MEDIA ALERT

Wolters Kluwer explores e-invoicing changes for European businesses

Wolters Kluwer Tax & Accounting Europe expert on hand to discuss the next digital disruption in e-commerce

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What: There are just six months to go until each European Union (EU) country can make e-invoicing compulsory without having to request permission from the EU first. This should facilitate e-invoicing reforms across the Union which will lead to improved efficiency. However, the reforms will require businesses to make major changes to the way they issue and receive invoices.

Italy, for example, has had a comprehensive B2B e-invoicing regime in place since 2019, which led to the launch of the highly successful Fattura SMART solution from Wolters Kluwer Tax & Accounting (TAA) Italy. Fattura SMART is a leading digital solution which manages the entire e-invoicing process, enabling our customers to communicate and collaborate with their clients efficiently and effectively.

Belgium, Denmark and Spain are other countries with ongoing reforms to introduce B2B e-invoicing obligations, most of which are currently expected to come into effect in January 2024. EU countries with similar plans include France, Slovakia, Poland, Bulgaria, Finland and Romania.

From 2028, VAT in the Digital Age (ViDA) reforms proposed by the European Commission will also make e-invoicing compulsory for cross-border B2B transactions within the EU under a new Digital Reporting System (DRS). The expectation of the EU Commission is that by 2028 all existing national e-invoicing systems will align with the DRS. Countries that do not have e-invoicing in place by 2028 will have the option of adopting the DRS requirements for their domestic B2B transactions.

Additional important reforms contained in ViDA state that, from 2025, online platforms will have more Value-Added Tax (VAT) reporting obligations and be treated as the relevant supplier/VAT payer in an increasing number of cases. Also, the One-Stop Shop (OSS) scheme, which allows a business to comply with VAT obligations across the EU with a single VAT registration, will expand to cover more types of B2C transactions.

Why: The VAT gap is an estimate of the overall difference between the expected VAT revenue and the amount actually collected. EU member states lost an estimated €93 billion in VAT revenues in 2020, according to the 2022 Report on the VAT Gap released by the European Commission. This translates to €3,000 in VAT revenues being lost every second in the EU.

In a bid to improve VAT collection and mitigate these losses, the EU has launched an action plan which focuses on digitizing all transactions, making them more transparent and traceable so that taxes can be collected correctly. VAT in the Digital Age (ViDA) is the package adopted by the European Commission to optimize the EU's VAT system.

Who: Legal expert, Piermario Porcheddu of Wolters Kluwer TAA Europe, can discuss the topics that business owners should consider when exploring e-invoicing reforms across the European Union.

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