Basic information

2009/0009(CNS) CNS - Consultation procedure Directive	Procedure completed
Value added tax (VAT): rules of invoicing Amending Directive 2006/112/EC, VAT Directive 2004/0079(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties 7.30.30.06 Action to combat economic fraud and corruption	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	CASA David (PPE)	21/07/2009

Former committee responsible	Former rapporteur	Appointed
ECON Economic and Monetary Affairs		

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs	THEIN Alexandra (ALDE)	02/09/2009

Former committee for opinion	Former rapporteur for opinion	Appointed
JURI Legal Affairs		

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3027	2010-07-13
Economic and Financial Affairs ECOFIN	3003	2010-03-16
Economic and Financial Affairs ECOFIN	2948	2009-06-09

European Commission

Commission DG	Commissioner
Taxation and Customs Union	ŠEMETA Algirdas

Key events

Date	Event	Reference	Summary
28/01/2009	Legislative proposal published	COM(2009)0021	Summary
09/03/2009	Committee referral announced in Parliament		
09/06/2009	Debate in Council		Summary
19/10/2009	Committee referral announced in Parliament		
16/03/2010	Debate in Council		Summary
17/03/2010	Vote in committee		Summary
25/03/2010	Committee report tabled for plenary, 1st reading/single reading	A7-0065/2010	
05/05/2010	Decision by Parliament	T7-0092/2010	Summary
05/05/2010	Results of vote in Parliament		
13/07/2010	Act adopted by Council after consultation of Parliament		
13/07/2010	End of procedure in Parliament		
22/07/2010	Final act published in Official Journal		

Technical information

Procedure reference	2009/0009(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2006/112/EC, VAT Directive 2004/0079(CNS)
Legal basis	Treaty on the Functioning of the EU TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/7/00234

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE430.975	11/12/2009	
Amendments tabled in committee		PE438.381	28/01/2010	
Committee opinion	JURI	PE438.143	09/03/2010	
Committee report tabled for plenary, 1st reading/single reading		A7-0065/2010	25/03/2010	
Text adopted by Parliament, 1st reading/single reading		T7-0092/2010	05/05/2010	Summary

European Commission

Document type	Reference	Date	Summary

Document attached to the procedure	COM(2009)0020	28/01/2009	Summary
Legislative proposal	COM(2009)0021	28/01/2009	Summary
Commission response to text adopted in plenary	SP(2010)3805	24/06/2010	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	DE_BUNDESRAT	COM(2009)0021	23/02/2009	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ESC	Economic and Social Committee: opinion, report	CES1039/2009	10/06/2009	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Directive 2010/0045
OJ L 189 22.07.2010, p. 0001

Summary

Corrigendum to final act 32010L0045R(01)
OJ L 210 11.08.2010, p. 0036

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 09/06/2009

The Council agreed on a general approach, pending the European Parliament's opinion in first reading, with a view to incorporating technical amendments into directive 2006/112/EC on the common system of value added tax.

It instructed the Council's preparatory bodies to finalise its decision-making process once the Parliament has delivered its opinion.

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 28/01/2009 - Legislative proposal

PURPOSE: to amend Directive 2006/112/EC in respect of the invoicing rules, in order to increase the use of electronic invoicing.

PROPOSED ACT: Council Directive.

BACKGROUND: Council Directive 2001/115/EC (‘the Invoicing Directive’) - now incorporated in Council Directive 2006/112/EC (‘the VAT Directive’) - introduced common EU rules on VAT invoices, with the aim of simplifying, modernising and harmonising the rules on VAT invoices. However, this aim was not fully met: the many options available to Member States have led to a less than harmonised set of invoicing rules. This can clearly be seen in relation to the different rules in place for e-invoicing, and is regarded as one of the barriers to increased use of e-invoicing. A simplification of these rules has considerable potential to reduce the administrative burden on businesses.

IMPACT ASSESSMENT: whilst a full impact assessment has not been possible, bearing in mind the time-limits for reporting contained in the VAT Directive, many of the features of an impact assessment are nevertheless contained in the proposal and accompanying communication.

CONTENT: the aim of the proposal is to increase the use of electronic invoicing, reduce burdens on business, support small and medium sized enterprises (SMEs) and help Member States to tackle fraud. The proposal simplifies, modernises and harmonises the VAT invoicing rules. In particular, it eliminates the current barriers to e-invoicing in the VAT Directive by treating paper and electronic invoices equally. The proposed changes include the following:

Chargeability to tax for intra-Community supplies: the aim is to create a single date on which the tax becomes chargeable, that of the date of the chargeable event as determined by the time of the supply. By requiring the invoice to be issued by the 15th day of the month following the chargeable event, the invoice will still remain the principal document evidencing the intra-Community supply. Furthermore, the date of the chargeability to tax for intra-Community acquisitions is amended so as to correspond with the intra-Community supply.

Right of deduction: two measures have been proposed:

- requirement to hold an invoice for deduction. The proposal applies equal treatment between the requirements of the supplier to issue an invoice and the customer to hold an invoice in order to exercise his right of deduction.

- cash accounting. Amongst other measures, it is proposed to extend the optional cash accounting simplification measure to all Member States. The scheme should be available to all micro enterprises having an annual turnover that does not exceed EUR 2 million.

Issuance of an invoice: the proposal aims to create a set of harmonised rules for Business to Business (B2B) invoices with the consequence that a taxable person issuing an invoice from where he is identified for VAT will have legal certainty that the invoice is valid throughout the EU. For Business to Consumer (B2C) supplies, the applicable rules will remain as the place of taxation but with greater harmonisation and transparency for business.

Contents of an invoice: the proposal aims to create a two tier system of invoicing. Firstly there is a full VAT invoice which is a compulsory invoice containing an extensive set of details for B2B supplies. When there is the likelihood that the customer will be exercising a right to deduction, the supplier has a right of deduction at the preceding stage or for a cross border supply. Secondly, there is the option, or in certain cases the requirement, for a simplified invoice, notably when the invoice amount is less than EUR 200.

E-invoicing: the proposal aims to end any legal barriers to e-invoicing contained in the VAT Directive by treating the transmission of an invoice, whether by paper or by electronic means, equally. Thus, reference to the fact that the e-invoice should be by advance e-signature or by EDI are removed.

Storage of invoices: invoices must be stored for 6 years.

FINANCIAL IMPLICATIONS: estimates show that the maximum mid-term reduction potential in removing the VAT obstacles to e-invoicing is up to EUR 18 billion if all invoices were sent electronically. A more conservative approach to the cost difference between paper and e-invoices, taking into account the number of VAT invoices required and the actual rate of up-take of e-invoicing experienced in Member States that already have a similar treatment between paper and e-invoices, would result in businesses experiencing a lower, but still very significant saving.

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 05/05/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 599 votes to 31, with 5 abstentions, a legislative resolution amending, under the consultation procedure, the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing.

The Parliament suggests reducing as much as possible the administrative burdens on suppliers and service providers. The proposed amendments:

- stress that SMEs should be given the option to simplify their invoicing systems;
- delete the requirement to use the ECB daily rate in case an invoice is issued in a currency other than that of the Member State in which tax is payable;
- delete the requirement to hold an invoice that complies with formalities of 27 Member States;
- delete the obligation to use customer VAT ID-No for domestic supplies;
- clarify that where the supplier does not have an establishment in the Union, the issue of an invoice shall not be subject to the rules laid down in the Directive;
- increase from EUR 200 to EUR 300 the ceiling for use of simplified invoices;
- allow Member States the option to release taxable persons from the obligation to issue simplified invoices with respect to exempt supply;
- extend the time limits set by the Commission for issuing invoices when supplying goods or services, so that it expires 2 months after the chargeable event occurs;
- enable Member States to impose strict invoice rules and thus prevent negative impact on revenue. Member States may require that simplified invoices include the following additional information with regard to specific transactions or categories of taxable persons: (a) identification of the taxable person making the supply, indicating that person's name and address; (b) the sequential number, based on one or more series, which only identifies the invoice; (c) identification of the customer, indicating that customer's VAT identification number and name and address; (d) where there is a VAT exemption, or where the customer is liable for payment of VAT;
- specify explicitly that paper and electronic invoices are equally valid;
- oblige the taxable person to ensure the storage of invoices for a period of five years (instead of 6 years as proposed by the Commission);
- delete the possibility for requesting Member States to translate some invoices into their official languages.

Each Member State shall submit to the Commission, by 31 December 2013, an evaluation report on the implementation of electronic invoicing. Those reports shall outline, in particular, any technical difficulties or shortcomings that taxable persons and tax administration have encountered, including an assessment of the impact of any fraudulent activities related to electronic invoicing as a result of the removal of the requirement to include EDI or the electronic signature in electronic invoices. By 1 July 2014, the Commission shall submit a report to the European Parliament and the Council together with appropriate proposals, on the basis of the Member States' evaluation reports.

Lastly, in order actively to develop effective and reliable e-administration in the field of VAT, Members call on the Commission to evaluate existing e-administration measures and tools in the Member States and foster the exchange of best practices among them in this domain. In addition, the Commission shall use the Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2013), together with other existing Union funding such as the Structural Funds to provide technical assistance to Member States most in need of upgrading their e-administration through access to and use of major trans-Union information technology systems.

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 13/07/2010 - Final act

PURPOSE: to adopt simplified rules VAT invoicing.

LEGISLATIVE ACT: Council Directive 2010/45/EU amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing.

CONTENT: the Council adopted a directive aimed at simplifying value-added tax (VAT) invoicing requirements, in particular as regards electronic invoicing.

The new directive sets out to ensure the **acceptance by tax authorities of e-invoices under the same conditions as for paper invoices**, and to remove legal obstacles to the transmission and storage of e-invoices.

The new Directive also comprises measures to help tax authorities ensure that tax is paid so as to better tackle VAT fraud. These include:

- clarifying the rules concerning the **chargeability of VAT** on intra-Community supplies of goods and on intra-Community acquisitions of goods in order to ensure the uniformity of the information submitted in recapitulative statements and the timeliness of the exchange of information by means of those statements;
- allowing Member States the option of allowing VAT to be accounted using a **cash accounting scheme** which allows the supplier to pay VAT to the competent authority when he receives payment for a supply and which establishes his right of deduction when he pays for a supply;
- providing **legal certainty** for businesses regarding their invoicing obligations, it should be clearly stated which Member State's invoicing rules apply;
- imposing a harmonised time limit for the issue of an invoice with respect to certain cross- border supplies with a view to improving the functioning of the internal market;
- allowing taxable persons to issue a **simplified invoice** in any of the following cases: (a) where the amount of the invoice is not higher than EUR 100 or the equivalent in national currency; (b) where the invoice issued is a document or message treated as an invoice;
- clarifying that, where a taxable person stores online invoices which he has issued or received, the Member State in which the tax is due, in addition to the Member State in which the taxable person is established, should have **the right to access those invoices for control purposes**.

By 31 December 2016 at the latest, the Commission shall present to the European Parliament and the Council an overall assessment report, based on an independent economic study, on the impact of the invoicing rules applicable from 1 January 2013 and notably on the extent to which they have effectively led to a decrease in administrative burdens for businesses, accompanied where necessary by an appropriate proposal to amend the relevant rules.

ENTRY INTO FORCE: 11/08/2010.

TRANSPOSITION: 31/12/2012.

APPLICATION: 01/01/2013.

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 16/03/2010

Pending the opinion of the European Parliament, the Council agreed a general approach on the draft directive aimed at simplifying VAT invoicing requirements, in particular as regards electronic invoicing. The directive will be adopted by the Council once the Parliament has given its opinion.

Current EU provisions on VAT invoicing have led to a less-than-harmonised set of rules, on account of the many options that remain available to Member States. The aims of current provisions have therefore not been fully met.

Furthermore, compliance with regulatory requirements has hindered the take-up of technologies that are necessary for the development of e-invoicing. The Commission estimates potential annual cost savings for businesses at up to EUR 18 billion if obstacles to e-invoicing in VAT rules were to be removed.

The draft directive sets out to ensure the acceptance by tax authorities of e-invoices under the same conditions as for paper invoices, and to remove legal obstacles to the transmission and storage of e-invoices.

It also comprises measures to help tax authorities ensure that tax is paid so as to better tackle VAT fraud. These include establishing deadlines for the issuance of invoices, thus enabling speedier exchange of information on intra-EU supplies of goods and services.

Value added tax (VAT): rules of invoicing

2009/0009(CNS) - 28/01/2009 - Document attached to the procedure

Council Directive 2006/112/EC (the VAT Directive) provides that the Commission is required, by 31 December 2008 at the latest, to present a report and, if appropriate, a proposal amending the conditions for e-invoicing to take account of technological developments. A proposal amending the conditions for e-invoicing accompanies this Communication (refer to the summary of COM(2009)0021 of the same date).

The need to further simplify, modernise and harmonise the rules on invoicing has meant that this report to Council now has a wider remit than was originally provided for in the VAT Directive. This is justifiable since Council Directive 2001/115/EC (the Invoicing Directive) - now incorporated in the VAT Directive - is acknowledged as not fully achieving its aim of simplifying, modernising and harmonising the rules on VAT invoicing. The various options available to the Member States, and the application of those options, have allowed Member States to maintain different rules on invoicing.

In its Communication, the Commission sets out the problems businesses face with the current invoicing rules, looks at possible solutions, and outlines its preferred course of action. This is analysed from the point of view of the issue, content, and storage of invoices, and related invoicing rules to support anti-fraud measures.

For e-invoicing, the basic approach of using technology to ensure that an invoice is correct is removed. Instead, paper and e-invoices are to be treated equally, with reliance on the invoice details being assured in the same way as it is for paper invoices today.

The proposal for a Directive accompanying the communication significantly reduces the number of options available to Member States. This will create a more harmonised set of EU invoicing rules allowing businesses to fulfil their obligations regarding invoicing more easily. Those businesses involved in cross-border transactions, in particular, and those identified for VAT in many Member States should see a reduction in the burdens placed on them.

For small and medium-sized businesses, the extension of the use of simplified invoices should be of direct benefit, especially in relation to low value invoices. Moreover, a more harmonised set of EU rules will make compliance easier and the benefits of cross-border trade more attainable.

Lastly, measures have been put in place to enable Member States to exchange information on intra-Community supplies of goods faster. This complements the Commission proposal to reduce the period of recapitulative statements, and is a key element in tackling intra-Community VAT fraud.