



VAT in the Digital Age: e-invoicing and digital reporting in the Netherlands

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VAT in the Digital Age (ViDA)

The VAT-landscape at the European level is undergoing significant developments in the areas of digitalisation and the creation of a future-proof VAT system. In this context, on 5 November 2024 the European Council adopted the “*VAT in the Digital Age*” (ViDA) Directive. Under this Directive, all EU Member States are required to introduce, as from 1 July 2030, digital reporting for cross-border and certain reverse-charged B2B transactions, as well as electronic invoicing (e-invoicing).

The ViDA Directive offers Member States the option to apply the obligations relating to e-invoicing and digital reporting to domestic B2B transactions as well. The Netherlands therefore faces the policy choice of whether these obligations should also apply to domestic B2B transactions, and whether a specific infrastructure (see below) should be prescribed for these obligations.

EY Report

Given the policy choices to be made, the Dutch Ministry of Finance asked EY to conduct research into the most desirable Dutch implementation of the ViDA Directive in the area of e-invoicing and digital reporting. This research shows that both the business community and the government have clear preferences, as well as certain conditions, for the implementation of digital reporting and e-invoicing. The report was sent to the Dutch parliament on March 10, 2026.

Below, we outline the upcoming changes in the field of e-invoicing and digital reporting, our conclusions and recommendations to the

Ministry of Finance, and finally the actions to be taken.

E-invoicing

Sending and receiving e-invoices will become the standard for all transactions as from 1 July 2030, with Member States being permitted to introduce exemptions for domestic transactions.

For these transactions, businesses will be required to issue an e-invoice within ten days of the taxable event.

Electronic invoices must, in principle, comply with the technical standards established at European level as from 1 July 2030. The baseline requirement is that every e-invoice must follow the EN16931 format. However, EU Member States are authorised to allow other electronic formats.

Digital reporting

E-invoicing and digital reporting are closely interconnected. The information that must be included on the e-invoice largely corresponds to the data required for reporting. Digital reporting will become mandatory as from 1 July 2030 for cross-border and certain reverse-charged B2B transactions. Both the business performing the supply of goods or services and the business acquiring them will be required to digitally report certain prescribed transaction-level data to the authorities.

The supplying business is required to report in ‘*near real-time*’, meaning that the transaction data must be transmitted to the authorities at the moment the invoice is, or should have been, issued. The business acquiring the supply must

report the data no later than five days after the e-invoice is received. It is not yet entirely clear how the European legislator intends the term "received" to be interpreted. The European Commission is currently preparing so-called "Explanatory Notes", which may provide clarification on this point.

However, Member States also have the option not to impose digital reporting obligations for purchases (the so-called opt-out). In such a case, the Member State must notify the European Commission.

Conclusions from the EY report

Based on interviews with stakeholders, a comparative legal analysis with other countries, and a review of the advantages and disadvantages of e-invoicing, the following conclusions can be drawn:

- Broad implementation of the e-invoicing and digital reporting obligation, including domestic transactions.
- No introduction yet of the digital reporting obligation for acquisitions.
- One standard for e-invoicing (EN16931 standard) and mandatory use of the Peppol network.
- A phased introduction starting from January 2030, with sufficient time between the publication of legislation and the implementation date.
- Clear government information campaigns and guidance.
- Sufficient attention to legal protection, GDPR requirements and cybersecurity.
- A grace period following implementation.

The EY report shows that the above conclusions align with the two objectives of the ViDA Directive: improving tax collection and reducing fraud, as well as simplifying VAT compliance for businesses and tax authorities through the use of technology. The benefits of broad implementation of the rules include:

- Increased efficiency for businesses.

- Expected increase in tax revenues.
- More efficient supervision by the tax authorities.
- The potential facilitation of a (partially) pre-completed VAT return in the future.

EY acknowledges that broad implementation of the ViDA rules will result in additional burdens for businesses. However, all research on e-invoicing shows that the benefits for businesses outweigh the disadvantages.

EY also notes that consideration should be given to excluding certain transactions and businesses from the obligations. Examples include businesses that operate almost exclusively on a B2C basis, as well as certain exempt activities.

The introduction of digital reporting for acquisitions would lead to practical challenges and an increased administrative burden for both businesses and the tax authorities. This is because the number of mismatches, corrections and resulting queries from (foreign) tax authorities is expected to rise, given the short reporting deadline of five days after receipt of the invoice. For this reason, the EY report advises opting for the opt-out. The Netherlands may still consider introducing the reporting of purchases at a later stage, once the market has become accustomed to e-invoicing and digital reporting obligations for a longer period, and based on experiences in other EU Member States.

The research shows that building on the existing Peppol network is preferable to imposing an entirely new system. Peppol offers a standard that is interoperable and scalable, has multiple service providers (so-called Access Points or Peppol service providers), thereby ensuring choice and competition, and is widely supported internationally.

The EY report serves as a starting point for the Dutch government in working towards the

implementation of the ViDA rules in Dutch legislation and regulation. It is now a matter of awaiting further announcements from the government on this topic.

How should my organisation prepare?

The ViDA changes will have a broad impact on the VAT landscape, and it is likely that most businesses will be affected. Although ViDA brings significant adjustments, this development also provides businesses with an opportunity to improve their administrative processes.

Organisations that anticipate the changes in good time can leverage e-invoicing and digital reporting to streamline processes, improve data quality and achieve efficiency gains. Early preparation therefore enhances not only the level of compliance but also the operational benefits.

How can EY support?

- Mapping the implications of ViDA for your invoicing and reporting processes and supporting you with structured preparation.
- Assistance in selecting the appropriate and suitable e-invoicing solution, including its implementation.

The above is based on our interpretation of current tax legislation and case law published to date. This Indirect Tax Alert provides general information with no pretence of completeness, and it is not a tax advice.

Information

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