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

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

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)

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

**Impact assessment**
- Assess impact of rules to day-to-day operations
- Identify resources required to manage the requirements
- Identify potentially affected services and products
- Build roadmap with steps for implementation/governance

**Technology and implementation**
- Deployment of technology for automation and reporting
- Performance optimisation

**Policies and procedures**
- Update policies and procedures
- Update legal arrangements
- Implement hierarchy for reporting

**Communication and training**
- Internal communication plan
- Awareness training and process specific training
- External communication plan

**Knowledge management**
- Monitoring of local regulations and guidance
- Identification of deviations from EU standard

**Governance**
- Integrate with existing governance framework
- Manage interaction with regulators
- Implement and monitor control
- Continuous data monitoring
CESOP: contact us
For more on CESOP and to discuss specifics, reach out to your Deloitte advisor, or any of the persons below.

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