

- A brief guide to the VAT in the Digital Age proposals -

The package of proposals published on 8 December 2022 put forward amendments to the [VAT Directive 2006/112 EC](#) and the [Implementing Regulation 282/2011 EC](#), which will be implemented in three phases, currently targeted for 2024, 2025 and 2028. The salient features of the proposals are highlighted below.

2024 – what can we expect?

- ➡ A new **definition of ‘electronic invoice’** which removes the current requirement for customer approval. An ‘electronic invoice’ will be a structured invoice which conforms to the European Standard (EN16931).

What is the ‘European Standard’?
Click [here](#)

- ➡ An obligation for Member States to accept ‘documents or messages’ on paper or in electronic form as invoices.

What about PDF invoices?

- ➡ An **option** for Member States to require all invoices to be electronic invoices **Will Malta exercise this option?**

- ➡ An **extension of the Non-Union One-Stop-Shop** to B2C services supplied by non-EU service providers to all non-taxable persons even if they do not reside in the EU

2025 – what can we expect?

- ➔ The extension of the 'Intra-Community Distance Sales of Goods' rules to include second hand goods, works of art, collectors items and antiques.
- ➔ An **extension of the OSS** to:
 - transfers of own goods within the EU
 - all B2C supplies of goods (including supplies with installation, second hand goods, domestic supplies by non-established suppliers)
 - All B2C supplies of services
- ➔ An **extension of the 'deemed supplier' model** (currently for EU B2C supplies of goods by non-EU suppliers and distance sales of imported goods under eur150) to:
 - all supplies of goods within the EU facilitated by an electronic interface (irrespective of the location and status of the customer)
 - certain transfers of own goods within the EU facilitated by an electronic interface (e.g. in the context of call-off-stock arrangements)
- ➔ **The Platform Economy:** New rules for B2C supplies of short term accommodation rentals and passenger transport by certain categories of suppliers facilitated by an electronic interface - the 'deemed supplier' model and a new place of supply rule for 'facilitation' services.

A system for collecting VAT on short term accommodation rental and passenger transport services by certain 'exempt persons'
- ➔ Mandatory **Reverse Charge** for all cross-border B2B supplies, where the supplier is not established in the Member State where the supply takes place (even if the supplier is VAT-registered)
- ➔ Extension of **Recapitulative Statement** to all cross-border B2B supplies, where the supplier is not established in the Member State where the (taxable) supply takes place

2028 – what can we expect?

- ➡ **Mandatory e-invoicing** for intra-EC transactions B2B. Tax invoice to be issued **within 2 days**.
- ➡ New mandatory **Digital Reporting Requirement** (near-to realtime, transaction by transaction) for B2B:
 - intra-EC supplies (goods & services)
 - intra-EC acquisitions of goods
 - intra-EC purchases of services (reverse charge)
- ➡ Removal of the Recapitulative Statement
- ➡ Replacement of bilateral VIES with intra-EU VIES
- ➡ **Option** for Member States to introduce **Digital Reporting Requirement** (near-to realtime) for Domestic transactions

What's the potential impact of these changes? What issues do these proposals not address? Will these changes result in administrative simplification or will they add to the complexity?

FIND OUT MORE and SHARE YOUR VIEWS at the [MIT VAT PRACTITIONERS' FORUM](#) on 22 March 2023

The above is an overview of some of the key changes being proposed, and is not exhaustive. Further information on these proposed changes can be found [here](#).