

# **VAT in the Digital Age**

## **and a business case in the digital world**

**LEA – 10 April 2025**

# The tree pillars of ViDA

- I. Pillar 3: Single VAT registration
- II. Pillar 2: Platform economy
- III. Pillar 1: E-invoicing and digital reporting



# Single VAT registration

# Timeframe



**1 January 2027**

OSS extended to B2C-supply of gas, electricity, heating and cooling.



**1 July 2028**

Further extension of the OSS, extended mandatory reverse charge rule, start of transfer of own goods scheme, no transfers under call-off-stock rules possible.



**30 June 2029**

Last date on which goods can be supplied to customer under call-off-stock regime.



# Platform economy

# Components of the platform economy part of ViDA

- Deeming provision
- New place of supply rule for facilitation services
- Additional record keeping obligations

# Type of service covered

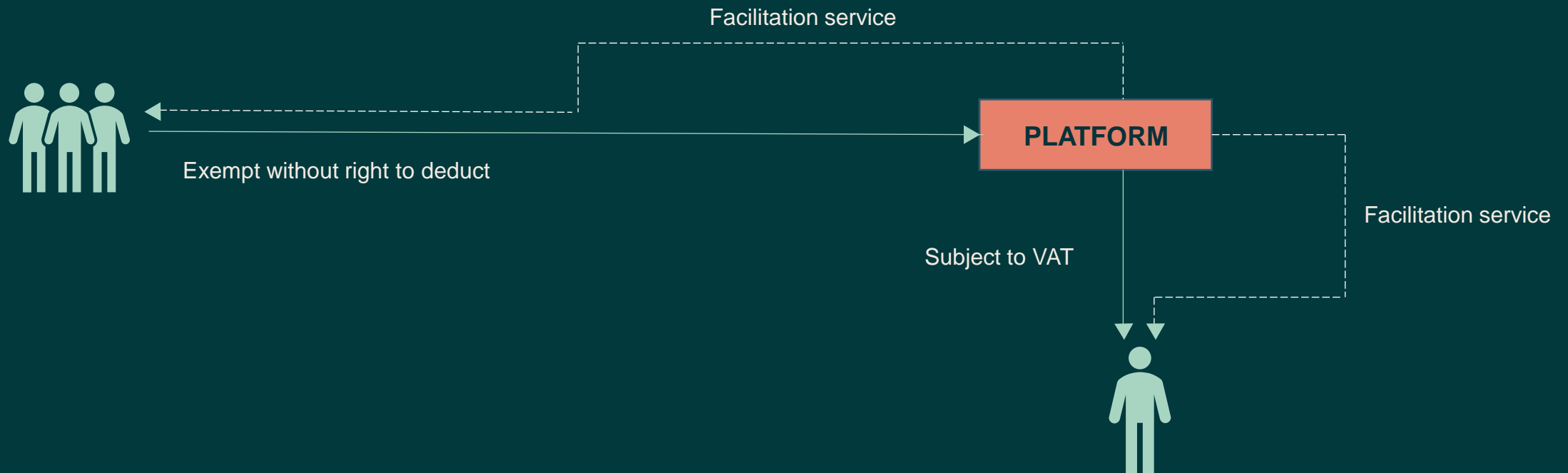


- Passenger transport by road effected in the EU → section of the service effected between two points of the Union
- Except: ride sharing → person who provides the means by which the cost of passenger transport can be shared



- Short term accommodation rental services within the EU → uninterrupted rental of accommodation to the same person for a maximum of 30 nights

# Deeming provisions for platforms





# Opting out of the deeming provision



Provide VAT ID or OSS nr+ declare that it will charge VAT  
(note to be provided only once unless change in activity)



Facilitation service

PLATFORM

Subject to VAT



Member States may require that platform validates the VAT ID nr using appropriate means established by law.

# Timeframe



**1 July 2027**

Commission to present assessment report of deemed supplier role e-commerce platforms



**1 July 2028**

Member States may opt to implement measures under pillar 2 of ViDA (possibly with exception of deeming provision)



**1 January 2030**

Latest date on which deeming provision needs to be implemented by Member States



**1 July 2033**

Commission submits report on application of deeming provision short term accommodation rental and passenger transport services



# E-invoicing and digital reporting

# Digital reporting requirements based on e-invoicing



## Modernizing VAT reporting obligations

1

Stimulate introduction of DRR for taxable persons as reporting for the future



## Digital transformation

2

Move to near real-time digital reporting based on e-invoicing for businesses that operate cross-border in the EU and a harmonized framework for domestic transactions.



## Harmonization

3

EU Member States that already implemented DRR (in various ways) should converge to these EU standards.

# E-invoicing is coming our way

## Where we are today in the EU

- 'Paper' invoicing is the standard way of invoicing
- Issuance of other types of invoices (e-invoices) requires approval at the level of the customer
- E-invoicing is already mandatory for B2G invoicing
- Periodic VAT return filings (monthly or quarterly)

## Exceptions

- Member States can request for derogation from European Commission for mandatory E-Invoicing
- Example: Italy implemented mandatory e-invoicing already in 2019.
- Germany (2025), Poland, France, Romania, Belgium (2026)

## Challenges

- Lack of harmonization
- Data issues
- Need for 'first time right'

## What will the future look like?

- E-invoicing will become the standard for cross-border supplies of goods and services as of 2030 (initial proposal 2028)
- Harmonization
- Real time reporting of invoice data to tax authorities (both supplier and customer)
- Option for countries to implement e-invoicing and e-reporting for domestic supplies – no harmonization here
- EU wide database to match sales and purchases ('Central VIES')

# E-invoicing is coming our way

**E-invoicing and e-reporting mandates typically require standard formats and communication protocols to ensure interoperability between different systems.**

## **E-invoicing**

- Process of issuing, transmitting, and receiving an invoice in an electronic format
- It does not mean receiving an invoice in PDF format (unstructured data)
- Operates as real-time

## **E-reporting**

- The electronic exchange of tax relevant data with the tax authorities on an aggregate or transaction level
- Can include much broader information than invoice/financial data
- Operates as near real-time or periodic reporting
- Obligation for both seller and buyer

# E-invoice to be standard from 1 July 2030

**New definition e-invoice:** “invoice that has been issued, transmitted, and received in a structured electronic format which allows for its automatic and electronic processing”.

Valid e-invoice **substantial condition** to be entitled to deduct or reclaim the VAT due or paid for transactions subject to a DRR obligation

## Format: structured (revised) EN16931 standard

- Wider variety of formats possible for domestic transactions
- Introduction of the notion of ‘**Hybrid invoices**’
- Summary invoices remain but subject to conditions.

## Additional invoice content requirements:

- Sequential numbering of credit invoices
- (Virtual) bank account number(s) of the supplier

The image displays two overlapping screenshots of an e-invoice. The left screenshot shows a human-readable summary of the invoice, and the right screenshot shows the corresponding XML data.

**Human-readable summary (left):**

INVOICE NO: 1234567890      DATE: July 25, 2023

Invoicee: Enach Jacobs  
123 4567890  
321-7654321  
123 Street, City, US, 12345

Code	Description	Cost (\$)
123	Diagnosis	150
124	Drugs	350

Total: 500

**XML data (right):**

```
<?xml version="1.0"?>
<invoice number="0015" date="July 25, 2023">
  <bill first_name="Enach" last_name="Jacobs" SSN="123456789">
    <home type="home" number="321-4567890"/>
    <work number="321-7654321" type="work"/>
    <address type="home" line1="123 Street" city="City" state="US"
      zip="12345"/>
    <items>
      <item procedure_code="123" name="Diagnosis" cost="150.00"/>
      <item procedure_code="124" name="Drugs" cost="350.00"/>
    </items>
    <total>500</total>
  </bill>
</invoice>
```

Rules on intra-EU/domestic DRR should not limit MS' possibility to request information beyond the data included in DRR obligation from taxable persons for audit purposes (e.g., SAF-T).

# Digital reporting requirements – intra-EU

- **Mandatory**
- **Type of transactions:** intra-EU cross-border supplies and acquisitions
- **Transactions in scope:** B2B services / B2B supplies of goods / transactions subject to the domestic R/C for non-established supplier / triangulation

## Supplier

- Issuance of structured e-invoices within 10 days following tax point.
- In case of summary invoices: no later than 10 days following the end of the calendar month to which the summary invoice refers.
- Combined with transmission of transaction data of invoicing data in intra-EU DRR is:

Real time for the supplier: when the invoice is issued or should have been issued

Near-real time in case of self-billing: no later than 5 days as from when the invoice is issued or should have been issued.

## Customer

- Receipt of structured e-invoices and near-real time transmission of data after the chargeable event: no later than 5 days as from the invoice is received.

MS may opt out for the mandatory reporting for the receiver of the invoice if the measures adopted by MS in relation to the issuance of invoices and reporting provide enough guarantees that the supplier will provide the data to the tax administration whenever an invoice is issued. MS doing so, must notify the Commission.



# Timeframe



## Date of entry into force

Derogation request no longer needed to implement domestic B2B/B2C e-invoicing obligation. Member States can decide that the acceptance by the established recipient of invoices issued according to the EU standard is not required in case of mandatory domestic e-invoicing.



## 1 July 2030

New domestic DRR obligations must be aligned with EU standard or other formats ensuring interoperability with EU standard. E-invoice substantial condition right to deduct. E-invoicing mandatory for all intra-EU transactions, combined with real time Reporting Setup of Central VIES for tax Authorities. Current ESL abolished.



## 31 March 2033

Interim evaluation report by Commission on functioning of DRR both on domestic and intra-EU level



## 1 July 2035

Member States with current derogation must converge with EU standards for their domestic transactions.

# **‘Viva la ViDA’ or ‘La ViDA loca’?**

# Business case in the digital world

And the impact of 2025 EU VAT changes

# A small change in VAT Directive

## Article 54 (2024)

- The place of supply of services and ancillary services, relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities, such as fairs and exhibitions, including the supply of services of the organisers of such activities, supplied to a non-taxable person shall be the place where those activities actually take place.

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- Where the services and ancillary services relate to activities which are streamed or otherwise made virtually available, the place of supply shall, however, be the place where the non-taxable person is established, has his permanent address or usually resides.

# Business case

A **US organization of medical professionals** hosts annual event in the US. Traditionally, the event had only live participants that pay a registration fee. Since 2020 they have also facilitated virtual participation for a registration fee. Participants are private individuals, and (representatives of) businesses. Participants come from all around the world, including 20+ EU countries.

- EU VAT due on registration fees for virtual participation in 2024 and prior?
- EU VAT due on registration fees for virtual participation in 2025 and after?

# Business case

## 2024 and prior years

- EU case law: service is taxable where the organizer has its place of business

## 2025 and after

- EU: service is taxable where the participant resides
- B2B: reverse charge
  - How to determine whether a participant is a business?
- B2C: charge local VAT
  - Adopt local VAT rates in pricing
  - How to report and remit the VAT?

# Business case

2025 and after (?)

What about participants from non-EU countries?

→ Correct VAT application can be quite complex in a globalizing and digitalizing economy !



**Thank you  
for your attention!**



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