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VAT EXPERT GROUP¹

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E-invoicing and the need for EU standards and interoperability

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¹ Group of experts on value added tax to advise the Commission on the preparation of legislative acts and other policy initiatives in the field of VAT and to provide insight concerning the practical implementation of legislative acts and other EU policy initiatives in that field.

1. INTRODUCTION

The study carried out by the external contractor on the Digital Reporting Requirements (DRR) part of the VAT in the Digital Age² concludes that the policy options providing the biggest benefits are the partial and total harmonisation of DRRs across the EU.

Both options provide for the implementation of a DRR on a transactional basis for intra-Community transactions. The difference between both options lies in the scope of the measure for domestic transactions. In the partial harmonisation, the implementation of a DRR for domestic transactions would be voluntary for Member States, while in the total harmonisation it would be compulsory. In both cases, domestic DRR systems should adopt the same features as that implemented for intra-Community transactions and existing reporting systems should converge to the harmonised one.

For both policy options, it is necessary to define the technical features of the DRR system. In this regard, among the different possibilities, the one that seems most fit-for-future would be the implementation of a reporting system based on electronic invoicing, as this is the direction that countries inside and outside the EU are leaning towards.

The implementation of a reporting system based on electronic invoicing poses, however, significant challenges, and requires choosing between different alternatives. For that reason, we have included in this document several questions on which we would like to know the members' view.

2. QUESTIONS TO THE MEMBERS

The members are invited to provide input on the following points:

1) Separation between e-invoicing and e-reporting

The fact that the reporting system is based on electronic invoicing does not mean that the whole invoice has to be sent to the tax authority and validated by that authority. It is possible that the supplier sends the electronic invoice to the customer and only a subset of data is extracted and reported to the tax administration. In this regard, we would like to ask the following questions:

- Do you think that the tax authority should validate/clear electronic invoices before they arrive to the customer? Do you think this should be left optional for Member States? Or should this option be completely discarded?
- Do you think that all the data in the invoice should be sent to the tax authority or only a subset of the data? Do you agree that, for intra-Community transactions (goods and services), the initiative should specify the mandatory data fields to be reported (which at least will include the same data covered by current recapitulative statements) which would be the same for all Member States? For

² VAT in the Digital Age: Volume 1 – Digital Reporting Requirements, Economisti Associati.

domestic transactions, should the initiative provide for a minimum common set of data to be reported, leaving the possibility to provide additional data open to Member States, or should the initiative provide for a mandatory set of data to be reported which would be the same for all Member States having a DRR for domestic transactions?

2) Mandatory or voluntary e-invoicing

- Do you agree that the system would only work if the acceptance of electronic invoices by the recipient is made mandatory?
- Regarding the suppliers, should the issuance of electronic invoices be voluntary or mandatory for them? If it is made mandatory, should the suppliers issue electronic invoices for all transactions or only for those subject to the reporting obligation (e.g. in case a Member State does not introduce DRR domestically, the obligation would only apply to intra-Community transactions)?

3) Use of an e-invoicing standard

- One of the aims of the initiative is to reduce fragmentation in the Internal Market. Do you think that, in order to avoid such fragmentation and to make sure that tax administrations receive data which are interoperable, it is necessary to implement a common standard for e-invoicing?
- Do you think that the already existing EN 16931 standard³, with the necessary adaptations, if any, could serve as the common standard for e-invoicing?
- If so, should it be made compulsory as the only standard? or should it be recognised everywhere in the EU without prejudice to other standards being accepted as well?

4) Tool used for the transmission of electronic invoices

In case the electronic invoice does not need to go through the tax administration before arriving to the acquirer, it is necessary to consider how electronic invoices are going to be exchanged and the information submitted to the tax authorities. The use of certified service providers, a delivery network such as Peppol, or the creation of public platforms that provide those services could be options to deal with this issue.

- Do you think that taxable persons should be given complete freedom to choose the way electronic invoices are transmitted?
- Or do you think electronic invoices should be mandatorily exchanged through certified service providers or public platforms providing similar services? Could this decision be left open to Member States?

³ [Compliance with eInvoicing standard \(europa.eu\)](https://ec.europa.eu/euipo/einvoicing/standards/einvoicing-standard)

5) Role of the recipient of the invoice

- Should the recipient formally accept the invoice in order for that invoice to be considered valid for the purpose of reporting by both the supplier and the acquirer?
- Or do you think it is preferable instead that the recipient of the invoice also reports the data to cross-match this data with that reported by the supplier?

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