



Key facts about Belgium's proposed e-invoicing obligation

On 29 September 2023, the Belgian Council of Ministers adopted a preliminary draft law aiming to introduce mandatory B2B e-invoicing in Belgium. The approval by the Council of Ministers is a first but an important step in the legislative process.

Although nothing is set in stone just yet, it is very likely that the forthcoming mandatory e-invoicing obligation will closely resemble the current legislative proposal. If approved by the Belgian parliament, the B2B e-invoicing obligation will affect the vast majority of Belgian companies as from **1 January 2026**.

Here are the answers to the most common questions regarding the upcoming changes:



1 Why is Belgium introducing mandatory B2B e-invoicing?

The proposal seeks to combat VAT fraud and reduce the Belgian VAT gap, which accounted for 4,8 billion euro or 14% of the expected total Belgian VAT revenue in 2020. Foreign examples demonstrate that introducing an e-invoicing obligation can boost VAT compliance and reduce errors.

Structured electronic invoicing can also serve as the foundation upon which an e-reporting system can be built. It is expected that the mandatory e-invoicing obligation will eventually be complemented by an e-reporting obligation. The latter aims to provide tax authorities with real-time insights into transactional data.

It is also anticipated that the increased digitalization and resulting automation will lead to greater efficiency and significant cost savings for Belgian businesses. Based on studies performed by the Administrative Simplification Agency, a few euros per invoice can be saved.

The proposal is in line with ongoing international developments and initiatives at the EU level with respect to the VAT in the Digital Age (ViDA) proposal of the European Commission, which introduces an EU-wide e-invoicing mandate and e-reporting obligations for cross-border transactions.

2 What does the B2B e-invoicing mandate entail?

Most Belgian established, VAT-registered taxpayers will be obliged to send and/or receive structured electronic invoices for B2B transactions. Here's a high-level overview:

- A definition for structured electronic invoices will be introduced, in line with the definition used in Directive 2014/55/EU on electronic invoicing in public procurement and in the EU's VAT in the Digital Age proposal;
- The issuance of structured electronic invoices will be mandatory for the majority of transactions between established Belgian VAT-registered taxpayers (exceptions apply);
- Peppol will become the default standard for exchanging structured electronic invoices, but some flexibility will be offered provided there is agreement between the parties and the e-invoice is compliant with the European standard (EN 16931-1:2017 and CEN/TS 16931-2:2017);
- For transactions in scope of the mandate, the issuance of paper invoices, or invoices in other unstructured formats (e.g. pdf) will no longer be possible;
- The mandate will be rolled out in a "big bang" approach as of 1 January 2026.



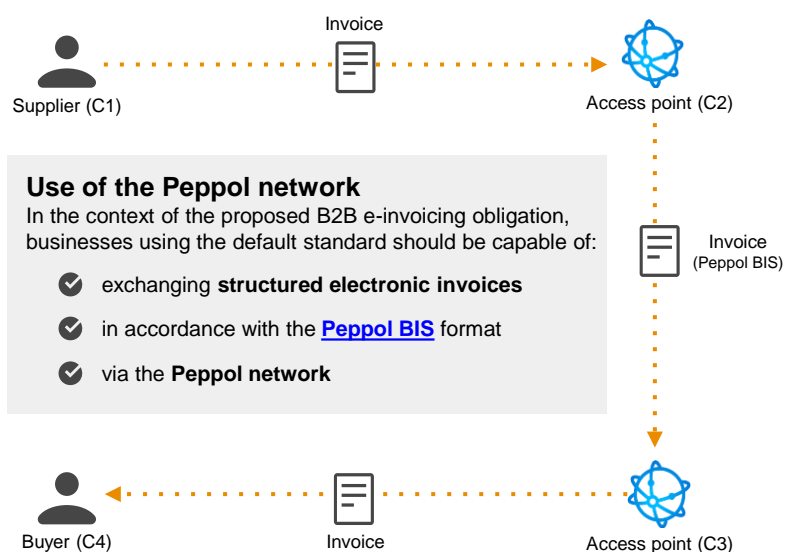
3 What is Peppol?

Peppol is an international framework for e-procurement and e-invoicing. It facilitates the exchange of electronic business documents between trading partners by providing a common set of standards and protocols, allowing businesses of all sizes and from different places to communicate effectively over the Peppol network.

Peppol uses a 4-corner model to exchange documents and data, whereby data is transmitted through a secure network of approved participants, called “Access Points”. The “4-corners” in this model are the supplier (C1), the supplier’s Access Point (C2), the buyer’s Access Point (C3) and the buyer (C4). Once connected to the network, businesses can reach any other trading partner that is also connected to the network (“Connect once, connect to all”).

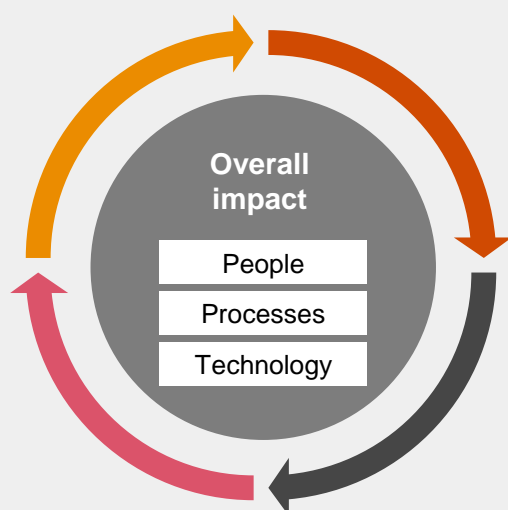
In recent years, Peppol’s adoption has expanded around the world and several countries consider mandating e-invoicing via Peppol. To date, millions of transactions (both B2B and B2G) are processed via the Peppol network every month.

In view of Belgium’s B2B e-invoicing mandate, businesses will need to decide how they will connect with the Peppol network. Multiple options are available ranging from engaging an e-invoicing service provider, activating Peppol functionality in existing software or building an in-house solution and becoming an Access Point.



4 What’s the main impact on businesses?

The impact these types of obligations have and the work that needs to be done is often underestimated. Simultaneously, the time available to make the necessary changes is typically overestimated. Even though the entry into force of the B2B e-invoicing mandate may still seem far away, preparations should start as soon as possible to avoid getting “stuck in traffic”. Indeed, as the obligation will be rolled out in a “big bang”, resources may become scarce when the compliance deadline approaches.



Invoicing is business critical and people, processes, and technology will need to adapt to the upcoming obligation. Businesses need to make sure that they understand these new obligations in their business-specific context and create a plan to ensure operational readiness and compliance by 1 January 2026.

The proposed changes will affect many teams across the organization (tax function, finance, IT, etc.) and there will be a significant impact on existing processes and technology. If not managed properly, this may lead to significant additional costs.

The vast majority of invoices (more than 80%) that are currently being exchanged will not be compliant with the new requirements. To date less than 10% of Belgium business is Peppol registered.

The importance of a VAT compliant e-invoicing process cannot be overestimated. Increased scrutiny and accountability following the introduction of the mandate can lead to significant penalties and input VAT deduction could be at risk.

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What are the next steps?

October 2023 - ... Belgium will need to obtain a derogation from the EU VAT Directive in order to implement the e-invoicing mandate. Similar derogations were already approved.

October 2023 - ... Following the publication of the new law, a Royal Decree will need to be published to provide more details on specific requirements (e.g. semantics, syntax, transmission)

29 September 2023 – The preliminary draft of the legislation has been approved by the Belgian Council of Ministers and was sent towards various authorities for advice and feedback.

October 2023 - ... The preliminary draft law will follow the parliamentary process. It is our understanding that the Belgian government aims to complete this process before the general elections in June 2024.

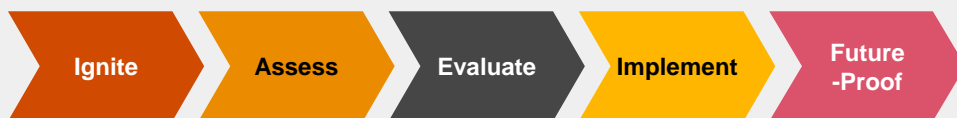
1 January 2026 – Belgian established, VAT-registered taxpayers will be obliged to issue and receive structured electronic invoices for B2B transactions (certain exceptions may apply)

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Who can help with this?

PwC can help you achieve impactful results for your organization with our phased and modular approach. Our support can be fully tailored to your specific needs and requirements.

A multi-country approach may be required as similar obligations are being imposed in other countries (e.g. France, Germany, etc) with a similar timeline. If you are struggling to obtain a clear view on your future roadmap, you can check out [Electronic Compliance Radar](#), PwC's solution to keep track of current and future e-invoicing and e-reporting obligations.



Contact details

For more insights on the impact of these possible changes and how we can support you, please do not hesitate to reach out to your regular PwC contact, or contact the team below.



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