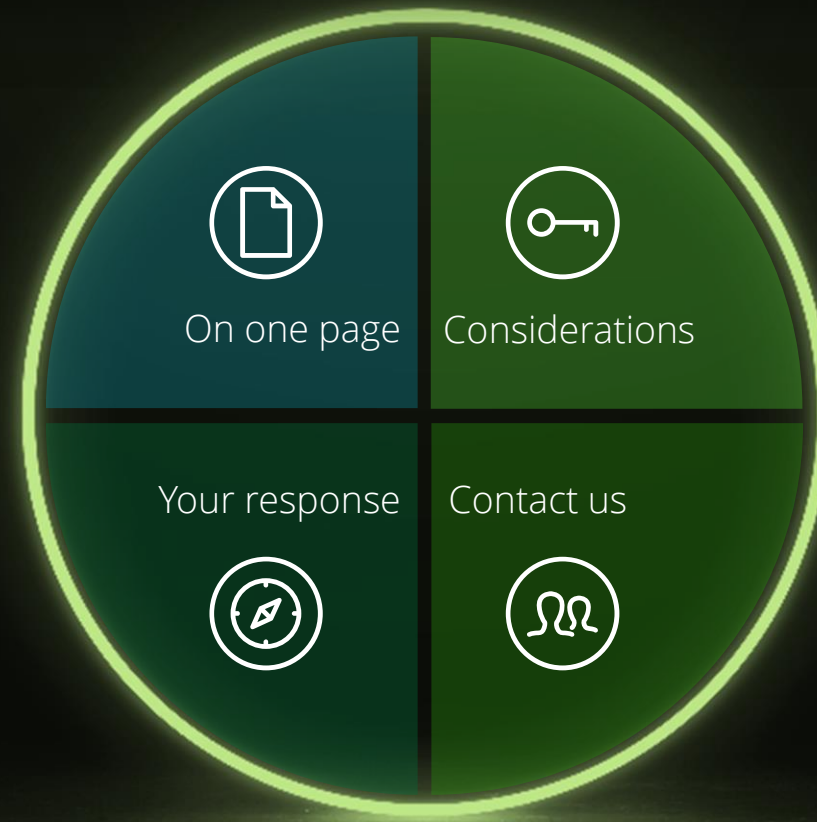


## CESOP

Central Electronic System  
of Payment information

A VAT transactional reporting  
obligation for PSPs in the EU



# CESOP on one page

From 2024 all EU PSPs will be required to record and report transactional data of cross-border payments



## Why?

Closing the VAT gap



## When?

1 January 2024



## What data?

1. BIC/ID reporting PSP
2. Payee name
3. Payee VAT ID/TIN\*
4. Payee account ID
5. Payee PSP BIC/ID
6. Payee Address\*
7. Refund Y/N, link
8. Date/time
9. Amount
10. Currency
11. MS of payment origin
12. MS of refund destination
13. Payer location information (payment origin)
14. Transaction ID
15. Physical presence Y/N, ref



## What is it?

Change to the EU VAT directive  
Administrative obligation  
Report transactional data each quarter and keep records



## Who?

Payment Service Providers (PSPs) under PSD2  
Including exempt small payment institutions (SPIs)



## Which transactions?

Cross border payments from EU  
By payee PSP if payee is in EU  
By payer PSP if payee is non-EU  
If n>25 per payee in a quarter



## How?

Quarterly reporting to local tax authority ("MS TA", BIC/IBAN leading)



Standardized XML format ([schema](#))

# CESOP: key considerations

When implementing CESOP, companies must navigate between **multiple stakeholders** and their interests



## Relations with supervisors

1. **Tax Authorities:** implementing CESOP is a matter of tax compliance
2. **Financial supervisors:** CESOP is primarily an instrument to combat financial fraud and money laundering. Not complying with CESOP or having information about fraudulent transactions on your network will attract supervisors' scrutiny
3. **Data protection authorities:** oversharing data can qualify as unlawful personal data processing



## Multi-country reporting

In which countries are CESOP reports due?  
How do you ensure all reportable transactions are reported?  
How do you ensure transactions are reported only once?



## Impact on systems

Are all necessary systems and data sources fit for CESOP reporting?

How can systems continuity *and* timely reporting be guaranteed?

What kind of governance will be in place and how does this fit within the business control framework?



## Data validation and quality assurance

Tax authorities will have the responsibility to perform a data acceptance check.

How can you monitor data quality and prevent validation errors or questions?

# CESOP: where we can help

Companies need to start **assessing the extent of the impact** and form a proportionate, effective and timely response



## Impact assessment

- Assess impact of rules to day-to-day operations
- Identify resources required to manage the requirements
- Identify potentially affected services and products
- Build roadmap with steps for implementation/governance

## Technology and implementation

- Deployment of technology for automation and reporting
- Performance optimisation

## Knowledge management

- Monitoring of local regulations and guidance
- Identification of deviations from EU standard

## Governance

- Integrate with existing governance framework
- Manage interaction with regulators
- Implement and monitor control
- Continuous data monitoring

## Communication and training

- Internal communication plan
- Awareness training and process specific training
- External communication plan

## Policies and procedures

- Update policies and procedures
- Update legal arrangements
- Implement hierarchy for reporting

# CESOP: contact us

For more on CESOP and to discuss specifics, reach out to your Deloitte advisor, or any of the persons below.



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