



Study on the evaluation of invoicing rules of Directive 2006/112/EC

Final Report

Executive Summary

January 2019



CASE – Centrum Analiz Społeczno-Ekonomicznych
CASE – Center for Social and Economic Research



EUROPEAN COMMISSION
Directorate General for Taxation and Customs Union
Directorate C – Indirect Taxation and Tax Administration
Unit C.1 – Value Added Tax
E-mail: TAXUD-UNIT-C1@ec.europa.eu

European Commission
B-1049 Brussels

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Luxembourg: Publications Office of the European Union, 2019

ISBN 978-92-79-99300-8

doi: 10.2778/771345

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Acronyms and Abbreviations

B2B	Business-to-Business
B2G	Business-to-Government
BCAT	Business Controls that create a reliable Audit Trail
eIDAS	electronic IDentification, Authentication and trust Services
EU	European Union
GDPR	General Data Protection Regulation
MS	Member States
p.p.	Percentage Points
PDF	Portable Document Format
SID	Second Invoicing Directive
SME	Small and Medium Enterprises
VAT	Value Added Tax

1 INTRODUCTION

This Evaluation Study was prepared for the European Commission – Directorate General for Taxation and Customs Union and it is intended to contribute to the forthcoming Commission Evaluation of the VAT invoicing rules. The Study deals with the invoicing rules included in Directive 2006/112/EC¹ (hereinafter the 'VAT Directive'), and, in particular, with those affected by the Second Invoicing Directive² (hereinafter SID, or the 'Directive').

The Directive aims at reducing regulatory fragmentation, by making VAT invoicing rules more similar across the Member States, and simplifying rules on invoicing and e-invoicing, contributing to four general objectives, namely:

- 1) the reduction of the administrative burdens on businesses;
- 2) the reduction of VAT fraud;
- 3) the proper functioning of the Internal Market;
- 4) SME promotion.

Consistently, the Study has four main objectives, namely:

- 1) measuring the **decrease in the administrative burdens for businesses**;
- 2) assessing the **degree to which the new rules on e-invoicing have contributed to the uptake of this technology**;
- 3) assessing the role played by the new invoicing rules **to support EU Member States' efforts to tackle VAT fraud and improve tax compliance**;
- 4) formulate **evidence-based possible ways forward**.

2 OVERVIEW OF METHODOLOGY

The Study follows the Better Regulation Guidelines of the European Commission, thus assessing the working of the EU invoicing rules over five evaluation criteria: (i) relevance; (ii) effectiveness; (iii) efficiency; (iv) coherence; and (v) EU added value. The assessment is preceded by the inquiry of the transposition and implementation of the Directive, and then complemented by a forward-looking analysis.

The Study builds upon various streams of data collection activities, and namely:

- 1) a legal mapping exercise, through which information on the current national invoice requirements and those in force prior to the SID was collected for all Member States;
- 2) a number of familiarization interviews with informed EU-level stakeholders;
- 3) a targeted consultation in seven fieldwork Member States³, with national tax authorities, business federations, economic operators, VAT practitioners, and providers of e-invoicing services;
- 4) a targeted consultation of the tax authorities in the remaining Member States, carried out via email;
- 5) a targeted consultation of VAT practitioners, carried out via email;
- 6) a business survey of about 2,000 companies in eight Member States⁴, to measure the e-invoicing uptake and get insights on the most commonly used solutions and the remaining barriers to its adoption;
- 7) a public consultation, run by the European Commission between June and September 2018, with 177 respondents from 23 Member States.

¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax.

² Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing.

³ Germany, France, Italy, the Netherlands, Poland, Portugal, and Romania.

⁴ Germany, Spain, France, Italy, the Netherlands, Poland, Romania, and Sweden.

All in all, 202 public and private stakeholders took part to the fieldwork targeted consultation and the written survey of tax authorities and VAT practitioners.

3 Summary of the key findings

The Directive was one of the factors in **supporting the growth in the use of e-invoicing** among EU businesses since 2014. This resulted in a reduction of administrative burdens for companies of about EUR 920 million over the period 2015-2017, of which about EUR 540 million in 2017. These savings represent the bulk of the regulatory cost savings generated by this legislative act, which, overall, **amount to EUR 1.1 billion over the 2015-2017 period**. Differently, the Directive had a negligible impact on the fight against VAT frauds, as the simplifications to e-invoicing and invoicing rules did not affect tax control activities nor caused costs for tax administrations. As its provisions were largely considered as working well by the stakeholders, few changes to the current legal framework are warranted in the short-term, and, whenever possible, only by means of soft law instruments. In the medium-term, a revision of the VAT Directive to promote the use of automatically-processable e-invoices and the diffusion and harmonisation of additional e-reporting requirements⁵ may be considered. Here below, the main findings are described more in details over the following thematic areas: (i) e-invoicing rules; (ii) invoicing rules; (iii) tax control; and (iv) SME promotion.

3.1 e-Invoicing rules

Transposition, implementation, and legal change. The Directive introduced three main changes to the EU legal framework for e-invoices: (i) a new e-invoice definition; (ii) the principle of equal treatment between paper and e-invoices; and (iii) the principle of technological neutrality. **These changes have been introduced evenly across all the Member States.** Being norms of principle, rather than detailed prescriptions, even when the national provisions are slightly different from the text of the Directive, there appears not to be any problem of incorrect transposition. More in details:

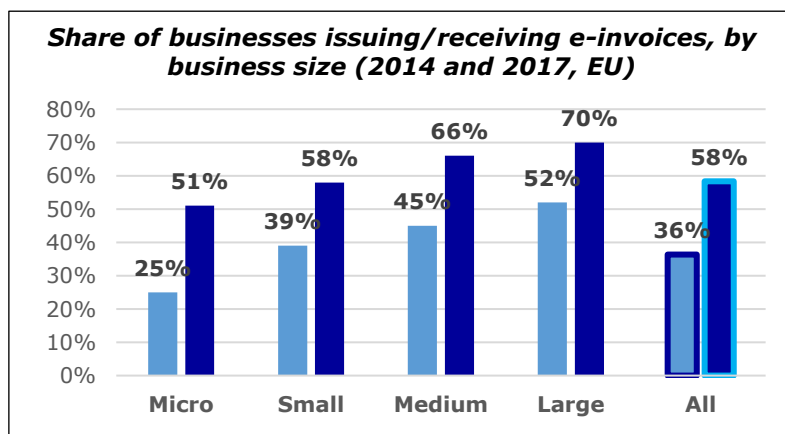
- 1) as for the **definition of e-invoice**, in the vast majority of Member States (24), the amended national VAT legislation includes a definition of e-invoice fully in line with the Directive. In the remaining four Member States, either the definition of e-invoice has not been introduced or the national definition is somewhat diverging from the one contained in the Directive;
- 2) to ensure the **principle of equal treatment**, legislative requirements on e-invoices going beyond those that apply to paper invoices were removed in all Member States in which they were in place. A few Member States introduced requirements that exclusively affect the use of e-invoicing, such as an obligation to certify the software used to create e-invoices or a preliminary authorization for outsourcing e-invoicing to a service provider.
- 3) with respect to the **principle of technological neutrality**, this has been uniformly transposed in the EU, as no Member State establishes the use of particular e-invoicing technologies. Four Member States adopted a comparatively less open approach, as they only accept the e-invoicing solutions explicitly mentioned in the national legislation. However, the foreseen options are defined broadly enough to ensure the taxpayers' freedom of choice.

⁵ I.e. the requirements for taxpayers to submit electronic information about the invoices exchanged, such as reports on business transactions, extracts of invoices, declarations of other fiscal data, and VAT records.

Relevance. Both the fragmentation and complexity of e-invoicing rules across the EU were largely addressed by the Directive, as demonstrated by the number of Member States adopting a more coherent and liberal approach to e-invoicing and the removal of national specific requirements. Thus, **the Directive effectively addressed the needs of economic operators and supported the establishment of a legal framework conducive to an increase of the e-invoicing uptake**, especially by affirming the principle of the equal treatment of paper and e-invoices and the acceptance of e-invoices in PDF format. The technological neutrality principle is also widely appreciated and considered as striking a delicate balance between the flexibility needed by companies to adapt their compliance strategies to their organisation, on the one side, and, on the other, the need to provide clear 'safe harbours' to satisfy what appears to be the main concerns of all stakeholders: a reasonable certainty of legal compliance. **The option to ensure e-invoice Integrity and Authenticity by means of 'Business Controls that create a reliable Audit Trail' (BCAT)⁶ is the only provision regarded as cumbersome**, as it remains insufficiently defined, both at EU level and in most Member States, and subject to a limited enforcement so far. Still, the problem remains largely theoretical, given the limited level of actual compliance reported by the economic operators, especially by small and micro companies.

Effectiveness and Efficiency. In 2017, according to the Study estimates, about **5 billion e-invoices were issued in the EU**, that is slightly more than a quarter of the 18 billion invoices issued. About 60% of the e-invoices were issued in unstructured format, i.e. in a format which does not allow for its automatic processing.

Since 2014 the uptake of e-invoicing in the EU has grown considerably. The estimated average annual increase in the uptake of unstructured e-invoices (i.e. PDF files sent via e-mail) between 2014 and 2017 varied between 6 percentage points (p.p.), for companies with more than 10 employees, and 8.5 p.p., for micro companies. For structured e-invoices, which are automatically processable documents, the annual growth was lower, at about 4 p.p., for all business sizes. The uptake of e-invoices in 2014 and 2017 per size class is shown in the figure below.



The Directive had a measurable impact in **increasing the rate of adoption of unstructured e-invoices**, because of the simplifications which encouraged companies to switch from paper invoices to PDFs. The impact was felt more strongly across micro companies, as they were less equipped to deal with the pre-existing

requirements. In quantitative terms, the Directive is estimated to have caused **an additional growth amounting to about 1.6 p.p. per year, for micro companies, and ranging between 0.4 and 0.5 p.p., for companies with more than 10 employees**. Differently, no significant role was played by the Directive in the uptake of structured e-invoices. Other main factors behind the e-invoicing uptake were (i) the behaviour of customers and suppliers, that can either push for or start accepting e-invoices, and (ii) for structured e-invoices, the imposition of an obligation to use e-invoicing in B2G transactions.

By removing a number of divergent national requirements, the Directive contributed also to **increase the use of cross-border e-invoices**, and, thus, to the functioning of

⁶ That is a set of procedures or documents that allow matching an invoice and the corresponding supply of goods or services.

the Internal Market. Indeed, while in 2014 e-invoices were comparatively less used in intra-EU transactions, today the number of intra-EU traders using this technology is in line with or slightly higher than the overall uptake.

The higher uptake of e-invoicing is the main driver of the reduction in administrative burdens that can be attributed to the Directive. The issuance of a higher number of unstructured e-invoices is estimated to have generated about EUR 920 million of cost savings over the 2015-2017 period, and EUR 540 million in 2017. As for unstructured e-invoices received, the savings amount to about EUR 6 million over the whole period. As no significant regulatory cost results from its provisions, the **net impact of the Directive can soundly be estimated as positive.**

Coherence. The rules provided by the Directive are largely coherent with the other EU policies in the area of e-invoicing. However, two inconsistencies of a limited severity are worth mentioning. First, the e-invoice definition adopted by the VAT Directive and the Directive on the use of e-invoicing in public procurement⁷ is different, as the latter only refers to automatically-processable e-invoices. While it does not create practical problems, a minority of stakeholders pointed out that the definition adopted by Directive 2014/55 is more up-to-date and better supports the full realising of e-invoicing benefits. Secondly, some stakeholders observed that e-seals, which have been introduced with the approval of the new eIDAS Regulation, are not the methods for proving integrity and authenticity listed in the VAT Directive. Other EU initiatives, and, in particular, the European Multi-Stakeholder Forum on e-Invoicing and the work carried out by the European Committee for Standardization, supported the working of the VAT rules on e-invoicing.

EU Added Value. About 60% of the benefits generated by the simplification of e-invoicing rules are estimated to have occurred because of e-invoicing rules being enacted at EU level. If that had not occurred, only some Member States would have further simplified e-invoicing requirements spontaneously. On this basis, the **EU added value in this area is estimated at about EUR 570 million over the 2015-2017 period.** With respect to the harmonisation of e-invoicing requirements the qualitative analysis shows that most of the benefits in this area would have not occurred without the SID.

Possible ways forward. Few revisions could be introduced to address the existing needs of business stakeholders in the area of e-invoicing:

- the BCAT option is the single aspect remaining complex, not uniformly interpreted by tax authorities, and poorly applied by economic operators. Thus, **more detailed guidance on BCAT could be provided in an updated version of the Commission Explanatory Notes**, consolidating the existing national practices. To the contrary, a radical revision, moving towards a more dogmatic or substantive approach to the application of the BCAT option, seems largely inappropriate.
- The updating of the Explanatory Notes could also **fill the few existing gaps in the legal definition of e-invoices**, such as the unclear identification of what the 'original' invoice is when different forms/formats are used within the same exchange, which reportedly negatively affects the provisions of e-invoicing services.
- The technological landscape for e-invoicing has remained quite stable since the Directive was adopted, and new e-invoicing solutions have neither been introduced nor are in sight. This implies that the methods to prove the e-invoice Integrity and Authenticity mentioned in the Directive remain valid. The only reasonable revision of Article 233 could be the **addition of e-seals.**

⁷ Directive 2014/55/EU of the European Parliament and of the Council on electronic invoicing in public procurement.

In order to unleash the full potential of e-invoicing, the Commission is invited to reflect on whether and how **structured and unstructured e-invoices should be distinguished in the definition**. Indeed, only automatically-processable structured e-invoices allow for a full (or quasi-full) automatization of the invoicing process, and thus to maximise the reduction of administrative burdens. A gradual approach could consist in revising Article 217 to clearly differentiate between structured e-invoices and other invoices (including both PDFs and paper ones). The adoption of the former electronic form could be promoted by removing other regulatory obligations for taxable persons which adopt it, or via monetary incentives in combination with free access to e-invoicing systems and platforms. The time seems not yet ripe to consider a more radical revision, i.e. considering only structured e-invoices as a valid document to claim VAT deduction. However, this may well be on the table in the medium term, especially if the Italian experience⁸ shows that the net impact of this measure is positive and significant.

Finally, three considerations concern regulatory trends, which fall outside the scope of the EU invoicing rules, but have been affecting the e-invoicing uptake:

- 1) **Mandatory e-invoicing requirements for B2G transactions** were adopted by several Member States over the last five years in a rather disharmonized way. However, the situation is still in a flux, given that the European standard has just been adopted, and that certain provisions of the Directive 2014/55 still have to come into force. More time is needed for the effects of the recent change to occur and only then consider whether and to what extent the current differences remain a barrier to cross-border B2G transactions and, thus, require a harmonisation measure.
- 2) In the last five years, an increasing number of Member States introduced **a diversified set of additional e-reporting requirements** to fight against tax evasion, which risks making fruitless some of the harmonization gains achieved by the Directive in the area of invoicing rules. However, addressing this emerging issue by a revision of the invoicing rules, and, in particular, of the content of standard invoices seems counterproductive at the moment. Indeed, given the cross-country differences in the e-reporting requirements adopted at national level, this would risk re-introducing complexity in the invoicing rules.
- 3) The complexity and regulatory fragmentation of **archiving rules for e-invoices** have increased unevenly since the transposition of the Directive. In this area, intervening via the EU VAT legislation is difficult, since detailed rules on the storage of fiscal documents are left to Member States. A possible solution could consist in the creation of a **standard for a European cloud service** in which e-invoices could be stored in compliance with the VAT Directive. Such a technical solution could represent a viable tool for economic operators and providers of e-invoicing and e-archiving services in an area where further legal harmonization could be difficult to achieve.

3.2 Invoicing rules

Transposition, implementation, and legal change. The Directive caused a number of changes in the national invoicing rules. These include both mandatory requirements, and optional simplifications:

- the **mandatory requirements** encompass: (i) the changes to the clauses to be included in standard invoices; (ii) the prohibition for Member States to require invoices for the intra-EU provision of financial services; (iii) the introduction of simplified invoices for transactions up to EUR 100 and amending documents; (iv) the possibility for summary invoices to cover at least one month of transactions;

⁸ Italy has introduced the mandatory use of structured e-invoices for all B2B transactions since January, 1st 2019.

(v) the removal of additional requirements for self-billing; (vi) the new rules on the applicable jurisdiction and time limit for intra-EU transactions; and (vii) the new rules on the content of cross-border invoices and the prohibition of a general requirement for translation. For these requirements, **the Directive was very well transposed**. Only for two requirements (minimum ceiling for simplified invoices and additional rules on self-billing), two Member States were found as possibly non-compliant with the Directive provisions.

- the **optional simplifications** include: (i) the introduction of simplified invoices for transactions between EUR 100 and 400 or in specific business sectors; (ii) the possibility for summary invoices to cover periods longer than one month; and (iii) the removal of the obligation to require an invoice for payment on accounts for intra-EU supplies. Member States did not exceed their power when implementing these options.

Not all amendments introduced by the SID had an impact in all or most Member States. For certain provisions, most of national legislations were already in line with the new rules introduced by the SID (e.g. the prohibition of the requirement to translate all invoices, and the new rules for the financial sector). For most of the Directive provisions, changes concerned between one and two thirds of the Member States. Only some provisions involved more than two thirds of the Member States, namely the new rules for simplified invoices and time limits for intra-EU transactions, or the whole EU, as in the case of the modification to the clauses to be included in standard invoices.

Relevance. As indicated by the more limited number of legal changes actually introduced by Member States, the need for the harmonisation and simplification of the invoicing rules was less pressing compared to the e-invoicing area. Still, **the Directive was fit to address most of the issues tackled** and led to a general process of simplification and convergence of invoicing requirements across the EU. At the same time, in some areas, its provisions clashed with the business attitude and the existing legal practices, so that not all changes introduced proved relevant in all Member States. For instance, the limited and differentiated uptake of some specific invoicing regimes across Member States and sectors (e.g. simplified invoices and self-billing) can be explained by economic, structural, or institutional factors, but also by a degree of business resistance to adopt new or different invoicing rules. However, despite these considerations, the working of the Directive rules was almost invariably appreciated by relevant stakeholders.

Effectiveness and Efficiency. The revisions introduced by the Directive **improved the legal clarity of invoicing rules and smoothed the working of the Internal Market** for cross-border operators. Both these impacts were well appreciated by the stakeholders. At the same time, these provisions – such as the revised Article 226, the provisions on applicable invoicing rules, the uniform time limit, and the harmonisation of self-billing – were credited with **a negligible burden reduction** (and no significant effects on costs as well). Only the provision on simplified invoices is estimated to have generated significant savings (EUR 38 million per year, or EUR 114 million over the total period in the seven fieldwork Member States).

Coherence. Invoicing rules are consistent with the other EU pieces of legislation which may affect them. Such a positive assessment is explained by two main reasons:

- **the degree of interaction between the VAT invoicing rules and other legislative areas is limited.** For instance, with respect to EU accountancy rules, the possible conflicts are restrained by the fact that their focus is largely on how data are aggregated and presented in the company's balance sheets, rather than on the format or content of the underlying invoices.

- **VAT rules are preminent compared to other rules that can apply to invoices.** As a result, other legislative areas make reference to invoices for their own purposes, such as consumer protection or accountancy, but additional requirements are crafted so to make sure that they do not conflict with VAT requirements.

Few inconsistencies were noted, and, in most cases, they are of a limited severity. The main area of concern seems to be the interaction with the General Data Protection Regulation (GDPR)⁹, and namely whether and when certain invoice data shall be considered as 'personal data' and, thus, subject to data protection requirements. At this moment, the concern is a matter of legal certainty rather than an actual problem, given that the GDPR only came into force in May, 2018. However, a strict interpretation of some of the invoice data as personal could create issues to their exchange, handling, and storing.

EU Added Value. Analogously to e-invoicing requirements, **a good deal of benefits in this area would not have occurred if action had not been taken at EU level.** Some simplifications could have occurred nonetheless, as Member States would have progressively made a better and larger use of the simplification potential of the First Invoicing Directive. However, if simplifications had happened, they would have probably been less coordinated, hence putting the Internal Market achievements at risk. In quantitative terms, the EU added value of the Directive, due to the changes to the simplified invoicing regime, can be estimated at about EUR 70 million.

Possible ways forward. According to business stakeholders and tax authorities, invoicing requirements do not seem to generate unnecessary administrative burdens or complexity for economic operators. Therefore, **there seems to be not much additional space for burden reduction by means of simplifying invoice rules.** Nonetheless, further harmonisation may be needed in certain areas, such as self-billing requirements and the introduction of a uniform time limit for the issuance of all invoices, and not only of those for intra-EU transactions. For these provisions, keeping the existing national diverging approaches is only limitedly justifiable.

In this area, **the Commission could reconcile the approach adopted by certain tax authorities and the stream of CJEU jurisprudence** on when an invoice represents a valid document to claim VAT deduction. At Directive level, it may need to be specified that, in case of formal inaccuracies, the invoice remains a valid document, provided that the trading partner can provide to the tax authority, even at a later stage, the information needed to verify that the substantial requirements for deduction are met. Furthermore, it could also be made clear that, in these cases, tax authorities may impose penalties for inaccuracy, omitted information, or the delay in providing the correct information, but have no right to refuse VAT deduction on this ground. Secondly, **the Explanatory Notes could be used by the Commission to provide more details on how to interpret certain provisions of Article 226** which have created more disputes, for instance the address of the trading parties, or the description of the goods and services provided.

3.3 Invoicing rules supporting SME promotion

The Directive introduced one specific measure aimed at SMEs, and namely at micro enterprises, which is the new Article 167a, granting Member States the possibility to introduce the so-called '**combined cash accounting**' for certain micro enterprises, i.e. a regime through which both VAT payment and deduction are linked to respectively receiving and paying the price of the supplies. In addition, the measures of the Directive

⁹ Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

also impacted SMEs, in particular by reducing the administrative burdens borne by these companies.

Transposition, implementation, and legal change – Cash accounting. The analysis of the transposition shows **no discrepancies** between EU prescriptions and national legal frameworks. Over the last five years, eight Member States introduced the cash accounting regime, making use of the option granted by the Article 167a. In addition, the scope of cash accounting was enlarged in four other Member States.

Relevance. The degree of consistency of the Directive provisions with the needs of SMEs is mixed. On the one hand, as illustrated above, **e-invoicing provisions largely mainstreamed an easier e-invoicing solution, especially benefitting micro firms**. On the other hand, **the uptake of the cash accounting regime remained limited**. The share of micro firms opting for this regime remains marginal across the EU (with the exclusion of Germany), and was estimated at about 1%. The limited attractiveness of this invoicing regime is, however, not due the invoicing rules in place, which are considered as fitting the needs of SMEs and public authorities.

Effectiveness and efficiency. The Directive benefited smaller companies because of the burden reduction generated by the promotion of simple e-invoicing solutions. In this respect, the role played by the Directive in increasing the uptake of e-invoicing was more significant for micro companies. However, as the savings are proportional to the number of invoices issued, **the administrative burden savings per SME remain modest, at about EUR 110 over the 2015-2017 period**.

As indicated above, the uptake of the cash accounting regime remains narrow: over the 2013-2017 period, about 60,000 additional micro enterprises are estimated to have opted for this regime thanks to the Directive. This resulted in **financial cost savings amounting to about EUR 33 million**, or EUR 550 per each new adopter.

EU Added Value. In addition to the added value generated by the e-invoicing provisions, the Directive was among the key reasons why additional Member States opted for or enlarged the cash accounting scheme over the last five years. Even though more Member States would have introduced it in response to the financial crisis even if Article 167a had not been approved, more than half of the savings generated can be attributed to the concerted EU action. As a consequence, **the estimated EU added value of the cash accounting provision is estimated at about EUR 18 million**.

Possible ways forward. The ground for further Directive revisions in the area of cash accounting is negligible. As it is, the regime works effectively for the few micro companies that significantly benefit from it, and it is of limited relevance (but no harm) to the others. Member States already have in their hands two significant levers to increase its potential appeal. First and foremost, they could adopt the 'German' approach, which allows companies to postpone VAT payment, but not VAT deduction. This would increase the financial savings for micro companies and, possibly most importantly, free them from the obligation to monitor their outgoing payments. Secondly, they could remove the obligation for customers of cash accounting taxable persons to postpone deduction. Given the limited uptake of cash accounting, the removal of this obligation will hardly affect the public budget cash flow in a noticeable way.

3.4 Invoicing rules supporting tax control activities

As a whole, the Directive was intended to support tax control activities, eventually fostering an improvement in VAT compliance. In particular, the Directive amended two

norms to that end: (i) the time limit for issuing invoices for intra-EU transactions¹⁰; and (ii) the rules on the VAT chargeability of intra-EU supplies and acquisitions.

Transposition, implementation, and legal change – VAT Chargeability. The reconstruction of the different legal frameworks proved complex, as not all Member States foresee specific rules on the VAT chargeability of intra-EU transactions. However, the analysis of the transposition showed **no substantive discrepancies** between EU prescriptions and the national legal frameworks. As in most cases tax audits have not yet reached the period in which these rules were already in force, neither VAT practitioners nor economic operators consider that a significant change in the area of VAT chargeability has occurred after the approval of the Directive.

Relevance. Tax authorities deem the Directive provisions aligned with their needs, even though invoicing rules do not play a major role in the fight against tax evasion compared to other VAT rules. Invoices are the key document for claiming VAT deduction, and tax authorities want to make sure that a substantially and formally correct invoice is issued for each transaction. At the same time, however, the new invoicing requirements and the rules on VAT chargeability have not tilted the balance with regard to domestic or cross-border fraudsters. This is also testified, *a contrario*, by the growing importance of additional e-reporting requirements, through which VAT transactions are controlled granularly, even without having to check the underlying invoice.

Effectiveness and efficiency. There is no evidence of any significant impact of the Directive on tax control or VAT compliance. The opinions expressed by tax authorities confirm that the effects of the SID when it comes to VAT compliance are, if any, rather limited. Importantly, at the same time, the simplification and harmonisation of invoicing and e-invoicing requirements did not have a negative impact on tax control activities. The few impacts seemingly become negligible once another factor is accounted for in the analysis, that is the introduction of additional e-reporting requirements. On the cost side, the Directive does not introduce significant additional enforcement costs either, as they were assessed as absent or negligible by all authorities involved. Hence, from the tax authorities' point of view, **the net impact of the Directive can be assessed as nil.**

Possible ways forward. Tax authorities and stakeholders concur in saying that there is **little more that can be further obtained from invoicing rules in terms of tax control.** The attention of many tax authorities is now focused on how to get access to transaction data without having to get physical or electronic access to invoices, that is introducing effective e-reporting requirements. In this light, the idea of further tinkering with the timing of VAT chargeability or invoice issuance for intra-EU transactions is outdated. There is little to gain, from a tax control perspective, in making more efforts in this area, since the information obtained from the recapitulative statements will only come, on average, two to four months after the transaction. **If a higher control of intra-EU transactions is needed, the legislators would need to consider whether and how to build a quasi-real time transaction control system.** Such a system would obviously need to be coordinated with the ongoing discussion on the definitive VAT system for goods.

¹⁰ Covered above, together with invoicing rules.

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