

Basic information	
2022/0407(CNS) CNS - Consultation procedure Directive	Procedure completed
Common system of value added tax (VAT): rules for the digital age Amending Directive 2006/112 2004/0079(CNS) Subject 2.70.02 Indirect taxation, VAT, excise duties 3.30.06 Information and communication technologies, digital technologies	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs	ÓDOR Ľudovít (Renew)	19/11/2024
	Former committee responsible	Former rapporteur	Appointed
	ECON Economic and Monetary Affairs	CHASTEL Olivier (Renew)	25/01/2023
Council of the European Union	Council configuration	Meetings	Date
	Economic and Financial Affairs ECOFIN	4084	2025-03-11
European Commission	Commission DG	Commissioner	
	Taxation and Customs Union	GENTILONI Paolo	

Key events			
Date	Event	Reference	Summary
08/12/2022	Legislative proposal published	COM(2022)0701 	Summary
13/02/2023	Committee referral announced in Parliament		
24/10/2023	Vote in committee		
31/10/2023	Committee report tabled for plenary, 1st reading/single reading	A9-0327/2023	Summary
22/11/2023	Decision by Parliament	T9-0421/2023	Summary
22/11/2023	Results of vote in Parliament		

05/11/2024	Amended legislative proposal for reconsultation published	15159/2024	Summary
08/11/2024	Formal reconsultation of Parliament		
16/01/2025	Vote in committee		
17/01/2025	Committee report tabled for plenary, reconsultation	A10-0001/2025	Summary
12/02/2025	Decision by Parliament	T10-0012/2025	Summary
12/02/2025	Results of vote in Parliament		
11/03/2025	Act adopted by Council after consultation of Parliament		
25/03/2025	Final act published in Official Journal		

Technical information	
Procedure reference	2022/0407(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
Amendments and repeals	Amending Directive 2006/112 2004/0079(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/10/01411 ECON/9/10892

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE746.900	05/05/2023	
Amendments tabled in committee		PE749.001	19/06/2023	
Committee report tabled for plenary, 1st reading/single reading		A9-0327/2023	31/10/2023	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0421/2023	22/11/2023	Summary
Committee draft report		PE766.716	13/12/2024	
Committee final report tabled for plenary, reconsultation		A10-0001/2025	17/01/2025	Summary
Text adopted by Parliament after reconsultation		T10-0012/2025	12/02/2025	Summary
Council of the EU				
Document type	Reference	Date	Summary	
Amended legislative proposal for reconsultation	15159/2024	05/11/2024	Summary	
European Commission				

Document type	Reference	Date	Summary
Legislative proposal	COM(2022)0701 	08/12/2022	Summary
Document attached to the procedure	SEC(2022)0433 	08/12/2022	
Document attached to the procedure	SWD(2022)0393 	08/12/2022	
Document attached to the procedure	SWD(2022)0394 	08/12/2022	
Commission response to text adopted in plenary	SP(2024)109	23/02/2024	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	ES_PARLIAMENT	COM(2022)0701	23/03/2023	
Contribution	RO_SENATE	COM(2022)0701	28/04/2023	
Contribution	DE_BUNDESRAT	COM(2022)0701	22/05/2023	
Contribution	PT_PARLIAMENT	COM(2022)0701	15/09/2023	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EDPS	Document attached to the procedure	N9-0023/2023 OJ C 113 28.03.2023, p. 0026	03/03/2023	
EESC	Economic and Social Committee: opinion, report	CES6315/2022	27/04/2023	

Additional information

Source	Document	Date
EP Research Service	Briefing	16/11/2023
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	Role	Committee	Date	Interest representatives

Final act

Directive 2025/0516
OJ OJ L 25.03.2025

Summary

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

2022/0407(CNS) - 08/12/2022 - Legislative proposal

PURPOSE: to update VAT rules in the digital age.

PROPOSED ACT: Council Directive.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Member States lost EUR 93 billion in VAT revenues in 2020 according to the latest VAT Gap figures also published today. Conservative estimates suggest that one quarter of the missing revenues can be attributed directly to VAT fraud linked to intra-EU trade. In particular, **the 30-year-old VAT rules for cross-border trade are not adapted to doing business in the digital age**, thus calling for reflection on how technology can be used to reduce administrative burdens and related costs for businesses and at the same time fight tax fraud.

Therefore, in its 2020 Action Plan for fair and simple taxation supporting the recovery, the Commission announced the legislative package 'VAT rules for the digital age'. This proposal to amend Directive 2006/112/EC (VAT Directive) is part of that package.

This package has three main objectives:

- **modernising VAT reporting obligations**, by introducing Digital Reporting Requirements, which will standardise the information that needs to be submitted by taxable persons on each transaction to the tax authorities in an electronic format. At the same time it will impose the use of e-invoicing for cross-border transactions;
- **addressing the challenges of the platform economy**, by updating the VAT rules applicable to the platform economy in order to address the issue of equal treatment, clarifying the place of supply rules applicable to these transactions and enhancing the role of the platforms in the collection of VAT when they facilitate the supply of short-term accommodation rental or passenger transport services; and
- **avoiding the need for multiple VAT registrations in the EU** and improving the functioning of the tool implemented to declare and pay the VAT due on distance sales of goods, by introducing Single VAT Registration (SVR). That is, improving and expanding the existing systems of One-Stop Shop (OSS) /Import One-Stop Shop (IOSS) and reverse charge in order to minimise the instances for which a taxable person is required to register in another Member State.

CONTENT: the proposal aims to amend the current VAT rules in order to take full advantage of technological and digital advances to create an updated VAT system that is more resilient to criminal VAT fraud.

The main provisions of the proposal are as follows:

- **the introduction of a presumption of supplier regime in the short-term accommodation rental and passenger transport sectors of the platform economy** : under the new rules, platform economy operators in these sectors will be responsible for collecting and remitting VAT to the tax authorities where service providers do not do so, for example because they are a small business or an individual provider;
- **updated VAT rules for passenger transport and short-term accommodation platforms**: the new system introduces real-time digital reporting for VAT purposes based on e-invoicing that will give Member States valuable information they need to step up the fight against VAT fraud, especially carousel fraud. The proposal provides for the abolition of the possibility of issuing recapitulative statements.
- **the introduction of a single VAT registration across the EU**: building on the already existing 'VAT One Stop Shop' model for online shopping companies, the proposal will reduce the circumstances in which businesses wishing to sell to consumers in more than one Member State must register in other Member States. The proposal also obliges online platforms to register with the one-stop shop for imports, which will further improve compliance with VAT rules.

The Commission estimates that between 2023 and 2032, this approach should generate between EUR 172 and EUR 214 billion in net benefits, of which **EUR 51 billion in savings**. These savings include:

- EUR 41.4 billion from VAT reporting (EUR 11 billion from the removal of old reporting obligations, EU 24.2 billion reduction of fragmentation costs);
- EUR 4.3 billion savings pre-filled VAT returns, and EUR 1.9 billion e-invoicing benefits);

- EUR 0.5 billion from streamlining and clarifications in platform economy area; and

- EUR 8.7 billion from removing VAT registration obligations. Environmental, social and business automation benefits, as well as benefits related to the functioning of the Internal Market (more level-playing field) and tax control efficiency are also expected.

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 Ľudovít 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.

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

2022/0407(CNS) - 05/11/2024 - Amended legislative proposal for reconsultation

The Council adopted a **general approach** on the draft Council directive amending Directive 2006/112/EC as regards VAT rules as regards VAT rules for the digital age. Parliament is again consulted on the amended legislative proposal. 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 measures that will bring the EU's value added tax (VAT) rules into the digital age. With new rules on electronic invoices and real-time data reporting, as well as business carried out through digital platforms, this package of legislation will fight tax fraud, support businesses and promote digitalisation.

Digital VAT reporting

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.

Businesses will issue e-invoices for cross-border business-to-business transactions and automatically report the data to their tax administration. This system will be based on the existing European standard for e-invoicing in the area of public procurement. National tax administrations will then share the data through a new IT system that will be capable of providing analyses of suspicious activities.

This will provide Member States with quick and complete information on cross-border transactions that they can use to fight VAT fraud.

The EU system should be in place in 2030 and that all existing national systems should become interoperable with the EU system by 2035.

Platform economy

The platform economy has led to an unjustified distortion of competition between services provided through online platforms that are exempt from VAT and services provided in the traditional economy that are subject to VAT. This distortion has been most pronounced in the short-term accommodation rental sector and the road passenger transport sector.

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 Council's draft expands the definition of short-term accommodation rental for tax purposes and giving Member States the possibility to exempt small and medium-sized enterprises (SMEs) from the deemed supplier rules.

One-stop shop for VAT registration

The Council's plan improves and extends VAT one-stop shops so that businesses do not have to carry out costly VAT registrations in each of the Member States where they operate.

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. This will include situations where companies simply want to move stock to another Member State in order to sell it there directly to consumers at a later stage.

This way, the expanded one-stop shop will allow even more businesses to fulfil their VAT obligations via a single online portal and in one language.

The Council agreed to shift 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').

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').

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

2022/0407(CNS) - 25/03/2025 - Final act

PURPOSE: to adapt the VAT system to the digital age.

LEGISLATIVE ACT: Council Directive (EU) 2025/516 amending Directive 2006/112/EC as regards VAT rules for the digital age.

CONTENT: the rise of the digital economy has had a significant impact on the functioning of the Union's value added tax (VAT) system, which is not adapted to new digital business models and does not allow for the full exploitation of data generated by digitalisation. This Directive amends Council Directive 2006/112/EC (VAT Directive) to take account of this development.

A new real-time digital reporting system based on electronic invoicing

The new rules will enable the full digitalisation of VAT reporting obligations for cross-border transactions by 2030.

A digital, real-time VAT reporting system will be implemented using electronic invoices. Businesses will issue electronic invoices for cross-border business-to-business transactions and automatically report the data to their tax authorities. National tax authorities will then share the data using a new IT system capable of providing analyses of suspicious activity.

The use of electronic invoicing should become the **default system** for issuing invoices. Nevertheless, Member States should be allowed to authorise other invoices for domestic supplies.

An update of the VAT rules applicable to the platform economy

Currently, many providers of online accommodation rental and passenger transport services (often individual providers or small businesses) do not pay VAT. This leads to large amounts of VAT not being collected and sometimes to unfair competition between traditional accommodation and transport services and those operating through platforms.

The amending directive will **require online platforms** to pay VAT on short-term accommodation and passenger transport services in most cases where individual service providers do not charge VAT.

A single VAT registration system for businesses selling to consumers cross-border

The new rules will improve and expand VAT **one-stop shops** so that businesses do not have to go through costly registrations for VAT in every Member State in which they do business.

The directive now extends 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. This will include situations where companies simply want to move stock to another Member State in order to sell it there directly to consumers at a later stage.

Lastly, the rules on **the deemed provider or supplier** will enter into force initially on a voluntary basis from 1 July 2028, and then on a mandatory basis 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.

ENTRY INTO FORCE: 14.4.2025.

TRANSPOSITION: no later than 31.12.2026, 30.6.2028, 30.6.2029 and 30.6.2030 according to the provisions.

APPLICATION: from 1.1.2027, 1.7.2028, 1.7.2029 and 1.7.2030 according to the provisions.

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.

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

2022/0407(CNS) - 22/11/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 570 votes to 17, with 52 abstentions, in the framework of a special legislative procedure (consultation), a legislative resolution on the proposal for a Council directive amending Directive 2006/112/EC as regards VAT rules for the digital age.

Parliament approved the Commission proposal subject to amendments.

Aim of the amendments

The aim of the proposal is to amend the current VAT rules in order to take full advantage of technological and digital advances to create an updated VAT system that is more resilient to criminal VAT fraud. It forms part of the 'VAT in the Digital Age' package which is due to be phased in from 1 January 2025. Members want to introduce amendments to Directive 2006/112/EC with effect from **1 January 2025, 2026 and 2027**.

Electronic invoices

Under the proposed Directive, Member States should make it compulsory to issue electronic invoices, i.e. invoices containing the information required by the Directive and which have been issued, transmitted and received in a **structured electronic format** allowing automatic and electronic processing. Member States may also authorise the issue of electronic invoices in a different format, provided that they also authorise the use of the European standard.

For domestic transactions, Member States may oblige taxable persons established within their territory to issue electronic invoices for supplies of goods and services within their territory.

Micro and small enterprises and not-for-profit entities could use standards recognised and in force in the Member State other than the standard provided for in Directive 2014/55/EU, provided that these standards comply with the Directive.

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.

Deemed supplier

The proposal provides that where a taxable person facilitates, through the use of an electronic interface such as a marketplace, platform, portal or similar means, the transfer of goods to another Member State by a taxable person, the taxable person who facilitates the transfer should be deemed to have received and supplied those goods. The deemed supplier may plead good faith and not be held liable in the event that an underlying supplier deliberately fails to declare that he or she is not a taxable person.

Member States should prepare and make available **dedicated guidance** for those individuals listed in this Directive who opt to register as taxable persons, following the introduction of the deemed supplier regime in the accommodation and passenger transport sectors in the platform economy.

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. It should submit this study to the European Parliament and to the Council.

Members stated that deemed supplier scheme should not apply to platforms which are **small and medium-sized undertakings**, e.g. small suppliers of Short Term Rental (STR) accommodation (hosts or VAT-exempt businesses) that contribute to sustainable tourism in the Union and promote travel to less frequented places.

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

According to Members, 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.

The following activities 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.

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.

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.