

Electronic Invoicing in EU VAT law

Current rules on invoicing according to VAT Directive:

- Electronic invoice = issued and received in **any electronic format** (art. 217 VD)
- Paper and electronic formats were equally valid (art. 218 VD)
- Issuance Deadlines for ICSs & B2B reverse charge: 15 days after month of chargeable event
- Electronic invoices required customer acceptance (art. 232 VD)
- Invoice must contain 15 mandatory elements (art. 226 VD)
- Responsibility of supplier for both electronic and paper invoices achieved via business controls ensuring a reliable audit trail

Amended rules on invoicing according to ViDA Directive (as of as of 1 July 2030):

- Electronic Invoice = only documents issued, transmitted, and received in **structured format** (e.g. XML); must allow for automated and electronic processing (Art. 217(1) VD)
- Structured Format & Scope (Art. 218 VD):
 - General rule: All invoices shall be issued as e-invoices;
 - Exceptions: MSs may allow paper/electronic invoices in other formats outside digital reporting scope (for ICS and reverse charge)
- Formats (syntaxes) allowed:
 - UN/CEFACT CII XML (SCRDM – 16B)
 - UBL (ISO/IEC 19845)
- MSs obliged to ensure that invoices: include required data and Follow approved technical standards.
- Invoice deadline for ICS & reverse charge: 10 days (art. 222 VD)
- New content requirements (triangular transactions; sequential number for corrections; supplier's bank account; art. 226 VD):
- Structured E-invoices: Not subject to buyer acceptance (art. 232 VD)
- Right of deduction may depend on condition of holding structured E-invoice (art. 168 VD)

Challenges Preceding ViDA reform:

- **Divergent National Rules:** VAT Directive allowed Member States to set invoicing rules for domestic supplies, leading to fragmented frameworks.
- **Legal Derogations:** France, Germany, Italy, Poland, and Romania deviated via art. 395 VD.
- **Data Exchange Issues:** Lack of harmonization hindered effective cross-border tax data exchange.
- **Delay in Fraud Detection:** 15-day issuance deadline (Art. 222 VD) too slow for timely fraud response, especially in intra-community supplies.

Research questions:

- How the new rules on e-invoicing will affect the Internal Market?
 - Step 1: Proper interpretation of the ViDA Directive (wording, object and purpose)
 - Step 2: Establishment of the leeway for the Member States in respect of the new rules
 - Step 3: Influence of the basic principles of EU VAT law (naturalness, proportionality) and CJEU case law on interpretation of the new law
 - Step 4: Would ViDA changes realistically achieve the established objectives?

ViDA Objectives:

- Harmonize invoicing rules across the EU (p. 4 ViDA preamble)
- Introduce a single data standard for invoice (pp. 5, 6, 9 ViDA preamble)
- Accelerate transmission of invoicing data to tax authorities (pp. 4, 8, 10 ViDA preamble)