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By PwC Deutschland | 11. März 2025

Update: EU Council agrees on VAT in the digital age package

On 5 November 2024 the Council reached an agreement on new measures that will bring the EU's value added tax (VAT) rules into the digital age. With new rules on electronic invoices and real-time data reporting, as well as business carried out through digital platforms, this package of legislation will fight tax fraud, support businesses, and promote digitalization.

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Digital VAT reporting – a challenge for the future

The current agreement of the Council covers three acts – a directive, a regulation, and an implementing regulation – which taken together bring about changes to three different aspects of the VAT system. The new rules will:

make VAT reporting obligations for cross-border transactions fully digital by 2030,

require online platforms to pay VAT on short-term accommodation and passenger transport services in most cases where individual service providers do not charge VAT,

improve and expand online VAT one-stop-shops so that businesses do not have to go through costly registrations for VAT in every member state in which they do business.

The time has come for further measures - why?

Currently, businesses are asked every few months to submit to their national tax authorities ‘recapitulative statements' of goods and services sold to businesses in other EU member states which are taxable in those member states.

This opens a gap for fraudsters to exploit the difficulty authorities face in rapidly detecting suspicious or fraudulent transactions, since the data is incomplete and not available in real-time.

The Council now agreed that a real-time digital reporting system will be set up for VAT purposes through e-invoices.

More details to be found in the **Council’s press release of 5 November 2024**.

Update (11 March 225)

The Council has today given its final green light on a set of laws to make the EU’s value added tax (VAT) rules fit for the digital age (Council of the EU, **Press release of 11 March 2025**).

Schlagwörter

Taxation of digital economy, digitalization