

Value added tax (VAT): requirements for payment service providers

2018/0412(CNS) - 02/03/2020 - Final act

PURPOSE: to facilitate the detection of tax fraud in cross-border e-commerce transactions.

LEGISLATIVE ACT: Council Directive (EU) 2020/284 amending Directive 2006/112/EC as regards introducing certain requirements for payment service providers.

CONTENT: VAT fraud is a problem common to all Member States, but not every Member State has the information necessary to ensure the correct application of VAT rules in cross-border e-commerce or to combat fraud in this area.

This Directive, together with [Council Regulation \(EU\) 2020/283](#), completes the VAT regulatory framework for e-commerce that entered into force in January 2021, which introduced new VAT obligations for online marketplaces and simplified VAT compliance rules for online businesses.

New record keeping requirements

The Directive introduces amendments to the VAT Directive requiring payment service providers to keep records of cross-border payments relating to e-commerce. This information shall then be made available to national tax authorities under strict conditions, including data protection, to enable the competent authorities of the Member States to carry out checks on supplies of goods and services which are deemed to take place in a Member State.

The requirements shall only apply to payment services provided in respect of cross-border payments. It shall apply to payment service providers where, in the course of a calendar quarter, a payment service provider provides payment services corresponding to more than 25 cross-border payments to the same payee.

Records shall be kept in electronic format by the payment service provider for a period of 3 years from the end of the calendar year in which the payment was made.

Information to be retained

The information to be retained by the payment service providers is to be collected by and exchanged between the Member States in accordance with [Council Regulation \(EU\) No 904/2010](#) which lays down the rules for administrative cooperation and exchange of information in order to combat VAT fraud.

The Directive specifies that payment service providers shall keep records of any VAT number or tax identification number of the payee, where applicable. In addition, they shall retain information relating to the payment transaction itself, such as the amount, currency, date, origin of payment and indication of any refunds of payment.

ENTRY INTO FORCE: 22.3.2020.

TRANSPOSITION: by 31.12.2023 at the latest.

APPLICATION: from 1.1.2024.

