

Indirect Tax I VAT

Alert 5 November 2024

ViDA – Digital Reporting Requirements and e-Invoicing

Reading guide

This alert is part of a collection of four alerts regarding the upcoming changes in the VAT regulations as part of the VAT in the Digital Age package. For our other alerts, please visit our [ViDA landing page](#):

- **ViDA intro:** Overview of the pillars of the proposal and key timelines.
- **Pillar 1 – Digital reporting** (this alert).
- **Pillar 2 – Platform economy.**
- **Pillar 3 – Single VAT registration.**

The agreed-upon changes and timelines are highlighted with a black background. Additional reading, including changes compared with the proposals, is presented in a grey background.

What is it?

The Digital Reporting Requirements (“DDR”) pillar is one of the pillars of the ViDA package. Political agreement has been reached on the [October 2024 proposal](#) during ECOFIN on 5 November 2024. The DRR pillar aims to reduce the administrative burden for taxpayers and to combat VAT fraud.

Digital Reporting Requirements

What is it?

The DRR pillar includes new rules for near real-time digital reporting based on structured e-invoices. Key purpose of this pillar is giving EU Member States valuable information in the fight against VAT fraud and bringing down the administrative and compliance costs for EU traders. This pillar includes the following measures:

E-invoices

- A revised version of the EN16931 e-invoice standard, together with the Directive 2014/55/EU (e-invoicing in public procurement) will govern the standards for the e-invoices and should be allowed by EU Member States.
- This allows hybrid e-invoices (combining structured data and human readable unstructured data).
- For domestic transactions other standards may be allowed, next to the EU standard.
- Two new invoice requirements will be introduced: reference to the sequential number which identifies the corrected invoice in case of corrective invoices and the bank account number or virtual account of the supplier into which the recipient can pay that invoice.
- EU Member States may introduce the substantive condition that VAT recovery is subject to having an e-invoice.
- In case of intra-EU transactions subject to intra-EU DRR e-invoices can be issued without prior acceptance by the recipient (although there are exceptions). EU Member States may also waive the prior acceptance by the recipient in case of mandatory domestic e-invoices.

Optional domestic e-invoices and DRR

- EU Member States will have the option to introduce mandatory e-invoicing for all transactions, though up to 2030 limited to domestic (not cross-border) transactions for taxable persons established within the country. The compromise contains a minimal regulatory framework on the e-invoicing models and formats to be applied.
- Per 1 July 2030 (2035 for EU Member States with existing domestic DRR regimes or mandates prior to 1 January 2024), harmonization in terms of models and formats for domestic DRR may become effective (though it will still not be required based on EU legislation).
- EU Member States having implemented domestic DRR may make VAT recovery subject to having an e-invoice.

Intra-EU e-invoices and DRR

- E-invoicing for cross-border transactions will become mandatory for intra-EU supplies (i.e., VAT exempt cross-border supplies of goods within the EU and the corresponding acquisitions, most activities subject to reverse charged VAT including cross-border services within the EU (unless exempt), and movement of own goods – unless the special regime is used (see our alert on SVR)).
- DRR will become a material requirement for correcting “number acquisitions” and VAT exemptions for intra-EU supplies.
- The e-invoice should be issued within 10 days of the chargeable event.
- At the moment the e-invoice is issued for an intra-EU supply of goods or supply subject to the VAT reverse charge rule, a subset of the data should be reported to the tax authorities by the supplier (near real-time digital reporting).
- The recipient should report the transaction (intra Community acquisition, and reverse charged VAT due by recipient or fiscal representative) within 5 days to the tax authorities (though Member States can opt out if they have alternative controls in place).
- Data collected by EU Member States must be subsequently transmitted to a central e-VAT information exchange system (“central VIES”) within one day.
- The EU Sales Listing (recapitulative statement) will be replaced by the aforementioned digital reporting.

Other changes

- New invoice requirement to refer to cash accounting, where applicable.
- The proposal explicitly states that EU Member States may allow the use of a public portal for e-invoices. This is considered a relief for SMEs.

What else should I know?

The specific EU wide definition of an e-invoice will only come into effect as from 1 July 2030 and abolition of customer consent as provided in article 232 of the VAT Directive is not completely removed (only mandatory for intra-EU e-invoices and subject to EU Member State options for domestic e-invoices). The question is however how such local options will impact companies that are not established but conducting transactions in these jurisdictions (e.g., a foreign company locally buying products in a country with a domestic e-invoice requirement). It seems reasonable to assume that many companies operating in the EU will need to take measures to be able to issue and/or receive invoices in a structured way in advance of 2030.

The EU standard EN 16931 for e-invoices will enter into force on 1 July 2030 and should be seen as a minimum standard. A question for companies looking to implement software solutions, while adhering to domestic standards (which may be broader), is whether they should still accommodate these local variations.

What are the key changes since the December 2022 proposal?

- The possibility to issue summary invoices remains, though with more strict conditions.
- The deadline of issuing an e-invoice and reporting is now 10 days following the chargeable event, which was originally two working days for issuing and another two working days for reporting.
- The possibility to issue a hybrid invoice is a new measure.
- There is no longer a requirement to mention the payment due date.
- The explicit statement that pre-clearance is not allowed has been removed. This may be interpreted as a political concession on an option to allow pre-clearance, though we have to wait for further details. It has been clarified that third parties may fulfil the DRR.
- The link between the VAT recovery and e-invoice was not included in the earlier proposal.
- The article defining the scope of DRR has been rewritten, making the scope more clear.

Timeline

What is the envisaged timeline?

The key dates are as follows:

- **20 days after publication** of the Directive: EU Member States may require e-invoices for domestic transactions without prior derogation approval from the European Commission. If exercising this option, EU Member States may waive the currently required consent to accept e-invoices by the recipient.
- **1 January 2026:** new mandatory invoice reference for cash accounting invoices.
- **1 July 2030:** DRR for intra-EU transactions to tax authorities and mandatory structured e-invoicing for DRR transactions. Convergence towards EU standards for domestic e-invoices, for countries without current mandates.
- **1 January 2035:** Further convergence towards EU standards: EU Member States with domestic DRRs in place as of 1 January 2024, or those granted permission to implement such a system before that date, should align with the EU standards.

What's next?

Now that the Council has reached a general approach on the ViDA package, the European Parliament has to be reconsulted on the text of the proposal in view of the substantial differences between the Commission proposal of December 2022 and the latest Presidency compromise text of October 2024. Considering that the earlier feedback from the European Parliament to a large extent has been processed in the updated proposal and the fact that the second consultation will be a simplified procedure, we do not expect any changes to the proposal. The agreed proposal will then go through a legal linguistic check and the directive will then need to be formally adopted by the Council before being published in the EU's Official Journal and enter into force.

We recommend businesses to proactively prepare. This in particular applies to the DRR, as timely developing an implementation roadmap for DRR readiness with a focus on priority countries is needed to make available the required resources. Local developments like in Belgium, France, Germany, Poland, Romania, and Spain are likely to be followed by more countries.

Conclusion / How we can help

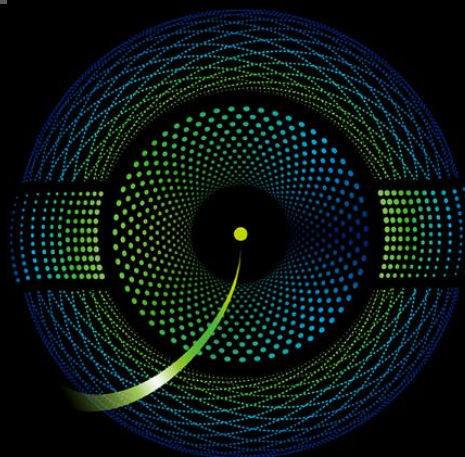
As the ViDA package has reached the next phase, businesses should assess the impact and prepare for the Digital Age. We recommend businesses to proactively prepare. This in particular applies to the DRR, as timely developing an implementation roadmap for DRR readiness with a focus on priority countries is needed to make available the required resources. Local developments like in Belgium, France, Germany, Poland, Romania, and Spain are likely to be followed by more countries. If you have any questions concerning the items in this alert, please contact your usual VAT advisors or the Deloitte contacts below.

Get in touch with our experts below or find more on our VAT services via deloitte.nl.

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