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

2022/0407(CNS) - 17/01/2025 - Committee final report tabled for plenary, reconsultation

The Committee on Economic and Monetary Affairs adopted the report by udovít ÓDOR (Renew, SK) on the draft Council directive amending Directive 2006/112/EC as regards VAT rules for the digital age.

Parliament is again being consulted on the Council's draft, which is subject to a special legislative procedure.

The committee responsible recommended that Parliament **approve** the Council's draft without amendments.

As a reminder, the draft directive is part of a package of measures stemming from an action plan for fair and simplified taxation, which highlights the importance of reflecting on how technology could be used to combat tax fraud and how the VAT rules in force in the EU could be adapted for doing business in the digital age.

The three changes to make VAT fit for the digital age are

(i) a new real time digital reporting system based on e-invoicing,

(ii) update VAT rules for the platform economy and

(iii) a single vat registration for businesses selling to consumers across the EU.

According to the rapporteur, the simplified procedure without amendments is appropriate in this case since the Council has:

- decided that the deemed supplier rules will be introduced first on a voluntary basis as from July 1, 2028, and then mandatory as from January 1, 2030. Member States will also be authorised to exempt SMEs from the deemed supplier regime without having to report to the VAT committee;

- introduced more flexibility for Member States to operate their own invoicing systems. Summary invoices are also reintroduced under certain conditions;

- extending implementation deadlines beyond the Parliament’s proposals.