

ViDA Implementation Strategy: A Roadmap for a Modern EU VAT System

Update created: 11 December 2025

Natalia Nazim | VAT Associate, IBFD Knowledge Centre

The author can be contacted at n.nazim@ibfd.org

The publication of the European Commission's [Implementation Strategy](#) for the VAT in the Digital Age (ViDA) on 24 September 2025 represents a decisive moment in the modernization of the EU VAT system. While the [ViDA legislative package](#), adopted on 11 March 2025, sets the legal foundations, the Implementation Strategy (hereinafter the Strategy) outlines how this revolutionary reform should unfold in practice: how its three pillars will be coordinated, how Member States and businesses are expected to prepare, and how the Commission intends to steer this unprecedented transformation of VAT compliance and administration over the next decade.

This note briefly describes the substance of the Strategy, in particular the various points for attention and risks for implementation outlined by the Commission, as well as an insight into the future perspectives.

1. Structured, Staged and Highly Managed Implementation Framework

The Strategy emphasizes the extraordinary complexity of ViDA. It describes the initiative not as a single reform but as a decade-long transformation process requiring coordination among Member States, substantial IT investment and steady engagement with business stakeholders, who are directly impacted by the changes. For this reason, the Commission outlines a phased approach extending from 2025 to 2035, with each phase carefully sequenced to spread administrative burden and accommodate different levels of readiness. The need for adequate preparation time and proactive planning was also brought up during the [Implementation Dialogue](#) held with Commissioner Wopke Hoekstra on 28 October 2025, where key stakeholders stressed that clarity well ahead of each ViDA milestone is essential for avoiding operational disruption.

This structured timeline forms the backbone of the Strategy. As of 14 April 2025, this being the date of the entry into force of the ViDA package, Member States may introduce mandatory e-invoicing under certain conditions. The first upcoming changes are deemed to apply as of 1 January 2027, mainly concerning minor legislative clarifications to the One-Stop Shop (OSS) schemes. The more disruptive reforms will gradually come into effect through 2028 (deemed supply measures for platforms and main elements of Single VAT Registration (SVR)), through 2030 (Digital Reporting Requirements (DRRs) measures) and ultimately through 2035, by which time the domestic e-invoicing systems implemented before 2024 by certain Member States will have to comply with EU standards, marking the final phase of the implementation of the ViDA package.

2. Digital Reporting Based on Structured E-Invoices

DRRs may be regarded as the technical and conceptual centrepiece of ViDA. The shift to e-invoicing and real-time cross-border reporting as a default is expected to modernize VAT controls, significantly reduce VAT fraud and harmonize practices among Member States. However, it also demands extensive adjustments from businesses across accounting, Enterprise Resource Planning (ERP) systems, supply-chain management and internal invoicing

workflows.

Although the Strategy affirms that the EU standard for e-invoicing will ensure interoperability of the IT infrastructure (which is still to be developed), it also reveals areas where uncertainties remain. The Commission's interpretation of the rules and practical guidance, including operational and legal details, are explicitly deferred to forthcoming Explanatory Notes expected in Q4 2026. The first draft of the Notes, presented to the members of the VAT Expert Group (VEG) and the Group on the Future of VAT (GFV) during their latest meetings, should include *inter alia* definitions of e-invoices and real-time reporting systems, as well as the key moments in the invoicing lifecycle (issuance, transmission and acceptance) and the treatment of corrections, cancellations and rejections. Until these clarifications are available, businesses may not be able to fully assess and start adjusting their compliance processes.

Moreover, the Strategy recognizes the transitional complexity created by allowing Member States with historic derogations to maintain national domestic e-invoicing systems or domestic DRRs until 2035. It also stresses the importance of their convergence to the EU model to ensure interoperability and prevent businesses from being burdened with having to use different invoicing systems for their domestic and cross-border transactions.

3. Platform Economy Reform

The Strategy recognizes that the platform economy component of ViDA will fundamentally alter VAT obligations for providers of short-term accommodation and passenger transport services. The deemed-supplier regime is presented as an essential tool to address underreporting and level the playing field, but the Strategy also acknowledges its implementation risks.

Platform operators will need to redesign transactional flows, data collection mechanisms and reporting structures to comply with their new VAT obligations. The Strategy, as well as the Implementation Dialogue, point out the challenge of consistent application across Member States, given the inherently complex interaction between the deemed-supplier rules, existing VAT provisions such as the travel agent special scheme, and the business realities of multinational platforms. While the Strategy commits to developing explanatory notes in 2027, the underlying complexity will demand clear and predictable rules ready early enough to grant the platforms sufficient time to test and prepare.

4. Single VAT Registration and Secure Import One-Stop Shop (IOSS)

The Strategy positions SVR as the long-term simplification pillar of ViDA, enabling taxable persons to fulfil EU-wide VAT obligations through a single registration by extending the application of the existing OSS, introduction of a "transfer of own goods scheme" (TOOG) or mandatory use of the reverse charge mechanism in certain circumstances. It also links SVR closely with the development of a more secure IOSS, addressing the well-documented misuse of IOSS numbers in customs procedures.

The Strategy notes that the effectiveness of the implementation of the third pillar of ViDA depends on significant IT coordination between VAT and customs authorities, alignment of the VAT and customs rules in the context of the secure IOSS, consistent application of the Commission Implementing acts, and timely deployment of a new digital infrastructure across all Member States.

5. The Implementation Challenge and the Role of Supporting Measures

A recurring theme of the Strategy is the Commission's intention to mitigate implementation risks by providing extensive support to Member States and businesses. This includes explanatory notes, technical documentation, capacity building, and regular implementation dialogues, meetings or workshops. The Strategy frames these

measures as critical to achieving harmonization and reducing compliance burdens.

While the Implementation Dialogue with Commissioner Hoekstra reinforced the importance of these support mechanisms, particularly the call for clear and timely guidance, the Strategy emphasizes that implementation tasks mainly fall on national administrations and businesses. Nevertheless, guidance from the Commission, provided it is given ahead of time and in an accessible manner, will be crucial to implement the system that will work for all businesses concerned, from SMEs to multinational giants.

6. The Way Forward

The ViDA Implementation Strategy provides a structured and thoughtful plan for rolling out one of the most far-reaching VAT reforms in the EU's history. However, it also makes clear that transformation on this scale carries significant risks. The success of ViDA will depend on timely preparation, clarity of technical rules and synchronized implementation. The upcoming years leading to the entry into force of the main DRR provisions on 1 July 2030 will be filled with significant milestones to be tackled by the EU institutions, Member States and businesses. It remains to be seen how this ambitious project will unfold in practice.

IBFD references:

- › For a comprehensive overview and commentary on the ViDA legislative package, see the [VAT in the Digital Age \(ViDA\) Tax Dossier](#).
- › ViDA legislative developments are reported on the daily IBFD [Tax News Service](#) page.
- › Stefania Lotito Fedele, "[Digital VAT Reporting in the EU: Insights from the Italian Experience](#)", EU Tax Focus (16 July 2025).
- › Laura Alarcón Diaz, "[Approval of ViDA legislative package. What is next?](#)", EU Tax Focus (20 November 2024).