



EU Proposals for VAT in the Digital Age (ViDA)

On 8th December 2022, the European Commission published its proposed VAT in the Digital Age (ViDA) reforms to amend the European Union (EU) Value Added Tax (VAT) system with the view to respond to the challenges of digitalization.

The ViDA initiative originates from the Commission's Action Plan for fair and simple taxation that was published on 15 July 2020. It is also consistent with the proposal tabled in 2018 by the Commission for a definitive VAT system for the taxation of trade between Member States, which is still being discussed in the Council, and has the potential to strengthen both the current and the definitive VAT system.

The proposed changes which aim to reduce the VAT Gap in the EU (being €93 billion in VAT revenues in 2020 according to the latest VAT Gap figures) and to make the VAT system more efficient for businesses, revolve around three pillars:

- ▶ Introduce common standardized Digital Reporting Requirements (DRR) and e-invoicing on intra-community transactions.
- ▶ Address the challenges of the platform economy in short-term accommodation rental and passenger transport services by clarifying existing rules and enhancing the role of platforms in VAT collection.
- ▶ Reduce registration requirements in the EU by expanding the scope of the One Stop Shop (OSS) and the application of the reverse charge for B2B transactions.

The proposed rules that will enter into force between 2024 and 2028, are described in more detail as follows:

A. E-invoicing

As of January 2024

- ▶ Member States may impose e-invoicing obligations without the prior mandatory authorization by the tax authorities, which is currently required in most Member States.
- ▶ The e-invoices shall be permitted to be issued in compliance with the European Standard EN 16931, which is currently relevant for B2G transactions, according to the requirement laid down in Directive 2014/55/EU.
- ▶ The issuance of e-invoices will not depend on their acceptance by the recipient and there will be no possibility to issue summary invoices.

As of January 2028

- ▶ E-invoicing will be the default system for the issuance of invoices. Member States may still accept invoices in paper or other formats; however, e-invoicing for intra-community supplies of goods and services will be obligatory.

B. Digital Reporting Requirements (DRR)

As of January 2028

- ▶ The proposed changes replace the recapitulative statements with a new Digital Reporting System for intra-community transactions, which aims to combat missing trader fraud.
- ▶ The DRR for intra-Community transactions will cover the same transactions that are currently covered by the recapitulative statements, as well as the supplies of goods and services subject to the domestic reverse charge mechanism provided for by article 194 of the EU VAT Directive (i.e. supplies performed by non-established taxable

persons to the Member State in which the VAT is due in B2B situations).

- ▶ The data that must be transmitted is the same as the one currently submitted in the recapitulative statements but detailed for each transaction instead of aggregated by customer.
- ▶ The data must be transmitted electronically by means provided by the Member States on a transaction-by-transaction basis.
- ▶ The transmission of the data may be done according to the European Standard EN 16931. However, Member States may allow the use of additional formats, in so far as the interoperability with the European standard is guaranteed.
- ▶ The transmission could be done by the taxpayer making the supply or by a third party on the taxpayer's behalf.
- ▶ Member States will have the option to impose DRR for domestic supplies of goods and services, similar to the mandatory DRR designed for intra-community transactions.
- ▶ The Commission expects that the existing digital reporting requirements in various Member States should converge with the proposed requirements by 2028.

C. Platform economy

As of January 2025

- ▶ The proposed changes clarify that facilitation services provided by platforms to non-taxable persons qualify as intermediary services (and not as electronically supplied services, as currently perceived by certain Member States). The place of supply should be the place where the underlying transaction is supplied in accordance with the EU VAT Directive.
- ▶ The deemed supplier regime will be introduced in the accommodation and passenger transport sectors in the platform economy. Under this regime, where the supplier of such services does not charge VAT, the platform will charge and account for the VAT on the underlying supply.
- ▶ Regarding supplies of goods made within the EU, the extension of the deemed supplier for platforms to all B2B and B2C transactions performed by EU and non-EU suppliers is proposed.
- ▶ The currently optional IOSS regime will become mandatory for platforms, when certain imports of goods to consumers in the Union are facilitated by the latter.

D. Single VAT Registration

As of January 2025:

- ▶ The scope of the Union OSS scheme will be expanded, in order to include the following B2C supplies of goods:
 - ▶ supply of goods with installation or assembly,
 - ▶ supply of goods on board ships, aircrafts or trains,
 - ▶ supply of gas, electricity, heating and cooling,
 - ▶ domestic supplies of goods.
- ▶ Taxable dealers that operate under the margin scheme for second-hand goods can opt to register under the Union OSS scheme, in order to declare and pay the VAT due on such cross-border supplies.
- ▶ The optional application of the domestic reverse charge mechanism in B2B supplies provided by article 194 of the EU VAT Directive, which relieves (under conditions) non-established suppliers to the Member State in which the VAT is due from the obligation to obtain a VAT registration number, is proposed to become mandatory.
- ▶ The call-off stock simplification provided for by article 17a of the EU VAT Directive (and transposed via article 7a of L.2859/2000 into the Greek VAT legislation) will phase out and cease to apply on 31 December 2025.
- ▶ A new broader OSS simplification scheme for transfers of own goods will be introduced which will cover also the transfer of own goods from one Member State to another during the course of sales to consumers and encompasses cross-border movements of goods that are currently covered by the call-off stock arrangements provided for by article 17a of the EU VAT Directive.
- ▶ The scope of the non-union OSS is extended to supplies of services from non-EU suppliers to all non-taxable persons, even if these are not established in the Union.

E. Next steps

- ▶ The package of proposals takes the form of amendments to three pieces of EU legislation: the VAT Directive (2006/112/EC), the Council Implementing Regulation (EU 282/2011) and the Council Regulation on Administrative Cooperation (EU 904/2010).
- ▶ The legislative proposals will be sent to the Council

for agreement and to the European Parliament and the Economic and Social Committee for consultation.

- ▶ Businesses operating in the EU may wish to start considering their readiness for the changes should they come into force, particularly in respect of the systems changes that would be required for standardized e-invoicing. The simplification regime (OSS) if implemented offers opportunities for businesses to streamline their reporting obligations.
- ▶ Specifically for Greece, businesses would further need to assess the impact of the EU proposals on DDR in relation also with MyDATA platform (e-books), as well as the obligatory e-invoicing requirement for intra-community transactions.

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