



VAT NEWSLETTER

VAT in the Digital Age (Part 3): Electronic invoices and digital reporting requirements

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1 Background

The changes to the VAT Directive concerning obligatory e-invoicing and the introduction of digital transactional reporting obligations (DRR) were not a point of contention in recent ECOFIN Council discussions following the publication of the compromise proposal on 8 May 2024. Now that the final ViDA package has been adopted, it is clear exactly what entrepreneurs can expect. Several changes have been made to the original proposal from 8 December 2022 (see KMLZ VAT Newsletter 54 | 2022). The original regulations were considered by some companies to be too bureaucratic and the implementation period too short. These points of criticism have been taken into account. In particular, Member States also now have more options when implementing national e-invoicing and with regard to reporting obligations.

2 Mandatory e-invoicing for national transactions possible with immediate effect

EU Member States will be permitted to introduce an e-invoicing obligation for national transactions from the date on which the amendment of the VAT Directive comes into force (Art. 218 para. 2 of the new VAT Directive). This only applies to taxable transactions between established taxable persons in the particular country. The EU Member States may eliminate the recipient's obligation to consent to the receipt of an e-invoice in such cases (Art. 232 para. 2 of the new VAT Directive). From this point onwards, the introduction of a national e-invoicing obligation will no longer require an authorisation from the EU Council in order to deviate from Art. 218 and 232 of the VAT Directive.

Transactions that are to be reported in the recapitulative statement may not be subject to an e-invoicing obligation under the new rules, at least for the time being. The definition of an e-invoice has not (yet) been amended.



Dr. Katharina Artinger
Certified Tax Consultant,
Master of Science (M.Sc.)

+49 (0) 89 217 50 12-78
katharina.artinger@kmlz.de

3 Mandatory e-invoicing according to a new definition

From July 2030 onwards, the VAT Directive will regard an electronic invoice as a 'standard invoice' (Art. 217 of the new VAT Directive). An e-invoice will then be an invoice issued, transmitted and received in a structured electronic format that enables automated processing. Furthermore, it must comply with the EU standard for electronic invoicing and the list of its syntaxes, in accordance with Directive 2014/55/EU (Art. 218 para 3 of the new VAT Directive). Furthermore, the invoice recipient will no longer be required to consent to the receipt of an e-invoice (according to the new definition) (Art. 232 of the new VAT Directive). However, for transactions not subject to the DRR (see point 4.), the EU Member States may require an authorisation from the invoice recipient. It should also be noted that the VAT Directive generally only specifies rules for invoicing obligations for B2B-supplies.

The following additional provisions and exceptions must be observed (Art. 218 of the new VAT Directive):

- EU Member States may also authorise paper invoices and invoices in other formats for transactions that are not subject to the DRR.
- An e-invoice can also be issued (and transmitted) by a third party, such as an (IT) service provider.
- EU Member States may also authorise the use of a public portal, provided such a portal is available.

Invoices that are subject to the DRR must be issued within 10 days of the supply being provided (Art. 222 para. 1 of the new VAT Directive). Summary invoices may continue to be issued. However, these may not cover more than one calendar month's supplies and must be issued within 10 days of the end of the calendar month (Art. 223 of the new VAT Directive).

For transactions subject to national DRRs, EU Member States can make the right to deduct input VAT under Art. 168 of the new VAT Directive subject to the existence of an e-invoice in the new format.

4 Digital reporting requirements (DRR)

The recapitulative statement will be replaced by transactional, timely and digital reporting of almost all (mandatory) invoice details (Art. 262 para. 1, Art. 264 of the new VAT Directive). The data for the following transactions must be reported from July 2030:

- Intra-Community supplies and intra-Community transfers, exempt under Art. 138 (1) and (2) lit. c) of the VAT Directive and intra-Community acquisitions in accordance with Art. 20 to 22 of the VAT Directive;
- Outbound transactions subject to the reverse charge mechanism, in accordance with Art. 194 to 197 of the VAT Directive; and
- Inbound transactions subject to the reverse charge mechanism under Art. 194 to 197 or 204 of the VAT Directive.

The supplier must report the data on the day on which the invoice is issued or should have been issued. The recipient must report the data within 5 days of the date on which the invoice was issued or should have been issued (Art. 263 of the new VAT Directive). What is new is that EU Member States are not required to implement the obligation to report inbound transactions.

EU Member States may also introduce national reporting systems in accordance with the above-mentioned framework conditions (Art. 271a and 271b of the new VAT Directive). Digital reporting systems for national transactions that already exist or have been approved by 1 January 2024 must be compliant with the new regulations by January 2035, at the latest.