VAT in the Digital Age (ViDA)

Introduction

On 25 March 2025 the ViDA package was published in the Official Journal of the EU marking a pivotal moment for VAT in the EU.

ViDA is a set of legislative reforms aimed at modernizing the EU's VAT system to better align with technological advancements and address challenges such as VAT fraud and the platform economy.

The ViDA updates aim to create a more efficient and business-friendly VAT system, benefiting SMEs by reducing administrative burdens and compliance costs.

Irish Revenue conducted a public consultation from October 2023 to January 2024 to gather taxpayer insights. The consultation emphasised the practical concerns, as well as proposals for real-time digital VAT reporting and electronic invoicing and it is expected that this will be considered when Irish Revenue publish related rules applicable in Ireland.

The package will officially come into force on 14 April 2025 with implementation timelines extending into the 2030s.

The initiative is structured around three pillars:

Table 1 VAT in the Digital Age (ViDA) Pillars:

Pilar	Digital Reporting Requirements (DRR)	Platforms as Deemed Suppliers (PDS)	Single VAT Registration (SVR)
What is it?	DRR involves the implementation of real-time, transaction-by-transaction reporting based on the European Standard, with electronic invoicing (e-invoicing) as the default method. The e-invoices must be issued in a structured electronic format that allows for automatic processing.	The ViDA reforms regarding PDS represent an extension of existing measures already in place for certain other transactions. The expanded PDS measures will require platforms involved in specific activities to be responsible for collecting and remitting VAT on behalf of non-VAT registered suppliers. This means that platforms facilitating supplies in sectors like passenger transport and short-term accommodation will be responsible for collecting and remitting VAT when their users are not registered. The new measures specifically address accommodation and passenger services. This is an expansion of the scope of existing platform measures to ensure broader application across the digital economy.	In simple terms, this will build on the existing VAT One Stop Shop (OSS) model, and allow businesses selling to consumers in another EU country to fulfill their VAT obligations via an online portal in one EU country. This should reduce the need for multiple VAT registrations.
When?	E-invoicing is set to be the new standard for intra-EU transactions from **July 2030**. Member states may choose to introduce domestic digital reporting systems based on the European standard from **April 2025**.	PDS will become mandatory from **January 2030**, but platforms can voluntarily implement it from **July 2028**.	The deadline for the extension of the One-Stop-Shop (OSS) to all B2C transactions and the mandatory reverse charge has been postponed to **July 2028**.
Scope	E-invoicing will become mandatory for cross-border business-to-business (B2B) and business-to-government (B2G) transactions within the EU.	The rule will apply to short-term accommodation rentals (30 days or less) and passenger transport services which are facilitated by platforms.	A new OSS scheme will be introduced for the transfer of own goods between EU Member States. The scope of the local reverse charge rules will be extended to all supplies by taxpayers not established and non-registered in the country to locally VAT-registered taxable persons. The Union OSS will facilitate VAT compliance for cross-border sales of goods and services within the EU, while the Non-Union OSS will cover services provided by businesses established outside the EU to non-business customers within the EU.

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Exemptions	Member States have the flexibility to exempt small businesses from the DRR in order to reduce the administrative burden on smaller enterprises that may not have the resources to comply with the new requirements. Although e-invoicing is mandatory for cross-border transactions, Member States are still able to allow other invoice formats for domestic supplies, subject to customer agreement.	Suppliers who provide their platforms with a VAT identification number or those using the new SME VAT registration special scheme for small enterprises may be excluded.	Member States may exempt small businesses from the SVR requirements. This is intended to reduce the administrative burden on smaller enterprises that may not have the resources to comply with the new system. Businesses that qualify for special VAT schemes, such as the SME VAT regime, may be exempt from certain SVR requirements. While the SVR aims to simplify cross-border VAT compliance, Member States can still allow other VAT registration processes for domestic transactions, subject to certain conditions.
What do businesses need to do to prepare?	Businesses will need to adopt real-time, transaction-by-transaction reporting based on e-invoicing. Businesses will need to ensure their invoicing and reporting systems comply with the new requirements. This includes maintaining accurate records and ensuring timely submission of VAT data. This will require investment in new technology and systems to comply with the new standards.	Online platforms facilitating short-term accommodation and passenger transport will be responsible for collecting and remitting VAT. This means platforms will need to ensure they have the necessary systems in place to handle VAT compliance for their users.	Businesses selling to consumers in other EU countries can fulfill their VAT obligations through a single online portal. This simplifies the process and reduces the administrative burden, especially for SMEs and cross-border traders.
Impact on the Economy	Real-time reporting and e-invoicing help reduce VAT fraud by providing tax authorities with immediate access to transaction data. This leads to increased revenue collection and a more level playing field for businesses.	This measure aims to create a level playing field between traditional and digital channels by ensuring that VAT is collected on transactions facilitated by platforms	By allowing businesses to fulfill their VAT obligations through a single online portal, the SVR reduces administrative burdens and compliance costs. This is particularly beneficial for small and medium-sized enterprises (SMEs) and businesses engaged in cross-border trade.

Summary of Actions and TImelines for Ireland

Irish Revenue has not yet announced a specific implementation date for the reforms, but an announcement is expected to be imminent. It is however anticipated that a phased roll out approach will be taken based on the feedback received at the public consultation.

The impact of the new measures on VAT related systems of a business depends on the activities being carried on. While the necessary charges will be a product of any assessment of those activities, the timeline for completion and implementation of changes will be fixed, meaning that businesses will have timelines within which to implement required changes.

Businesses need to have correct systems in place. This is to comply with its VAT related obligations and also enable them to continue to operate with the minimum of disruption.

It is therefore essential that the appropriate actions are taken in time for the necessary system, AP and AR updates to be determined, implemented, tested and ready to go by the relevant deadlines.

Contact Us:

If you have any queries in relation to this and the impact on your business, please contact our VAT Team. RBK who will be pleased to help.

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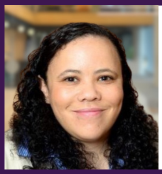

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