



**K. TREPPIDES
& CO LTD**

Indirect Taxation

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Central Electronic System of Payment information (CESOP)



We would like to bring to your attention that on the 18th of February 2020, the European Council adopted a new legislative package which requests payment service providers (PSP's) to transmit information on cross-border payments originating from Member States and on the beneficiary (the payee) of these cross-border payments. This new legislative package comes into effect on 1st of January 2024.

Amendments to the Law - Scope of the Reporting Obligation

The new legislative package has introduced some amendments to the Directives 2006/11/EC and (EU) 904/2010. In summary, these new amendments impose an obligation to PSP's based in the European Union to keep electronic records and report the information of cross- border transactions each calendar quarter in order to enable the competent authorities of the Member States, to carry out controls of the supply of goods and services which are deemed to take place in a Member State. This will assist the competent authorities to detect possible VAT fraud on e-commerce.

Tax authorities of member states will share the collected data using a new Central Electronic Payment System of Payment Information (CESOP), where the data collected

will be stored, aggregated, and crossed checked with other EU Databases and then will be made available to anti-Fraud experts in Member States.

Entities in Scope

The Reporting obligation is only applicable to PSP's, which provide payment services in the European Union and execute more than 25 cross-border payments related to the same payee in the same calendar quarter.

PSPs who fall within the legal definition:

- Credit Institutions
- Electronic money Institutions
- Post office giro institutions which are entitled under national law to provide payment services.
- Payment institutions
- The ECB and national central banks when not acting in their capacity as monetary authority or other public authorities.
- Member States or their regional or local authorities when not acting in their capacity as public authorities.

PSP's, which do not provide payment services in the European Union do not have to fulfil any reporting obligation.

Reporting Periods for payment Service Providers:

The reporting obligation of a PSP depends on the location of the PSP of the payee and the payer.

- If the PSP of the payee is located outside the EU, the PSP of the payer has an obligation to report.
- If both PSPs are located within the EU, the PSP of the payee has an obligation to report.

PSPs will be obligated to report information on a quarterly basis to the local authorities where the company's register office is located, as well as the State where the Company is registered.

Deadlines

- 1st Period (January – March): **30 April**
- 2nd Period: (April- June): **31 July**
- 3rd Period (July-September): **31 October**
- 4th Period (October- December): **31 January**

Required data that should be reported by payment service providers.

The records that should be kept by the payment service providers, pursuant in Article 243b, shall contain the following information:

- (a) The name or business name of the payee, as it appears in the records of the payment service provider
- (b) the IBAN or, if the IBAN is not available, any other identifier which unambiguously identifies, and gives the location of, the payee.
- (c) The BIC or any other business identifier code that unambiguously identifies, and gives the location of, the payment service provider.
- (d) Any VAT or other national tax identification number, if available.
- (e) If available, the address of the payee as it appears in the records of the payment services provider.
- (f) the details of any cross-border payment.
- (g) The details of any payment refunds identified as relating to the cross-border payments referred to in point (f).

Our Indirect Taxation team is ready to discuss with you the content of this newsletter and provide any consultation required for better understanding of the amendments and how those could affect your business. Please do not hesitate to contact us at VAT@treppides.com.

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