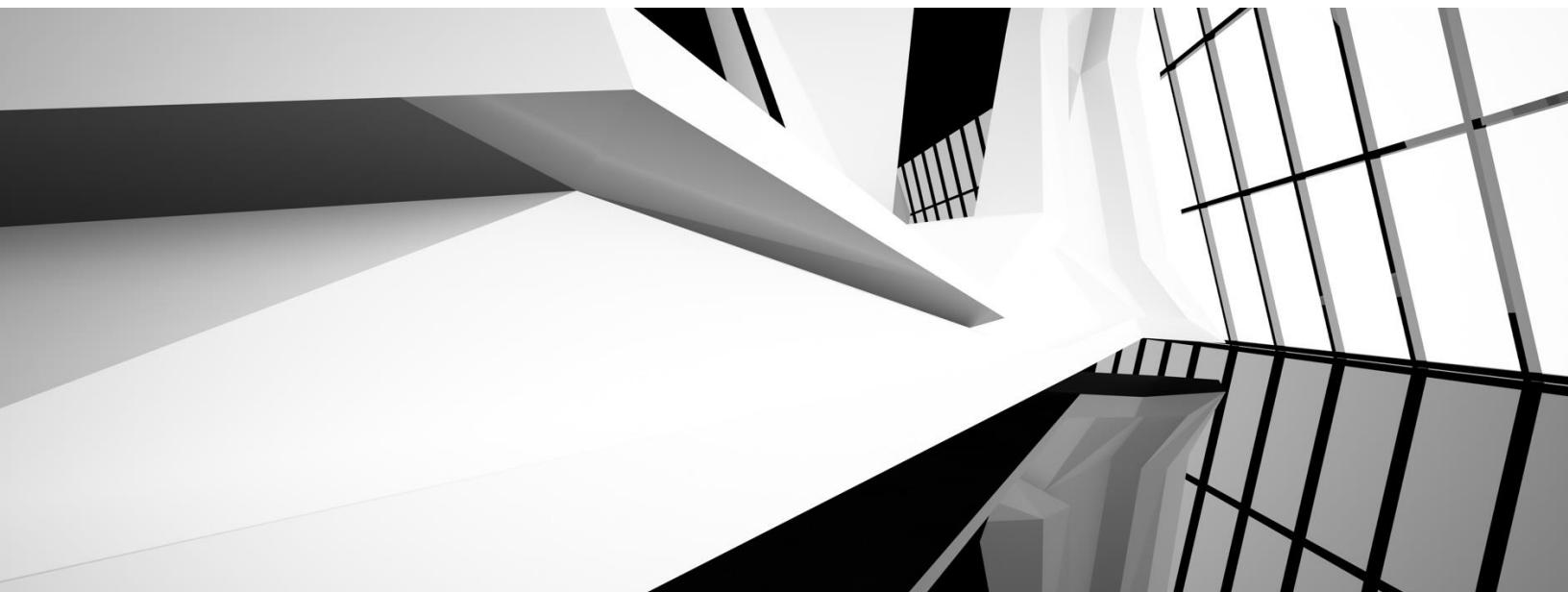


Praxio Spotlight

December 2019

New EU rules to exchange VAT payment data



On 8 November 2019, the EU Council reached a general agreement on new measures proposed by the European Commission to improve cooperation between tax authorities and payment service providers and facilitate the detection of tax fraud in cross-border e-commerce transactions.

The new set of rules will enter into force on 1 January 2024 and require payment service providers to transmit payment data electronically to tax authorities in EU member states using a standardized approach.

Concretely, this new set of rules consists of two legislative texts:

- A proposal for a directive amending Directive 2006/112/EC (the VAT Directive), putting in place requirements on payment service providers to keep records of cross-border payments related to e-commerce. This data will then be made available to national tax authorities under strict conditions.
- A proposal for a regulation amending Regulation (EU) 904/2010 on administrative cooperation in the area of VAT. The proposed amendments will set out the details on how national tax authorities will have to cooperate to detect VAT fraud and control compliance with VAT obligations.

The objective of these new rules is to put in place EU rules which will enable Member States to collect in a harmonised way the records made electronically available by the payment service providers. In addition, a new central electronic system (CESOP) will be set up for the storage of the payment information and for the further processing of this information by anti-fraud officials in the Member States within the Eurofisc framework.

These new rules will complement the VAT regulatory framework for e-commerce that is coming into force in January 2021 and which will introduce new VAT obligations for online marketplaces and simplified VAT compliance rules for online businesses.

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