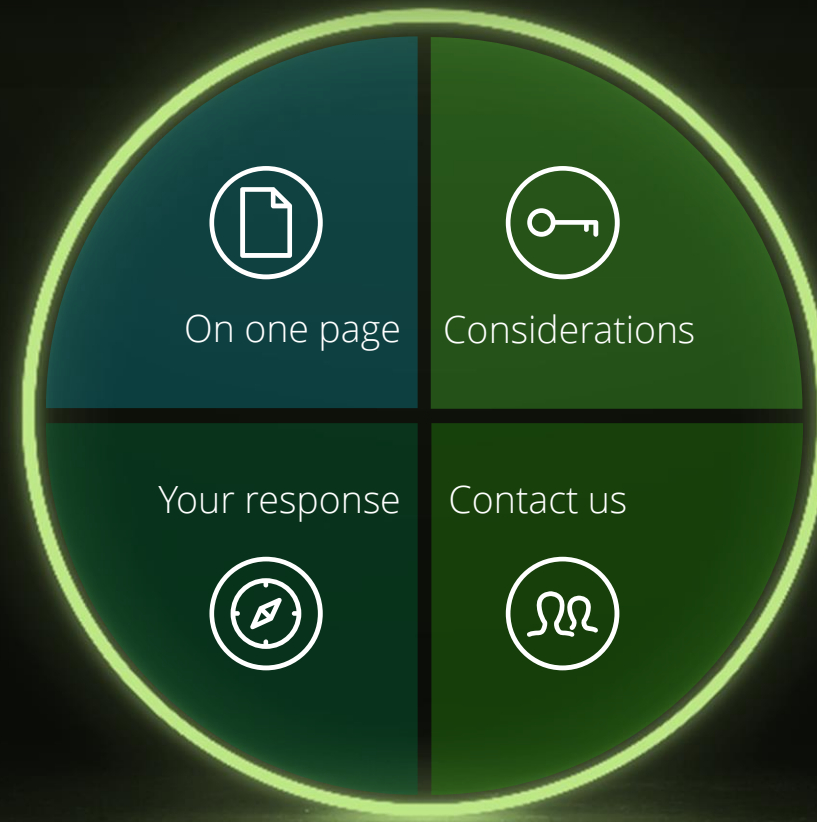


CESOP Central Electronic System of Payment information A VAT transactional reporting obligation for PSPs in the EU



CESOP on one page

From 2024 all EU PSPs will be required to record and report transactional data of cross-border payments



Why?

Closing the VAT gap



When?

1 January 2024



What data?

1. BIC/ID reporting PSP
2. Payee name
3. Payee VAT ID/TIN*
4. Payee account ID
5. Payee PSP BIC/ID
6. Payee Address*
7. Refund Y/N, link
8. Date/time
9. Amount
10. Currency
11. MS of payment origin
12. MS of refund destination
13. Payer location information (payment origin)
14. Transaction ID
15. Physical presence Y/N, ref



What is it?

Change to the EU VAT directive
Administrative obligation
Report transactional data each quarter and keep records



Who?

Payment Service Providers (PSPs) under PSD2
Including exempt small payment institutions (SPIs)



Which transactions?

Cross border payments
By payee PSP if payer is in EU
By payer PSP if payee is non-EU
If n>25 per payee in a quarter



How?

Quarterly reporting to local tax authority ("MS TA", BIC/IBAN leading)



Standardized XML format ([schema](#))

CESOP: key considerations

When implementing CESOP, companies must navigate between **multiple stakeholders** and their interests



Relations with supervisors

1. **Tax Authorities:** implementing CESOP is a matter of tax compliance
2. **Financial supervisors:** CESOP is primarily an instrument to combat financial fraud and money laundering. Not complying with CESOP or having information about fraudulent transactions on your network will attract supervisors' scrutiny
3. **Data protection authorities:** oversharing data can qualify as unlawful personal data processing



Multi-country reporting

In which countries are CESOP reports due?
How do you ensure all reportable transactions are reported?
How do you ensure transactions are reported only once?



Impact on systems

Are all necessary systems and data sources fit for CESOP reporting?
How can systems continuity *and* timely reporting be guaranteed?
What kind of governance will be in place and how does this fit within the business control framework?

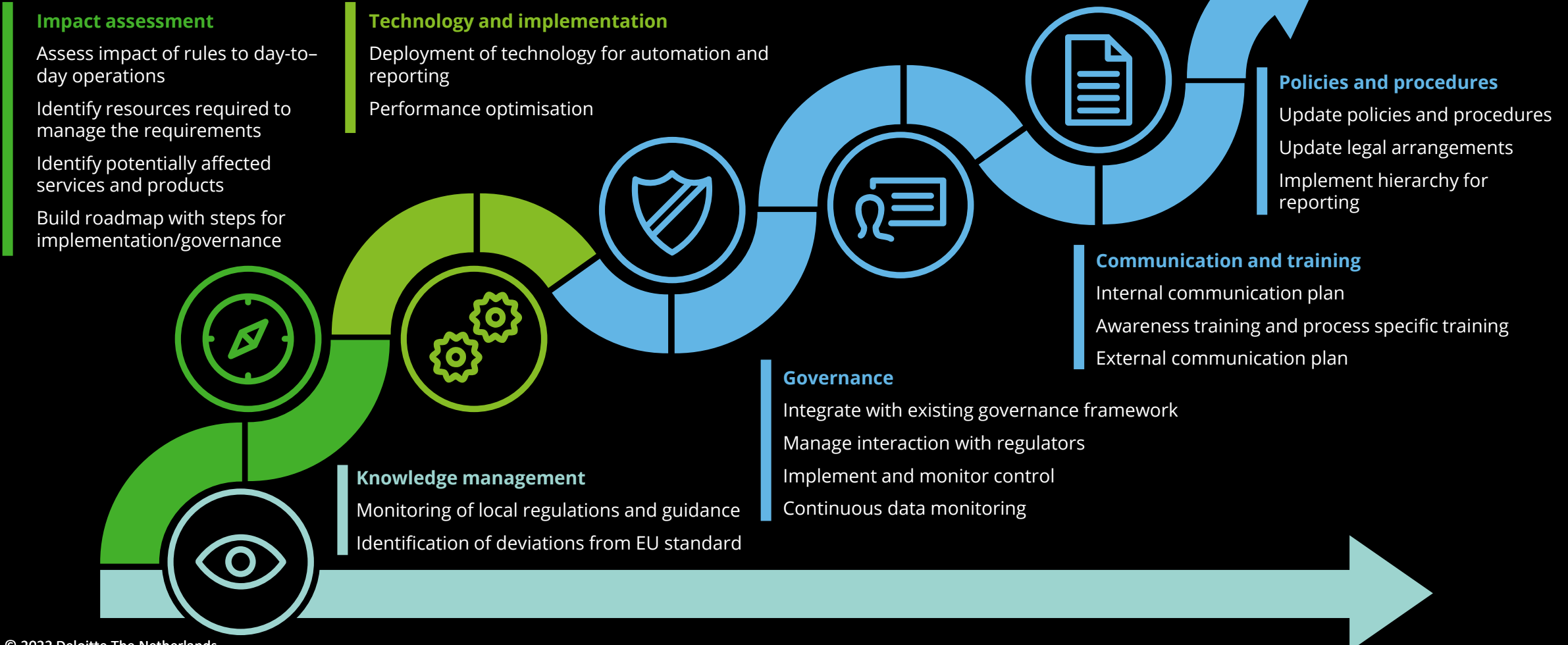


Data validation and quality assurance

Tax authorities will have the responsibility to perform a data acceptance check.
How can you monitor data quality and prevent validation errors or questions?

CESOP: where we can help

Companies need to start **assessing the extent of the impact** and form a proportionate, effective and timely response




CESOP: contact us

For more on CESOP and to discuss specifics, reach out to your Deloitte advisor, or any of the persons below.



Michel Schrauwen


 mschrauwen@deloitte.nl

 +31 (0)88 288 4507



Koert Bruins


 kbruins@deloitte.nl

 +31 (0)88 288 4507



Oscar Smeets

 osmeets@deloitte.nl

 +31 (0)88 288 4507





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