

EU VAT Fraud Directive 2020/284: Potential impact on PSPs

Short note to raise awareness on tax-related EU legislation with an impact on payments

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Background

EU Directive 2020/284 introduces new record keeping and potential reporting obligations on European payment service providers (PSPs) effective 1 January 2024.

The Directive requires PSPs to keep records of, and make available to their national tax authority, data on cross-border payments – even those transacted within SEPA’s geographical scope. The aim is to enable tax authorities to carry out controls to achieve their objective of combatting value-added tax (VAT) fraud. The scope of the obligation includes all payment instruments.

The relevant departments within your organisation should be aware of these upcoming requirements and begin the necessary actions to ensure your organisation is able to meet its obligations as of 1 January 2024.

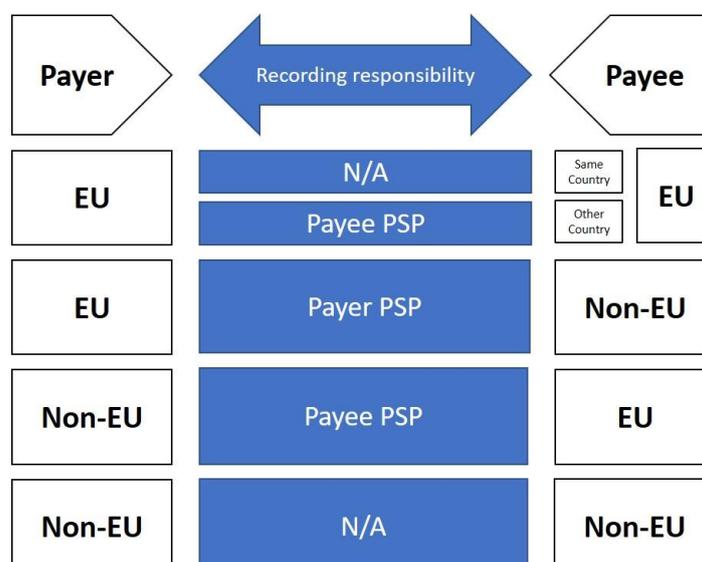
Payments in scope

Cross-border payments – both intra-EU and ‘one leg out’ payment transactions – are in scope, including credit transfers, direct debits, card payments (both credit and debit), money remittances e-money and payment refunds but not payment initiation (or account information) services.

Record-keeping responsibilities

The requirement for PSPs to keep records of cross-border payments and to make these records available to the competent tax authorities can be schematically summarised by reference to the location of the payee:

- Where the payment is to a payee in the EU, the recording responsibility is with the PSP of the payee.
- Where the payment is from a payer in the EU to a payee in a non-EU country, the recording responsibility is with the PSP of the payer.



Illustrative examples

Location of Payer	Location of Payee	Reporting responsibility
France	France	Not applicable
France	Germany	Payee's PSP in Germany
France	Switzerland	Payer's PSP in France
Japan	France	Payee's PSP in France
Japan	Australia	Not applicable

Record-keeping trigger

The record-keeping requirement is triggered as soon as a PSP provides payment services for more than 25 cross-border payments in a calendar quarter to the same payee, irrespective of the transaction amount.

Data recording obligations

For the purposes of this Directive, it is required that all data pertinent to the payment transactions are kept for a minimum of three calendar years. The Directive specifies which data should be recorded as a minimum and these include, for example:

- identifier of PSP, e.g. BIC
- name or business name of the payee as it appears in the PSP's records
- if available, the address of the payee as it appears in the PSP's records
- identifier of payee's location, e.g. IBAN or other identifier
- transaction date, time, amount and currency.

A group of experts set up by the European Commission is currently investigating how the requirements of the Directive can be met from a functional and technical point of view. It is expected that national tax authorities will provide the details regarding data that they require to be kept and made available.

Implementation timetable

- The Directive should be transposed into national law by the EU Member States by 31 December 2023.
- The Member States will apply the provisions from **1 January 2024**.
- In the lead time to implementation into national law of the Directive, further clarification and guidelines shall need to be provided by the EU or the Member States in relation to various items, e.g. exact data to be recorded, reporting obligations and technical standards.
- In the meantime, PSPs should consider how the requirements map against their systems and the payments data they hold.

Legislative context

- [Council Directive \(EU\) 2020/284](#) was published alongside [Council Regulation \(EU\) 2020/283](#) which places related requirements on the European Commission and Member States.
- The Directive requires PSPs to keep records of, and make available to their national tax authority, data on cross-border payments.
- Under the Regulation, Member States will collect the data by means of an electronic standard form and transmit it to a centralised European database - the European Commission's central electronic system of payment information ('CESOP').

About this Document

The above summary was delivered as a follow-up on a workshop held by the Euro Banking Association (www.abe-eba.eu) on 29 September 2021 to discuss the interpretation and implications of the EU VAT Fraud Directive. The aim of the document is to provide workshop attendees, the EBA members and interested stakeholders with a high-level overview of the Directive and its requirements, as understood at the time of drafting (April 2022).