

Value added tax (VAT): rules of invoicing

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Council Directive 2006/112/EC (the VAT Directive) provides that the Commission is required, by 31 December 2008 at the latest, to present a report and, if appropriate, a proposal amending the conditions for e-invoicing to take account of technological developments. A proposal amending the conditions for e-invoicing accompanies this Communication (refer to the summary of COM(2009)0021 of the same date).

The need to further simplify, modernise and harmonise the rules on invoicing has meant that this report to Council now has a wider remit than was originally provided for in the VAT Directive. This is justifiable since Council Directive 2001/115/EC (the Invoicing Directive) - now incorporated in the VAT Directive - is acknowledged as not fully achieving its aim of simplifying, modernising and harmonising the rules on VAT invoicing. The various options available to the Member States, and the application of those options, have allowed Member States to maintain different rules on invoicing.

In its Communication, the Commission sets out the problems businesses face with the current invoicing rules, looks at possible solutions, and outlines its preferred course of action. This is analysed from the point of view of the issue, content, and storage of invoices, and related invoicing rules to support anti-fraud measures.

For e-invoicing, the basic approach of using technology to ensure that an invoice is correct is removed. Instead, paper and e-invoices are to be treated equally, with reliance on the invoice details being assured in the same way as it is for paper invoices today.

The proposal for a Directive accompanying the communication significantly reduces the number of options available to Member States. This will create a more harmonised set of EU invoicing rules allowing businesses to fulfil their obligations regarding invoicing more easily. Those businesses involved in cross-border transactions, in particular, and those identified for VAT in many Member States should see a reduction in the burdens placed on them.

For small and medium-sized businesses, the extension of the use of simplified invoices should be of direct benefit, especially in relation to low value invoices. Moreover, a more harmonised set of EU rules will make compliance easier and the benefits of cross-border trade more attainable.

Lastly, measures have been put in place to enable Member States to exchange information on intra-Community supplies of goods faster. This complements the Commission proposal to reduce the period of recapitulative statements, and is a key element in tackling intra-Community VAT fraud.