Response Number 1082

Q.1 What are your views on the proposal to introduce real-time reporting for B2B and B2G transactions?

We believe this is a good opportunity to digitize tax controls to the benefit of both businesses and tax authorities, hopefully in a harmonized manner with the rest of the EU. This could significantly enhance transparency and efficiency. However, it's crucial to balance regulatory benefits with the potential compliance burden on businesses.

Q.2 What matters should be considered in planning for a transition to a new VAT Reporting system?

We recommend aligning with the EU's ViDA framework. Ensure good and timely communication with all parties involved, to allow for a smooth transition. We propose consulting the ICC Principles on Continuous Transaction Controls for areas to consider when introducing CTC. Please see also our answers to questions 5 and 6 below.

As to the model of choice, we believe that a centralized system like that of Italy risks stifling innovation and lead to a single point of failure/security exposure. Many stakeholders in the area are leaning toward the 5-corner model, such as PEPPOL CTC, as the optimal solution. See GENA (EESPA) Statement on EU Digital Reporting Requirements and A Next Generation Model for Electronic Tax Reporting and Invoicing paper. (Respectively, https://www.gena.net/news-events/news-item/2023/11/07/GENAEESPA-Statement-on-EU-Digital-Reporting-Requirements and https://www.gena.net/news-events/news-item/2022/08/03/A-NEXT-GENERATION-MODEL-FOR-ELECTRONIC-TAX-REPORTING-AND-INVOICING-DCTCE-v20)

The Decentralized CTC and Exchange Model (DCTCE) allows leveraging existing investments in Electronic Data Interchange (EDI) and interoperability framework programs like Peppol and CEF eDelivery. While the transmission/network aspect is not currently regulated as part of the ViDA proposal, we believe that standardizing this based on CEF eDevliery/Peppol would be beneficial for the uptake and ease of roll-out of both reporting and e-invoicing systems. (https://www.gena.net/news-events/news-item/2023/11/07/GENAEESPA-Statement-on-EU-Digital-Reporting-Requirements)

Q.3 If your business is currently subject to a VAT reporting programme in another EU or non-EU country, can you please share best practice, recommendations or lessons learnt?

Sovos provides e-invoicing and e-reporting services to businesses worldwide and therefore has extensive experience and expertise in helping businesses comply with similar tax controls reforms. Please see replies to the other questions for recommendations.

Q.4 Have you any observations, concerns or recommendations on a move to mandatory electronic invoicing for B2B & B2G domestic VAT transactions?

We recommend implementing measures to guarantee a smooth transition for businesses, with particular focus on SMEs, ensuring minimal disruption and maximum support during the changeover.

Q.5 Revenue is particularly interested in hearing views from businesses that are already engaged in eInvoicing Public Bodies within Ireland or engaged in B2B eInvoicing throughout Europe and beyond. How did you prepare and what challenges prevailed in your preparations for eInvoicing?

A major obstacle for e-invoicing in Europe is the fragmentation in domestic requirements in the different Member States. ViDA would be very helpful here, even if certain member states were to be permitted to keep their current systems, such as Italy. Another challenge is lack of timely information from the authorities, delayed timelines, technical specifications that are released shortly before the enforcement date.

Clear and timely communication and technical specifications are important for stakeholders to be able to prepare. Access to Tax authority support as and when questions arise is also vital for a smooth introduction and seamless implementation of these kinds of requirements.

Q.6 What suggestions would you offer in Ireland's arrangements for a mandatory B2B and B2G eInvoicing programme?

We would recommend ensuring prompt and effective communication, along with detailed technical specifications, as these are very important for stakeholders to be able to prepare. We would also request that you provide businesses with access to Tax authority support as and when questions arise. Additionally, we suggest referring to the the ICC Principles for CTC. (https://iccwbo.org/news-publications/policies-reports/icc-continuous-transaction-control-ctcs-practice-principles/)
Many of these suggestions may seem obvious but, in our experience, their frequent oversight by tax authorities has resulted in significant frustration for businesses.

Q.7 Revenue are cognisant that small businesses may have different perspectives and requirements to large businesses, so what information prompts would you find useful for businesses in completing the VAT return?

N/A