

## Digital Reporting Requirements (DRR) under EU's VAT in the Digital Age (ViDA)

**VAT in the Digital Age (ViDA)** is a comprehensive EU VAT reform, whose first pillar – **Digital Reporting Requirements (DRR)** – transforms how VAT data is invoiced, reported, and shared. DRR introduces **mandatory e-invoicing and real-time digital reporting** for cross-border transactions, aiming to combat fraud and simplify compliance. Below is a full overview covering **when** DRR takes effect, **who** must comply (established vs. non-established businesses), differences if a company has a **fixed establishment** or not (and whether it has a VAT registration), the types of **transactions** in scope (domestic and cross-border), technical **standards** for invoices and data exchange, the move toward **pre-filled VAT returns**, and how to handle **invoice corrections** under this new system. The most critical points are summarized first, followed by detailed sections and comparative tables. Relevant **articles of the EU VAT Directive 2006/112/EC** that are amended by ViDA are cited in each section.



### EU-Wide Rollout by 2030–2035

Cross-border B2B e-invoicing becomes **mandatory** on 1 July 2030, with near real-time reporting of those invoices to tax authorities. By that date, **Article 218** of the VAT Directive is amended to make structured electronic invoicing the default for intra-EU trade, and **Articles 262–271** (which governed recapitulative statements) are overhauled to implement transaction-by-transaction digital reporting. Member States must align any **domestic** e-invoicing systems with the EU framework by 1 January 2035.



### Scope: Intra-EU B2B Transactions

DRR covers all **intra-Community B2B supplies of goods and services** (including cross-border services under reverse charge and transfers of own goods). **Domestic** transactions are not mandated at the EU level, but if a country adopts domestic e-reporting it must follow the EU's standards (per new Articles 271a–271c, which set rules for national systems). B2C sales remain outside the DRR scope.



### E-Invoicing Standard & Content

By 2030, **electronic invoicing becomes the norm**. The Directive's definition of "electronic invoice" (Article 217) is tightened to mean an invoice "**issued, transmitted and received in a structured electronic format**" enabling automated processing. Invoices must be issued within **10 days** of the taxable event (Article 222, amended), and contain new mandatory data: the supplier's bank account (IBAN) and references to any corrected invoice (Articles 226(17) and (16)). Paper or unstructured invoices (PDF) will not meet these requirements for cross-border trade post-2030.



### Real-Time Reporting Process

Each e-invoice's details must be transmitted to tax authorities promptly. Under new **Article 263**, the **supplier** submits the invoice data at the time of issuance (or when it should have been issued), and the **customer** submits a confirmation of the acquisition within 5 days of receipt. All Member States will forward this data into a new **central VIES database** within one day, enabling EU-wide matching of sales and purchase records. The long-standing EC Sales List (recapitulative statement) is abolished as of 2030 (Articles 262–265 are replaced by the DRR system).



### Established vs. Non-Established

**All businesses**, whether EU-established or not, must use e-invoices for intra-EU B2B supplies by 2030. However, from 2028 a major simplification kicks in: if a supplier is **not established** in the customer's country, the sale will be subject to **mandatory reverse charge** (Directive Article 194 is amended from "may" to "shall" allow this). This means the foreign supplier no longer charges local VAT and often won't need a local VAT registration; the customer self-accounts for the VAT. Having a **fixed establishment** in a Member State still means local rules apply for that branch's transactions, but cross-border sales from the home country follow the new DRR regime.



### Pre-Filled Returns & Corrections

With detailed invoice data reported, tax authorities can pre-fill VAT returns for businesses (several Member States already plan to do this once DRR data is available). To correct or adjust an invoice under DRR, the supplier issues a **corrective e-invoice** (credit note or amended invoice) that references the original invoice's number, as now required by Article 226(16). Each correction is itself reported through the system, ensuring the central database captures the full audit trail of changes.

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### 1. Implementation Timeline for DRR

The rollout of Digital Reporting Requirements will occur in phases, with legal changes beginning immediately after adoption and full implementation over the next decade. **Figure 1** below highlights the key milestones from adoption through 2035 and the corresponding Directive provisions:

### March 2025 – ViDA Adopted

EU Finance Ministers formally adopted the ViDA package (including DRR) in March 2025. Twenty days after publication in the Official Journal, **key invoicing rules took effect**. Notably, **Member States can now mandate domestic B2B e-invoicing without prior EU approval** (via new Article 218(2) which explicitly allows Member States to “impose the obligation to issue electronic invoices” as long as the EU standard is respected and without requiring prior tax authority clearance). At the same time, the Directive’s Article 232 – which previously required buyer consent to receive an e-invoice – was **repealed**. In other words, from 2025, any EU country can require its businesses to use e-invoices for domestic trades (between established taxpayers) by law, and customers cannot refuse an e-invoice on grounds of consent. These changes remove administrative hurdles immediately, paving the way for widespread e-invoicing adoption ahead of the 2030 EU mandate.

### January 1, 2026 – Invoice Content Updates

Certain invoice content requirements are updated in advance of DRR. For example, invoices under cash-accounting schemes must be marked “Cash accounting” (Article 226(7a) is adjusted to reference Article 66(1)(b) correctly). This date was also the original target (in the proposal) for implementing the new e-invoice definition (Article 217) and some data fields, although in practice the adoption delay means these take effect in 2025 alongside adoption. By 2025/26, the definition of an “electronic invoice” in Article 217 is changed to require a structured format, and Member States are obliged to accept invoices using the European standard (EN 16931) syntax (per Article 218 and Implementing Decision 2014/55/EU). These early changes ensure all Member States start off with a harmonized concept of e-invoicing.

### July 1, 2028 – Single VAT Registration & Reverse-Charge Expansion

A major intermediate step: Under the Single VAT Registration pillar, from mid-2028 all **B2B supplies by a supplier not established in the Member State of taxation** will be subject to mandatory **reverse charge**. Directive **Article 194** is amended from “Member States may” to “Member States shall allow” that the customer is liable for VAT when the supplier is not established locally. This effectively makes reverse-charging the default for cross-border B2B sales within the EU. Practically, it means a company selling into an EU country where it has no fixed establishment will no longer charge VAT there; the buyer will account for VAT. This reduces the need for foreign VAT registrations even before DRR kicks in. (This change was initially slated for 2025 in the proposal, but in the final timeline it aligns with 2028 to give countries and businesses more time.) Also by 2028, the EU’s platform economy rules come into force (for short-term accommodation and passenger transport deemed-supplier VAT collection), and the special **call-off stock simplification is abolished** (Article 17a is repealed) since it’s rendered unnecessary by the new OSS and DRR systems.

### July 1, 2030 – Cross-Border E-Invoicing & Reporting Go Live

**DRR becomes fully operational for all intra-EU B2B transactions**. From this date, **structured e-invoices are mandatory** for cross-border supplies of goods and services between businesses. Every such invoice must be issued within a short period (the final Directive sets **10 days from the supply** – Article 222 is amended from “15th of next month” to “within 10 days”, whereas the original proposal had 2 working days) and transmitted to the tax authority immediately (Article 263 new rules). Each Member State’s system will collect the transaction data and **transmit it to a new Central VIES database within one day**. Buyers will have to report confirmation of acquisitions (this was optional in the past but **Article 268** is changed to make it mandatory for intra-Community acquisitions). With these transactional reports in place, the **recapitulative statement (EC Sales List) is abolished** from this date (Articles 262–265 of the Directive, which defined the EC Sales List, are replaced by the DRR provisions). In essence, monthly or quarterly summary reporting is replaced by continuous per-invoice reporting. This is the “go-live” of the new system EU-wide. Businesses will need to be fully equipped for e-invoicing and automated reporting by this date. (Note: July 2030 is the deadline agreed by Council; some Member States might choose to adopt these measures slightly earlier if they are ready, but not later. July 2030 is firm for all.)

### January 1, 2035 – Domestic Systems Harmonized

By 2035, any Member State that operates a **domestic digital reporting or e-invoicing system** must make it conform to the common EU model. This is effectively the deadline for aligning national e-invoicing “clearance” or reporting regimes (which some countries already have for domestic trades) with the EU’s standards. The Directive introduces new Articles 271a, 271b, 271c, etc., which set out that if a country has domestic transaction reporting, it must use the same core data set and format as the intra-EU system. By 2035, any pre-2025 domestic systems (like Italy’s SDI, France’s upcoming e-invoicing, etc.) should be harmonized or replaced so that businesses face one unified approach. After this date, while purely domestic B2B reporting remains at Member States’ discretion, any such reporting must be **interoperable** with the EU DRR (same XML format, etc.). 2035 essentially marks the completion of the ViDA reforms: a unified digital reporting environment for VAT across Europe.

**Figure 1: Key Dates for ViDA's DRR Pillar (2025–2035) and related Directive changes.**

As shown above, the crucial date for businesses is **1 July 2030**, when cross-border digital reporting becomes compulsory. However, changes in law and practice begin earlier (2025 for e-invoice consent and domestic mandate permissions, 2028 for reverse charge and OSS expansions), giving a transition period. From the Directive standpoint, various provisions kick in on different dates: e.g. Article 217/218/232 changes upon entry into force (2025), Article 222/223/226 changes by 2028, and Articles 262+ for DRR by 2030. Businesses should use this ramp-up period to adapt systems and processes well before the 2030 “big bang.”

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## **2. Scope of Transactions Covered: Cross-Border vs. Domestic**

**DRR primarily targets cross-border (intra-EU) B2B transactions.** The new reporting requirements apply to **“intra-Community” supplies and acquisitions of goods, and cross-border B2B services** where VAT is due in a Member State other than the supplier's. In Directive terms, **Article 262** (as amended) defines the scope of DRR to mirror the scope of the old recapitulative statements, with a couple of extensions<sup>1 2</sup>. In practice, the following are in scope:

- **Intra-Community supplies of goods (B2B)** – i.e. goods dispatched from one Member State to a VAT-registered customer in another Member State (the supplier currently reports these in EC Sales Lists and zero-rates under Article 138). Under DRR, each such supply must be e-invoiced and reported. The scope still excludes exempt supplies; Article 262 continues to exempt from reporting the cross-border supplies that are VAT-exempt in the destination (e.g. certain medical or financial supplies would not be reported).
- **Intra-Community acquisitions of goods (B2B)** – the counterpart of the above. Previously, buyers did not file EC purchase lists EU-wide (some countries had domestic purchase listings). With DRR, **purchasers must also submit data for acquisitions**. The Directive makes this explicit: **Article 268** is modified to require that taxable persons making intra-Community acquisitions report the same information under DRR. So both the supplier and acquirer sides of goods movement are captured.
- **Cross-border B2B supplies of services** – services taxable in the customer's country under the reverse-charge rule (Article 196). Today, these are listed in EC Sales Lists (when supplied to a business in another MS). DRR will cover them similarly. For example, if a German company provides consulting to a French company (B2B), the German supplier must issue a structured e-invoice and report it, and the French customer will also report the purchase (since reverse-charged). Article 262 as amended continues to list “supplies of services for which the recipient is liable for VAT pursuant to Article 196” in the reporting scope.
- **Transfers of own goods across borders** – movements of stock (where a company moves its own goods to another Member State). Under current rules, call-off stock had a special simplification (Article 17a) and other transfers are treated as deemed supplies/acquisitions. ViDA repeals the call-off stock simplification by end of 2025. Thereafter, such movements would be reported through DRR as deemed intra-Community transactions. The new reporting system will include a category for

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<sup>1</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiT%20G%20Slide%20Deck.pdf?web=1>

<sup>2</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiT%20G%20Slide%20Deck.pdf?web=1>

“transfers” (the Commission’s notes on Article 264 indicate slightly different data requirements for transfers)<sup>3</sup>. Essentially, if goods move cross-border in a way that required a VAT number in both countries before, it will go through DRR now.

- **Reverse-charged domestic B2B supplies under Article 194** – this is a new extension. As noted, from 2028 Article 194 makes it compulsory for countries to reverse-charge VAT on B2B supplies by non-established suppliers<sup>4 5</sup>. The DRR system is designed to capture these transactions too, even though technically the supply and customer might be in the same country. For example, a Spanish company (no establishment in France) sells goods located in France to a French VAT-registered business – France will apply reverse charge. Under DRR, that sale will be reported as if it were an intra-EU supply (it’s “domestic” in location but foreign supplier). Article 262’s new wording explicitly includes “supplies of goods and services for which the customer is liable to pay VAT pursuant to Articles 194 to 197” in the reporting scope<sup>6 7</sup>. Thus, any transaction where the reverse charge is applied because the supplier isn’t established (or similar scenarios under Art. 195–197) will be reported through the system by both parties. In effect, this plugs a fraud gap for domestic reverse-charge supplies.

On the other hand, **purely domestic transactions** (where supplier and customer are in the same Member State and no cross-border element) are **not mandated by EU law to be reported under DRR**. The ViDA legal framework leaves domestic digital reporting **optional** for each Member State. This is clearly stated: the new rules in Articles 271a, 271b, etc., say Member States may implement reporting for domestic transactions, but it

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<sup>3</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_ViDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_ViDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>4</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>5</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>6</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>7</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

must not interfere with intra-EU reporting and must adhere to the same standards<sup>8 9</sup>. Key points regarding domestic transactions:

- **Member State choice:** Countries may introduce or continue **domestic B2B e-invoicing/reporting systems**, but any such system must comply with the **harmonized model** by 2035. From the Directive, Article 218(1) still acknowledges invoices can be paper or electronic, but Article 218(2) empowers states to mandate e-invoices nationally<sup>10</sup>. Several countries (France, Poland, Belgium, etc.) are already on track to require e-invoicing for domestic B2B in 2024–2026. ViDA essentially gives them a green light (no need for a derogation under Article 395 anymore). The only caveat initially was that such mandates apply **only to transactions between parties established in that Member State** (so as not to complicate life for foreign traders before 2030). After 2030, that restriction fades as everything aligns.
- **No EU obligation:** If a business operates solely within one country, the EU-wide DRR rules do not force it to change anything *unless* that country itself makes a policy change. Some smaller Member States might not impose domestic reporting at all, relying only on the cross-border system. Others will integrate domestic and intra-EU reporting into one system. The Directive's new Article 271b essentially says if a Member State extends DRR to domestic B2B, the information required cannot exceed what's required for intra-EU, and it should use the EU format<sup>11 12</sup>.
- **B2C and non-taxable persons:** DRR **excludes B2C** transactions. Sales to consumers (or to non-VAT-registered entities) are out of scope. They continue to be handled by One Stop Shop (for cross-border B2C supplies) or local VAT reporting. The rationale is that VAT fraud is primarily an issue in the B2B chain (missing trader fraud). The Directive changes do not mandate reporting of B2C sales (though

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<sup>8</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>9</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>10</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>11</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>12</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

individual countries might have electronic cash register or other requirements). So, having or not having the customer's VAT number is the litmus test: if the customer isn't identified for VAT, the transaction doesn't go into DRR. (Platform economy rules will handle some B2C, but that's separate from DRR.)

In summary, **all intra-EU B2B trade in goods and services will be tracked by DRR**, while domestic trade will be tracked only if a Member State chooses to do so (and then within the EU's framework). **Table 1** below contrasts cross-border vs. domestic treatment under DRR:

| Transaction Category                          | DRR Treatment                                                                                                                                                                                                                                                                                              | Directive Basis & Timing                                                                                                                       |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Intra-EU B2B (goods &amp; services)</b>    | <b>Mandatory e-invoice and real-time reporting</b> for each transaction. Supplier reports via its Member State; customer reports mirror data via theirs. Replaces EC Sales List (Article 262 and 263 revised) <sup>13</sup> <sup>14</sup> .                                                                | <b>From 1 July 2030</b> (Directive Articles 262–264 new) <sup>15</sup> .                                                                       |
| <b>Domestic B2B (within one Member State)</b> | <b>Not mandated at EU level.</b> Member States <i>may</i> impose domestic e-invoicing/reporting. If implemented, it must use the EU standard format and similar timing (Articles 218(2) and 271a-c) <sup>16</sup> <sup>17</sup> . Before 2030, such mandates only apply to locally established businesses. | Up to Member State. Many plan 2024–2026 mandates. All existing or new national systems must align with EU model by <b>2035</b> <sup>18</sup> . |

<sup>13</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiTg%20Slide%20deck.pdf?web=1>

<sup>14</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>15</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiTg%20Slide%20deck.pdf?web=1>

<sup>16</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>17</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>18</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-)

|                                                                                           |                                                                                                                                                                                                                                                                                                          |                                                                                                                          |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Cross-border B2C (distance sales, etc.)</b>                                            | <b>Out of scope of DRR.</b> Continue under OSS or local registration. No EU real-time invoice reporting (invoices still required as per normal rules, but not sent to tax authorities via DRR).                                                                                                          | No change under DRR. (Other ViDA pillars adjust platform B2C.)                                                           |
| <b>Imports &amp; Exports (extra-EU trade)</b>                                             | <b>Out of scope of DRR.</b> Imports remain under customs declarations; exports (VAT-exempt) not reported in DRR. (Central VIES may cross-reference import data via customs, but not via invoices).                                                                                                       | No change under DRR.                                                                                                     |
| <b>Special cases: Non-established supplier selling into MS (reverse charge post-2028)</b> | <b>Treated like cross-border: reported via DRR.</b> E.g. a supply by a non-established trader that is reverse-charged locally is included in DRR per Article 262 and 264 <sup>19 20</sup> . Supplier reports (via its home country if it has one, or OSS/fiscal rep), customer reports via local system. | <b>From 2028</b> (Art 194 “shall allow” reverse-charge) <sup>21</sup> ; from 2030 these must be e-invoiced and reported. |

**Table 1: DRR applicability to cross-border versus domestic transactions.**

It is worth noting that the legislation (Article 271c) requires Member States to inform the VAT Committee if they implement optional domestic DRR and when they later align or cease it, ensuring oversight of fragmentations. The overall intention is that by 2030+, whether a transaction is domestic or cross-border, if a digital reporting exists it should look and feel the same to businesses (one standardized system). Initially, though, businesses in countries with domestic e-invoicing mandates (Italy, France, etc.) will have to comply with those ahead of the EU-wide mandate.

Finally, **transactions with consumers (B2C)** are unaffected by DRR. However, the **Platform Economy** pillar of ViDA (effective 2028–2030) introduces deemed supplier rules for platforms facilitating certain B2C services

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<sup>19</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>20</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>21</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

(accommodation, transport)<sup>22 23</sup>, meaning platforms will collect VAT and report it (likely via OSS). Also, the existing OSS and IOSS systems for e-commerce continue to handle cross-border B2C sales of goods. None of that falls under the invoice-reporting regime of DRR, since invoices to consumers are not part of this data collection.

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### 3. Mandatory E-Invoicing: Format and Content Requirements

Under DRR, **electronic invoicing** for business-to-business transactions is no longer optional or negotiable – it becomes the default method defined by law. The Directive makes several changes to VAT invoicing rules to facilitate this:

- **Structured format required:** The definition of an “electronic invoice” in Article 217 is updated. As of 2025, an **electronic invoice** means an invoice **“that contains the information required by the Directive, and which has been issued, transmitted and received in a structured electronic format allowing for automatic and electronic processing.”**<sup>24</sup>. This replaces the older, looser definition (“issued and received in any electronic format”). In practical terms, this means **PDF or unstructured invoices will no longer count as electronic invoices** for VAT purposes. The invoice must be in a **machine-readable format** (XML or equivalent) that conforms to the European standard **EN 16931** (the Directive doesn’t explicitly name EN 16931 in the definition, but Article 218(2) ensures any mandated e-invoicing must accept the EN 16931 format and syntaxes<sup>25</sup>). For businesses, this implies that by 2030, sending just a PDF invoice to a customer in another Member State will not fulfill VAT invoice obligations – it will need to be a structured data file (or a hybrid like PDF+XML).
- **No customer consent needed:** Article 232 of the Directive, which stated that the use of an electronic invoice was subject to the buyer’s acceptance, is **deleted** by ViDA<sup>26</sup>. This is effective from the

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<sup>22</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>23</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>24</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>25</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>26</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

directive's entry into force (2025). The significance is that **suppliers can impose e-invoicing unilaterally** (or comply with a legal mandate) without seeking each buyer's approval. It removes a barrier that sometimes hindered e-invoicing adoption, where buyers could insist on paper. Now, if the law (or the supplier's policy) says the invoice is electronic, the buyer has to accept it. This change was one of the first to kick in, ensuring that by the time DRR starts, everyone is on board with receiving e-invoices.

- **Member States can mandate e-invoicing domestically:** As noted, Article 218 is amended to explicitly allow any Member State to require electronic invoices for domestic transactions<sup>27</sup>. Previously, EU countries needed a special derogation (under Article 395) to force e-invoicing. Now it's mainstream: "Member States may impose the obligation to issue electronic invoices." The only conditions are they must allow EN 16931 format and cannot impose prior clearance by the tax administration (more on clearance below). Some countries (like Italy, which already requires B2B e-invoices through a clearance system) had such derogations; those are effectively normalized and must be aligned with the new rules by 2030/35.
- **Deadline to issue invoices shortened:** To ensure timely reporting, the window for issuing an invoice after a supply is shortened. **Article 222** is amended. Originally, for intra-Community supplies, an invoice could be issued by the 15th of the following month<sup>28</sup>. The new rule (which was proposed as 2 working days, but later relaxed in Council) is "**no later than 10 days after the supply**". This aligns invoice issuance with the near-real-time concept. While the final directive text hasn't been published at the time of writing, multiple sources confirm a 10-day requirement (the Commission's proposal had 2 days<sup>29</sup>; Parliament advocated 5 days; the compromise ended at 10 calendar days). So, for example, if goods are delivered on July 1, 2030 as an intra-EU supply, the invoice must be issued by July 11, 2030. This also effectively outlaws **summary invoices** over longer periods: indeed, **Article 223** which

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<sup>27</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

<sup>28</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

<sup>29</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

allowed summary invoices for a calendar month is entirely **repealed** as of 2030<sup>30</sup> <sup>31</sup>. Each transaction generally needs its own invoice (except possibly a daily summary if all within 10 days, but even that is unclear). The reasoning is each taxable event should trigger a timely invoice for reporting.

- **No prior authorization (“clearance”) by tax authorities:** The Directive explicitly prohibits Member States from requiring that e-invoices pass through a tax authority approval before being considered issued. Article 218(2) includes: “The issuance and transmission of electronic invoices by taxable persons **shall not be subject to a prior mandatory authorization or verification by the tax authorities...**”<sup>32</sup> <sup>33</sup>. This is a critical point because some existing systems (Italy, Hungary, etc.) involve real-time clearance. ViDA basically says going forward, the model is **post-audit reporting**, not pre-clearance (with the exception of any state that had it pre-2025 can keep it as a “special measure” until 2035). From 2025 on, no new clearance regimes are allowed, and even Italy’s will have to adjust to remove any requirement that an invoice is invalid until cleared. In simpler terms, the law ensures **invoices flow directly from supplier to buyer without waiting for tax authority approval**, although the data will be sent to the authority in parallel. This fosters quicker business processes and aligns with the idea that the tax authority is getting the info for control purposes, not acting as an intermediary in delivering the invoice.
- **Mandatory invoice content expanded:** ViDA adds new required fields to invoices via changes to Article 226. Effective 1 January 2028 (per the Directive text), **the following points are added to Article 226**<sup>34</sup>:

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<sup>30</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>31</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>32</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>33</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>34</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

- **(16):** In the case of a corrective invoice (credit note or debit note adjusting a prior invoice), the invoice must state “**the sequential number of the invoice being corrected**”<sup>35</sup>. This links credit notes to original invoices. It ensures that any adjustments are traceable. In practice, if you issue a credit note, you quote the original invoice number it relates to – which many businesses did anyway, but now it’s a legal requirement EU-wide.
- **(17):** The **IBAN or bank account number** of the supplier to which payment will be made<sup>36</sup>. If no IBAN, another unique identifier of the account should be given. This is new – invoices didn’t have to include bank details under EU law before. The rationale is to help tax authorities monitor payments and detect carousel fraud (if payment goes to a bank in a different name or country, it could be a flag). It also could facilitate the pre-filled payment info for buyers.
- **(18):** The **due date for payment** of the invoice, or in cases of agreed installment payments, the dates and amounts of each installment<sup>37</sup>. Again, this wasn’t previously required on VAT invoices by law (though common commercially). It gives tax authorities context on when the payment is expected, which can be relevant for cash accounting schemes or simply for information.
- Also, earlier (from 2026) a minor tweak: Article 226(7a) was reworded to align with Article 66 for cash accounting, but that’s a technical detail<sup>38</sup>.
- With these, the *minimum* data on an invoice grows. Importantly, all these fields (original invoice reference, IBAN, due date) are also part of the **data to be reported under DRR** per Article 264 (which requires reporting of items (16) and (17) etc. – see section 4). So the invoice content and the report content match up.
- **Authenticity and integrity via business controls:** The Directive does not change the general rule that businesses must ensure the authenticity, integrity, and legibility of invoices (Article 233). Using a structured e-invoice inherently meets these requirements if proper controls are in place. Digital

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<sup>35</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>36</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>37</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>38</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

signatures on invoices remain optional – not mandated by EU VAT law – but many e-invoice standards allow for them if needed.

- **Cross-border invoice format convergence:** Member States must accept invoices that comply with the European standard on e-invoicing (EN 16931) and its officially listed syntaxes (currently UBL 2.1 and UN/CEFACT CII)<sup>39</sup>. This essentially forces convergence to a common format for cross-border trade, eliminating the chaos of 27 formats. Businesses can choose a format from the standard (many likely will use UBL XML or hybrid PDF with XML). The mention in Article 218(2) guarantees that if a supplier uses the EN 16931 format, any Member State has to accept it for VAT purposes and cannot refuse it or demand a different format.
- **Transitional tolerance for paper:** While the law after 2030 doesn't recognize unstructured invoices for **intra-EU B2B**, there could be exceptional cases (e.g. if both parties claim they have no electronic means). Member States might allow derogations for certain small businesses or in case of tech failures. But generally, the expectation is near 100% e-invoicing. Some countries might keep an option for paper in specific scenarios (like out-of-scope or if one business is not "established" and not in OSS, etc.), but these would be rare and likely require later conversion to digital for reporting anyway.

In summary, **by 2030 the invoice itself becomes a vehicle of data for tax reporting**. Businesses will need to ensure their invoicing software can produce the required XML with all mandated fields. The shift may require updates to ERP systems, especially to store IBANs of entities and to automatically reference corrected invoices.

**Example:** A company in 2031 sells goods from Spain to Germany. It must issue an electronic invoice (likely a UBL XML file) to the German buyer within 10 days of delivering the goods. The invoice will include all standard info plus the Spanish supplier's IBAN and the due date for payment. The Spanish company's system sends this XML to the Spanish tax authority as well (within that same timeframe) and to the customer. The customer can read the XML (or a rendered PDF of it) and process it. If later a price adjustment is needed, the Spanish supplier issues a credit note referencing "Invoice #INV12345" that it corrects, issues it in XML, and both report that too.

From a compliance perspective, companies should begin **implementing e-invoicing solutions well before 2030**. Many will adopt networks like **Peppol** for exchanging invoices in EN 16931 format. Indeed, Peppol BIS format is compliant with EN 16931 and already widely used in Europe for government and B2B e-invoicing. Some Member States might even mandate using Peppol for domestic invoices (e.g. Netherlands, Belgium lean that way). While the EU law doesn't force a particular transmission channel (only the format), using a common network could ease compliance across multiple countries.

One more subtlety: **Self-billing and continuous supplies**. If customers self-bill on behalf of supplier (Article 224) or in long-term contracts (Article 225), the same rules apply – those invoices must be electronic and reported. The directive doesn't change those articles fundamentally, except the timing (self-billed invoices also within 10 days).

In essence, the **invoice as we know it goes fully digital** for cross-border business, and its legal requirements are slightly enhanced to support the digital reporting ecosystem.

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<sup>39</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

#### 4. Real-Time Reporting Mechanism: Data Transmission and Exchange

Once invoices are being issued in structured electronic form, the second piece is the **digital reporting** of those invoice details to tax authorities. The Directive introduces a new framework in **Articles 262–271** (replacing the old EC Sales List provisions) to govern this continuous reporting. Here’s how the system works:

- **Supplier-side reporting (“sales listing”):** For each intra-EU B2B supply (goods or services) that a taxable person makes, the supplier must transmit a set of information about that transaction to its own tax authority **by the time the invoice is issued** (or by the legal deadline to issue if they somehow haven’t)<sup>40</sup>. In effect, when you issue an invoice under DRR, you also (perhaps automatically via your software) send the invoice data to the “live reporting system” of your Member State. The new **Article 263** of the Directive will likely read (paraphrasing the political agreement): “the data required under Article 264 for each taxable transaction shall be transmitted for each individual transaction no later than [2 working days] after issuing the invoice or after it should have been issued”. The final compromise might adjust “2 days” to a slightly longer grace, but the principle stands – very prompt submission. In many cases, “at the time of issuance” is effectively required (some Member States will design systems that receive data in real time as invoices are created). The supplier’s report includes key fields: their own VAT ID, the customer’s VAT ID, the invoice number and date, the amounts, VAT amount (if any), etc. Essentially all the core invoice data points listed in Article 264 (see below) have to be sent. This replaces the old requirement to compile these into a monthly statement. Instead, it’s continuous.
- **Customer-side reporting (“purchase listing”):** The buyer in the transaction also has an obligation to report that it has made an intra-Community acquisition or received a service. Under prior law, reporting purchases from EU suppliers was optional for Member States – now it’s mandatory. **Article 268** (and related Article 262) are changed to enforce this. The timing given is that the customer must report within **5 days** of the invoice being received<sup>41</sup>. So if a German company receives an invoice from Spain on July 3, 2031, the German company should report that acquisition by July 8, 2031. This can be thought of as acknowledging the invoice. The data the buyer submits will include the supplier’s VAT number, the invoice number/date and amounts (mirroring what the supplier would have reported). There is an allowance that Member States can waive the customer reporting if they have “alternative means of control” – e.g. if they feel the supplier reporting suffices – but generally most will implement it to maximize data matching. Article 263 likely outlines these timing for both supplier and customer.

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<sup>40</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>41</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

- **Central matching of data:** All Member States will forward the reported transaction data to a **central EU database (Central VIES)** operated by the Commission. This central system will automatically **cross-check** each reported sale against the corresponding purchase. If a Spanish supplier says “I sold €1000 to VAT ID DE123...”, the system looks for a report from DE123... saying “I bought €1000 from ES...”. If both match, the transaction is reconciled. If not, it flags a discrepancy. This cross-checking is the core fraud-fighting tool: discrepancies can identify unreported sales (or fraudulent claims). The Directive amendments require that Member States upload the data to the central system very quickly (within one day after they receive it, according to Council docs). Article 24 of the VAT Regulation (904/2010) will also be amended to provide legal basis for this exchange. Tax authorities will have access to aggregated and transaction-level info from all across the EU. This effectively modernizes VIES (which today only confirms VAT numbers and recaps) into a transaction-level database.
- **Data content (Article 264 specifics):** The Directive’s new **Article 264** enumerates exactly what information must be reported for each transaction<sup>42 43</sup>. In summary:
  - For intra-Community **supplies of goods and services where customer pays VAT (reverse-charge services)**: the data to report includes the details listed in Article 226 points (1) to (4), (6), (7), (8), (11), (16), (17) (and (11a) if applicable). According to the snippet, that covers: (1) date of issue, (2) a sequential invoice number, (3) supplier’s VAT number, (4) customer’s VAT number, (6) description/quantity of goods or nature of services, (7) date of supply if different, (8) taxable amount per rate and unit price, (11) the VAT rate applied, (16) the original invoice number if it’s a correction, (17) the supplier’s IBAN, and (11a) if relevant (Article 226(11a) refers to margin scheme mention, likely not relevant for cross-border). So essentially all identifying info and values, minus perhaps the actual VAT amount if zero-rated (because ICS is zero) but plus any info that it’s reverse-charged. Actually point (11) is the VAT amount, or VAT rate? Let’s recall Article 226: (10) is probably quantity, (11) might be VAT rate and amount. The snippet [5006] shows points included (11) and (17) etc. We also see on [5008] another source that for reverse charge transactions they also include (15) if applicable<sup>44</sup> (point (15) of 226 is “mention reverse charge” I think). In short, **virtually the entire invoice’s content is reported** – except perhaps payment due date which is not needed

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<sup>42</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>43</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>44</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

for tax calc. This design means **tax authorities have all the data to pre-populate VAT returns** (they know taxable base, rate, etc., not just totals).

- For **transfers of own goods**: likely similar data except no customer VAT (it's the same entity moving goods), maybe instead an identifier of the movement (the snippet suggests point (17) might not apply for transfers)<sup>45</sup>.
- For **acquisitions**: the buyer reporting likely repeats the supplier's data. If the supplier didn't report (like if supplier is non-EU), then the buyer's report will include what would have been on the invoice.
- The law provides that if Member States want additional info for domestic stuff, they can't require more than this list.
- **Transmission method**: The Directive leaves specifics to be handled possibly by an Implementing Regulation (expected by 2025). However, principles are set: Member States must provide the electronic means for transmission. They must accept the common format (so likely they'll accept an XML upload or in-line submission that aligns with EN 16931 fields). Many countries will likely adopt or allow use of the **Peppol network** for submitting the invoice data to their system. Some may have web portals for manual entry for small businesses. Given Article 218(2) forbids prior verification, the upload likely returns just an acknowledgement, not an approval code (unlike Italy's SdI which returns an 'OK' code that goes on the invoice).
- **Reporting frequency vs continuous**: It's **continuous per transaction**. There is no concept of a monthly or quarterly "statement" anymore. Article 263(1)–(1c) which used to allow monthly/quarterly EC Sales List submissions is deleted/replaced<sup>46 47</sup>. So businesses won't wait until month-end; they report as they go. The closest thing to a "frequency" is the 5-day window for buyer.
- **Unique IDs and corrections**: When data is sent, presumably the tax authority might assign it an ID. If a correction (credit note) comes in referencing an invoice number, the systems will link them. Businesses will likely reference the original invoice number in their credit note as required (Art 226(16))<sup>48</sup>, and in data perhaps provide both original and credit invoice numbers. The central system will then net the two. No need to "delete" anything – it's all through adjustments.

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<sup>45</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>46</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BDE29258C-5500-4B38-9E12-C1BAE8ACD24F%7D&file=2024%2011%2028%20EU%20Expert%20Training%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BDE29258C-5500-4B38-9E12-C1BAE8ACD24F%7D&file=2024%2011%2028%20EU%20Expert%20Training%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>47</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BDE29258C-5500-4B38-9E12-C1BAE8ACD24F%7D&file=2024%2011%2028%20EU%20Expert%20Training%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BDE29258C-5500-4B38-9E12-C1BAE8ACD24F%7D&file=2024%2011%2028%20EU%20Expert%20Training%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>48</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-)

- **Non-established suppliers with no local VAT:** If a non-EU business (with no VAT ID) supplies an EU business, how is it reported? The EU buyer will report it as an acquisition (with supplier ID possibly as “foreign”). The supplier itself isn’t in the system unless they opted into OSS for something. The legal obligation under DRR is technically on “taxable persons identified for VAT” – a completely outside business may not have direct obligations except invoice issuance. The onus to report likely falls on the EU customer in those cases.
- **Data security and usage:** The data goes into Central VIES (which legally will be under regulation 904/2010 scope). Tax authorities can use it to auto-fill returns, run risk analysis, check VAT refund claims (they can see if purchases that someone claims match sales another declared), etc. Data sharing rules and GDPR considerations are handled at government level, not affecting the taxpayer’s submission process. Businesses need to be mindful that *every transaction is visible* to authorities EU-wide.

To illustrate, consider a timeline for a single transaction:

- Day 0: Company A in France sells to Company B in Italy. It ships goods and on the same day issues an e-invoice to B.
- Day 0: Company A’s system (or service provider) sends the invoice data to the French tax portal. Within perhaps seconds, an acknowledgement is received.
- Day 1: The French system pushes that invoice data to Central VIES, noting “FR VAT123 sold X amount to IT VAT456”.
- Day 2: Company B receives the invoice (Day 0 or 1 if instantaneous via network). B records it. Let’s say by Day 3, B (or its automation) sends a report to Italy’s system: “IT VAT456 bought X amount from FR VAT123 (invoice ABC123)”.
- Day 3: Italy’s system sends that to Central VIES, noting “purchase by IT VAT456 from FR VAT123 of X amount”.
- Central VIES immediately matches these two records: all good. If Day 6 arrives and B hadn’t reported, French tax authority might get a flag that an expected acquisition report is missing on B’s side.
- Month’s end: French tax authority can auto-calc Company A’s total intra-EU sales from sum of these transactions; Italian authority can auto-calc Company B’s total acquisitions (and thus input VAT to claim).
- Neither A nor B has to file a recap statement for that deal, it’s already done transactionally.

**Directive references:** The new reporting requirements are implemented by replacing Articles 262–271. For example:

- Article 262 likely now defines which transactions must be reported (we know it includes Art 138 supplies and Art 194 reverse-charge supplies)<sup>49</sup>.

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[6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](#)

<sup>49</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D\&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D\&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

- Article 263 sets the timing and the obligation on supplier/customer<sup>50</sup>.
- Article 264 lists data elements<sup>51</sup>.
- Article 265/266 might handle corrections or specific cases.
- Article 267–271 possibly revoked or repurposed (Article 271 might have given some member state options, now replaced with 271a-c for domestic).
- It's a reconstruction of that whole section of the Directive.

The **bottom line** for businesses is that **VAT reporting becomes transaction-based and digitale**. Instead of accumulating info for a VAT return or EC Sales List weeks later, each invoice triggers a compliance event. This demands robust systems integration but also yields benefits: tax filings could become a formality since authorities already have the data. It should also lead to fewer audits chasing missing trader fraud, because discrepancies will be apparent in near real time.

From an IT perspective, companies will likely integrate via APIs to tax authority platforms or use certified middleware. Large companies may centralize this process – e.g., using a global tax engine that collects all invoice data and routes it appropriately to each country's portal. Smaller businesses might rely on their accounting software vendors to build in this functionality (and many such software providers in Europe are already working on ViDA solutions). The **Implementing Regulation** to come will detail the common "electronic message" format (likely a standardized XML/JSON schema for the payload, as hinted in Council documents).

One challenge will be **handling multiple VAT numbers**: a company with several EU VAT registrations will need to report separately under each. ViDA's single registration aim is to reduce those, but not eliminate (e.g., having a fixed establishment means multiple numbers). Companies will need to ensure the right VAT ID is used and the correct system is reported to for each transaction.

In summary, DRR's real-time reporting turns the VAT compliance model from periodic and aggregate to continuous and granular. It leverages technology to collect data that was always being generated (invoices) and uses it proactively. This is a significant change management exercise for businesses, but the Directive's phased approach and clear specifications aim to make it as straightforward as possible once implemented.

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## 5. Obligations for Established vs. Non-Established Entities

The impact of DRR and the related ViDA changes differs depending on a business's legal presence in a given Member State. A core goal of ViDA's Single VAT Registration pillar is to allow businesses to operate across the

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<sup>50</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>51</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobilredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BD5B0AC5D-8E58-4DE5-AAAB-FDA64F933849%7D&file=2025%2010%2016%20Transfer%20Pricing%20Adjustments.pptx&action=edit&mobilredirect=true&DefaultItemOpen=1)

EU with minimal VAT registrations. The DRR is designed to accommodate that by shifting reporting responsibilities in line with where a business is established or not. Let's break down scenarios:

- **EU-Established Business (with a VAT ID in home country):** If a company is established in, say, France (has its business seat or a fixed establishment there), and it makes intra-EU supplies, it will use its **French VAT number** on those invoices and report them via the French authorities (and central VIES). For all **outgoing intra-EU sales**, the obligation is to e-invoice and report in the home country's system<sup>52</sup>. For **incoming intra-EU purchases**, the business reports those in its home country system as well<sup>53</sup>. Essentially, the compliance burden for cross-border transactions stays in the Member State of establishment. If the French business also is VAT-registered in other countries (without establishment), by 2028 many of those foreign registration obligations might vanish due to expanded OSS and mandatory reverse-charge. The Directive changes allow, for example, that a French company selling goods from France to customers in Germany need not have a German VAT registration at all, because reverse charge will apply in Germany (Article 194 uniform reverse charge)<sup>54</sup>. Thus, the French company would not file German VAT returns or ESLs – it only reports via France's DRR for that sale. However, if the French company had, say, a warehouse in Germany that constituted a **fixed establishment (FE)** and it sells from that warehouse to German customers, that is a German domestic transaction (handled by German rules, see FE case below). Companies established in one country should prepare to **report all cross-border EU sales from their home base** and to potentially deregister from many other Member States by 2028 if eligible (since Article 194 mandatory reverse charge means they no longer need to charge local VAT abroad).
- **Non-Established EU Business (VAT registered abroad):** Consider a company with no establishment in Country X, but currently directly registered there for VAT (maybe due to warehousing or because they opted not to use OSS for something). From 2028, if all its B2B sales in Country X become reverse-charged, that company might not need to maintain that VAT number. If it drops it, any sales into X become just another cross-border supply from its perspective (reported in its home country DRR). If it keeps it (maybe for local sales or it has other reasons), then as a "non-established taxable person" in

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<sup>52</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>53</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>54</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

X, how will domestic e-invoicing apply? Up to 2030, domestic mandates can't force foreign traders, but after 2030 if X has an e-invoicing system, that VAT number might have to comply as well. There's a bit of nuance: ViDA says until 2030, domestic e-invoice mandates only apply to established taxpayers, sparing non-established registrants. After 2030, since everything is harmonized, a foreign company with a local VAT number would just use the same standard to invoice — effectively it becomes moot because the format is common. So the advice for non-established companies is to **minimize having multiple VAT IDs** by using OSS and reverse-charge where possible. Where you must keep a VAT ID (e.g., for having a fixed establishment or special cases), be prepared to use the local DRR for any transactions under that number.

- **Fixed Establishments in multiple countries:** A company can be “established” in more than one Member State if it has fixed establishments (FEs). For VAT, an FE can make supplies on behalf of the company. Under the place of supply rules, if an FE is involved in a supply, that supply is treated as made from that Member State. So if Company A (based in UK, say it's UK but also has an FE in Germany) supplies a German customer from its German FE, it's a German domestic supply – not an intra-EU transaction. That would not fall under DRR (which is for intra-EU between Member States) but under any German domestic e-reporting if applicable. If the same UK company's French branch sells to Italy, that's from FR to IT (intra-EU cross-border, French DRR covers it). So companies with FEs need to determine **which establishment “intervenes” in each supply** (per Implementing Reg Article 53, an FE is considered to intervene if it's used for that transaction). In practice, many multinationals may choose to route intra-EU sales through one principal company/establishment to simplify reporting. ViDA does not change the rules for fixed establishments directly, but by making reverse charge default when no establishment is present, it indirectly encourages using FEs only when needed. If a company has an establishment in the customer's country, it cannot use Article 194 (since that's only when supplier not established)<sup>55 56</sup>. For example, if you have a German FE and sell to a German client, you must VAT that sale in Germany (no reverse charge) and if Germany has e-invoicing by then, use it. If you instead sell from your non-German establishment to Germany, then it's reverse-charged and goes via DRR. So some businesses might even prefer not to use their FE for local sales to let the reverse charge + DRR handle it (though that could raise “FICTIONAL” issues if tax authorities suspect you're bypassing a local establishment; but Implementing Reg 282/2011 says an FE is not considered intervening unless it's actually used). In summary, companies with multiple establishments will have to juggle both local and cross-border reporting, but since the format is unified, it's more a matter of which portal to send to. Many might centralize the function and just have logic: invoice to same-country -> send to that country's system; invoice cross-border -> send to home country system.
- **Non-EU businesses (no EU establishment):** These businesses will generally not have a VAT registration except via special schemes or reps. Under DRR, the **EU customer bears most reporting responsibility** for such cases. For instance, a US company providing a service to an EU company – the

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<sup>55</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>56</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

EU buyer must do self-assessment and will report the transaction under DRR (the US company's name/VAT (if any) would be included, possibly the buyer would put something like "foreign supplier" in the report). If a non-EU sells goods and is the importer, that's outside DRR (that's import). If a non-EU holds stock in the EU and sells, usually they'd have to register or use the new Transfer OSS scheme if it's B2C. For B2B, likely they'd register or the customer would apply reverse charge. Many non-EUs will make use of the **OSS for goods** (if extended) or hire an EU intermediary. The ViDA changes don't force non-EUs into the system directly; rather, they ensure EU recipients report those deals. If a non-EU wants to voluntarily register in one Member State (perhaps to use OSS schemes), once it has an EU VAT, it will then have the obligations of an EU business in that country (including DRR for sales under that VAT). One thing to note: after ViDA, a non-EU company could opt to register in only one Member State for all its B2B cross-border trade (via OSS expansion for B2B? There were talks of an OSS for B2B but not in final ViDA, aside from the call-off stock replaced by an OSS-like scheme for own goods). For now, assume non-EUs either use local reps or let the reverse charge shift compliance to EU customers.

- **OSS/IOSS schemes and DRR:** The One-Stop Shop for B2C and Import OSS are separate reporting. DRR doesn't cover B2C. But interestingly, ViDA doesn't currently provide an OSS for B2B sales (except the special own goods scheme). So businesses still rely on local VAT or reverse charge for B2B. Single VAT registration is achieved by reverse-charge more than by OSS. So no direct DRR link to OSS except that fewer foreign VAT numbers mean simpler DRR submissions (you do everything from one country).

Given these scenarios, we can outline obligations in a comparative way:

| Business Type                                           | VAT Registration & Establishment Status                                    | E-Invoicing & DRR Obligations                                                                                                                                                   | Directive Changes Impact                                                                                                                                               |
|---------------------------------------------------------|----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Established in one MS (and not in customer's MS)</b> | Has a VAT ID in home MS; not established in customer's MS. Example: French | Must issue e-invoice and report via home MS (France) for cross-border sale <sup>57</sup> . Customer in Poland reverse-charges and reports via Poland <sup>58</sup> . No need to | Art 194: foreign supplier's sale is reverse-charged (no Polish VAT to charge) <sup>61</sup> . Supplier's reporting done in France (Art 262/263); Polish buyer's in PL. |

<sup>57</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>58</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>61</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-)

|                                                               |                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                               | company selling to Poland, no Polish FE.                                                                                                                         | register in Poland (from 2028 due to Article 194 making reverse-charge compulsory) <sup>59 60</sup> .                                                                                                                                                                                                                                                                                                                                                                                                                              | No ESLs (Art 262 repealed) - now transactional reporting.                                                                                                                                                                                                                                                                                                 |
| <b>Established in both MSs (has FE in customer's country)</b> | Has a fixed establishment in the customer's country (thus "established" in both). Example: French company with a warehouse (FE) in Poland selling within Poland. | If supply is made by/through the Polish FE to a Polish client, it's domestic: must follow Poland's rules (e.g. use Polish e-invoicing system if mandated). That invoice wouldn't be an "intra-Community" supply, so not reported via France. Instead, it would be subject to any Polish domestic DRR (which must align with EU format by 2035) <sup>62</sup> . If the French entity chooses not to involve the FE (e.g., ships from France to Poland customer), then it's treated as cross-border FR→PL and goes via DRR as above. | Art 194 would <b>not</b> apply if supplier is established in Poland (FE), so supplier must charge Polish VAT unless FE not used. Thus, having an FE means possibly handling local invoices. ViDA adds Implementing Reg clarifications (like Article 53 IR) to determine when an FE is considered to intervene. Company must track sales by establishment. |
| <b>Non-Established in EU (no EU VAT)</b>                      | No establishment or VAT ID in any Member State. Example: US company selling B2B services into EU.                                                                | Must still issue a compliant e-invoice (in practice, likely via its billing system in an EN 16931 format). The EU customer's VAT ID will be on it. <b>Customer is liable for VAT (Article 196)</b> and must report the acquisition in DRR <sup>63</sup> . The non-EU supplier                                                                                                                                                                                                                                                      | Art 196 (reverse charge on services) continues to apply – now with mandatory buyer reporting. Article 262 includes those services in DRR scope. Non-EU suppliers remain outside the EU VAT net except to provide proper invoices. If                                                                                                                      |

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<sup>59</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

<sup>60</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

<sup>62</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D\&file=2022%2012%2014%20ViDA.pptx\&action=edit\&mobileredirect=true\&DefaultItemOpen=1)

<sup>63</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-)

|                                                                                 |                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                 |                                                                                                                      | itself has no direct DRR reporting channel (unless it voluntarily registers somewhere). Essentially the compliance burden is shifted to the EU buyer (which cannot deduct VAT unless it has that invoice). If non-EU later gets an EU VAT (via rep or fixed establishment), then obligations shift accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                     | they use IOSS/OSS for some sales, that's separate (B2C context).                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Non-Established but with EU VAT (registered via fiscal rep or single ID)</b> | Not established, but holds a VAT number in a Member State. Example: a Canadian company registered in France (no FE). | For cross-border sales declared under that VAT ID (e.g. it ships goods from France to Italy using its French VAT), it will e-invoice and report via the country of registration (France) like a domestic company <sup>64</sup> . If it makes purely domestic sales in France (rare if no FE), France might reverse charge them if allowed, or it must charge VAT and (if before 2030, possibly not subject to e-invoicing mandate as it's foreign). After 2030, any invoice under that French VAT must be structured. Essentially, once you have a VAT ID, you play by that country's rules for those transactions. However, ViDA's goal is to reduce such registrations by expanding OSS and reverse charge. So this scenario will be less common. | Art 218(2): if France mandates e-invoicing, initially it applies only to established businesses – so this Canadian with just a FR VAT might be exempt until 2030. Post-2030, since format is standard, France could require it too. Article 194 will make many such foreign registrations unnecessary (customer self-accounts) <sup>65</sup> . If foreign business keeps the VAT ID to zero-rate ICS, it must do DRR same as locals. |
| <b>Businesses using OSS for B2C and new</b>                                     | Various (established maybe only in one                                                                               | OSS (One Stop Shop) concerns B2C, which is outside DRR. So OSS reporting is unaffected (still                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Expansion of OSS is part of ViDA (but separate legislative changes, not directly tied to                                                                                                                                                                                                                                                                                                                                             |

[Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](#)

<sup>64</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)

<sup>65</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

|                |                            |                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                       |
|----------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “transfer OSS” | MS, using OSS for others). | periodic). However, if a business shifts many sales to OSS instead of local registrations, it means fewer local B2B transactions to worry about. The new <i>transfer of own goods OSS</i> (if implemented) would handle stock movements for B2C via OSS, but for B2B those movements would be reported in DRR as mentioned. Essentially, OSS simplifications complement DRR by reducing situations requiring multiple VAT numbers. | DRR reporting). The interplay is that Article 17a (call-off stock) ends <sup>66</sup> , replaced by a special scheme for transfers (in a new Article likely around 369y). Notably, those transfers for later B2C sale go into OSS, and those for B2B might be seen as ICS until sale. |
|----------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

In essence, **DRR is designed to accommodate the shift towards “single VAT registration.”** When a supplier is not established in a country, the reporting falls to either the supplier’s base (for the sale) or the customer (via reverse charge). The Directive’s change to Article 194 (mandatory reverse charge for non-established suppliers)<sup>67 68</sup> is pivotal: it means a company will rarely need to register in a Member State just to handle B2B sales – they can do it all from home base.

However, **if a company chooses to maintain establishments in multiple countries** (for legitimate business reasons like local operations), it will have to manage compliance in each (though format and core data is the same). The hope is that by 2035, even multi-establishment companies can perhaps do a unified submission if systems interlink (conceivably, a company could send all data to a single point which then routes it to the respective MS, given the standards).

One more point: ViDA allows Member States to exempt the **customer’s obligation to report within 5 days** if the supplier’s data is enough (it says MS may release customer from reporting if they have other means). Possibly if the customer is a small business or something. But if the customer is not established (say a non-EU buyer buying goods delivered in an EU country – rare scenario), then only supplier’s side is there.

**Compliance takeaway:** For an established business, DRR just becomes part of domestic compliance (one extra step after invoicing). For a non-established business, DRR actually *reduces* compliance burden if it eliminates foreign filings; you just have to ensure you exchange proper invoices and maybe coordinate with customers on

<sup>66</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>67</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>68</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

reporting. Businesses with multiple VAT numbers should analyze if they can cut some and centralize operations. And if not, at least all their data can be managed under one roof with the proper tech.

It's also important that **VAT numbers (identification)** become even more crucial. Under DRR, if a customer provides a wrong VAT ID, the reports won't match. So businesses will need strong processes to validate VAT numbers (via VIES) at transaction time to avoid misreports. The central VIES will also presumably update VAT registration info regularly, so it may flag transactions involving invalid/cancelled VAT numbers quickly.

To conclude, **ViDA's DRR and single registration changes ensure that whether or not you are "established" in a country dictates who handles the VAT reporting, but in all cases, the data gets captured.** Established in the country of taxation? – you report (and charge VAT if applicable). Not established? – your customer likely handles the VAT (you still e-invoice and report via your own country or OSS). The system is comprehensive, covering all intra-EU trade flows without duplication but also without gaps.

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## 6. Technical Specifications: Invoice Formats and Data Transmission

The success of DRR hinges on technical interoperability. The laws lay out the "what" (data to send, when) but the "how" is largely left to common standards and an upcoming implementing regulation. From the Directive and associated documents, key technical specifications are:

- **Invoice format standard – EN 16931:** As discussed in section 3, all invoices that fulfill the DRR must comply with the European e-invoicing standard (EN 16931). **Article 218(2)** explicitly requires that Member States **"allow for the issuance of electronic invoices which comply with the European standard on electronic invoicing and the list of its syntaxes pursuant to Directive 2014/55/EU"**<sup>69</sup>. The standard syntaxes are currently **UBL 2.1** and **UN/CEFACT CII**. In practice, UBL (an XML schema) is most commonly used (as in Peppol BIS format). Member States can't demand proprietary formats; they must accept EN 16931 compliant invoices. They also cannot refuse an invoice that's in that format on grounds of format. This doesn't mean everyone must use UBL, but it means if a country wants to accept JSON or something, they still have to accept UBL/CII too. Most likely, the Commission will encourage use of a common "core invoice" schema across the EU. An update to EN 16931 is expected by mid-2025, possibly to accommodate new fields like IBAN or certain B2B needs (the standard was initially for B2G). Ensuring compliance with EN 16931 means including required core elements (like seller, buyer, item details, totals) and following the controlled vocabularies (e.g., country codes, tax codes). Businesses don't need to know the nitty-gritty as long as their software outputs a compliant file.
- **Peppol and transmission networks:** While the Directive doesn't mention Peppol, many EU states and experts see **Peppol** as the natural backbone for exchanging e-invoices and even reporting. Peppol is an open network using a 4-corner model (sender connects to access point, delivered to receiver's access point). It uses the **BIS 3.0** format, which is aligned with EN 16931. Countries like France, Germany, Denmark, Sweden, Belgium, Netherlands are either using or strongly considering Peppol for domestic e-invoicing. Under ViDA, since the format is standard, Peppol can be used cross-border easily. Some Member States might mandate that B2B invoices be delivered via Peppol (or similar). Others might have national portals but still accept Peppol routing. The **Interoperability** requirement

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<sup>69</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

essentially implies that even if different methods exist, they should all be able to talk to each other. It's plausible that by 2030, an invoice could be sent from a supplier's system to the buyer's system through the network and simultaneously to the tax authorities through either the same network or an integrated link.

- **APIs and web portals:** For submitting data to tax authorities (the "reporting" itself), countries may provide APIs (Application Programming Interfaces) that accept the invoice data in JSON or XML. For example, Italy's SdI currently takes XML via SFTP or web service; Spain's SII takes JSON via REST API. Under DRR, each tax authority system will evolve to accept the standardized content. Some may choose to accept full invoice files (UBL) directly as submission (which would double as invoice exchange if tax authority is in the loop). Others might require a specific subset payload. The exact technical method might be in an implementing regulation or guidelines by the Commission. It's likely that the Commission will define a "**Common Electronic Message**" structure for DRR data (this is hinted: "Common electronic message will be settled in Commission IR"). Perhaps a schema like "Invoice Reporting Data" that corresponds to the required fields.
- **Real-time system performance:** Systems have to handle very frequent submissions. For large businesses issuing thousands of invoices daily, the system must be robust. Member States already planning e-invoicing clearance are scaling up IT (e.g., France's Chorus Pro is scaling for millions of invoices). Because DRR will involve every cross-border invoice EU-wide, the central VIES and national nodes must be high-performance. They have years to build this (2025–2030). The EU also budgeted for upgrading VIES.
- **Security and authentication:** Each transmission to a tax authority will require authentication – likely via digital certificates or OAuth tokens issued to companies or their intermediaries. Data must be encrypted in transit (HTTPS). The central VIES exchange will happen government-to-government likely through the existing CCN network (common communication network) used for VAT info exchange, which is secure. From a business perspective, you'll either use approved service providers or software that has been registered with the tax authority. For example, Italy requires companies to either go through accredited channels or use specific credentials (SDI credentials) to send invoices. Each country might implement something similar.
- **Acknowledgments and error handling:** When an invoice report is sent, the tax authority will respond with an acknowledgment (e.g. "received at time X, reference ID 123"). If the data fails validation (say mandatory fields missing or invalid VAT number), the authority might reject the submission, requiring the business to fix and resend. Since no "clearance", a rejection shouldn't invalidate the invoice for the buyer, but the supplier would still have an obligation to correct the report. The directive implies there won't be a needed authorization to send the invoice to the buyer, but it doesn't forbid the authority from rejecting a faulty report. Robust validations (like checking VAT IDs, date formats) will be in place.
- **Data retention and access:** Businesses will still have to **keep copies of invoices** (digitally) for the statutory period (usually 6-10 years depending on country). The fact it was reported doesn't relieve storage obligations. However, because authorities have the data, some audits might be done remotely with that data. Taxpayers will likely have online access to check what data has been reported under their VAT (some countries might even give near-live feedback if a mismatch is detected – e.g., "we see you haven't reported some purchases that suppliers say you have").
- **Prefilled returns tech:** As mentioned, tax authorities can use the data to prefill returns. Technically, they'll sum up the invoices by VAT rate, etc. Some countries may offer an online portal where the taxpayer sees a draft return. That's outside DRR implementation per se, but enabled by it.
- **Cross-border reconciliation in central VIES:** The central system will use some logic to match info. Possibly it will use a unique combination of supplier VAT + buyer VAT + invoice number (and date/amount) to match, allowing some tolerance (if one reports €1000 and other €1000.00, that's fine). If there's a partial mismatch (e.g., buyer reports slightly different amount), it flags it. This is

more on the analytics side but important. Initially, there may be many mismatches due to timing or minor errors, so authorities might be lenient. Over time, expect automated letters or inquiries for unresolved discrepancies.

- **Testing and transition:** Expect a pilot phase in late 2029. The Commission and Member States will likely allow businesses to test sending data in a sandbox environment. There may also be a grace period where both old recaps and new DRR run in parallel for a short time (though officially, recaps are abolished from July 2030, so maybe Q3 2030 is the first fully DRR-only quarter).
- **Domestic systems alignment by 2035:** Some countries have “clearance” models (like Italy, where invoice must go through their platform to be valid). These countries must adapt by 2030 (the law says no new clearance, but allowed existing ones to run until they align by 2035)<sup>70 71</sup>. Italy, for example, will likely keep using SDI but will tweak it: already Italy says by 2024 they’ll accept the EU standard format (currently they use a custom XML). They will also have to pass data to central VIES. They currently give instantaneous clearance; they might switch to just immediate reporting (basically the same from user perspective, except if SDI goes down, invoice still counts). Other countries like Hungary (NAV online invoicing) will also align the format.

To illustrate technically, consider:

- Company’s ERP creates an invoice in its database.
- The ERP (or an add-on) transforms that invoice into an XML file according to EN 16931 (could be UBL format file).
- That file is then transmitted to two endpoints: (a) to the customer (either directly via email, via a network like Peppol, or made available on a portal), and (b) to the tax authority’s endpoint (API).
- The API might accept the full XML or a mapped JSON. E.g., it might want a JSON with fields: seller ID, buyer ID, inv number, date, amounts, etc.
- The company’s system sends that. The authority’s system responds 200 OK, with maybe a response JSON: “received invoice #, assigned reference ID, etc.”
- If error, authority responds with error code and description (e.g., “VAT number invalid format” or “duplicate invoice number already reported”). The company must then fix and resend.
- Meanwhile, the buyer’s system needs to send its confirmation. Perhaps the buyer receives the invoice and their AP system automatically sends the required data to their tax authority (again via API). Perhaps the buyer’s submission references the supplier’s invoice number and VAT.
- Over a secure government network, these pieces get matched.

Many of these flow details will be covered in **Explanatory Notes** the Commission will issue (they plan ones for e-invoicing and DRR in 2025, per Council conclusions).

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<sup>70</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>71</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

One more technical aspect: **Codes and identifiers**. The system will likely use the VAT number as primary identifier for parties. It might also incorporate a “document type code” to distinguish invoice vs credit note vs self-billed invoice etc., since Article 226(10a) mentions “self-billing” that might be flagged. It will also have codes for “transaction type” (goods, service, transfer, etc.). These details will be standardized in the Implementing Regulation or guidelines.

In summary, the technical infrastructure rests on:

- **Standard data format (EN 16931)** – ensures semantic consistency EU-wide<sup>72</sup>.
- **Electronic exchange system** – likely leveraging existing B2G pipelines and networks like Peppol, plus new APIs for tax submission.
- **High-frequency processing** – moving tax control from batch to real-time.
- **Robust matching and data analytics** – at the central level.

Businesses should coordinate early with their IT providers to ensure their systems can output the required format and integrate with government APIs. Many will opt to use specialized providers for this (who offer cloud platforms that connect to all EU tax authorities, converting from ERP format to required format – several firms like this exist given similar mandates in other countries).

It’s a big change, but technically Europe is building on standards that have been in use (the EN 16931 came out in 2017 and is proven in many countries for B2G). So unlike some countries that built from scratch, the EU is leveraging an existing ecosystem.

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## 7. Pre-Filled VAT Returns and Correction Mechanisms under ViDA

With DRR providing detailed, line-by-line transaction data, **VAT return compliance can become much more automated**. While the DRR legislation itself doesn’t directly mandate pre-filled returns, it sets the stage for it, and Member States are keen on this as a benefit. Additionally, the question arises: how to correct errors in this new system? Let’s cover both:

### Prefilled VAT Returns:

Several Member States have projects to use e-invoice/reporting data to generate draft VAT returns for taxpayers:

- **Spain** already uses its SII data (real-time invoice reporting) to provide a “**Pre303**” service – a draft of the periodic VAT form 303 with totals.
- **Hungary** similarly, with its RTIR data, has talked about prefilled returns for some taxpayers.
- **Italy** using SDI is offering periodic VAT ledgers pre-populated.

Under DRR, since the tax authorities will basically have all the output and input tax info, they can pre-calculate:

- Total taxable sales per tax rate (from your invoices).
- Total output VAT (though many cross-border are zero-rated, domestic not in DRR, but domestic data could come similarly if e-invoicing is mandated).

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<sup>72</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

- Total input VAT on purchases (from your reported acquisitions or matched supplier data).
- Net VAT payable or credit.

The Commission and Council have highlighted reduced compliance costs: one element is that businesses won't have to manually compile VAT return figures – the system can do it. Expect a scenario where in your national online tax portal, a VAT return draft is available each period. You review it:

- If all your transactions were properly reported and you have no special adjustments (no partial exemption calcs, no corrections from prior period, etc.), you might just accept it and that's your return.
- If you have additional information (like domestic sales if your country doesn't have domestic DRR, or imports, or adjustments), you would amend the draft accordingly.

The Directive doesn't force prefilled returns, but it is a logical step and some countries may make it the default method of filing. Over time, this could evolve to a continuous assessment where eventually the concept of a "return" might almost disappear (if the authorities have real-time data and payment, some have dreamt of "transaction-based payment" as well, but that's far off).

An often cited advantage: **faster VAT refunds**. If the authority sees you consistently have input VAT more than output (perhaps due to exports) and all inputs match supplier outputs, they might be more willing to refund quickly without audit. Conversely, mismatches would delay refunds until resolved.

#### Correction Mechanisms:

In a real-time system, errors will be noticed quickly. How to correct an invoice that was already reported?

- The Directive's solution is straightforward: **issue a corrective invoice (credit or debit note)** referencing the original (as mandated by Article 226(16))<sup>73</sup>. This ensures a proper audit trail. The correcting invoice is then reported like any other invoice. The tax authority can pair it with the original and adjust totals.
- If an invoice was completely wrong (e.g., issued to wrong customer or it was cancelled), one would issue a full credit note to cancel it (with reference) and, if needed, reissue a new invoice.
- Partial mistakes (amounts) are handled by partial credit/debit differences.
- **No modification of submitted data without a corresponding document:** Unlike some systems where you might adjust a report, here you always reflect the change with an actual accounting document. This is why summary invoices were banned – to avoid adjustments outside of the transactional flow.
- If a buyer notices something like their supplier reported €1000 but they received invoice €900 (maybe a communication issue), they will likely contact the supplier to reconcile. It could be the supplier over-reported or the buyer under-reported. They can correct via adjustment invoices or by amending their own record if it was an input error.

The system may allow a short window to correct typos in reports. For example, if you accidentally reported an invoice with the wrong customer VAT, you could send a cancellation (maybe credit note with "error" remark) and then correct invoice. But because everything is tied to actual invoices, it's not trivial to just "edit."

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<sup>73</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

The Implementing Regulation might specify how to handle a scenario where an invoice was required but not issued timely. Possibly then the event gets flagged as an invoice missing and eventually when issued, it gets reported late (authorities might levy a penalty for late invoice issuance if beyond 10 days).

**What if an invoice isn't paid or is partly paid?** That doesn't affect reporting; reporting is about invoices issued. If later there's a bad debt relief claim, that might require an adjustment invoice (some countries require a credit note, or at least a claim on return). Possibly in future, data on payment (due date, IBAN) collected could help automate bad debt relief (tax authority sees no payment came even months later – perhaps that's wishful thinking or privacy concern).

**Substantive vs formal corrections:** The general principle remains that **if the underlying transaction changes, issue a correcting invoice**. If only the report had a mistake but invoice was correct, ensure the report mistake is corrected by aligning with the invoice (like if you put wrong VAT number in report vs invoice, you might need to cancel and re-report correctly – or maybe simpler, some tax portals might allow resubmission of correct VAT number if discovered quickly, given invoice itself was right).

**Penalties:** Each country will implement penalties for non compliance (like failing to report, or reporting late). The directive doesn't harmonize penalties. But likely, missing a report or having too many mismatches could result in fines. However, it's expected that in the initial phase, authorities will adopt a "soft landing" for genuine errors while clamping down hard on deliberate non-reporting.

**Audit trail:** Because every invoice and credit is recorded, the audit trail is robust. Article 242 (keeping accounts of VAT) and 244–248 (storage of invoices) still apply.

**Example Correction:** Company A issued invoice #100 to Company B for €5000 on Oct 1, 2030 and reported it. On Oct 10, they realize they overcharged – it should have been €4500. On Oct 11, Company A issues a **credit note** for €500 referencing invoice #100. That credit note is structured and gets reported. The authorities (and Company B) now see invoice 100 for 5000 and credit for 500. The net taxable amount is €4500. Company B's reported acquisition would originally say €5000; after receiving the credit, B will also report a negative €500 (or include that credit in its next batch of purchase reports within 5 days). The central system matches everything. Company A's next VAT return (prefilled) shows €4500 output for that sale automatically.

In cases where an invoice is fully cancelled, the reference links make it clear that the sale did not ultimately happen (so if a buyer had claimed input on an invoice that got canceled, the system will catch that too – but since it's reverse charge, buyer wasn't paying VAT anyway in cross-border context; domestically these things matter more for claiming VAT).

One thing to highlight: **Article 219** in the Directive says a document that modifies the original invoice is treated as an invoice. So credit notes are indeed invoices in this sense and thus must follow the same e-format rules and reporting.

#### **Special scenarios:**

- If a **buyer self-bills** (they issue the invoice on supplier's behalf), Article 224 still allowed that if agreed. Under DRR, the buyer would essentially fulfill the supplier's reporting obligation because they create the invoice. Possibly the buyer (who self-bills) will send the data as if they were the supplier (some countries might need to clarify that process).
- **Simplified invoices** (for small amounts) – some MS allow them domestically. For cross-border, simplified invoices for <€100 might not fly if they lack required fields. ViDA likely discourages simplified invoices cross-border because all fields are needed for automation.

**VAT returns alignment:** If a correction comes after a VAT return period, normally you adjust in the next period unless you can make an amended return. With DRR, since it's transactional, the period matters less – they

know exactly when the credit was issued. They might prefill that credit in the period it was issued. So no need to go back and amend the prior period's data (though some countries might allow or require it, but ideally not).

In summary, **error handling in DRR relies on proper invoicing practices**: correct mistakes with credit/debit notes and report those. The directive's addition of referencing original invoice in corrections<sup>74</sup> is crucial for closing the loop.

Finally, from the perspective of **fraud prevention**: If someone tries to fake invoices, the matching system will identify that the supposed buyer never reported it (if they even exist). If someone tries to claim input VAT on a fake invoice, no corresponding sale exists. Thus, the corrections and data ensure that "what you report is what happened" – any out-of-ordinary adjustments are visible.

**Concluding thoughts on prefill & corrections**: Businesses can expect compliance to become more about making sure the data is right upfront, rather than fixing it in end-of-month reconciliations. The need to do internal VAT reconciliations (between sales listings, purchase listings, etc.) might actually reduce, since the system does it. But internal controls must ensure every invoice is accounted for in the reports (no missing ones).

Tax authorities will likely provide feedback loops – possibly dashboards showing "we received X invoices from you and Y from your suppliers relating to you this month". This could help businesses catch if a supplier forgot to send them an invoice or vice versa.

One future possibility: **intrastat** (trade stats) could also be derived from this data automatically. The VAT Committee had floated adding some extra fields (maybe commodity codes) to piggyback trade stats on DRR. That was not in the final ViDA, but it could come later or be optional at national level. If that happens, it'd further reduce burdens (no separate Intrastat filings).

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### Conclusion: Implications of DRR under ViDA

The **Digital Reporting Requirements** pillar of ViDA represents a significant modernization of the EU VAT system. By **2030**, the process of how businesses handle VAT documentation and declaration will have shifted from periodic, aggregate reporting to **continuous, transaction-level reporting integrated with invoicing**. This overhaul aims to yield a more fraud-proof system and simplify compliance in the long term, though it introduces short-term challenges in adaptation.

**Key legislative changes** driving this transformation include:

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<sup>74</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

- **Article 217** (new e-invoice definition) and **Article 218(2)** (allowing mandatory e-invoicing and disallowing clearance) – making e-invoicing the baseline for B2B<sup>75</sup> <sup>76</sup>.
- **Article 232 deletion** – removing the need for customer consent for e-invoices<sup>77</sup>.
- **Article 222** – shortening invoice issuance time to 10 days.
- **Article 223 deletion** – eliminating summary invoices<sup>78</sup>.
- **Article 226** additions – requiring original invoice refs, IBAN, due dates on invoices<sup>79</sup>.
- **Article 262–271** – completely revamped to establish the DRR system (scope, obligations, data) instead of recapitulative statements<sup>80</sup> <sup>81</sup>.

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<sup>75</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>76</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>77</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>78</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>79</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>80</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiTG%20Slide%20deck.pdf?web=1>

<sup>81</sup><https://pgone.sharepoint.com/sites/EUiTxCOE.allyouwanttoknowandaskaboutVATinEuropeandPG/Shared%20Documents/General/2023%2003%2014%20EiTG%20Slide%20deck.pdf?web=1>

- **Article 194** – amended to mandate reverse charge by default for non-established supplies<sup>82 83</sup>, facilitating single registration.
- **New Articles 271a-271d** – allowing domestic reporting systems under conditions (harmonization by 2035)<sup>84 85</sup>.

For businesses, the practical implications are:

- **Infrastructure and Software:** Companies must invest in capable **e-invoicing software** that can produce invoices in the required structured format (XML) and communicate with tax authority systems. Many will use service providers to handle multi-country reporting. Testing and implementation should occur well in advance of 2030. IT departments will need to map additional fields (IBAN, etc.) into invoice data models.
- **Process Changes:** Invoicing and VAT compliance processes will become near-real-time. Accounting departments will need to issue invoices faster (within 10 days) and ensure they are recorded correctly immediately. There's less leeway for end-of-quarter adjustments. This calls for strong **internal controls** to "get it right the first time." Mistakes that slip through will quickly get noticed by authorities or trading partners.
- **Training and Change Management:** Staff in finance, AR/AP, and tax will need training on the new systems. They should understand that a posted invoice now triggers an external report. Also, buyers should note they may have to acknowledge invoices (in some automated fashion).
- **Reduction of admin burden:** After initial setup, certain obligations disappear: **EC Sales Lists are eliminated** – saving time and reducing errors (no more separately compiling customer VAT and totals – it's done per invoice in DRR). The hope is VAT return preparation effort is also cut down – with prefilled returns, the role becomes reviewing rather than compiling from scratch. Over years, one might see fewer VAT audits focusing on matching issues, since the system preemptively does matching.

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<sup>82</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>83</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>84</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>85</sup> [https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

- **Fraud reduction:** Tax authorities (through central VIES) will be far better equipped to detect missing trader fraud and mismatches promptly. The \$11 billion fraud gap the EU targets could indeed shrink, which in turn can lead to a healthier tax environment (possibly less pressure to do joint & several liability or crazy audits if fraud is under control).
- **Cross-border commerce simplification:** In theory, a business trading across the EU only needs its home country interface to fulfill reporting for all intra-EU sales, instead of different ESL submissions or local filings. Combined with the single registration rule (Article 194), a company might only deal with one tax authority for all its EU B2B trade (except where it chooses to have establishments). That's a simplification.
- **SMEs and micro-businesses:** One concern is smaller firms may find this technical integration hard. To mitigate this, Member States likely will offer free web portals where SMEs can manually create/send invoices or upload them (some already do for B2G). Also, the existence of cheap SaaS invoicing solutions can help SMEs comply without heavy cost. The EU may push for uniform solutions beneficial to SMEs across countries.
- **Interim period complexity:** Between now and 2030, there will be a patchwork: some countries enforcing domestic e-invoicing (France from 2024 for example), others not yet; recapitulative statements still required until 2030; some companies voluntarily e-invoicing, others not. This period will require flexibility and careful compliance tracking. By 2030, things converge, but during 2025–2029 companies might have to handle different regimes in different places. It's important to stay updated on each country's plans (many are aligned with ViDA and will gradually adapt their rules around the key dates ViDA allows).

**Concluding the “big picture”:** ViDA's DRR is the EU's answer to the digital tax revolution that has been happening worldwide. It leverages the success seen in some national systems (e.g., Italy's e-invoicing saw a big drop in their VAT gap) and scales it EU-wide, but with a cooperative, decentralized twist (real-time sharing instead of real-time clearance).

The detailed references to directive articles above highlight that these changes are not merely procedural – they are codified in law, ensuring uniform adoption:

- e-Invoicing will be legally required and standardized (thanks to Art. 218(2) and related provisions).
- Transaction data reporting will be a legal obligation (new Art. 262, 263, etc.), with failure to comply being a breach of VAT law similar to failing to file returns.
- The removal of old requirements (like Article 232, the recaps in Article 262 prior version) means the old way of working is truly being phased out.

By focusing on the “**full scope and implications**” – one must emphasize that businesses should not see this as just a tax change, but a **digital transformation** of their billing and reporting processes. It's as much an IT project as a tax project. Those who adapt early can find upsides: faster processes, fewer errors, possibly better cash-flow management (since they'll be invoicing quicker and maybe paid quicker if customers also automate).

The EU is providing a long runway to 2030, which acknowledges the complexity. Companies should use that time to strategize:

- **2024–2025:** Design phase – evaluate current invoicing, identify gaps, choose e-invoice solutions, follow Member State implementations.
- **2026–2027:** Implementation phase – start e-invoicing (maybe with domestic mandates or voluntarily for cross-border), test systems, educate trading partners.
- **2028–2029:** Full testing – ensure all cross-border flows go through new system (maybe in parallel with existing recaps to verify data).
- **By mid-2030:** Go live – shut off old processes (no more EC Sales List filings, etc.), rely entirely on DRR.

Given the complexity of EU businesses' supply chains, it's important also to coordinate with suppliers and customers. For instance, if you're a big company dealing with many SME suppliers, you might help them adopt e-invoicing (since you'll need them to send you structured invoices). Sector groups and industry associations likely will play a role in smoothing this adoption.

In conclusion, **the DRR pillar under ViDA is a game-changer for EU VAT**. It brings VAT compliance into the digital age by leveraging technology to provide greater accuracy (each invoice reported) and greater efficiency (potentially automated compliance). But it requires all stakeholders to modernize their systems and collaborate on data exchange. The Directive amendments (to 2006/112/EC) provide the legal backbone for this change – from definitions (Art 217) to obligations (Arts 262–264) – ensuring that by the end of the decade, the EU will have one of the most advanced VAT reporting systems in the world, covering the entire single market in a unified manner.

Businesses should approach this proactively, viewing it as an opportunity to streamline and future-proof their own operations, rather than just a ticking clock to compliance. Those who invest the effort will likely find that after 2030, VAT compliance becomes a much more automated and less labor-intensive aspect of their accounting – which is good for everyone (except maybe fraudsters).

The VAT Directive changes referenced throughout provide the roadmap; now it's about implementation. The journey to 2030 has begun, and the destination is a real-time, digital VAT landscape in the EU. <sup>86 87</sup>

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<sup>86</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/\\_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/_layouts/15/Doc.aspx?sourcedoc=%7BCFD1085D-2732-4DD7-B7C5-6DC7340C6E4B%7D&file=2022%2012%2014%20ViDA.pptx&action=edit&mobileredirect=true&DefaultItemOpen=1)

<sup>87</sup>[https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2\\_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02\\_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez\\_Agustin%20EU%20TAXUD.pdf?web=1](https://pgone.sharepoint.com/sites/TaxResourceCenter/Standards%20%20Guidelines/12.%20E-Invoicing%20Network/D2_Cross%20Country%20Material%20-%20External%20Material/E-Invoice%20Exchange%20Summit/2024%20a%20Prague/02_VIDA%20e-Invoicing%20-%20e-reporting%20Miguez%20Perez_Agustin%20EU%20TAXUD.pdf?web=1)