

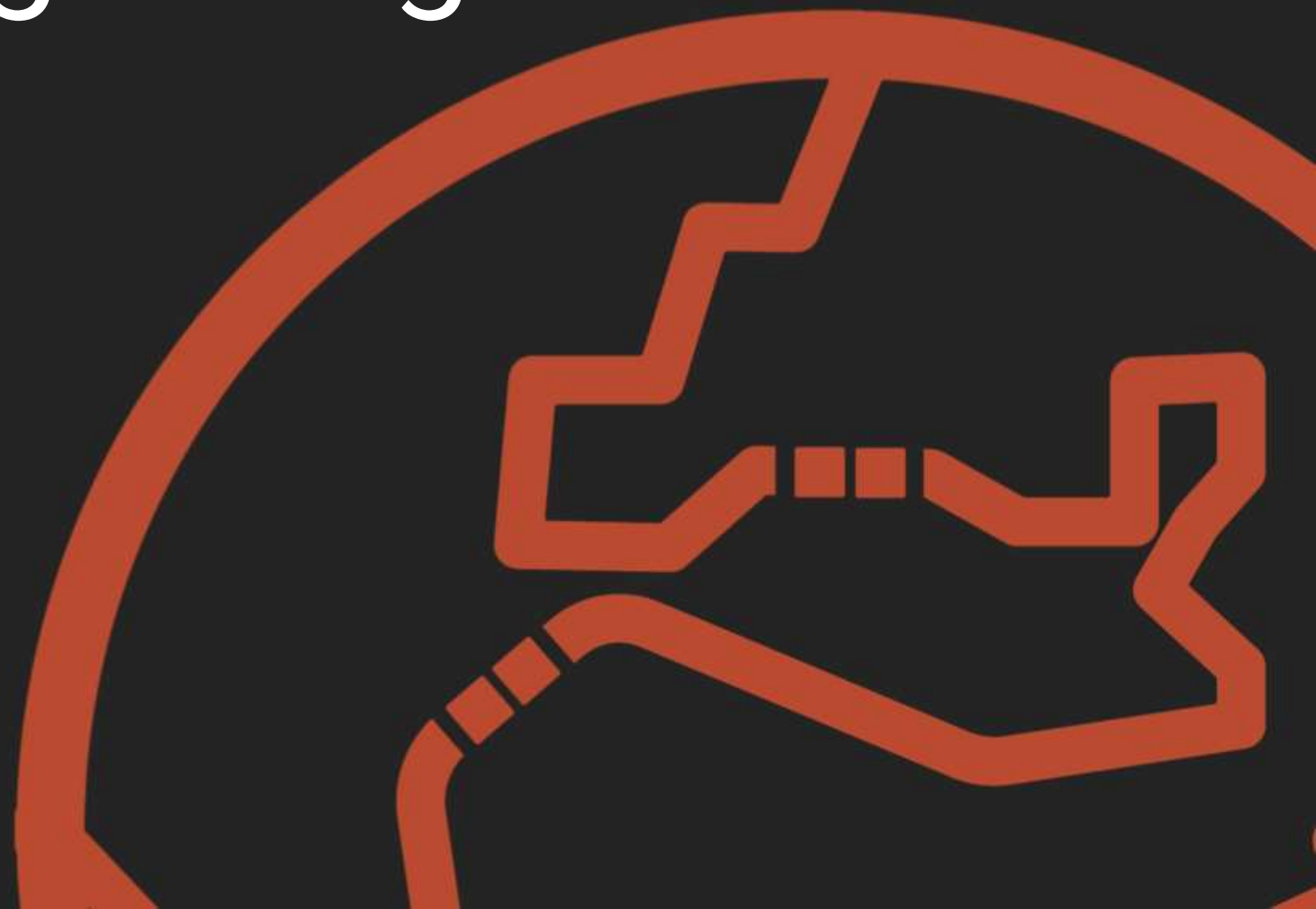
# VAT in the Digital Age

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Online Webinar Part 1

22 February 2023

Introduction to the proposals of  
the EU Commission



# The **Less Grey** Team



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Experience: Dutch Tax authorities, Big4 Advisory firm, in-house VAT manager and Founder of Less Grey (2005)

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# Journey through ViDA

Webinar 4. Single VAT Registration

Webinar 5. Next steps / Solutions

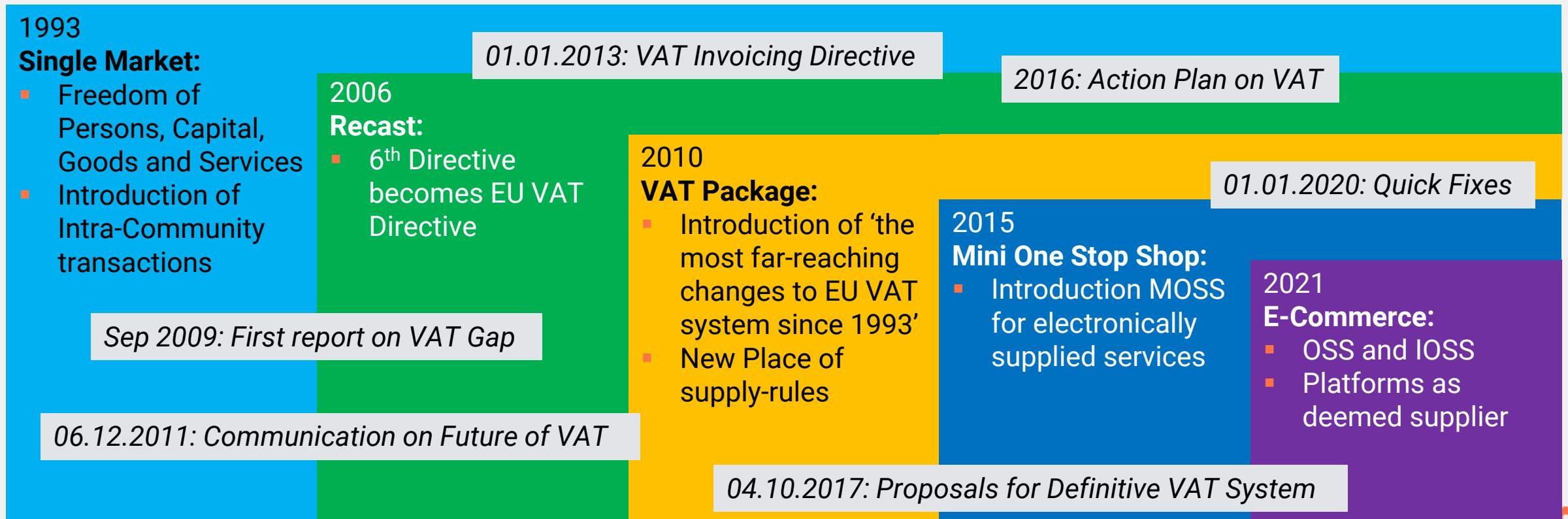
Webinar 3. Platform economy

Webinar 2. Electronic invoicing and DRR

Webinar 1. Introduction / overview

# Proposals for modernising EU VAT Rules

- On 8 December 2022, the EU Commission presented its long-expected proposals for ViDA
- It's been a long journey to get there



# And now: ViDA



*“A series of measures to modernise and make the EU’s VAT system work better for businesses and more resilient to fraud by embracing and promoting digitalisation.”*

# Main goals

## Reduce VAT fraud

- ❑ VAT Gap 2020: EUR 93 billion
- ❑ Reduction compared to 2019, also due to Covid-19 measures

## Reduce (administrative) burdens for businesses

- ❑ Less costs for (VAT) compliance

## Extension of role for online platforms in collection of VAT

- ❑ Focus on travel and accommodation



# How to achieve?

## Real-time digital reporting

- ❑ Based on e-invoicing
- ❑ Cross-border B2B transactions + harmonised framework for domestic transactions

## Platform as deemed supplier

- ❑ Passenger transport and short-term accommodation

## Single VAT registration across the EU

- ❑ Building on already existing 'One Stop Shop' model
- ❑ Businesses who operate cross-border can opt (?) to register in only one Member State for their sales to consumers across the EU and for their transfers of goods for storage in other Member States

# Advantages according to EU Commission

## Real-time information available through DRR

- *“Member State authorities are fully informed of transactions in real time, allowing them to detect and address problems and instances of VAT fraud immediately.”*

## Removal of existing cumbersome reporting requirements

- *“Will save EU businesses over €4.1 billion per year on average in compliance costs over the next ten years.” (?)*
- *“E-invoicing also offers companies an opportunity to further automate their business and to optimise their supply chains.”*

## EU Member States can use EU standard for domestic transactions

- EU Commission expects that national e-invoicing requirements will meet EU standard – in some cases thus less strict



# Bumpy road



# Timeline

## E-invoicing

Must be accepted without (pre-)approval

01.01.2024

## Platform

Deemed supplier role extended to Service Platforms

## IOSS

EU to come with system to link unique consignment number to IOSS number

## Reverse charge

Domestic supplies by non-resident business

## Call-off Stock

Simplification abolished  
Reporting Transfer of Own goods under OSS

01.01.2025

*OSS registration and reporting already possible  
Extend scope from 2025 onwards*

## DRR

Real Time Reporting, both sales and purchases

## E-invoicing

Mandatory for cross-border transactions, meeting specific standard

01.01.2028

# Obviously, changes bring friction

Some examples:

EU Commission focuses on need to reduce VAT fraud

- Second goal of reducing administrative burdens may be challenging

Some EU Member States have existing e-invoicing and real-time reporting

- EU Commission prescribes EU system, but EU Member States may choose to operate their own national system for domestic transactions

Single VAT Registration

- Only for sales, not for claiming back (local) input VAT

*Intra-EU and Domestic reporting requirements must meet EU standard as of 2028!*

# Next steps

The proposals must be approved by the Member States (unanimously)

Subsequently the Member States must implement the changes in their national legislation

- ❑ Especially for the changes per 2024, this seems challenging.

It is possible to provide feedback to the EU Commission

- ❑ Deadline: 4 April 2023 ([link](#))

# Take-away

The goals of the EU Commission are understandable

- ❑ Everyone wants to reduce VAT fraud
- ❑ According to EU Commission, current proposals are *'best that's politically possible'*

It's clear that something will change!

- ❑ E-invoicing and Digital Reporting will become standard
- ❑ Platforms will play larger role in collecting VAT
- ❑ Reporting via OSS will become more important (but will it replace 'normal VAT reporting'?)

## Action plan

- ❑ Check with your software provider the production and processing of e-invoices
- ❑ Check your systems (set-up tax coding)

**QUESTIONS ?**

**ANSWERS !**



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