

From Periodic Reporting to Real-Time Tax Control: ViDA and the Transformation of VAT Enforcement

Publicerad: 2026

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The EU's VAT in the Digital Age (ViDA) reform is often described as a technical modernization of VAT reporting. This article argues that the reform reaches further. By introducing transaction-based reporting, automated data processing and new information infrastructures, ViDA reshapes the conditions under which VAT control is exercised, raising fundamental questions about legal certainty, responsibility and the future form of tax enforcement.

1 INTRODUCTION AND SCOPE

ViDA constitutes a comprehensive reform package aimed at modernizing the VAT system in response to digitalization and cross-border trade.^[Not 1] The package is commonly described as consisting of three main pillars: 1) digital reporting requirements (DRR) and transaction-based reporting (TBR), 2) new rules for the platform economy based on the deemed supplier model, and 3) an expansion and simplification of VAT registration through the extension of the One Stop Shop (OSS) regime.

This article focuses exclusively on the first pillar and aims to examine how transaction-based reporting reshapes the infrastructure for VAT control and how this affects the legal conditions under which tax enforcement is exercised. Mandatory electronic invoicing (DRR) is addressed only insofar as it functions as a technical prerequisite for transaction-based reporting. Other elements of the ViDA package fall outside the scope of the analysis.

The purpose of the article is to analyze how transaction-based reporting transforms the form of VAT regulation and control, with focus on its implications for legal certainty, evidentiary assessment, responsibility and the growing role of technical systems in tax administration. By focusing on the reporting infrastructure rather than on substantive VAT rules, the article seeks to contribute to a deeper understanding of how digitalization affects the structure and functioning of VAT law.

2 ViDA IN BRIEF – THE NEW EUROPEAN MODEL FOR VAT REPORTING

2.1 Transaction-based digital reporting

A central element of the ViDA reform is the introduction of transaction-based digital reporting for intra-community supplies of goods and services. The reform does not alter the substantive rules governing VAT liability but establishes an additional reporting mechanism designed to collect detailed information on individual transactions for control and verification purposes.

This mechanism is primarily implemented through an amendment of Article 264 of [Directive 2006/112/EC](#), by Council [Directive \(EU\) 2025/516](#). The amended Article 264 specifies the information that must be reported for each

transaction, including the identification of the supplier and the customer, the VAT identification numbers involved, the taxable amount, the VAT amount and the date of the transaction. The reporting obligation is thus framed as a requirement to transmit structured transaction-level data, rather than aggregated figures covering a reporting period. At the same time, ViDA does not harmonize the rules governing VAT returns or the determination of VAT liability, which remain subject to national procedural law.^[Not 2]

2.2 Mandatory electronic invoicing

Transaction-based reporting is closely linked to the introduction of mandatory electronic invoicing for intra-community transactions. Through amendments to Articles 218 and 232 of [Directive 2006/112/EC](#), Council [Directive \(EU\) 2025/516](#) defines the format for electronic invoicing and permits Member States to require electronic invoicing for transactions subject to the new reporting regime without the consent of the recipient.

Within this framework, the electronic invoice functions as the primary technical source of the data to be reported under Article 264. While the invoice remains a commercial document exchanged between the parties to the transaction, its structured electronic format enables the automated extraction and transmission of transaction data to tax authorities. Mandatory electronic invoicing is therefore introduced as an enabling condition for digital reporting.

A further key feature of the ViDA reporting framework is the extension of reporting obligations to intra-community acquisitions. Through the amendment of Article 262 of [Directive 2006/112/EC](#), Council [Directive \(EU\) 2025/516](#) requires taxable persons to report transaction data, as defined in Article 264, also in respect of intra-community acquisitions. This represents a shift from the traditional supplier-focused reporting model and enables systematic cross-checking between reported supplies and acquisitions.^[Not 3] By ensuring that transaction data is reported independently by both parties, Article 262 strengthens the informational basis for detecting inconsistencies and addressing fraud risks in cross-border trade. From a legal perspective, purchaser-side reporting reinforces the character of ViDA reporting as control-oriented information.

While ViDA establishes harmonized reporting obligations for intra-community transactions, it also allows Member States to extend the same obligation to domestic supplies. This option is provided through Article 271a into [Directive 2006/112/EC](#) by Council [Directive \(EU\) 2025/516](#), which permits Member States to apply transaction-based reporting to domestic transactions, and, potentially, to all categories of supplies.^[Not 4]

The ViDA reporting model is constructed through a dual legal framework. Substantive reporting obligations are laid down in Council [Directive \(EU\) 2025/516](#), while Council [Regulation \(EU\) 2025/517](#) amends [Regulation \(EU\) No 904/2010](#) to establish the administrative cooperation framework for the exchange, storage and analysis of transaction-level data, including a central VIES system.^[Not 5] The regulation provides the technical infrastructure for data processing but does not regulate the determination of VAT liability under national law. As a result, ViDA introduces a new informational infrastructure that operates alongside existing national procedures for VAT assessment and enforcement.

3 PERIODIC VAT RETURNS AND THE ROLE OF TRANSACTION-BASED REPORTING

Under the current Swedish legal framework, VAT compliance is structured around a periodic reporting model, in which the taxable person bears primary responsibility for determining and reporting VAT liability. This obligation is laid down in [Chapter 26, § 5](#) of the Tax Procedure Act (Sw: *skatteförfarandelagen*), SFL, which requires every registered taxable person to submit a VAT return for each accounting period. The VAT return constitutes the legally decisive act through which VAT liability is reported. Pursuant to [Chapter 26, § 21](#) SFL, the return must include information on output VAT, input VAT, and certain cross-border transactions. The system is premised on the assumption that the tax authority's knowledge of taxable transactions is derived from the taxpayer's own declaration, and that the legal effects of reporting arise from this formal act.

Importantly, the scope and limitation of reassessment are closely tied to the declarative act. Decisions to the detriment of the taxpayer may generally only be adopted within two years from the end of the calendar year in which the tax year expired (Chapter 66, § 21 SFL), subject to extensions in cases of late or omitted declarations (Chapter 66, § 22 SFL). This framework leads to tax control operating retrospectively within defined time boundaries.

The declarative model is further characterized by periodic reporting obligations, which determine both the compliance and the timing of enforcement. Depending on turnover thresholds, VAT is reported monthly, quarterly or annually (Chapter 26, § 26–30 SFL). In addition, taxable persons engaged in intra-community supplies must submit recapitulative statements (EC Sales Lists) under Chapter 35, § 2–3 SFL, which serve as auxiliary control instruments enabling cross-border reconciliation.^[Not 6]

Control powers are exercised ex post and enforcement within this framework relies heavily on audits and reassessments. Administrative penalties, such as tax surcharges, are imposed where incorrect information has been provided or required information omitted (Chapter 49, §§ 4–5 SFL) but may not be levied where the incorrectness is apparent from reconciliation data already available to the Tax Agency (Chapter 49, §§ 10–10 e SFL).

These rules illustrate a system in which control:

- is reactive rather than preventive,
- information is collected periodically,
- deviations are identified retrospectively and,
- legal consequences arise through formal administrative decisions subject to procedural review.

4 TRANSACTION-BASED REPORTING AS A NEW MECHANISM OF TAX CONTROL

ViDA introduces a reporting logic that does not readily fit within the current reporting framework. Transaction-level data is transmitted automatically and continuously, outside the VAT return and without clear procedural classification under the Tax Procedure Act. It does not constitute a declaration of VAT liability, nor does it clearly fall within the existing concept of reconciliation data.

This raises fundamental questions regarding the procedural status of ViDA reporting data under Swedish tax law. Unlike VAT returns, such data does not constitute a formal declaration of VAT liability. Unlike traditional recapitulative statements, it is transmitted automatically and continuously rather than through discrete reporting obligations. Furthermore, it does not clearly fall within the existing concept of reconciliation data (Sw: *avstämningssuppgifter*) as defined in Chapter 49, § 10 e SFL, which is closely linked to specific statutory reporting obligations and to information already available to the Tax Agency within a defined legal framework.

The absence of clear legal categorization has important procedural implications. If transaction-based reporting data deviates from the amounts declared in a VAT return, it remains unclear whether such discrepancies give rise to a duty of investigation comparable to that associated with recapitulative statements, where the tax authority is expected to reconcile reported information as part of its assessment, or whether they merely function as risk indicators triggering audits or reassessments without independent procedural effects. For example, a mismatch identified through transaction-based reporting may lead the tax authority to initiate an audit or other control measures, even where the VAT return for the relevant period is formally correct. In such a situation, the discrepancy does not necessarily have to be addressed within the assessment of that return itself but may instead function as a trigger for a separate control procedure. Similarly, it is uncertain to which extent such data may serve as a basis for reassessment under Chapter 66 SFL, specifically where the formal VAT return itself remains unchanged.

At present, the VAT return retains its central legal role, as the Tax Procedure Act has not been adapted, nor proposed to be adapted, to a real-time reporting environment. ViDA therefore introduces a parallel informational infrastructure that operates alongside, rather than within, the existing procedural framework.

More broadly, this coexistence reflects a transformation in how tax control is exercised in digital reporting environments. While ViDA does not formally replace ex post controls such as audits and reassessments, continuous access to transaction-level data alters the temporal and functional relationship between reporting and enforcement. Control is no longer dependent solely on periodic declarations but increasingly shaped by automated processing and early risk identification.

As a result, reporting becomes an integral component of the control mechanism rather than a preparatory step preceding enforcement. This new form of control provides the analytical background for the legal issues examined in the following sections.

5 CHANGING LEGAL RELATIONSHIPS BETWEEN BUSINESSES, MEMBER STATES AND THE EU

The introduction of transaction-based reporting reshapes the legal relationships between businesses, national tax authorities and the European Union, not by altering substantive tax rules, but by reconfiguring how information flows within the VAT system.

For businesses, compliance will take the form of providing continuous data rather than periodic reporting. Taxable persons are required to ensure that transaction-level data is generated, structured and transmitted in accordance with technical specifications. This shifts part of the compliance burden from legal interpretation toward system configuration and data integrity, making the quality and integrity of data flows a central element of VAT compliance.

National tax authorities, in turn, assume a role that extends beyond traditional assessment and audit functions. As recipients of large volumes of transaction data, they are responsible for maintaining reporting infrastructures, validating incoming data and managing automated risk analysis. While formal decisions are still taken under national procedural law, control is in practice increasingly shaped by technical systems that influence what tax authorities focus on and when.

At the EU level, ViDA positions the European Union as the architect of the technical control environment.^[Not 7] Through harmonized reporting obligations, common data standards and centralized systems for administrative cooperation, the EU shapes the informational architecture within which national tax authorities operate. This form of governance does not involve direct tax assessment at the EU level, but it exerts significant influence over how control is exercised by defining the technical parameters of reporting and data exchange.

Taken together, these developments points to a redistribution of functions and responsibilities that are not fully reflected in existing legal frameworks. As compliance becomes increasingly dependent on the design and operation of reporting systems, questions arise as to how responsibility should be allocated when errors occur within automated data flows, and to what extent taxable persons can be held accountable for failures rooted in technical infrastructure rather than legal interpretation.

At the same time, the growing reliance on system-generated risk assessments challenges established notions of legal certainty and procedural transparency. Where enforcement actions are triggered by automated processes, it becomes less clear how principles such as foreseeability, the right to be heard and effective judicial review are to be ensured. For example, a taxable person may submit a formally correct VAT return, while transaction-level data reported through ViDA is automatically flagged as anomalous due to a timing mismatch or technical validation rule. On that basis, the tax authority initiates an audit or requests explanations, even though no formal discrepancy is apparent from the return itself. In such cases, the taxpayer is required to respond to enforcement measures triggered by system-generated risk

indicators, without having prior insight into the technical criteria or thresholds that led to the selection. Moreover, the increasing normative significance of technical standards and system requirements raises questions of accountability, as these elements may shape compliance and enforcement outcomes without being subject to the same legal safeguards as traditional forms of regulation.

6 THIRD PARTIES IN THE CONTROL CHAIN – E-INVOICING PROVIDERS AND SYSTEM OPERATORS

The ViDA reporting framework presupposes a technical infrastructure capable of generating, transmitting and processing transaction-level data in accordance with harmonized standards. While the legal obligations to report rest with taxable persons and Member States, the practical operation of this infrastructure is, in many cases, expected to rely on private service providers, such as e-invoicing operators and system intermediaries.

Formally, responsibility for ensuring the availability of reporting and cooperation mechanisms lies with Member States, ^[Not 8] but the ViDA framework remains technologically neutral as to how reporting is organized. As a result, private actors may perform functions that are integral to public enforcement without being directly addressed as regulated entities under tax law.

The involvement of technical intermediaries alters the traditional bilateral relationship between taxpayer and tax authority and gives rise to a more complex allocation of responsibilities. Compliance may depend on the correct functioning of systems operated by third parties, including the generation of compliant electronic invoices, the timely transmission of transaction data and the secure storage of information. Failures at the system level may therefore have direct consequences for a taxpayer's compliance position, even where the taxpayer has acted in good faith.

This raises fundamental questions concerning the responsibility for reporting failures. Where reporting obligations are fulfilled through automated data flows managed by service providers, it becomes unclear who should bear responsibility for data integrity, system availability and correct transmission. If transaction data is lost, delayed or corrupted due to technical failure, the allocation of responsibility between the taxable person, the service provider and the tax authority is not self-evident. Existing tax law concepts, which are largely premised on direct actions and responsibility of the taxpayer, offer limited guidance in situations where non-compliance may be rooted in infrastructural failure.

The reliance on private intermediaries also entails a risk of accountability gaps. While service providers may effectively shape how reporting obligations are fulfilled, they are typically governed by contractual arrangements rather than public law duties. At the same time, the effectiveness of transaction-based reporting depends on the reliability of technical systems that lie, at least in part, outside the direct control of tax authorities, while legal responsibility for compliance remains in a framework designed for human, declarative reporting. How this structural tension is addressed, through regulatory intervention, contractual risk allocation or procedural adaptation, will be central to assessing the legal robustness of automated VAT enforcement.

7 LEGAL CERTAINTY AND DUE PROCESS IN AN AUTOMATED REAL-TIME REPORTING SYSTEM

The increasing reliance on automated transaction-based reporting under ViDA also raises questions concerning legal certainty and due process in VAT enforcement. Although enforcement actions remain subject to national procedural law and to general EU law requirements of effective judicial protection (Article 47 of the Charter of Fundamental Rights of the European Union), neither [Directive \(EU\) 2025/516](#) nor [Regulation \(EU\) 2025/517](#) contains explicit rules governing transparency of automated risk selection or the criteria used for system-based prioritization. As a result, the ability of taxable persons to foresee the legal consequences of their reporting depends increasingly on technical processes that are not directly addressed by the harmonized legal framework.

The right to correction poses a further challenge in a system characterized by continuous data transmission. While correction mechanisms for VAT returns are regulated by national procedural law that provides structured reassessment procedures, the transaction-based reporting obligations do not include harmonized rules on rectification or on the legal effects of corrected data. Where incorrect data is transmitted automatically and subsequently shared between Member States, the absence of explicit correction rules raises questions as to how taxpayers can effectively remedy errors without triggering enforcement measures based on data that is no longer accurate. For example, an error identified and corrected in a VAT return may relate to a transaction that has already been reported through transaction-based reporting, without there being a clear mechanism for aligning the corrected return with the previously transmitted transaction data.

Finally, the scope of mandatory data collection must be assessed in light of the principle of proportionality. Article 264 requires the reporting of detailed transaction-level information, while Article 262 extends reporting obligations to purchasers in intra-community acquisitions, thereby enabling systematic cross-checking between both sides of the transaction. Moreover, Article 271a allows Member States to extend transaction-based reporting to domestic transactions. When combined with the long retention periods for transaction data foreseen under the amended [Regulation \(EU\) No 904/2010](#) (as introduced by [Regulation \(EU\) 2025/517](#)), this significantly expands the volume and duration of mandatory data collection.^[Not 9] These measures must therefore be assessed against general EU law principles of proportionality (Article 5(4) Treaty on European Union) and data protection requirements, including data minimization and storage limitation under [Regulation \(EU\) 2016/679](#) (GDPR).

Taken together, these elements illustrate how the automation of VAT reporting challenges established assumptions about legal certainty and due process. Where control is increasingly exercised through technical systems rather than through discrete administrative acts, the protection of taxpayers' procedural rights becomes less a matter of formal legal guarantees and more a question of how digital infrastructures are designed, governed and constrained within the existing legal framework.

8 EVIDENTIARY VALUE AND DECISION-MAKING IN A TRANSACTION-BASED CONTROL MODEL

The transition to transaction-based reporting under ViDA has significant implications for the evidentiary foundations of VAT enforcement. While the reform is formally framed as a reporting obligation, the systematic availability of transaction-level data alters how facts are established, assessed and challenged within administrative decision-making.

Traditionally, evidentiary assessment in VAT matters has been centered on accounting records and supporting documentation, with periodic VAT returns and recapitulative statements forming the primary interface between the taxpayer and the tax authority. With the replacement of recapitulative statements by transaction-based reporting under Articles 264 and 262, real-time transaction data assumes a more central evidentiary role. This shift requires national legal systems to reassess how such data is classified and used as evidence, particularly where existing procedural frameworks are still structured around periodic reporting instruments.

The increasing reliance on automated anomaly detection further influences decision-making processes. Under the administrative cooperation framework established by [Regulation \(EU\) 2025/517](#), transaction-level data is subject to automated cross-checking and risk analysis, including matching between reported supplies and acquisitions and the identification of inconsistencies across Member States. This development raises important questions concerning the burden of proof. In principle, the allocation of the burden of proof in tax matters remains unchanged under ViDA and continues to be governed by national law and general principles of administrative procedure. However, where enforcement actions are triggered by algorithmic analysis of transaction data, the practical dynamics of proof may shift. Taxpayers may be required to rebut system-detected anomalies derived from data they did not actively declare, but which were generated and transmitted automatically through technical systems provided by third parties. The evidentiary weight attributed to such data, and the extent to which taxpayers can effectively challenge its accuracy or interpretation, becomes a central issue in ensuring procedural fairness.

The removal of recapitulative statements from the VAT Directive illustrates the broader procedural implications of this shift. In the absence of procedural adaptation, there is a risk that transaction-based reporting data will be given increased practical weight in administrative decision-making. Although such data does not have a formally privileged evidentiary status, its system-generated character and its role in triggering and shaping control measures may, in practice, influence how facts are assessed and challenged. This does not alter the legal framework governing evidence, but it raises questions about procedural balance where enforcement is increasingly initiated and structured around transaction-level data rather than taxpayer declarations.

9 ALLOCATION OF LIABILITY IN AUTOMATED VAT REPORTING SYSTEMS

The use of transaction-based reporting under ViDA does not alter the formal requirement that VAT assessments and enforcement measures must be based on administrative decisions adopted in accordance with national law nor does it introduce automated decision-making.

Under traditional VAT frameworks, tax authorities have relied primarily on aggregated information provided through VAT returns, supported by accounting records and documentation. Transaction-based reporting introduces a parallel body of information, consisting of detailed data transmitted continuously and subjected to automated controls at both national and EU level. While EU law does not specify the evidentiary status of such data, its technical characteristics may lead it to be perceived as inherently more reliable than aggregated declarations compiled by the taxpayer.

This creates a potential shift in practice rather than in law. Where discrepancies arise between aggregated VAT return data and transaction-level information generated through reporting systems, tax authorities may be inclined to treat the latter as the more accurate reflection of economic reality.

The practical consequences of this risk are significant. Access to transaction-level data enables tax authorities to formulate more targeted and technically specific inquiries, narrowing the scope of factual uncertainty at an early stage, which is a positive development. At the same time, it may place taxpayers in a position where they are required to explain discrepancies arising from system-level errors, including errors originating in external service providers systems. In such cases, the taxpayer's compliance position may depend less on the correctness of their accounting or legal interpretation, and more on their ability to account for technical failures in systems they do not fully control.

This dynamic risk affecting the allocation of responsibility in practice. Although the legal burden of proof formally remains unchanged, the practical burden of explanation may shift toward the taxpayer once transaction-based reporting data has identified an anomaly. Ensuring that such data is treated as one element of the evidentiary assessment, rather than as a presumptively correct benchmark, will therefore be essential to maintaining procedural balance.

10 CONCLUDING REFLECTIONS

This article has shown that ViDA represents more than a technical reform of VAT reporting. While the formal legal framework for VAT assessment and enforcement remains largely intact, the introduction of transaction-based reporting, automated data processing and centralized information exchange marks a substantive shift in how tax control is exercised in practice.

The central challenge lies in the tension between a tax system formally structured around periodic declarations and ex post decision-making, and a control environment shaped by continuous, system-based monitoring. Addressing this tension will require national legal systems to clarify how transaction-based data is to be integrated into procedural frameworks governing evidence, reassessment and liability.

Beyond its immediate application to VAT, the ViDA framework may also be understood as a model of data-driven tax enforcement. Formally, the information collected under ViDA is intended to be used exclusively for VAT purposes. Structurally, however, the reporting infrastructure captures detailed, near real-time information on economic transactions

that may be of relevance beyond the VAT system. Once such infrastructures are established and embedded, the distinction between tax-specific data collection and general fiscal oversight becomes less clear, even where purpose limitations and legal safeguards are formally maintained.

Whether and how similar infrastructures may be extended, reused or confined to specific taxes will be a central question for future tax policy and tax law. Addressing this question will require careful consideration of legal certainty, purpose limitation, proportionality and democratic oversight, particularly as technical systems increasingly shape the practical operation of tax enforcement.

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Fotnoter

1. European Commission (Directorate-General for Taxation and Customs Union) (n.d.) *VAT in the Digital Age (ViDA)*. Available at: https://taxation-customs.ec.europa.eu/taxation/vat/vat-digital-age-vida_en (Accessed: 18 December 2025).
2. Articles 250–252, Council [Directive 2006/112/EC](#) of 28 November 2006 on the common system of value added tax.
3. Council [Directive \(EU\) 2025/516](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age, p. 1.
4. Article 271a(2), Council [Directive \(EU\) 2025/516](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age.
5. VIES (VAT Information Exchange System) is an EU system used to verify VAT registration numbers for cross-border transactions.
6. It should be noted that EC Sales Lists will be replaced by the transaction-reporting introduced by ViDA. See Council [Directive \(EU\) 2025/516](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age, p. 3 and 25.
7. Article 24g(1), Council [Directive \(EU\) 2025/517](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age, p. 7.
8. Article 24g(2), Council [Directive \(EU\) 2025/517](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age, p. 7.
9. Article 24g(3), Council [Directive \(EU\) 2025/517](#) of 11 March 2025 amending [Directive 2006/112/EC](#) as regards VAT rules for the digital age, p. 7.