

## Indirect Tax I VAT

Alert 5 November 2024

### ViDA – Single VAT Registration

#### *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. The other alerts are available at our [ViDA landing page](#):

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

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 Single VAT Registration (“SVR”) pillar is one of the pillars of the ViDA package. Political agreement on the [October 2024 text](#) has been reached political agreement during ECOFIN on 5 November 2024. The SVR pillar seeks to decrease the administrative burden for taxpayers.

#### The Single VAT Registration

The SVR pillar seeks to decrease the administrative burden for taxpayers by reducing the need for foreign VAT registrations. It is not a new type of registration. The SVR is a reference to the following measures minimizing the need for foreign VAT registrations:

- Extending the One-Stop Shop (“OSS”) scheme, including domestic supplies.
- A new OSS scheme for transfer of own goods (“TOOG OSS”).
- Continued use of the Import OSS (“I OSS”).
- Extending the scope of the local reverse charge rules to all supplies by taxpayers not established and non-registered in that country to locally VAT registered taxable persons (“local reverse charge”). Local reverse charge supplies are to be reported in the European Sales Listing (up to the introduction of Digital Reporting Requirements in July 2030).

### *Union OSS*

The union OSS facilitates remitting VAT due for (amongst others) cross border sales of goods within the EU to consumers (by suppliers established within or outside the EU) and to cross border services (by suppliers established within the EU).

The union scheme is extended to also include local supplies (outside the country of establishment), installation supplies, supplies on board and supplies of electricity.

The requirements for the OSS returns are further laid down, e.g. including zero rates and exemptions. Furthermore, it is stipulated how corrections can be processed. The updated rules also specify how VAT refunds on costs should be obtained (that is: via VAT refund requests, not via deductions).

Finally, there are some technical changes, e.g. in terms of in which country a non-EU established company should register for the scheme.

### *Non-Union OSS*

The non-Union OSS facilitates remitting VAT due by business established outside the EU and rendering services to non-business customers taxable within the EU. This scheme is mainly used for electronically supplied services.

The non-Union OSS is extended to services to customers not established or resident within the EU. The requirement that the customer does not qualify as a taxable person remains as is. Furthermore, the updated rules specify how VAT refunds on costs should be obtained (that is: via VAT refund requests, not via deductions, unless there is an existing VAT registration).

### *TOOG OSS*

A transfer of own goods from one EU Member State to another EU Member state is a deemed supply for EU VAT purposes. This often triggers VAT registration requirements in the country of arrival.

The current rules include a simplification for call-off stock, whereby under strict conditions the TOOG is not a deemed supply. This simplification will be replaced by introducing a new optional OSS to report the TOOG. In the new scheme there will still be a deemed supply, though the acquisition will be VAT exempt without registration requirement and without limitation on the entitlement to recover input VAT. Application of the scheme requires a timely notification to the Member State of identification (generally the Member State of establishment) and monthly VAT returns.

The activities subject to the TOOG OSS will have to be reported in the EU Sales Listing (and later the DRR). The reportable data includes the “ship from country”, “ship to country”, “value” and VAT identification numbers in the countries involved (if available). The invoice for the deemed supply does not have to state the customer’s VAT number.

### *IOSS*

The import OSS is a simplification to facilitate remitting VAT on sales of products from outside the EU to consumers within the EU. It allows business to report such sales and the related VAT liability for all EU Member States via an OSS, the Import OSS or IOSS. It can be used for sales with a value up to EUR 150.

The changes are relatively small in terms of VAT registrations relief. An important change is an anti-fraud measure establishing a link between the consignment number and VAT identification number. It is stipulated that this scheme cannot be used by taxable persons using the small business relief simplification.

Furthermore, the updated rules specify how VAT refunds on costs should be obtained (that is: via VAT refund requests, not via deductions). Finally, the updated rules elaborate how corrections can be processed in a next return.

#### *Reverse charge*

Shifting the VAT liability from a supplier to a recipient is referred to as the “reverse charge” rule. The reverse charge rule is a proven instrument to limit the need for foreign VAT registrations for cross border activities.

Based on the current rules Member States *may* determine that the VAT is due by the recipient rather than the supplier where a taxable supply of goods and services is provided by a taxable person not established in the Member State in which the VAT is due. This option remains in place, though in case the supplier is not established and not VAT-registered in the Member State in which the VAT is due and the recipient is VAT-registered in that Member State, application of the VAT reverse charge rule is mandatory.

The activities subject to reverse charge based on this rule will have to be reported in the EU Sales Listing (and later the DRR), and invoices will have to be issued no later than on the fifteenth day of the month following.

#### *Other*

- Clarification on the use of the EUR 10,000 threshold for distance sales, where foreign stocks are used.
- Changes in the options for Member State to derogate from the tax point rules for services reported via the non-Union OSS / supplies via the union OSS.
- Cosmetic changes in application for the various OSS schemes (e.g., if a company does not have a website address it does not have to be shared).
- In case the tax point is based on the payment by the customer, Member States may determine that the supplier is only entitled to VAT recovery at the moment its purchase invoices have been paid.
- In case of application of the simplified triangulation rule, this has to be stated explicitly on the invoices.
- Up to extension of the union OSS for the supply of gas and electricity, such supplies will be considered distance sales rather than local sales outside the Member State of establishment.
- The Regulation includes new requirements for Member States to share details in the current and new central VIES system, such as the amounts of import via the IOSS scheme per country. The new central VIES system should be centrally hosted to increase the uptime.
- It is detailed that the administration should also include the place of departure of goods supplied.
- If a taxable person (e.g. a third party logistics provider) transfers goods of another taxable person from one EU Member State to the other (e.g. between two warehouses), the first taxable person (the logistics provider) should inform the latter including date, quantity, ship from and ship to details.
- The Implementation Regulation includes further details on the various OSS schemes, including on commencing and ending and processing of corrections.

This section addresses the changes compared to the original ViDA proposal from December 2022.

- The original ViDA proposal also included updated place of supply rules for the supply of second-hand goods, works of art, collectors' items, or antiques. These changes have been deleted.
- In the original ViDA proposal it was unclear whether the extended reverse charge rule was mandatory for suppliers. Moreover, it also applied if the supplier has a VAT registration in the Member State involved. It has been

clarified in the updated proposal that it is mandatory and limited to suppliers without a VAT registration in the country involved.

- It was intended to make the IOSS scheme mandatory for marketplaces, though this has been removed. The Council of the European Union continues to work on a mandatory IOSS.

## Timeline

The most significant changes in this pillar are effective 1 July 2028. The key dates are as follows:

- **20 days after publication:** anti-fraud measure for IOSS to link the consignment number to the VAT number.
- **1 January 2027:** technical changes (time of supply, time of VAT recovery, clarification of current OSS rules, transitional rules for TOOG OOS). Extension of Non-Union OSS to services to non-established persons. Qualification of cross border supply of gas and electricity as deemed intra Community distance sale.
- **1 July 2028:** introduction TOOG OOS, extended use of Union OSS, changes in reverse charge rule.
- **1 July 2029:** end of transitional rules for consignment stock simplifications.
- **1 July 2030:** requirement for invoices to refer to triangulation transactions.

## 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. Finally, the Directive should be transposed to national law.

## Conclusion / How we can help

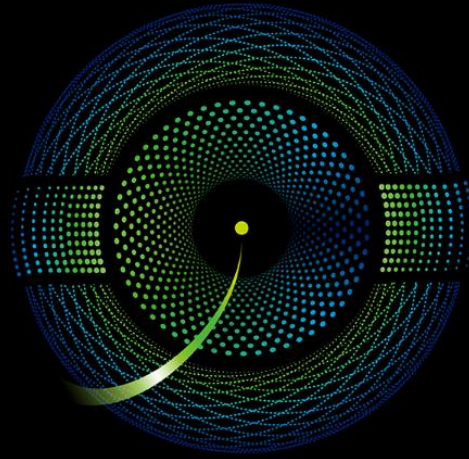
As the ViDA package has reached the next phase, businesses should assess the impact and prepare for the Digital Age. If you have any questions concerning the items in this alert, please contact your usual VAT advisors or the Deloitte contacts below.

Get in touch with our experts below or find more on our VAT services via [deloitte.nl](https://deloitte.nl).

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