

To: Taxation WG
From: Fabiola Bertolani
cc:
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Reference: ECO-TAX-24-125

Subject: Council reaches agreement on ViDA package

Summary

Members are invited to take note that:

- On **5 November 2024**, the Council of the EU reached an agreement on the VAT in the digital age ("ViDA") package, aiming at modernising EU's VAT rules.
- The secretariat drafted a preliminary assessment of Council's general approach on the ViDA directive.

The agreement covers three acts, addressing different aspects of the VAT system:

- Draft council [directive](#) amending directive 2006/112/EC as regards VAT rules for the digital age.
 - A real-time digital reporting system will be set up for VAT purposes through e-invoices. This system should be in place in 2030, and all existing national systems should become interoperable with the EU system by 2035.
- Draft council [regulation](#) amending regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age.
 - Platform economy operators will be responsible for collecting and remitting VAT, in cases where their service providers do not pay VAT themselves. The platform will collect the VAT directly from the customer and remit it to the tax authorities.
- Draft council [implementing regulation](#) amending implementing regulation (EU) No 282/2011 as regards information requirements for certain VAT schemes.
 - The new rules extend the scope of the existing "one stop shops" to business-to-consumer sales of certain items, which are conducted within a member state other than their own. This will include situations where companies simply want to move stock to another member state in order to sell it there directly to consumers at a later stage.

The European Parliament (EP) delivered its [opinion](#) on the legislative acts. However, due to substantial changes made by the Council in the directive, the EP will be consulted again on the agreed text.

Analysis of Council general approach on ViDA directive:

Electronic invoices

- Article 1, amending Article 232 of the VAT Directive
 - The EC's proposal (see [here](#)) included a deletion of article 232 of the [VAT directive](#), which foresees the necessity of the recipient's approval before the issuance of an electronic invoice. In its reaction to the EC's proposal, Insurance Europe suggested postponing the deletion of article 232.
 - In the Council's general approach, the deletion of the article is substituted with the introduction of an updated article 232. The updated article would make the issuance of electronic invoices **non-subject** to the acceptance by the recipient. However, the updated article also states that member states can decide to make electronic invoices subject to the recipient's acceptance, when those states also accept documents or messages on paper or

in electronic formats other than electronic invoices, for transactions not subject to digital reporting requirements (DDRs).

- Article 4 amending Article 222 of the VAT Directive
 - In its previous response, Insurance Europe highlighted that the two-day deadline proposed by the EC for issuing electronic invoices in the ViDA directive is too short for large corporations. The timeframe would be insufficient for large corporations to: issue electronic invoices; check for potential errors and mismatches; and notify tax authorities, in case of any discrepancies or issues. Additionally, the two-day deadline may require new EU-wide rules for determining the timing of service supply, particularly for continuous services. Moreover, the EC should clarify if there will be penalties for not meeting the requirement. Therefore Insurance Europe suggested maintaining the current 45-day deadline for issuing electronic invoices, as outlined in the existing VAT Directive.
 - The deadline proposed by the Council is now **10 days**.

Summary invoices

- Article 4 deleting Article 223 of the VAT directive.
 - The EC proposed to delete article 223, thus eliminating the possibility of issuing summary invoices. At the time of the public consultation, Insurance Europe highlighted how summary invoices are commonly used, and how the proposed deletion would cause major business disruption and might be practically impossible to adhere to.
 - The Council proposal is now amending article 223 in a way to **maintain the possibility of issuing summary invoices**, although member states may exclude this possibility in certain fraud-sensitive sectors. The amendment also introduces a deadline of **10 days** following the end of the calendar month to which the summary invoice refers.
- New data elements requirements (Article 4 amending Article 226 of the VAT Directive)
 - In its response to the EC's proposal, Insurance Europe highlighted that the additional data requirements proposed in article 4 of the VAT Directive are unnecessary and could create significant administrative burdens for businesses. Clarification was requested around the rationale behind adding new data points like the supplier's IBAN, agreed dates, and payment amounts, arguing that existing data points are sufficient for monitoring and transparency purposes.
 - The Council's proposal maintained the request for the sequential number identifying the invoice; and the number identifying the bank account of the supplier to which the invoice will be credited. However, the requirement around the **agreed dates** was **not included** in the proposal.

Digital Reporting Requirement (Articles 262 to 271 of the VAT Directive)

- In reacting to the EC's proposal, Insurance Europe highlighted that:
 - The two-day deadline for DRRs, starting from January 2028, is considered too short and should be extended. In its proposal, the Council sets a **five-day** deadline, and the implementation is postponed to **2030**.

Products and services exempted from VAT

- As with the EC's proposal, Article 4 of the Council's proposal amends Article 262 of the VAT Directive to exempt VAT-exempt transactions from DRRs.

Next steps

- **November 2024**: EP to deliver its opinion on the agreed text.
- The text will then be formally adopted by the Council before being published in the EU's Official Journal and entering into force.