

itm IRISH TAX MONITOR

The Roundtable October 2023

Vat in the Digital Age

The implementation of EU's Vat in the Digital Age reforms looks set to be delayed with the timelines for the extensive reforms expected to be pushed out by a year with the first phase now likely to begin in 2025. Can you outline the main aspects of ViDA and how corporates can best take advantage of the likely extension to prepare?

Philip Nolan – VAT Partner, BDO: In late 2022 the European Commission launched its long-awaited proposals to modernise the VAT rules within the EU collectively known as “VAT in the Digital Age package” (“ViDA”).

The ViDA consists of three key parts, which are very briefly summarised below:

- Digital reporting and E-invoicing
- the introduction of e-invoicing and a two working day digital reporting requirement for all intra-community business supplies on a transaction by transaction basis. Originally proposed to be effective from 1 January 2028.
- The Platform economy
- the introduction of a “deemed supplier”



Philip Nolan

for VAT purposes for certain platforms in the short-term accommodation rental and passenger transport sectors. Originally proposed to be effective from 1 January 2025.

- The Single VAT registration
- the extension of the reverse charge rule for intra-community business supplies and the One Stop Shop for certain supplies to private consumers together

with the introduction of new rules for the transfer of own goods. Originally proposed to be effective from 1 January 2025.

The proposed rules are extensive and complex highlighted by the fact that in July 2023, the European Parliament, as part of the ViDA consultation process, has suggested around 300 amendments are made to the draft legislation and suggested delaying implementation by two years.

We should have more clarity on the position and the proposed implementation timelines by the end of 2023 but to note change is coming and it is now more of question of “When” and not “If”. With this in mind, affected businesses should use the likely extension to familiarise themselves with the proposals so they can assess the likely impact on their business. In particular, on the digital reporting and e-invoicing side, the new requirements will put an additional burden on businesses who need to review the extent to which existing systems will be able to cope with the new e-invoicing (both issuing and receiving e-invoices), and digital reporting requirements under the proposals.