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Indirect Taxation and Tax administration
Value added tax

**VAT Expert Group
35th meeting – 18 March 2024**

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VAT EXPERT GROUP¹

VEG No 116

SUMMARY MINUTES

**35TH MEETING
– 18 MARCH 2024 –**

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¹ Group of experts on value added tax to advise the Commission on the preparation of legislative acts and other policy initiatives in the field of VAT and to provide insight concerning the practical implementation of legislative acts and other EU policy initiatives in that field.

1. APPROVAL OF THE AGENDA

The agenda ([Document taxud.c.1\(2024\)1120290 – EN](#)) was approved by the group.

2. NATURE OF THE MEETING

The meeting was held in person in Brussels and was not open to the public.

3. IMPLEMENTATION OF THE NEW SPECIAL SCHEME FOR SMALL ENTERPRISES (SMEs)

3.1. VEG N° 114: Updated SME Explanatory Notes (CONFIDENTIAL)

The Commission services presented the second iteration of the Explanatory Notes on the special scheme for small enterprises, ‘SME scheme’. This second draft has been completed and enriched with practical examples and figures compared to the first draft. The objective is to provide practical guidance on the functioning of the SME scheme that is easy to understand for small enterprises who are not experts in the field of VAT.

This draft is still a work in progress and the Commission services are working on a final version of the Explanatory Notes.

VEG members made various comments aiming at providing the reader of the Explanatory Notes with more precision and clarification on some concepts and definitions. They also requested further explanations and examples on the difference in treatment of the supply of goods and services in the context of the cross-border SME scheme and examples on the reporting of these transactions.

The deadline for providing last comments on the draft is 22 April 2024.

3.2. VEG N° 115: SME Guide (CONFIDENTIAL)

The Commission services presented the first draft of the Guide to the SME scheme, which is a mirror version of the OSS Guide. The objective of the Guide is to set out the key elements of the SME scheme and to explain its functioning from a practical point of view, as it is addressed to small enterprises, which might not be experts in the field of VAT.

Some VEG members made suggestions to the Guide, such as adding some graphics explanations, a decision tree and some definitions, as well as abandoning technical terms in favour of the use of simpler language.

The deadline for providing written comments on the first draft of the Guide is 22 April 2024.

3.3. Next steps in the Implementation of the new rules on the SME scheme

To support Member States in the implementation process, the Commission services informed that an SME web portal mirroring the existing portal for OSS is under

construction. The SME web portal will host an ‘SME VAT simulator’ enabling small enterprises to check their potential eligibility to apply the cross-border SME scheme. This portal will also link up to an ‘SME-on-the-web’ database, similar to the existing VIES-on-the-web, enabling businesses to check the validity of the EX number of small enterprises. The Commission services also informed that a press campaign will be launched in autumn to promote the SME web portal and the new rules applicable as from 1 January 2025.

4. VAT AFTER ViDA – EXCHANGE OF VIEWS

A first exchange of views on this topic took place with the VAT Expert Group to kick off a reflection by the group on which areas of work could possibly be explored after the adoption of the ViDA package and what should be done to improve further the VAT system as a long-term objective.

The Commission services introduced the reflection and asked members to share their preliminary ideas on the suggested topics. The VEG was very appreciative of the Commission services’ initiative and constructively engaged in the ensuing discussions. The group was invited to work on the topic and produce a report with their conclusions by the end of 2024. The group undertook to put forward a first draft of this report at the next meeting of the VEG in June 2024 for more in-depth discussions.

5. INFORMATION POINTS

a. ViDA Package – State of play of negotiations in Council

The Commission services provided a brief update on the state of play of the negotiations in Council on the *VAT in the Digital Age* (ViDA) legislative package. Negotiations resumed in January 2024 under the Belgian Presidency, with three meetings held so far, 18 January and 8 March 2024 on *Digital Reporting Requirements* (DRR); and 9 February 2024 (joint VAT and Customs Council meeting) on the *Single VAT Registration* (SVR) part of the package.

The group was informed that the ViDA package still requires some technical work although considerable progress has been made so far. The Spanish Presidency issued a progress report for the 8 December 2023 ECOFIN, which showed that an agreement had been reached for the SVR volet of the package (to the exception of the IOSS elements that are related to the ongoing Customs Union Reform), while the remaining challenges were related to the DRR and Platform Economy part of the package. ViDA is one of the priorities of the Belgian Presidency, which expects that the package will be agreed during their Presidency (either at the May or June ECOFIN). The next meeting in Council will take place on 25 March 2024 (on the Platform Economy and SVR).

The group expressed gratitude for the update provided and members actively engaged in the ensuing discussion by asking specific questions on different aspects of the package.

A few members expressed concern on some of the technical issues of the package and notably on the DRR part, such as the convergence of domestic regimes, the deadline for the reporting and taxable event, customer reporting requirements, the use made of the reported data, clearance of the invoice, e-invoicing, reverse charge and the need to include

it in the VAT exemption code list, and the interoperability between current national reporting systems and the EU-harmonised DRR system.

All the concerns and remarks made by the VEG were duly noted by the Commission services, who reminded the group that they were not able to provide any detailed information on any specific technical issues or on any amendments made to the Commission's original proposal, as these aspects are still under discussion in Council. Furthermore, the Commission services indicated that they could not provide any information as regards the package implementation timeline, as this is one of the last issues to be discussed in Council.

The Commission services confirmed that splitting the ViDA package is not an envisaged possibility and hence, its formal adoption will only take place once an agreement has been reached on all three parts of the package. The Commission services reassured the group that the remaining issues under discussion are mainly of a technical nature and hence an agreement on the package is expected to be reached soon. Lastly, the VEG was informed that the implementation of the legislative package will be carried out in three different work streams, one for each part of the package.

One member of the VEG expressed the need to hold meetings and/or seminars in person for the work on the implementation aspects of the ViDA legislative package once it is adopted.

b. Customs reform, including the VAT proposal (COM(2023) 262 final)

After the update on the customs reform, a VEG member expressed the need of having a timely reform ensuring that the removal of the EUR 150 threshold and the mandatory IOSS enter in force at the same time.

The Commission services explained that what has been agreed so far is a three step reform based on:

- securing IOSS numbers by linking it with the shipment document related to the goods concerned;
- making IOSS compulsory in ViDA, or a system that incentivise its use;
- removing the EUR 150 threshold for customs.

c. Adoption of Commission Decision (EU) 2024/775 of 4 March 2024 on relief from import duties and VAT exemption on importation granted for goods to be distributed or made available free of charge to persons fleeing Russia's military aggression against Ukraine and to persons in need in Ukraine.

After the expiration of Commission Decision (EU) 2023/829, 5 Member States had requested the extension of the measure and Commission Decision (EU) 2024/775 was adopted on 4 March 2024. The current Decision is applicable from 1 January 2024 until 31 December 2024.

6. AOB

One member provided an update on the efforts in the harmonisation of postal / express electronic advanced data in Europe aligned with the UPU / WCO global data model; revision of the e-invoicing standards; and digital product passport:

- *CEN/TC331 Postal Services, WG2 “digital postal services” document on new work items*: Harmonisation of postal / express electronic advanced data on consignment level in Europe: This includes necessary pre-lodged data for customs, import duties, transport security and product safety. Such data harmonisation also includes the safe, secure transmission of data, so that data privacy and protection are facilitated.
- *Draft Commission Implementing Decision* on a standardisation request to the European Committee for Standardisation, the European Committee for Electrotechnical Standardisation, and the European Telecommunications Standards Institute as regards digital product passports in support of Union policy on ecodesign requirements for sustainable products and on batteries and waste batteries: Work will be started in the foreseeable future, and needs to be aligned with the harmonisation efforts of postal / express data related standardisation.
- *CEN/TC 434 Electronic Invoicing*: VAT reporting and gap analysis with the current e-Invoicing standardisation deliverables: This report will define the impact of the ViDA legislative package on the deliverables of CEN/TC 434, especially to the EN 16931 parts. All parts of EN16931.
- *CEN/TC 434 Electronic Invoicing*:– Report on B2B requirements: The ViDA legislative package envisages that VAT reporting on intra-EU transactions and on domestic transactions shall be based on EN 16931-1. EN 16931-1 was deliberately designed to focus on “core” invoicing functionality, thus recognising that there are business requirements that are not covered. While this approach meets the requirements for electronic invoicing in the B2G market, there is a need for additional functionality to support the B2B market. To support B2B market needs for additional functionality, the CEN/TR 16931-5 (“Extension Methodology”) was designed to provide guidelines on how industries may create individual specifications, known as “Extension Specifications”, to cater for their specific needs. The aim of this deliverable is to identify and document additional requirements needed to support the B2B market, and the possible implication on the current standardisation deliverables (EN 16931-1) and ancillary artefacts to extend to B2B.

The Chair closed the meeting by thanking members for their participation and announced that the next meeting of the group is not yet confirmed, but will most likely be online and is tentatively scheduled for 4 June 2024.

7. LIST OF PARTICIPANTS

Commission services and the members of the VAT Expert Group as published in the Register of Commission Expert Groups².

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² <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&do=groupDetail.groupDetail&groupID=2813&NewSearch=1&NewSearch=1>
