



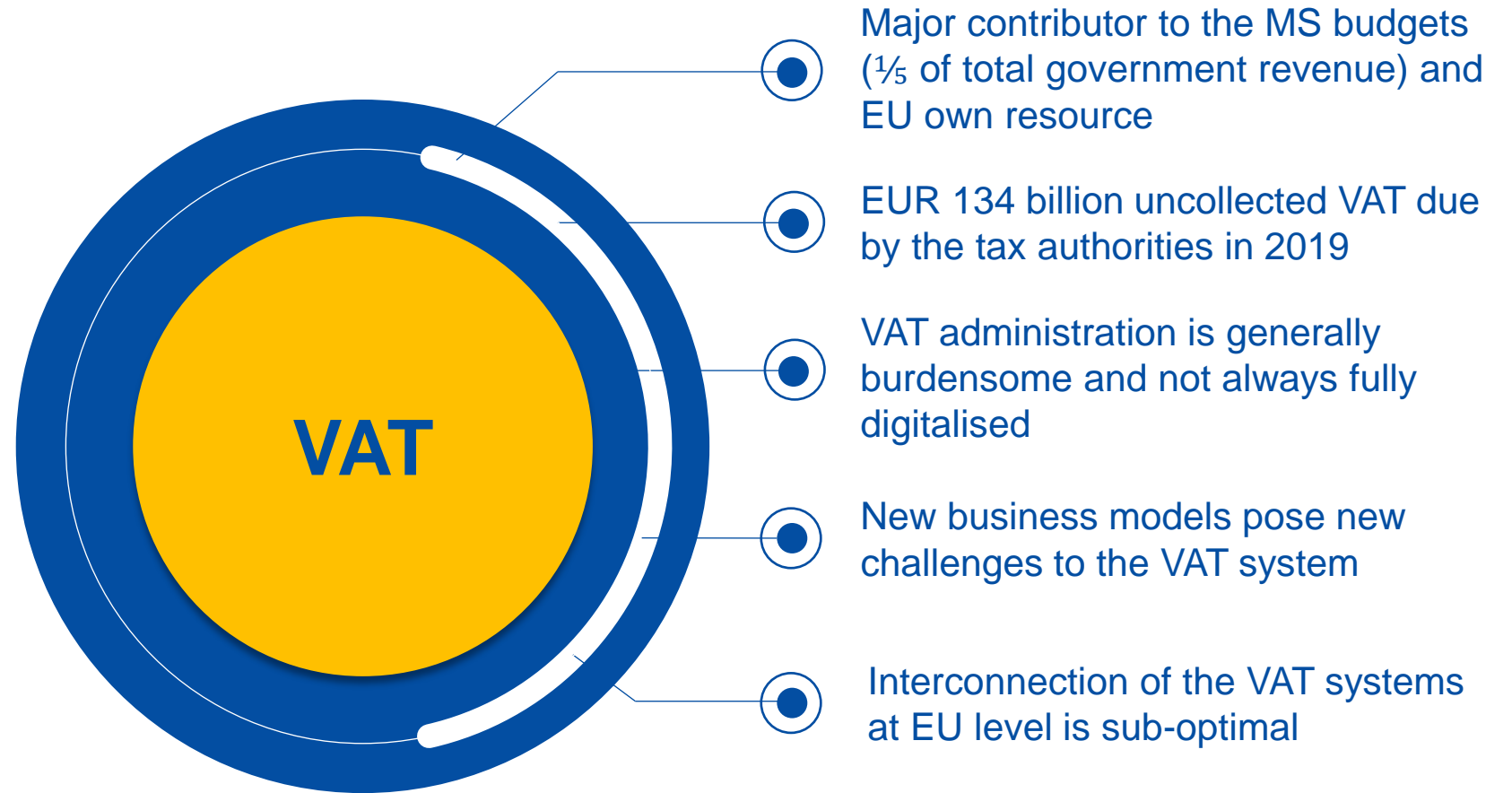
VAT in the Digital Age

Plans for EU harmonisation of Digital Reporting Requirements

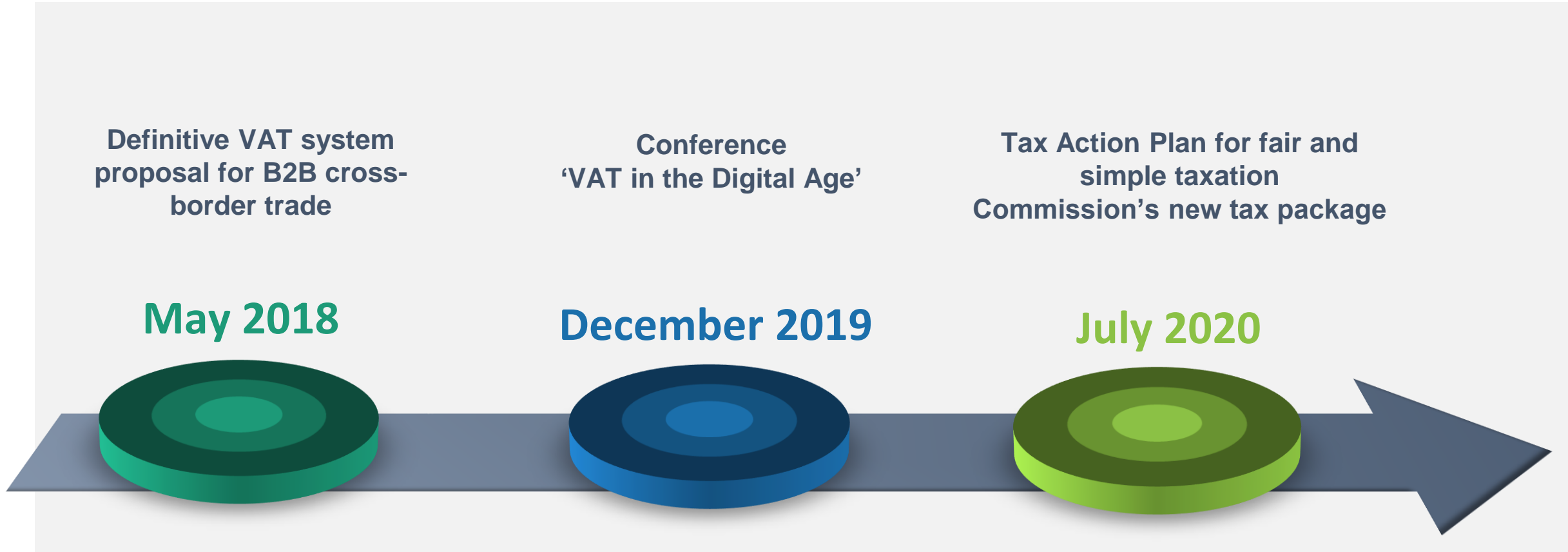
IDSt-Conference Digital Transformation in VAT
NOVEMBER 16, 2022

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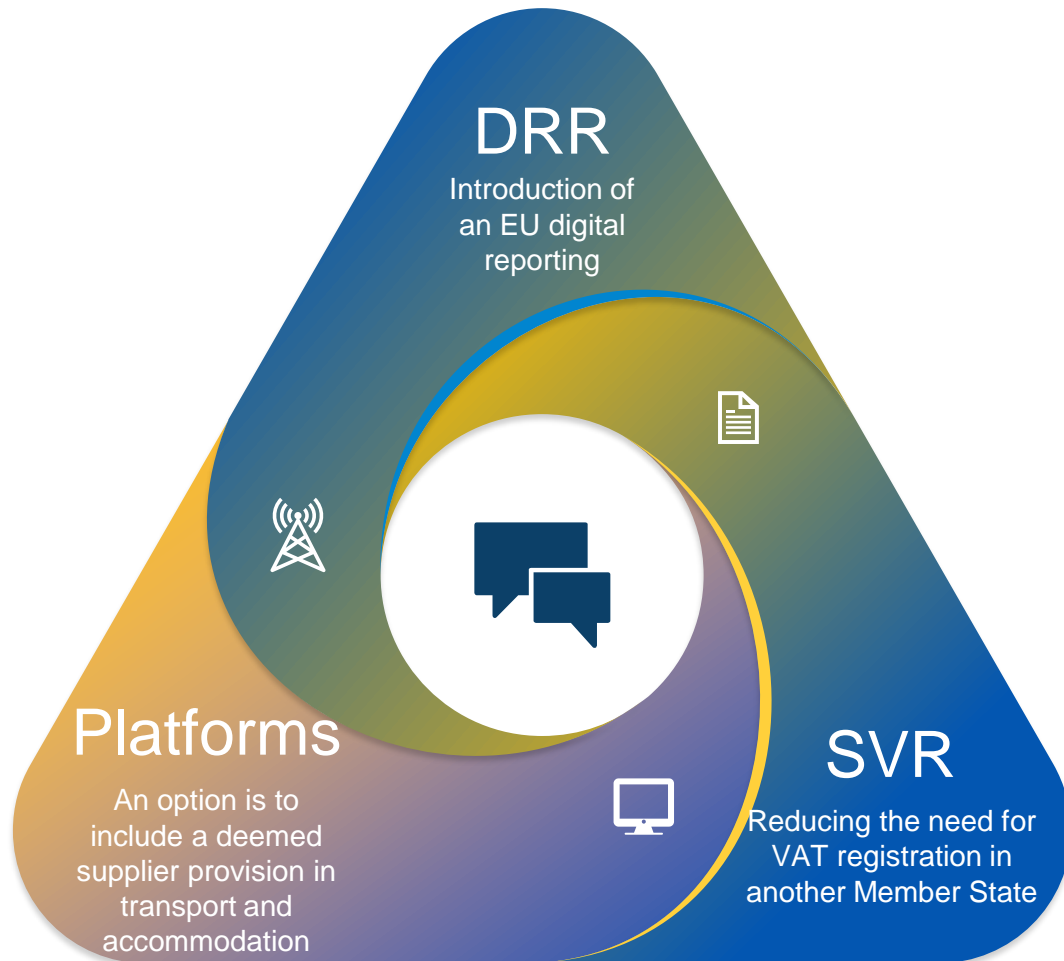
Value Added Tax (VAT) factcheck



Background of the proposal



What does VAT in the Digital Age (ViDA) do?



3. How will VIDA do it?

...three-part legislative package



The VAT Directive (2006/112/EC)



Council Implementing Regulation (EU) 282/2011

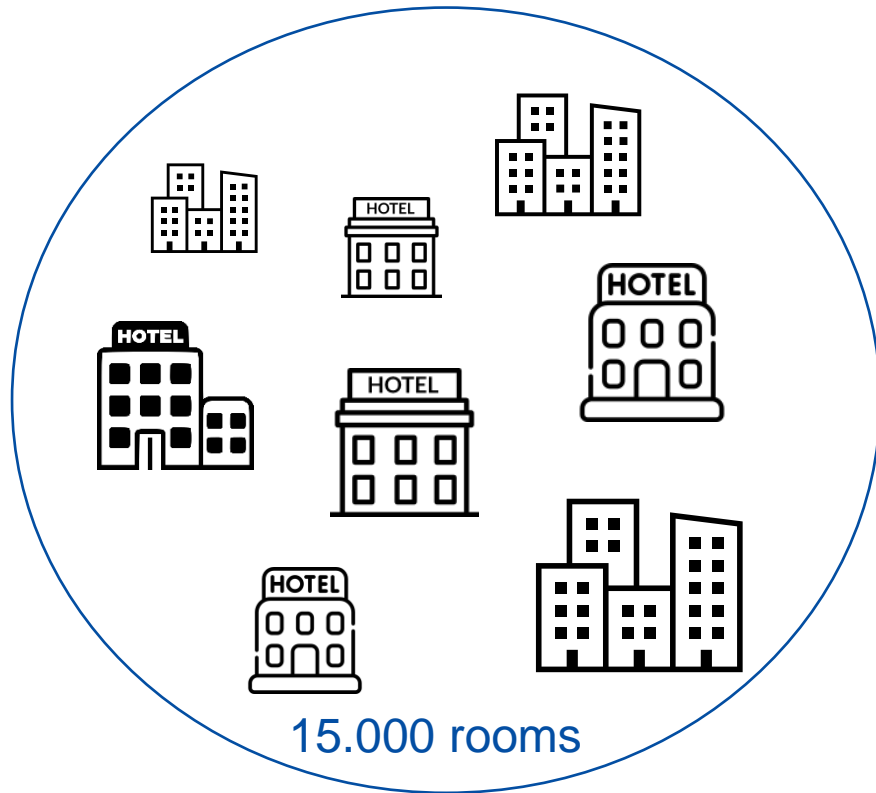


Council Regulation on Administrative Cooperation (EU 904/2010)

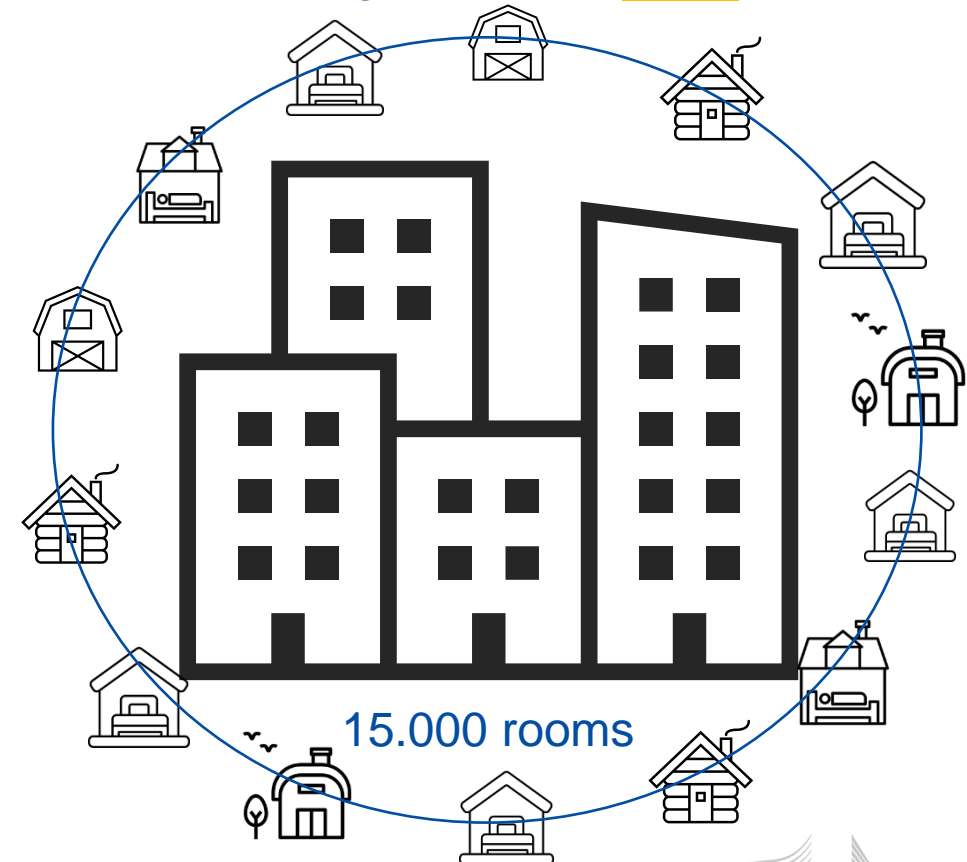
VAT treatment of Platform economy

The case of Barcelona short-term accommodation

Traditional accommodation **all together**



One single Platform **alone**



Single VAT registration

- After the VAT e-commerce package, there remain transactions where a **business needs to register in multiple Member States**
- **VAT registration is costly**, these costs could be saved
- An opportunity: **quick fixes** to improve the current VAT e-commerce rules

Now: an e-vehicle charging company must register in **each** Member State



VAT in the Digital Age: **single** VAT registration – one Member State only



Single VAT registration

The SVR part of ViDA is built on existing systems, **minimal costs** are to be expected:



Introduction of e-commerce schemes:
EUR 8 billion over the 6 months
since the implementation



SMEs to benefit greatly: 280.000 out
of 300.000 businesses that could not
VAT register anymore are SMEs



EUR 8,7 billion savings in costs
related to VAT registration between
2023 and 2032



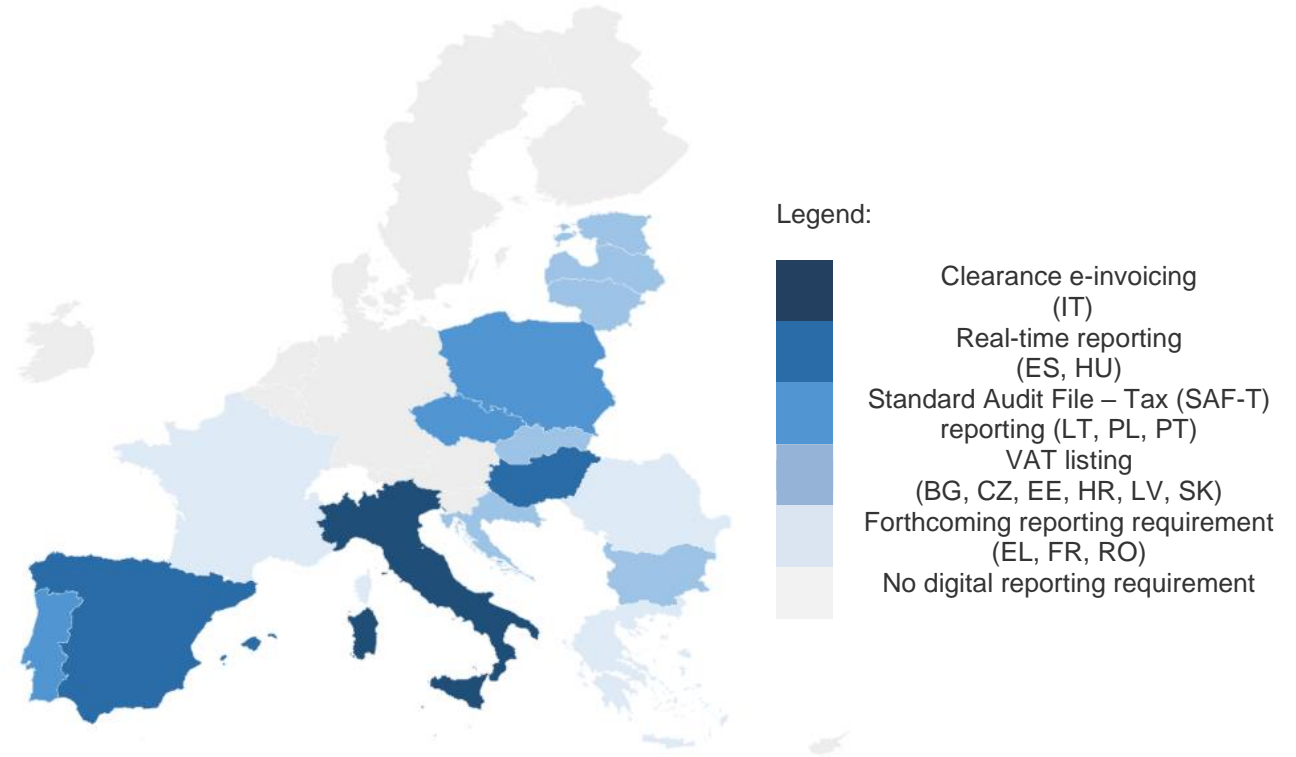
up to EUR 8.7 billion net
benefits (2023-2032)

Minimum VAT-related costs of cross-border trade for businesses (EUR)

Business type	Per MS
Minimum costs of VAT registration (one-off)	
Average business	EUR 1 200
SME	EUR 1 200
Minimum annual VAT compliance costs of doing cross-border trade - implying VAT registration (ongoing)	
Average business	EUR 8 000
SME	EUR 4 000

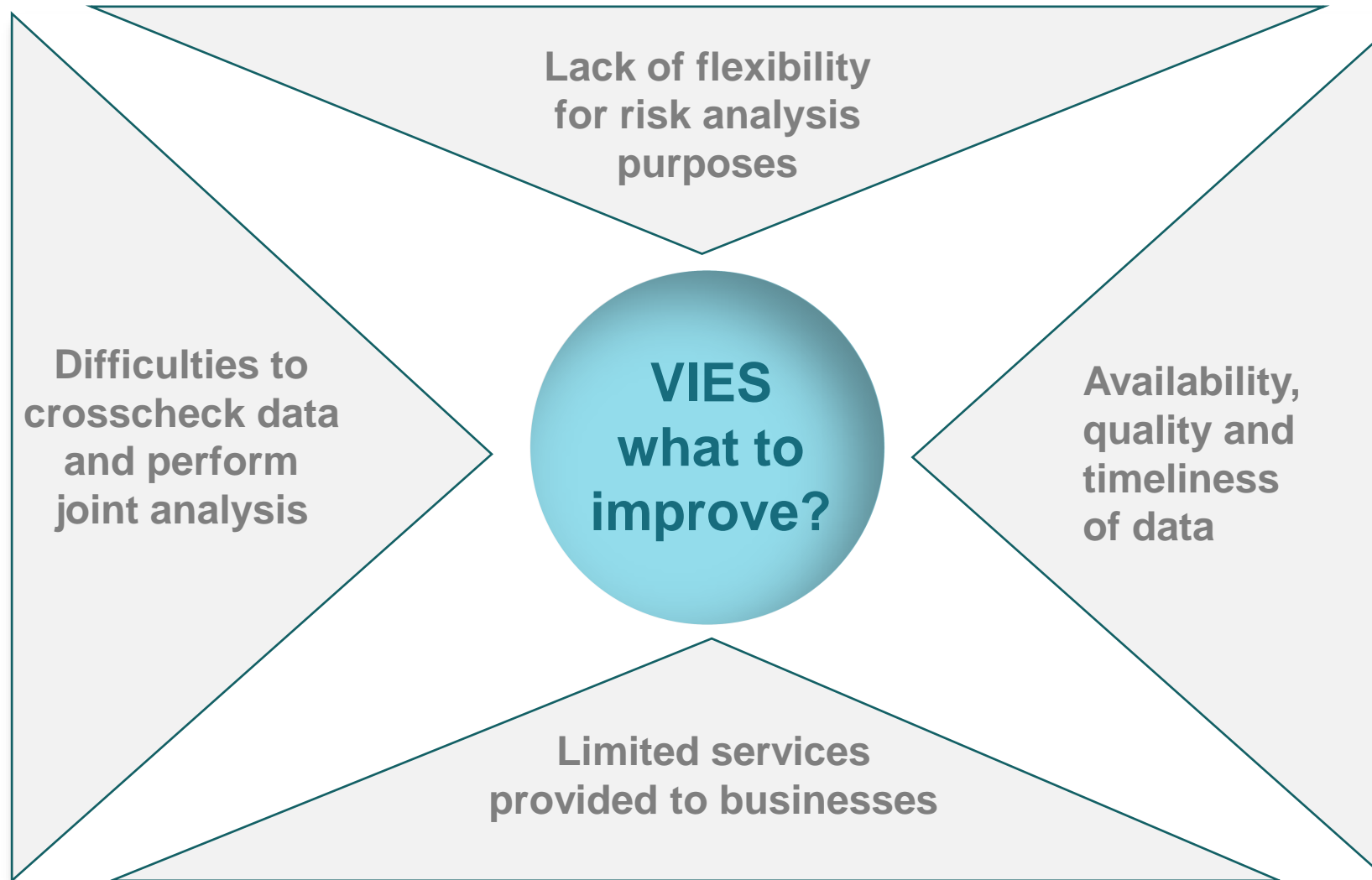
Digital Reporting Requirements (DRR)

- Member States are **free to implement** reporting systems, without any guidance.
- Wide range of domestic DRR lead to **fragmentation** across the EU, translating into significant burden for businesses and inefficiency in cross-border controls.
- EU legislation prohibits Member States from applying mandatory e-invoicing, ‘locking-in’ sub-optimal systems

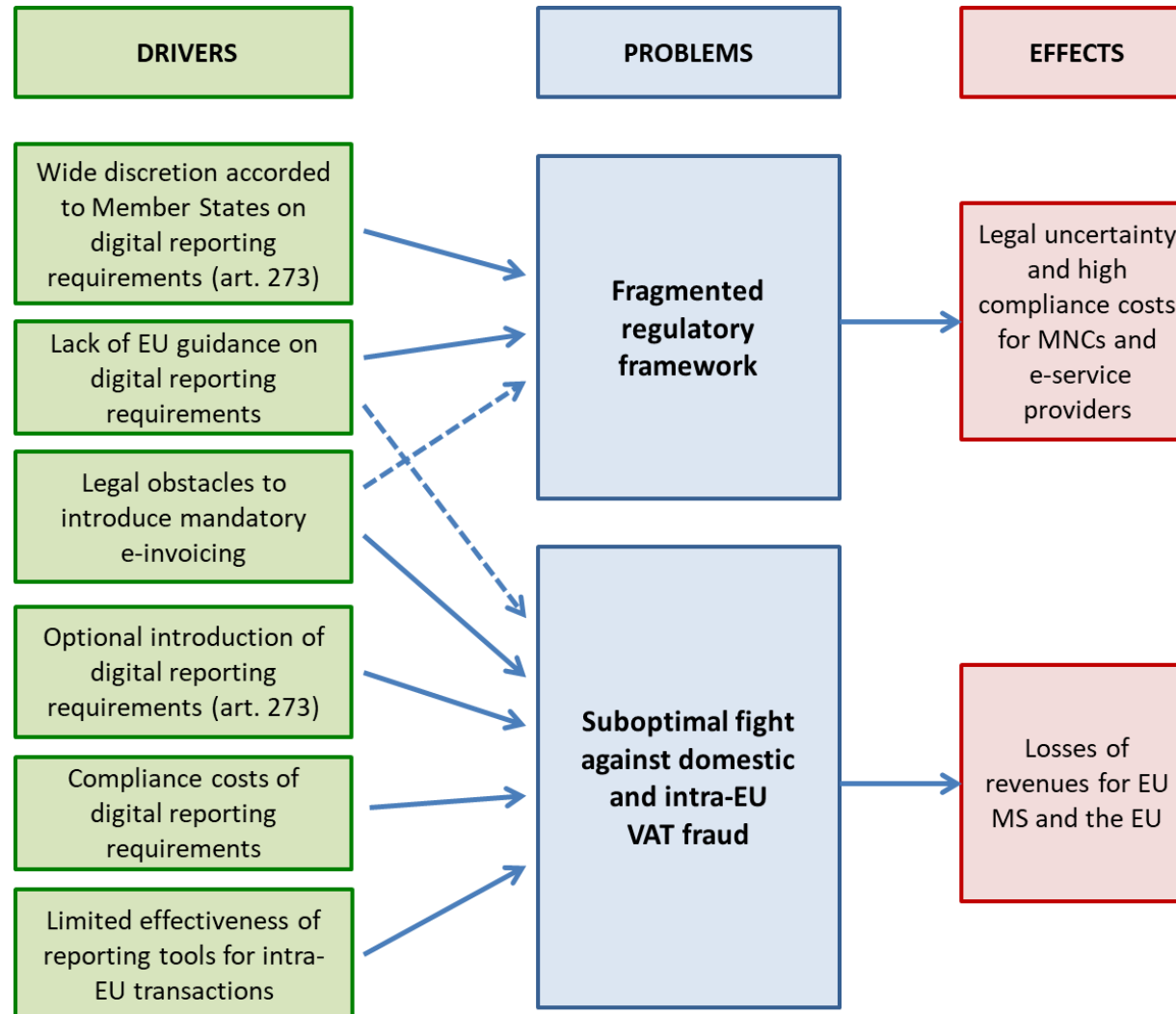


Digital Reporting Requirements in the EU (2020)

VIES system for intracommunity transactions



DRR - Problems addressed



DRR - Modernising VAT reporting obligations

- objectives -

Ensuring a quicker, possibly real-time, and more detailed exchange of VAT information on intra-EU transactions -
Optimising the use of digital technologies to improve the fight against VAT fraud

Streamlining the mechanisms that can be applied for domestic transactions – Reducing the administrative burden for businesses

Digital Reporting Requirements (DRR)

Implementation costs of DRR: EUR 11,3 billion (businesses) and EUR 2,2 billion (tax administrations)



EUR 139 billion net benefits (2023-2032)



EUR 111 billion additional VAT revenue (2023-2032), also contributing to the VAT Gap reduction

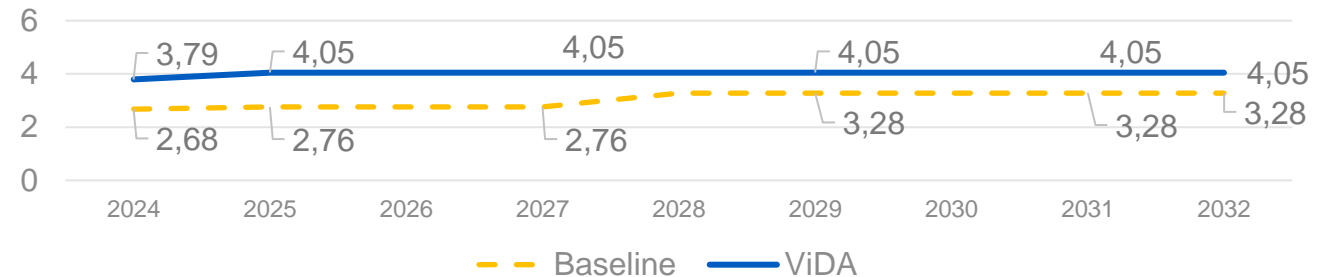


EUR 41,4 billion savings (pre-filled VAT returns, fragmentation, recapitulative statements, e-invoicing)



Other benefits: e.g. optimised value chains, quicker invoicing processes, and business automation

Notional VAT Gap reduction from the introduction of DRR, (percentage points, 2023-2032)



Proposal VAT in the Digital Age (ViDA) - SCOPE

EU DRR introduced for intra-EU transactions

Recapitulative statements removed

DRRs either obligatory (full) or remain optional for domestic transactions (enhanced)

New DRRs will conform to the EU DRR

Existing DRRs will ensure interoperability, then converge in the medium-term to the EU DRR

All taxpayers covered

No thresholds

Proposal VAT in the Digital Age (ViDA) - DATA

Identify data-elements to be provided electronically to Tax Authorities

Facilitated with obligatory e-invoicing

Use EU standard for e-invoicing and transmitting information to Tax Authorities

Member States may allow traders to use other data formats for the transmission of this information insofar they ensure interoperability with the European Standard on electronic invoicing.



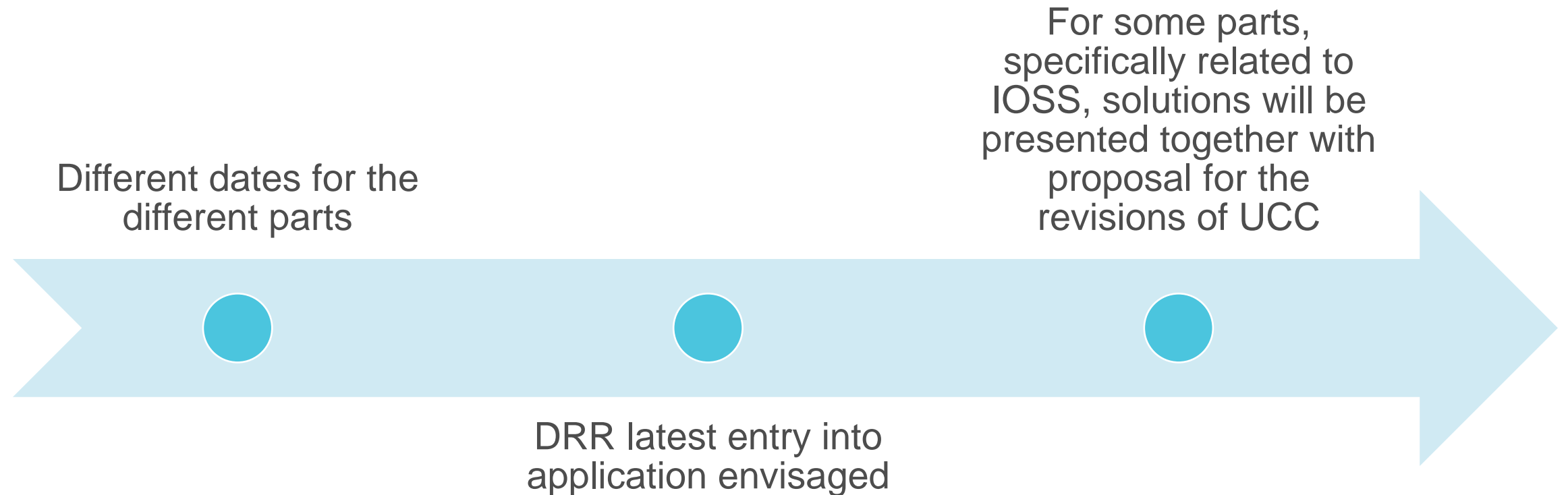
Transmission of data by central authorities using standard format

New central database

Additional functionalities to help improve risk analysis

Ensure compliance with data protection rules

Proposal VAT in the Digital Age (ViDA) – DATES



Thank You



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