (World Health Organization, 2021[6]). This table shows that the total tax burden for a pack of 20 cigarettes varies widely across OECD countries, from 39.97% of the RSP in the United States (national average estimate of federal and local taxes) and 54.96% in Iceland to 88.23% in Finland and 87.64 % in Estonia. The tax burden is above 60% of the RSP in all the OECD countries, except in Iceland and the United States; and above 75% (as recommended by the WHO) in 21 OECD countries (Belgium, Chile, Czech Republic, Denmark, Estonia, Finland, France, Greece, Ireland, Israel, Italy, Latvia, Netherlands, New Zealand, Poland, Portugal, Slovak Republic, Slovenia, Spain, Türkiye and the United Kingdom). The figures provided by the WHO relate to the most sold brand (MSB) of cigarettes in the country. In the European Union, the tax rates calculations are rather based on the Weighted Average Price (WAP) of all brands sold on the market (since 2011). Annex Table 3.A.5 also shows that there may be substantial differences in the pre-tax prices, depending on the structure of the market, the geographic location (particularly taking into account the ease of cross-border shopping) and the relevant tax structure.

3.5. Heating fuel oil

3.5.1. In almost all OECD countries, heating fuel oil is taxed at lower rates than motor fuels

Annex Table 3.A.6 shows that almost all OECD countries tax heating fuel oil at lower rates than motor fuels, including automotive diesel, which is technically the same product. In the European Union, a

minimum rate is established by the Energy Tax Directive for heating fuel (EUR 0.021/litre), which is much lower than the rate for motor fuel (EUR 0.3/litre of diesel). Only Israel applies the same excise rate to both heating fuel oil and automotive diesel. The Netherlands applies a higher excise rate to heating oil than automotive diesel (see Annex Table 4.A.5).

The large differences in the excise duty rates are reflected in the wide variation in heating oil consumer prices across the OECD, ranging from USD 1.070/litre in Lithuania and 1.075/litre in Belgium to USD 1.958/litre in Denmark and USD 1.855/litre in Israel.

All OECD countries apply the standard VAT rate to heating fuel oil, except Ireland, Luxembourg and the United Kingdom (by contrast, none of the OECD countries applies a reduced VAT rate to automotive diesel or gasoline).

Four OECD countries (Hungary, Netherlands, Poland and Slovenia) reported a temporary reduction of their excise rates on heating fuel oil in the course of the year 2022 to counter rising energy costs (see country notes to Annex Table 3.A.6).

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Annex 3.A. Excise duty 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	5.88	≤12 500	3	3.53	0.00	0.00	20.0	No
				≤ 25 000	3.5	4.12			20.0	
				≤ 37 500	4	4.71			20.0	
				≤ 50 000	4.5	5.29			20.0	
Belgium*	EUR	5.01	5.89	≤ 12 500	4.36	5.13	0.00	0.00	21.0	No
				≤ 25 000	4.50	5.29			21.0	
				≤ 50 000	4.65	5.47			21.0	
				≤ 75 000	4.79	5.64			21.0	
				≤ 200 000	4.94	5.81			21.0	
Canada*	CAD	Country note		Country note	Country note		Country note		5.0/13.0 15.0	Yes
Chile*	CLP	Country note		Country note			Country note		19.0	No
Colombia*	COP	Country note		Country note			Country note		19.0	No
Costa Rica	CRC	Country note		Country note			Country note		13.0	
Czech Republic*	CZK	80.00	3.69	≤ 10 000	40.00	1.85	0.00	0.00	21.0	No
				≤ 50 000	48.00	2.21			21.0	
				≤ 100 000	56.00	2.58			21.0	
				≤ 150 000	64.00	2.95			21.0	
				≤ 200 000	72.00	3.32			21.0	
Denmark*	DKK	48.74	7.75	≤ 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	12.70	14.94	≤ 15 000	6.35	7.47	0.00	0.00	20.0	No
Finland*	EUR	38.05	44.76	≤ 5 000	19.03	22.39	0.00/24.75	0.00 – 29.12	24.0	No
				≤ 30 000	26.64	31.34			24.0	
				≤ 55 000	30.44	35.81			24.0	
				≤ 100 000	34.25	40.29			24.0	
France*	EUR	7.70	9.06	≤ 200 000	3.85	4.53	3.85	4.53	20.0	No
Germany*	EUR	1.97	2.32	≤ 5 000	0.98	1.15	0.00	0.00	19.0	No
				≤ 10 000	1.18	1.39			19.0	
				≤ 20 000	1.38	1.62			19.0	
				≤ 40 000	1.48	1.74			19.0	
Greece*	EUR	12.50	14.71	≤ 200 000	6.25	7.35	0.00	0.00	24.0	No
Hungary*	HUF	1620.00	5.34	≤ 200 000	810.00	2.67	0.00	0.00	27.0	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	%	
Iceland*	ISK	Country note		_	_	_	0.00	0.00	11.0	Yes
Ireland*	EUR	22.55	26.53	≤ 50 000	Country note		0.00 Country note	0.00	23.0	No
Israel*	ILS	240.00	74.30	_	_	_	Country note		17.0	No
Italy*	EUR	7.35	8.65	≤ 10 000	3.675	4.32	0.00 Country note	0.00	22.0	No
				≤ 30 000	5.145	6.05				
				≤ 60 000	5.880	6.92				
Japan*	JPY	Country note		≤ 100 000	Country note		_	_	10.0	No
Korea*	KRW	Country note					Country note		10.0	No
Latvia*	EUR	8.20	9.65	≤ 10 000	4.10	4.82	0.00	0.00	21.0	No
Lithuania*	EUR	7.82	9.20	≤ 10 000	3.91	4.60	0.00	0.00	21.0	No
Luxembourg*	EUR	1.98	2.33	≤ 50 000	0.98	1.15	0.00	0.00	17.0	No
				≤ 200 000	1.12	1.32			17.0	
Mexico*	MXN	26.50%					Country note	_	16.0	Yes
Netherlands*	EUR	Country note		≤ 200 000	Country note	_	0.00	0.00	21.0	Yes
New Zealand*	NZD	29.05	20.61				Country note	_	15.0	No
Norway*	NOK	Country note					Country note		25.0	Yes
Poland*	PLN	23.58	6.11	≤ 200 000	Country note		0.00	0.00	23.0	No
Portugal*	EUR	See note		≤ 200 000	Country note		0.00 Country note		23.0	No
Slovak Republic*	EUR	3.59	4.22	≤ 200 000	2.65	3.12	0.00	0.00	20.0	No
Slovenia*	EUR	12.10	14.24	≤ 20 000	6.05	7.12	0.00	0.00	22.0	No
Spain*	EUR	Country note		_	_	_	0.00 Country note	0.00	21.0	No
Sweden*	SEK	202.00	23.57	_	_	_	0.00	0.00	25.0	No
Switzerland*	CHF	Country note		≤ 55 000	Country note		Country note		7.7	Yes
Türkiye*	TRY	352.77	6.19	_	_	_	0.00	0.00	18.0	No
United Kingdom*	GBP	19.08	26.14	≤ 60 000	Country note		8.42	11.53	20.0	No
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 (2021) published in OECD Monthly Monetary Statistics (*stats.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 at 1 January 2022.

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 45.07 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 52.49 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 52.49 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 9.01 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 28.23 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 36.98 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 3.17 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 in February and August each year. Eligible manufacturers can receive 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 (see European Union country note below).

Canada. Excise duty rates for beer are imposed per hectolitre of product (not per hectolitre per degree alcohol). As of 1 January 2022 federal excise duty rates, on all beer or malt liquor containing: (1) more than 2.5% abv, CAD 34.00 per hectolitre; (2) more than 1.2% abv but not more than 2.5% abv, CAD 17.00 per hectolitre; (3) not more than 1.2% abv, CAD 2.822 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. The most recent inflationary adjustments took effect on 1 April 2022. 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 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 is levied on sales 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. 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 does not include the value of packages and bottles. It is a single-stage tax payed at the moment of 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 vary according the abv for each liquor and beer following these ranges: from 0 up to 15%, between 15% and up to 30%, and above 30%.

Czech Republic. 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 excise duty reduced by 50 percent. Production > 3 700 but ≤ 20 000 hl excise duty reduced by a percentage that equals to 168 607 divided by the produced amount in hl plus 4.43. Production > 20 000 but ≤ 200 000 hl the excise duty is reduced by a percentage 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 24.75 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 alcoholic content above 18% subject to an additional tax to support the social budget: EUR 48.97 per hectolitre. 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 25/litre public health product tax.

Iceland. The duty in Iceland is ISK 132 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) * 132 = ISK 495 per litre. As a result of this formula, beer with less than 2.25% abv is not taxed.

Ireland. There is remission or repayment of 50% alcohol products tax (excise duty) on beer brewed in independent small breweries producing up to 50 000 hl a year. Budget 2020 increased the qualifying production level from 40 000 to 50 000 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 240 on 1 January 2022. 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. The standard rate of excise duty, i.e. EUR 2.94 per hectolitre and per degree Plato, as well as the planned reductions for small independent breweries specified below, are valid for the year 2022 only. With regard to small independent breweries with annual production not exceeding 10 000 hectolitres, the excise rate is reduced by 50 percent (in comparison to the standard rate). For small breweries with annual production exceeding 10 000 hectolitres and up to 30 000 hectolitres, the excise rate is reduced by 30 percent. For small breweries with annual production exceeding 30 000 hectolitres and up to 60 000 hectolitres, the excise rate is reduced by 20 percent. Beer with actual alcoholic strength not exceeding 0.5 percent by volume is not subject to excise duty.

Japan. Excise rates are JPY 20 000 per hl of product. Reduced rates for small brewers (the production of liquor in previous year shall be up to 100 000 hl) apply for the first 2 000 hl of beer per year at the following rates: (a) if the production of beer in previous year is less than or equal to 10 000 hl, 85% of the normal rate; (b) if the production of beer in previous 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 (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 830.300 per kilolitre (as for beer sold in the container sized 8 litre or bigger that uses a separate dispensing tap before December 31, 2021, KRW 664.200 of tax rate applied). Each year, the beer tax rate is determined in accordance with the changes in the consumer price index. From 1 April 2022, the tax rate of beer is KRW 855.200 per kilolitre (as for beer sold in the container sized 8 litre or bigger that uses a separate dispensing tap before 31 December 2023, KRW 684.100 of tax rate applied).

Latvia. Starting from 1 March 2021 the excise per hectolitre per % abv is EUR 8.20; excise per hectolitre per % abv for small independent breweries is EUR 4.1 (not less than EUR 15.2 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. Rates for small breweries (annual production up to 200 000 hl) range from EUR 0.40 to EUR 0.45. 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 follows per hectolitre of product: a) up to 7° Plato (approx. 2,8 % abv) EUR 8.83; b) 7°-11° Plato (approx. 2,8 – 4,4 % abv) EUR 28.49; c) 11°-15° Plato (approx. 4,4 – 6 % abv) EUR 37.96; d) 15 or more degrees Plato (approx. 6 % abv or more) EUR 47.48. Rates for small breweries (annual production up to 200 000 hl) are as follows: a) up to 7° Plato the above mentioned rate; b) 7°-11° Plato EUR 26.35; c) 11-15 degrees Plato EUR 35.11; d) 15 or more degrees Plato EUR 43.92. For beer with a maximum alcohol content of 0.5%, a consumer tax of EUR 8.83 per hectolitre is applicable 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 29.054 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 0.43573 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 331; c) 2.7 - 3.7% abv: NOK 1 244; d) 3.7-4.7% abv: NOK 2 155. The excise rate for beer with an alcoholic content of more than 4.7% abv is NOK 482 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 8.34; (b) >1.2 ≤2.8% abv EUR 10.44; (c) > 2.8 ≤ 4.4% abv EUR 16.70; (d) > 4.4 ≤ 5.2% abv EUR 20.89; (e) > 5.2 ≤ 6% abv EUR 25.06; (f) >6% abv EUR 29.30 (rates as at 01 January 2022). 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): EUR 6.05 per hl per % abv. Exemption for natural persons if yearly production is less than 500 l. Reduced rate for small breweries (yearly production ≤ 20 000 hl) is 50% of the standard rate of excise duty for beer: EUR 6.05. 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 352.77per hectolitre/degree. If the amount computed according to the tax rate (63%) is lower than the minimum tax amount, the minimum tax amount is due.

United Kingdom. Beer with an alcoholic content below 1.2% abv is free of excise duty. Lower strength beer duty applies to beer with a strength between 1.2% to 2.8% abv. High strength beer duty was introduced on 1 October 2011 and is a duty applied to all beer exceeding 7.5% abv. It is charged in addition to general beer duty.

Reduced duty rates apply for independent breweries making 'Small Brewery Beer'. The rates are as follows;

- producing no more than 5 000 hl: 50% of the standard duty rate of duty
- producing more than 5 000 hl but no more than 30 000 hl – duty is calculated using the formula: Annual production minus 2500 /annual production x standard rate of duty
- producing more than 30 000 hl but no more than 60 000 hl – duty is calculated using the formula: Annual production minus (2500 minus 8.33% of annual production in excess of 30 000 hl)/annual production x standard rate of duty

Breweries making 'Small Brewery Beer' cannot claim a reduction in the rate of lower strength beer duty.

United States. The weighted average Federal and State excise tax rate is USD 20 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. There is no progressive rate structure based on alcohol content and no federal VAT.

European Union. According to Directive 92/83/EEC as amended by Council Directive 2020/1151, beer with an alcoholic content less than 0.5% abv. is not a beer and is not subject to excise duty in the EU.

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	88.13	21.00	23.91	28.13	21.00	256.32	301.55	21.00	23.91	28.13	21.00
Canada*	CAD	67.20	53.76	5.0/13.0 15.0	Country note	-	5.0/13.0 15.0	67.20	53.76	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
Czech Republic	CZK	0.00	0.00	21.00	0.00	0.00	21.00	2 340.00	107.93	21.00	0.00	0.00	21.00
Denmark*	DKK	1 126 Abv. >6 but ≤ 15 Country note	179.01	25.00	518 Abv. >1.2 but ≤ 6 Country note:	82.35	25.00	1 461 Abv. >6 but ≤ 15	232.27	25.00	853 Abv. >1.2 but ≤ 6 Country note:	132.75	25.00
		1 508 Abv. >15 but ≤ 22: Country note	239.75	25.00			25.	1 843 Abv. >15 but ≤ 22: Country note	293.00	25.00			
Estonia*	EUR	147.82	173.91	20.00	63.35	74.53	20.00	147.82	173.91	20.00	63.35	74.53	20.00
Finland*	EUR	421.00	495.29	24.00	Country note	-	24.00	421.00	495.29	24.00	Country note	-	24.00
France*	EUR	3.92	4.61	20.00	0.00	0.00	20.00	9.70	11.41	20.00	3.92	4.61	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	16 460.00	54.30	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	499.81	23.00	141.57	166.55	23.00	849.68	999.62	23.00	141.57	166.55	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

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	%
Japan*	JPY	9000.00	82.00	10.00	9 000.00	82.00	10.00	9000.00	82.00	10.00	9000.00	82.00	10.00
Korea*	KRW	Country note	-	10.00	Country note	-	10.00	Country note	-	10.00	Country note	-	10.00
Latvia*	EUR	111.00	130.59	21.00	111.00	130.59	21.00	111.00	130.59	21.00	111.00	130.59	21.00
Lithuania*	EUR	181.00	212.94	21.00	78	91.6	21.00	181.00	212.94	21.00	78.00	91.76	21.00
Luxembourg*	EUR	0.00	0.00	14 or 17	0.00	0.00	14 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	88.30	103.88	21.00	44.24	52.05	21.00	88.30	103.88	21.00	44.24	52.05	21.00
New Zealand	NZD	290,54	206.06	15.00	290.54	206.06	15.00	290,54	206.06	15.00	290,54	206.06	15.00
Norway*	NOK	5 784.00	673.34	25.00	Country note	-	25.00	5 784.00	673.34	25.00	Country note	-	25.00
Poland*	PLN	191.00	49.48	23.00	191.00	49.48	23.00	191.00	49.48	23.00	191.00	49.48	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	93.71	20.00	54.16	63.72	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	7.70	0.00	0.00	7.70	0.00	0.00	7.70	0.00	0.00	7.70
Türkiye*	TRY	1 734.57	196.00	18.00	2 958.49	334.29	18.00	11 719.16	1 324.18	18.00	2 958.49	334.29	18.00
United Kingdom*	GBP	297.57	407.63	20.00	91.68	125.59	20.00	381.15	522.12	20.00	91.68	125.59	20.00
United States*	USD	38.00	38.00	-	Country note	-	-	105.00	105.00	-	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 (2021) published in OECD Monthly Monetary Statistics (*stats.oecd.org*).

Source: National delegates; position as at 1 January 2022.

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 applies at 29% of the wholesale value of the wine, and generally only applies when an entity 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 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, 2022, a rate of CAD 0.672 per litre applies 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. The most recent inflationary adjustments took effect on April 1, 2022. 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. The sale from the retailer to the final consumer is not subject to this surtax and the retailer cannot deduct the input tax; nor is it levied with this tax the sale of wine in bulk made by producers to a taxpayer seller 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: a component ad valorem at 20% of the retail price (excluding taxes) and a specific component at COP 178 per grade of alcohol in a bottle of 750cc (value for year 2022). This specific component is equivalent to COP 237.33 per degree of alcohol in each litre, that is, COP 2 373 333 per hectolitre of pure alcohol. It is a monophasic tax payed at moment of import or exit of factory. 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.

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 287.00/hl; >8 % abv EUR 421.00/hl.

France. A reduced rate of EUR 1.34/hl applies to the following categories of low-alcohol wine: cider, perry, mead, grapes juice lightly sparking.

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 9870 per hectolitre of product, b) sparkling: HUF 16460 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 25520 per hectolitre of product.

Iceland. The duty rate is ISK 120.25 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. The duty for one litre of wine that contains 15% abv would be as follows: (15-2.25) * 120.25 = ISK 1533.2 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. From 1 October 2020, the excise rate is JPY 9000 per hl.

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. Excise for wine (still and sparkling) is EUR 111 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. For low alcohol wine < 1.2% abv the VAT rate is 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 482 per vol. pct. alcohol and per hectolitre.

Poland. Exemptions from excise for small wine producers: (1) production ≤ 1 000 hl a year: – 50% of the amount of excise duty calculated with the standard rate of excise duty on wine holding an annual certificate confirming total annual production issued by the competent head of the revenue office; the above rules also apply 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 calculated with 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 338.48/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 919; c) 4.5%-7% abv SEK 1358; d) 7%-8.5% abv SEK 1869; e) 8,5-15% abv SEK 2618; f) 15,0-18,0% abv SEK 5479.

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).

United Kingdom. Reduced rates for lower strength drinks (wine categories – wine and made-wine) are as follows: (a) exceeding 1.2% but not exceeding 4% abv = GBP 91.68; (b) exceeding 4% but not exceeding 5.5% abv = GBP 126.08; (c) low strength sparkling wine and made-wine exceeding 5.5% but less than 8.5% abv = GBP 288.10; (d) sparkling wine and made-wine at least 8.5% abv but not exceeding 15% abv = GBP 381.15. Rate for the band exceeding 15% abv but not exceeding 22% abv = GBP 396.72. The duty rates on wine and made-wine changed on 1 February 2019 to excise duty rate on still wine and made-wine 297.57.

United States. The weighted average Federal and State excise tax rate is USD 38 per hectolitre of product for still wine up to 16% abv and USD 105 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. 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. 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. 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. USD 3.30 per gallon over 750 000 gallons. 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.

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	6684.96	10.00	No	Country note		10.00	
Austria*	EUR	1 200.00	1141.76	20.00	Yes	Country note		20.00	
Belgium*	EUR	2 992.79	3520.93	21.00	No	Country note		21.00	
Canada*	CAD	1 273.60	1018.88	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	
Czech Republic*	CZK	32 250.00	1087.55	21.00	No	Country note		21.00	
Denmark*	DKK	15 000.00	2384.74	25.00	Yes	Country note		25.00	No
Estonia*	EUR	1 881	2212.94	20.00	No	147.82	173.91	20.00	No
Finland*	EUR	5 035.00	5923.53	24.00	No	Country note		24.00	
France*	EUR	1 806.28	2125.04	20.00	No	Country note		20.00	
Germany*	EUR	1 303.00	1532.94	19.00	Yes	Country note		19.00	
Greece*	EUR	2 450.00	2882.32	24.00	Yes	20.00	23.53	24.00	No
Hungary*	HUF	333 385.00	1099.77	27.00	Yes	Country note		27.00	
Iceland*	ISK	1 627 000.00	12812.03	11.00	No	Country note		11.00	
Ireland*	EUR	4 257.00	5008.24	23.00	No	Country note		23.00	
Israel	ILS	8 704.00	2694.74	17.00	No			17.00	
Italy*	EUR	1 035.52	1218.26	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	2028.24	21.00	Yes	111.00	130.59	21.00	
Lithuania*	EUR	2 163.00	2544.71	21.00	No	181 / 78	212.91 / 91.76	21.00	
Luxembourg*	EUR	1 041.15	1224.88	17.00	No	Country note		17.00	
Mexico*	MXN	53%	-	16.00	No	Country note		16.00	
Netherlands*	EUR	1 686.00	1983.53	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	82 200.00	9569.27	25.00	No	Country note		25.00	Yes
Poland*	PLN	6 903,00	1788.34	23.00	No	Country note		23.00	Yes
Portugal*	EUR	1 386.93	1631.68	23.00	Yes	10.44	12.28	23.00	No
Slovak Republic*	EUR	1 080.00	1270.59	20.00	No	Country note		20.00	Yes
Slovenia*	EUR	1 320.00	1552.94	22.00	Yes	Country note		22.00	
Spain*	EUR	958.94	1128.16	21.00	Yes	Country note		21.00	
Sweden*	SEK	51 659.00	6017.39	25.00	No	Country note		25.00	
Switzerland*	CHF	2 900.00	3186.81	7.70	Yes	Country note		7.70	
Türkiye*	TRY	48 198.75	5446.19	18.00	No	Country note		18.00	
United Kingdom*	GBP	2 874.00	3936.99	20.00	No	Country note		20.00	
United States*	USD	905.00	905.00	-	No	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 (2021) published in OECD Monthly Monetary Statistics (*stats.oecd.org*).

Source: national delegates. Position as at 1 January 2022.

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 of AUD 88.91 per litre of alcohol applies to excisable beverages (except beer and wine, where wine includes perry, mead and sake) where the alcohol content is greater than 1.15% abv. A lower rate of AUD 83.04 per litre of alcohol applies to brandy (distilled from grape wine). These rates are indexed to inflation in February and August of each year. Eligible distillers can receive 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 2022, spirits were subject to excise duty at the rate of CAD 12.736 per litre abv; spirits containing not more than 7% abv were subject to excise duty at the rate of CAD 0.322 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. The most recent inflationary adjustments took effect on April 1, 2022. 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. The sale from this retailer to the final consumer is not subject to the surtax and the retailer cannot deduct the input tax nor is levied with this tax the sale of wine in bulk made by producers to a taxpayer seller subject to this surtax.

Colombia. Alcoholic beverages are subject to a 5% VAT. Imported and national alcoholic beverages are subject to a consumption tax of 25% of the retail price (excluding taxes) and COP 262 per grade of alcohol in a bottle of 750cc (Value for year 2022). This specific component is equivalent to COP 349.33 per degree of alcohol in each litre, that is, COP 3 493 333.33 per hectolitre of pure alcohol. It is a monophasic tax payed at moment of import or exit of factory. As a rule, a territory (*"Departamento"*) must use the same taxable bases and the same rates that apply to the consumption tax, both in its specific component and in its ad valorem component. However, since it is a liquor monopoly, the territory can increase the rates in the two components (specific and ad valorem) or in 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 to a territory with monopoly is levied with 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. The law sets the tax rates, which are updated quarterly according to the variation of the consumer price index to the consumer by trimestral period. Liquor: Tax rates varies according

the abv for each liquor and beer following these ranges: from 0 up to 15%, between 15% and up to 30%, and above 30 %. Beer and similar: between 15% and 30%.

Czech Republic. The reduced rate of CZK 16 200 per hectolitre of pure alcohol applies for 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 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 beverage is 147.82 EUR per hectolitre of product. Excise duty rate on low alcohol other fermented beverage (up to 6%vol) is 63.35 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 5 035 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 287.00/hl; >8 % abv EUR 421.00/hl. Intermediate beverages are taxed as follows: >1.2 but not exceeding 15 % abv: EUR 501.00/hl; >15.00 % but not exceeding 22 % abv: EUR 771.00/hl.

France. Additional taxation for social budget: EUR 578.80 per hectolitre of absolute alcohol.

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 370per 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 reduced rate is limited to 43 litres of pure alcohol for private consumption per fruit grower household per year. The product with reduced rate should not be placed on the market, it is used by the household for its own consumption.

The excise duty rate for other fermented beverages is HUF 9 870/hectolitre of still product and HUF 16 460/hectolitre of sparkling product. The excise duty rate for intermediate products is HUF 25 520/hectolitre of product (definition of intermediate product is in Article 17 of Directive 92/83/EEC).

Undenatured ethyl alcohol is also subject to the public health product tax until 30 June 2022. From 1 July 2022, the public health product tax is incorporated into the excise duty:

a) If its alcohol content is more than 1.2 per cent by volume, but not less than 5 per cent by volume, HUF 25/litre,

b) If its alcohol content is 5 per cent by volume or more, but not less than 15 per cent by volume, HUF 120/litre,

c) If its alcohol content is 15 per cent by volume or more, but not less than 25 per cent by volume, HUF 360/litre,

d) If its alcohol content is 25 per cent by volume or more, but not less than 35 per cent by volume, HUF 600/litre,

e)) If its alcohol content is 35 per cent by volume or more, but not less than 45 per cent by volume, HUF 850/litre,

f) If its alcohol content is 45 per cent by volume or more, 1100 HUF/litre.

Ready-to-drinks are subject to a HUF 25/litre public health product tax.

Iceland. Excise rate shown in the table is the rate for other alcohol than beer or wine up to 15% abv. The rate is ISK 162.7 per each centilitre of alcohol.

Ireland. This table illustrates the tax per hectolitre of absolute alcohol for spirits. However, 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 309.84/hl and sparkling >8.5% abv: EUR 619.70/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.

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 percent by volume but not 22 percent 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 percent 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 11 000. Of the above, reduced rates for small producer of shochu Group A, B and sake (the production of liquor in previous year shall be up to 100 000 hl) apply for the first 2 000 hl of shochu. Group A, B or sake per year at the following rates: (1) if the production of shochu Group A, B or sake in previous year is less than or equal to 10 000 hl, 80% of the normal rates; (2) if the production of shochu Group A, B or sake in previous year is more than 10 000 hl but less than or equal to 13 000 hl, 90% of the normal rates (temporary measure).

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 2021 the excise rate is EUR 1724 per hectolitre of absolute alcohol. The reduced excise rate for ethyl alcohol produced by small distillery (not more than 10 hl of absolute alcohol) is applied since 1 March 2019. Starting from 1 March 2021 the reduced rate is EUR 862 per hectolitre of absolute alcohol. Starting from 1 July 2022 the reduced excise rate (50% of standard rate) for fermented beverages produced by 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 32 per hectolitre of fermented beverages; exceeding 6% abv – EUR 55 per hectolitre of fermented beverages.

Lithuania. Other fermented beverages below 8.5% abv are taxed at EUR 78 per hectolitre of product; other fermented beverages above 8.5% abv are taxed at EUR 181 per hectolitre of product. Starting from 1 January 2022, intermediate products below 15% abv are taxed at 200.00 per hectolitre of product; intermediate products above 15% abv are taxed at 285.00 per hectolitre of product.

Luxembourg. Additional rate for alcopops: EUR 600 per hectolitre.

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. For low alcohol spirits with an alcoholic content <1.2% the VAT rate is 9%.

New Zealand. For alcoholic beverages with 9-14% abv, the excise rate is NZD 2.9054 per litre. For alcoholic beverages above 14% abv, the excise rate is NZD 52.916 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 331; c) 2.7-3.7% abv: NOK 1 244; d) 3.7-4.7% abv: NOK 2 155. 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 per cent alcohol by volume, produced by small breweries (production below 500 000 litres annually): NOK 1 724 per hectolitre for volumes up to and including 50 000 litres annually. NOK 1 832 per hectolitre for volumes from 50 000 up to and including 100 000 litres annually. NOK 1 940 per hectolitre for volumes from 100 000 up to and including 150 000 litres annually. NOK 2 047 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). This figure (Tax per hectolitre of absolute alcohol) can therefore not be provided.

Portugal. Intermediate products are taxed at EUR 76.10/hl; Ethyl alcohol/spirits: EUR 1 386.93/hl (rates as at 01 January 2020). Other fermented beverages: EUR 10.44/hl (rates as at 01 January 2022). 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 on private home producer in max. 25 l absolute alcohol per year.

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.

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 follow: a) <2.25% abv SEK 0; b) 2.25%-4.5% abv SEK 919; c) 4.5%-7% abv SEK 1358; d) 7%-8.5% abv SEK 1869; e) 8.5%-15% abv SEK 2618. Intermediate products, a) 1.2%-15% abv SEK 3299; b) 15%-22% abv SEK 5479. Ethyl alcohol, 100 % abv SEK 51659.

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 rates for certain types of wines: 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 drinks over 22% are taxed as spirits. Most other mixtures of spirits with other types of alcohol are also taxed as spirits. The duty rates for cider and perry are: still cider and perry exceeding 1.2% but less than 6.9% abv =GBP 40.38. Still cider and perry at least 6.9% but not exceeding 7.5% abv = GBP 50.71. Sparkling cider and perry exceeding 1.2% abv but not exceeding 5.5% abv = GBP 40.38. Sparkling cider and perry exceeding 5.5% but less than 8.5% abv = GBP 288.10.

United States. The weighted average Federal and State excise tax rate for undenatured ethyl alcohol is USD 905 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.

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	Minimum overall excise rate per 1000 cigarettes[3]		Specific excise per 1 000 cigars		Excise on value	Minimum overall excise rate per 1000 cigars		Specific excise per 1 000 grams		Excise on value	Minimum overall 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	1119.05	841.39	0.00			Country note	-	0.00			1598.64	1201.98	0.00			10.00
Austria*	EUR	68.00	80.00	34.50	153,63	180.74	0.00	0.00	13.00			0.00	0.00	56.00	130	152.94	20.00
Belgium*	EUR	81.47	95.85	40.04			0.00	0.00	10.00			63.31	74.48	31.50			21.00
Canada*	CAD	145.45	116.36	00.00			Country note	-	Country note			181.81	145.45	00.00			5.0/13.0/15.0
Chile*	CLP	55819.99	73.55	30.00			Country note		52.60			Country note		59.70			19.00
Colombia*	COP	140 000	37.40	10.00			140 000.00	37.40	10.00			223 000.00	59.67	10.00			19.00
Costa Rica*	CRC	24 064	38.76	22.00			Country note	-				Country note					13.0
Czech Republic	CZK	1880.00	86.72	30.00	3 360		2190.00	101.01	-			2860.00	131.92	-			21.00
Denmark*	DKK	1 935.40	307.69	1.00			1 185.10	188.41	10.00	2 279	362.32	1 550.90	246.57	0.00			25.00
Estonia*	EUR	91.30	107.41	30.00	152.85	179.82	151.00	177.65	10.00	211.00	248.24	101.90	119.88	0.00			20.00
Finland*	EUR	83.20	97.88	52.00	322.40	379.29	65.20	76.71	34.00	322.40	379.29	59.50	70.00	52.00	214.30	252.12	24.00
France*	EUR	63.60	74.82	55.00	336.70	396.12	48.70	57.29	36.30	268.90	316.35	83.50	98.24	49.10			20.00
Germany*	EUR	108.8	128.00	19.84	Country note		14.00	16.47	1.47	Country note		49.65	58.41	16.00	Country note		19.00
Greece*	EUR	82.50	97.06	26.00			0.00	0.00	35.00			170.00	200.00	0.00			24.00
Hungary*	HUF	26 000	85.77	23.00			4 400.00	14.51	14.00			23 600.00	77.85	0.00			27.00
Iceland*	ISK	27 102.50	213.42	0.00			Country note	-	0.00			30 150.00	237.42	Country note			24.00
Ireland*	EUR	383.42	451.08	8.83			Country note	-	0.00			418.01	491.78	0.00			23.00

Country	Currency	Cigarettes					Cigars[2]					Rolling tobacco for cigarettes					VAT
		Specific excise per 1 000 cigarettes		Excise on value	Minimum overall excise rate per 1000 cigarettes[3]		Specific excise per 1 000 cigars		Excise on value	Minimum overall excise rate per 1000 cigars		Specific excise per 1 000 grams		Excise on value	Minimum overall 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	408.12	126.35	Country note			0.00	0.00	Country note			583.04	180.51	0.00			17.00
Italy	EUR	22.09	25.99	59.80			0.00	0.00	23.50			0.00	0.00	59.00			22.00
Japan*	JPY	15244.00	138.90	0.00			15244.00	138.90	0.00			15244.00	138.90	0.00			10.00
Korea*	KRW	145 720.00	127.38	64.76			Country note	-	0.00			103 200.00	91.20	0.00			10.00
Latvia	EUR	98.00	115.29	15.00	128.40	151.06	115.20	135.53	-			85.90	101.06	-			21.00
Lithuania*	EUR	74.30	87.41	25.00	122.50	144.12	Country note	-	-	-		97.00	114.12	-	-		21.00
Luxembourg*	EUR	18.89	22.22	46.65			0.00	0.00	10.00			16.50	19.41	33.15			17.00
Mexico*	MXN	548.40	27.05	41.01	None		Country note	-	Country note	None		Country note	-	Country note	None		16.00
Netherlands	EUR	223.82	263.32	5.00	243.25	286.18	0.00	0.00	9.00			160.91	189.31	0.00			21.00
New Zealand*	NZD	Country note	-	0.00			Country note	-	0.00			Country note	-	0.00			15.00
Norway	NOK	2 950.00	343.42	0.00			2 950.00	343.42	0.00			2 950.00	343.42	0.00			25.00
Poland*	PLN	228.10	59.09	32.05	487.55	126.31	433.00	112.18	-	Country note		155.79	40.36	32.05	313.42	81.20	23.00
Portugal*	EUR	101.00	118.82	14.00	137.53	161.80	0.00	0.00	25.00			81.00	95.29	15.00			23.00
Slovak Republic*	EUR	74.60	87.76	23.00	116.50	137.06	76.70	90.24	-			89.30	105.106	0.00			20.00
Slovenia*	EUR	78.947	92.88	22.77			0.00	0.00	6.30			48.00	46.62	37.00			22.00
Spain	EUR	24.70	29.06	51.00	131.50	154.71	0.00	0.00	15.80	41.5	48.42	23.50	27.65	41.50	98.75	116.18	21.00
Sweden*	SEK	1600.00	186.70	1.00			1 410.00	164.53	0.00			1 957.00	228.35	0.00			25.00
Switzerland*	CHF	118.32	130.02	25.00	212.20	233.19	5.60	6.15	1.00			38.00	41.76	25.00	80	87.91	7.70
Türkiye*	TRY	715.00	80.79	63.00			864.20	97.65	45.00	646.60	73.06	837.00	94.58	55	92.10	10.41	18.00
United Kingdom*	GBP	262.90	360.14	16.50			327.92	449.21	0.00			302.34	414.16	0.00			20.00

Country	Currency	Cigarettes					Cigars[2]					Rolling tobacco for cigarettes					VAT
		Specific excise per 1 000 cigarettes		Excise on value	Minimum overall excise rate per 1000 cigarettes[3]		Specific excise per 1 000 cigars		Excise on value	Minimum overall excise rate per 1000 cigars		Specific excise per 1 000 grams		Excise on value	Minimum overall 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 States*	USD	132.00	132.00	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 (2021) published in OECD Monthly Monetary Statistics (*stats.oecd.org*).

1. RSP. Retail selling price.

2. Cigars. Japan tax 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. Minimum excise rates (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 also applies, which is not reflected in the table itself but mentioned in the Country note for the EU.

Source: National delegates. Position as at 1 January 2022.

Annex Box 3.A.4. Country notes to Annex Table 3.A.4. Taxation of Tobacco

Australia. The excise rate of AUD 1.11905 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 1598.64 per kilogram of tobacco content. These rates apply from 1 January 2022.

Austria. The excise duty on cigars is 13% of RSP, at least EUR 100 for 1 000 pieces. As of 01/04/2022, rates for cigarettes changed to 33% of RSP and 73 EUR per 1000 pieces; moreover, minimum overall excise duty per 1000 cigarettes increased to 157.98 EUR. The minimum excise duty on cigarettes is 98% of the total excise duty burden on cigarettes falling under the WAP. Minimum excise duty on rolling tobacco for cigarettes is EUR 130 per kg, and 140 EUR per kg as of 01/04/2022.

Belgium. New excise duty rates as from the 1 April 2022: For cigarettes the specific excise is now EUR 90.05 per 1 000 cigarettes. For cigars, the excise on value is now 11.5 %. For rolling tobacco for cigarettes the specific excise changed to EUR 75.17 per 1 000 grams. The other taxes remain the same as on 01 January 2022.

Canada. As of 1 January 2022, the excise duty on cigars was CAD 31.65673 per 1 000 cigars plus an additional excise duty based on the greater of CAD 0.11379 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 2022. 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 to a Monthly Tax Unit per cigarette in a cigarette's pack (Monthly Tax Unit: CLP 54 171 or USD 63.71 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 price with taxes. Cigarettes, cigars, cigarillos and cigarillos: COP 2 800 COP for each pack of 20 units. Fine-cut tobacco, snuff or chimú: COP 223 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's category gathers the 99% of selective consumption and value added taxes and it includes the cigarettes, cigars and rolling tobacco for cigarettes tax collections.

Czech Republic. As of 1 January 2022, excise duty rates on all types of tobacco products increased by 5 % in comparison to the year 2021.The same tax increase applied to heated tobacco products. These products are subject to the excise tax under a separate category. Excise duty rate on heated tobacco is set at the same level as the tax rate for smoking (rolling) tobacco.

Denmark. The excise tax for other smoking tobaccos than rolling tobacco (e.g. coarse cut tobacco) is DKK 1500.90/1 000 g.

Estonia. For cigarettes, the minimal excise amount to be paid is EUR 152.85 per 1000 items. For cigars and cigarillos, the minimal excise amount to be paid is EUR 211 per 1000 items.

Finland. Cigarette paper: excise 60% of RSP. Other smoking tobacco: EUR 83.50 /kg and 48 % of RSP. Heated tobacco products: EUR 0.30/g. E-liquids (with nicotine or without nicotine) EUR 0.30/ml. The rates will be increased as of 1 July 2022, 1 January 2023 and 1 July 2023.

France. The minimal excise amounts to be paid are EUR 336.7 per 1000 items for cigarettes, EUR 268.9 per 1000 items for cigars and EUR 305.3 per 1000g for rolling tobacco for cigarettes.

Germany. The minimum overall excise rate per 1000 cigarettes is EUR 222.76 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 66.32 less VAT of the TIRSP. The minimum overall rate per 1000 grams rolling tobacco for cigarettes is EUR 102.65 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 24/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 15.00/kg is levied. As of 1 July, an excise duty of EUR 0.16/ml will be 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 39 300 per 1000 pieces for cigarettes, HUF 4 400 per 1000 pieces for cigar and cigarillo. VAT as % of tax included retail selling price is 21.26%.

Iceland. There is no specific excise rate for a piece of cigar. The rate is ISK 30 150 per 1000 grams of cigars (i.e. the same rate as for rolling tobacco).

Ireland. The rate of excise duty on cigarettes is EUR 383.42 per 1000 cigarettes together with an amount equal to 8.83% of the price at which the cigarettes are sold by retail or EUR 434.19 per 1000 cigarettes, whichever is the greater. The rate of excise duty on cigars is EUR 434.496 per kilogram. The rate of excise duty on fine-cut tobacco for the rolling of cigarettes is EUR 418.010 per kilogram. Other smoking tobacco is subject to excise duty at a rate of EUR 301.434 per kilogram.

Israel. Excises on value for cigarettes are 270% of the wholesale price plus ILS 408.12 per 1000 cigarettes and for cigars the excise is 90% of the wholesale price and not less than ILS 74.02 per kilogram. Excises on value for rolling tobacco are 270% of the wholesale price plus ILS 583.04 per kilogram and not less than ILS 1116.91 per kilogram.

Italy. An overall minimum tax, i.e. excise duty plus VAT, was introduced from 1 January 2015. Starting from 16 January 2021 such tax amounts to EUR 193.21 for 1 000 cigarettes (i.e. 96.22% 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) levies on tobacco since 2015.

Lithuania. The excise rate for cigars and cigarillos is set per kilogram at a rate of EUR 66.00/kg. From 1 March 2019 liquids for e-cigarettes are subject to excise duty, and the excise duty rate for them is EUR 0.15 per ml of the product from 1 January 2022. 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 45.6 per 1 000 items.

Luxembourg. As of the 1st February 2022 the excise duties applicable are: 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 on the retail price. In addition a charge of MXN 0.5484 should be paid for each sold or imported cigarette. This charge also applies for

cigars and other tobacco (MXN 0.5484 per each 0.75 grams), with the exemption 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 030.90 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 1 469.03 per kilo tobacco content. The excise rate for other tobacco products, such as snuff, cigars, cheroots and cigarillos is NZD 1 288.59 per kilo of tobacco content.

Poland. Since 1 January 2015, the excise duty rate for cigars is calculated on a 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. Rates applicable on 1 January 2021. Excise duty on cigarettes is reduced to: (1) EUR 34.00 per 1000 and 42% on value for cigarettes sold in Azores Islands and made by small producers from the Azores and Madeira Islands; (2) EUR 82.34 per 1000 and 18% on value for cigarettes sold in Madeira Island and made by small producers from the Azores and Madeira Islands.

Slovak Republic. As of the 1st February 2022 the excise duty rates applicable are: cigarettes specific excise per 1 000 cigarettes: EUR 79.60; Excise on value: 23.00%; Minimum overall excise rate per 1000 cigarettes: EUR 124.30; Rolling tobacco for cigarettes Specific excise per 1 000 grams: EUR 95.30. Tax on rolling tobacco for cigarettes includes other smoking tobacco. The excise for cigars is EUR 76.70/kg. The rates will be increased as of 1 February 2023. Heated tobacco products: the tax base is the weight of tobacco in the smokeless tobacco product, expressed in kilograms, the excise duty rate applicable at 1 January 2022 was EUR 132,20/kg and as of the 1st February 2022 the excise duty rate is EUR 160/kg. The rate will be increased as of 1 February 2023 as well.

Slovenia. Minimum excise duty is EUR 123 per 1 000 cigarettes. Minimum excise duty is EUR 105 per kilo of rolling tobacco for cigarettes. Minimum excise duty for cigars is EUR 48 per 1 000. As of 1 April 2022, minimum excise duty is EUR 126 per 1 000 cigarettes. Specific excise per 1 000 cigarettes is EUR 80.447, Excise on value is 23.54%.

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) yields 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) yields CHF 80.00 per 1 000 grams.

Türkiye. Minimum tax amount per 1000 cigarettes is TL 719.70. Specific tax amount is TL 0.7150 for 1 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 for 1 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 at 1 January 2022 were set at GBP 144.17 and GBP 270.22 per kilo respectively.

United States. State taxes vary widely. The weighted average of Federal and State taxes per thousand cigarettes is USD 132.00. 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. Member States that apply excise duty of EUR 115 or more, however, do not need to comply with the 60% criterion above.

Annex Table 3.A.5. Tax burden as a share of total price for cigarettes (year 2020)

Country	Ex-tax price (USD)[1]	Specific excise	Excise on value	Total tax share % RSP	Price of a 20 cigarettes pack		
					Currency	Price(RSP in local currency)	Price (RSP in USD)[2]
Australia	5.26	Yes	No	73.91	AUD	29.30	20.15
Austria	1.65	Yes	Yes	74.52	EUR	5.70	6.49
Belgium	1.79	Yes	Yes	76.95	EUR	6.80	7.74
Canada	3.67	Yes	No	61.71	CAD	12.85	9.58
Chile	0.77	Yes	Yes	80.04	CLP	3044.00	3.84
Colombia*	0.37	Yes	Yes	73.13	COP	5152.00	1.39
Costa Rica	1.75	Yes	Yes	53.62	CRC	2200.00	3.76
Czech Republic*	1.06	Yes	Yes	77.17	CZK	108.00	4.65
Denmark	2.05	Yes	Yes	77.98	DKK	61.00	9.32
Estonia*	0.56	Yes	Yes	87.64	EUR	4.00	4.56
Finland	1.16	Yes	Yes	88.23	EUR	8.60	9.85
France	1.91	Yes	Yes	83.23	EUR	10.00	11.39
Germany	2.91	Yes	Yes	63.54	EUR	7.00	7.97
Greece	1.01	Yes	Yes	80.84	EUR	4.65	5.30
Hungary	1.32	Yes	Yes	72.72	HUF	1485.00	4.82
Iceland	4.82	Yes	No	54.96	ISK	1449.00	10.70
Ireland	3.25	Yes	Yes	78.87	EUR	13.50	15.38
Israel	1.66	Yes	Yes	83.21	ILS	34.00	9.88
Italy	1.57	Yes	Yes	76.59	EUR	5.90	6.72
Japan	1.86	Yes	No	61.03	JPY	510.00	4.78
Korea	1.00	Yes	No	73.86	KRW	4500.00	3.81
Latvia	0.85	Yes	Yes	79.90	EUR	3.70	4.21
Lithuania	1.23	Yes	Yes	74.02	EUR	4.15	4.73
Luxembourg	1.95	Yes	Yes	68.27	EUR	5.40	6.15
Mexico*	1.00	Yes	Yes	67.57	MXN	66.00	3.08
Netherlands	2.08	Yes	Yes	77.17	EUR	8.00	9.11
New Zealand	3.49	Yes	No	82.00	NZD	29.90	19.42
Norway	5.27	Yes	No	61.55	NOK	129.00	13.70
Poland	0.91	Yes	Yes	78.40	PLN	16.50	4.23
Portugal*	1.07	Yes	Yes	78.61	EUR	4.40	5.01
Slovak Republic	0.87	Yes	Yes	76.72	EUR	3.46	3.78
Slovenia	0.92	Yes	Yes	78.67	EUR	3.80	4.33
Spain	1.24	Yes	Yes	78.24	EUR	5.00	5.69
Sweden	2.36	Yes	Yes	68.06	SEK	68.00	7.38
Switzerland	3.70	Yes	Yes	59.63	CHF	8.60	9.16
Türkiye	0.40	Yes	Yes	84.88	TRY	18.50	2.64
United Kingdom	2.74	Yes	Yes	79.25	GBP	10.30	13.21
United States	4.14	Yes	No	39.97	USD	7.33	7.33

* See country notes.

This table shows the total tax burden expressed as a percentage of all taxes in the retail selling price (RSP) of a pack of 20 cigarettes (Most Sold Brand). According to WHO practices, it shows the prices and taxes applicable on 31 July of the year considered (here 31 July 2020), except for Canada, and the USA where the annual averages (2020) are used.

1. Ex-tax price for a pack of 20 cigarettes is an estimate calculated from the retail selling price (= price to the consumer all taxes included - RSP) and the total tax share as a percentage of this RSP i.e. ex-tax price = RSP-[RSP x total tax share/100].

2. Conversion in USD: market exchange rates for 2020 – OECD Statistics.

Source: World Health Organisation (World Health Organisation Report on the Global Tobacco Epidemic 2021, raising taxes on tobacco – Annex IX).

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

Colombia. For consumption tax on cigarettes and tobacco collected by the territories (*"departmentos"*), please see Country note to Table 3.4.

Czech Republic. Weighted Average Price of cigarettes (WAP) calculated in line with the EU legislation was 5749 CZK/1000 pcs of cigarettes in 2021.

Denmark. The price from WHO is for the "most sold brand". The "average price" of all brands was 54,02 DKK and the Total tax share % RSP was 85,35.

Estonia. Weighted average price (WAP) of cigarettes is 4.47 EUR per pack of 20 cigarettes in 2021. Excise share in WAP is 68.7% and excise share with VAT is 85.37%. Price without excise and VAT is 0,654 EUR (on bases of excise duty rate and WAP in 2021).

Finland. Average price for cigarettes 1.7.-31.12.2020: 8.65 per 20 cigarettes pack.

Greece. On 31/07/2021 the WAP was 209.74 EUR per 1000 cigarettes.

Latvia: WAP of 1000 cigarettes was 189.40 euro in 2021.

Mexico. Prices and taxes are collected and calculated as of February 2021.

Portugal. As of July 2021 the price of the most sold brand has increased from 4.40 to 4.50 (Total tax share % RSP 7 759).

Slovak Republic. Weighted Average Price of cigarettes (WAP) was 172.99 EUR/1 000 pcs of cigarettes in 2020 and 197.19 EUR/1000 pcs of cigarettes in 2021.

Canada and the United States. National average estimates calculated for prices and taxes reflect the fact that different rates are applied by state/province over and above the applicable federal tax.

Annex Table 3.A.6. Taxation of light fuel oil for households (per litre, 1st Quarter 2022)

Country		Ex-tax price[1]		Excise[2]	VAT rate[3]	VAT amount	Total tax	Total price		Total tax as % of total price
	Currency	National currency	USD[4]	National currency	%	National currency	National currency	National currency	USD[4]	
Australia*	AUD	Country note			10.00					
Austria*	EUR	0.845	0.949	0.109	20.00	0.191	0.300	1.145	1.285	26.2
Belgium*	EUR	0.773	0.868	0.019	21.00	0.166	0.185	0.958	1.075	19.3
Canada*	CAD	1.220	0.963	0.107	5.00	0.066	0.173	1.393	1.100	12.4
Chile*	CLP	796.062	0.985	0.000	19.00	151.252	151.252	947.314	1.172	16.0
Colombia*	COP	Country note								
Costa Rica*	CRC	Country note								
Czech Republic*	CZK	19.877	0.905	0.660	21.00	6.263	6.923	26.800	1.220	25.8
Denmark*	DKK	7.103	1.071	3.280	25.00	2.596	5.876	12.979	1.958	45.3
Estonia	EUR	0.956	1.073	0.058	20.00	0.203	0.261	1.217	1.366	21.4
Finland*	EUR	0.942	1.058	0.276	24.00	0.292	0.568	1.510	1.696	37.6
France	EUR	0.911	1.023	0.156	20.00	0.213	0.369	1.280	1.437	28.9
Germany*	EUR	0.817	0.917	0.142	19.00	0.182	0.324	1.141	1.281	28.4
Greece*	EUR	0.781	0.877	0.280	24.00	0.255	0.535	1.316	1.477	40.6
Hungary*	HUF	Country note			27.00					
Iceland*	ISK	Country note			24.00					
Ireland*	EUR	0.822	0.923	0.158	13.50	0.132	0.290	1.112	1.249	26.1
Israel	ILS	2.348	0.734	2.998	17.00	0.909	3.907	6.255	1.956	62.5
Italy*	EUR	0.902	1.013	0.403	22.00	0.287	0.690	1.592	1.787	43.3
Japan*	JPY	98.664	0.849	2.800	10.00	10.146	12.946	111.610	0.961	11.6
Korea*	KRW	1023.895	0.850	72.450	10.00	109.635	182.085	1205.980	1.001	15.1
Latvia*	EUR	0.815	0.915	0.073	21.00	0.186	0.259	1.074	1.206	24.1
Lithuania	EUR	0.767	0.861	0.021	21.00	0.165	0.186	0.953	1.070	19.6
Luxembourg*	EUR	0.780	0.876	0.077	14.00	0.120	0.197	0.977	1.097	20.2
Mexico*	MXN	Country note								
Netherlands*	EUR	0.851	0.955	0.537	21.00	0.291	0.828	1.679	1.885	49.3
New Zealand*	NZD	Country note								
Norway*	NOK	Country note								
Poland	PLN	3.944	0.958	0.232	23.00	0.960	1.192	5.136	1.248	23.2
Portugal	EUR	0.838	0.941	0.389	23.00	0.282	0.671	1.509	1.694	44.5

Country		Ex-tax price[1]		Excise[2]	VAT rate[3]	VAT amount	Total tax	Total price		Total tax as % of total price
	Currency	National currency	USD[4]	National currency	%	National currency	National currency	National currency	USD[4]	
Slovak Republic*	EUR	Country note								
Slovenia*	EUR	0.637	0.715	0.187	22.00	0.181	0.368	1.005	1.129	36.6
Spain*	EUR	0.776	0.871	0.097	21.00	0.183	0.280	1.056	1.186	26.5
Sweden*	SEK									
Switzerland*	CHF	0.724	0.784	0.324	7.70	0.081	0.405	1.129	1.222	35.9
Türkiye*	TRY	11.858	0.851	1.137	18.00	2.339	3.476	15.334	1.100	22.7
United Kingdom	GBP	0.748	1.004	0.111	5	0.043	0.154	0.902	1.210	17.1
United States*	USD	1.099	1.099		0.00	0.000	0.054	1.153	1.153	4.7

Notes:

* Country note

1. Pre-tax price is the price excluding VAT and excise.

2. Excise taxes are expressed in local currency per litre. They include all non-VAT taxes levied on the product. For the purposes of this table, payments made to specific bodies that use all the amounts collected to accomplish specific missions (e.g. some emergency stock fees) are not considered as "taxes" and are included in the ex-tax price. When different rates apply to the same product depending e.g. on its biofuel or sulphur content, the rate shown is the one applicable to the most commonly used fuel in the country, subject to possible country notes.

3. GST for Australia, Canada and New Zealand, sales taxes for the United States and Consumption Tax for Japan. VAT for all other countries.

4. Conversion of national currency in USD: conversion rates are average market rates (Q1 2022) published in OECD Monthly Monetary Statistics (stats.oecd.org).

Source: IEA (2022), Energy Prices database and Energy Prices documentation, International Energy Agency. Average prices and taxes as at 1st quarter 2022. Available at https://www.iea.org/data-and-statistics/data-product/energy-prices and https://www.iea.org/data-and-statistics/data-product/energy-prices#documentation.

Annex Box 3.A.6. Country notes to Annex Table 3.A.6. Taxation of light fuel oil for households (per litre, 1st Quarter 2022)

Australia. No data is available.

Austria. The excise amount shown in the table includes the Mineral Oil Tax (EUR 0.098/l that applies to light fuel oil with sulphur content ≤ 10mg/kg. Otherwise, the excise duty is EUR 0.128/l) and the Emergency Stock Fee (EUR 0.0112/l).

Belgium. The excise amount shown in the table applies to fuel oil with a sulphur content ≤ 10 mg/kg.

Canada. Fuel oil is assumed to be heating oil. There is no federal or provincial fuel tax on heating oil. The federal GST rate is 5%. Most provinces do not apply their provincial GST/retail sales tax on heating oil. Provincial taxes (incl. Sales taxes, HST and QST) are considered as part of excise taxes and are calculated by subtracting the federal GST amount, calculated using the applicable federal rate, from the total taxes reported in NRCan's website (IEA Energy Prices Documentation 2022).

Chile. Domestic Kerosene is covered by the Oil Price Stabilisation Fund (*Fondo de Estabilización de Precios del Petróleo* or FEPP, which applies as a tax or as a fiscal credit/subsidy weekly, and it is measured in USD per m3. This tax cannot be included in the VAT base at any stage of the value chain (import, production, refining, distribution or sale to the consumer). On the contrary, the fiscal credit may be deducted from the taxable base either on the first sale or importation. Unlike in other OECD countries, the VAT base is the ex-tax price only, instead of the sum of ex-tax price and excise tax.

Colombia. Surtax on gasoline and ACPM: the total rate per gallon results from adding together that of the municipality and the department. The rate per litre conversion is done by taking 1 gallon = 3.785411 litres. Fuel: a) Regular fuel: COP 1 270 per gallon (COP 335.5 per litre); b) Extra fuel: COP 1 775 per gallon (COP 468.9 per litre). General rate for Municipalities Border areas: c) Regular fuel: COP 476 per gallon (COP 125.75 per litre); d) Extra fuel: COP 1 776 per gallon (COP 469.2 per litre); e) the municipality can set a differential rate of COP 114 per gallon of regular fuel (COP 30.12 per litre); f) and COP 426 per gallon of foreign fuel (COP 112.5 per litre). ACPM: COP 301 per gallon. (COP 79.51 per litre). Municipalities in border areas: COP 204 per gallon for the national product ($53.89 per litre) and COP114 per gallon for imported product (COP 30.12 per litre). Rates in border areas will apply exclusively to the maximum volumes assigned to the different agents of the fuel distribution chain. For sales above the volumes mentioned or agents that are not subject to them, the rate of the surcharge on fuel per gallon and the surcharge on ACPM per gallon will be the respective general rate. Fuel used for electricity generation in non-interconnected areas, aviation turbo fuel and IFO-type mixtures used for the operation of large maritime vessels are excluded from the surcharge. Fuels used in fishing and/or cabotage activities on the Colombian coast and in maritime activities carried out by the National Navy are excluded from the surcharge. To control this operation, strict consumption quotas are established and its management is regulated by the Government. 100/130 fuel used in aircraft is excluded.

Costa Rica. Kerosene is mainly used at an industrial level in bakery ovens and manufacturing companies and in some rural areas for lighting lanterns and for cooking food. The Ministry of Finance updates the amount of the tax quarterly, in accordance with the variation in the consumer price index determined by the National Institute of Statistics and Censuses (INEC). In no case may the quarterly adjustment exceed three percent (3%).

Czech Republic. Until Q4 2003, light fuel oil used for heating purposes was tax-free. From Q1 2004 onwards, light fuel oil used for heating purposes is subject to a partial refund on the applicable excise duties. Fuel oil marked in accordance with Directive 95/60/EC is subject to reimbursement of an excise duty amount of CZK 9 290/1000 l when it has been duly proven that the fuel oil has been used for heating purposes. The excise amount shown in the table includes the reimbursement. However the VAT amount is calculated on the full excise value.

Denmark. The amount of DKK 2.745/l includes the Excise tax of DKK 2.261/l; the Environment tax of DKK 0.475/l and the NOx tax of DKK 0.0009/l.

Finland. In 2022 the excise amount of EUR 0.2758/l for sulphur-free product includes the energy content tax EUR 0.1033, CO2 tax EUR 0.1690 and the strategic stockpile fee (EUR 0.0035). The tax for product containing sulphur is EUR 0.0265 higher.

Germany. The value in the table for excise amount includes excise tax (EUR 0.06135/l) and price on carbon emissions (EUR 0.08029/l). The excise amount is for properly marked gas oil with a sulphur content ≤ 50mg/kg. Otherwise the component of excise is EUR 0.076435/l.

Greece. The excise of EUR 0.280/l for heating oil for households applies during the winter season (15 October - 30 April). Otherwise the excise is 0.410/l.

Hungary. Excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than 50 USD/barrel the excise amount is HUF 114.233/l (including the excise duty of HUF 110.35/l and the strategic stock fee of HUF 3.883/l). If the world market price of crude oil is 50 USD/barrel or less the excise amount is HUF 124.233 (including the excise duty of HUF 120.35/l and the strategic stock fee of HUF 3.883/l). Prices and taxes are not available in IEA data since, according to the Hungarian Energy and Public Utility Regulatory Authority, the residential use of the LFO product is not significant enough in Hungary compared to other energy products. ***Temporary reduction*** *to counter rising energy costs: on 28 February 2022 the excise duty was reduced by 5 HUF/litre and the strategic stock fee had been suspended; on 10 March the excise duty was reduced by further 20 HUF/litre. These measures are scheduled to remain in force until 1 July 2022.*

Iceland. No data is available. The share of fuel oil in house heating is well below 1%.

Ireland. The 'Excise' amount includes a National Oil Reserves Agency (NORA) levy, which is charged at a rate of EUR 0.02 per litre. The MOT rate of EUR 0.13817 per litre applies to marked gas oil (marked diesel). From 10 March 2022 to 30 April 2022 the MOT rate for marked gas oil decreased to EUR 0.12055 per litre. From 1 May 2022, the rate decreased further to EUR 0.11114 per litre. Marked kerosene is also widely used for heating (including domestic heating) and the rate for that is EUR 0.08484 per litre. From 1 May 2022, the MOT rate on marked kerosene increased to EUR 0.10383 per litre.

Italy. The value shown in the table corresponds to the rate for heating oil. In Italy LPG can be also used for the same purpose and the rate is EUR 0.18994458/kg.

Japan. Kerosene for households.

Korea. Kerosene for households.

Latvia. Starting from 1 July 2021, excise tax of EUR 0.060/litre applies to marked fuel for heating purposes.

Luxembourg. A reduced VAT rate of 14% applies to heating gas oil.

Mexico. Fuel oil as heating oil for households is only used in small areas in northern Mexico and no sales have been registered since 2016. Fuel oil as residual oil (combustoleo) is not used by households but is taxed with an excise equal to MXN 16.99 cents per litre. Other fossil fuels that are used for heating are propane (MXN 7.48 cents per litre), butane (MXN 9.68 cents per litre), kerosene (MXN 15.67 cents per litre), diesel (MXN 15.92 cents per litre) and coal (MXN 34.81 pesos per ton).

Netherlands. For gasoline a stockpiling tax of 0.008/l applies, this is not included in the mentioned excise rate. ***Temporary reduction in order to counter rising energy costs*****:** *in the case of fuel oil for households, which in the Netherlands is not used as much as natural gas, rates were reduced to 417,46 EUR/1000L from the 1st of April 2022.*

New Zealand. No data is provided because the product is not consumed in significant quantities.

Norway. From 2020 the use of mineral oil (fossil oil) for heating of buildings has been banned. The ban covers the use of mineral oil for both main heating (base load) and additional heating (peak load) in residential buildings, public buildings and commercial buildings.

Poland. ***Temporary reduction*** *in order to counter rising energy costs: from 1 June to 31 December 2022, the excise duty rate for light fuel oil used for heating purposes is reduced to 0,097 PLN/litre.*

Slovak Republic. No data is provided because the product is not consumed in significant quantities.

Slovenia. Situation as at 1 January 2022: the amount of EUR 233.77 per 1 000 litres includes the excise duty of EUR 157.50, EUR 11.66 strategic stockpile on gasoil used for heating purposes, EUR 8.00 surcharge on energy end-use efficiency on gasoil used for heating purposes, EUR 9.90 surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration on gasoil used for heating purposes, and EUR 46.71 CO_2-tax. ***Temporary reduction*** *to counter rising energy costs (situation as at 5 July 2022): the excise amount of EUR 108.31 per 1000 litres includes excise duty of EUR 78.75, EUR 11.66 per 1000 litres strategic stockpile on gasoil used for heating purposes, EUR 8.00 per 1000 litres surcharge on energy end-use efficiency on gasoil used for heating purposes, EUR 9.90 per 1000 litres surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration on gasoil used for heating purposes.*

Spain. The excise amount of EUR 0.097/l includes the general Excise tax (EUR 0.079/l) and the special tax rate (EUR 0.018/l).

Sweden. No data is available.

Switzerland. The excise amount includes the Excise tax and the CO_2 tax.

Türkiye. Kerosene for households.

United States. Average federal and state taxes - there is no VAT.

European Union. Directive 2003/96/EC sets minimal excise rates for energy products and electricity.

Minor differences may occur between some of the amounts indicated in these country notes and those indicated in the table. These may be due to differences in calculation methods between the statistical institutes (who provided the data in the table) and the tax authorities (who provided the country notes).

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. All member countries 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 VAT as well as *ad quantum* or *ad valorem* taxes (see definitions in Chapter 3). Over time, many governments have integrated environmental and climate objectives to these instruments.

Taxes and charges on vehicles mainly 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 Table 4.A.1 and Annex Table 4.A.3);
- Periodic taxes payable in connection with the ownership or use of the vehicles (see Annex Table 4.A.3);
- Taxes on road fuels (see Annex Table 4.A.4 and Annex Table 4.A.5); and
- Taxes on aviation fuels (see Annex Table 4.A.6)

Taxes on vehicles result from a long evolution over time and reflect a variety of influences beyond the need to raise revenue. Geography, 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 in 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 the progressivity of taxes on vehicles.

In most countries total taxes on vehicles result from a combination of one-off (on purchase or import) and recurrent (on ownership or use) taxes as well as from a mix between *ad valorem* (on the price) and *ad quantum* taxes (taking into account polluting emissions, weight, engine power, number of axles, age, fuel efficiency, equipment, suspension, cylinder capacity, number of seats, type of fuel, electric propulsion and distance covered). In most OECD countries, vehicles used by public authorities (fire brigades, police, armed forces, local authorities, rescue services etc.), vehicles for people with disabilities and for diplomatic missions are exempt from taxes on the purchase, registration and/or use of motor vehicles.

Taxes on the purchase/registration and use of motor vehicles cannot be considered in isolation from other tax bases and rates. Among the other elements to be taken into account when considering the taxation of vehicles as a whole are insurance premium taxes, specific road tolls (bridge or motorway tolls, congestion charges, and distance charges), import duties, company car taxation, passenger transport taxes, etc. (Harding, 2014[1]), These are however not covered in this publication.

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 describes the level of taxes on road fuels (Section 4.3), including recent temporary reduction measures adopted by countries to counteract sharp price increases. It finally shows the level of consumption taxes on aviation fuels (Section 4.4), including the tax exemptions that often apply to these fuels.

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]). 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, transport was responsible for 25% of direct CO_2 emissions from fuel combustion in 2018 (ITF, 2021[4]), mainly road transport. Well designed taxes can reduce pollution and greenhouse gas emissions very effectively. Governments increasingly use taxation to influence consumer behaviour with a view to reducing CO_2 emissions from road transport. They notably adapt a number of tax instruments, including one-off taxes such as registration taxes, or recurrent taxes such as annual circulation taxes according to the CO_2 or other polluting emissions. Also fuel excises, an implicit form of carbon pricing, play an important role in carbon pricing policies, as research shows that these taxes continue to dominate effective carbon rates in the OECD (OECD, 2021[2]). 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 that takes notably into account available alternatives, interactions with other policies, and public support (Teusch and van Dender, 2020[5]). To this regard, adequate compensation schemes are particularly important policy components to protect the most vulnerable households (Alonso and Kilpatrick, 2022[6]).

Against this backdrop, taxes on road vehicles have been progressively adapted to influence consumer behaviour and to curb transport externalities, in particular environmental and climate externalities. 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. Taxes on road use have also been introduced, initially to fund and maintain infrastructure but progressively to also manage other externalities of road transport, including 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 or on the fuel efficiency 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 subnational taxes on the purchase and registration of road vehicles. These taxes may include VAT, sales taxes, excise duties and other fees and charges associated with the registration of a vehicle. Their level and structure vary considerably among OECD countries (see Annex Table 4.A.1 and Annex Table 4.A.2). They are based on a large diversity of criteria or on a combination 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;
- 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;
- The specific features of vehicles for the transportation of goods such as the number of axles, cargo room, number of seats, etc.

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 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 subnational level. Unlike final consumers, businesses will most often have a right to an input tax credit for the VAT incurred on the purchase of vehicles (albeit often with limitations – see Chapter 2). In many countries, VAT is also levied on the sale of second-hand vehicles under a margin scheme 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.

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 is now done in 35 out of 38 OECD countries. As shown in Annex Table 4.A.1, in 2022 all OECD member countries except Colombia, Costa Rica and Estonia take environmental or fuel efficiency criteria into account when determining the level of taxation and/or providing bonuses for the purchase of vehicles at the national and/or subnational level. In 18 of these countries (Australia, Austria, Belgium, Czech Republic, Denmark, Finland, France, Greece, Iceland, Ireland, Italy, Lithuania, Netherlands, Norway, Portugal, Slovenia, Spain and Sweden), the CO_2 emissions are directly taken into account to determine the level of taxation. Some countries apply “feebates” i.e. rebates or a fees, depending on whether the vehicle exceeds a certain emission threshold. Eight countries provide a “bonus” (i.e. a subsidy paid by the government or a local authority on the purchase of the vehicle) to the buyers of selected vehicles with low or no CO_2 emissions (Canada, France, Germany, Italy, Korea, New Zealand and Sweden). In some countries a “malus” (i.e. an additional tax, charge or fee) is imposed on vehicles with high CO_2 emissions (Belgium, Canada, France, Italy and Sweden). In many countries purchasers of hybrid or full-electric vehicles receive a direct reduction (sometimes up to 100%) of registration taxes, charges or fees (Austria, Belgium, Czech Republic, France, Greece, Hungary, Iceland, Israel, Italy, Korea, Luxembourg, Mexico, New Zealand, Poland, Portugal, Sweden and Türkiye). Chile, Ireland, Israel and Norway also adjust their registration taxes to the emission level of nitrogen oxide (NO_X).

Annex 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 of each country. For example, for the category of the most taxed vehicles (i.e. four wheel drive vehicle with combustion engine emitting more than 290gr CO_2/km) the total tax burden ranges from about 12% of the ex-tax price of the vehicle in Bern, Switzerland and in Washington, United States (respectively with a VAT rate of 7.7% and a sales tax of 6%, relatively low registration taxes and no CO_2 tax) up to more than 150% of the ex-tax price in The Hague, Netherlands (with a VAT rate of 21% and a relatively high registration tax fully based on CO_2 emissions) and Copenhagen, Denmark (with a 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 more than 200% of the ex-tax price due to a very high registration tax. Tax rebates and bonuses on (fully) electric vehicles, on the other hand, may reduce the

amount of these taxes to about 0% of the ex-tax price (in Oslo, Norway and Reykjavik, Iceland), or even provide a net purchase aid (in Paris, France; Luxembourg; and Washington, United States). 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.

The international differences in taxation of the purchase and registration of motor vehicles do not give rise to considerable cross-border shopping 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. Even in the integrated market of the EU, there has been no harmonisation or even approximation of taxes or tax rates on motor vehicles.

The number of countries offering tax incentives and/or bonuses for the purchase of electric vehicles by consumers increased considerably since 2010. These policies had a significant impact on consumer behaviour and on the offering of car makers, even if for the latter national technical standards may also play a decisive role. Fiscal incentives at the vehicle purchase, as well as complementary measures (e.g. road toll rebates and low-emission zones) have been found to be pivotal to attract consumers and businesses to choose the electric option (International Energy Agency, 2020[7]). Tax rates that reflect CO_2 emissions, on the other hand, are likely to further stimulate increased electric vehicle uptake. A carbon price on vehicle sales is most effective when producers and consumers can see and respond to price signals and can easily shift to low-carbon alternatives (John Larsen, 2020[8]).

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 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, also 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 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.

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 (22 out of 38) include CO_2 emissions in the criteria for assessing these taxes and/or for applying the exemption for hybrid and electric vehicles (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Luxembourg, Netherlands, Norway, Portugal, Slovak Republic, Slovenia, Sweden, Switzerland 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. Norway, repealed the exemption for Traffic Insurance Tax for electricity powered vehicles as of 1 March 2022.

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. Taxation of road fuels

4.3.1. The level of taxation of road fuels is generally high in OECD countries

Excises on transport fuels exist since the first half of the 20th century. Their introduction was originally motivated primarily if not exclusively by non-environmental objectives, such as general revenue generation or to finance infrastructure spending. However, over time, fuel taxes have gradually taken on an environmental dimension. Given their often high level, taxes on road fuels are bound to discourage the use of fossil fuels at some point, which has an indirect effect on CO_2 emissions, even if their rates are not motivated by environmental considerations and hence the implied carbon pricing structure is not ideal. These taxes may offer an effective price-based instrument to pursue environmental objectives. For example, when the more environmentally-friendly unleaded gasoline appeared on the market, it was not commercially competitive with leaded gasoline as a retail product because it was more expensive to produce. Energy taxation was used to overcome this handicap by making unleaded gasoline cheaper at the pump. Today, leaded gasoline has disappeared and is even no longer allowed on the market. On the other hand, lower taxes on Liquefied Petroleum Gas (LPG) used as propellant had a much less significant effect on consumer behaviour. The characteristics of this fuel (not liquid at standard temperature and atmospheric pressure; more difficult to stock; need for specifically equipped stations) have hindered its development. The use of LPG is still globally very low compared to diesel and gasoline.

The revenues raised from these taxes are significant in OECD countries, as a result of the considerable level of consumption and high tax rates in many of these countries (OECD, 2017[9]). Although there are large differences between countries, the level of taxation for road fuel relative to the base is generally high. According to IEA figures (International Energy Agency, 2022[10]), for premium unleaded gasoline, for instance, the total tax burden (mainly excise plus VAT) exceeds 40% of the consumer price in all the OECD countries, except Australia, Canada, Chile, Costa Rica, New Zealand, Poland, Türkiye and the United States (see Annex Table 4.A.4). The lowest percentages of taxes as a share of the consumer price for unleaded gasoline are recorded in the United States (14.2%), Türkiye (20%) and Canada (29.1%). The highest rates are recorded in Ireland (62.3%), Israel (60.2%) and Finland (55.1%). Only one country, Colombia, does not apply the standard VAT rate to road fuels.

Excise levels[1] for diesel fuel (Annex Table 4.A.5) are generally lower than those for gasoline in all OECD countries, except in Australia, Belgium, and the United Kingdom where the rates are the same, and in Switzerland where the excise duty for diesel is higher than for gasoline. From an environmental point of view, this is peculiar, as diesel consumption in vehicles has a much greater environmental impact than unleaded gasoline, largely due to the significant differences in nitrogen oxides (NOx) and particulate emissions. However, with more stringent motor vehicle regulations, the difference is becoming less pronounced for new vehicles, although there are concerns about differences between test cycle and on-road performance and the stock of vehicles is still includes older, more polluting diesel vehicles.

In a few countries, the determination of the excise amount explicitly includes a CO_2 component for both unleaded gasoline and diesel fuel (Finland, Norway, Slovenia and Sweden).

In the European Union (EU), the Energy Taxation Directive (2003/96/EC) sets out common rules for the taxation of energy products in EU Member States. This Directive aims to reduce distortions of competition between mineral oils and other energy products, as well as tax competition between Member States through rate differentiation in energy taxation. It also aims to incentivise more efficient energy use. The Directive sets common taxation rules for a range of fuels, including many oil products, coal and natural gas, and for electricity consumption. For each, it sets a minimum level of tax expressed in terms of the volume, weight, or energy content of the fuel. For example, minimum rates on road fuels are as follows: EUR 0.359/l for unleaded gasoline; EUR 0.330/l for gas oil and EUR 0.125/kg for LPG. The Directive does not specify which taxes should be used to reach the minimum level of taxation. These may include a diversity of specific taxes such as excise, carbon tax, energy tax, etc. This Directive is currently being

revised as part of the general review of climate-related legislation of the Green Deal. On 14 July 2021, the European Commission presented a proposal to update the Energy Taxation Directive, introducing a new structure of tax rates based on the energy content and environmental performance of fuels and electricity and broadening the tax base by including more products and removing some of the current exemptions and reductions.

Excise taxes on transport fuels tend to be considerably higher than on other mineral oils and, more generally, than on fossil fuels used for other purposes (OECD, 2022[11]). This can be for various reasons, including a lower elasticity of the tax base in transport; the use of excises to cover (more or less directly) external costs that are relevant only in the transportation context (most notably congestion); and equity concerns. Equity considerations have notably motivated the differences in taxation of diesel used for household heating compared to diesel used for transportation (Flues and Thomas, 2015[12]). All OECD countries, except the Netherlands, tax heating oil for households at a lower rate than diesel for transport use even though both products are more or less identical (see Annex Table 3.A.6). Israel applies the same excise rate to both products. Finally, the tax treatment of company car use is often more favourable, sometimes considerably so, than that of other car use (Harding, 2014[1]).

Excise rates on automotive fuels should not be considered in isolation when assessing the overall tax burden on road transport (van Dender, 2019[13]). Vehicles may also be subject to distance-based taxes, parking taxes, road tolls, registration taxes and recurrent circulation taxes - and many countries differentiate those taxes according to the type of fuel used or according to CO_2 emissions per unit distance (see Section 4.2 above).

4.3.2. A number of OECD countries have temporarily reduced tax rates on road fuels to counter rising energy costs

During the year 2022, as part of the measures to counter rising energy costs, a number of OECD countries (Australia, Belgium, Canada, Hungary, Germany, Hungary, Korea, Netherlands, Poland, Slovenia, Spain and Sweden) reported a temporary reduction in the taxation of unleaded gasoline and automotive diesel (see country notes to Annex Table 4.A.4 and Annex Table 4.A.5). These take the form of reductions in the excise rates in all these countries. Poland has also reduced its VAT rate on some motor fuels from 23% to 8%. Korea reported a reduction in the taxes on unleaded gasoline only.

4.4. Aviation fuels are often subject to tax exemptions

This section provides and 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 Table 4.A.6 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 aircrafts (e.g. carbon tax).Other taxes applied to air transport (ticket taxes, airport taxes, etc.) are not covered in this publication.

The provision of aviation fuels to enterprises operating aircrafts 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) - except in 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 remains generally untaxed in accordance with the International Civil Aviation Organisation (ICAO) Convention (also known as the Chicago Convention; see below) requiring contracting states not to 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 and thus ultimately have no economic impact.

Annex Table 4.A.6 shows that all OECD countries also exempt aviation fuels from excise duties when used for commercial international flights, in contrast to fuels used on road and rail transport. They also all exempt aviation fuel for domestic commercial flights, except Australia, Canada, Costa Rica, Japan, Norway, Slovenia, 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. The United States reported a tax reduction as part of measures in response the Covid-19 crisis: the federal fuel excise tax on jet fuel used in commercial aviation was suspended from 28 March to 31 December 2020.

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 on board aircrafts arriving in the territory of a contracting party. The Convention does however not forbid imposing any taxes on fuel supplied to an aircraft at the point of departure (Faber and O'Leary, 2018[14]) This tax exemption for fuels supplied to aircrafts rather result 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 and Ribansky, 2021[15]). 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. 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 and Ribansky, 2021[15]).

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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]
Australia	**GST:** 10% **Luxury Car Tax**: 33% calculated on the value of most cars that exceed the luxury car tax threshold. The luxury car tax threshold is generally AUD 69 152 (in 2021-22), tax inclusive (including GST) or AUD 79 659, tax inclusive (including GST) if the car's fuel consumption is less than 7 litres per 100 kilometres. **Registration fee** – varies between states/territories – may be calculated on the tare weight, value or type of vehicle. **Stamp duty** - varies between states/territories - calculated on the tare weight (heavy vehicles) or value (light vehicles).	Value Fuel efficiency Weight (registration or stamp duty only) Weight CO_2 emissions (subnational)	Some exemptions apply from luxury car tax including: emergency vehicles such as ambulances etc.; sale of vehicle is more than two years after manufacture or importation; vehicles modified to transport a person in a wheelchair (provided it is not GST-free); commercial vehicles primarily used for carrying goods in business or trade; imported vehicles by museum for public display. 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. GST: exemption is provided to veterans and persons with a disability that fulfil legal requirements. 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%. **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 107 grams WLTP (Worldwide harmonised light-duty vehicles test procedure) for passenger cars and by 160 grams WLTP for small lorries (up to 3,5 tons), divided by 5. The rate cannot exceed 60%. For CO_2 emissions above 185g/km WLTP for passenger cars or 238 g/km WLTP for small lorries, the tax increases by EUR 60 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). **Registration fee**: fixed rate of EUR 119.80 per motor vehicle (+ up to EUR 49.70 processing fee for the registration office + approx. EUR 20 for other expenditures).	Value 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. **Registration fee**: exemption for motor vehicles registered for the state or local authorities.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Belgium	**VAT**: 21% **Entry into Service Tax** *Flemish Region*: for non-leasing passenger cars, the tax rate depends on vehicle age, environmental characteristics (including CO_2 emissions), the type of fuel and the European Emission Standards. The tax for leased vehicles is calculated based on the engine power of the vehicle. *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 bases of one parameter exceeds the tax determined on the bases 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. 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. *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 61.50 EUR and 4.957 EUR. 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 61.50 EUR.	Value Age of vehicle Engine power Cylinder capacity Environmental characteristics (incl. CO_2 emissions) Electric propulsion Type of fuel/gas 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. *Flemish Region*: An exemption of the Entry into Service Tax is granted for purely electric vehicles. 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 46.23 applies for vehicles that have been in traffic for at least 30 years. There is a rebate for cars entirely or partially powered by Liquefied Gas Petroleum. 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%. *Brussels Capital Region:* Light goods vehicles up to and including a maximum permissible laden weight of 3.5 tons, 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]
Canada	**GST**: 5% **HST**: 13% or 15% for sales in the participating provinces. 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%. **Provincial tax** rates are applicable for sales made in provinces not applying HST **Automotive Air Conditioning Tax:** CAD 100 per unit. **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. Each province and territory may also levy taxes or fees on the sale and registration of motor vehicle sales.	Value Air conditioning Fuel efficiency Malus Bonus 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. The Excise Tax on Fuel Inefficient Vehicles does not apply to pickup trucks, vans equipped to carry 10 or more passengers, ambulances and hearses. Rebate of Excise Tax on Fuel Inefficient Vehicles – Specially Equipped Van: to end-users of vans equipped with a device designed exclusively to assist in placing a wheelchair in the van without having to collapse the wheelchair. 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.] 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. However, 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% **Registration fees** payable to Civil Registry: first registration fee, new plate fee, fee for transfer and registration of vehicles. **Tax on transfer of used motor vehicles** (levied by municipalities): 1.5% of the value of the vehicle. **Excise tax on emissions from new motor vehicles**: an excise based on urban performance, sale price and nitrogen oxide emission of the vehicle.	Value Fixed fee Environmental characteristics	**VAT**: used cars are exempt with some exceptions **Excise tax on emissions exemptions**: transport of passenger vehicles (more than 9 seats); taxis; some pic-up trucks, tractors, electric vehicles, police and ambulance cars.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Colombia	**VAT:** 19%. **Vehicle registration fee:** COP 152 000 for cars and COP 74 000 for motorcycles. **National Consumption Tax:** the 16% tax rate applies to family-type motor vehicles, camper vehicles and pick-ups whose FOB value (or the equivalent) is greater than or equal to USD 30 000 and pick-ups whose FOB value (or the equivalent) is greater than or equal to USD 30.000. The 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 Type of vehicle	
Costa Rica	**VAT**: 13% **Vehicle registration fee**: calculated on fiscal value **Registry fees and stamps**: calculated on fiscal value **Tax on transfer of used motor vehicles:** 2.5% calculated on fiscal value.	Value Type of vehicle (brand, year, style and car body)	
Czech Republic	**VAT**: 21% **Registration fee**: CZK 300 or 500 for motorcycles (depending on cylinder capacity); CZK 800 for other motor vehicles. The fee includes the registration plate. **Environmental surcharge:** No surcharge – Euro 3 and higher standard fulfilled; CZK 3 000 for Euro 2 fulfilled; CZK 5 000 – Euro 1 fulfilled. **Permit fee** on non-standard motor vehicles	Value Cylinder capacity Electric/Hydrogen fuel CO_2 emissions 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

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Denmark	**VAT**: 25% **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 65 800 – 25% of the value, between DKK 65 800 and 204 600 – 85% of the value, and above DKK 204 600 – 150 % of the remainder. **Fee based on CO_2 emissions**. For CO_2 emissions below 121 CO_2 g/km the rate is DKK 253 per g/km, for CO_2 emissions between 121 to 155 CO_2 g/km the rate is DKK 506 per g/km and for CO_2 emissions above 155 CO_2 g/km the rate is DKK 961 per g/km. The total tax amount is reduced by DKK 21 900.	Value CO_2 emissions Battery capacity	Low- and zero-emission vehicles receive a tax advantage in the registration tax compared to conventional vehicles. In 2022 the registration tax for zero-emission vehicles is discounted to 40% of the full tax, and then further reduced with a flat fee of up to 167.500 DKK. For low-emission vehicles, the registration tax is discounted to 50% of the full tax, and then further reduced with a flat fee of up to 48.750 DKK. The value before tax is reduced based on the battery capacity. In 2022 the deduction is DKK 1 300 per kWh (for a maximum of 45 kWh).
Estonia	**VAT:** 20% **Vehicle registration fee (State fee):** vehicle: EUR 130; temporarily imported vehicle: EUR 335	Value Type of vehicle	
Finland	**VAT**: 24% **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. **For delivery vans** there is a deduction based on maximum laden weight of the vehicle for vans weighing over 2 500 kg. **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 CO_2 emissions Utilisation Cylinder capacity Type	Exemption for people with disabilities, taxis, motor homes, cars used for veterinary purposes, rescue vehicles and funeral cars.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
France	**VAT**: 20% **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. **Regional tax on motor vehicles:** based on horsepower. Rates vary between EUR 33 and EUR 60 per horsepower according to the region. The rate is reduced by half for some vehicles depending on their nature (trucks weighing more than 3.5 tons, motorcycles) or age (more than 10 years old). **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. **Tax on carbon dioxide emissions (« CO2 malus »):** CO_2 emission component of the tax varies from EUR 0 for vehicles emitting less than 128g CO_2/km to EUR 40 000 for vehicles emitting more than 223g CO_2/ km. (CO_2 emissions are determined according to the Worldwide harmonised light-duty vehicles test procedure 6 WLTP). The tax is not applicable to vehicles belonging to disabled people. **Mass tax in running order** (malus by weight) equal to EUR 10 /kg exceeding the threshold of 1 800 kg. 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 40 000 (25HP).	Value Engine power Weight Utilisation Age of vehicle CO_2 emissions Type of fuel Electric propulsion Bonus Malus	**Fixed tax:** The issuance of certificates for collector vehicles is exempt. **Regional tax on motor vehicles:** Any vehicle whose energy source is exclusively electricity, hydrogen or a combination of the two is exempt in all regions. Hybrid electricity/fuel vehicles or those fuelled with natural gas, liquefied petroleum gas or superethanol E85 may be subject to a reduced tax rate or an exempition from the Regional tax. When the energy source has been modified since the last registration certificate was issued and subject to the regional tax to include superethanol E85, the benefit of the zero rate is capped at a reduction of EUR 750 of the amount of the tax. 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, as are vehicles whose energy source is exclusively electricity, hydrogen or a combination of the two. **Tax on carbon dioxide emissions**: limited to 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. 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). Vehicles specially equipped to run on E85 superethanol, 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 vehicles that have already been registered (imported used vehicles and vehicles converted into passenger vehicles), the amount of tax due is reduced by 10% for each twelve-month period since the vehicle was first registered. The same applies to the reductions for households with at least three children (200 kg per child), for legal entities acquiring a vehicle with at least eight seats (400 kg). A ceiling ensures that the cumulative CO_2 and weight “malus” does not exceed the maximum amount of the CO_2 penalty (EUR 40 000 in 2022 and EUR 50 000 in 2023). An ecological bonus provides support for the purchase or the renting of a new or second-hand electric or hydrogen vehicle or of a new rechargeable hybrid vehicle (see Table 4.A.2.)

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Germany	**VAT**: 19% *From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.*	Value Bonus Electric propulsion	A purchase subsidy is available for electric and hybrid vehicles (see Annex Table 4.A.2).
Greece[2]	**VAT**: 24% **Registration tax:** rate varies - From 3.8% up to 180% of the taxable value, according to a progressive scale on the taxable value (retail price before taxes) based on CO_2 emissions and Euro emissions standards. -. From 5% to 20% of the taxable value, for lorries, trucks etc. (less or more than 3.5 tonnes), according to emissions standard. - From 0% to 25% of the taxable value for motorcycles according to cylinder capacity. **Registration tax for buses** depends on the number of seats etc.	Value **Cars:** value (retail price before taxes), CO_2 emissions, "Euro" emissions standards, Electric propulsion **Lorries**: weight, emissions standards, body type. **Motorcycles:** cylinder capacity	**Registration tax:** exemptions apply as follws Hybrid cars are relieved from the registration tax by 50% or 75% depending on CO_2 emissions. Electric cars are not subjected to registration tax Cars used by public authorities Cars used by persons with disabilities. Cars used by parents having at least three (3) children. Ambulances used by public hospitals Cars used by people who have moved their normal residence to Greece Cars donated to the Greek Police, Fire Brigade or Greek Coast Guards. Ambulances used by Non Profit Organisations for providing services on behalf of National Center for Emergency Assistance.
Hungary	**VAT**: 27%	Value Engine type Cylinder capacity Engine power Polluting emissions	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).

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
	Registration Tax: from HUF 45 000 to HUF 400 000 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 rate is reduced according to a scale based on age (up to 90%). Reduced rate is levied on hybrid cars and HUF 0 is levied on electric cars. **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).	Type of fuel Age of vehicle Electric propulsion	
Iceland	**VAT**: 24% **Vehicle Registration Fee** of ISK 5 187 on initial registration and ISK 2 183 for subsequent changes **Motor vehicle excise duty:** based on CO_2 emissions ranging from 0-65% **Excise duties on motor vehicles other than private automobiles:** a percentage of value **Small goods vehicles**, small special purpose vehicles, vehicles over 40 years old, motor vehicle bodies13% **Small coaches**, motorbikes, other vehicles30%	Value CO_2 emissions Electric propulsion	A temporary VAT exemption with a cap applies for the importion and domestic sales of electric-, hydrogen or plug-in hybrid vehicles, including busses. 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 are exempt from the Motor Vehicle Excise Duty.
Ireland	**VAT**: 23% **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 more than 4 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 50 g/km to 41% for such a vehicle with CO_2 emissions above 190 g/km. The NOx element of the charge is	Value CO_2 emissions NOx emissions Electric propulsion	**Registration tax:** Relief for new series production electric vehicles: subject to a maximum of EUR 5 000 Remission/repayment for vehicles specially adapted for persons with certain severe and permanent physical disabilities: subject to a maximum of EUR 10 000, EUR 16

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
	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. Flat rate applies to vehicles designed and constructed for the carriage of goods and having a maximum laden mass not exceeding 3.5 tonnes not included above and motor caravans (13.30% of the value). Motor cycles 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 (maximum laden mass over 3.5 tons), 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.	Type Age of vehicle Max laden mass Body type	000 and EUR 22 000 for a disabled driver and EUR 16 000 and EUR 22 000 for a disabled passenger. The amount is depended on the adaptations carried out on the vehicle. Relief for certain charitable organisations is subject to a maximum of EUR 16 000 when the vehicle is adapted to carry less than five such persons. Exemptions: Transfers of permanent residence, transfers of permanent business undertakings, inheritances, donations by certain organisations, international air services, diplomatic agents and EU officials, vehicles for use by EU or UN organisations
Israel	**VAT**:17% **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. Taxi < 3 500 kg are taxed at 8%. Taxi >3 500 kg is taxed at 0%. Commercial vehicles between 3500 kg and 4500 kg are taxed at 72% of their value but not eligible for a rebate. Commercial vehicles > 4500 kg – 0%.	Value Weight Polluting emissions Electric propulsion Safety system Engine power	**Purchase Tax**: Rebates according to the polluting emissions: vehicles weighing up to 3500 kg benefit of 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 16 927. Hybrid vehicles - Pollution level 1 or 2 –; battery capacity > 3 KWH and green score < 100 – 20% are taxed at a rate of 83%. Plug-in Hybrid vehicles are taxed at a rate of 40% but the tax benefit is capped at ILS 4 000. Electricity powered vehicles are taxed a rate of 10% of their value depending on the customs and purchase tax rate. Since June 2018 luxury tax is also levied on hybrid vehicles and electric vehicles. Vehicles weighing up to 3500 kg benefit of a rebate on the Purchase Tax (up to 2400 NIS) according to their safety level. There are 9 safety levels (0-8) depending on the number of safety systems.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Italy	**VAT**: 22% **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 determined by the provinces (from 0% to 30%) **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 CO_2 emissions Bonus Malus	**Vehicle Registration Tax:** a reduction of the IPT is granted in some provinces for vehicles for people with disabilities. **Ecotax**: exemption for special purpose vehicles such as vehicles for people with disabilities. 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
Japan	**VAT:** 10% **Environmental performance excise (automobile tax - light motor vehicle tax):** 0-3% of acquisition price (0-2% for commercial and light vehicles) according to environmental criteria (e.g. vehicle type, fuel efficiency, etc.)	Value Environmental criteria Fuel efficiency	**Extension of temporary reduction of environmental performance excise (automobile tax - light motor vehicle tax):** reduced tax rate (environmental performance excise) for private passenger cars acquired between October 2019 and March 2021 by 1% **Special measures of reduced environmental performance excise (automobile tax):** vehicles with small burden of environment, barrier-free buses and taxis, trucks 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). **Individual Consumption Tax:** 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 reduction of 3.5% applies from 1 July 2020 to 31 December 2022 (not exceeding 1 000 000 KRW*). **Education Tax**: 30% on the amount of the Individual Consumption Tax	Value Cylinder capacity Electric propulsion Bonus	**Exemptions/relief from Individual Consumption Tax 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. Rebate for hybrid and electricity powered vehicles: relief of the Individual Consumption Tax not exceeding KRW 1 000 000 (hybrid) and KRW 3 000 000 (electric) and KRW 4 000 000 (hydrogen electric).

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
	Acquisition Tax: 2-7% of the retail price excluding VAT		**Exemptions from acquisition tax:** cars used by persons with disabilities, cars used by parents having at least 3 children, small cars for non-commercial activities A bonus is provided upon first registration of electric vehicles (BEVs, HEVs, PHEVs and FCEVs).
Latvia	**VAT:** 21% **Vehicle registration (state fee):** for registration, registration certificate and registration number plates - EUR 43.93 **Natural resource tax:** EUR 55 per vehicle.	Value Electric propulsion Bonus	Electric vehicles are exempt from the **vehicle registration fee** A bonus is provided upon first registration of electric vehicles
Lithuania	**VAT:** 21 % **Registration fee:** a flat rate fee of EUR 14.48 is payable on the first registration of a new vehicle (passenger cars, heavy vehicles) and a flat rate fee of EUR 12.45 is payable on the first registration of other vehicle – e.g. used cars (passenger cars, heavy vehicles). From 1 July 2020, a car registration tax applies payable by all car owners (individuals and legal entities) when registering the car. The fee will vary depending on CO_2 emissions and fuel type and will range from 14.96 Euro to 598.92 Euro.	Value Age of vehicle Type of fuel CO_2 Emissions	**Registration fee:** rebate for people with disabilities (only owners of passenger cars - once every 3 years): 90% rebate on registration fee for owner with a disability percentage of 75-100% 75% rebate on registration fee for owner with a disability percentage of 60-70% 50% rebate on registration fee for owner with a disability percentage of 45-55%
Luxembourg	**VAT**: 17% **Registration Tax (Timbre de chancellerie)**: EUR 50	Value Electric propulsion Bonus	Bonus system: purchasers of new d 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).

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Mexico	**VAT**: 16% **New Vehicles Tax**: from 2% to 17% plus a fixed fee according to vehicle value. For vehicles with a price higher than MXN 864 750.45 (for 2022), a discount applies at 7% of the difference between the sales price and the above mentioned threshold. These amounts are updated every year.	Value Electric propulsion	**New Vehicles Tax**: Exemption of 100% of the tax for vehicles with value of up to MXN 292 552.57 Exemption of 50% of the tax for vehicles with value from MXN 292 552.58 to MXN 370 566.61 Exemption of 100% of the for hybrid electricity powered vehicles or vehicles powered by rechargeable electric batteries. Trucks with a load capacity of up to 4 250 kilograms, including those with a maximum capacity of three passengers and trailers and semi-trailers are subject to the rate of 5%.
Netherlands	**VAT**: 21% **Registration Tax:** for passenger cars, fully based on CO_2 emissions and the type of motor fuel used. For passenger cars, the registration tax is progressive and varies between EUR 376 and EUR 448 per g/km exceeding the level of 1g/km. Passenger cars using diesel are charged with an additional EUR 86.67 per g/km exceeding the level of 75 g/km. Registration tax for motorcycles and delivery vans is based on the value of the vehicle.	Value CO_2 Emissions Type of fuel Electric propulsion	**Registration Tax:** Zero-emission vehicles (e.g. electricity powered vehicles) are exempt from Registration Tax. Other examples of exemption are: delivery vans owned by entrepreneurs and used for business purposes for at least 10%. 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, taxis and vehicles that are used for secure transport
New Zealand	**GST:** 15% **Registration Fee on initial registration**: the registration fee varies depending on the type of vehicle being registered and the size of the engine. **Road user charges**: all diesel vehicles and any vehicle with a GVM of 3.5 tonnes or more are required to pay road user charges. Road user charges are distance based (purchased in 1000 kilometre increments) and charges vary based on the weight and configuration of the vehicle.	Value Vehicle type Cylinder capacity CO_2 emissions Electric propulsion Weight	**Road user charges**: Electric vehicles are currently exempt from road user charges. From 1 April 2022, the Clean Car Discount is based on vehicle's CO_2 emissions. Vehicles with zero or low emissions will qualify for a rebate and those with high emissions incur a fee.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Norway	**VAT**: 25% **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 Weight CO_2 emissions NOx emissions Type of fuel Electric range	Electricity powered vehicles are exempt from the Registration Tax and are subject to a zero VAT rate. Plug-in hybrid vehicles (both electric and combustion engine, with external charging) benefit from a rebate from Registration Tax: 15% of the total weight is not included in the tax base. The weight deduction is differentiated by electric range. Flexifuel vehicles (which can use fuel with at least 85 pct. Ethanol) benefit from a rebate on the Registration Taks of NOK 10 000 per vehicle.
Poland	**VAT**: 23% **Excise Duty** is levied on passenger cars prior to their first registration at the time of their sale, intra-community acquisition and import. The following shall also be subject to excise: 1) making design changes to a motor vehicle other than passenger car, registered in the territory of Poland, modifying the type of this vehicle so that it becomes a passenger car; 2) acquisition or possession of a passenger car which has not been previously registered in the territory of Poland. 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 cm³ 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 compared to standard rate. For passenger cars with combustion engine capacity of 2 000 cubic centimetres 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 cubic centimetres but not exceeding 3 500 cubic centimetres 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	Value Cylinder capacity Electric/hydrogen propulsion Market value	**Excise Duty:** 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). **Tax on civil law transactions:** Contracts of sale 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.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
	capacity higher than 2 000 cubic centimetres but not exceeding 3 500 cubic centimetres also applies. **Tax on civil law transactions:** tax on the contract of sale of the vehicle. The buyer is required to pay the tax. The tax rate is 2% of the market value of the vehicle.		
Portugal	**VAT**: 23% **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.	Value Engine capacity CO_2 Emissions Particles emissions Electric propulsion	Exemption: vehicles owned by the State (central, regional or local administration), fire brigades, foreign States, diplomatic and consular missions, international organisations and European agencies. Transfers of permanent residence; vehicles for persons with disabilities; vehicles acquired for transport of families with three or more children benefit from a exemption of 50%, passenger vehicles for rental benefit from an exemption of 40%, taxi services benefit from an exemption of 70% of the tax. Plug-in hybrid vehicles with an electric range at least 50km, CO2 emissions that not exceed 50 gr/km benefit from a tax reduction of 25%. Vehicles exclusively natural gas benefit from a tax reduction of 40%. Electric vehicles or moved by renewable energies, and ambulances and heavy vehicles (above 3.500 kg) are not subject to motor vehicle tax.
Slovak Republic	**VAT**: 20% **Administrative fees**: registration in the vehicle register is subject to a registration fee payable by the holder of a motor vehicle (applies to new, imported and used cars). The fee is calculated by formula with given parameters: RP = Pkw x RV1-n where RP is fee rate, Pkw is power of engine, RV1-n is coefficient of vehicle residual value. The minimum fee is EUR 33. Pkw values vary in 16 brackets from EUR 33 (engine capacity up to 80kw) to EUR 3900 (engine capacity above 254kw). RV1-n coefficient varies in 17 brackets from 1 (first registration) to 0.06 (vehicles over 16 years old). Electric cars are subject to a fee of EUR 33 payable by the holder of the vehicle. **Plate fee** for the release of a license plate number: EUR 16.50 per plate, i.e. EUR 33 per vehicle.	Value Engine power Residual value Type of fuel Electric propulsion	**Administrative fees:** Persons with disabilities: 50% rebate (max. 100 EUR) in administrative fee Hybrids, CNG, LNG vehicles: 50% rebate in administrative fee Family vans: 50% rebate in administrative fee with maximum power of engine of 110 kW for holders that have at least 4 children in parenting. 100% rebate for state authorities, higher territorial units, budget organisation, diplomats, Court of justice, prosecution, police, Slovak red cross and legal person wholly owned by state authority

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
Slovenia	**VAT**: 22% **Motor vehicle tax** is levied on passenger motor vehicles which are put into circulation for the first time or are registered in the Republic of Slovenia for the first time. The Motor Vehicle Tax is also levied on motor vehicles that are subsequently converted into passenger motor vehicles. Such tax is assessed by the tax authority based on the received Motor Vehicle Tax return (in electronic form via eDavki). The person liable to declare and pay 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 according to the type of individual motor vehicle are: the type of fuel used for propulsion, CO_2 emissions from combined driving expressed in g/km, engine power expressed in kilowatts (kW), and the environmental category defining the EURO emission standard. 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 prescribed by the law governing motor vehicles, in the records of the financial administration or in another authentic document containing data for determining the tax base. When determining the tax according to CO_2 emissions, the data on CO_2 emissions according to the WLTP are taken into account. For motor vehicles that do not have data on CO_2 emissions according to WLTP, the converter is taken into account. After the Motor Vehicle Tax return process is completed, the taxable person may register the motor vehicle with the registration authority.	Value CO_2 emissions EURO emissions standards Engine power	**Are exempt from the Motor Vehicle Tax:** special vehicles for transport of deceased persons; fire-fighting vehicles and civil protection 40 vehicles; vehicles for transport of persons with disabilities; vehicles for families with three or more children; exported and supplied vehicles prior to their first registration; intervention ambulances; historic vehicles; sports vehicles used only for racetrack;, 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. These tax exemptions listed 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]
Spain	**VAT**: 21% **Vehicle Registration Tax (VRT)** is based on CO_2 emissions. 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.	Value CO_2 emissions	**Vehicle Registration 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.
Sweden	**VAT**: 25%	Value CO_2 emissions Electric propulsion Bonus Malus	A bonus-malus system was introduced on 1 July 2018. Cars and light trucks/buses emitting up to 60g CO_2/km according to WLTP receive a "climate bonus". CNG cars and light trucks/buses receive a bonus of SEK 10 000 independent of the CO_2 emissions. For electric vehicles (BEVs) with zero CO_2 emission, the bonus is SEK 70 000. Plug-in hybrids (PHEVs) with a CO_2 emission of 1g CO_2/km receive a bonus of SEK 44 417 and for every gram of CO_2 above 1g CO_2/km and up to 60g, the bonus is reduced by SEK 583 to SEK 10 020 at 60g/km.
Switzerland	**VAT**: 7.7% **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. No registration tax (but small fees for number plates and registration papers).	Value Electric propulsion	Electrically powered vehicles are exempt from **automobile tax**
Türkiye	**VAT**: 18%. **Special Consumption Tax (SCT)** is collected once on first acquisition of vehicles. Criteria: engine capacity, SCT tax base, motor power for electric and hybrid vehicles in kW.	Value Cylinder capacity Electric propulsion	**Special Consumption Tax:** Exemption: vehicles for diplomatic use, vehicles for people with disabilities, acquisition of aircraft and helicopters by T.A.A., the first acquisition of vehicles by the headquarters of the Presidency, the vehicles acquired exclusively for use in petroleum exploration activities, the exemption for vehicle purchases of relatives of martyrs, exemption for renewed commercial vehicles.

Country	Taxes/Malus[1]	Criteria determining the tax base and/or amount Bonus/Malus	Rebates/Bonuses/Exemptions[2]
			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% **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	**Vehicle First Registration Fee:** People with disabilities are exempt from the Vehicle First Registration Fee. 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. In 2017, the tax applied to motor vehicles that achieved less than 22.5 miles per gallon. The tax was 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. **A retail tax on heavy trucks, trailers, and tractors**.12 percent 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. **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 Value Weight 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. **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]
	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 customs duties; specific regimes for second-hand cars (e.g. margin scheme, old timers); diplomatic sales; 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. Rebates and exemptions mentioned in this table do not include those that are granted to vehicles used by embassies and other diplomatic missions, international organisations and under a specific customs regime. For the purposes of this table, “bonuses” are direct subsidies provided by jurisdictions to the purchasers of less or non-polluting vehicles. This table does not include specific VAT rebates of subsidies to businesses.

Source: national delegates. Position as at 1 January 2022.

Annex Table 4.A.2. Taxes on the purchase 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
Luxury tax	Not available	Not available	Not available	Not available
Registration fee	Not available	Not available	Not available	Not available
Stamp duty	Not available	Not available	Not available	Not available
Price (All Taxes Included)	Not available	Not available	Not available	Not available
Austria (Vienna)				
Selling price (before tax)	33 000	55 000	23 000	50 000
Bonus (-)	(-) 3 550	(-) 3 550	(-) USD 1 480	-
VAT 20%	6 600	11 000	4 600	10 000
New Car Registration Tax	-	-	8 045	25 310
Vehicle Registration Fee	220	220	220	220
Price (All Taxes Included)	36 270	62 670	34 385	85 530
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	73	73	2.933	5.866
Price (All Taxes Included)	40 002	USD 66.622	30.762	66.366
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	1 840	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)	33 382	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	172	1 306
Price (All Taxes Included)	39 270	65 450	27 542	60 806
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	112	112	112	112
National Consumption Tax	5280	0	1840	8000
Price (All Taxes Included)	40 042	57 862	26 102	67 612
Costa Rica (San José)*				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 13%	Exempt	7 150	2 990	6 500
Vehicle Registration Fee	2 732	12 804	6 734	9 640
Price (All Taxes Included)	35 732	74 954	32 724	66 140

Country	Category A	Category B	Category C	Category D
Czech Republic (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	0	0
Price (All Taxes Included)	39 930	66 550	27 830	60 500
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	- 9 305	- 9 305	-	-
Value liable to registration tax	31 945	59 445	28 750	62 500
Value-based registration tax	20 874	61 735	18 158	66 317
CO_2-based registration tax	-	-	4 628	29 158
General deduction	- 3 483	- 3 483	- 3 483	- 3 483
Registration tax before further deductions for zero-emissions vehicles	17 390	58 251	19 302	91 992
Low- and zero-emission vehicles tax rebate	- 17 390	- 58 251	-	-
Total registration tax	0	0	19 302	91 992
Price (All Taxes Included)	41 250	68 750	48 052	154 492
Estonia (Tallinn)				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 20%	6 600	11 000	4 600	10 000
Vehicle Registration Fee	132	132	132	132
Price (All Taxes Included)	39 732	66 132.16	27 732	60 132
Finland (Helsinki)				
Selling price (before tax)	33 000	55 000	23 000	50 000
Bonus	- 2 376		-	-
VAT 24%	7 920	13 200	5 520	12 000
Car tax	0	0	2 684	49 511
Price (All Taxes Included)	38 553	68200	31 204	111 511
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	- 11 245	- 11 245	- 3 049	40 655
Taxes on registration certificates	11	11	11	11
Price (All Taxes Included)	28 366	54 766	24 562	100 666
Germany (Berlin)*				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 19%	6 270	10 450	4 370	9 500
Bonus	- 6 316	- 5 264	- 4 737	0
Price (All Taxes Included)	32 954	60 186	22 633	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	- 6 000	- 6 000	0	0
Registration tax	0	0	3 053	24 784
Price (All Taxes Included)	34 920	62 200	31 573	86 784

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	339	841
Vehicle Registration tax	0	0	251	1 320
Price (All Taxes Included)	41 910	69 850	29 797	65 661
Iceland (Reykjavik)*				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 24%	0	915	2 168	19 663
Motor vehicle excise duty	0	0	1 783	31 930
Vehicle registration fee	41	41	41	41
Price (All Taxes Included)	33 041	55 956	26 991	101 634
Ireland (Dublin)				
Selling price (before tax)	USD 33 000	USD 55 000	USD 23 000	USD 50 000
VAT 23%	7 590	12 650	5 290	11 500
Vehicle Registration Tax	0	1 765	3 698	20 618
Price (All Taxes Included)	40 590	69 415	31 988	82 118
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	10 440	28 700	19 090	41 500
Price (All Taxes Included)	49 050	93 050	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	448	560
Environmental Performance Excise	0	0	0	1500
Automobile tax	227	227	328	146
Price (All Taxes Included)	36 527	60 727	26 076	57 206
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	65	65	65	65
Price (All Taxes Included)	39 995	66 615	27 895	60 565

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%	39 930	66 550	27 830	60 500
Registration Fee: - Flat registration fee - Registration fee based on CO2 emissions	 17 -	 17 -	 17 -	 17 334
Price (All Taxes Included)	34 030	60 650	27 847	60 851
Luxembourg (Luxembourg)*				
Selling price (before tax)	33 000	55 000	USD 23 000	USD 50 000
VAT 17%	5 610	9 350	USD 3910	USD 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	14 246	68 829
Price (All Taxes Included)	39 930	66 550	42 076	129.329
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	160	160	176	198
Clean car discount scheme	- 6 100	- 6100	- 1 907	3 660
Price (All Taxes Included)	38 110	63 410	26 626	57 698
Norway (Oslo)				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 25%	0	0	5 750	12 500
Registration Tax	0	0	18 700	61 500
Price (All Taxes Included)	33 000	55 000	47 450	124 000
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	2 830	2 314
Price (All Taxes Included)	40 590	67 650	31 120	63 814
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
Plates fee	40	40	740	4 615
Price (All Taxes Included)	39 640	66 040	28 240	64 615

Country	Category A	Category B	Category C	Category D
Slovenia				
Selling price (before tax)	33 000	55 000	USD 23 000	USD 50 000
Bonus (Eko found) refund	- 5 325	– 5 325		
Motor Vehicle Tax	0	0	66	5 631
VAT 22%	7 260	12 100	5 075	12 239
Price (All Taxes Included)	34 935	61 775	28 141	67 870
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
Bonus	- 8 161	- 8 161	0	0
Price (All Taxes Included)	33 089	60 589	28 750	62 500
Switzerland (Bern)				
Selling price (before tax)	33 000	55 000	23 000	50 000
Automobile Tax 4%	0	0	920	2 000
VAT 7.7%	2 541	4 235	1 842	4 004
Fee for license plates and registration papers	109	109	109	109
Price (All Taxes Included)	35 650	59 344	25 871	56 113
Türkiye (Ankara)				
Selling price (before tax)	33 000	55 000	23 000	50 000
VAT 18%	5 940	9 900	4 140	9 000
Special Consumption Tax (the tax base includes the VAT)	(60%) 23 364	(60%) 38 940	(80%) 21 712	(220%) 129 800
Price (All Taxes Included)	62 304	103 840	48 852	188 800
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	36
Electric Vehicle Credit	- 7 500	- 7 500	0	0
DC motor vehicle excise tax	0	0	460	2 700
Price (All Taxes Included)	27 516	50 836	24 876	55 736

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 comparison between countries, the cars are divided into four categories of vehicles considered typical cars: SUV electric, Sedan hybrid, Sedan electric and Pick-up 4X4 fuel. For simplification purposes, all vehicles are supposed to have air conditioning and to be used for private use i.e. not for business purposes. The vehicle brands and models mentioned as examples 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). In addition, relatively low registration taxes or an absence of such taxes do not necessarily reflect a general low taxation of vehicles as a whole. 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 people to buy vehicles with low or very low emissions.

Source: National delegates. Data as at 1 January 2022.

Annex Box 4.A.1. Country notes to Annex Table 4.A.2.

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. Excise tax amount not available. The tax base of the excise tax is calculated in accordance with the urban performance (km/lt), sale price and nitrogen oxide emissions (NOx; gr/km) of the respective vehicle.

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. Ecological bonus makes it possible to receive, without any income condition, a help for the purchase or the rent of a new or second-hand electric or hydrogen vehicle or a new rechargeable hybrid vehicle. The amount is determined by a decree. 27% of the price up to EUR 6,000 / USD 6133.75 In addition, premium is granted for the purchase or leasing of a new car when its CO2 emissions are 127 g/km or less, in exchange for scrapping an old diesel or gasoline vehicle. The maximum premium is EUR 5000 (below 50 g/km): - EUR 5000 / USD 5111.46. **Malus**. Tax on carbon dioxide emissions (« CO2 malus »): EUR 40 000 / USD 40 655.16. **Regional tax on motor vehicles:** based on horsepower. Rates vary between EUR 33 and EUR 60 per horsepower according to the region.

Germany: The environmental bonus governed by public law depends on the vehicle type and the list price. Vehicles with electric engines: EUR 6 000 for vehicles with a maximum net list price of EUR 40 000 and EUR 5 000 for vehicles with a net list price between EUR 40 000 and EUR 65 000. Vehicles with plug-in hybrid electric/fuel engines: EUR 4 500 for vehicles with a maximum net list price of EUR 40 000 and EUR 3 750 for vehicles with a net list price between EUR 40 000 and EUR 65 000. This bonus does not reduce the taxable amount.

Greece. Bonus: Categories A and B: 20% for Price Before Tax (PBT) up 30 000 euros and 15% for PBT greater than 30.000. Max subsidy 6.000 euros. Individuals and companies; Category C: Not eligible to bonus. Bonus provided only for cars with CO_2 emissions ≤ 50gr/km; Category D: no bonus provided to fuel cars. Bonus will increase up to EUR 8 000 (30% of the price before taxes) in the b' cycle of "Go Electric" subsidy scheme which will start by end of July 2022.

Iceland. The VAT relief up to a maximum of ISK 480 000 (USD 3,780) on purchase of a new plug-in hybrid electric vehicle was subject to the limited number of 15 000 vehicles. This quota was reached in April 2022 and the relief measure was abolished on 6 May 2022.

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 June 2022 (or until funds are available).

Luxembourg. If the vehicle is first put into circulation no later than 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%.

New Zealand. Situation as at 1 April 2022.

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.

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. Full electric and plug-in hybrid vehicles are eligible for an income tax credit (Electric Vehicles Credit) up to USD 7 500. However, a tax credit cap applies to vehicles from automakers having already sold 200 000 or more electric vehicles subject to the tax credit. In the circumstances, the vehicle given as an example in the description of Category B vehicles (Tesla Model 3) would not be eligible to the Electric Vehicle Credit. The other two vehicle categories (i.e. 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[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
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 Gross vehicle mass	
Austria	**Motor Vehicles Tax**: All motor vehicles are subject to a Motor Vehicle Tax based on the following criteria: - 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); - Passenger cars below a permissible gross weight of 3.5 tonnes: Engine Power and CO_2 – Emissions; (Engine Capacity – 63) x 0,72 Cent + (CO_2 Emissions – 109) x 0,72 Cent per month; - All other cars below a permissible gross weight of 3.5 tonnes: Engine Power; (Engine Power – 24) x 0,65 to 0,79 Cent per month; and - Motorbikes: Cubic capacity; (Cubic Capacity – 52) x 0,014 Cent + (CO_2 Emissions – 52) x 0.20 Cent per month.	Weight Engine power Cubic capacity CO_2 emissions 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 100 CC; 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 $C0_2$ 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. **Annual Road Tax:** *Walloon Region*: for cars, mixed cars and minibuses the tax rate depends on fiscal hp. and cylinder capacity and is set according to a progressive scale from EUR 85,27 to EUR 2 179.58 (from 01/07/2021 to 30/06/2022). For vehicles above 20 hp (more than 41 cylinder capacity) an additional amount of EUR 118.80 by hp is levied. Vehicles of more than 30 years old (25 years old in the	Engine power Cylinder capacity Fuel used Environmental characteristics 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. *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 An additional road tax applies to cars running on Liquefied Gas Petroleum. As from 1 January 2022, the vehicles destined to the transportation of goods with a Maximum Mass Amount below 3.5 T are subject to thus tax as soon as they are not registered with the ECB.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	Brussels Capital Region) are subject to an annual tax of EUR 36.53. *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, but 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 leasing vehicles and other non-leasing vehicles, 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 hp above 20 (more than 41 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 the fiscal year 2022 this annual tax is only applicable for cars of 30 years of age or older. *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 85.27 to EUR 5743.58. For electric cars the minimum rate applies. Vehicles of more than 25 years old are subject to an annual tax of EUR 38.64. (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 an annual flat-rate tax of EUR 60.46 applies. For light goods vehicles up to and including a maximum permissible laden weight of 3.5 tons, 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 tons the tax rate depends on the maximum permissible laden weight, the 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 January 1st 2022. **Additional annual road tax** is levied in all the regions on cars entirely or partially powered by Liquefied Gas Petroleum. The tax is based on a progressive scale		As from 1 January 2022, 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. 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. *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[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	depending on engine power from EUR 89.16 to EUR 208. 20 **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 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 depending on the commercial value of the vehicle. Lightweight vehicles: depending on the commercial value of the vehicle Passenger vehicles: fixed fee Cargo vehicles: according to loading capacity	Commercial value Fixed fee Loading capacity (trucks)	
Colombia	**Annual Motor Vehicle Tax**. This tax is levied by municipalities for the use of motor vehicles on public roads and the rates depend on the commercial value of the vehicle, as follows: (a) 1,5% of the commercial value of the vehicle when the value of the vehicle is less than COP 48 029 000; (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; (c) 3.5% of the commercial value of the vehicle when the value of the vehicle is greater than COP 108 063 000.	Commercial value	
Costa Rica	**Annual Motor Vehicle Tax** The tax is paid based on the value of motor vehicles, vessels and aircraft in the domestic market before the beginning of the fiscal period, according to their characteristics, and in accordance with the percentages and minimum amount established in the table contemplated in the law. The Executive Branch, through Executive Decree, must annually update the list of values of vehicles, vessels and aircraft, as well as the amounts in the table, for	Fiscal value calculated by Ministry of Finance following inflation rates, annual depreciation rates and average tax burdens	Vehicles owned by foreign embassies and consulates accredited in the country, only for their exclusive use and on 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

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	which it will take into consideration the valuation index determined by the behavior of the inflation rate (consumer price index calculated by the National Statistics and Census Institute), an annual depreciation rate of ten percent (10%) and the variation rate of the tax burden that affects the importation of each type of vehicle. Likewise, it will update annually via Executive Decree, the minimum rate based on the growth of the inflation rate.		machines; rubber tire tractors, caterpillar tractors, cane loaders, grain harvesters and any other type of self-propelled agricultural machinery.
Czech Republic	**Road tax**. From 2022 onwards, the Road Taxis only imposed on heavy goods vehicles registered in the Czech Republic whose technically permissible maximum laden mass exceeds 3.5 tonnes, but vehicles are effectively taxed (at rates greater than zero) up to a weight of 12 tons. 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 set for their tractors. **Special purpose vehicles** are not taxable vehicles. The Czech government is currently considering the abolition of the Road Tax on vehicles under 12 tonnes for the year 2022, with retroactive effect.	Maximum permitted weight of the vehicle in tonnes. Number of axles. Maximum permitted weight of the vehicle combination in tonnes.	Tax exemptions: 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; state material reserve vehicles, if they are not used for business. Vehicles category O (trailers), in case their taxpayer is the owner of the trailer tractor. Vehicles for 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 to ensure the passability of the road. Tax reduction (25% to 100%) for vehicle exclusively used for carriage in the combined transport for which railway transport or inland waterway transport is made use of.
Denmark	**Passenger cars and vans semi-annual tax**: the 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 0 to 232,60 (per quarter) EUR 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, Axle combination, 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.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
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 vehicles emitting from 0g CO_2/km up to EUR 654.44 for vehicles emitting 400g CO_2/km or more. **A tax on driving power** is applicable for 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	CO_2 emissions Weight Number of axles (lorries)	
France	**Taxes on the use of passenger vehicles:** First component: CO_2 emissions and other air pollutants. For CO_2 emissions, rates vary from EUR 1 for each gram emitted for cars emitting from 21g CO_2/km up to 60g CO_2/km, to EUR 29 for each gram emitted for cars emitting more than 269g CO_2/km. For other air pollutant, the rate is EUR 20 for unleaded gasoline and EUR 40 for diesel fuel. Second component: seniority of tourist vehicles payable by owners of vehicles emitting from 250g CO_2/km for car registered in 2009 to 190g CO_2/km for cars registered as of 2012. The rate is EUR 160 a year. **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 - vehicles whose design allows the transport of goods without a trailer or semi-trailer (European categories N2 and N3); - vehicle combinations consisting of a tractor and one or more semi-trailers (European category O); - trailers with a technically permissible laden weight of at least 16 tons. 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 Electric propulsion Type of fuel CO_2 emissions	Wheelchair accessible vehicles; vehicles exclusively assigned by the taxpayer to the rental or temporary use by its customers to replace their immobilized vehicle; vehicles rented by the taxpayer for a period of not more than one calendar month or thirty consecutive days; - 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 organizations; vehicles assigned to a sole proprietorship; - Vehicles whose energy source is exclusively electricity, hydrogen or a combination of both; 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 CO2 emission threshold (or administrative power). With the exception of the exemption, 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 seniority tax. **Exemptions:** - 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.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
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. Cars that were first registered before 1 July 2009 are taxed according to their polluting emissions (EURO-Norm) and cylinder capacity.	Polluting emissions Cylinder capacity CO_2 emissions 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. 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. After the tax exemption has expired, the vehicle tax is assessed by weight and reduced by 50 percent. Other exemptions may apply, e.g. for severely disabled people or emergency vehicles.
Greece	**Annual road tax on private passenger cars** registered for the first time in Greece/European Union/ European Economic Area until 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. Annual road tax on private passenger cars registered for the first time in Greece/European Union/ European Economic Area after 01.11.2010 until 31.12.2020: based on CO_2 emission, from EUR 0 to EUR 3.72 per g/CO_2. Annual road tax on private passenger cars registered for the first time in Greece/European Union/ European Economic Area after 01.01.2021: based on CO_2 emissions, from EUR 0 to EUR 2.85 per g/CO_2. Annual road tax on public passenger cars registered for the first time in Greece/European Union/ European Economic Area until 31.10.2010, EUR 290 Annual road tax on public passenger cars registered 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. Annual road tax on public passenger cars registered after 01.1.2022, based on CO_2 emission, from EUR 0 to EUR 2 per gram of CO_2. Annual road tax on trucks and truck motorcycles based on gross weight and on buses, on the number of seats. Annual road tax on hybrid passenger cars of private use, above cylinder capacity of 1 549c.c. registered for the first time in Greece/European Union/European	Cylinder capacity CO_2 emissions Electric propulsion Gross weight (trucks) Number of seats (buses)	The main exemptions are: 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 kids; 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 1.549 cc, 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 Hybrid motorcycles and three wheeled cycles for private use up to 1,549cc; Hybrid motorcycles and three wheeled cycles for public use up to 1,949cc Specified vehicles which are owned and used by organizations with public benefit and are working voluntarily,

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	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 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. Annual road tax on hybrid passenger cars of public use, above cylinder capacity of 1 929 c.c. registered for the first time in Greece/European Union/ European Economic Area, until 31/10/2010, 50% of the annual road tax on public passenger cars of the relevant category of conventional cars referred above. Annual road tax on hybrid motorcycles and three-wheeled motorcycles of public use above cylinder capacity of 1 929 c.c. regardless of their date of registration in Greece/European Union/ European Economic Area, 50% of the annual road ta of the relevant category of conventional motorcycles and three wheeled cycles referred above. Annual road tax on hybrid passenger cars registered for the first time in Greece/European Union/ European Economic Area, after 1/11/2010, according CO_2 emissions 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 Annual road tax on historical cars, from EUR 50 to EUR 200 based on the cylinder capacity; annual road tax on historical motorcycles, from EUR 25 to EUR 50 , based on cylinder capacity; annual road tax on individual vehicles of special construction, from EUR 22 to EUR 1 230 based on the cylinder capacity.		Historical vehicles (cars, busses, motorcycles), in circulation over than 45 years 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.
Hungary	**Motor vehicle tax** levied according to capacity of engine (in Kw) of passenger cars and motorcycles. The tax base for busses, 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. 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, busses, 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, trailers is HUF 1380/100 kg.	Engine capacity Weight (for lorries) Type of axles (for high-duty vehicles) Electric propulsion	Exemption for vehicles: owned by budgetary agencies and religious organisations; owned by social organisations, foundations not subject to profit tax, used for public transport or fire service; owned by persons seriously disabled or by persons who regularly transport seriously disabled persons up to 13 000 HUF. The tax exemption is available for one vehicle, if its engine capacity does not exceed 100 kW; passenger cars equipped with environment- saving engine.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
Iceland	**A disposal charge** of ISK 900 is levied on each vehicle for each six-month period. This charge is payable for fifteen 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 20 000 refund will be paid to the owner. 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. **A semi-annual road tax on passenger cars** is levied based on the vehicle's carbon dioxide emissions declared by the car manufacturer for combination of city and road driving. Where emission data are not available, the tax rate is based on the weight of the vehicle. The semi-annual road tax is ISK 158 for each gram of carbon dioxide emission for emission above 121 grams, in addition to the minimum fee which is ISK 7540.	Weight Distance CO_2 emissions	
Ireland	**Road tax on private cars** based on CO_2 emissions. Rates vary from EUR 120 (for 0g CO_2/km) to EUR 2350 (above 225g CO_2/km). Tax on commercial vehicles based on net weight: from EUR 333 (<3000 kg) up to EUR 5195 (>20 000 kg)	CO_2 emissions Weight (commercial vehicles) Electric propulsion	Electrically propelled vehicles: EUR 120 flat rate – private and EUR 92 flat rate – commercial not over 1 500kg
Israel	**Annual licensing fees**: private and commercial vehicles weighing up to 3500 kg in total: the vehicles are divided into seven groups (generally the price). The annual licensing fees differentiate according to the year of vehicle production and the group the vehicle belongs to The annual licensing fees range between NIS 739 to NIS 4 671. Commercial vehicles above 3 500 kg, with diesel engine are subject to a different tariff.	Price Age 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.	Engine power Polluting emissions	Exemption for vehicles over 30 years old; flat rate road tax on other vehicles over 30 if still running on public roads. 50% reduction of the motor vehicle tax for vehicles of historical and collectors' interest between 20 and

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	A surtax on use of cars and vehicles intended for the transport of persons or goods applies at a rate of EUR 20.00 for each KW exceeding 185 KW in engine power. Such surtax is reduced after five, ten or fifteen years from the construction of the vehicle by 40%, 70% and 85%, respectively	Electric propulsion	29 years old, if in possession of the certificate of historical relevance. An exemption of 100% from ownership tax is allowed for 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 according to weight. The tax rate for passenger vehicles varies from JPY 4 100 per 0,5 ton up to JPY 6 300 per 0,5 ton (from JPY 2 600 up to JPY 2 800); for lorries from JPY 3 300 per ton up to JPY 6 300 per ton(from JPY 2 600 up to JPY 2 800) **Automobile Tax** (Prefecture) levied on commercial vehicles according to cylinder capacity. For passenger vehicle from JPY 25 000 up to JPY 110 000 (from JPY 7 500 up to JPY 40 700); for lorries: (4-5 tons maximum load) JPY 25 500 (JPY 18 500); for buses: (41-50 passengers capacity) JPY 49 000 (JPY 17 500). **Light Vehicle Tax** (Local): levied on light vehicles and motorcycles according to cylinder capacity and standards.	Weight Cylinder capacity Impact on the environment (incl. Electric/fuel cell propulsion)	Special measures of reduced Motor Vehicle Tonnage Tax Vehicles with low impact on the environment, barrier-free buses and taxis, trucks with collision damage alleviation brake control device, etc. Special measures of refunded Motor Vehicle Tonnage Tax Used vehicles properly scrapped or destroyed by certain disasters before the expiry date of valid period of inspection certificate. Special measures of reduced Automobile Tax and Light Vehicle Tax 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. 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 is complied with 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.	CO_2 emissions Weight (passenger cars and heavy goods vehicles) Motor capacity (passenger cars and motorcycles) Maximum motor power	The main exemptions are for: -a car, motorcycle, tricycle or quadricycle, the owner, holder or driver of which is a disabled person -a vehicle, the owner, holder or driver of which is a representative of a diplomatic, consular or international organisation or a person who has diplomatic or consular privileges and immunities

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	Annual tax for motorcycles: based on motor capacity **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.	(passenger cars) Number of axes and type of suspension (heavy goods vehicles) Electric propulsion	-an emergency vehicle - vehicles having been registered or being registered with the status of historic motor vehicle - electric vehicles
Lithuania	**Charge for busses and heavy vehicles** (vignettes). Applicable annual tax rate threshold - from EUR 304 (for busses) up to EUR 1071 (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) transport 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. Tax on heavy vehicles (also known as “Eurovignette”) is levied on vehicles (lorries) with a gross weight of 12 tons or more for the use of motor ways. Tax also varies according to Euro norms.	CO_2 emissions Type of fuel Electric propulsion	Exemptions: vehicles for disabled people; historical vehicles; cars used by public authorities; electrically propelled cars
Mexico	Starting 2012, the tax on ownership was eliminated as a Federal Tax. State governments may impose a tax on ownership and/or periodic registration for vehicles up to 10 years old. **Registration fee** is MXN 1063 on average and **Tax on ownership** usually varies from 3.0% to 19.1% based on value, type of vehicle and number of passengers.	Value Type of vehicle Number of passengers Electric propulsion	States exempt hybrid and electric vehicles used for public passenger transport; Some states provide exemptions for particular uses. 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. Tax on heavy vehicles (also known as “Eurovignette”) is levied on vehicles (lorries) with a gross weight of 12 tons or	For motor vehicle tax: Fuel used	Vehicles with a CO_2 emission of 0 are exempt. Low-emissions vehicles (CO_2 is not exceeding a level of 50 g/km) pay 50% of the taxes.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	more for the use of motor ways in the Netherlands. Tax also varies according to Euro norms (diesel category)	Weight Region (province) CO_2 emissions For tax on heavy vehicles: Number of axles Polluting emissions	Other examples of exemptions are: (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. 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.
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	**The traffic insurance tax** replaced the annual motor vehicle tax from 2018. Daily tax: NOK 9.47 for diesel cars without factory-fitted particle filter and NOK 8.12 for other cars, NOK 5.65 for motorbikes. NOK 1.31 for moped, tractors etc.	Vehicle type Electric propulsion Particle filter	There was a reduced rate for electricity powered vehicles until 28 February 2022. On 1 March 2022 the standard rate was introduced also for electricity powered vehicles.
Poland	**Annual Motor Vehicles Tax** levied at municipal level on heavy goods vehicles of maximum permissible gross laden weight over 3.5 tons, road and ballast tractors, trailers and semi-trailers and buses.	Weight Type of vehicle Number of passengers for busses	Transport vehicles constituting mobilisation supply. Special vehicles and vehicles used for special purposes. Historic vehicles. Other than mentioned exemptions and reduced rates introduced by local government.
Portugal	**Annual state and municipal tax** on the ownership of a vehicle (reformed on 1st July 2007). For passenger vehicles and mixed use cars with gross weight not exceeding 2500 Kg registered after the reform, 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. **Vehicle excise duty on lorries** above 2.5 tonnes used in public and private	Motor capacity CO_2 emissions Electric propulsion Weight Number of axels Vehicle type and fuel	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. Are also exempt 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.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	transport of merchandise.	Type of suspension	A 50% exemption is applied to category C vehicles, with weight above 3.5t, used exclusively in an activity of itinerant entertainment or performing arts. A tax exemption is also applies to certain types of vehicles over than 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 are used to conduct business activities during the tax period. Rates vary depending on 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 Vehicle type (passenger cars) Weight Cylinder capacity (utility vehicles and buses) Number of axles Type of engine	**Exemption:** vehicles for diplomats - 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. **Tax reduction (50%)** for hybrid motor vehicles or hybrid electric vehicles, 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. The tax rate is reduced for the period of 108 months from the date of the first registration of vehicle (for the first 36 months by 25%, for the next 36 months by 20% and for the next 36 months by 15%). Tax rates for electric vehicles is EUR 0. Tax rates are reduced for the period of 108 months from the date of the first registration of vehicle (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. The tax rates for trailers are reduced by 70 % regardless the age of such vehicle.
Slovenia	**Circulation tax** (levied on an annual basis) – 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 tax	Cylinder capacity, Engine power, Weight Polluting emissions	Tax exemptions: Vehicles exclusively using electricity for power, 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,

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	depends on the category of the vehicle and is proportionate to the duration of the registration period in a certain year. Vehicle deregistration duty is paid for motor vehicle category M1, N1 and L2e for the first time after 2 years of vehicle deregistration and then every year at vehicle deregistration date. Duty is paying for 10 years from the last deregistration. The duty is 25% of circulation tax, but not less than EUR 25. The duty for three-wheeled cycles with electric engine, is EUR 20.	Electric propulsion Type of suspension Number of seats	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. 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%) EURO 2 (+20%), EURO 1 (+30%) and EURO 0 or lower (+40%); Tax reduction for buses and trucks with air suspension (-15%) 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 Engine power Cylinder capacity	**Tax exemptions:** 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	**The annual circulation tax** for cars from 2006 and later or, older cars that meet at least Euro 4 emission standards, is based on CO_2 emissions. Campers, light goods vehicles and light buses that are taken in to 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 after the 1 July 2018, 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, the tax consists of a basic rate of SEK 360, plus a CO_2 amount 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	Weight CO_2 emissions Type of fuel. Electric propulsion Electric consumption	An exemption from annual circulation tax applies to green cars during the first five years. That set of rules has expired but still applies regarding vehicles that are taxable for the first time before the 1 of July 2018. New rules entered into force the 1 July 2018 for new vehicles taxable for the first time after the 1 of July 2018 and classified as green vehicles with low emissions of CO_2 qualifying for a bonus at purchase. The exemption applies to cars, campers, light goods vehicles and light buses with low emissions of CO_2 in proportion to the vehicle's weight. The vehicle's emissions of CO_2 shall not exceed a calculated value of (95 + 0.0457 x (the vehicle's weight in kg – 1 372)). For alternative fuel vehicles the value is calculated; (150 +

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	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 over 111 gram per kilometer. 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.		0.0457 x (the vehicle's weight in kg – 1 372)). Electric cars should not consume more electricity than 37 kWh/100 km.
Switzerland	**Annual motor vehicle tax - Cantonal (provincial) tax,** levied according to the weight or engine volume of the vehicle. **Use of Swiss motorways** (first and second-class motorways) is generally subject 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 with a total weight of up to 3.5 tons each. This group comprises primarily passenger vehicles, motorbikes, vans, trailers, etc. Motor vehicles and trailers with a total weight exceeding 3.5 tons (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). **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 tons, are used to transport goods, are registered in Switzerland or abroad and are driven on the Swiss public road network. **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.	Weight Engine volume Kilometres driven Polluting emissions Electric propulsion	**Annual motor vehicle tax - Cantonal (provincial) tax:** A reduced rate of the motor vehicle tax usually applies to electric and agricultural vehicles. **Use of Swiss motorways:** Exemptions for vehicles of police, fire brigade, ambulance **LSVA and PSVA:** Exemptions for vehicles of police, fire brigade, ambulance as well as agricultural and forestry vehicles, electric vehicles, veteran vehicles, and driving school vehicles.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
Türkiye	**Motor Vehicle Tax**. Motor vehicles that are in scales specified in the Law and registered at the related government institution are subject to motor vehicle tax. The tax is paid in two instalments. Tax Scales: automobiles, carryalls, off road vehicles and similar vehicles and motorcycles which are registered after 31/12/2017 are taxed under the scale No 1, Automobiles, carryalls, off road vehicles and similar vehicles and motorcycles which are 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. On the other hand, 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 same type.	Weight Number of seats Age Value Vehicle type Cylinder capacity Engine power	Vehicles which 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, charge 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 are exempt from motor vehicle tax
United Kingdom	**Vehicle Excise Duty (VED)** on Heavy Goods Vehicles is set according to the number of axles, weight and type of vehicle. 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. 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 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. Vehicles with a list	Vehicle type CO_2 emissions Type of fuel Electric propulsion	VED exemptions apply to vehicles for disabled people, historic vehicles, which are 40 years old, limited use vehicles, agricultural machines, mowing machines, steam powered vehicles, electrically propelled vehicles, and electrically assisted pedal cycles. 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.

Country	Taxes[1]	Criteria for determining the tax base and amount	Rebates/Exemptions[2]
	price of GBP 40 000 or less attract a standard rate of VED. 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.		
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 driven 5 000 miles or less (7 500 miles or less for agricultural vehicles.). State and local governments may impose a **periodic registration, operators' license, parking and inspection fees as well as property taxes.**	Weight (for trucks)	

Notes:

1. Excluding insurance premium tax.

2. Rebates and exemptions mentioned in this table do not include those that are granted to vehicles used by embassies and other diplomatic missions, international organisations and under a specific customs regime.

Source: National delegates; position as at 1 January 2022.

Annex Table 4.A.4. Taxation of premium unleaded (94-96 RON) gasoline (per litre 1st Quarter 2022)

Country		Ex-tax price[1]		Excise[2]	VAT rate[3]	VAT amount	Total tax	Total price		Total tax as % of total price
	Currency	National currency	USD	National currency	%	National currency	National currency	National currency	USD	
Australia	AUD	1.351	0.977	0.442	10.00	0.179	0.621	1.972	1.427	31.5
Austria*	EUR	0.805	0.904	0.489	20.00	0.259	0.748	1.553	1.743	48.2
Belgium	EUR	0.851	0.955	0.579	21.00	0.300	0.879	1.730	1.943	50.8
Canada*	CAD	1.264	0.998	0.435	5.00	0.085	0.520	1.784	1.409	29.1
Chile*	CLP	667.951	0.826	240.978	19.00	126.911	367.889	1035.840	1.281	35.5
Colombia*	COP	Country note		499.50	19.0					
Costa Rica	CRC	521.740	0.812	270.6	0.21	1.664	272.264	794.004	1.236	34.3
Czech Republic	CZK	19.479	0.887	12.840	21.00	6.787	19.627	39.106	1.781	50.2
Denmark*	DKK	7.394	1.115	4.675	25.00	3.017	7.692	15.086	2.275	51.0
Estonia	EUR	0.853	0.958	0.563	20.00	0.283	0.846	1.699	1.908	49.8
Finland*	EUR	0.905	1.016	0.722	24.00	0.390	1.112	2.017	2.265	55.1
France*	EUR	0.821	0.922	0.691	20.00	0.302	0.994	1.815	2.037	54.8
Germany*	EUR	0.856	0.961	0.720	19.00	0.299	1.019	1.875	2.105	54.4
Greece	EUR	0.830	0.932	0.700	24.00	0.367	1.067	1.897	2.130	56.3
Hungary	HUF	261.594	0.806	115.557	27.00	101.831	217.388	478.982	1.475	45.4
Iceland*	ISK	131.440	1.026	89.4	24.00	53.002	142.402	273.842	2.138	52.0
Ireland	EUR	0.797	0.895	0.657	23.00	0.334	0.991	1.788	2.008	62.3
Israel	ILS	2.725	0.852	3.129	17.00	0.995	4.124	6.849	2.142	60.2
Italy	EUR	0.839	0.941	0.698	22.00	0.338	1.036	1.875	2.104	55.3
Japan*	JPY	99.130	0.853	56.600	10.00	15.573	72.173	171.303	1.474	42.1
Korea	KRW	1174.340	0.974	632.430	10.00	180.677	813.107	1987.447	1.649	40.9
Latvia	EUR	0.817	0.917	0.524	21.00	0.282	0.806	1.623	1.822	49.6
Lithuania	EUR	0.827	0.928	0.466	21.00	0.272	0.738	1.565	1.756	47.1
Luxembourg*	EUR	0.827	0.928	0.528	17.00	0.230	0.758	1.585	1.780	47.8
Mexico*	MXN	Country note								
Netherlands	EUR	0.963	1.081	0.780	21.00	0.366	1.146	2.109	2.368	54.3
New Zealand*	NZD	1.726	1.167	0.759	15.00	0.373	1.132	2.858	1.932	39.6
Norway*	NOK	9.259	0.934	6.730	25.00	3.997	10.727	19.986	2.259	53.7
Poland*	PLN	3.673	0.892	1.578	13.17	0.691	2.269	5.942	1.443	38.2
Portugal	EUR	0.839	0.942	0.644	23.00	0.341	0.985	1.824	2.048	54.0
Slovak Republic*	EUR	0.805	0.904	0.514	20.00	0.264	0.778	1.583	1.777	49.1
Slovenia*	EUR	0.716	0.804	0.435	22.00	0.253	0.688	1.404	1.576	49.0
Spain*	EUR	0.871	0.978	0.473	21.00	0.282	0.755	1.626	1.826	46.4
Sweden*	SEK	9.285	0.995	6.539	25.00	3.956	10.495	19.780	2.119	53.1
Switzerland	CHF	0.982	1.063	0.754	7.70	0.134	0.888	1.870	2.024	47.5
Türkiye	TRY	11.438	0.821	2.206	18.00	2.456	4.662	16.100	1.155	29.0
United Kingdom	GBP	0.68	0.913	0.58	20.00	0.252	0.832	1.512	2.029	55.0
United States*	USD	0.936	0.936	0.117	-	-	0.155	1.091	1.091	14.2

Notes:
* Country notes
1. Pre-tax price is the price excluding VAT and excise.

2. Excise taxes are expressed in local currency per litre. They include all non-VAT taxes levied on the product. For the purposes of this table, payments made to specific bodies that use all the amounts collected to accomplish specific missions (e.g. some emergency stock fees) are not considered as "taxes" and are included in the ex-tax price. When different rates apply to the same product depending e.g. on its biofuel or sulphur content, the rate shown is the one applicable to the most commonly used fuel in the country, subject to possible country notes. The taxes shown in this table are those applicable to vehicles for personal use (i.e. not for business purposes).
3. GST for Australia, Canada and New Zealand, sales taxes for the United States and Consumption Tax for Japan. VAT for all other countries.
4. Conversion of national currency in USD: conversion rates are average market rates (Q1 2022) published in OECD Monthly Monetary Statistics (stats.oecd.org).
Source: IEA (2022), Energy Prices database and Energy Prices documentation, International Energy Agency. Average prices and taxes as at 1st quarter 2022. Available at https://www.iea.org/data-and-statistics/data-product/energy-prices and https://www.iea.org/data-and-statistics/data-product/energy-prices#documentation.

Annex Box 4.A.2. Country notes to Annex Table 4.A.4. Taxation of Premium Unleaded (94-96 RON) gasoline (per litre – 1st Quarter 2022)

Australia. Excise rates are indexed in February and August each year. ***Temporary reduction:*** *from 30 March 2022, the excise and excise equivalent customs duty (excise) rates for petrol, diesel and all other fuel and petroleum-based products, except aviation fuels, will be halved for 6 months.*

Austria. The excise amount of EUR 0.482/l applies to unleaded gasoline with minimum 4.6% biofuel content and sulphur content ≤ 10mg/kg. Otherwise, the excise duty is EUR 0.515/l.

Belgium. ***Temporary reduction*** *to counter rising energy costs the excise amount of EUR 0.600 per litre has been lowered to EUR 0.456 per litre (as from 19 March 2022).*

Canada. The excise rate includes federal and provincial taxes (the federal excise rate is CAD 0.1 per litre). The federal GST rate is 5%. In this table, provincial taxes (incl. Sales taxes, HST and QST) are considered as part of excise taxes and are calculated by subtracting the federal GST amount, calculated using the applicable federal rate, from the total taxes reported in NRCan's website (IEA Energy Prices Documentation 2022). ***Temporary reduction:*** *certain provinces have implemented temporary relief measures related to the taxation of gasoline in 2022.*

Chile. The Fuel Price Stabilisation Mechanism (*Mecanismo de Estabililización de Precios de los Combustibles* - MEPCO), introduced in 2014 by Law 20.765 has incorporated a variable component to the excise. In order to stabilise consumer price where there are international market price variations, this mechanism operates weekly either as a tax or as a tax credit. Unlike in other OECD countries, the VAT base is the ex-tax price only, instead of the sum of ex-tax price and excise tax.

Colombia. Excise rates vary according to biofuel content (bc) i.e. COP 549.90/gal with 2% bc; COP 538.68/gal with 4%:bc; COP 516.23/gal with 8% bc and COP: 505.01/gal with 10% bc. The VAT amount included in the consumer price results from a specific assessment of the tax bases, based on objective and subjective criteria as follows for fuels: the taxable base for VAT is (a) for the producer or importer: Income to the IP producer; (b) for the wholesale distributor and/or Industrial Marketer: Income to the producer or marketer of fuel and fuel alcohol and/or biofuel in the proportion authorised by the Ministry of Mines and Energy to convert it into oxygenated fuel, adding the wholesale margin. Transportation costs are not be part of the tax base. For fuels whose marketing margin and Income to the IP Producer is not regulated by the Ministry of Mines and Energy, the tax base will be the sale price without including transportation costs by pipeline. The VAT generated is subject to a right of deduction according to specific rules.

Costa Rica. There is no VAT associated on road fuels themselves but there is a VAT charge on the cost of land transportation of the product. The VAT rate is calculated from that base.

Denmark. The excise amount is for fuel with a minimum amount of 4.8% of biofuels. It includes the Excise Tax, the Environment Tax and the NOx Tax.

Finland. The excise amount for this average fuel mix includes taxes of energy and CO_2 components and strategic stockpile fee.

France. Tax rate is reduced by EUR 0.01/l in Corsica. An additional tax of max. EUR 0.0073/l is applied by region councils (except in Corsica) to finance sustainable, railway or river navigation substructure. In addition, in the Ile-de-France region, tax rate is inflated up to EUR 0.0102/l.

Germany. The value in the table for excise amount includes excise tax (EUR 0.6545/l) and price on carbon emissions (EUR 0.05962/l). The excise amount is for unleaded gasoline with sulphur content ≤ 10mg/kg. Otherwise the component of excise is EUR 0.6698/l. ***Temporary reduction:*** *to counter rising energy costs, the energy tax rates for fuels mainly used in road transport are reduced to the level of the minimum tax rates of the EU Energy Tax Directive from 1 June to 31 August 2022. For unleaded gasoline with sulphur content ≤ 10mg/kg, the energy tax rate then amounts to EUR 0.3590/l.*

Hungary. Excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than 50 USD/barrel the excise amount is HUF 124.145/l (including the excise duty of HUF 120/l and the strategic stock fee of HUF 4.145/l). If the world market price of crude oil is 50 USD/barrel or less the excise amount is HUF 129.145/l (including the excise duty of HUF 125/l and the strategic stock fee of HUF 4.145/l). ***Temporary reduction****: on 28 February 2022 the excise duty was reduced by 5 HUF/litre and the strategic stock fee had been suspended, then on 10 March the excise duty was reduced by further 20 HUF/litre. These measures are scheduled to remain in force until 1 July 2022.*

Iceland. The excise rate of ISK 89.4/l includes the general excise on petrol (ISK 30.2/l), the special excise (ISK 48.7) and the carbon tax (ISK 10.5/l).

Ireland. The 'Excise' amount of EUR 0.66 per litre consists of Mineral Oil Tax (MOT) at a rate of EUR 0.63671 and a National Oil Reserves Agency (NORA) levy which is charged at a rate of EUR 0.02 per litre. From 13 October 2021 the MOT rate on unleaded gasoline increased to EUR 0.63671 per litre. From 10 March 2022 the MOT rate on unleaded gasoline decreased to EUR 0.47411 per litre. From 1 April 2022 the rate decreased further to EUR 0.46598 per litre.

Italy. The excise duty rate derives from the weighted average between the rate in force from January 1, 2022 to March 21, 2022 equal to 0.7284 euro per litre and the one in force from March 22, 2022 to March 31, 2022 equal to 0.4784 euro per litre.

Japan. Regular unleaded gasoline. This amount includes the Gasoline Tax (JPY 48.6/l), the Local Gasoline Tax (JPY 5.2/l) and the Petroleum and Coal Tax (JPY 2.8/l). The prices and taxes are given for the Tokyo prefecture.

Korea. ***Temporary reduction****: from 12 November 2021 to 30 April 2022, fuel tax was cut by 20%; from 1 May 2022 to 30 June 2022 fuel tax is cut by 30%; from 1 July 2022, fuel tax will be reduced by 37% (the end date for this measure has not been decided at the time this publication is issued).*

Latvia. Since 1 January 2020, the excise duty for unleaded gasoline is EUR 0.509/litre. Starting from 1 January 2022, strategic stockpile state fee for unleaded gasoline EUR 0.014/litre.

Mexico. Price data is not available in IEA statistics. There are no excise duties on volume. A tax (Impuesto Especial sobre Producción y Servicios) is charged as a percentage of the value of the product at wholesale level. It is included in the ex-tax price.

Netherlands. For gasoline a stockpiling tax of 0.008/l applies, this is not included in the mentioned excise rate. ***Temporary reduction:*** *in order to counter rising energy costs, excise duty on unleaded gasoline has been lowered from EUR 823.71 / 1.000 L to EUR 650.71 / 1.000 L as of 1 April 2022. Currently this measure will be in place up to and including 31 December 2022.*

New Zealand. The excise amount includes the National Land Transport Management Fund excise tax, the Accident Compensation Commission Levy, the Petroleum or Engine Fuels Monitoring Levy and the Local Authority Fuel Tax.

Norway. The excise amount includes the road usage tax and the CO_2 tax.

Poland. The excise amount includes excise tax, fuel charge and emission charge. ***Temporary reduction*** *to counter rising energy costs: from 1 February to 31 December 2022 the VAT rate for some motor fuels is reduced to 8%* and excise rate is reduced to the EU minimum (i.e. 1 413 PLN/1000 litres).

Slovak Republic. The excise amount is EUR 0.514/l.

Slovenia. Situation as at 1 January 2022: the amount of EUR 445.49 per 1 000 litres includes: the excise duty of EUR 377.49; EUR 12.22 strategic stockpile, EUR 7.36 surcharge on energy end-use efficiency on petrol; EUR 9.11 surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration on petrol and EUR 39.79 CO_2-tax. ***Temporary reduction:*** *temporary measures to counter rising energy costs (situation as at 5 July 2022): amount of EUR 371.22 per 1000 litres includes: the excise duty of EUR 359; and EUR 12.22 strategic stockpile.*

Spain. The excise amount of EUR 0.473/l includes the general tax rate (EUR 0.401/l) and the special tax rate (EUR 0.072/l). ***Temporary reduction:*** *as part of the measures to counter rising energy costs, a temporary subsidy of EUR 0.20/litre applies.*

Sweden. The excise tax amount includes the Energy Tax (SEK 4.180/l) and CO_2 Tax (SEK 2.640/l). ***Temporary reduction:*** *from 1 May 2022, the energy tax on gasoline was reduced with SEK 1.45/l (of which SEK 1.05/l is a temporary reduction from May to October 2022).*

United States. Average federal and state taxes - there is no VAT. Sales taxes are however levied by states and some other local administrations. There is no federal sales tax. Computing an average sales tax as regards to individual commercial energy products would require disaggregated consumption data for each product, which are currently not available.

European Union. Directive 2003/96/EC sets minimal excise rates for energy products and electricity

Note: minor differences may occur between some of the amounts indicated in these country notes and those indicated in the table. These may be due to differences in calculation methods between the statistical institutes (who provided the data in the table) and the tax authorities (who provided the country notes).

Annex Table 4.A.5. Taxation of automotive diesel (per litre - 1st Quarter 2022)

Country		Ex-tax price[1]		Excise[2]	VAT rate[3]	VAT amount	Total tax	Total price		Total tax as % of total price
	Currency	National currency	USD	National currency	%	National currency	National currency	National currency	USD	
Australia	AUD	1.217	0.880	0.442	10.00	0.166	0.608	1.825	1.320	33.3
Austria*	EUR	0.901	1.012	0.405	20.00	0.261	0.666	1.567	1.759	42.5
Belgium	EUR	0.925	1.038	0.579	21.00	0.316	0.895	1.820	2.043	49.2
Canada*	CAD	1.237	0.977	0.377	5.00	0.081	0.458	1.695	1.338	27.0
Chile*	CLP	654.100	0.809	37.186	19.00	124.279	161.465	815.565	1.009	19.8
Colombia*	COP	Country note		253.731	5%					
Costa Rica	CRC	Country note								
Czech Republic	CZK	22.519	1.026	9.950	21.00	6.818	16.768	39.287	1.789	42.7
Denmark*	DKK	7.116	1.073	3.255	25.00	2.593	5.848	12.964	1.955	45.1
Estonia	EUR	0.957	1.074	0.372	20.00	0.266	0.638	1.595	1.790	40.0
Finland*	EUR	1.094	1.228	0.513	24.00	0.386	0.899	1.993	2.237	45.1
France*	EUR	0.866	0.972	0.609	20.00	0.295	0.904	1.770	1.987	51.1
Germany*	EUR	0.982	1.102	0.550	19.00	0.291	0.841	1.823	2.047	46.1
Greece	EUR	0.940	1.055	0.410	24.00	0.324	0.734	1.674	1.879	43.8
Hungary	HUF	277.731	0.855	105.634	27.00	103.509	209.143	486.874	1.500	43.0
Iceland*	ISK	134.210	1.048	79.7	24	51.338	131.038	265.248	2.070	49.4
Ireland	EUR	0.834	0.936	0.555	23.00	0.319	0.874	1.708	1.918	51.2
Israel	ILS	3.079	0.963	2.998	17.00	1.033	4.031	7.110	2.223	56.7
Italy	EUR	0.869	0.976	0.587	22.00	0.320	0.907	1.776	1.994	51.1
Japan*	JPY	105.291	0.906	34.900	10.00	10.809	45.709	151.000	1.300	34.0
Korea	KRW	1038.500	0.862	423.000	10.00	146.150	569.150	1607.650	1.334	35.4
Latvia	EUR	0.815	0.915	0.430	21.00	0.261	0.691	1.506	1.691	45.9
Lithuania	EUR	0.905	1.016	0.372	21.00	0.268	0.640	1.545	1.735	41.4
Luxembourg*	EUR	0.918	1.031	0.417	17.00	0.227	0.644	1.562	1.754	41.2
Mexico*	MXN	Country note								
Netherlands	EUR	1.029	1.155	0.494	21.00	0.320	0.814	1.843	2.069	44.2
New Zealand*	NZD	1.683	1.138	0.043	15.00	0.259	0.302	1.985	1.342	15.2
Norway*	NOK	9.851	1.113	5.570	25.00	3.855	9.425	19276	2.178	48.9
Poland*	PLN	4.043	0.982	1.443	23.00	1.262	2.705	6.748	1.639	40.1
Portugal	EUR	0.883	0.991	0.497	23.00	0.317	0.814	1.697	1.906	48.0
Slovak Republic*	EUR	0.881	0.989	0.368	20.00	0.250	0.618	1.499	1.683	41.2
Slovenia*	EUR	0.767	0.861	0.430	22.00	0.263	0.693	1.460	1.639	47.5
Spain*	EUR	0.892	1.001	0.379	21.00	0.267	0.646	1.538	1.727	42.0
Sweden*	SEK	13.236	1.418	4.958	25.00	4.549	9.507	22.743	2.437	41.8
Switzerland	CHF	1.029	1.114	0.782	7.70	0.139	0.921	1.950	2.112	47.2
Türkiye	TRY	12.252	0.879	2.056	18.00	2.575	4.631	16.883	1.212	27.4
United Kingdom	GBP									
United States*	USD	0.974	0.974	0.137	-	..	0.161	1.135	1.135	14.2

Notes:
* Country notes
1. Pre-tax price is the price excluding VAT and excise.

2. Excise taxes are expressed in local currency per litre. They include all non-VAT taxes levied on the product. For the purposes of this table, payments made to specific bodies that use all the amounts collected to accomplish specific missions (e.g. some emergency stock fees) are not considered as "taxes" and are included in the ex-tax price. When different rates apply to the same product depending e.g. on its biofuel or sulphur content, the rate shown is the one applicable to the most commonly used fuel in the country, subject to possible country notes. The taxes shown in this table are those applicable to vehicles for personal use (i.e. not for business purposes).

3. GST for Australia, Canada and New Zealand, sales taxes for the United States and Consumption Tax for Japan. VAT for all other countries.

4. Conversion of national currency in USD: conversion rates are average market rates (Q1 2022) published in OECD Monthly Monetary Statistics (stats.oecd.org)

Source: IEA (2022), Energy Prices database and Energy Prices documentation, International Energy Agency. Average prices and taxes as at 1st quarter 2022. Available at https://www.iea.org/data-and-statistics/data-product/energy-prices and https://www.iea.org/data-and-statistics/data-product/energy-prices#documentation.

Annex Box 4.A.3. Country notes to Annex Table 4.A.5. Taxation of automotive Diedel (per litre 1st Quarter 2022)

Australia. Excise rates are indexed in February and August each year. ***Temporary reduction:*** *from 30 March 2022, the excise and excise equivalent customs duty (excise) rates for petrol, diesel and all other fuel and petroleum-based products, except aviation fuels, will be halved for 6 months***.**

Austria. The excise amount of EUR 0.397/l applies to automotive diesel with minimum 6.6% of biofuel and sulphur content ≤ 10mg/kg. Otherwise, the excise amount is EUR 0.425/l.

Belgium. ***Temporary reduction;*** *to counter rising energy costs the excise amount of EUR 0.600 per litre has been lowered to EUR 0.456 per litre (as from 19 March 2022).*

Canada. The excise rate includes federal and provincial taxes (the federal rate is CAD 0.04 per litre). The federal GST rate is 5%. In this table, provincial taxes (incl. Sales taxes, HST and QST) are considered as part of excise taxes and are calculated by subtracting the federal GST amount, calculated using the applicable federal rate, from the total taxes reported in NRCan's website (IEA Energy Prices Documentation 2022). ***Temporary reduction:*** *certain provinces have implemented temporary relief measures related to the taxation of automotive diesel in 2022.*

Chile. The Fuel Price Stabilisation Mechanism (*Mecanismo de Estabililización de Precios de los Combustibles* or MEPCO, introduced in 2014 by Law 20.765) has incorporated a variable component to the excise. In order to stabilise consumer price where there are international market price variations, this mechanism operates weekly either as a tax or as a tax credit. Unlike in other OECD countries, the VAT base is the ex-tax price only, instead of the sum of ex-tax price and excise tax.

Colombia. From 1 May 2019 onwards, the VAT rate of 5% applies instead of 19%. Additional, extra gasoline tax at a rate of COP 1 053.47 per gallon. Fuels used in fishing and/or cabotage activities on the Colombian coast and in maritime activities carried out by the National Navy, typical of the Coast Guard Corps, and marine and river diesel will be subject to the National Tax on gasoline at the rate of COP 677.11 per gallon. The VAT amount included in the consumer price results from a specific assessment of the tax bases, based on objective and subjective criteria as follows for fuels: the taxable base for VAT is (a) for the producer or importer: Income to the IP producer; (b) for the wholesale distributor and/or Industrial Marketer: Income to the producer or marketer of fuel and fuel alcohol and/or biofuel in the proportion authorised by the Ministry of Mines and Energy to convert it into oxygenated fuel, adding the wholesale margin. Transportation costs are not be part of the tax base. For fuels whose marketing margin and Income to the IP Producer is not regulated by the Ministry of Mines and Energy, the tax base will be the sale price without including transportation costs by pipeline. The VAT generated is subject to a right of deduction according to specific rules.

Costa Rica. There is no VAT associated with road fuels themselves but there is a VAT charge on the cost of land transportation of the product. The VAT rate is calculated from that base. No IEA data on prices is available for that product.

Finland. The excise for this average fuel mix includes energy content tax, CO_2 tax and strategic stockpile fee.

France. An additional tax of max. EUR 0.0135/l is applied by region councils (except in Corsica) to finance sustainable, railway or river navigation substructure. In addition, in the Ile-de-France region, tax rate is inflated up to EUR 0.0189/l.

Germany. The value in the table for excise amount includes excise tax (EUR 0.4704/l) and price on carbon emissions (EUR 0.06691/l). The excise amount is for diesel with sulphur content ≤ 10mg/kg. Otherwise the component of excise is EUR 0.48517/l. ***Temporary reduction:*** to counter rising energy costs, the energy tax rates for fuels mainly used in road transport are reduced to the level of the minimum tax rates of the EU Energy Tax Directive from 1 June to 31 August 2022. For diesel with sulphur content ≤ 10mg/kg, the energy tax rate then amounts to EUR 0.33/l.

Greece. An additional "green fee" of EUR 0.03/l is applied for environmental purposes.

Hungary. Excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than 50 USD/barrel the excise amount is HUF 114.233/l (including the excise duty of HUF 110.35/l and the strategic stock fee of HUF 3.883/l). If the world market price of crude oil is 50 USD/barrel or less the excise amount is HUF 124.233/l (including the excise duty of HUF 120.35/l and the strategic stock fee of HUF 3.883/l). ***Temporary reduction****: on 28 February 2022 the excise duty was reduced by 5 HUF/litre and the strategic stock fee had been suspended, then on 10 March the excise duty was reduced by further 20 HUF/litre. These measures are scheduled to remain in force by 1 July.*

Iceland. The excise rate of ISK 79.7/l includes the excise on diesel (ISK 67.65/l) and the carbon tax (ISK 12.05/l).

Ireland. The 'Excise' amount of EUR 0.560 per litre consists of Mineral Oil Tax (MOT) at a rate of EUR 0.53546 and a National Oil Reserves Agency (NORA) levy which is charged at a rate of EUR 0.02 per litre. From 13 October 2021 the MOT rate for automotive diesel increased to EUR 0.53546 per litre. From 10 March 2022 the MOT rate for automotive diesel decreased to EUR 0.41351 per litre. From 1 April 2022 the rate decreased further to EUR 0.40538 per litre.

Italy. The excise duty rate derives from the weighted average between the rate in force from January 1, 2022 to March 21, 2022 equal to 0.6174 euro per litre and the one in force from March 22, 2022 to March 31, 2022 equal to 0.3674 euro per litre.

Japan. The excise includes the Petroleum Tax (YEN 2.800) and the Gasoline Tax (Yen 32.100). The VAT base does not include the Petroleum Tax.

Latvia. Since 1 January 2020, the excise duty for automotive diesel is EUR 0.414/litre. Starting from 1 January 2022, strategic stockpile state fee for automotive diesel EUR 0.016/litre.

Lithuania. As of 1st January 2020 there was an increase in excise rate: rate for automotive diesel used for agriculture was set at EUR 0.06/l, normal rate for automotive diesel was set at EUR 0.372/l.

Mexico. Excise taxes on gasoline and diesel in 2015 had three components: (1) the excise-carbon tax, set proportionally to the carbon content of the fuel and implemented through a fixed amount per litre, whose main purpose is to send a carbon price signal to contribute to Climate Change commitments; (2) the excise tax specifically earmarked as transfers to the State's governments, proportional to their consumption, also implemented as a fixed amount per litre; and (3) the main excise tax, which, changed each month in value according to a set of criteria which essentially subtracted from the fuel's controlled price the cost of importing or producing fuel, plus the costs of distribution, logistics, related items, and the retail profit for gas station owners. This general excise tax could even become a negative tax (a subsidy) if domestic prices for fuel were low and international reference prices were high, and this was the case for the first 3 years of the decade. The 2016 excise tax reforms changed completely this latter component. Now, the general excise tax on gasoline and diesel is also a fixed quota tax per litre. During the transition period before full price liberalisation of fuels in 2018, the fixed quota of the excise tax will have a complementary quota component (positive or negative) to ensure that the final fuel prices do not vary outside a price band of +/- 3% of the price they had in 2015. This complementary quota can never become equal in size to the excise tax, so general fossil fuel subsidies would be precluded from happening again.

Netherlands. For diesel a stockpiling tax of 0.008/l applies, this is not included in the mentioned excise rate. ***Temporary reduction:*** *in order to counter rising energy costs, excise duty on automotive diesel has been lowered from EUR 528.46 / 1.000 L to EUR 417.46 / 1.000 L as of 1 April 2022. Currently this measure will be in place up to and including 31 December 2022.*

New Zealand. The excise tax on diesel is a local authorities' fuel tax and diesel vehicle owners are also required to pay road user charges.

Norway. The excise amount includes the road usage tax and the CO_2 tax.

Poland. The excise amount includes excise tax, fuel charge and emission charge. ***Temporary reduction:*** *as part of the measures undertaken to counter rising energy costs,* from 1 February to 31 December 2022 the VAT rate for some motor fuels is reduced to 8% and excise rate is reduced to the EU minimum (i.e. 1 104 PLN/1000 litres).

Portugal. Automotive diesel used for agriculture is taxed at a lower VAT rate of 13%.

Slovak Republic. The excise amount is EUR 0.393/l for diesel.

Slovenia. Situation as at 1 January 2022: the amount of EUR 463.94 per 1 000 litres includes the excise duty of EUR 387.67, the strategic stockpile on gasoil used as propellant of EUR 11.66, EUR 8.00 surcharge on energy end-use efficiency on gasoil used as propellant, EUR 9.90 surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration on gasoil used as propellant, EUR 46.71 CO_2 tax. ***Temporary reduction:*** *temporary measures to counter rising energy costs (situation as at 5 July 2022) the amount of EUR 341.66 per 1000 litres includes: the excise duty of EUR 330; and EUR 11.66 strategic stockpile.*

Spain. The excise amount of EUR 0.379/l includes the general Excise tax (EUR 0.307/l) and the special tax rate (EUR 0.037/l). ***Temporary reduction:*** *as part of the measures to counter rising energy costs, a temporary subsidy of EUR 0.20/litre applies.*

Sweden. The excise tax amount includes the Energy Tax (SEK 2.511/l) and CO2 Tax (SEK 2.292/l). The tax amount of SEK 4.803/l relates to Class 1 automotive diesel (aromatic content < 5%vol.; max sulphur content of 10 wppm. Higher taxes apply to Class 2 (SEK 5.126/l) and Class 3 (SEK 5.293/l) diesel. ***Temporary reduction:*** *from 1 May 2022, the energy tax on diesel was reduced with SEK 1.45/l (of which SEK 1.05/l is a temporary reduction from May to October 2022).*

United States. Average federal and state taxes - there is no VAT. Sales taxes are however levied by states and some other local administrations. There is no federal sales tax. Computing an average sales tax as regards to individual commercial energy products would require disaggregated consumption data for each product, which are currently not available.

European Union. Directive 2003/96/EC sets minimal excise rates for energy products and electricity.

Note: minor differences may occur between some of the amounts indicated in these country notes and those indicated in the table. These may be due to differences in calculation methods between the statistical institutes (who provided the data in the table) and the tax authorities (who provided the country notes).

Annex Table 4.A.6. 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	0	0	0	0
	VAT (%)	5	5	5	5
Costa Rica	Excise (CRC) per litre	153.5	0	153.5 / 255.88	0
	VAT (%)	-	-	-	0
Czech Republic	Excise (CZK) per litre	0	0	0.370	0.370
	VAT (%)	21	0	21	0
Denmark	Excise (DKK) per litre 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 (%)	20	0	20	0
Finland	Excise (EUR) per litre	0	0	0.8117 / 0.7360	0.8117 / 0.7360
	VAT (%)	24	0	24	0
France	Excise (EUR) per litre	0	0	0.398 / 0.6729	0
	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	126.432	126.432
	VAT (%)	27	0	27	0
Iceland	Excise (ISK) per litre	0	0	0	0
	VAT (%)	24	0	24	0
Ireland	Excise (EUR) per litre	0	0	0.5355/0.6367	0.5355/0.6367
	VAT (%)	23	0	23	0
Israel	Excise (ILS) per litre	0	0	0	0
	VAT (%)	17	0	17	0
Italy*	Excise (EUR) per litre	0	0	0.3375 / 0.7006	0.3375 / 0.7006
	VAT (%)	22	0	22	0
Japan	Excise (JPY) per litre	9	0	9/9	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

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
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	0.33	0.33
	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	0.52846	0.52846
	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)	1.96	0	1.96	0
	(CO_2-tax ETS flights)	1.61	0	1.61	0
Poland*	Excise (PLN) per litre	0	0	1590/1956	1590/1956
	VAT (%)	23	0	23	0
Portugal*	Excise (EUR) per litre	0	0	0.39225/0.56098	0.39225/0.56098
	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
	VAT (%)	21	0	21	0
Sweden	Excise (SEK) per litre	0	0	5.293/6.867	5.293/6.867
	VAT (%)	25	0	25	0
Switzerland	Excise (CHF) per litre	0.7395	0	0.7395/0.7682	0
	VAT (%)	7.7	0	7.7	0
Türkiye	Excise (TRY) per litre	0	0	0	0
	VAT (%)	18	0	18	0
United Kingdom	Excise (GBP) per litre	0	0	0.5795/0.3820	0
	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.

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 at 1 January 2022.

Annex Box 4.A.4. 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) and services provided to non-residents are considered exports. The aviation companies are therefore entitled to claim the refund of the input VAT, including on the fuel. In those cases, the practical effect can 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 the aviation companies and to non-residents).

Colombia. Jet A1 aviation fuel and/or domestic 100/130 aviation fuel subject to 5% of VAT. Aviation fuel supplied for the national passenger air transportation service to and from some departments are not subject to VAT. The VAT amount included in the consumer price results from a specific assessment of the tax bases, based on 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, adding the marketing margin.

Estonia. Aviation gasoline used for private pleasure flights is taxed at an excise rate of EUR 563/1000 l.

Finland. The excise amount includes energy content tax, CO_2 tax and strategic stockpile fee.

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 0%. For Private/pleasure flights Excise Duties rates for AVGAS (CN code 27101231, 27101270) is EUR 697/1000 litres and for JET A - 1 (CN codes 2710 1921, 2710 1925) is EUR 410/1000 litres.

Hungary. Excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than 50 USD/barrel the excise amount is HUF 126.432/l (including the excise duty of HUF 124.2/l and the strategic stock fee of HUF 2.232/l). If the world market price of crude oil is 50 USD/barrel or less the excise amount is HUF 131.432 (including the excise duty of HUF 129.2/l and the strategic stock fee of HUF 2.232/l).

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 0.4044 per litre.

Italy. This value derives from the weighted average between the excise duty rate in force from 1 January 2022 to 21 March 2022 (included) amounting to 0.7284 euro/litre and that in force from 22 March 2022 to 31 March 2022 amounting to 0.4784 euro/litre.

Netherlands. A zero VAT rate applies to fuels for aircrafts that are used by airlines that are mainly occupied by international transport 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 560.98 per 1000 litres for aviation gasoline (AVGAS) and EUR 392.35 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 421.61 per 1000 litres AVGAS and CO_2 tax 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 in amount EUR 9.11 per 1000 litres JET A-1 and 9.13 per 1000 litres AVGAS.

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 0.3048 per gallon (Vermont) 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. ***Temporary reduction:*** *as part of measures to combat the Covid-19 crisis, the federal fuel excise tax on jet fuel used in commercial aviation was suspended from 28 March to 31 December 2020.*

Note

[1] According to International Energy Agency calculations, the « excise » amount includes all taxes, fees and charges, excluding VAT.

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[1]) 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 October 2022, 174 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	
3	Algeria	1992	19	9	
4	Andorra	2013	4.5	0, 1, 2.5	9.5
5	Angola	2019	14	0, 1, 2, 5, 7	
6	Anguilla	2022	13	0	
7	Antigua and Barbuda	2007	15	0, 14	
8	Argentina	1974	21	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		
14	Bangladesh	1991	15	5, 7, 10	
15	Barbados	1997	17.5	0, 7.5	
16	Bahrain	2018	10	0	
17	Belarus	1991	20	0, 10	25, 26
18	Belgium	1971	21	0, 6, 12	
19	Belize	2006	12.5	0	
20	Benin	1991	18	0	
21	Bhutan[4]	2022	7	0	
22	Bolivia	1986	13	0	
23	Bosnia Herzegovina	2006	17		
24	Botswana	2002	12	0	
25	Brazil	1964	17, 18	4, 7, 12	25, 30
26	Bulgaria	1994	20	9	
27	Burkina Faso	1993	18	0, 10	
28	Burundi	2009	18	0, 10	
29	Cambodia	1999	10		

30	Cameroon	1999	19.25	0	
31	Canada[5]	1991	GST/HST: 5, 13, 15		
32	Cape Verde	2004	15	0, 8	
33	Central African Republic	2001	19	0, 5	
34	Chad	2000	18	0, 9	
35	Chile	1975	19		
36	China (People's Republic)	1994	13	1, 1.5, 3, 6, 9	
37	Colombia	1983	19	0, 5	
38	Commonwealth of Dominica	2006	15	0, 10	
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	0, 9	
44	Croatia	1998	25	5, 13	
45	Cyprus[6]	1992	19	0, 5, 9	
46	Czech Republic	1993	21	10, 15	
47	Denmark	1967	25	0	
48	Djibouti	2009	10	0	
49	Dominican Republic	1983	18	0, 16	-
50	Ecuador	1970	12	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, 9	
55	Eswatini	2012	15	0	
56	Ethiopia	2003	15	0	
57	Faroe Islands	1993	25	0	
58	Fiji	1992	9	0	
59	Finland	1994	24	0, 10, 14	
60	France[6]	1968	20	2.1, 5.5, 10	
61	Gabon	1995	18	0, 10	
62	Gambia	2013	15	0	
63	Georgia	1993	18	0	
64	Germany	1968	19	7	
65	Ghana	1998	12.5	0, 3	
66	Greece[7]	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	17	0, 10	20
71	Guyana	2007	14	0	
72	Haiti	1982	10		
73	Honduras	1964	15	0	18
74	Hungary	1988	27	5, 18	
75	Iceland	1990	24	0, 11	
76	India	2017	12, 18	0, 5	28
77	Indonesia	1985	11	0	10 – 125
78	Iran[8]	2008	9	0	12+3, 20 (5 or 10) 25-30
79	Ireland	1972	23	0, 4.8, 9, 13.5	
80	Isle of Man	1973	20	0, 5	
81	Israel[9]	1976	17	0	
82	Italy	1973	22	4, 5, 10	

83	Jamaica	1991	15	2, 10	21.5, 25
84	Japan	1989	10	8	
85	Jersey	2008	5	0	
86	Jordan	2001	16	0, 2, 4, 5, 10	26
87	Kazakhstan	1992	12	0	
88	Kenya	1990	16	0, 8	
89	Kiribati	2014	12.5	0	
90	Korea	1977	10		
91	Kosovo[10]	2001	18	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	7.7	2.5, 3.7	
98	Lithuania	1994	21	5, 9	
99	Luxembourg	1970	17	3, 8, 14	
100	Madagascar	1994	20	0	
101	Malawi	2002	16.5	0	
102	Maldives	2011	6	0	12
103	Mali	1991	18	5	
104	Malta	1999	18	0, 5, 7	
105	Mauritania	1995	16		18
106	Mauritius	1998	15	0	
107	Mexico	1980	16	0	
108	Moldova	1998	20	0, 8	
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	17	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	5, 10	
123	Norway	1970	25	0, 12, 15	
124	Oman	2021	5	0	
125	Pakistan	1990	17	0 - 16	18.5, 21, 22 and 25
126	Panama	1977	7		10, 15
127	Papua New Guinea	1999	10	0	
128	Paraguay	1993	10	5	
129	Peru[11]	1991	16	0	
130	Philippines	1988	12	0, 5	
131	Poland	1993	23	5, 8	
132	Portugal[12]	1986	23	6, 13	
133	Romania	1993	19	5, 9	
134	Russia	1991	20	0, 10	
135	Rwanda	2001	18	0	

136	Saint Kitts and Nevis	2010	17	10	
137	Saint Lucia	2012	16	0, 10	
138	Saint Vincent and the Grenadines	2007	16	0, 11	
139	Samoa	1994	15	0	
140	Saudi Arabia	2018	15	0	
141	Senegal	1980	18	0, 10	
142	Serbia	2005	20	10	
143	Seychelles	2012	15	0	
144	Sierra Leone	2009	15	0	
145	Singapore	1994	7	0	
146	Slovak Republic	1993	20	10	
147	Slovenia	1999	22	5, 9.5	
148	South Africa	1991	15	0	
149	Spain[13]	1986	21	4, 10	
150	Sri Lanka	1998	8	0	15
151	Sudan	2000	18	0	
152	Sweden	1969	25	0, 6, 12	
153	Switzerland	1995	7.7	2.5, 3.7	
154	Chinese Taipei	1986	5	0	
155	Tajikistan[14]	1992	18	5	
156	Tanzania	1998	18	0	
157	Thailand	1992	10	0, 7	
158	Togo	1995	18	10	
159	Tonga	2005	15		
160	Trinidad and Tobago	1990	12.5	0	
161	Tunisia	1988	19	0, 7, 13	
162	Turkey	1984	18	1, 8	
163	Turkmenistan	1992	15	0	
164	Uganda	1996	18	0	
165	Ukraine	1992	20	0, 7, 14	
166	United Arab Emirates	2018	5	0	
167	United Kingdom	1973	20	0, 5	
168	Uruguay	1972	22	0, 10	
169	Uzbekistan	1992	20	0	
170	Vanuatu	1998	15	0	
171	Venezuela	1993	16	8	31
172	Vietnam	1999	10	0, 5	
173	Zambia	1995	16	0	
174	Zimbabwe	2004	14.5	0	
	Aruba[15]				
	Kuwait[16]				
	Liberia[17]				
	Qatar[18]				
	Suriname[19]				
	Palau[20]				
	Malaysia[21]				

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% in Jungholtz and Mittleberg.
4. **Bhutan.** Standard rate being applied from 1 July 2022 onwards.
5. **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.
6. **France.** Specific rates also apply in some regions/territories: reduced rates 0.9/2.1/10.0/13.0 (Corsica); standard/reduced rates 8.5/2.1 (Martinique, Guadeloupe, Réunion); standard/reduced rates 16-13/5 (French Polynesia) (see also Annex Table 2.A.1).
7. **Greece.** Specific regional rates of 4.0%; 9.0% and 17.0% apply in the islands of Leros, Lesbos, Kos, Samos and Chios until 31 December 2020 (see also Annex Table 2.A.1).
8. **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.
9. **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.
10. **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.
11. **Peru.** In addition to the standard IGV rate of 16%, a 2% sales tax (IPM) is levied at municipal level.
12. **Portugal.** In the Islands of Azores, the standard VAT rate is 18% and the reduced rates are 4% and 9%. In the Islands of Madeira the standard rate is 22% and reduced rates are 5% and 12%.
13. **Spain.** Rates of 0.0%, 3.0%; 7.0%, 9.50%; 13.50%, 20% apply in the Canary Islands.
14. **Tajikistan.** From 1 January 2022, the standard VAT rate will be decreased from 18% to 15% for cashless transactions. The VAT rate will be further reduced to 14% from 2024 and to 13% from 2027 for cashless transactions. For cash transactions, the VAT rate will remain at 18% in 2022, and will be raised to 19% in 2024, and to 20% in 2027. The VAT rate reduction aims to incentivize the transition to cashless payments.
15. **Aruba.** The implementation of VAT, initially planned for 1 January 2023 is delayed to 2024.
16 **Kuwait**. The government has announced the introduction of VAT in 2023.
17. **Liberia**. The government announced the implementation of VAT in 2023.
18. **Qatar.** The implementation of VAT is delayed due to COVID-19 and rising inflation.
19. **Suriname.** The law introducing Value Added Tax (VAT) was voted by the National Assembly in August 2022 with planned implementation in 2023.
20. **Palau.** The VAT will be introduced on 1 January 2023, under the name "Palau Goods and Services Tax" PGST.
21. **Malaysia.** GST was abolished and a single-stage sales tax system was reintroduced on 1 September 2018, three years after GST was first introduced.

Annex B. Exchange rates

Table A B.1. Exchange rates

Country	Currency	PPP exchange rates for GDP 2021	Market exchange rates for 2020	Market exchange rates for 2021	Market Exchange rates for 1Q 2022
Australia	AUD	1.44	1.45	1.33	1.38
Austria	EUR	0.77	0.88	0.85	0.89
Belgium	EUR	0.74	0.88	0.85	0.89
Canada	CAD	1.25	1.34	1.25	1.27
Chile	CLP	430.00	791.72	758.95	808.38
Colombia	COP	1359.00	3695.61	3743.59	3,912.31
Costa Rica	CRC	353.24	584.68	620.79	642.64
Czech Republic	CZK	12.90	23.21	21.68	21.96
Denmark	DKK	6.59	6.54	6.29	6.63
Estonia	EUR	0.55	0.88	0.85	0.89
Finland	EUR	0.83	0.88	0.85	0.89
France	EUR	0.73	0.88	0.85	0.89
Germany	EUR	0.74	0.88	0.85	0.89
Greece	EUR	0.55	0.88	0.85	0.89
Hungary	HUF	155.00	307.99	303.14	324.66
Iceland	ISK	151.00	135.38	126.99	128.11
Ireland	EUR	0.79	0.88	0.85	0.89
Israel	ILS	3.80	3.44	3.23	3.20
Italy	EUR	0.65	0.88	0.85	0.89
Japan	JPY	100.00	106.76	109.75	116.20
Korea	KRW	847.00	1180.13	1143.96	1,205.25
Latvia	EUR	0.51	0.88	0.85	0.89
Lithuania	EUR	0.46	0.88	0.85	0.89
Luxembourg	EUR	0.85	0.88	0.85	0.89
Mexico	MXN	10.00	21.40	20.27	20.45
Netherlands	EUR	0.77	0.88	0.85	0.89
New Zealand	NZD	1.49	1.54	1.41	1.48
Norway	NOK	9.67	9.41	8.59	8.85
Poland	PLN	1.84	3.90	3.86	4.12
Portugal	EUR	0.57	0.88	0.85	0.89
Slovak Republic	EUR	0.54	0.88	0.85	0.89
Slovenia	EUR	0.57	0.88	0.85	0.89
Spain	EUR	0.62	0.88	0.85	0.89
Sweden	SEK	8.71	9.21	8.57	9.33
Switzerland	CHF	1.10	0.94	0.91	0.92
Turkey	TRY	2.78	7.02	8.85	13.93
United Kingdom	GBP	1.69	0.78	0.73	0.75
United States	USD	1	1.00	1.00	1.00

Notes:
1. Purchase Parity Rates (PPP) for GDP 2021. Accessed on 28 August 2022. For further detail, see *www.oecd.org/std/ppp*.
2. Average market rates 2019. OECD Monthly Monetary Statistics. For further details see *stats.oecd.org*.
Source: OECD.

Consumption Tax Trends 2022

VAT/GST AND EXCISE, CORE DESIGN FEATURES AND TRENDS

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