

# VAT in the Digital Age: a unique opportunity for network-fuelled economic growth

The European E-Invoicing Service Providers Association (EESPA) is the European trade association for a large and dynamic community of E-Invoicing Service Providers, drawn from organisations that provide network, business outsourcing, financial, technology and EDI (electronic data interchange) services. EESPA has over 90 members who represent the majority of service and solution providers for the exchange of electronic business and administrative data in the European Union. Our members process over 2 billion e-invoices yearly.

EESPA believes that the widespread adoption of friction-free e-invoicing will benefit the EU economy through increased efficiency and new growth opportunities. As such, EESPA warmly welcomes the “VAT in the Digital Age” (ViDA) legislative initiatives presented on 8 December 2022 by the European Commission. EESPA applauds the European Commission’s ambition to make the EU’s Value-Added Tax (VAT) system work better for businesses and more resilient to fraud by embracing and promoting digitalisation.

The full set of EESPA recommendations submitted as part of the European Commission ViDA consultation can be found [\[here\]](#).

## The ‘5-Corner’ network model: a sporadic opportunity for massive fiscal and economic gains



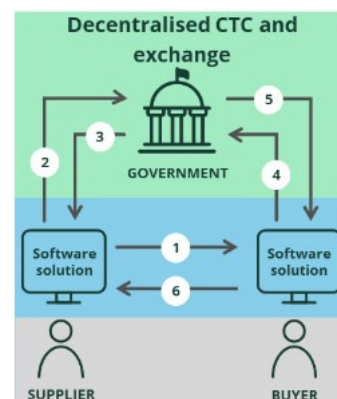
**EESPA welcomes the proposed change to VAT law to make electronic invoicing the rule rather than the exception.** Such provision will be a significant driver for accelerated automation in the exchange of business and administrative data in the EU and globally. This new push towards end-to-end digital data in supply chains will enhance economic efficiency and sovereignty, create jobs, and boost consumer convenience and the protection of EU citizens’ rights.



**To seize the digitalisation opportunity created by the ViDA package, EESPA believes that the EU must prioritize a top-level parallel policy initiative to augment the e-invoicing and e-reporting concepts to be enshrined into the VAT Directive with strong support for the introduction of the 5-corner network model that is set out in the [expert paper on Decentralized CTC and Exchange](#) model.**

Unique features of the 5-corner model include:

1. **Seamless automated transactions** based on time-honoured concepts from public procurement automation (most notably manifested in the EU eDelivery building block and the PEPPOL methodology), allowing seamless sales and purchase data exchange based on open standards for business-to-business and business-to-government data flows.
2. **Robust, state-of-the-art data quality, confidentiality and business processes** through certified service providers that compete in a dynamic market to ensure continuous innovation towards data-driven economic efficiencies in a decentralized model without a single point of failure.



3. **Right-sized VAT and regulatory compliance by design:** guaranteed authentic, verifiable transaction source data is shared in (near) real time with tax or other public authorities – but only the data that is needed for law enforcement purposes.
4. **SME automation empowerment:** the underlying 4-corner model creates a level playing field whereby smaller businesses and large enterprises alike can reap the benefits of end-to-end automated sales and purchase data processing.

In this regard, in addition to alignment around the [European standard on e-invoicing](#) (EN) as a minimum interoperability enabler, EESPA believes that ViDA should also refer to the eDelivery building block for both the exchange of invoices between taxpayers and between taxpayers and the tax administration.

#### Other EESPA recommendations to further optimise ViDA



The ViDA proposal should further refine its definition of an “electronic invoice” as a **structured dataset to cater for the multifaceted nature of invoicing and business practice**. This should include consideration for the continued need to include data in some business use cases that isn’t yet or cannot easily be standardised or automated.



EESPA supports the clearance prohibition as part of the overriding objective for tax administration controls **not to interrupt the flow of commerce and trade**. However, the applicability to the centralized approach such as Italy, Poland and Romania should be further clarified.



**Minimise room for variation among domestic Member State e-invoicing and e-reporting regimes**. Further EU single market fragmentation is still a real possibility; anything that can be added to the ViDA proposal to halt or reverse this divergence would be a considerable win for the EU economy.



EESPA cautions against a rushed implementation of the directive and ask for **adjusting the timeline according to the length of the negotiations**. We also urge the Commission to introduce a compulsory 12-month period lead time for enforcement of domestic mandates to compensate for the current requirement for Member States to obtain a derogation.

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