

# Flash Info Tax



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## VAT - Details on the application of the obligation for electronic invoicing between taxable persons as of January 1<sup>st</sup>, 2023

Article 153 of the *law n°2019-14, Finance Bill for 2020* has introduced the progressive implementation of an electronic invoicing obligation between taxable persons (*e-Invoicing*) as well as an obligation to transmit certain invoicing data to the French Tax Authorities (*e-Reporting*).

The law n° 2020-1721, *Finance Bill for 2021* has clarified the terms of application of these obligations and in particular authorized the Government to act by ordinance within nine months of its publication.

Thus, by September 2021, the Government will have to adopt an ordinance in order to generalize the use of electronic invoicing and institute an obligation of dematerialized transmission of additional information to the French Tax Authorities.

The timetable for the implementation of the reform is described in the Finance Bill for 2021. Thus, an **obligation to receive** electronic invoices has been introduced as of January 1<sup>st</sup>, 2023. The obligation to issue electronic invoices will be implemented progressively in between 2023 and 2025 **depending on the size of the company**, according to the following schedule:

- January 1<sup>st</sup>, 2023 for **large companies**;
- January 1<sup>st</sup>, 2024 for **mid-sized companies**;
- January 1<sup>st</sup>, 2025 for **SMEs and VSEs**.

With regard to the *e-Reporting*, the scope of this mechanism, which should follow the same timetable as the *e-Invoicing* obligation, should include:

- The transmission of data concerning **BtoB transactions**;
- The transmission of data concerning **BtoC transactions**;
- Transmission of data concerning **operations with foreign operators**;
- The **payment status** of the invoices.

As of January 1<sup>st</sup>, 2025, paper invoices will no longer be allowed for all BtoB and BtoG transactions.

In addition to the information mentioned above, the precise terms and conditions for the implementation of *e-Invoicing* and *e-Reporting* obligations are not officially known.

Since the publication in October 2020 of the report of the French Tax Authorities, "*VAT in the digital age in France*", discussions are underway between the French Tax Authorities and the various stakeholders to determine the precise terms and conditions for the implementation of the electronic invoicing reform.

Several approaches are currently being studied.

In particular, the French Tax Authorities are considering adopting the "Y" scheme, also known as the "*Mexican*" model. In this scheme, private platforms, previously certified as trusted third parties, will coexist with a public platform (i.e., Chorus) to issue invoices between VAT taxable persons in a dematerialized manner and transmit *e-Reporting* data to the French Tax Authorities.

In respect of the format of electronic invoices, PDF would be a transitional solution, intended not to be used in the future as opposed to structured formats which will be preferred.

It is also considered to condition the VAT deductibility to the submission of an electronic invoice on the platform.

Finally, it should be noted that the implementation of *e-Invoicing* and *e-Reporting* mechanisms would not affect the obligation to establish a reliable audit trail. This obligation to ensure the authenticity of the origin, the integrity of the content and the legibility of invoices would remain unchanged.

In conclusion, to date, many questions remain (e.g., format of the invoice, practical modalities of e-Reporting, treatment of operations exempted under Articles 261 to 261 E of the FTC benefiting from an invoicing exemption, etc.), for which the French Tax Authorities will have to pay particular attention.

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