



The future of e-invoicing in Belgium and the EU

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A woman with dark hair, wearing glasses and a business suit, is shown in profile, looking intently at several computer monitors. The monitors display various data visualizations, including line graphs, bar charts, and tables. The scene is dimly lit, with a strong blue and purple color palette, suggesting a high-tech or data center environment. The woman's hands are clasped together in front of her chin, indicating a state of deep concentration or contemplation.

	DATE	TIME	STATUS
SERVER	2023-05-04	10:00	OK
SERVER	2023-05-04	10:05	WARN
SERVER	2023-05-04	10:10	OK
SERVER	2023-05-04	10:15	WARN
SERVER	2023-05-04	10:20	OK
SERVER	2023-05-04	10:25	WARN
SERVER	2023-05-04	10:30	OK
SERVER	2023-05-04	10:35	WARN
SERVER	2023-05-04	10:40	OK
SERVER	2023-05-04	10:45	WARN
SERVER	2023-05-04	10:50	OK
SERVER	2023-05-04	10:55	WARN
SERVER	2023-05-04	11:00	OK

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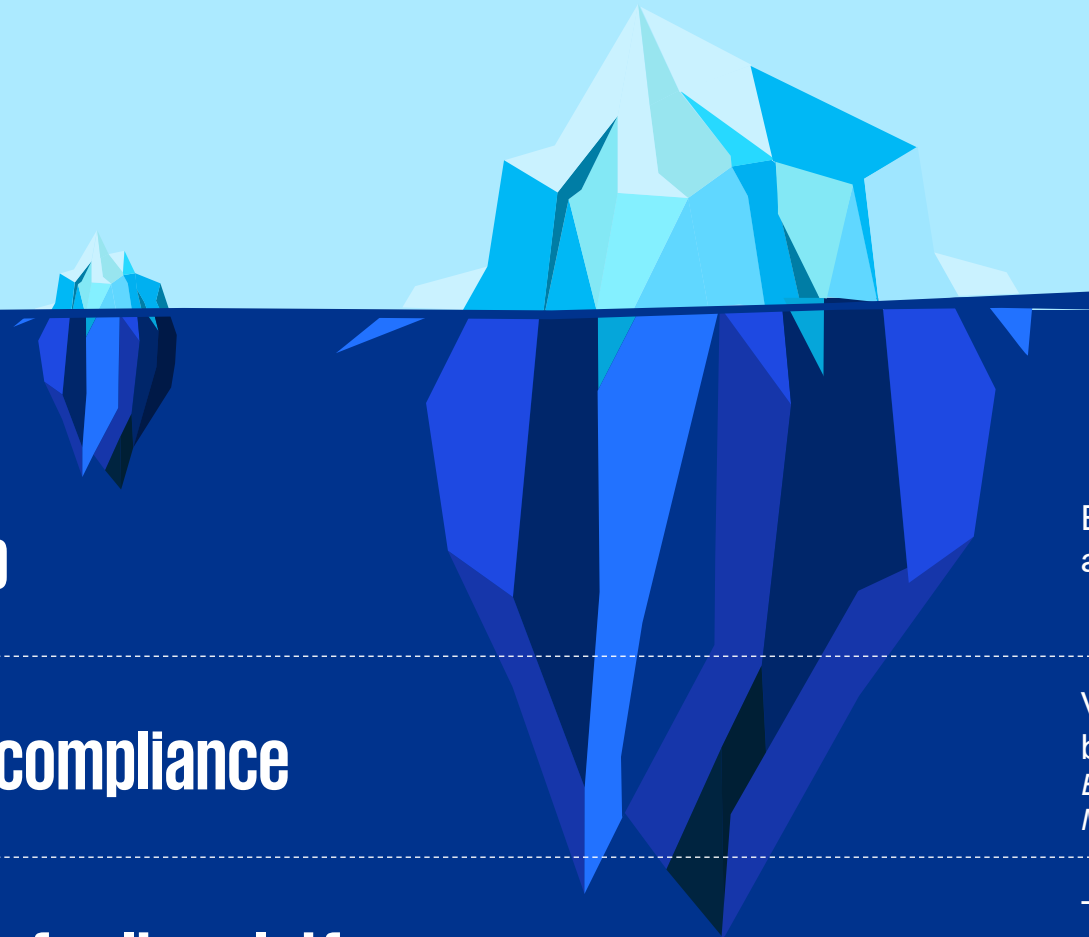
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01

Background

Background

ViDA proposal



01 VAT Gap

Estimated **€93 Billion VAT Gap** in 2020, a.o. missing trader fraud.

02 Cost of compliance





VAT system increasingly complex and burdensome.
E.g. yearly costs for VAT compliance in other MS is €8.000,00.


03 Growth of online platforms

Triggers VAT inequality. Up to 70% not VAT registered.

Background

VAT in the Digital Age

-  **Improve VAT efficiency and minimize VAT fraud**
-  **Modernizing VAT reporting obligations**
E-invoicing and DRR with common European Standard template
-  **Addressing challenges e-commerce**
Platform economy (short-term accommodation rental and passenger transport services)
-  **Single VAT registration**
Single VAT registration (SVR) by means of extending scope OSS/IOSS and reverse charge

 **Subject to unanimous approval of Member States**
Proposal of 8 December 2022

02

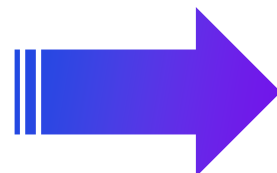
ViDA: e-invoicing and DRR

ViDA: e-invoicing changes (1 Jan 2024)

1. Definition of structured e-invoicing

Current

“An invoice that contains the information required in this Directive, and which has been **issued and received** in **any** electronic format.”



1 Jan 2024

“An invoice that contains the information required by this Directive, and which has been **issued, transmitted and received** in a **structured** electronic format, which allows for its **automatic and electronic processing.**”

- **Machine to machine**
- **Both paper and e-invoicing shall be accepted**
- *PDF and Excel invoices no longer considered structured e-invoices*

2. E-invoicing can be made mandatory without EU approval

- Member States have to allow European standard (and no prior authorization / validation by tax authorities)

3. No longer acceptance required by recipient

ViDA: e-invoicing changes (1 Jan 2028)

1. E-invoicing default invoicing system

- Invoices in other format 'may' be allowed for transactions not included in DRR
- European standard
- No more clearance and pre-validation by tax authorities (e.g. SdI Italy)
- No more summary invoices
- Additional invoice requirements (*reference to original invoice in case of corrective documents, IBAN supplier, payment date*)

2. Invoicing period: 2 working days following chargeable event

Applies to:

- VAT exempt intra-Community supplies of goods
- Services subject to reverse charge (*B2B general place of supply rule*)
- Local supplies of goods and services subject to reverse charge

ViDA: Digital Reporting Requirements (DRR) changes (1 Jan 2028)

European Sales Listing (ESL) will be replaced with a Digital Reporting Requirements (DRR) system

1. Scope

- VAT exempt intra-Community supplies of goods and transfer of own goods
- Services subject to reverse charge (*B2B general place of supply rule*)
- Local supplies of goods and services subject to reverse charge
- Intra-Community acquisitions of goods (new!)

→ Exemption intra-Community supply of goods will not apply if not reported in ESL listing (now) / in DRR system (future)

ViDA: Digital Reporting Requirements (DRR) changes (1 Jan 2028)

2. Transmission

- Transaction by transaction basis
- E-transmission within **2 working days** following invoice issuance (or due date issuance)
- By taxable person or third party on behalf of taxable person
- European Standard (or different format if interoperability with European Standard is guaranteed)

3. Content

= Information as already captured in the ESL (*extended scope*)

- Detailed per transaction (↔ aggregated per customer)
- Additional invoicing requirements (*reference to the original invoice number for corrective invoices, IBAN of the supplier, payment date and in case of partial payments both the date and amount per payment*)
- Transfer of own goods: total value supply
- Additional data for intra-Community acquisition of goods

ViDA: Digital Reporting Requirements (DRR) changes (1 Jan 2028)

4. Other changes

- No more extra/specific requirements for ESL/DRR
- Mandatory submission of data on intra-Community acquisitions of goods
- Member States may implement **DRR for local transactions** (B2B and B2C) under the same modalities as the transactions in scope → **optional**

Development of central VIES system (EU commission) and national electronic system (Member States)

E-invoicing trends EU

- Italy
 - Sistema di Interscambio (SDI)
 - Mandatory e-invoicing in clearance model
 - Since 1 January 2019
 - B2B and B2C
- France
 - Chorus Pro (public platform) + private partner dematerialization platforms (PDP) licensed by the tax authorities
 - Mandatory e-invoicing
 - Phased introduction between 1 July 2024 and 1 January 2026
 - B2B only
- Poland
 - National Electronic Invoice System (KSeF)
 - Mandatory e-invoicing in clearance model (similar to Italy)
 - Effective 1 July 2024 (voluntary since 1 January 2022)
 - B2B only

Coming up
Germany & Spain?

03

Belgian proposal

BE

Mandatory e-invoicing



Introduced by new **Belgian proposal**



Subject to approval EU Council



No final Belgian text available yet

➔ Mandatory e-invoicing in **B2B context**

➔ **New definition (structured) electronic invoice** (*in B2B context*)

Current

“An invoice containing the information prescribed by the VAT Code and its implementing decrees, issued and received in **any electronic form.**”

Proposal

“An invoice which is created, sent and received in a **structured electronic form** which allows for its **automatic and electronic processing.**”

⚠ ➔ **PDF invoices** will not qualify as structured electronic invoices!

Mandatory e-invoicing: General

Structured electronic invoice:

- Issued by:
 - supplier
 - a third party (in the name and on behalf of the supplier)
 - customer in the context of self-billing (but prior agreement between parties is still required)
- In accordance with the **PEPPOL bis format** and sent via the **PEPPOL network**
 - Derogations allowed (if both parties agree and the invoices comply with the European Standard norm)
- Obligation applies both to the **invoices** and the **related credit notes**

Scope: Suppliers

All VAT taxable persons **established in Belgium**

→ Including VAT groups and Belgian fixed establishments of foreign taxable persons

The obligation does **not** apply to

- VAT taxable persons taxed on the basis of the flat rate scheme
(→ abolished effective 1 January 2028, except for the flat rate scheme for farmers)
- Bankrupt suppliers
- VAT taxable persons performing exclusively VAT exempt transactions covered by article 44 of the Belgian VAT Code (with or without deduction right)
= *e.g. certain financial institutions, doctors, schools, insurance companies...*

Obligation to issue structured e-invoices also applies (to the extent that the conditions are met) to internal documents or invoices between the members of the VAT group

VAT taxable persons **not established in Belgium** will **not need to issue structured electronic invoices** → even if these VAT taxable persons have a Belgian VAT-identification number!



Scope: Customers

Invoices issued to **VAT taxable persons established in Belgium**

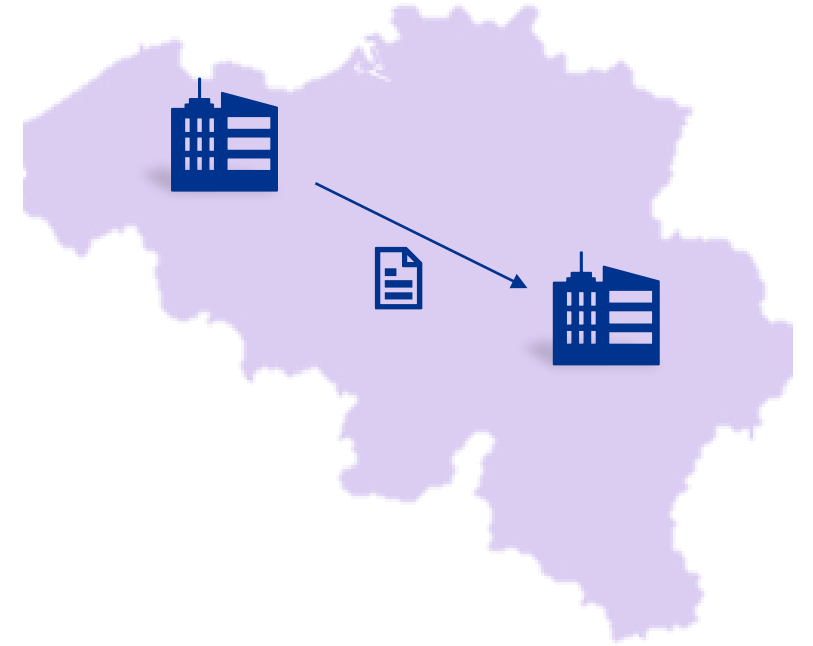
→ Including VAT groups and the Belgian fixed establishments

The obligation does **not** apply to:

- VAT taxable persons due to an occasional sale of a new building or an occasional intra-Community sale of a new means of transport
- VAT taxable persons performing **exclusively VAT exempt transactions** covered by art. 44 of the Belgian VAT Code (without deduction right)

? *Awareness supplier?*

→ *VAT-identification number provided? / Inform correctly!*



Scope: Transactions

Transactions covered

- Local **supplies of goods in Belgium** (= *without transport outside of Belgium*)
- **Local services in Belgium**
- Exports of goods where the **customer is a VAT taxable** person established **in Belgium**

Excluded

- Supplies for which the reverse charge mechanism applies when made by a VAT taxable person **not established in Belgium** or by a VAT taxable person established outside Belgium whose Belgian fixed establishment is not involved in the supply
- **VAT exempt transactions** covered by article 44 of the Belgian VAT Code

Customers – acceptance of e-invoices

- Acceptance of e-invoices for all B2B customers in scope:
 - Readiness to **receive e-invoices**
 - Obligation to **accept e-invoices**



- **VAT group** → the obligation to receive structured electronic invoices applies to **all members**, regardless whether one of the members exclusively performs VAT exempt transactions without deduction right

Customers – acceptance of e-invoices



Is the customer obliged to accept structured e-invoices, even when supplier is not (yet) covered by the e-invoicing obligation?

The obligation to accept applies to all structured e-invoices for which Belgium is the competent Member State for invoicing, when issued by suppliers:

- Already subject to the (structured) e-invoicing obligation
- Subject to the (structured) e-invoicing obligation in the future
- Not subject to the (structured) e-invoicing obligation

(e.g. invoice issued by a taxable person exclusively performing VAT exempt transactions covered by article 44, without any VAT deduction right)

Preliminary timeline

Envisioned rollout mandatory B2B e-invoicing:

1 January 2024

Readiness to receive:

- Customer must be able to receive e-invoices

1 July 2024

Obligation to issue:

- > 9.000.000,00 EUR annual turnover (excl. VAT) in 2023

Obligation to accept:

- Customer can no longer refuse e-invoices

1 January 2025

Obligation to issue:

- 9.000.000,00 EUR > annual turnover > 700.000,00 EUR in 2023

1 July 2025

Obligation to issue:

- All other VAT taxable persons
- Except taxable persons subject to VAT exemption small businesses and subject to the flat rate scheme for farmers

1 January 2028

Obligation to issue:

- Taxable persons subject to VAT exemption for small businesses and flat rate scheme for farmers

**Total turnover = all turnover (including all turnover abroad and VAT exempt transactions)*

For VAT groups = total turnover of all individual members

BE Belgian e-reporting?



Belgian e-reporting to be aligned with the final ViDA proposal

- ↳ Potential abolishment of **annual client listing**?
- ↳ No further details yet

04

PEPPOL

PEPPOL

Interoperability is key for e-invoicing

= the functionality of information systems to exchange data and to enable sharing of information

Different levels required for full interoperability:

1. Semantic information: content of the invoice
2. Syntax: a format that allows direct exchange between sender and recipient and that allows for automatic processing of the semantic information (e.g. XML/UBL)
3. Technical: the method of transmission (exchange and communication protocols)

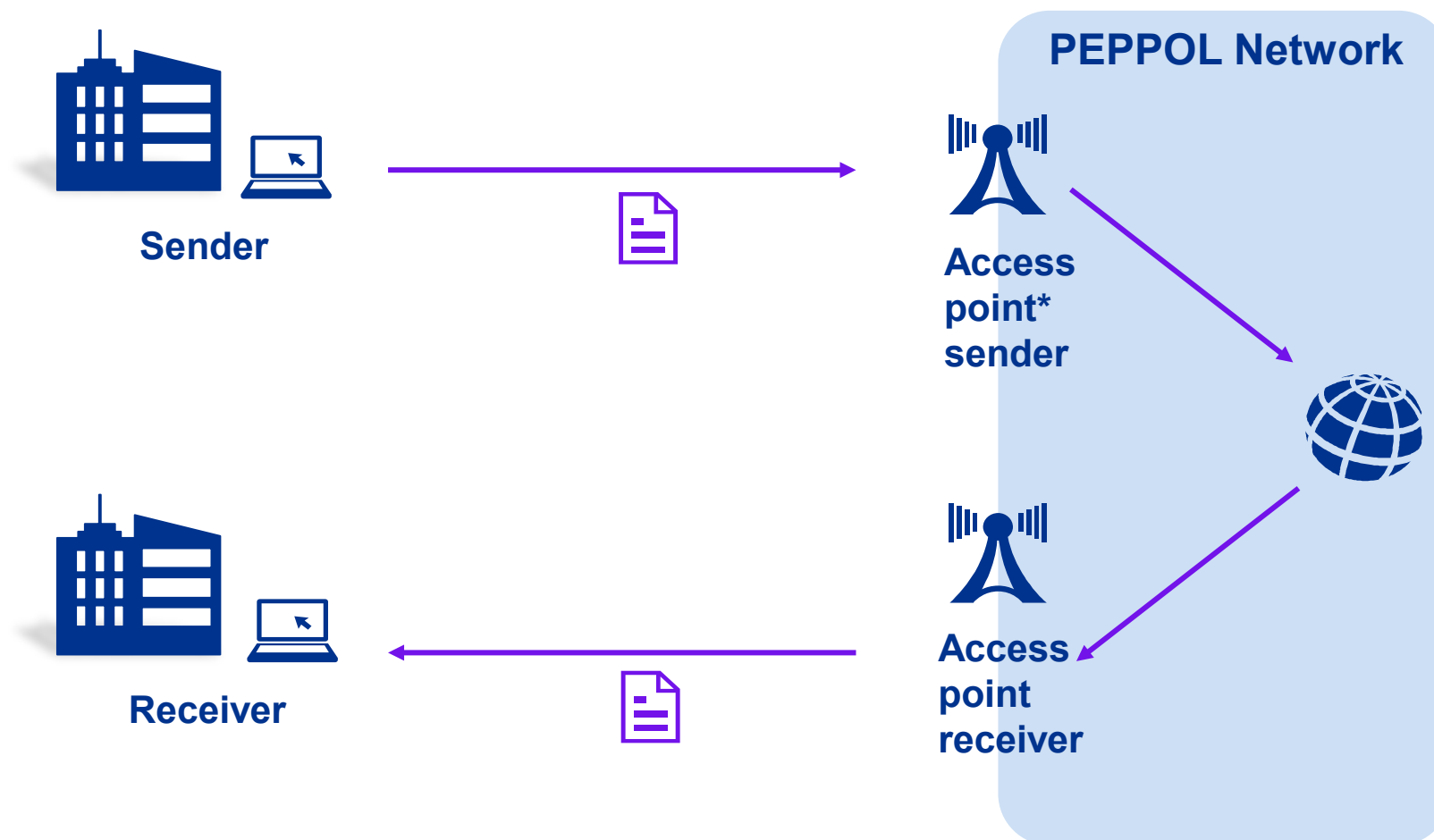
Belgium proposes Peppol for mandatory B2B e-invoicing

(Pan-European Public Procurement Online)

- Peppol is an international delivery network for electronic invoices (4-corner model)
- Peppol also refers to the set of technical specifications
- Peppol bis invoice format (Business Interoperability Specifications) → compliant with European standard
- European standard defines the core elements of an electronic invoice in a semantic data model (single common European e-invoicing format)

PEPPOL – Four corner model

PEPPOL network



Access point:

Service provider connecting businesses to the Peppol network through a unique ID

? How?

Businesses can link their invoicing software directly to an access point or use the software from a service provider/access point

PEPPOL



Take-aways for the impacted businesses



Be ready to receive structured e-invoices

If the customer does not have **sufficient and adequate IT technology** to receive invoices issued via the PEPPOL network, he may use a third party platform (e.g. *HERMES*)



Compliance with the European standard does not guarantee invoice data compliance

Maintenance of master data and ensuring correctness of data on the invoice



Be ready to issue structured e-invoices

Planning is key!



Key Contacts

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