



Proposal for introduction of reporting obligation for payment service providers in e-commerce

This Newsletter refers to a recently published proposal recommended by Finland regarding the introduction of a reporting obligation system in the European Union for the payment service providers in e-commerce.

The Proposal

The objectives of the proposal are:

- i) to put in place EU rules which will enable Member States to collect in a harmonised way the records made electronically available by the payment service providers; and
- ii) to set up a new central electronic system for the storage of the payment information and for the further processing of this information by anti-fraud officials in the Member States

Access in the system will be granted only to the Eurofisc liaison officials in order to cross-check payment data with the VAT information they dispose of, make enquiries for the purpose of an investigation into suspected VAT fraud or to detect VAT fraud.

Conditions

The record keeping and reporting obligation for the payment service providers will apply to the following situations:

- a) Cross-border payments where the payer is located in one Member State and the payee is located in another Member State, in a third territory or in a third country; and
- b) The payment service provider provides more than 25 cross-border payment services to the same recipient of the payment or payee within a calendar quarter.

The information will be kept by the payment service provider in electronic format for a period of three calendar years.

Purpose

The purpose of the new amendments is to enable the competent authorities of the Member States to carry out controls of the supplies of goods and services in order to achieve the objective of fighting VAT fraud.

Who will be affected from the new rules?

The changes affect all payment service providers which shall include, *inter alia*:

- 1) banks and other credit institutions.
- 2) electronic money institutions.
- 3) post office giro institutions.
- 4) payment institutions.
- 5) the ECB and national central banks.
- 6) Member States or their regional or local authorities when not acting in their capacity as public authorities.

Once the amendments are adopted by the Council, the proposed rules would come into force on 1 January 2024.

How PwC can help you

Our designated team of Indirect Tax Specialists is at your disposal to discuss the potential impact of the amendments in your business and assist in the correct application of the rules.

Your contacts for Indirect Tax matters in PwC Cyprus



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