

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

2022/0407(CNS) - 12/02/2025 - Text adopted by Parliament after reconsultation

The European Parliament adopted by 589 votes to 42, with 10 abstentions, a legislative resolution on the draft Council directive amending Directive 2006/112/EC as regards VAT rules for the digital age.

Parliament **approved** the Council draft without amendment.

The proposed Directive is part of a package of new measures that will adapt EU value added tax (VAT) rules to the digital age. It introduces new rules on electronic invoices and real-time data reporting, as well as on commercial activities carried out through digital platforms.

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.

The new rules will enable the full digitalisation of VAT reporting obligations for cross-border transactions by 2030. A digital and real-time VAT reporting system will be set up using electronic invoices. **Electronic invoicing** will become the default system for issuing invoices, although Member States may allow other formats for domestic supplies.

The Directive allows Member States to apply their own invoicing systems. Summary invoices are also reintroduced under certain conditions.

Under the new rules, **platform economy** operators will be responsible for collecting and remitting VAT, in cases where their service providers do not pay VAT themselves (under the so-called ‘deemed supplier’ model). The platform will collect the VAT directly from the customer and remit it to the tax authorities.

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

The new rules will now extend the scope of the existing ‘**one stop shops**’ to business-to-consumer sales of certain items, like electricity or gas, which are conducted within a member state other than their own - not just cross-border supplies.

Lastly, the Directive provides for the shift of the liability for the payment of VAT in business-to-business transactions from the supplier of a good or service to the buyer if that supplier is not established in the Member State where the VAT is due (under the so-called ‘reverse charge mechanism’).