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Feedback on VAT in the Digital Age proposal (ViDA)

Dear EU Commission,

we thank you for the opportunity to comment on the proposal “VAT in the Digital Age”. Siemens AG is committed to promoting digitalization in tax law. We therefore comment below our position on the planned changes. We would like to emphasize in advance that we welcome the initiative, even if not fully. For us, e-invoicing is the right step into a more digital future. At Siemens, more than ten million invoices are processed per year. The planned reporting obligations will cause high costs according to previous planning, but hardly lead to the desired fraud prevention (especially in carousel fraud). Here, the request to fulfill the primary goal of combating fraud through VAT in the Digital Age would be to reconsider whether a legal approach (reverse charge), technical approach (with VAT and input VAT mapping) or a statistical approach (in cooperation with the statistical information from Intrastat) would be useful. With regard to the proposal, some questions are still open and some statements need to be formally and/or substantively sharpened. The statement is coordinated with the Institute for Digitalization in Tax matters (IDSt, www.idst.tax) but deviates from it in some points. We thank you in advance for the evaluation of the statement and the consideration of the points raised.

Best regards

Siemens AG



Prof. Dr. Christian Kaeser

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Siemens AG Statement on the Commission's Proposal of 08.12.2022 "VAT in the Digital Age"

A. Introduction

Siemens AG welcomes the standardization approaches of the Commission in its legislative package "VAT in the Digital Age" (hereinafter: ViDA) for the most uniform electronic invoicing possible in the EU. This also applies to the approaches to standardize the highly fractionalized approaches of the Member States to their national transactional VAT reporting obligations.

However, we must point out that a considerable lead time is required for both tax administrations and taxpayer to ensure technical implementation. However, technical development will not begin until the necessary legislation and administrative regulations have been enacted to implement the requirements. Experience from the December 2018 "quick fixes" shows that the implementation period of about 13 months at that time was not sufficient to implement, for example, the necessary recapitulative reporting requirements under the simplification provision of Article 17a of the VAT Directive in all Member States.

Petition: Therefore, Siemens AG urgently suggests that Article 5(4) of the draft Directive be amended to the effect that Member States adopt and publish the laws, regulations and administrative provisions necessary to comply with Article 4 of this Directive already by 31 December 2024.

B. Part 1: planned changes as of 1.1.2024

1) Regarding Article 217 VAT Directive - Amendment of the definition of electronic invoice

Siemens AG welcomes the change in the definition of electronic invoice to the requirement of a structured electronic format.

The definition of the "electronic invoice" as a structured data record is the prerequisite for automated and process-secure data processing, which is, on the one hand, free of media breaks and, on the other hand, based on firmly agreed syntactic and semantic content. Despite the use of artificial intelligence, the conversion of "image-based" invoice formats into structured formats (e.g., by means of scanners and the use of optical character recognition (OCR) software) always leads to an error rate in invoice transmission that requires manual corrections and is therefore unacceptable in the context of a closed digital process.

However, as part of the recognition of permissible invoice formats in Article 218 (1) VAT Directive, it is necessary to expand Article 217 VAT Directive definitionally to the effect that invoices that were created electronically but do not contain structured data (e.g. PDF), for example containing the data as raster graphics (pixels), are considered invoices in another form and can be used in principle. Otherwise, due to the amendments to Article 218 (1) VAT Directive, only invoice transmission in a structured electronic format or on paper would be permitted.

Petition: Add a second sentence to Article 217 VAT Directive: Invoices issued, transmitted and received in an electronic format that does not meet the requirements of the first sentence are considered to be documents in other electronic form and the deduction of input tax remains for such as well.

It should also be clarified that no "transmission" is required if invoice is created directly at a customer's premises using appropriate customer invoice creation software. Otherwise, an efficient way of creating electronic invoices in a structured data format, especially for small and medium-sized enterprises (SMEs) when supplying larger companies, would be made impossible.

Petition: Add a sentence 3 to Article 217 VAT Directive: An electronic invoice within the meaning of sentence 1 or in another form within the meaning of sentence 2 shall also be deemed to have been issued, transmitted and received if they are created directly in an IT system of the invoice recipient by the issuer of the invoice or a third party commissioned by him.

2) Article 218 (1) of the VAT Directive - Amendment of the definition of documents to be recognized as invoices

Until 31.12.2023, the definition of an electronic invoice shall also include such electronically created, transmitted and received documents that do not contain the data in a structured electronic format but, for example, as raster graphics. In order to ensure that this option for creating and transmitting invoices (e-mail with attached pdf file), which is used in particular by small businesses, can continue to be used, it is necessary to clarify with regard to the wording in Article 218 (1) VAT Directive in its version as of 1.1.2024 that "electronic form" in Article 218 (1) VAT Directive does not exclusively mean "electronic invoices" as defined in Article 217 VAT Directive.

Petition: Clarification in Explanatory Notes that the wording "electronic documents" in Article 218 (1) VAT Directive-E also includes such electronic documents that are not "electronic invoices" within the meaning of Article 217 VAT Directive.

3) Article 218 (2) of the VAT Directive - Option to issue invoices exclusively by electronic means

a) On the admissibility of electronic invoices that comply with the European standard for electronic invoicing, Article 218 (2) sentences 1 and 2 VAT Directive

Siemens AG warmly welcomes the fact that according to Article 218 (2) sentence 1 VAT Directive, Member States shall allow the issuance of electronic invoices that comply with the European Standard for Electronic Invoicing and the list of syntaxes pursuant to Directive 2014/55/EU of the European Parliament and of the Council.

However, the European Standard and the list of syntaxes is not included in Directive 2014/55/EU, but rather in the Commission Implementing Decision (EU) 2017/1870 of 16.10.2017 adopted on the basis of Articles 3(2) and 11 of Directive 2014/55/EU. Accordingly, the European standard for electronic invoicing EN 16931-1:2017, "Electronic invoicing - Part 1: Semantic data model of the core elements of an electronic invoice" is authoritative. The list of acceptable syntaxes is derived from the Technical Specification "CEN/TS 16931-2-2017, Electronic invoicing - Part 2: List of syntaxes complying with EN 16931-1" (hereafter referenced collectively as "EN 16931").

In principle, EN 16931 represents a solid framework for the creation of electronic invoices, which, however, needs to be further specified, concretized and extended with regard to the planned usage scenario.

In order to be able to ensure the proper communication between economic operators as well as between economic operators and the tax authorities, it is necessary to precisely define and standardize the information relevant for further processing in the core invoice data set in order to minimize the scope for interpretation of the invoice information contained in the invoice data set.

For example, further standardization should be carried out in the core data record (mandatory fields) with regard to the use of the type codes for the invoice categories (380, 381, 384 and 386) in connection with the signs for invoice items and item totals in order to eliminate the scope for interpretation that currently exists in the status quo of EN 16931 when processing information.

In addition, a number of information relevant for further processing is currently not structured, but can only be mapped via free text fields (e.g. final partial invoices and their VAT assessment, the referencing of

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several previous partial invoices and the mapping of cash discounts). These exemplary problem points could be minimized and optimized by using additional fields in combination with supplementary business rules.

The EN 16931 framework should basically be able to map in a structured way all information contained in the invoice core data record that is required for further processing. For this purpose, it is necessary, among other things, to add fields to the core data record that have so far only been used as options.

Petition: Taxpayers should be given a framework in the form of a multi-stakeholder forum to drive the necessary adaptations of EN 16931 to the VAT requirements together with the stakeholders, such as in the context of the "Connecting Europe Facility".

Listed below a number of additions to EN 16931 that would be necessary in order to meet the greatly expanded scope of application resulting from Article 218 (2) sentence 1 of the VAT Directive:

DIN 16931-1 does NOT meet our requirements for B2B invoice exchange. The DIN 16931-1 MUST be ENHANCED by the further contents of the UBL 2.1. These are among others the missing fields for example:

- Additional partner functions for drop shipment / chain transactions
 - SellerSupplier Party
 - BuyerCustomer Party
- Order reference on item level
 - Order Line reference
- Taxes / withholding tax process
 - WithholdingTaxTotal header and item level
- Various texts on header and item level
 - CUR (Customer remarks)
 - AAK (Price conditions)
 - HAZ (Hazard information)
 - ACB (Additional information)
 - REG (Regulatory information)
 - CCI (Customs clearance instructions)
- Other Fields
 - Sub-item number (SubInvoiceLine).
 - Various references to the delivery bill, e.g.: Delivery [0..*] A delivery associated with this invoice line.
 - TaxPointDate
 - FreeOfChargeIndicator

In our opinion, in a large number of the missing fields, attention should rather be paid to a uniform European standardization. In the case of B2G invoices, these adjustments were made nationally, but now there is much more need for a uniform European standardization of the (especially missing) fields. Other fields are again for tax determination, which recently takes place via tax engines with more indicators than before.

The following procedural issues are still unclear to Siemens AG and we would like to raise as questions:

- How should zero invoices (e.g., final invoice with deduction of advance payments without final payment, free supplies) be handled?
- Traceability of invoices rejected by the authorities, customers or suppliers: How can we track this?

- EU level: Standardized fields for the respective matching information must be clearly defined. Will this happen?

b) On the means of transmission of electronic invoices according to Art. 218 para. 2 p. 3 VAT Directive

Siemens AG welcomes the prohibition of prior approval or verification by the tax authorities (clearing). The problem with clearing is that the draft invoices are first sent to the tax authorities and may only be transmitted after the tax authorities have sent back a clearing number. This "ping-pong process" delays invoicing and thus leads to additional costs.

Petition: With regard to the exemption of sentence 3, in order to avoid uncertainties for the tax authorities concerned, it should also be clarified to taxpayers that the necessary "implementation" means a technical implementation of the special measures approved in accordance with Article 395 VAT Directive before the entry into force of the amending directive concerned here on 1 January 2014 and a mere transposition of the special measure into legal measures, without there being a technical implementation. I would like to ask the Commissioner whether he is prepared to accept the Commission's proposal.

We recommend that basic regulations on the transmission network ("transmission protocol") be included. If both business partners agree, the continued use of existing point-to-point connections (EDI) as "opt-out" solutions should be possible. However, basic accessibility via a Europe-wide transmission network should be guaranteed as a fallback solution for all companies operating throughout Europe. All these regulations can also be regulated in secondary legislation (implementing regulation – or similar).

Petition: Preferably in the VAT Implementing Regulation or in another legal form, rules on the transmission network should be included. This should regulate the basic accessibility for the issuance and, above all, the receipt of electronic invoices via a Europe-wide transmission network; the same applies to the possibility for taxpayers to continue to use existing point-to-point (EDI) connections.

c) The geographical scope of Article 218(2) of the VAT Directive

In principle, the territorial applicability of the invoicing rules in Article 219 a VAT Directive. However, since it succeeds Articles 217 and 218 according to its systematic position in the VAT Directive, it is unclear whether it applies to them. In addition, it has been common practice in Member States to impose e-invoicing obligations in principle only on taxable persons who are established in their territory or who have at least a fixed establishment. This is based on Article 219a (1) and (2) of the VAT Directive. However, these are de facto based exclusively on the taxable person providing the service. However, due to the removal of the consent requirement of the invoice recipient by the deletion of Article 232 VAT Directive, he may suddenly be exposed to the requirements of electronic invoicing in the sense of a necessary readiness to receive structured electronic data records in Member States where he is neither resident nor has a fixed establishment. This is particularly problematic for small and medium-sized enterprises that do not have structures for receiving, reading and processing invoices in xml format (as required by EN 16931). Therefore, as long as e-invoicing is not the basic legislative case (as planned from 1.1.2018), it should be standardised, for the transitional period, that Member States can only impose the obligation to e-issue, transmit and receive e-invoices on taxable persons who are either established in the territory of that Member State or have a fixed establishment there.

Petition: Extension of Article 218 VAT Directive by one paragraph 3: 'Member States shall apply Article 219a (1) and (2) to the obligation of the issuer of invoices to issue and transmit invoices electronically. If the recipient of the invoice is not established in the Member State which requires electronic invoices to be issued in accordance with the first sentence of Article 218 (2) and does not have a fixed establishment in that Member State, he may require the issuer of the invoice to send him the invoice on paper or in any other form.'

4. Necessary adaptation of Article 45a VAT Regulation (Regulation 282/2011) as of 1 January 2024

On the one hand, the introduction of electronic invoices by Member States pursuant to Article 218(2) of the VAT Directive-E can be counteracted by the fact that the Member States provide evidence under Art. 45a para. 3 VAT Regulation (Regulation 282/2011) in paper form. This may mean, for example, that the carrier has to issue his invoice in a structured electronic data format, and the invoice recipient, who uses the carrier's invoice in another Member State as proof of intra-Community transport or dispatch, must then print it out and present it in paper form.

In addition, Regulation (EU) 2020/1056 of 15.07.2020 (OJ L 2020, p. L 249, 33) on electronic freight transport information for the introduction of electronic freight transport information (eFTI) from 21.08.2024, Article 18 para. 2 of Regulation (EU) 2020/1056.

Petition: Art. 45a para. 3 of Regulation 282/2011 is supplemented with effect from 1.1.2024 by the following sentence 2: 'Member States shall also accept such evidence in electronic form, in particular in the form referred to in Article 217 of the VAT Directive, or as 'electronic freight transport information' or 'eFTI' within the meaning of Article 3(4) of Regulation (EU) 2020/1056 of 15.07.2020 (OJ L 2020, p. L 249, 33).'

C. Part 2: planned changes as of 1.1.2025

1. Article 14a (2) of the VAT Directive – Extension of supply chain fiction to B2B transactions

In principle, the extension of supply chain fiction in support by electronic interfaces or similar to deliveries by entrepreneurs established in the Union is understandable. However, the extension of the fiction on the acquirer side also to purchasers, who have to tax the corresponding intra-Community acquisitions, is incomprehensible in principle. In particular, this leads to certainly unintended effects when affiliated companies set up a common ERP system (ERP system = Enterprise Resource Planning System), which, for example, processes customer orders and intra-group orders and automatically calculates intra-group transfer prices (e.g. based on the customer's order price using the resale price minus method).

It is therefore important to establish definitional selectivity so that, in particular where ERP systems are shared by associated undertakings, an electronic interface is not inadvertently established which supports intra-Community deliveries within the meaning of Article 14a(2) of the VAT Directive.

Petition: The definition of "supporting" through the use of an electronic interface must be adapted to the planned amendment of Article 14a(2) of the VAT Directive. The use of a common ERP system by affiliated companies only fulfils the requirement of a "supportive" electronic interface if the typical characteristics of an "online marketplace" are additionally fulfilled by means of the ERP system:

- Operation of the "ERP Marketplace" by a "platform operator" in the group of companies
- Managing a group of vendors in the ERP system
- Managing a group of potential buyers in the ERP system
- Provision of goods or services by the supplier
- Operation of a communication channel between the group of suppliers and the buyers for the purpose of carrying out "marketplace transactions"

It should also be clarified that in the case of cloud solutions or software-as-a-service (SaaS) solutions with regard to ERP systems, the operator of the interface must be located within the user group of companies (e.g. the main licensee or a company designated by the group of companies), but it cannot be the software provider of the ERP system.

2. Article 194 of the VAT Directive – Introduction of an optional reverse charge mechanism

The introduction of a reverse charge mechanism option for supplies or services by non-established traders is very welcome. It is a crucial element of the legislative package to reduce taxpayers' compliance costs.

The exercise of the reverse charge mechanism option under Article 194 VAT Directive should definitely be carried out in the Directive itself or in the VAT Regulation (Regulation 282/2011), otherwise there is a risk of new additional compliance costs due to the fragmentation of the legal framework. This is all the more important as comprehensive reporting obligations are linked to the reverse charge mechanism under Article 194 of the VAT Directive (see below).

It is also necessary to clarify whether the recipient of the supplies of goods or services, who is not himself established in the Member State of taxation and whose own supplies of goods or services would therefore also fall within the scope of Article 194 of the VAT Directive, may voluntarily register for VAT in that Member State in order to obtain the supplies or services of his supplier, who is also not established, in reverse. tax liability. Otherwise, in the case of successive supplies by non-established taxable persons (but also certain services, e.g. because they are related to immovable property), there would be a risk of a "ping-pong" between the reverse charge mechanism under Article 194 VAT Directive and its non-application.

- Petition: The exercise of the reverse charge mechanism option under Article 194 VAT Directive-E must take place in the Directive itself or in the VAT Regulation (Regulation 282/2011), otherwise there is a risk of a new fragmentation of the European legal framework in VAT taxation, which is particularly worrying in view of the inclusion of these services in the Digital Reporting Requirements. It is necessary to clarify that non-established taxable persons, whose output services would in principle fall within the scope of Article 194 of the VAT Directive, may voluntarily register for VAT in the Member State of taxation in order to be able to receive supplies or services on the input side in that Member State using the reverse charge mechanism under Article 194 of the VAT Directive.

3. Article 222 of the VAT Directive – Extension of the time limit for issuing invoices to supplies subject to reverse charge under Article 194 of the VAT Directive

Since this new version of Article 222 VAT Directive does not shorten the deadline for issuing invoices (at the latest on the 15th day of the following month), this extension of Article 222 VAT Directive as of 1 January 2025 is unproblematic.

4. Articles 369 f. VAT Directive – One-stop shop for reporting shipments (Transfer-OSS)

The introduction of the one-stop shop for the notification of shipments (Transfer-OSS) in Title XII Chapter 6 Section 5 of the VAT Directive (Article 369 f. VAT Directive) is warmly welcomed by Siemens AG. It is a crucial element of the legislative package to reduce taxpayers' compliance costs. It demonstrates how modern digital reporting procedures can avoid significant compliance costs for both tax authorities and taxpayers without endangering tax revenue.

Even more incomprehensible is the restriction of the regulation with regard to "capital goods", which are excluded from the regulation. On the one hand, there is a risk of new compliance costs due to the fragmentation of the legal framework, since the definition of "capital goods" under Article 189(a) is placed in the hands of the individual Member States. It is also unclear how this affects the provision of the subparagraph of Article 369xb. 2 VAT Directive-E ("all-or-nothing rule") if a Member State has defined the corresponding goods as "capital goods" and thus the application of the Transfer-OSS for all other Member States de facto can lock.

On the other hand, there are precisely cases of the letting of movable assets that are transferred to other Member States for the purpose of letting (we refer to case constellations such as those on which case C-242/19 "CHEP Equipment Pooling", judgment of the ECJ of 11.06.2020 (cross-border rental of pallets), was based. It should not be forgotten that, according to the enabling basis of Article 113 TFEU, the European VAT system must serve the functioning of the internal market.

Petition: The exclusion provided for in the subparagraph of Article 369xa. 1 No. 1 VAT Directive-E is to be replaced by a positive definition of the scope of the special schemes with the following wording:

'1. 'intra-corporate transfers of goods' means the transfer of goods for the purpose of carrying out supplies of goods or services in another Member State in accordance with Article 17(1); ...'
Clause 2 of the second subparagraph of Article 369xa. 1 No. 1 VAT Directive: "... and does not include..." should be deleted.

5. Other necessary arrangements to avoid multiple VAT registrations

Unfortunately, the legislative package of the "Quick Fixes" as of 1 January 2020 did not contain any provision for export series transactions in Article 36a VAT Directive. Particularly in the case of pick-up series transactions involving transport or dispatch to third countries, many Member States apply rules under which the penultimate purchaser in chain transactions (usually a taxable person established in a third country) must register for VAT in the Member State in order to declare the exempt export supplies, although under customs law it is usually the first supplier in the chain transaction (usually the last taxable person established in the EU in the Chain transaction) handled the customs export process as exporter. Especially in the case of deliveries to Asia with delivery conditions "FOB European Port", this is a considerable competitive disadvantage of the European export industry, for example compared to comparable deliveries from the USA.

Petition: In order to avoid such competitive disadvantages of the European export industry in third-country chain transactions with delivery conditions "FOB European Port", a solution is to be standardized either by means of a corresponding extension of the "Non-Union OSS" (Article 358a et seq. VAT Directive) or tax exemptions upstream of export in export series business, if necessary in conjunction with the data of the customs export process.

D. Part 4: planned changes as of 1.1.2028

1. Article 218 VAT Directive – E-Invoicing

a) *The principle of electronic invoicing, Article 218(1) of the VAT Directive*

Siemens AG welcomes the provision that, from January 1, 2018, invoices must always be issued in structured electronic format. This can lead to considerable efficiency gains, especially at the level of the invoice recipients, due to the automated processing of invoices.

b) *Exceptions to the principle of electronic invoicing, Article 218 (2) of the VAT Directive*

The issuance of invoices on paper or in other formats should be limited to invoices to private customers (B2C) in order to ensure comprehensive efficiency gains in incoming invoice processing.

Petition: Limitation of the exemption in Article 218 sentence 2 VAT Directive-E for transactions to non-taxable persons.

c) *On the admissibility of electronic invoices complying with the European standard for electronic invoicing, Article 218 sentence 3 VAT Directive*

Siemens AG welcomes this very much. We refer to our detailed statement above under B. 3. a) of this letter, in particular with regard to the need for the design of the standard format to be unambiguous and leave little room for interpretation, as well as the need to supplement EN 16931 for VAT purposes.

d) *The abolition of the exemptions for State clearing, Article 218 sentence 4 VAT Directive*

Invoices are basically private documents whose exchange takes place on a civil law basis. The requirement of a state clearing system is therefore not expedient. Plausibility checks of the formal invoice content should be carried out downstream instead of in a previous clearing procedure after transmission of the data to the respective tax authorities in accordance with the procedures standardised in Articles 262

to 264 of the VAT Directive, such as checking the validity and allocation of the VAT identification numbers used.

We refer to our detailed opinion above under B. 3. b) regarding the need for regulations on the transmission network.

2. Article 222 (1) of the VAT Directive – Shortening of the time limit for issuing invoices

In order for Article 222 VAT Directive to be implementable in practice at all, a clear definition of the "occurrence of the chargeable event" in the VAT Directive is required, in particular for supplies. At present, the views in the Member States differ widely as to when the "transfer of power of disposal" within the meaning of Article 14(1) VAT Directive takes place. While many Member States regard the commencement of transport or dispatch to the customer as the time of delivery, others refer to the date of transfer of risk which they derive from the terms of delivery used under the INCOTERMS. However, in the case of a delivery from Poland to Malta, for example, this may well lead to a two-week difference in the assessment of the timing of the delivery in the Union. The same applies to the distinction between continuous deliveries within the meaning of Article 64 (2) VAT Directive and individual deliveries.

Petition: A binding definition of the "occurrence of the chargeable event" is to be standardised, in particular for supplies, preferably in the VAT Regulation (Regulation 282/2011). Especially in the case of deliveries, this should be based on the beginning of the transport or dispatch of the delivered items, in particular if the supplier issues the invoice.

The two-day deadline for issuing the invoice in Article 222(1) VAT Directive is disproportionately short. Italy, the only country with real experience in comprehensive electronic invoicing for VAT purposes, has set a deadline of 12 days to issue an invoice. In particular, with regard to the five-year period of Article 24h (6) of Draft Regulation (EU) 904/2010 (hereinafter: "AdmZVO-E"), it is incomprehensible why this extremely short period for invoicing and subsequent reporting should be necessary if the data are subsequently available to the Member States for examination for at least five years.

Furthermore, there is no provision for small and medium-sized enterprises (SMEs) to take account of their specific characteristics. For example, in the construction sector, a measurement and acceptance by the builders is regularly carried out only after the service has been provided and thus only then the scope of the service is clear at all.

In addition, the extremely short invoice issuance period of two days becomes a large number of preliminary invoices (possibly based on estimates of performance or price). , lead to pro forma invoicing or to increased partial invoices, which must then be corrected, since the issuers of invoices will simply not know how to make do otherwise. The number of invoices to be reported will therefore multiply due to the considerable amount of correction invoices then incurred.

All in all, the system was drafted without taking account of economic realities and is therefore liable to jeopardise the functioning of the internal market, contrary to its enabling basis in Article 113 TFEU.

Petition: The deadline should be extended, following the example of existing deadlines in the Member States. It makes sense and ensures the functioning of the internal market to standardise a period of 15 calendar days for issuing invoices in Article 222(1) VAT Directive.

3. The deletion of Article 223 of the VAT Directive

The general and indiscriminate abolition of the possibility for Member States will lead to a multiplication of the number of invoices. It is not clear whether the IT systems of the Member States, in particular, when they make use of the option under Article 271a of the VAT Directive, but also the electronic reporting systems of the Commission and the Member States provided for in Article 24g (1) and (2) AdmZVO-E (REGULATION 904/2010) can deal with this multiplication of the number of invoices and the resulting much higher data transfer.

Furthermore, it is unclear which similar deliveries or services may still be combined in an invoice to what extent or which directly related facts may still be settled jointly, for example in project business.

In general, the indiscriminate deletion of Article 223 VAT Directive violates the principle of proportionality under EU law, since the possibility of monthly collective invoices is also deleted for supplies or other services that are not subject to the new reporting procedure under Article 262 et seq. of the VAT Directive.

Petition: Analogous to our previous proposal on Article 222(1) VAT Directive, Article 223 of the VAT Directive is intended to make it mandatory for all Member States to issue collective invoices for supplies and services whose VAT becomes chargeable within 15 consecutive calendar days for invoices subject to the reporting system under Section 1 of Chapter 6 of Title XI.

In addition, for all other invoices not covered by the reporting system provided for in Section 1 of Chapter 6 of Title XI, Member States should continue to be given the option to allow monthly collective invoices.

4. The extension of Article 226 of the VAT Directive

a.) The addition of point 16 to Article 226 of the VAT Directive

It is not clear what to do in the event of a reissue of an invoice after the previous cancellation of the invoice to be corrected. It should, if necessary, take the form of Explanatory Notes it should be clarified that the cancellation document itself is a correction document and therefore the newly issued invoice itself is a third document that no longer needs to be referenced to the cancelled invoice.

It is also common practice to correct several invoices of a period with a correction invoice. In some cases, it is also customary to refer to the number of the discount or bonus agreement or generally the contract number instead of individual invoice numbers.

Petition: Reference to the serial numbers of several corrected invoices must be allowed. It must also be allowed to refer to the number (or similar identifier) of the agreement (such as discount or bonus agreements) from which the correction results instead of the sequential numbers of corrected invoices.

b) The addition of point 17 to Article 226 of the VAT Directive

The listing of a single IBAN number of the account to which the payment is to be made exclusively represents a disproportionate process complexity for invoice issuers and invoice recipients. In the case of regular business relationships, the invoice recipient has usually already stored the account number in the supplier master data (on the basis of a contractual agreement at the beginning of the business relationship) and therefore does not use the account number according to the invoice for payment. The consideration of the bank account according to the invoice is also contrary to a 4-eyes principle; For compliance reasons, employees will process invoices or payments other than those employees who specify the bank details in the master data. A comparison of any deviating bank accounts between invoice and master data increases the process complexity.

In the area of small and medium-sized enterprises (SMEs), it is also common to indicate several bank details to which the bill can be paid, as these SMEs are often financed by several banks. This would be made impossible by the provision of Article 226 No. 17 VAT Directive, which allows the indication of only one bank account.

In addition, there are numerous deliveries or services for which no payment is made, but, for example, offsetting with deliveries or services of the invoice recipient. Examples include so-called geographical swaps, barter transactions that are intended to prevent so-called "commodities" (bulk goods) from having to be transported unnecessarily. The situation is similar in the case of supplies between affiliated undertakings, where as a rule no payment is made, but only a set-off.

Many invoices are also paid by credit card, which would also be made impossible by the provision of Article 226 No. 17 VAT Directive, which requires the provision of bank details. The same applies to invoice settlement by way of factoring.

In addition, the legislature did not explain how the indication of the IBAN number of a single bank account should contribute to the prevention of VAT fraud. From this point of view too, the provision of Article 226(17) of the VAT Directive is disproportionate.

Petition: Article 226(17) of the VAT Directive should be deleted.

c) The addition of point 18 to Article 226 of the VAT Directive

The same problems arise here as with Article 226 No. 17 VAT Directive-E

E. Other general suggestions regarding the proposal:

According to Siemens AG, the approach of a maximum degree of standardization and harmonization in the EU is a positive process that brings with it some challenges. ViDA entails a reduction of options for member states, which raises a number of standardization issues to be considered in advance, which should be dealt with intensively. Therefore, there is also an urgent need to set more realistic implementation deadlines for the measures. So far, the implementation deadlines are too tight, as are the isolated reporting deadlines. Here, there is a request for a general extension.

ViDA also causes enormous conversion effort and costs in the companies. Projects in which not only the tax department, but also IT-, accounting-, logistics- department and more must be involved. Due to the high costs, the possibility of creating incentives for the companies for the optimal implementation of ViDA (measures such as faster VAT refunds or deduction of VAT on these investments for VAT-exempt companies and investment incentives from a direct tax perspective) could possibly be considered.

Procedural issues remain largely unresolved so far, such as a guideline for the reporting of invoices or the rejection of invoices or, more generally, the archiving of documents. These questions should be answered promptly for practical use in order to be taken into account in the conversion projects that are already beginning.

Many companies are also currently undergoing the SAP S4-Hana transformation. A changeover with regard to ViDA in the old R/3 systems leads to a new changeover when the S4-Hana transformation is completed, which causes pointless costs. The R/3 systems are highly customized to the company's needs and therefore no standard technical solutions can be used to meet the new requirements. Consideration of such a circumstance - with delayed start, of the not yet converted systems - would be economically efficient and welcome.

We would like to thank you very much for taking our submissions into account in advance and hope for a joint, successful and European-standardized implementation of the ViDA proposal. Thank you in advance.