# VAT in the Digital Age
# Pillar 3: Extension of the single place of registration. Are you ready?

4 NOVEMBER 2025



## Presenters

Today's speaker
Stephen Dale
Chair,
VAT and Duties Committee ICAEW

Today's speaker
Michelle Dale
VAT Director
Cooper Parry

Today's moderator
Ed Saltmarsh

# Did you know?

ICAEW's Continuing Professional Development (CPD) Regulations have changed. Members are now required to do a minimum number of CPD hours per year.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

# *Housekeeping*

**Slides**

Slides for this webinar will be made available after the event.

**To ask a question**

Click on the **Q&A** button in the toolbar to open the submit question prompt. Type in your question and click **send**. You can also upvote questions from other delegates.

**Closed captions**

Closed captions are enabled on this webinar. In order to view this feature please click on the “CC Show Captions” icon at the bottom of your screen. Please note that the transcript is automatically generated and errors may occur.

**Recording**

A recording of this webinar will be available to watch later at icaew.com/taxwebinars.

# Poll question

What does ViDA refer to?

a) A small animal from outer space
b) VAT in the Digital Age
c) Visit in(to) Downton Abbey
d) None of the above

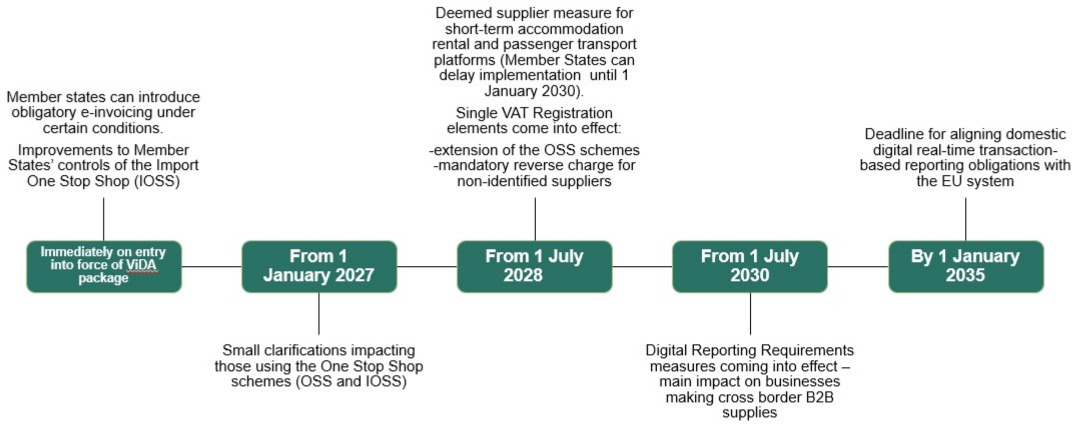
# ViDA package adopted on 11 March 2025

| Pillar 1 | Pillar 2 | Pillar 3 |
|---|---|---|
| **Introduction of Digital Reporting Requirement (DRR)** | **Deemed supplier in platform economy** | **Single VAT registration** - extension |
| Introduction of DRR for intra-EU supplies and ensuring interoperability. | Platforms in passenger transport and short-term accommodation rental sectors to account for the VAT rather than underlying supplier. | Reducing the need for businesses to register in another Member State. |

**Published on 25 March 2025 in the OJEU**

https://eur-lex.europa.eu/oj/daily-view/L- series/default.html?ojDate=25032025

# *Timeline*




# *Commission's Implementation Strategy to support businesses and Member States*

- The European Commission published its implementation strategy for the VAT in the Digital Age (ViDA) package, presenting actions to support businesses and Member States with the practical implementation of the EU's VAT framework updates.
- The ViDA package introduces new digital reporting requirements, addresses challenges in the platform economy sector with specific VAT adaptations, and develops a more streamlined single VAT registration process. The new implementation strategy highlights the different steps required for these measures to enhance the transparency of digital transactions, aligning them with the EU's broader digital policies, and simplifying compliance for businesses operating across borders.
- The implementation strategy provides a roadmap with key action points and dates, ensuring coordinated and effective application. By closely monitoring the integration of ViDA with other legislative efforts, the Commission seeks to fully realise the benefits of a modernised VAT system and strengthen the single market.
- The ViDA package is expected to generate substantial economic benefits, ranging between EUR 172 billion and EUR 214 billion over a decade, including a significant EUR 51 billion in savings for businesses.

VAT in the Digital Age: Implementation strategy to support businesses and Member States – Taxation and Customs Union

## *Pillar 3 – Single place of VAT registration*

- ViDA expands the concept of the single (place of) VAT registration across the EU.
- Extends possibility for B2B supplies by non-established suppliers to be reverse charged – with exceptions!
- Extends the ‘VAT One Stop Shop’ model (current version in place since 1 July 2021).
- Certain measures in the original ViDA proposal – e.g. removal of the €150 threshold for customs duty purposes – have now been integrated into the reform of the Union Customs Code – currently under discussion.
- There will now be four One Stop Shop special schemes as a ‘transfer’ One Stop Shop is added to the other three!

## *Poll question*

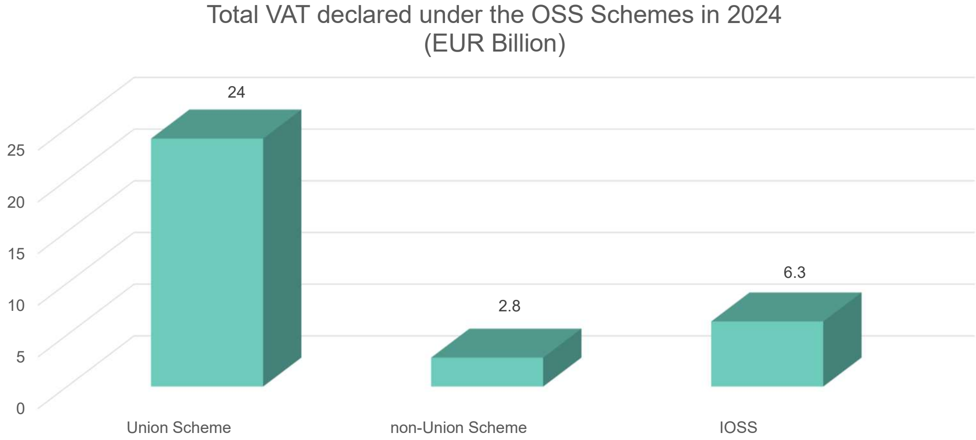
The questions below will highlight to what extent these changes will impact you:

a) I do not currently use an EU OSS
b) I do use an EU OSS
c) I import goods into the EU
d) I use the ‘call off’ stock simplification

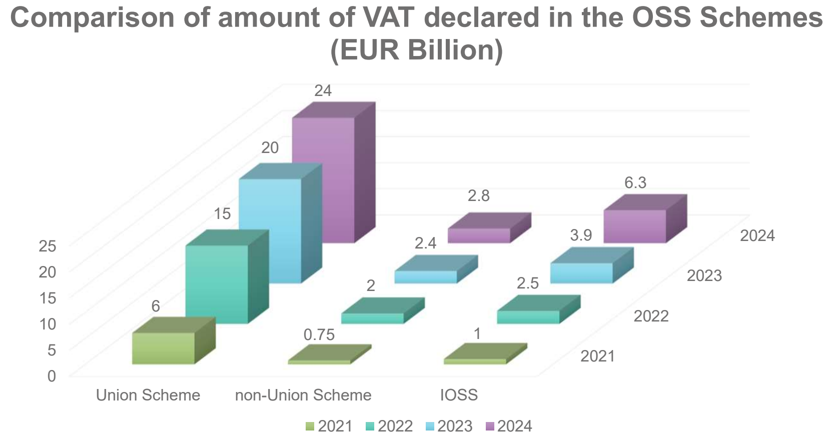
Please answer as many questions as you like.

# The OSS to date – how successful has it been?

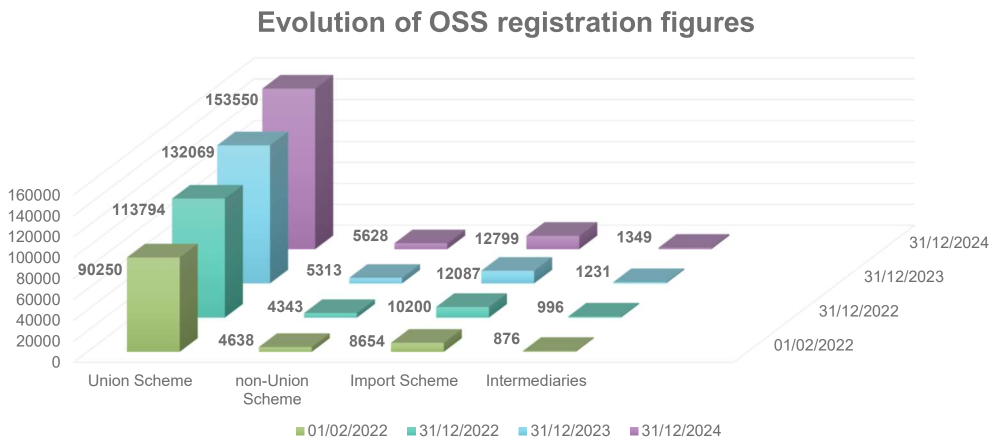
## VAT declared in the One Stop Shop (OSS) special schemes in 2024



# *VAT declared through OSS Schemes: 2021 – 2024 comparative analysis*




# *Registration numbers*



# How and when will Pillar 3 be implemented?

## *Commission's timetable for introduction of Pillar 3*

The challenges in the field of SVR ('single VAT registration') are multiple, with an emphasis on the necessary I.T. developments that are required.

- A first challenge is to successfully steer the Fiscalis Project Group (FPG) which is developing comprehensive solutions to secure the IOSS and which, in turn, should lead to a new Commission Implementing Regulation.
- Equally important are the challenges in relation to the FPG which is dealing with the revision/reality checks of OSS/IOSS registration/exclusion, declaration, payment and recovery processes in order to build a more robust and simplified OSS system. The output of this FPG will lead to short/medium/long term solutions. The short-term solutions will mainly take the form of recommendations and guidelines in order to ease and harmonise the current processes. The medium-term solutions will be included in the revision of the Commission Implementing regulation and the IT release for the implementation of the main SVR elements of 1 July 2028. The long term solutions requiring legislative amendments will be part of a simplification package.
- Further, substantial I.T. changes are to be undertaken such as the development of the specific TOOG module within the OSS. All this will require amendments to Commission Implementing Regulation (EU) 194/2010.

A specific challenge will be the required cooperation between customs and VAT authorities at the level of Member States. Customs will, as mentioned above, be responsible for further securing the IOSS and for updating the customs monthly reports of importations using the IOSS and, access to more IOSS related data is to be provided to them for verifying whether the IOSS VAT exemption at import is correctly applied.

# Commission's timetable for introduction of Pillar 3 – explanatory notes

The Commission will, in collaboration with Member States and businesses, develop detailed explanatory notes on each of the three volets, the aim of which is to ensure that all actors have the same understanding of how the legislation should be implemented. The explanatory notes will be detailed, and will cover, for example, the definition of e-invoices (for DRR); the practical application of the deemed supplier regime (for platforms, including the VAT identification number checks a platform is required to carry out on the underlying supplier); or the operation of the new transfer of own goods module and the mandatory reverse charge (for SVR).

These explanatory notes will be published and widely publicised by the Commission, as it is important that both businesses and Member States have this common understanding in the development of their own internal processes and systems.

# Commission's timetable for introduction of Pillar 3 – specific actions

Q1 2026 - SVR – legislative action Adoption Commission Implementing Regulation re elements with entry into force 01/01/2027 and 01/07/2028

Q3 2025- Q3 2026 - SVR – legislative action Pilot project – secure IOSS Pilot project to be run before Commission Implementing Regulation can be drafted.

Q4 2026 - SVR – legislative action Adoption – Commission Implementing Regulation secure IOSS Including consultation of EDPS

01/01/2027 - SVR- improvements to OSS schemes - Entry into force of certain elements Inclusion group of 4 in the deemed supplier provision; calculation method of €10.000 threshold; chargeable event for supplies in the (non-Union) scheme; non-union OSS covering supplies to customers not in the EU; determination of refund procedures; update date for (I)OSS registrations; IOSS and SME mutually exclusive; allow OSS for B2C under Art. 39

Q2 2027 - SVR – legislative action - Adoption Commission Implementing Regulation re SAF-OSS element with entry into force 01/07/2028

2027 SVR - I.T. action Development and testing of secure IOSS solution Including adoption of functional and technical specifications

1 July 2028 - SVR and Platforms Entry into force of main elements Main SVR elements: mandatory reverse charge; allowing OSS for B2C supplies under art. 36, 37 and without transport (or within one Member State); new TOOG module Improvements making the OSS/IOSS system more robust: ; improvement correction mechanism; list of underlying suppliers to be kept by marketplaces; access IOSS data by customs; extended SAF-OSS audit file; allowing certain zero rated supplies in (I)OSS; interaction OSS and SME; ; new reporting obligations from platform to underlying suppliers

# Simplification of reporting B²B transactions within a single Member state

## *B²B transactions within a single Member state*

**15 Member states currently apply Article 194 and not all in the same manner!**

- The new Article 194.1(a) (B²B supplies) from 1 July 2028 will be mandatory for supplies by non-established suppliers (and non-VAT registered) to VAT registered customers in the Member State (MS) of taxation.
- In addition, MS **<u>may</u>** provide for a reverse charge even when the non-established business is VAT registered in the MS of taxation – Article 194.1 (b)
  - Recapitulative statements will be required – new Article 262.1.c – not for exempt supplies – where reverse charge applied
  - Input tax recoverable under Directive 2008/9/EC or 13th VAT Directive (unless otherwise registered)
  - The 'B' customer is only required to be VAT registered in the country of supply (and not also established).
  - Invoice to be issued within 15 days of the end of the month of the supply from 1 July 2028 then within 10 days of the chargeable event from 1 July 2030 – Article 222.1 amended.

SD1

# *B²B transactions within a single Member state*

The following ViDA amendments to Directive 2006/112/EC take effect from 1 July 2028

Article 194

1. (a) Without prejudice to Articles 195 and 196, where the taxable supply of goods or services is carried out by a taxable person who is not established and not identified for VAT purposes, by means of an individual VAT identification number as referred to in Article 214, in the Member State in which the VAT is due, the taxable person liable for payment of VAT ***shall*** be the person to whom the goods or services are supplied if that person is already identified for VAT purposes in that Member State.

(b) In addition, where the taxable supply of goods and services is provided by a taxable person who is not established in the Member State in which the VAT is due, Member States ***may***, in accordance with conditions which they lay down, provide that the person liable for payment of VAT shall be the person to whom the goods and services are supplied.

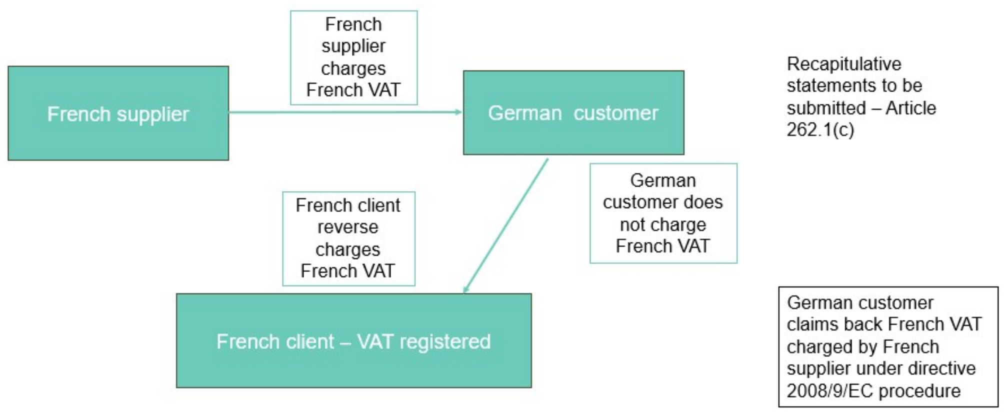
2. Paragraph 1 of this article shall not apply to a supply of goods carried out by a taxable dealer as defined in Article 311(1), point (5), where the goods are subject to VAT in accordance with the special arrangements provided for in Title XII, Chapter 4, Section 2 of this Directive.

**The following slides are only examples – we do not yet know which MS will/will not exercise the option in b) above nor under which conditions.**

SD1

# *B²B transactions within a single Member state – Example 1*

In this example French supplier supplies goods in France – which remain in France - to a German customer who on supplies the goods to his French client. German customer is ***not*** VAT registered in France



**Slide 21**

**SD1** Last sentence in red added
Stephen Dale, 2025-10-30T10:03:34.061

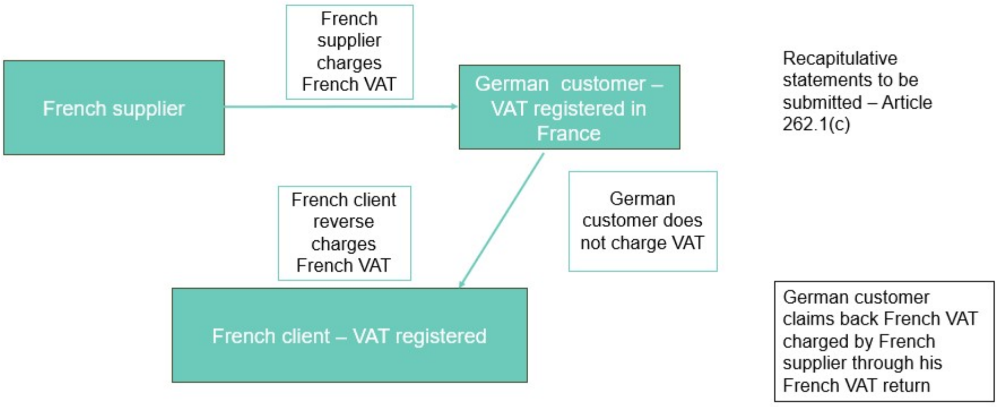
**Slide 22**

**SD1** I can't modify this slide (it's an image). Can you move down the text box 'French client reverse…' closer to the box 'French client …'  and away from the top arrow please?
Stephen Dale, 2025-10-30T09:52:45.114

SD1

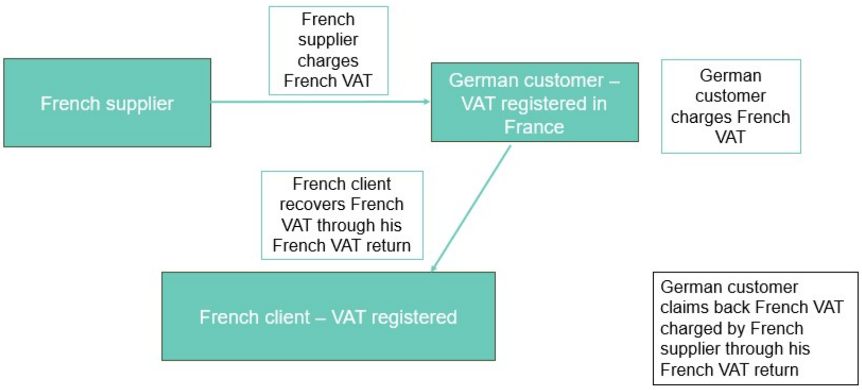
# B²B transactions within a single Member state – Example 2

In this example French supplier supplies goods in France – which remain in France - to a German customer (VAT registered in France) who on supplies the goods to his French client. German customer's client (French client) is VAT registered in France.
Assumes for example France applies the option in Article 194.1 (b)




# B²B transactions within a single Member state – Example 3

In this example French supplier supplies goods in France which remain in France - to a German customer who on supplies the goods to his French client. German customer's client is VAT registered in France.
Assumes for example France does not apply the option in art 194.1 (b)



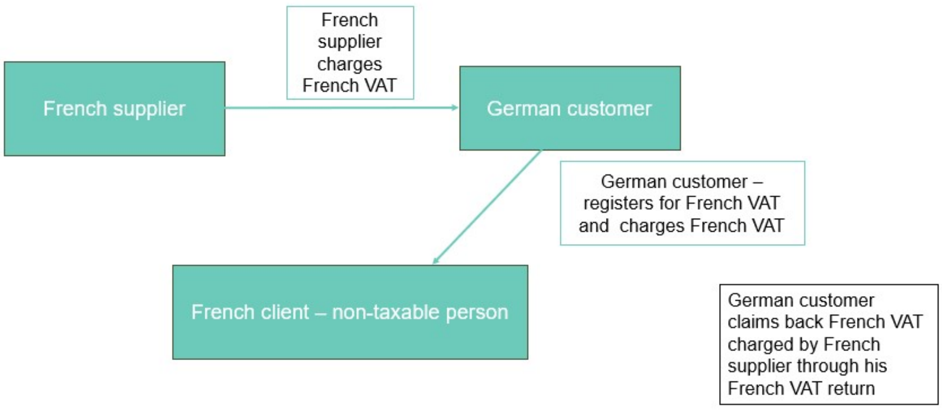
## Slide 23

**SD1** Same comment here as for slide 22

Stephen Dale, 2025-10-30T09:53:35.856

# B²C transactions within a single Member state – Example 4

In this example French supplier supplies goods in France which remain in France - to a German customer who on supplies the goods to his French client – a non-taxable person. German customer's client is not VAT registered in France.




# Poll question

I sell goods in Germany, acquired in Germany – will I from July 2028

a) Have to register for and invoice German VAT
b) Tell my customer to reverse charge the German VAT
c) If the reverse charge applies, invoice within 15 days of the month within which the supply took place
d) Invoice within 10 days of the chargeable event
e) None of the above

# Deemed suppliers – goods and OSS thresholds

## *Deemed supplier (goods).*

Deemed supplier rule for goods only to apply to non-EU underlying suppliers as at present – but leaves fraud possibilities (1). Amendments made to Article 14a (**with effect from 1 January 2027**) and will then include supplies to taxable persons.

In addition, 'The Commission shall, at the latest by 1 July 2027, present to the European Parliament and to the Council, on the basis of information obtained from the Member States, an assessment report on the functioning of the deemed supplier rule and, where appropriate, submit a legislative proposal for its further extension'.

(1) https://www.lefigaro.fr/secteur/high-tech/fraude-a-la-tva-sur-des-smartphones-reconditionnes-back-market-denonce-cdiscount-au-fisc-20241112

## *Amendments to the One Stop Shop regimes – Articles 358 to 369xk refer*

**The below takes effect from 1 January 2027**

- For the calculation of the EUR 10 000 threshold for TBE services and intra-Community distance sales of goods, only intra-Community distance sales of goods carried out from the Member State where the taxable person is established or domiciled are to be taken into consideration (Article 59c).
- The option for intra-Community distance sales of goods to be taxed in the country of destination ***(i.e. total value of sales and TBE not more than EUR 10 000)*** shall be granted by the authorities of the Member State where the taxable person is established or domiciled. This option is deemed to have been exercised by the mere registration in the Union OSS (Article 59c 3.).

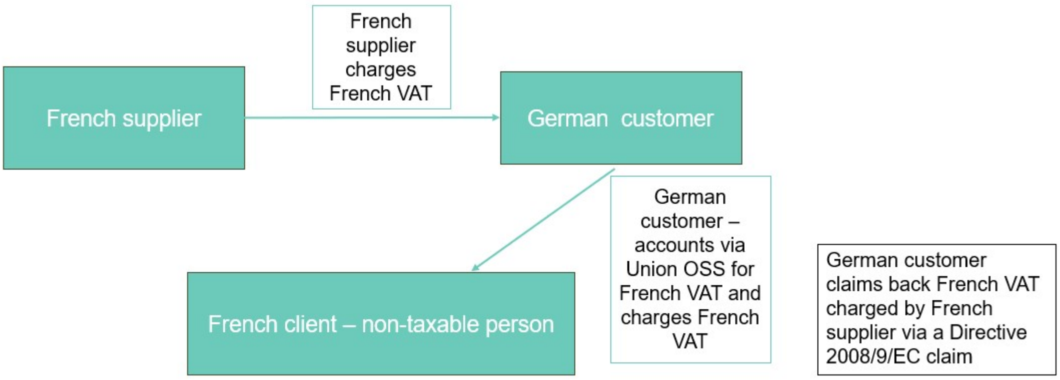
## *Amendments to the One Stop Shop regimes – cont.*

- The OSS non-Union scheme applies to all supplies of services carried out by taxable persons not established within the Community to all non-taxable persons (Article 359) not just those established in the MS of taxation.
- The supply of gas through a natural gas system situated within the territory of the Community, … the supply of electricity or the supply of heat or cooling energy through heating or cooling networks, … Such supplies will qualify as an intra-Community distance sale of goods and can be declared in an OSS return (Article 369aa).
- Taxable persons subject to the special SME scheme**(1)** cannot make use of the IOSS (Article 369m).
- OSS now also to cover:
  - supplies of goods with installation or assembly
  - supplies of goods on board ships, aircraft or trains
  - domestic supplies of goods, eg local markets

(1) Non-EU small enterprises cannot apply the SME scheme. In the context of the SME scheme, small enterprises established in the United Kingdom, including Northern Ireland, are non-EU small enterprises. https://sme-vat-rules.ec.europa.eu/index_en

## B²C transactions within a single Member state – example of France with use of OSS by German company (customer)

In this example French supplier supplies goods in France which remain in France - to a German customer who on supplies the goods to his French client – a non-taxable person. German customer's client is not VAT registered in France.




# Transfers of own goods

## *Transfers of own goods within the EU – new special scheme (1 July 2028)*

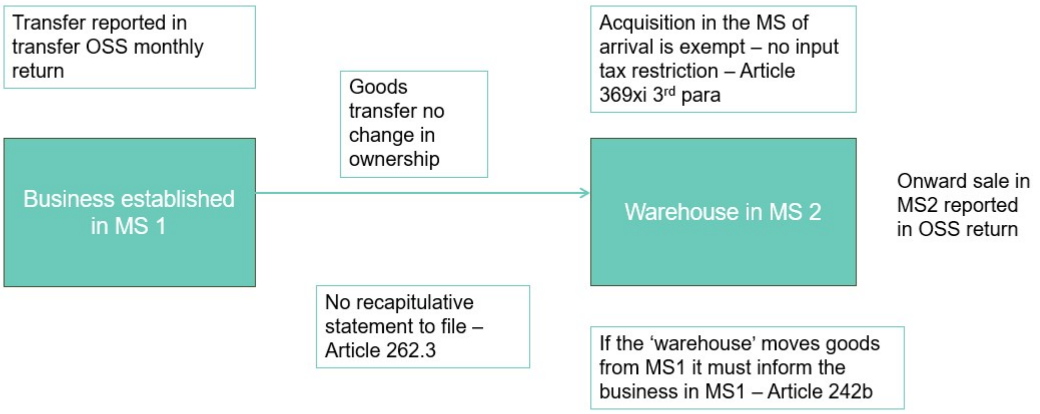
- What does this cover?
  - The transfer of goods to another Member State in accordance with Article 17(1) and does not include transfers of goods in relation to which there is no full right of deduction in that Member State.
  - See detail of reporting and filing obligations in amended Implementing Regulation 282/2011 eg new Articles 57a to 63d included.

- Any taxable person making transfers of own goods, as defined in Article 369xa, can register to use this special scheme – see the definition of MS of identification which is very detailed - in which case all of their relevant transfers will be covered by the special scheme (Article 369xb).
- Article 369xc requires taxable persons making use of the scheme to inform their Member State of identification, by electronic means, on commencement, cessation or changes to their taxable activities covered by this special scheme.
- Article 369xd provides that a taxable person using this special scheme shall, for the purpose of transfers covered by that scheme, be identified in the Member State of identification only.

## *Transfers of own goods within the EU – new special scheme (1 July 2028) – Article 369xa-369xk*

- Article 369xe – exclusions from the scheme - goods not giving rise to a full right to deduct eg cars in certain Member states
- Article 369xf – monthly returns (even if NIL) – submitted end of month N+1
- Acquisition in MS 2 is exempt (with full right to deduct) – Article 369xi
- No input tax deduction – under special scheme in MS 2 – so must use refund directives (2008/9/EC or 13th VAT Directive) or local return
- Obligation to keep detailed electronic records (for 10 years) – Article 369xk
- Correction made to add transfers into Article 138 – amending Article 138(2) (c)

## *Transfer of own goods One Stop Shop example*




## *Call-off stock 'quick fix' withdrawn*

- The transfer of goods OSS removes the need for a 'quick fix' for call-off stock.
- The call-off stock arrangements are amended and introduce a cut-off date, 30 June 2028, beyond which no new transfers of stock under the existing call-off stock arrangements can be carried out.
- Article 17a, (call-off stock arrangements) is amended by the insertion of a new paragraph to state that the Article will cease to apply with effect from 30 June 2029.

## *Poll question*

I use the IOSS – do I have to…….

a) Appoint a tax representative to declare my transactions
b) Issue a VAT invoice to my customer
c) Pay import VAT on the importation of my goods into the EU
d) Charge the VAT of the destination country on my invoice
e) None of the above

## *Poll question*

If you use the stock transfer OSS, will you need to……

a) Register for VAT in the MS of arrival of the goods
b) File recapitulative statements
c) Inform the MS of despatch of the goods
d) Deduct input VAT of the MS of destination in this OSS return
e) None of the above

# Modifications to the IOSS regime

## *Amendments to the IOSS*

- The proposal to render the IOSS compulsory has been dropped from ViDA (now included in the proposed reform of the UCC – to be discussed again at ECOFIN on 13 November and €150 threshold) but a number of changes to the existing IOSS arrangements in place since 1 July 2021 are made in relation to information to be provided to prevent IOSS number fraud. Directive amended as regards for example how corrections are to be declared – see Article 369t.
- See also amendment to the Implementing Regulation 282/2011 in 14963/24 - Draft Council Implementing Regulation amending Implementing Regulation (EU) No 282/2011 as regards information requirements for certain VAT schemes.
- See also amendments to Regulation 904/2010 as regards data sharing re the IOSS

# *IOSS interim measures – EU Directive 2025/1539*

- New directive adopted 18 July 2025, effective 1 July 2028, would make sellers (or marketplaces facilitating the sale) of distance sales of imported goods liable to pay import VAT if they are not registered under the IOSS.
- Non-EU traders not registered under the IOSS would be required to appoint a tax representative assuming all VAT obligations related to all eligible import consignments. However, that obligation would not apply if the trader were to be established in a country listed in Commission Implementing Decision (EU) 2021/942 (currently Norway).
- Where the IOSS is not used, the import VAT on eligible consignments would be collected directly by the member state (via the tax representative) where the import occurs.
- Member states may allow the customer to pay the import VAT if the supplier fails to use the IOSS or to appoint a tax representative as above. If the customer had already paid the VAT to the supplier his action for recovery would be under domestic legislation.

# *Amendments to the OSS and IOSS returns*

- From 1 July 2028 - For each of the non-Union, Union and import OSS, amendments to any VAT return must be included on the return to be filed when the amendments are identified.
- Where amendments are identified in respect of a VAT return already submitted, these are to be included in a VAT return of a subsequent tax period up to three years after the date on which the initial VAT return was required to be submitted.

## *Questions*

## *Contact*


Michelle Dale
VAT Director
Cooper Parry
michelle.dale@cooperparry.com
Tel: 0161 236 6936

Member of the ICAEW VAT committee

Member of the CIOT Manchester Branch committee

VPG member

Stephen Dale
Associé
stephen.dale@groupe-roosevelt.com
Tél. +33 (0)614670747
31, rue Tronchet
75008 Paris

Chair of ICAEW's VAT and Duties Committee
Board member and former President of the IVA
Member of the Board of the APTVA (E)
Member of the OECD's TAG (working with WP9)
Former member of the EU's VAT Expert Group
Former member of CFE's Indirect Tax Committee
Member of the Board of the ARFF
Elu de la République

## *Upcoming Tax Faculty webinars*

- 12 November: VAT in the Digital Age EU E-invoicing explained
- 28 November: Tax Faculty Autumn Budget update

For further details on all events visit icaew.com/events

## *Thank you for attending*

- Please take the time to fill out our short survey

- Contact the Tax Faculty
- Phone: +44 (0)20 7920 8646
- Email: taxfac@icaew.com
- Web: icaew.com/taxfac

This webinar is presented by the Tax Faculty. Tax Faculty membership gives you access to exclusive premium resources including our regular e-bulletin, webinars, discounts on events and conferences and extensive online resources to support your career.

ICAEW, Stephen Dale and Michelle Dale will not be liable for any reliance you place on the information in this presentation. You should seek independent advice.

ICAEW

icaew.com