



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION
Indirect Taxation and Tax Administration
Value Added Tax Policy

**Group on the Future of VAT
48th meeting – 28 March 2025**

taxud.c.1(2025)4801976

Brussels, 15 April 2025

GROUP ON THE FUTURE OF VAT

GFV No 147

MINUTES

**48TH MEETING
– 28 MARCH 2025 –**

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1. APPROVAL OF THE AGENDA

The agenda (*document taxud.c.1(2025)3840906*) was not contested or discussed.

2. NATURE OF THE MEETING

The meeting was not open to the public.

3. POINTS DISCUSSED

3.1. VEG's Report on VAT after ViDA: Presentation of the Report by the VEG informal working group 'VAT after ViDA' - Exchange of views

A small delegation of the VAT Expert Group (VEG) (5 members) provided a detailed overview of the VEG report on "VAT after ViDA"¹ that was initially presented to the Commission services at the 38th VEG meeting of 13 December 2024. The aim of the report is to explore the long-term and immediate possibilities to modernise the EU VAT system, building on the implementation of the recently adopted VAT in the Digital Age (ViDA) package.

The presentation covered three critical priorities as identified by the report: streamlining the ViDA framework towards simplification, modernising the VAT system to keep pace with new digital models, and integrating sustainability goals without compromising neutrality. Echoing the Draghi and Letta Reports, the VEG report also reinforced the urgency of advancing key VAT initiatives on financial and insurance services and the travel and tourism package.

The report outlines the core design principles for a VAT system of the future, which in the VEG's view, should focus on boosting EU economic competitiveness. The following key principles are proposed: (i) broadening of the tax base, (ii) removal of all or most of the VAT exemptions, (iii) alignment of the place of supply rules, (iv) simplification, (v) sustainability, (vi) integration of modern and new technologies and (vii) phasing out of derogations, standstill clauses and special schemes.

The presentation sparked an engaged discussion with the delegates of the Member States and those intervening praised the effort and acknowledged the VEG's implication and added value. Delegates also clearly expressed their eagerness to collaborate with the VEG and businesses in the future with a view to driving meaningful progress in the VAT area.

¹ See [0. Public Documents Repository - VAT - Library](#)

3.2. Study on the Challenges of VAT beyond ViDA: Presentation of the Inception Report by the contractor

The Commission services started by clarifying that the study is *not* an Impact Assessment and, therefore, it does not anticipate any proposals. The Commission services explained that the announced proposals, such as travel and tourism or financial services, are excluded from the scope of the study, as they are following a different procedure. In addition, recent reforms such as the one on VAT rates are also out of scope.

The Commission services explained that the main objective of the study is to offer unbiased, data-driven insights into the VAT system, combining the best available expertise with a fresh perspective.

In its presentation, the contractor outlined the study's mission, i.e., to identify critical weaknesses and inefficiencies in the current VAT system and propose targeted improvements towards effectiveness.

The contractor presented the three pillars study's structure (similar to the VEG report on "VAT after ViDA"): simplification, digitalisation, and alignment of VAT rules with environmental policy.

The contractor insisted on the upcoming consultation process, emphasising how input from all 27 Member States would be collected and integrated in the study. After outlining the next steps, the contractor received no further questions. Delegates indicated satisfaction with the general approach.

3.3. ViDA Implementation

The Commission services provided an update on the ongoing work on the Digital Reporting Requirements (DRR) and electronic invoicing part of the ViDA package. In relation to the rules applicable from the date of entry into force of ViDA (new Articles 218 and 232 of the VAT Directive), they were discussed in the VAT Committee meeting that took place on 21 March 2025 with a view to finding a common understanding. The Commission services will prepare guidelines on the topic to reach an agreement with Member States on the common interpretation of these articles.

Regarding the rules applicable from 1 July 2030, a Fiscalis workshop will be held in Vienna from 8 to 10 April 2025, with representatives from the Member States and businesses (VAT Expert Group (VEG) members, software developers and other businesses). The Commission services thanked the delegates for their input on the topics that deserve special attention, which together with the input received from the VEG, helped drafting a questionnaire to guide the discussions that will take place in the workshop. Further, the input received will feed into the work of the future explanatory notes. The Commission services reminded that the questionnaire is simply a guidance, but that any other issues related to electronic invoicing and digital reporting can be raised during the workshop. The work on the preparation of the explanatory notes will begin once the Commission services will get the input from the Fiscalis workshop, and it will continue at a later stage with the support of the VEG and the GFV.

In relation to the work on the European standard for electronic invoicing, the Commission services reported that some of the deliverables have been finalised but work on others is still ongoing. The publication of the updated version of the standard is expected in September 2025.

Finally, the Commission services informed the delegates about the possibility to request support, for the implementation of the electronic invoicing and digital reporting part of the ViDA initiative, from the Technical Support Instrument (TSI) managed by SG REFORM. In this regard, the email addresses of the persons to contact to obtain more information and a presentation provided by them will be shared with all delegates.

3.3.1. GFV N° 144 - Platform Economy - Follow up

The Commission services introduced working paper GVF No 144, which outlined topics for discussion to be covered by the explanatory notes and discussed at a Fiscalis Workshop. The Commission services invited delegates to comment on the topics, highlight the more important ones, and identify if anything is missing. The Commission services stressed that the preparation of the explanatory notes was a collaborative process, and that Member States and businesses will have the chance to give their input throughout their development.

In relation to the explanatory notes to be prepared, the Spanish delegate announced that the Fiscalis seminar will take place in Madrid on 17 and 18 September 2025, and that invitations should be sent out by the end of April.

Regarding the topics, the treatment of the facilitation fee and Article 46a were stressed as being important topics by a number of delegates, as were the interaction of the deemed supplier measure with TOMS (Tour Operator's Margin Scheme) and how to treat platform to platform transactions (i.e. when a property management company becomes involved). The scope of the 'safe harbour' measure in the Implementing Regulation should be clarified, along with the validation process platforms will have to carry out.

In addition, the exemption for passenger transport was mentioned (by those delegates from Member States who have such an exemption) and the importance of having clear knowledge of how the SME exemption would be applied by those Member States using that option.

The Commission services thanked delegates for their comments and asked that any further comments be provided in writing by the end of April.

3.3.2. GFV N° 145 - Single VAT Registration - Follow-up

The Commission services introduced working paper GFV No 145 setting out the implementation plan for the Single VAT Registration (SVR) part of the ViDA package. In this context, an overview was provided of the different work strands including the securing of the IOSS, the improvements of the current VAT e-commerce rules (legislative clarifications, improvements to the processes as well as for control purposes, and its alignment to new legislation and existing schemes), the new SVR provisions (extension of

the union OSS, the ‘transfer of own goods scheme’ and the abolition of the call-off stock scheme), the IOSS monthly listings per Member State of consumption, the access to IOSS data by customs and some additional technical issues.

It was further explained that, in response to the feedback provided by a few Member States, a revised version of the document would be prepared and uploaded on CIRCABC with updated information taking into account the outcome of the Helsinki workshop that took place in June 2024. It was also stressed that the current document is essentially a timetable and does not present (pre-empted) operational conclusions of the ongoing groups.

This was followed by a Q&A session where clarifications were requested on the implementation planning of some specific elements of the package.

3.3.3. GFV N° 146 - IOSS Project Group - FPG053 - Update

The Commission services gave an update of the work currently being undertaken by members of the IOSS project group (FPG 053). As an introduction, the delegates were informed that the objective of the project group is to design and test solutions to better secure the IOSS number verification process. Delegates were reminded that the VAT in the Digital Age (ViDA) proposal, which was adopted on 11 March 2025, mandates the Commission to adopt an Implementing Act to introduce special measures to prevent certain forms of tax evasion or avoidance by better securing the correct use and verification process of IOSS VAT identification numbers at the point of importation.

The Commission services mentioned that the initial work on the design and scoping of these potential special measures began in June 2024, when Finland hosted a Fiscalis workshop to help brainstorm potential solutions. Delegates were also informed that since the Helsinki workshop, DG TAXUD’s I.T. department has worked on designing five possible solutions to better secure the IOSS and that the project group will initially focus on testing two of these options. The project group will test ‘option 0’, which involves the transmission of information by IOSS registered traders/platforms prior to importation and the crossmatch of this information with the data provided in the import declaration. At the same time, the project group will also test ‘option 1’, possibly leading to ‘option 2’, both of which involve the use of verifiable credentials.

The choice of external participants is currently being finalised and the pilot is expected to run from Q3 2025 to Q3 2026 (inclusive). It is expected that this will be followed by a draft Commission Regulation, which will be presented to SCAC delegates in Q3 2026, followed by adoption by the Commission in Q4 2026.

Delegates will be updated as the work of the project group advances.

4. INFORMATION POINTS

4.1. New SME scheme - Implementation - Update

The Commission services gave a brief update of the state of play, noting that some Member States are still facing delays in transposing the new rules and/or putting in place

the necessary IT systems to underpin the operation of these rules. With the SME Portal already operational with help given through the issue of Explanatory Notes and a Guide, focus will be on Member States completing the information on their national rules and delivering the VAT simulator by which users could test if exemption is within reach. The Commission services are currently exploring how best to integrate SME-related data reported by Member States in the Taxes in Europe database.

5. FOLLOW-UP

Delegates were invited to send comments in relation to the work on the implementation of the Platform Economy element of the ViDA package (GFV No 144) as well as on any of the issues discussed during the meeting by **Wednesday 30 April 2025, latest**.

6. NEXT MEETING

The next meeting will most probably be online and is tentatively scheduled for 24 June 2025.

7. LIST OF PARTICIPANTS

Commission officials from DG TAXUD Unit C1 and the members of the Group on the Future of VAT as published in the Register of Commission Expert Groups and other similar entities². The contractor, Economisti Associati, was present for Points 1 and 2 of the agenda and a small delegation of the VAT Expert Group (VEG) was present for Point 1 of the Agenda.

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² [Register of Commission expert groups and other similar entities](#)
