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Value Added Tax Policy

**VAT Expert Group
40th meeting – 27 June 2025**

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VAT EXPERT GROUP¹

VEG No 129

SUMMARY MINUTES

**40TH MEETING
– 27 JUNE 2025 –**

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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\(2025\)6432230*](#)) was approved and no delegate raised any issue 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. LIST OF POINTS DISCUSSED

3.1. Study on the Challenges of VAT beyond ViDA – Update by the contractor

The Commission services reminded members that the primary objective of the study is to identify specific weaknesses and inefficiencies within the current VAT system. Building on this analysis, the study will offer calibrated evidence-based policy recommendations that can contribute to a more efficient, resilient, and future-proof VAT system. In this context the Commission services indicated that 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 presented the interim report of the study ‘Challenges of VAT beyond ViDA’. The presentation began with an overview of the assignment and an explanation of the scope of the study. It also outlined the preliminary results from consultation and interview activities that were undertaken.

In this context, it was emphasised that the interim report highlights the need for harmonisation, legal certainty, simplification, and digitalisation to reduce fraud, improve compliance, and enhance the efficiency of the VAT system. Furthermore, the contractor detailed several VAT aspects that are included in the scope of the study. Under the simplification area: VAT exemptions, deductions and special schemes; standardisation and classification, common interpretation of the VAT rules and the extension of the Single VAT Registration. The report also explores opportunities for digitally enabled reforms, such as self-policing, administrative complexity reduction etc. 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 use and impact of VAT preferential treatment, including pass-through and behavioural aspects as well as 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 which is expected to be submitted in autumn.

Following the presentation, members reiterated their full support for the initiative and acknowledged the necessity of further discussions. They stressed the need for organising an open event to facilitate broader dialogue and feedback for the final report. The Commission services indicated that appropriate follow-up will be considered. Members recognised the complexity of VAT digitalisation, noting that certain aspects of VAT require detailed information and analysis to be effectively digitised. They also stressed the

importance of integrating VAT digitalisation efforts with other European legal initiatives referring to the digital market, ensuring a cohesive and interconnected approach that prevents the digital VAT system from becoming isolated.

3.2. 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 group. This will allow members 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.

There were comments from members complaining about the complexity of dealing with Peppol and the requirements laid down by Member States implementing e-invoicing, which are allegedly going beyond ViDA. Further, they stressed the importance of publishing the update of the European standard as soon as possible and to clarify whether EDIFACT will be possible to use once ViDA is implemented.

The Commission services explained that ViDA provides for a significant degree of harmonisation in the field of e-invoicing, but Member States still have certain flexibility in its implementation. In relation to Peppol, ViDA could not provide for a concrete way for the transmission of invoices but opted to give freedom to both tax administrations and the market to provide solutions for it. The work on the update of standard is ongoing and the delays in its adoption are due to Member States joining the works during the last months and providing further input, but the adoption of the standard is foreseen after the summer. Finally, the interaction of EDIFACT with the EU standard will be closely monitored, but as things stand now, EDIFACT will only be possible to use at a domestic level.

3.4.2. Platform economy – State of play

The Commission services informed members 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 members that the working paper for the workshop will soon be made available.

3.4.3. Single VAT Registration (SV) – 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 members were informed that the revision of the Commission Implementing Regulation (CIR) 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 the GFV and VEG by the end of the year, beginning of next year.

Following a question raised by a member, it was made clear that the VEG members won't be consulted for the revision of CIR 194/2020. However, it was clarified that the comments made by businesses within the framework of the June 2024 Helsinki workshop will be taken into account.,

4. INFORMATION POINTS

a) Incentivised IOSS – Update

Members 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”², 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.

² 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.

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

Other than the delay faced by some Member States with transposition of the new rules and implementation of the IT systems required, the Commission services pointed to the VAT simulator which has been made available, albeit with limited coverage given the delay in transposition by some Member States. The VAT simulator enables anyone to test if exemption is within reach. Given the time it will take to improve the visibility of the SME-related data 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. In response to a question raised, the Commission services made clear that while the study supporting this initiative covers three strands, it is yet to be determine the final composition of the package.

- 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 members 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 recalled that a [call for applications](#) for the selection of members of the VAT Expert Group was launched on 27 May 2025. Deadline to submit applications is 11 July 2025.

The term of the new elected VEG will run from 1 October 2025 until 30 September 2028. The results of the selection process will be communicated to the successful candidates and published in the [Register of Commission Expert Groups and Similar Entities](#).

5. AOB

The Commission services brought to the attention of the group that, on 6 June 2025, a [call for proposals](#) in connection with the activities of the EU Tax Observatory (EUTO) had been launched. The call covers two EU action grants designed to (i) enhance the research capacity in the field of taxation, (ii) involve research institutions in the design and implementation of EU tax policy, (iii) tackle tax evasion, tax avoidance and aggressive tax planning, and (iv) promote fair, efficient and competitive tax systems across the EU.

To be eligible, applicants must be legal entities properly established and registered in a EU Member State with a non-profit status, and have their core activities in the field of research and analysis of public economics, public finance or taxation issues. Deadline for submitting applications is 22 August 2025.

6. NEXT MEETING

The next meeting will probably be in person and is tentatively scheduled for November 2025.

7. LIST OF PARTICIPANTS

Commission services and the members of the VAT Expert Group as published in the Register of Commission Expert Groups³. The contractor for the Study ‘Challenges of VAT beyond ViDA’ was present for Point 2 of the agenda.

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³ [Register of Commission expert groups and other similar entities](#)