

Common system of value added tax (VAT): rules for the digital age

2022/0407(CNS) - 31/10/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, in the framework of a special legislative procedure (Parliament's consultation), the report by Olivier CHASTEL (Renew, BE) on the proposal for a Council directive amending Directive 2006/112/EC as regards VAT rules for the digital age.

The committee called on the European Parliament to approve the Commission's proposal subject to amendments.

Concept of invoice

Under this Directive, invoices should be issued in a structured electronic format. For transactions not subject to the reporting obligations, Member States may disallow the issuance of documents on paper or other formats as invoices as of 1 January 2028. Member States should allow for the issuance of electronic invoices which comply with the European standard on electronic invoicing and the list of its syntaxes. Member States may also allow for the issuance of electronic invoices in a different format.

Electronic invoices

The amended text stated that until 31 December 2027, the use of an electronic invoice should be subject to acceptance by the recipient for the acquisition of goods and for supplies of a service that is taxable in a Member State other than the Member State in which the supplier is established.

From 1 January 2028, the use of an electronic invoice should not be subject to acceptance by the recipient for the acquisition of goods carried out in accordance with proposed directive and for supplies of a service that is taxable in a Member State other than the Member State in which the supplier is established.

General obligations

Records should be kept by the taxable person concerned for a period of **seven years** from the end of the year during which the transaction was carried out.

VAT rules applicable to passenger transport and short-term accommodation platforms

It is necessary to lay down clear, balanced and proportionate rules to address potential distortions of competition in the short-term accommodation rental and passenger transport sectors through the introduction of the deemed supplier model. Under this model, platforms are required to charge and account for the VAT on the underlying supply where no VAT is charged by the supplier, and can be subject to reporting obligations. While the principle of VAT neutrality is key to the VAT system, and should be adhered to as much as possible, the characteristics of the short-term accommodation rental and passenger transport sectors require a dedicated approach through the deemed supplier model.

The following should be regarded as having a similar function to the hotel sector:

- the uninterrupted rental of accommodation for a maximum of 31 nights with or without the provision of other ancillary services;

- the provision of three or more ancillary significant services during the rental of accommodation.

Independent study

Members suggested that the Commission should commission an independent study after 31 December 2027, to assess whether the rules regarding deemed suppliers have been successful and if so to identify new sectors in a similar situation, as well as to assess the advantages and disadvantages of making IOSS mandatory.

Review Clause

By 31 December 2024, the Commission should present a report on the VAT one-stop shop. This report should:

- analyse the effectiveness of the VAT one-stop shop and identify remaining shortcomings;
- explore the merits of further extending the VAT one-stop shop towards the remaining areas of business-to-consumer transactions that are not yet covered;
- explore the merits of extending the scope of the one-stop shop to also cover business-to-business transactions;
- explore areas to further simplify the procedures for small and medium-sized companies and thus to encourage single market integration.