



Indirect Tax

VAT alert

Draft law on VAT reporting obligations for payment service providers submitted to parliament

The draft law amending the VAT Code by introducing certain reporting obligations for payment service providers has been submitted to the Chamber of Representatives ([NL/FR](#)), further to [Council Directive \(EU\) 2020/284](#).

In addition, the Federal Public Service Finance recently issued a communication ([NL/FR](#)) providing some practical information.

Background

Due to the growth of cross-border e-commerce, digital economy taxation has received growing attention over the past years. In order to address the VAT gap, the EU has introduced reporting obligations for payment service providers to monitor money flows. More information can be found in our previous tax alert '[New EU tax reporting obligations for digital platforms implemented](#)'.

For whom is this relevant?

The obligation is for payment service providers (PSPs) that provide (i) cross-border payment services in so far as (ii) the payment services exceed a minimum of 25 transactions for the same EU payee or buyer during a calendar quarter.

This means that payments made for non-EU clients or between buyers and clients within the same Member State are exempt from reporting. Also when the threshold of 25 payments, irrespective of the amount, is not exceeded, these payments do not need to be reported. PSPs therefore need to monitor their cross-border payments per payee.

The new reporting needs to be done by banks, electronic money institutions and other regulated payment institutions.

Which data?

The information needs to disclose all international money transfers on a transaction basis, i.e. not a total amount per payee or client in every country where they carried out the relevant payment services. Special attention should therefore be given to multi-country reporting : PSPs that are, next to their home Member State, also active in other Member States, will need to implement adequate procedures and systems to ensure timely compliance within all required jurisdictions. The reporting challenges may therefore be quite significant.

For each cross border payment a set of data must be reported in xml format via MyMinfin (the online platform of the Belgian tax authorities) by the end of the month following the calendar quarter to which the information relates, at the latest.

The PSPs need to send their data to the national VAT authorities, which will in turn push this data to the EU. The EU will store, aggregate and analyze the data, will remove double reported data (e.g. a payment has been reported by the bank as credit card issuer of the client or payer) and will report back to the national authorities to enable the latter to investigate VAT fraud.

PSPs will be required to keep the records for a period of three calendar years, which deviates from the normal retention periods applicable for VAT documents in Belgium.

Payment service providers who have questions in relation to their obligations to collect and transfer cross-border payments data can contact the tax authorities via a dedicated e-mail address. (cesop@minfin.fed.be)

Entry into force

The new obligations for PSPs will apply as from 1 January 2024 and the first reporting will have to be done before the end of April 2024.

Impact

The compliance burden for payment service providers is likely to increase significantly. Considering the high volumes of data to be tracked and reported, affected businesses need to ensure they have the right procedures and systems in place to be adequately prepared for the new administrative requirements.

Next to that, Members States also need to be ready by the beginning of 2024, since they will have to collect the data in the first place.

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