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GROUP ON THE FUTURE OF VAT

GFV No 146

IOSS Project Group - FPG053 - Update

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1 INTRODUCTION

The EU VAT e-commerce package introduced a number of amendments to the VAT legislative framework, including changes to the rules governing the taxation of imports of low value consignments to consumers in the EU, and the associated introduction of the Import One-Stop Shop (IOSS) simplification.

The VAT in the Digital Age (ViDA) proposal, which has just been adopted on 11 March 2025, includes measures that will strengthen the security of the IOSS verification process, as well as improve IOSS-related controls, in order to further safeguard the scheme from potential VAT fraud.

In particular, the ViDA proposal mandates the Commission to adopt an Implementing Act to introduce special measures to prevent certain forms of tax evasion or avoidance by better securing the correct use and verification process of IOSS VAT identification numbers at the point of importation.

The initial work on the design and scoping of these potential special measures began in June 2024, when Finland hosted a Fiscalis workshop to help brainstorm potential solutions. Since then, work has continued in the Commission to refine the design of possible solutions, which take into account the feedback received during the Helsinki workshop.

At the start of this year, the Commission services established a new Fiscalis Project Group (FPG053), which will pilot possible solutions to secure the IOSS number verification process.

2 FPG053 – UPDATE

2.1 Background

The FPG053 project group is led by Finland. Following a call-for-interest, Member States were chosen to participate in the group. The Member State participants include experts from VAT, Customs and I.T. departments. The first kick-off meeting of the project group was held on 6/7 February 2025 and picked up on the outcomes of the Helsinki Fiscalis workshop.

2.2 Pilot Options

Since the Helsinki workshop, DG TAXUD's I.T. department has worked on designing possible solutions to better secure the IOSS and has devised 5 possible solutions to help achieve our objective (options 0 – 4). Following discussions and reflection on these options, the Member State participants have decided to pilot options 0 and 2.

Option 0 involves the transmission of information by IOSS registered traders/platforms prior to importation and the crossmatch of this information with the data provided in the import declaration. To test this option, the intention will be to crosscheck old data provided by platforms with data from customs declarations in order to establish possible links.

Option 2 is part of the suite of options 1 – 4, which involve the use of verifiable credentials. These 4 options build incrementally upon each other. Specifically, Option 2 involves the use of verifiable credentials by IOSS registered traders/platforms, along with the use of digital

wallets by underlying suppliers, to secure the transmission of information in the supply chain, up to the point of importation where customs authorities can check the verifiable credentials.

2.3 External Stakeholder Participants

FPG053 participants are currently in the process of nominating potential external stakeholders in order to test these options effectively in a pilot environment. The nominations include IOSS registered traders, smaller and bigger, EU and non-EU established players. Other stakeholders, such as carriers and postal operators will also take part in the pilot exercise.

2.4 Timeline

In terms of the project timeline, preparation of the pilot is already underway, and we expect to run the pilot from Q3 2025 to Q3 2026 (inclusive). Coinciding with the conclusion of the pilot exercise, we aim to make a presentation of the draft Commission Regulation to SCAC delegates in Q3 2026, followed by adoption by the Commission in Q4 2026.

3 SUMMARY

Work on implementing a solution to better secure the IOSS number verification process is underway. This work is critical to the overall success of the Import scheme and is seen by Member States as a precondition to the VAT proposal to extend the IOSS to supplies above EUR 150, which forms part of the proposal to reform the EU Customs Code, currently under negotiation in Council.

The delegates will be updated as the work on finding a solution to better secure the IOSS advances.

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