









Procedure file

Basic information		
CNS - Consultation procedure Regulation	2022/0409(CNS)	Awaiting final decision
Value added tax (VAT): administrative cooperation arrangements needed for the digital age		
Amending Regulation 2010/904 2009/0118(CNS)		
Subject		
2.70.02 Indirect taxation, VAT, excise duties		
2.80 Cooperation between administrations		
3.30.06 Information and communication technologies, digital technologies		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs	 CHASTEL Olivier	25/01/2023
		Shadow rapporteur	
		 PEREIRA Lídia	
		 LALUCQ Aurore	
		 PEKSA Mikuláš	
		 MOŽDŽANOWSKA Andželika Anna	
		 MACMANUS Chris	
Council of the European Union European Commission	Commission DG Taxation and Customs Union	Commissioner GENTILONI Paolo	

Key events			
08/12/2022	Legislative proposal published	COM(2022)0703	Summary
16/02/2023	Committee referral announced in Parliament		
24/10/2023	Vote in committee		
31/10/2023	Committee report tabled for plenary, 1st reading/single reading	A9-0324/2023	Summary

22/11/2023	Results of vote in Parliament		
22/11/2023	Decision by Parliament	T9-0422/2023	Summary

Technical information	
Procedure reference	2022/0409(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amending Regulation 2010/904 2009/0118(CNS)
Legal basis	Treaty on the Functioning of the EU TFEU 113
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting final decision
Committee dossier	ECON/9/10891

Documentation gateway					
Legislative proposal		COM(2022)0703	08/12/2022	EC	Summary
Document attached to the procedure		SWD(2022)0393	08/12/2022	EC	
Document attached to the procedure		SWD(2022)0394	08/12/2022	EC	
Document attached to the procedure		N9-0023/2023 OJ C 113 28.03.2023, p. 0026	03/03/2023	EDPS	
Economic and Social Committee: opinion, report		CES6315/2022	27/04/2023	ESC	
Committee draft report		PE746.901	05/05/2023	EP	
Amendments tabled in committee		PE749.002	19/06/2023	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0324/2023	31/10/2023	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0422/2023	22/11/2023	EP	Summary

Value added tax (VAT): administrative cooperation arrangements needed for the digital age

PURPOSE: to develop a new central system for the exchange of VAT information between Member States tax administrations at EU level that is adapted to the specificities of digital reporting requirements.

PROPOSED ACT: Council Regulation.

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

BACKGROUND: the proposal to amend Council Regulation (EU) No 904/2010 is an important part of the package. The VAT in the Digital Age package modernises the way cross-border transactions within the single market are reported for VAT purposes to make use of well-established technology and address VAT fraud. The current way of collecting aggregated data through recapitulative statements and exchanging data through the VAT Information Exchange System has been in use since the introduction of the single market in 1993. It is no longer fit for purpose in light of the scale of cross-border transactions and the level of VAT fraud.

The amended VAT Directive replaces recapitulative statements with new, transaction-based reporting obligations. To complement these changes, the amended Regulation provides for the necessary practical rules on how these newly collected data will be exchanged between Member States, the IT infrastructure required, and the personal data protection rules that will govern the new exchanges. These details are necessary to ensure that the new rules are implemented smoothly and that the new measures can reduce VAT fraud.

This proposal is part of the package of legislation on the VAT in the Digital Age initiative, together with a proposal for a Council Directive on

amending Directive 2006/112/EC as regards VAT rules for the digital age, and the proposal for a Council implementing Regulation amending Council Implementing Regulation (EU) No 282/2011 as regards information requirements for certain VAT schemes.

CONTENT: the Commission proposal sets out modifications required to Council Regulation (EU) No 904/2010 on administrative cooperation and the fight against fraud in the field of VAT stemming from changes to the VAT Directive.

The main objective of the proposal is to modernise 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.

More specifically, the proposal lays down the following provisions:

Central electronic system for VAT information (the central VIES)

The proposal seeks to develop a new central system for the exchange of VAT information between Member States tax administrations at EU level that is adapted to the specificities of digital reporting requirements. It establishes the central VIES system by determining that the Commission should develop, maintain, host and technically manage the central system, while each Member State should develop, maintain, host and technically manage a national electronic system to automatically transmit different categories of information to the central VIES.

Member States should make all necessary updates and adopt measures in order to ensure that the central VIES data is kept up-to-date and is complete and accurate. The information should remain available in central VIES for five years from the end of the year in which the information was transmitted to the central VIES.

Phasing out the existing VIES system

The proposal also deals with the phase out of the legacy VIES. The existing VIES system needs to be retained for two years after establishing the central VIES system in order to facilitate the controls of transactions which were reported with recapitulative statements, prior to the introduction of the digital reporting requirements.

Value added tax (VAT): administrative cooperation arrangements needed for the digital age

The Committee on Economic and Monetary Affairs adopted, in the framework of a special legislative procedure (Parliaments consultation), the report by Olivier CHASTEL (Renew, BE) on the proposal for a Council regulation amending Regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age.

The committee called on the European Parliament to approve the Commissions proposal subject to the following amendments.

VIES VAT number validation functionality

The report suggested that the performance of the VIES VAT number validation functionality should be improved. According to Members, to ensure a streamlined process, it is necessary for the central VIES to reflect, in real time, status updates regarding validations of bulk data and regarding company subscriptions to trading partners. It is necessary for such status updates to be reliable in terms of data quality and system stability.

Moreover, in the interest of simplification and limiting the compliance costs of both businesses, in particularly SMEs, and tax administrations, the Commission should develop a secure and reliable software to connect businesses and national administrations with central VIES.

Exchange of information

The report stated that the Commission should not have direct access to the data of individual tax payers. The Commission should provide technical support for a secured connexion to the central VIES by the officials who have been granted automated access to the central VIES.

The central VIES should be installed recurring to the most suitable technology available to protect citizens rights as taxpayers, namely the right to privacy, data protection and trade secrets.

Members suggested that the Commission should support national tax authorities with financial and human resources and technical advice in order to guarantee that national electronic systems are fully operational by 1 January 2030. During a transitional period until 1 January 2030, the Commission shall assess the effectiveness of the central VIES and of the exchange of information procedures.

Improved cooperation

Members called for improved cooperation between all actors involved in the fight against VAT fraud, in particular EPPO, EUROFISC, EUROPOL and EUROJUST. They play a central role on the protection of public money and on the fight against fraud. Therefore, they should have access to all sources of data enabling them to fulfil their mandate, in particular the new upgraded VIES system.

Value added tax (VAT): administrative cooperation arrangements needed for the digital age

The European Parliament adopted by 615 votes to 10, with 15 abstentions, in the framework of a special legislative procedure (Parliaments consultation), a legislative resolution on the proposal for a Council regulation amending Regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age.

Parliament approved the Commission's proposal subject to amendments.

The proposal is part of the legislative package on the VAT in the digital age initiative. It sets out the changes to be made to Council Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of VAT as a result of amendments to the VAT Directive. Members call for the amendments to Regulation (EU) No 904/2010 to apply from 1 January 2026 and from 1 January 2027.

Central electronic VAT information system (central VIES)

The proposal aims to develop a new central system for the exchange of VAT information between Member States' tax administrations at EU level, tailored to the specificities of digital reporting requirements.

The resolution suggested that the performance of the VIES VAT number validation functionality should be improved. According to Members, to ensure a streamlined process, it is necessary for the central VIES to reflect, in real time, status updates regarding validations of bulk data and regarding company subscriptions to trading partners. It is necessary for such status updates to be reliable in terms of data quality and system stability.

Moreover, in the interest of simplification and limiting the compliance costs of both businesses, in particularly SMEs, and tax administrations, the Commission should develop a secure and reliable software to connect businesses and national administrations with central VIES.

Exchange of information

According to Members, the Commission should not have direct access to the data of individual tax payers. The Commission should provide technical support for a secured connexion to the central VIES by the officials who have been granted automated access to the central VIES.

The central VIES should be installed recurring to the most suitable technology available to protect citizens rights as taxpayers, namely the right to privacy, data protection and trade secrets.

Members suggested that the Commission should support national tax authorities with financial and human resources and technical advice in order to guarantee that national electronic systems are fully operational by 1 January 2030. During a transitional period until 1 January 2030, the Commission should assess the effectiveness of the central VIES and of the exchange of information procedures.

Improved cooperation

Parliament stressed the need to enable Member States, the European Public Prosecutor's Office, the European Anti-Fraud Office (OLAF), Eurofisc and the European Union Agency for Law Enforcement Cooperation (Europol) to combat VAT fraud more effectively.

Each Member State should grant, via a secure central interface that ensures confidentiality, automated access to the central VIES system:

- European Delegated Prosecutors and the relevant staff of the EPPO who hold a personal user identification for the central VIES and where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud;
- the relevant officials of OLAF, where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud;
- Europol staff who cooperate with EPPO in the framework of the Working Arrangement establishing cooperative relations between the EPPO and Europol, which entered into force on 19 January 2021, where the investigation aims to prevent and combat any form of serious organised and international crime and cybercrime and affecting the financial interests of the Union.

Each Member State should grant, via a secure central interface that guarantees confidentiality, automated access to the central VIES system to electronic systems carrying out swift exchange, processing and analysis of targeted information on cross-border fraud by Eurofisc and the EPPO.

Transparency				
LALUCQ Aurore	Shadow rapporteur	ECON	21/04/2023	Représentation permanente de la France auprès de l'Union européenne