

# New Legislation: VAT in the Digital Age

Thomas Wahl



## News

On 11 March 2025, the [Council adopted](#) a legislative package that makes the existing EU rules on value added tax (VAT) fit for the digital age. The package consists of the following legislative acts which were published in the EU's [Official Journal of 25 March 2025](#):

- Council [Directive \(EU\) 2025/516](#) amending Directive 2006/112/EC as regards VAT rules for the digital age;
- Council [Regulation \(EU\) 2025/517](#) amending Regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age;
- Council [Implementing Regulation \(EU\) 2025/518](#) amending Implementing Regulation (EU) No 282/2011 as regards information requirements for certain VAT schemes.

The new rules will not only introduce several measures for the digitalisation in the field of VAT but also aim at fighting VAT evasion and avoidance more effectively. For the Commission proposal → [euCRIM 4/2022, 246-247](#).

The **Directive** makes digital VAT reporting by companies who sell goods and services to businesses in another EU Member State obligatory by 2030. The transactions to be reported to tax administrations will be documented electronically and the use of electronic invoicing will become the default system for issuing invoices. The amending Directive clarifies the European standard on electronic invoices and harmonises the information required for electronic transmission of VAT documents to the tax administrations. With a view to ensuring a more effective fight against fraud, Member States will be allowed to provide that holding an electronic invoice issued in compliance with the required European standard is a substantive condition for entitlement to deduct or reclaim the VAT due or paid.

The Directive also introduces the "deemed supplier" model for online platforms active in short-term accommodation rental and passenger transport by road, i.e., platforms will be required to charge VAT where underlying suppliers do not charge VAT because they are, for example, non-taxable persons or taxable persons availing themselves of the special scheme for small enterprises.

Last but not least, in order to support the objective of a single VAT registration in the Union, the Directive improves and expands online VAT one-stop-shops (OSS) so that businesses do not have to go through costly registrations for VAT in every EU Member State in which they do business.

The amending **Regulation** complements the VAT Directive and, in essence, lays down the rules for the establishment of an electronic central VAT information exchange system ("central VIES") for sharing VAT information. This system is expected to be an important measure to fight VAT fraud. Member States must automat-

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ically transmit VAT information to the central VIES. Eurofisc liaison officials of Member States will have direct access to the central VIES.

The **Implementing Regulation** specifies certain elements of the "deemed supplier" rule with regard to electronic interfaces such as marketplaces, platforms, portals or similar means that facilitate the supply of short-term accommodation rental services or passenger transport services by road.

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