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Feedback on VAT in the Digital Age Proposal (ViDa)

Dear EU Commission,

We thank you for the opportunity to comment on the proposal "VAT in the digital Age" (ViDa).

The **DGRV - German Cooperative and Raiffeisen Confederation** represents both the umbrella organization and auditing association of the German cooperative sector with 19.5 million members in about 5.200 mostly small and medium sized cooperative entities.

The DGRV welcomes the EU Commission's initiative to combat VAT fraud and to exploit the opportunities offered by digital technologies. We therefore welcome the proposal to amend the VAT Directive although we believe there is room for improvement on several points.

Please find our comments in this regard enclosed. We are, of course, also available for a professional exchange. We thank you in advance for your consideration of the statement and the comments set forth therein.

Best regards

DGRV – Deutscher Genossenschafts- und Raiffeisenverband e.V.

Dr. Eckhard Ott

i. V. Michael Schlang

Position Paper

**on the legislative package of the EU-Commission "VAT in the digital age":
Proposal for a COUNCIL DIRECTIVE amending Directive 2006/112/EC (COM(2022)
701 final) from 8 December 2022**

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Generalization of e-invoicing

We welcome the intention of the proposal to make e-invoicing the standard procedure for issuing invoices with the new Article 218. In our view, the deletion of Article 232 with effect from January 1, 2024, which previously made the consent of the invoice recipient a prerequisite for electronic invoicing, is correct. This measure is likely to contribute to the widespread introduction of e-invoicing also among small and medium-sized enterprises. On the other hand, it should be considered that many smaller companies may not have sufficient IT infrastructure at this stage to implement all the technologies required for general e-invoicing.

It is also positive that the standard data set for e-invoicing is based on an existing standard (Article 218). But we consider important that existing and established invoicing standards (global EDI standards such as EANCOM® and SAP IDoc) can continue to be used and are not replaced by a new EU standard.

Invoicing of intra-Community supplies

The abolition of the existing 45-day period for issuing invoices for intra-Community supplies of goods and services to which the reverse charge method applies and the introduction of a new two-day deadline (Article 222(1), Article 263(1)) is, in our view, not conducive to the objective of combating tax fraud.

After consultation with our members, such an amendment would have a strong impact on existing invoicing systems. Especially for smaller cooperatives, the two-day deadline for accounting is unlikely to be feasible. Presumably, this would also increase the number of invoices (especially in conjunction with the elimination of summary invoices, see below), as businesses would want to ensure that invoicing is done on time in all cases.

We regret the planned elimination of summary invoices (deletion of Article 223). The summary invoice is widely used in business transactions and, in our experience, is a popular way of invoicing because it is efficient. The abolition of the summary invoice would further increase the negative effects of the planned two-day deadline and probably also lead to higher costs for businesses: The number of invoices issued by businesses would inevitably increase significantly if a separate invoice had to be issued for almost every transaction.

External providers of accounting services often charge companies for their services based on the number of receipts or invoices issued.

Companies' total costs for invoicing would therefore be higher if both measures were implemented as planned.

New reporting system for intra-Community transactions - Abolition of recapitulative statements

The objective of the proposal to replace recapitulative statements with a system of digital reporting requirements for intra-Community transactions on a transaction-by-transaction basis is in line with the overall objective to promote real-time invoicing and reporting. Digitization of reporting for intra-Community transactions can contribute to an increase in

cost efficiency if fragmentation between Member States is indeed to be ended by establishing common standards for digital reporting.

However, transaction-based digital reporting has the same shortcomings as the proposed two-day deadline for invoicing and the end of summary invoices: Smaller businesses will likely struggle to comply with the new requirements, especially if they do not receive assistance in updating their IT infrastructure.

Lastly, we ask to reconsider whether the enormous volume of data due to digital reporting on a transaction-by-transaction basis will actually be associated with added value for the public and especially the tax authorities. We suggest checking again against the desired objectives whether the data set required for this purpose can possibly be kept leaner.

We would like to thank you very much in advance for taking our comments into account and hope for a successful implementation of the ViDA proposal in harmonized form within Europe.

We remain at your disposal for further clarifications at the following email address: Michael Schlang (schlang@dgrv.de).