

By PwC Deutschland | 13 December 2022

European Commission presents proposals to modernize the VAT system

Embracing the digital transition to help fight VAT fraud and support EU businesses! For the EU Commission, that's the key to modernize and make the EU's Value-Added Tax system work better for businesses and more resilient to fraud.

On 8 December 2022 the European Commission proposed a series of measures to modernize and make the EU's Value-Added Tax (VAT) system work better for businesses and more resilient to fraud by embracing and promoting digitalization. While adaptation to the digital age abounds, the Commission recognizes more than ever the need to update the EU VAT rules to new digital realities, such as the rapid growth of e-commerce and platform working. The proposal also aims to address challenges in the area of VAT raised by the development of the platform economy.

The Commission estimates that **the following targeted actions** will help Member States collect up to €18 billion more in VAT revenues annually while helping businesses, including SMEs, to grow:

- A move to real-time digital reporting based on e-invoicing for businesses that operate cross-border in the EU
- Updated VAT rules for passenger transport and short-term accommodation platforms
- The introduction of a single VAT registration across the EU

Next steps

The package of proposals takes the form of amendments to three pieces of EU legislation: the VAT Directive (2006/112/EC), Council Implementing Regulation (EU 282/2011) and the Council Regulation on Administrative Cooperation (EU 904/2010).

The legislative proposals will be sent to the Council for agreement and to the European Parliament and the Economic and Social Committee for consultation.

Source

European Commission, **[Press release of 8 December 2022](#)** (with more information and Questions & Answers).

Keywords

[VAT system](#), [digitalization](#)