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Value Added Tax Policy

**Group on the Future of VAT
49th meeting – 24 June 2025**

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GROUP ON THE FUTURE OF VAT

GFV No 150

MINUTES

**49TH MEETING
– 24 JUNE 2025 –**

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1. APPROVAL OF THE AGENDA

The agenda ([document taxud.c.1\(2025\)6424756 – EN](#)) was approved and no delegate raised a point to be added under any other business.

2. NATURE OF THE MEETING

The meeting was held online and was not open to the public.

3. POINTS DISCUSSED

3.1. Study on the Challenges of VAT beyond ViDA (VAT in the Digital Age) – Update by the contractor

The Commission services reminded delegates that the primary objective of the study is to identify specific weaknesses and inefficiencies within the current VAT system. By focusing on these areas, the Commission aims to propose important and targeted improvements that will enhance the system's overall effectiveness, ensuring it better serves businesses and aligns with modern practices. In this context the Commission services indicated that the interim report was received last week and will be examined in detail by an internal Commission Steering Group, while the draft final report is expected in the autumn. Next, the Commission services gave the floor to the contractor to update on the results and progress made.

The contractor indicated that the aim of the study is to offer unbiased, data-driven insights into the VAT system, combining the best available expertise with a fresh perspective. The contractor presented the preliminary findings emphasising the three focus areas of the study: simplification, digitalisation, and the consistency of VAT rules with environmental policy. These areas have been identified as very important for making the VAT system more efficient, user-friendly, and in line with sustainable practices. In this light the contractor presented the current state of play, specific areas for simplification, digitalisation, and greening of the VAT system.

It was mentioned that the report highlights the need for harmonisation, legal certainty, simplification, and digitalisation to reduce fraud, improve compliance, and enhance the efficiency of the VAT system. It also explores opportunities for digitally enabled reforms, such as self-policing, administrative complexity reduction, and duplicated payments elimination. Additionally, the report touches on the topic of greening the VAT system, including the treatment of second-hand goods, destruction of goods versus donations, and the role of rates for sustainable consumption. Finally, the contractor outlined forthcoming activities, including refining policy improvements, adding quantifications, assessing feasibility, and preparing a draft final report to be presented in October.

There were no comments expressed by the delegates.

3.2. FISCALIS Project Group (FPG/043) on E-invoicing and digital reporting – sharing of knowledge and exchange of best practices on implementation – Presentation of the Report by the Project leader

The Project leader presented the outcome of the Fiscalis Project Group (FPG/043) on “E-invoicing and digital reporting, sharing of knowledge and exchange of best practices on implementation”. Set up in early 2024, the aim of the project was to exchange knowledge with a view to learning from the experiences of domestic digital reporting systems that are already in place in five EU Member States (Spain, Poland, Italy, Greece and Portugal) and beyond the EU. In this regard, the project aimed to develop recommendations that could inform broader EU implementation efforts in the area of digital reporting. The Project leader summarised the phases and scope of the project, highlighting the main lessons to be learned from the existing solutions in place such as the need for early stakeholder engagement, interoperable solutions or knowledge sharing. The results of the work have been compiled in the May 2025 Final Report “FPG/043 e-Invoicing & Digital Reporting” for internal use by the Member States. In the concluding remarks, the Project leader pointed to the need of setting up a new project group to pursue knowledge sharing in the context of the implementation of ViDA, which could be initiated by Denmark and be managed in a rotating way by a steering committee.

3.3. Technical Support Instrument (TSI) – Presentation by the Commission services

The Commission services provided an overview of how the Technical Support Instrument (TSI) can be used to assist Member States, in particular in their implementation of the Digital Reporting Requirements (DRR) volet of the ViDA package. In this regard, the new peculiarities in the scope and priorities of the TSI 2026 were explained, along with the way and timeline for Member States to submit a request for Technical Support.

3.4. ViDA (VAT in the Digital Age) Package – Implementation - Presentation by the Commission services

3.4.1. Digital Reporting Requirements (DRR) – Outcome of the Vienna Fiscalis workshop

The Commission services presented the results of the Fiscalis Workshop (FWS 042/001) held in Vienna from 8 to 10 April 2025, explaining the main conclusions drawn from the workshop as well as the main topics discussed. In particular, one of these conclusions was the need to ensure a harmonised interpretation of the rules.

In this regard, the Commission services explained that it is working on a first draft of explanatory notes, which will be presented at the next meeting of the GFV. This will allow delegates to provide comments on the draft, as well as to suggest topics for their inclusion in the explanatory notes.

The Commission services will also assess the convenience of sending some of the topics to the VAT Committee for discussion, as well as whether certain issues would need to be addressed through an amendment of the VAT Implementing Regulation.

3.4.2. Platform economy – State of play

The Commission services informed delegates of the preparation for the Fiscalis Workshop (FWS 047/001) in Madrid on 17 and 18 September 2025. Nearly all registrations had been

received, and the Commission services will soon inform those who have been appointed rapporteur or chair of the groups (a preparatory meeting is foreseen for the evening of the 16 September). The Commission also informed delegates that the working paper for the workshop will soon be made available.

3.4.3. Single VAT Registration (SVR) – State of play

The Commission services provided a short state of play regarding the implementation of the SVR part of the ViDA proposal.

It was first mentioned that the work on securing the Import One Stop Shop (IOSS) is ongoing. The next workshop that will take place beginning of July will gather for the first time Member States and concerned stakeholders.

The delegates were informed that the update of the IOSS monthly listings including the Member State of consumption will be delivered in August. SCAC delegates will be informed of the specific time of delivery and will receive updated guidelines.

It was also mentioned that the revision of the Commission Implementing Regulation 194/2020 is ongoing and that the Commission services are planning to present a first draft to SCAC delegates in October, including all SVR amendments as well as the amendments suggested by the Fiscalis Project Group FPG046, which worked on enhancing/ streamlining the OSS processes.

Finally, the Commission services informed the delegates that the work on the revision of the explanatory notes will soon start, with the intention to present a first draft for discussion to GFV and VEG members by the end of the year, beginning of next year.

3.5. GFV N° 148 - Enhancing the Robustness of the OSS/IOSS (CONFIDENTIAL)

The Commission services provided first the context of this document that is gathering elements to improve the functioning of the OSS/IOSS system, making it more robust and future ready, and for which amendments to the legislation are needed.

It was mentioned that, during Council negotiation on the VAT proposal attached to the EU Customs reform, the Polish presidency and Member States stressed the need to make the IOSS more robust and secured before extending its scope. It was then pointed out that tax authorities also raised the need for improvements to the OSS/IOSS infrastructure within the framework of the implementation of the SVR part of the ViDA package, which was also mirrored in discussions under a Fiscalis project group (FPG/046) focussing first on improvements to OSS/IOSS payment and recovery mechanisms and extended afterwards to examine possible improvements to the entire OSS/IOSS process.

This was followed by a short presentation of all these suggested improvements that could form the basis of a simplification package.

After a short Q&A session during which a couple of delegates expressed their support for such revision, the delegates were invited to review these suggested improvements, indicate whether they can support them and propose additional revisions by 10 July 2025.

**3.6. GFV N° 149 - OSS webportal - Update of National VAT rules
(CONFIDENTIAL)**

The Commission services presented the initiative to restructure the "National VAT rules" section of the OSS Portal, with the aim of aligning it with recent legislative developments. Delegates were invited to provide comments on the draft guidance document by 10 July 2025. The Commission services also requested Bulgaria, Spain, France, and Italy to provide the contact details of the editors who will be authorised to update their respective sections.

The item was noted without comments from the delegates.

4. INFORMATION POINTS

a) Incentivised IOSS – Update

Delegates were informed that, during the ECOFIN of 13 May 2025, a general approach was reached on the so-called “Directive on VAT rules for distance sales of imported goods and import VAT”¹, which was based on a VAT proposal in the context of the Customs reform. The Commission services explained that this Directive is intended to “incentivise” the use of the IOSS, by making the (deemed) supplier of distance sales of imported goods systematically liable for import VAT and constitutes an alternative for the Commission’s initial proposal to make the IOSS mandatory. It was mentioned that, given the changes, the European Parliament is being reconsulted and is likely to give its opinion in July 2025. This would then allow for a formal adoption of the Directive, probably at the next ECOFIN.

For the sake of completeness, it was pointed out that two remaining topics, namely the abolition of the EUR 150 threshold for the scope of the IOSS and its extension to supplies from certain warehouses, are now part of a separate proposal which has been referred to the customs reform negotiations of which the outcome will be essential for having this VAT proposal adopted.

The Commission services clarified that the implementation of the above-mentioned Directive on incentivising the IOSS will be done in close cooperation with customs colleagues as to ensure alignment with any further developments in the customs reform. Other implementation actions, such as the drafting of explanatory notes, will be considered.

b) Update on the state of play of the Commission services’ work on other files

- New SME scheme

The Commission services briefly updated on where Member States stand in terms of transposition of the new rules accompanied by the necessary IT systems and noted that the VAT simulator by which anyone can test if exemption is within reach has now been made available but with a limited coverage to take account of the delay in transposition by some Member States. Given the time it will take to improve the visibility of the SME-related data

¹ The official title is: Directive amending Directive 2006/112/EC as regards VAT rules relating to taxable persons who facilitate distance sales of imported goods and the application of the special scheme for distance sales of goods imported from third territories or third countries and special arrangements for declaration and payment of import VAT

reported by Member States in the Taxes in Europe database (TEDB) to which the SME Web Portal links, an interim solution has been put in place by which an overview of this data is published. Finally, the Commission services informed about ongoing work to prepare an e-learning module on the SME scheme which will add to the existing range of VAT e-learning programmes.

- VAT package on Travel and Tourism

The Commission services announced that work on this initiative had restarted. The first step would be the launch of a public consultation, with a legislative proposal expected by the end of 2026. Two delegates intervened, one asking for a confirmation about the expected timeline and the other one asking on whether the supporting study would be published. The Chair confirmed the timeline and indicated that, as is common practice, the study would only be published with the proposal, at the end of the process.

- Commission report on VAT rates derogations

With the VAT rates reform, provision has been made for Member States to maintain derogations under certain conditions and for other Member States to apply the same derogations under the same conditions. The Commission services informed delegates that as envisaged under Article 105a(6) of the VAT Directive, the Commission will soon present a report with a comprehensive list of those derogations.

c) VAT Expert Group – new Call for applications for the selection of members

The Commission services informed the group that a call for applications for the selection of new members of the VAT Expert Group was published on 27 May 2025. Applicants have until 11 July 2025 to submit their applications.

5. NEXT MEETING

The next meeting will most probably be online and is tentatively scheduled for 20 October 2025.

6. LIST OF PARTICIPANTS

Commission officials from DG TAXUD and the members of the Group on the Future of VAT as published in the Register of Commission Expert Groups and other similar entities². The contractor for the study ‘Challenges of VAT beyond ViDA’ was present for Point 2 of the agenda.

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² [Register of Commission expert groups and other similar entities](#)