

VAT in the Digital Age (ViDA)

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The invoice of the future is electronic. And the future is closer than you think... Here's why:

ViDA - Draft Directive of the EU Commission

On December 8, 2022, the European Commission published a new draft directive on the "VAT in the Digital Age" (ViDA) initiative. In this context, the currently applicable VAT law within the EU is to be modernized and designed more for the digital age.

The measures to implement the directive include the introduction of further digital reporting requirements, simplifications to the registration requirement in other EU countries and new regulations for the operators of electronic platforms.

As part of the introduction of a new digital reporting requirements (DRR) system, the issuing of e-invoices for cross-border deliveries and services within the EU is to become mandatory from 2028.

As of 2024, the previous definition of an **electronic invoice** will be adjusted as a first step. An electronic invoice is an invoice that is issued, sent and received in a structured, electronic format. It must be possible to process the invoice automatically and electronically.

The invoice requirements will be increased from the year 2028. In the future, the following additional mandatory information must be included:

- Supplier's bank account/IBAN
- agreed due date, as well as the amount of each payment
- in the case of invoice corrections, the original invoice number of the corrected invoice

New invoice issuance deadlines

For invoices for intra-Community deliveries, intra-Community transfers and for other services when the reverse charge procedure is applied, the period for issuing invoices will be shortened. As of January 1, 2025, invoices must be issued no later than the 15th day following the month in which the service was performed.

From January 1, 2028, the invoice issuance deadline for cross-border transactions will be further reduced to two business days.

Digital reporting requirements

The DRR will replace the previous recapitulative statement. A new feature is that intra-Community acquisitions and reverse charge transactions are also to be reported.

In addition, the DRR will be more time-consuming, since the deliveries can no longer be summarized as a total, as was previously the case, but must be reported at the individual transaction level – each transaction separately. Accordingly, collective invoices for different supplies are no longer possible.

The deadlines for submitting the DRR are to be shortened considerably in order to ensure timely reporting (near real-time reporting). According to the current draft, the data must be reported within two working days of the invoice being issued.

Overall, it is clear that the topics of electronic invoices and reporting obligations will become increasingly important in the future. In view of the planned changes, entrepreneurs face major challenges in adapting their invoice issuing processes and converting their systems accordingly. It is therefore probably advisable to deal with the issues at an early stage and to keep an eye on developments, particularly with regard to the timing of implementation.

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