EUROPEAN COMMISSION
DIRECTORATE-GENERAL
TAXATION AND CUSTOMS UNION

DRAFT - Questions and Answers

Central Electronic System of Payment Information (CESOP)

Date:	23/06/2023
Status:	Draft
Version:	1
Author:	TAXUD C4, B4, CESOP Expert Group, CESOP Expert Team
Approved by:	DG TAXUD

Content

1 INTRODUCTION

This document has been drafted based on the questions that the European Commission (DG TAXUD) received by Payment Service Providers and Member States authorities. DG TAXUD grouped the questions per topic, and the answers have been drafted in cooperation with the CESOP Expert Group, composed of representatives from the Member States' authorities and Payment Service Providers.

1.1 DOCUMENT PURPOSE

The purpose of this document is to complement the CESOP Guidelines with a number of Frequently Asked Questions related to CESOP (Central Electronic System of Payment Information). It provides practical information and explanations on the reporting of payment data by Payment Service Providers and on their collection by Member States. They do not have legal value and only serve to explain the legal obligation without going against it.

This document is intended to be 'living' and remains a DRAFT until its finalisation before the end of 2023. Thus, content is still due to change, in particular information given in chapter 2.1.1 (Territorial Scope).

Comments/requests for amendments/additions by stakeholders are welcome and will be taken into account for the publication of a new version, where applicable.

After finalisation, the latest version of these draft Q&As is going to be translated in the official working languages of the EU institutions.

1.2 REFERENCE DOCUMENTS

The table below lists the documents that are referred to in the current document.

Ref.	Title	Originator	Version/Link	Date
R01	XSD User Guide v4.40	TAXUD	https://ec.europa.eu/taxation_customs/document/download/8127903c-d2cf-45af-80bf-9a943f9a9d69_en?filename=CESOP%20XSD%20User%20Guide.%20EN.zip	14/6/2023
R02	Guidelines for the reporting of payment data from payment service providers and transmission to the CESOP v.2	TAXUD	https://taxation-customs.ec.europa.eu/system/files/2022-10/CESOP-%20Guidelines%20for%20reporting.pdf	3/8/2022
R03	COUNCIL DIRECTIVE (EU) 2020/284	The Council of the European Union	https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020L0284&rid=10	18/2/2020

Ref.	Title	Originator	Version/Link	Date
R04	DIRECTIVE (EU) 2015/2366 (PSD2)	The European Parliament and the Council of the European Union	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015L2366	25/11/2015

Table 1: Reference documents

1.3 ABBREVIATIONS & ACRONYMS

For a better understanding of the present document, the following table provides a list of the principal abbreviations and acronyms used.

Abbreviation/Acronym	Definition
BIC	Bank Identifier Code
CESOP	Central Electronic System of Payment Information
DG TAXUD	Directorate-General for Taxation and Customs Union
IBAN	International Bank Account Number
PSP	Payment Service Provider
TIN	Taxpayer Identification Number
VAT Directive	Directive 2006/112/EC EUR-Lex - 32006L0112 - EN - EUR-Lex (europa.eu)

Table 2: Abbreviations and acronyms

2 GENERAL QUESTIONS

This draft list of questions and answers is based on the *"Guidelines for the reporting of payment data from Payment Service Providers and transmission to the Central Electronic System of Payment information (CESOP)"*

https://taxation-customs.ec.europa.eu/system/files/2022-10/CESOP-%20Guidelines%20for%20reporting.pdf

2.1 THE ENTITIES IN SCOPE

Are PSPs in the Member States identified by the tax administration or by PSPs associations?

Lists of entities in scope are available to, updated and managed by the national competent authorities which are either National Banks or National Supervisory Authorities. National Tax authorities will gather the lists at national level.

2.1.1 Territorial scope

2.1.1.1 Do the general obligations of PSPs pursuant to Section 2a of Chapter 4 of Title XI of the VAT Directive apply to PSPs in third territories or third countries?

The obligations laid down in Section 2a of Chapter 4 of Title XI of the VAT Directive apply to the PSPs that provide for payment services in the Member States as defined in Article 5 of the VAT Directive. Namely each Member State to which the Treaty establishing the European Community is applicable, with the exception of any territory referred to in Article 6 of the VAT Directive. According to recital 4 of the Directive (EU) 2020/284, registration and reporting obligations should apply to PSPs established in the Union. The Payment Services Directive shall apply to payment services provided in the Union in accordance with Article 2(1) thereof.

Pursuant to Article 6 of the VAT Directive, the VAT Directive does not apply to the following third territories forming part of the Customs territory of the Community:

(a) Mount Athos;

(b) the Canary Islands;

(c) the French territories referred to in Article 349 and Article 355(1) of the Treaty on the Functioning of the European Union (Guadeloupe, French Guiana, Martinique, Mayotte, Réunion, Saint-Martin);

(d) the Åland Islands;

(e) the Channel Islands;

(f) Campione d'Italia;

(g) the Italian waters of Lake Lugano.

Furthermore, the Directive does not apply to the following territories not forming part of the Customs territory of the Community:

(a) the Island of Heligoland;

(b) the territory of Büsingen;

(c) Ceuta;

(d) Melilla;

(e) Livigno.

The French Overseas Territories, the Netherlands Antilles, Faroe Islands and Greenland are treated as third countries and VAT rules do not apply to them either.

As a consequence, PSPs that exclusively provide payment services in the mentioned third territories that are not subject to the VAT Directive are not in the scope of the CESOP related obligations.

Therefore:

- Payments from payers located in the third territories mentioned above are outside the scope of the reporting obligation.
- Payments from a payer in a third territory to a payee in its mainland would not fall under the reporting obligation.
- Payments from a payer in a third territory other than those mentioned above to a payee located in another Member State (different than the mainland) would be in the scope of it (the same for payments from payers located in a third territory other than those mentioned above to payees located in a third country).
- Payments to payees located in the third territories mentioned above, from payers located in whatever Member State (different than the third territories mainland) are in the scope of the reporting obligation. These payments must be reported by the payer's PSP.

In order for the payer's PSP to determine the location of the payee's PSP, it is recommended to take into account the payee's account number such as the International Bank Identification Number (IBAN) or the Business Identifier Code BIC of the payee's PSP, which is based on the international standard ISO 9362. However, the location of a branch in a third territory of a Member State might be difficult based on IBAN and BIC. Only in some cases, an 11 characters BIC might include an element that identifies the specific location of a branch. Still, sometimes even the 11 characters BIC does not give the indication of the third territories that falls in the exception under Article 6 of the VAT Directive.

Even in such a case, it is still recommended that the payer's PSP will take into account the IBAN of the payee and/or the BIC of the payee's PSP to determine the location of the payee's PSP. In case those two indicators will not allow the localisation in a third territory, the payments have to be considered to the mainland. Therefore, the payee's PSP will report those payments. In fact, the payer's PSP will consider the payee's PSP as established in another Member State and thus will not report that payments.

Other information that might identify the exact location of a PSP or its branch might be misleading (e.g. the address might not be updated). Therefore, in case of doubts on the best way to determine the location of the payee's PSPs, the payers' PSPs could address their national authority.

Section 2a of Chapter 4 of Title XI of the VAT Directive applies to PSPs as defined under the Payment Service Directive (Directive (EU) 2015/2366 of 25 November 2015), to payment services provided within the Union. Therefore, PSPs outside the EU are outside the scope of the reporting obligations. That is why, when the payee's PSP is located outside the EU, the payer's PSP will be subject to the obligations laid down in Section 2a of Chapter 4 of Title XI of the VAT Directive.

The table below gives an overview of which PSP shall report in the different payments to and from third territories of Member States.

Payee's PSP / Payer's PSP	3rd territories in Art. 6 MS A	3rd territories not in Art. 6 MS A	Mainland of MS A	3rd territories in Art. 6 MS B	Any other MS	3rd country
3rd territories in Art. 6 MS A	NOT IN SCOPE (payer not in a MS)	NOT IN SCOPE (payer not in a MS)	NOT IN SCOPE payer not in a MS)	NOT IN SCOPE payer not in a MS	NOT IN SCOPE payer not in a MS	NOT IN SCOPE payer not in a MS
3rd territories not in Art. 6 MS A	NOT IN SCOPE (not cross border)	NOT IN SCOPE (not cross border)	NOT IN SCOPE (not cross border)	IN SCOPE Payer's PSP to report	IN SCOPE Payee's PSP to report	IN SCOPE Payer's PSP to report
Mainland of MS A	NOT IN SCOPE (not cross border)	NOT IN SCOPE (not cross border)	NOT IN SCOPE (not cross border)	IN SCOPE payer's PSP to report	IN SCOPE payee to report	IN SCOPE payer's PSP to report
3rd territories in Art. 6 MS B	NOT IN SCOPE (payer not in a MS)	NOT IN SCOPE (payer not in a MS	NOT IN SCOPE (payer not in a MS	NOT IN SCOPE (payer not in a MS	NOT IN SCOPE (payer not in a MS	NOT IN SCOPE (payer not in a MS
Any other MS	IN SCOPE payer's PSP to report	IN SCOPE payer's PSP to report	IN SCOPE payee's PSP to report	IN SCOPE payer's PSP to report	IN SCOPE payee's PSP to report	IN SCOPE payer's PSP to report
Third country	NOT IN SCOPE	NOT IN SCOPE	NOT IN SCOPE	NOT IN SCOPE	NOT IN SCOPE	NOT IN SCOPE

2.1.1.2 Will Northern Ireland be treated as part of the EU for reporting requirements?

The VAT Directive is still applying in Northern Ireland but only concerning goods (see Annex 3 of the Protocol on Ireland and Northern Ireland EUR-Lex - 12020W/TXT - EN - EUR-Lex (europa.eu) . Therefore, PSPs located in Northern Ireland must be considered as established in a third country and are not subject to the reporting obligation pursuant to Section 2a of Chapter 4 of Title XI of the VAT Directive. For more details of the application of that Section to third countries see 2.1.1.1.

Therefore, for payments to payees located in Northern Ireland, the payer's PSP located in any Member State will have the reporting obligation as long as the conditions established under Article 243b of the VAT Directive are fulfilled.

2.1.1.3 Will payments made to/from United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia, and Monaco need to be reported in CESOP?

Pursuant to Article 7 of the VAT directive "*in view of the conventions and treaties concluded with France […] and Cyprus respectively*, the Principality of Monaco […] and the United Kingdom Sovereign Base Areas of Akrotiri and Dhekelia shall not be regarded, for the purposes of the application of this Directive, as third countries.

Therefore, only a specific convention or agreement concluded on bilateral basis (and not by EU agreements) respectively with France and Cyprus would result in the application of the new obligations for PSPs (laid down in Section 2a of Chapter 4 of Title XI of the VAT Directive) in Monaco, Akrotiri and Dhekelia. Without a specific convention or agreement this new obligation cannot be imposed on the mere basis of Article 7 of the VAT Directive.

In conclusion Monaco, Akrotiri and Dhekelia must be considered as third countries for the application of Section 2a of Chapter 4 of Title XI of the VAT Directive. For more details of the application of that Section to third countries see 2.1.1.1.

Therefore, for payments to payees located in Akrotiri, Dhekelia and Monaco, the payer's PSP located in any Member State will have the reporting obligation as long as the conditions established under Article 243b of the VAT Directive are fulfilled.

2.1.1.4 Should payment transactions be reported by the payer's PSP if the payee's PSP is in an EFTA country?

It depends.

PSPs in EFTA countries can obtain a payment licence in their home country and use passporting rules to provide for payment services in the EU even without a physical presence in any of the Member State. In that case, PSPs in EFTA country might be subject to the reporting obligation when they provide payment services in the EU Member States

Here we can see the following situations:

- the EFTA PSP acting as payer's PSP in Member State 1: that PSP will report in Member State 1 the payments from that payer to any third country (including EFTA countries);
- the EFTA PSP acting as payee's PSP in Member State 1: that PSP will report in Member State 1 the payments received from other Member States.

Case 1: Direct Debit system. The payee's PSP is in a) Norway or b) Poland and payer account is in Estonia. Who reports in a) and b)?

The general rule is that when the payee's PSP is in one Member State, then the reporting obligation is up to the payee's PSP. When the payee's PSP is in a third territory or third country then the payer's PSP will report. Norway is an EFTA country and payments to EFTA countries shall be considered as payments to third countries. In such cases, the PSP of the payer located in a Member State will report the payment in the Member State of the payer. So, for case a) the report must be done in Estonia by the payer's PSP as the payment is done to a bank account in Norway. For case b) the report must be done in Poland by the payee's PSP as the payment is done to a bank account in Poland.

2.2 PAYMENTS AND PSPS IN SCOPE

2.2.1 Do only e-commerce transactions need to be reported or also payments at the physical premises of the merchant (POS)?

The conditions are those defined in the legislation and could include all kind of transactions (e-commerce and/or physical), see Art. 243a (3) of Directive 2006/112/EC. Where applicable, and if the PSP has such information, the PSP shall indicate whether the payment is initiated at the physical premises of the merchant (Article 243d(2)(e).

2.2.2 Are payments in cryptocurrencies under the scope of the reporting obligation pursuant to Article 243b of the VAT Directive?

No, they are not in scope.

2.2.3 Do payments made to escrow account, mortgage accounts, or accounts connected to credit cards fall under the reporting obligation?

The Payment Service Directive defines the payment account as an account held in the name of one or more payment service users which is used for the execution of payment transactions.

As long as an account is used with that purpose, payments to or from that account are in the scope of the reporting obligations regardless the name of that account, or whether that account is used for other purposes as well. The name of an account is not relevant as such.

This principle applies also to the following cases that are to be considered as examples and are not exhaustive:

Escrow

Escrow is a financial agreement whereby an asset or money is held by a third party on behalf of two other parties that are in the process of completing a transaction.

Escrow accounts are managed by the escrow agent. The agent releases the assets or funds only upon the fulfilment of predetermined contractual obligations (or upon receiving appropriate instructions). Money, securities, funds, and other assets can all be held in escrow.

Escrow accounts – as such – are excluded from the application of the Payment Service Directive (Directive (EU) 2015/2366) pursuant to Article 3 (h) and (i). In fact, the Directive does not apply to payment transactions related to security assets servicing, including dividends, income or other distributions, or redemption or sale, carried out within a payment or securities settlement system or by investment firms, credit institutions, collective investment undertakings or asset management companies providing investment services and any other entities allowed to have the custody of financial instruments.

As such, any funds or assets flows in that account are not in the scope of the reporting obligation. However, in case that account is also used to execute and receive payments, those payments are in the scope of the obligations under Article 243b of the VAT Directive.

Loan

In a case where the loan account also qualifies as a payment account pursuant to the PSD2, these payments are in the scope of the reporting obligations when all the other conditions laid down in Article 243b of the VAT Directive are fulfilled.

Accounts connected to credit card

The payments to accounts connected to credit cards are included in the reporting obligations. For more details see section 2.4.4. of the guidelines for the reporting of payment data.

2.2.4 Are MT202 transactions in scope of the VAT Directive?

MT202 is a SWIFT message format for financial settlements between financial institutions. It is used to order the movement of funds to the beneficiary institution via another financial institution/Intermediary Bank. As such, they do not fall under the reporting obligation.

2.2.5 Do cross-border payments need to be reported when the payer and the payee are the same person holding different payment accounts?

Yes, as long as the payee receives more than 25 cross-border payments in the reporting period.

2.2.6 Are intra-group payments in the scope of the reporting obligation?

Intra-group transactions as defined under Article 3(n) of the Payment Service Directive (PSD2) ((Directive (EU) 2015/2366) are excluded from the application of the PSD2 and, thus, from the scope of the reporting obligation.

2.2.7 Are payments from/to non-taxable persons (e.g. non-profit institutions, individuals, etc.) also included in the scope of the reporting obligation?

The legal form or status of the payers and payees are not relevant for the reporting obligations of PSPs under the VAT Directive. Therefore, the payments to or from non-taxable persons will need to be reported if all conditions defined under Article 243b of the VAT Directive are fulfilled.

CESOP Guidelines section 3.2.

2.2.8. Are winnings made from betting according to Directive 2020/284 payment refunds of the initial wager?

No, these kinds of payments are to be considered as payment transactions as such and follow the reporting rules accordingly.

2.2.9. Is a payment intermediary that collects cross-border payments from different payers (using different payment's methods e.g. cards, credit transfers, e-wallet etc…) and then transfers those payments to the payees is to be considered as a PSP that has CESOP reporting obligations?

Yes, it does. Payment intermediaries, such as Collecting Payment Service Providers (cPSP), are intermediaries between the merchant and the payer PSPs (which could be banks or credit card issuers or others). The payers' PSP transfer the payments to the cPSP's account and subsequently the cPSP transfers the funds to the merchant's account in one settlement.

The cPSP will act as both, payer's PSP and payee's PSP and will report the payments when the conditions laid down under Article 243b of the VAT directive are fulfilled.

Depending on the situation, the cPSP can be considered as payer PSP, e.g. if it collects funds for both like marketplaces and digital wallet where both payer and payee need a contractual relationship with the PSP to use its services. If it is only linked to one, it only acts for that person (e.g. card acquirers are only payee's PSP).

2.3 CARD PAYMENTS

2.3.1 Do chargebacks to cardholders need to be considered for the reporting?

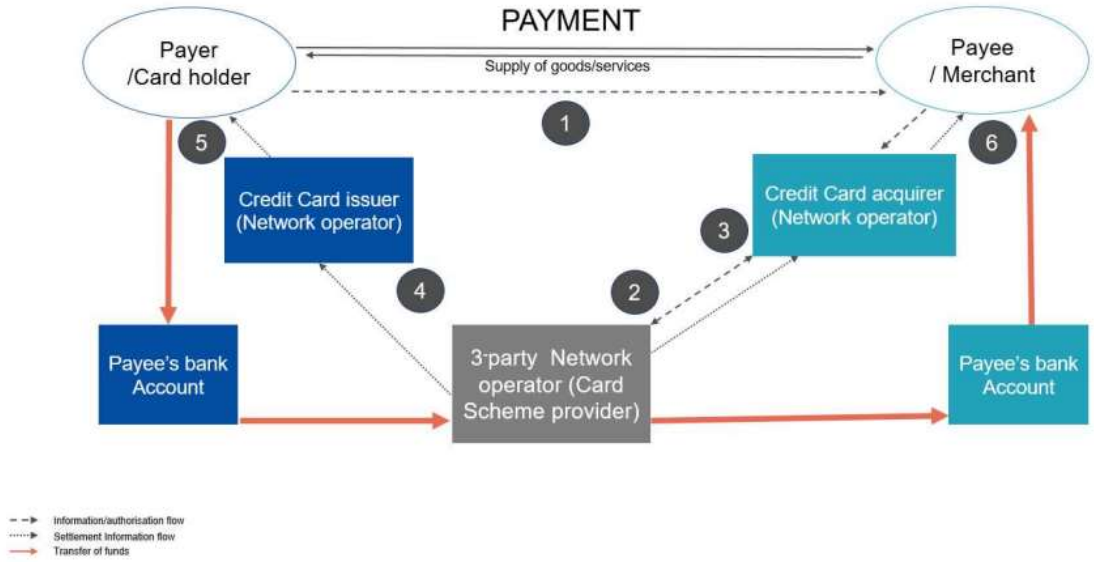
Yes, see table in the CESOP Guidelines, page 70. If a reference to the original payment is included, it should be reported as part of the transaction ID in box 7 and 14.

2.3.2 Who is responsible for the reporting of data in a 3 - party card scheme?

The normal rules apply in order to determine the reporting PSPs. If the payee's PSP is in a third country or third territory the payer's PSP in the Member State will report the payment transactions. If the payee's PSP is in a Member State it will report the payment transaction (and not the payer's PSP)

Please also note that as highlighted in the graph below, 3-party card payments generally involve other payment services providers (such as banks) to fund the card's credit line or to receive the funds from the commercial acquirer. For these PSPs the transactions will look as a payment to the card issuer (for the payer's payment service provider) or a transaction from the commercial acquirer to the payee (for the payee's payment service provider).

These transactions, although different from the one between the payer and the payee, are in scope of the reporting obligation and should be reported with either the card issuer as the payee, or the commercial acquirer as the payer. Indeed, they do not fall within the exclusion of article 3 (m) PSD2 for transaction between payment service providers for their own activities, since they do not serve the activities of the payment service providers involved but are part of the agreement between the payer/payee and the card issuer/commercial acquirer.



Example:

A payee X with a bank account in Ireland (merchant) receives payments via cards (both at the point of sale – POS- and online payments) and has an Acquirer in Luxembourg for the collection of such payments.

Each day the payee X receives 300 POS payments (200 are from cards issued in Ireland and 100 from other EU Member States cards) and through its online portal receives another 200 payments (150 are from cards issued in Ireland and 50 from other EU Member State cards).

Therefore, the payee X receives daily 500 payments, 350 cross-border and 150 domestic payments.
As these are card payments, while the payee X receives 500 card payments a day, he does not receive 500 individual payments to its bank account. Instead his Acquirer will do a daily bulk credit for the total value (e.g. €8,000) and then provide a report of what the €8,000 is made up of.

Therefore, the payee X bank in Ireland will see a single bulk payment from the Acquirer in Luxembourg, and not all the 500 payments.

Bank in Ireland	Acquirer in Luxembourg
If in quarter 1, the bank in Ireland receives let's say 10 of such bulk payments from the Acquirer in Luxembourg, the 25 cross-border threshold is not exceeded, and then the bank in Ireland has no reporting obligations.	The Acquirer will transmit to Ireland the reports on the 300 cross-border payments a day per 10 days.
If in quarter 2, the bank in Ireland received let's say 30 of such bulk payments from the Acquirer in Luxembourg, the 25 threshold is exceeded, and then the Bank in Ireland will report these 30 payments that the payee in Ireland has received from the Acquirer in Luxembourg.	The Acquirer will transmit to Ireland the reports on the 300 cross-border payments a day per 30 days.

2.3.3 How should location rules apply in card payments?

See the following examples:

A) Payer, payee, and payment service providers in different Member States: In this situation the payer and the payee are both located in different Member States and use the services of payment service providers from their respective Member States to execute a card payment. For card payments, the most relevant identifiers to use would be the BIN range of the payer's card for the payer's location, and the address or identifier of the merchant for the payee's location. Both these identifiers will locate the payer and the payee in different Member States. The payment is thus cross border and subject to reporting by the payee's PSP.

B) Payer, payee in same Member State: In this situation the payer and the payee are both located in the same Member State, but the payee uses the services of a payment service provider in another Member State to execute a card payment. Given that both the BIN range and the merchant identifier or address will refer to the actual position of respectively the payer and the payee, the payment will be considered as a national payment and will not be reported.

C) Issuer and Payer in different Member States: In this situation the payer and the payee are in different Member States while both the payer and the payee's payment service providers are in the same Member State. The payer uses the services of a card issuer in the Member State of the payee to execute a card payment. For such cases, the BIN range must use the data on where the card has been issued and not the data on where the card issuer is located. As such, the BIN range should indicate that the payer is in a different Member State than the payee and the payment should be considered as cross-border and be reported by the payee's PSP.

CESOP Guidelines, sections 3.1.2.4, 3.1.2.5 and 3.1.2.6.

2.4 ELECTRONIC MONEY

Does a PSP which is an e-wallet provider and allows e-money transfers between payers and payees in different countries potentially have CESOP reporting obligations?

Yes, it does. If the payer is located in the EU and the payee is located in another country than the payer (EU country or non-EU country), the e-money transfer from the payer's e-wallet to the payee's e-wallet must be considered as a cross-border payment and in scope of CESOP. Whether or not the PSP actually will need to report these transactions depends on several other criteria, such as the 25 transactions threshold

Example: A PSP established in Germany offers e-money services to customers and merchants in all EU countries (using passporting). On the website of a merchant in France, the possibility of paying to the e-wallet of the merchant (with the PSP in Germany) is offered to customers when buying a product. A customer in Belgium has an e-wallet with the same PSP in Germany and uses the e-wallet payment option at check out when ordering with the merchant in France. As a result, the PSP in Germany moves e-money from the e-wallet of the customer in Belgium (the payer) to the e-wallet of the merchant in France. This qualifies as a cross border payment, done by a payer in an EU country (Belgium), and hence in scope of CESOP reporting obligations. In case the merchant in France receives more than 25 cross border payments in a given calendar quarter, the PSP in Germany will need to report these payments for CESOP to the French tax authorities.

The cash-in from the bank account of a consumer to the e-wallet of the same person might also be (theoretically) in the scope of the reporting obligation in the following case: the consumer has a bank account in one Member State and the e-wallet in another Member State (or a third territory or third country) and add funds more than 25 times in a quarter.

The same applies to the pay out from the e-wallet of the merchant in one Member State to its bank account in another Member States, third country or third territory.

CESOP Guidelines, sections 2.1 and 3.1.2.7.

3. MONITORING AND TRIGGERING OF THE REPORTING OBLIGATION

Is there a minimum materiality monetary amount for triggering the reporting obligation?

No.

3.1 CROSS-BORDER PAYMENTS - LOCATION RULES OF ARTICLE 243C

3.1.1 Do payments between payers located in any Member States and payees located in any other Member State (intra-EU payments) trigger the reporting obligation?

Yes, as long as the payers are located in a Member State and the payee receives more than 25 cross border payments, all cross-border payments are in the scope of the calculation of the threshold and of the reporting obligation. Payments executed from a payer in a Member State and a payee in the same Member State, do not fall under the reporting scope.

3.1.2 What is the overriding indicator between the IBAN, the BIC and other identifiers to determine the location of the payee/payer when the different identifiers might lead to different location? e.g. an account in an EU bank of a non-EU person?

The IBAN is the main indicator when payments are executed to/from a payment account.

In absence of payment accounts, the BIC becomes the main indicator for the localisation of the payer/payee.

When the IBAN and the BIC are not applicable, more elements are indicated in table 1 Section 3.1.1 of the guidelines. Those identifiers are not compulsory. PSPs should refer to their national authorities in case of doubts.

Table of identifiers to determine the location of the payer and payee

Payment Method	Payer's PSP reporting (Extra-EU)		Payee's PSP reporting (Intra-EU)	
	Payer Location	Payee Location	Payer Location	Payee Location
Credit transfer	- IBAN - (BIC of the PSP)	- IBAN - BIC of the PSP[10] - Payment account number[11]	- IBAN - (BIC of the PSP)	- IBAN - (BIC of the PSP)
Direct Debit[12]	- IBAN - (BIC of the PSP)	- IBAN - BIC of the PSP - Payment account number	- IBAN - (BIC of the PSP)	- IBAN - (BIC of the PSP)
Card payments	- BIN	- Merchant address - Card Acceptor location	- BIN	- Merchant address
E-money	- Payer e-account (location captured at onboarding) - IBAN - E-vouchers: seller country code	- Payee e-account (location captured at onboarding) - IBAN	- Payer e-account (location captured at onboarding) - IBAN - E-vouchers: seller country code	- Payee e-account (location captured at onboarding) - IBAN
Money remittance	- Payer Location (own records) - IBAN	- BIC of the disbursement partner	- BIC of the disbursement partner	- Payee location (own records)

[10] To be used when no IBAN is available
[11] This identifier does not necessiraly contain a country code, and will often be linked to the BIC of the payment service provider.
[12] There is currently no international scheme applicable to direct debit. As such, the identifiers listed here for the payer's payment service provider reporting are mainly theorethical.

3.1.3 If both the payer and the payee are located outside the EU, is there still a reporting obligation of the PSP?

If both payer and payee are located outside the EU based on the identifiers mentioned above, the transaction is not in scope.

3.2. THRESHOLD OF MORE THAN 25 CROSS-BORDER PAYMENTS UNDER ARTICLE 243B (2)

3.2.1 When the threshold is reached, does each single payment need to be reported, or just the ones above the threshold?

Each single payment must be reported.

3.2.2 Do PSPs need to aggregate every kind of payment in scope of the legislation (transfers, cards etc.) for the same payee to calculate the threshold?

Yes. The payment method used does not impact for that purpose. All the payments should be considered regardless the payment method used. In addition, where the payment service provider has information that the payee has several identifiers/accounts, the calculation shall be made per payee.

3.2.3 Which data elements should be used by payers' PSPs to aggregate payment information referring to the same payee?

This following list of cases is not exhaustive:

Case 1: payment accounts with the same name but different VAT/tax numbers

In order to determine whether a payee behind multiple payment accounts is actually a single entity, payment service providers have some information at their disposal, including information collected during the creation of the payment account. While the information at disposal of the payee's PSP might be accurate and allow the precise identification of different accounts opened by the sae payee, the payer's PSP have less certainty as regard the real identity of different payees. Therefore, it is reasonable not to proceed to any aggregation if there is no strong indication that the payee is actually a single entity. A VAT/tax number is a data element with a higher degree of uniqueness than a name. As such, accounts with the same name and different VAT/tax number should not be aggregated. See the franchise case in section 3.2.3.3 of the guidelines.

Case 2: The payee's name is the same, but the payee's IBAN is different.?

Names can be subject to mistake, and companies could switch between their legal and business name. However, the name remains a strong indicator that two payees might be a single entity when coupled with the address or other information available to the payment service provider.

Case 3: What rules should be applied to determine if the payee with the account in a third country is the same as the payee with the account in a Member State?

The payers' PSP might have little information in order to aggregate different payees. In case of uncertainty, it is reasonable to treat different payees as different entities, and not to proceed with the aggregation.

Case 4: The address is different, but the name is exactly the same?

It would be reasonable to treat the payee with the same name but different addresses as two separate entities, unless there are other elements that indicate that it is the same payee (e.g. same mail address, or same account number etc…).

Case 5: the name is slightly different: how to find out if it is the same person, or completely different individuals/entities?

It would be reasonable for the PSP to not proceed with fuzzy matching, unless there are other elements that indicate that it is the same payee (e.g. same mail address, or same account number etc..).

Case 6: Same VAT number

The same VAT number is clearly an indication of the same payee

Case 7: Same BIN or IBAN and slightly different names

The same BIN or IBAN are strong indicators of the same payee

Still PSPs can use the information available in their records to proceed with the aggregation of payees for the calculation of the threshold, when they are aware that different payees are actually the same entity.

However, when sending the records to Member States for the CESOP, the data should not be aggregated per payee nor changed or altered (the aggregation only applies for the calculation of the threshold).

In case of doubt, do not aggregate.

3.2.4 Is it true that the aggregation of payment accounts in application of Article 243b (2) VAT Directive should only be performed in relation to the calculation of the threshold, but the data of different payment accounts should never be aggregated?

The aggregation pursuant to Article 243b(2) is needed in order to monitor and determine the threshold of more than 25 cross-border payments per payee.

When that threshold is reached (more than 25 payments per payee), the PSP shall transmit the "detailed" information indicated in Article 243d of the VAT Directive to the Member States.

Therefore, the reporting under Article 243d will be detailed (at the level of single payments received) per each payee identified based on the "aggregation" carried out pursuant to Article 243b(2).

CESOP Guidelines section 3.

3.2.5 What are the principles for counting payments and calculate the thresholds when a PSP operates cross-border, having both branches and subsidiaries?

Each branch and subsidiary will have to calculate its own threshold based on their own payment transactions.

Some cooperative banking structure can have separate banks inside this cooperative with separate reporting obligations and separate calculation of their own threshold.

3.2.6 Are refunds included in the calculation of the thresholds?

"Technical" refunds as defined in Article 76 of the PSD2 are always in the records of the PSPs (e.g. refunds due to technical errors in the original payment transaction).

Other kind of refunds (for instance due to goods returned to the seller) are not always in the records of the PSPs. When a PSP is not aware of the refund, it is not asked to verify whether any given payment is a refund or not. As such, evidently this will be computed in the calculation of the threshold.

Still, there are cases where PSPs have this information at their disposal.

For instance, a payment through an e-wallet could be refunded by the seller to the consumer using the same e-wallet and referring to the original purchase. In such a case, most likely the e-wallet will have the necessary information to link the refund to the original payment.

Therefore, when a PSP is aware of the refund, then the refund is not computed in the calculation of the threshold. This rule applies both when the refund is in the same reporting period of the original payment and when the refund is in a subsequent reporting period of the original payment.

The known refunds must be then reported as indicated in the guidelines see pages 61-64, boxes 7 and 1 and in the User guide point 3.3.4.

3.2.7 When the payer' PSP is reporting, should the PSP determine the 25 transactions threshold based on number of payments made by one payer only?

No, the payer PSP must determine the threshold considering all transactions made to the same payee.

3.2.8 When the payer' PSP is reporting, should that PSP include payments to payees located in the EU in the calculation of the 25 transactions threshold?

Article 243b (3) defines the obligations for the PSP of the payer: the requirement laid down in paragraph 1 shall not apply to payment services provided by the payer PSP as regards any payment where at least one of the PSPs of the payee is located in a Member State, as shown by that PSP's BIC or any other business identifier code that unambiguously identifies the PSP and its location. The PSPs of the payer shall nevertheless include those payment services in the calculation referred to in par. 2.

Example: A payment service provider from Member State 1 (payer PSP) executes payment transactions to a payee that has a payment account in Member State 2 and another in a third country. Over a given quarter, the PSP of the payer executes: 200 payments to the payment account in MS 2, 20 payments to the payment account in the third country. Pursuant to Article 243b, all the conditions to trigger the reporting obligation are fulfilled. However, the PSP of the payer will not report the payments to the payment account in MS 2, as those will be reported by the PSP of the payee in MS 2.

It will however have to report the payments to the payment account in the third country, as the threshold must be calculated inclusive of the payments to the payment account in Member State 2 and is therefore exceeding 25 cross-border payments.

Finally, the payer PSP in calculating the threshold will have to consider all transactions made to the same payee, both intra and extra EU.

CESOP Guidelines section 4.3.

3.2.9. Payments from a payer located outside the EU should not be reported to CESOP. Does this mean that they should not even be included in the calculation of the 25 transactions threshold?

Payment transactions from a payer located in a third country to a Member State are not included in the reporting obligation. Therefore, such transactions should not be included in the threshold calculation.

3.2.10. Should part payments have to be calculated as one single transaction or separate transactions?

Example: a payer borrows a credit from a PSP to pay a product or service. The payer pays a "part payment credit" to that PSP that in that case is also a credit institution. That PSP will settle the whole amount to the payee (merchant) at once.

For the calculation of the threshold that PSP will consider one single payment. In fact, , the payment from the PSP to the merchant is the transaction that matters on the calculation of the threshold , while the credit from the PSP to the payer is a loan contract between the consumer and the PSP/financial institution and not a payment transaction.

4 REPORTING

4.1 A payer's PSP will not have to report intra-EU payment transactions because they are reported by the payee PSP. Does the payer's PSP have to keep the records of these transaction for the three years period?

No. The three years detention period applies only to the information that is transmitted, and not to the information used for the monitoring of the threshold.

4.2 Payments from payers located outside the EU do not have to be reported. Does the payee PSP have to record these transactions?

No. The three years detention period applies only to the information that is transmitted.

4.3 If there are no transactions to be reported, what (level of) documentation should a PSP have available in its files to evidence this?

None on EU level. However, there can be national recommendations or obligations for so-called nil reporting. PSPs are advised to consult their national authorities on that.

4.4 Data protection principle: is the transmission of data below the threshold in line with personal data protection?

No. PSPs cannot transmit payment data if the thresholds are not exceeded. However, the data reported per payee can have less than 25 transactions (see example in section 4.3. page 53 of the guideline and the example in the answer under question 3.2.8 above).

4.5 What if a PSP reports on a payee less than 25 payments? Will CESOP reject this report?

The submission of data under the threshold shall be considered as non-compliant with the rules established by Art. 243b of Directive 2006/112/EC. However, there could be cases where - even though the 25 threshold is exceeded - still less than 25 transactions are reported (see question 3.2.8).

Furthermore, there might be national arrangements and legislation addressing the reporting of less than 25 payments. PSPs are advised to consult their national authorities on that. CESOP will receive data from national authorities and not from the PSPs. Therefore, CESOP as such will not reject the file.

CESOP Guidelines sections 4.1 and 4.2 and XSD User Guide section 3.2.1.1.

4.6 How often shall the data be reported?

PSPs are required to keep sufficiently detailed records of the payees and the payments they receive each calendar quarter to enable the competent authorities of the Member States to carry out controls of the supplies of goods and services which, are deemed to take place in a Member State, in order to achieve the objective of combating VAT fraud. Each Member State shall collect the information from PSPs no later than by the end of the month following the calendar quarter to which the information relates.

This constitutes the period over which information shall be collected and referred to. There is no specific reference to monthly count.

CESOP Guidelines section 4.2.

4.7 Will there be cases in which more than one PSP may be obliged to report? How can double reporting be avoided?

Article 243b does not create a limit regarding the number of PSPs that should report the transaction. Therefore, based on their business model, more than one PSP is involved in the payment from the payee's side (for example because of subcontracting, or card payment), then all PSPs of the payee shall be responsible to report data. Double reporting as such is not something to be avoided, and might increase the overall quality of the information in the CESOP

CESOP Guidelines, section 4.3.

4.8 Are branches obliged to report on their own the payment data to the tax authority of the respective host Member State?

According to Article 243b(4)(b), PSPs shall report the payment data per Member State where they provide for payment services. Thus, the registered office or the head office will report to the home Member State. A branch or an agent will provide information to the host Member State(s). PSPs should follow their payment license to determine where they provide services.

This being said, whether it is the branch doing the reporting or the head office reporting on behalf of its branch (on the branch payment transactions), it is not relevant for the obligation and it is left to PSPs to decide. Member States may adopt additional requirements in that regard (for example for branches that there is a contact physically present on their territory, even if the head office does the reporting for the branch).

4.9 Are branches obliged to report on their own the payment data to the tax authority of the respective host Member State even when they have no physical presence in the host Member State?

According to Article 243b(4)(b), PSPs shall report the payment data per Member State (MS) where they provide for payment services, regardless of whether there is any kind of physical presence or not, and including the scenario where the payment services are provided in a certain Member State on the basis of passporting.

In order to establish to which Member State the information should be transmitted, and which PSP has the reporting obligation, the rules of Article 243b of the VAT Directive apply. For example, if the payer is located in a Member State and the payee is located in another Member State and the PSP of the payee has passporting in the payee Member State, this PSP has reporting obligation in the Member State of the payee.

A PSP must inform the authority of the host Member State before it can provide payment services in its territory, which is then documented in the register of PSPs of that Member State. Through that register, and using the information available from its client database, a PSP should be able to clearly identify which services are provided and where.

List of typical scenarios:

a) Headquarter in one Member State, no branches, no passporting: All applicable CESOP reporting will take place within that Member State.
b) Headquarter in Member State 1, branches in Member State 2 and 3: according to Article 243b of the VAT Directive, that PSP should report either in Member State 1, or 2 or 3 (or in the 3 Member State) depending on whether the payment services are provided.
c) Headquarter of PSP in Member State 1, branch in Member State 2, passporting into the rest of EU (other 25 MS): according to Article 243 b of the VAT Directive, the PSP will report to the home Member State and the other Member States where the payment services are provided.

Under scenarios b) and c) the PSP can decide whether the Headquarters will submit the report to all the relevant host Member States (on behalf of the branch). See Question 4.10 below.

CESOP Guidelines sections 4.4, 4.4.1.

4.10 PSPs with a branch/subsidiary in another MS: how should the data be submitted by the headquarter or by the branch/subsidiary?

According to the definition of the PSD2, the home Member State will be the Member State where a payment service provider has requested and obtained its payment license, which should correspond to the Member State in which it has its registered office or head office.

The host Member State on the other hand will be any Member State other than the home MS in which the payment service provider is providing payment services.

Pursuant to Article 243b(4)(b) the records shall be made available to the home Member State of the payment service provider, or to the host Member States when the payment service provider provides payment services in Member States other than the home Member State.

CESOP Guidelines sections 4.4, 4.4.1.

Examples: 1) A PSP has a payment license from Member State 1 and also supplies payment services in Member State 2 via a branch, and Member State 3 via an agent. In application of the rules, this PSP will have to report the payments it executes in Member State 1 to Member State 1, the payments it executes in Member State 2 to Member State 2, and the payments it executes in Member State 3 to Member State 3.

2) An e-money provider has a payment license to provide payment services from Member State 1. It then uses passporting rules to provide payment services in all other Member States of the EU. According to the rule of Article 243b(4), it will report data in all Member States for the respective payments it executes in each one of them.

3) An e-money provider has its payment license in Member State 1 and also provides payment services in Member State 2 and 3. In order to determine what data should be reported in each Member State, it will look at its payment license and where its clients are located. As such, if the e-money provider acts as the PSP of the payer for payments going from Member State 1 to a third country, it will report these payments in Member State 1. If it acts as PSP of the payee for payments going from Member State 3 to Member State 2, it will report these payments in Member State 2.

However, the Directive does not specify whether the headquarters or the branch must transmit the information to the home or host Member State.

Therefore, the PSPs can decide that the headquarter will report in the Member State where it is established, while the branches report in the MSs where they operate. In case a PSP has branches/subsidiaries in more Member States, the data should be provided in each of the Member States where the payment services are provided.

On the other hand, the PSPs might also decide that the headquarters submit the records also on behalf of the branches or subsidiaries as long as the information is transmitted to the right host Member State(s) (where the branches and subsidiaries provide payment services). Should this be the case, the Headquarters should clearly indicate its identifier and the identifier of the branch or subsidiary on which behalf is submitting the report.

PSPs transmit the records to the national authorities and not directly to the CESOP. Therefore, it is advisable that PSPs consult the national authorities for practical details.

4.11 Can a group arrange to have all information on the payee addressed to one (preferred) Member State?

No, it is not possible to do any aggregation at one MS level only.

As mentioned above, the PSP will have to report the payments it executes in Member State 1 to Member State 1, the payments it executes in Member State 2 to Member State 2, and the payments it executes in Member State 3 to Member State 3.

See Article 243b(4)(b) and CESOP Guidelines section 4.4.

4.12 Will there be a One-Stop-Shop solution for streamlined reporting?

No, there will not be any One-Stop-Shop (OSS). Data are reported to the home and host MSs depending on where the headquarter, branch or agent is located and where payment services are provided.

4.13 When the requirements for the reporting obligation laid down in Article 243b of the VAT Directive apply, if in a payment transaction a PSP is acting on behalf of both the payer and the payee, is it correct to state that the PSP only needs to report the payment transactions once?

Yes, that is correct. The PSP is not required to report the same payment transaction multiple times. The country in which the PSP should report will depend on whether the payee is located in or outside the EU. When the payee is located inside the EU, the PSP will report in the EU country of the payee, when the payee is located outside EU, the PSP will report in the EU country of the payer.

4.14 Similarly to 4.13, when a PSP has different roles in one and the same payment transaction, is it correct to state that the PSP only needs to report the payment transaction once?

Yes, that is correct. A Payment Service Provider might have different roles in one and the same payment transaction. It can for example be a card acquirer and also the e-money and e-wallet provider. The payment transaction for which the PSP fulfils different roles, only needs to be reported for CESOP once by this PSP, and not separately for each of its roles.

4.15 What is the payment amount to be reported for CESOP? Is this the amount paid by the payer or the amount actually received by the payee?

The amount to be reported for CESOP is the amount actually paid by the payer (in the currency of this payment) before any deductions by the Payment Service Provider like the take rate, currency conversion fee, etc. The amount reported for CESOP might therefore be higher than the amount actually received by the payee in his account. Also, it should not be considered by the Payment Service Provider whether the amount paid by the payee includes VAT or not.

Example:

A customer in Germany is ordering a new tablet from a merchant in Sweden. The price is 120 EUR (including VAT) plus 10 EUR (including VAT) for the transportation. The PSP involved in the payment of this purchase collects 130 EUR from the customer. After deduction of its payment fees (2% or 2.6 EUR), the PSP debits 127.4 EUR on the account of the merchant. The payment amount to be taken into account for CESOP is 130 EUR which is the total amount paid by the customer.

4.16 Should payment transactions be reported by the payer's PSP if the payee's PSP is in an EFTA country?

It depends.

PSPs in EFTA countries can obtain a payment licence in their home country and use passporting rules to provide for payment services in the EU even without a physical presence in any of the Member State. In that case, PSPs in EFTA countries might be subject to the reporting obligation when they provide payment services in the EU Member States

Here we can see the following situations:

- the EFTA PSP acting as payer's PSP in Member State 1: that PSP will report in Member State 1 the payments from that payer to any third country (including EFTA countries);
- the EFTA PSP acting as payee's PSP in Member State 1: that PSP will report in Member State 1 the payments received from other Member States

Case 1: Direct Debit system. The payee's PSP is in a) Norway or b) Poland and payer account is in Estonia. Who reports in a) and b)?

The general rule is that when the payee's PSP is in one Member State, then the reporting obligation is up to the payee's PSP. When the payee's PSP is in a third territory or third country then the payer's PSP will report. Norway is an EFTA country and payments to EFTA countries shall be considered as payments to third countries. In such cases, the PSP of the payer located in a Member State will report the payment in the Member State of the payer. So, for case **a)** the report must be done in Estonia by the payer's PSP as the payment is done to a bank account in Norway. For case **b)** the report must be done in Poland by the payee's PSP as the payment is done to a bank account in Poland.

4.17 Should refunds be reported?

"Technical" refunds as defined in Article 76 of the PSD2 are always in the records of the PSPs (e.g. refunds due to technical errors in the original payment transaction).

Other kind of refunds (for instance due to goods returned to the seller) are not always in the records of the PSPs. When a PSP is not aware of the refund, it is not asked to verify whether any given payment is a refund or not. As such, evidently this will be computed in the calculation of the threshold and they will be reported in case the threshold is exceeded.

Still, there are cases where PSPs have this information at their disposal.

For instance, a payment through an e-wallet could be refunded by the seller to the consumer using the same e-wallet and referring to the original purchase. In such a case, most likely the e-wallet will have the necessary information to link the refund to the original payment.

Therefore, when a PSP is aware of the refund, then the refund is not computed in the calculation of the threshold, and it is reported as indicated in the guidelines see pages 61-64, boxes 7 and 1 and in the User guide point 3.3.4..

This rule applies both when the refund is in the same reporting period of the original payment and when the refund is in a subsequent reporting period of the original payment.

4.18 Should rejected payments be reported?

Rejected payments, or “technical” refunds as defined in Article 76 of the PSD2 are always in the records of the PSPs (e.g. refunds due to technical errors in the original payment transaction).

Both, the original payment and the technical refund are reported by the PSPs. This rule applies to both, when the refund is in the same reporting period of the original payment and when the refund is in a subsequent reporting period of the original payment.

The technical refunds must be then reported as indicated in the guidelines see pages 61-64, boxes 7 and 1 and in the User guide point 3.3.4.

Technical refunds are not computed in the calculation of the thresholds.

Payment transactions that are not completed, for example a credit card transaction that is not authorised because of lack of available funds on the payer’s payment account, should never be reported as they are not payment transactions.

5. DATA ELEMENTS

5.1 Can the payment transactions to be reported be broken down according to the type of transaction (cards/credit transfers/direct debits/Instant Payment)?

Yes, this can be done. But as indicated above, all transactions made to the same payee need to be accumulated for the purpose of calculating the threshold.

5.2 No information about the payer should be reported, except that relating to his/her state of origin. In this regard, should records be kept with more details about the payer if needed for investigation?

The list of data that needs to be reported is laid down in Article 243d of Directive 2006/112/EC. Point 2. (c) lists the details that shall be contained in the information.

Regarding the payer location information, the information used to determine the origin of the payment, or the destination of the refund shall be provided in accordance with Article 243c. The information can include any data element available to the PSP, as described in box 11 (IBAN, address, card number, etc.). It is important to note that this field shall only indicate what data was used, the data itself must not be transmitted.

This implies that PSPs will for example indicate that the location of the payer was established in a Member State using the IBAN of the payer's payment account. The IBAN of the payer itself, however, shall never be transmitted. No other data must be retained at this regard; however it could be advisable to keep it, otherwise there is no means of proof that it was correct in case of audits. For national record keeping rules PSPs should refer to the national authorities.

CESOP Guidelines, section 4.5.1.

5.3 Is the "accounting date" or the "value date" relevant for the purpose of detecting the transactions to be reported?

The date to be reported depends on the payment method. In box 8 of the different tables in section 4.5.2. of the CESOP guidelines there is a detailed indication of the date to report per payment methods

5.4. Which information has to be kept in the records of the PSPs, according to Art. 243d (2) point d ("any reference which unambiguously identifies the payment "); Would the payment reference given by the payer fall under this point?

Payments and references must be unique, and it can be a code from 1 up to 40 characters granting any reference which unambiguously identifies the payment for the PSP. This "payment unique identifier" should not be confused with the description of the payment (which is normally a free text where the payee might indicate the underlining purchase or other personal information) that must not be reported.

Reference is made to box 14 of the tables in section 4.5.2 of the CESOP Guidelines.

The name of the payer is never part of the reporting.

5.5 Is it mandatory for a PSP to submit a nil-reporting to the CESOP information system?

PSPs should address their national authorities. For example, Article 243b(4)(b) states that information shall be made available to Member States when the requirements of paragraph 1 are fulfilled.

5.6 For a card issuer in a Member State with several cardholders located in a Member State that send payments to payees located in several Member States: is there a need to produce several sets of data?

The PSP, in this case the card issuer, must calculate the threshold per different payees. When the conditions laid down in Article 243b of the VAT Directive are fulfilled, that PSP must submit different reports per each payee. However, if the payee's PSP is in another Member State, then the payer's PSP does not have to report the payment transactions. Basically, the payer's PSP must report only when the payee's PSPs are in third countries or third territories.

5.7 Do PSPs have to send separate files depending on whether they act as payee's PSP or as payer's PSP?

No. There is only one format to be used by PSPs acting as both, payer and payee PSPs.

See XSD User Guide.

5.8 Is it necessary to report the payee's address received on the transaction to be reported or the payee's address stored in the bank records?

If available, all addresses available for the payee shall be reported.

Information and overview is given in the CESOP Guidelines page 75, Table 9 – Overview of data and expected data quality levels.

5.9 If a PSP needs to make corrections to the file and, in the meantime, there are changes in the name of the payee, is it supposed to report the name as it was originally, or as it is now, or does it not matter at all?

The data must be reported as in the record of the PSP at the precise moment of the transmission.

If that change happens during the period, and VAT/TIN remained the same, the name change is not that crucial. The PSP should correct the mistake and always report at least the most up-to-date name in its records. PSPs can also send both names if they have them both in their records.

6 TECHNICAL QUESTIONS

6.1 Regarding the XSD and XSD User Guide versions, in case of any changes, how these will be communicated and be put into action at EU and MS level?

The XSD and its User Guide are published on CESOP europa.eu website. In case of changes, they will be communicated by Commission and compatibility with the previous version will be maintained for a period, when possible, to allow all stakeholders to adapt their systems.

6.2 Regarding the MessageRefId defined by the PSPs, is there a standard to be followed to guarantee uniqueness of the ID, time and space? Where can I find more information on the MessageRefId?

Yes. However, with a very low probability, it is possible that two IDs generated/built as suggested in the XSD UG are the same. Detailed information can be found in the [R01] XSD User Guide.

6.3 What happens in the case that within a reporting period, there is no data for the PSP to report? For instance, when PSPs do not have any payments under the VAT Directive 2020/284 in a given quarter or the thresholds are not exceeded in a given quarter? Will nil reporting be implemented in the XSD file, or will there be a simpler option available?

As mentioned above, it is not mandatory to report in case of no transactions, or transactions below the threshold. Further information can be found in the [R01] XSD User Guide.

6.4 As for the type of reporting data: are special characters, negative values and national characters accepted by CESOP?

Yes and No. For some elements, special characters are allowed, but in other elements the input is limited. Detailed information is given in the [R01] XSD User Guide.

6.5 How the PSP knows that the report submitted is correct? Is there any validation on behalf of MS or CESOP?

Yes, validation messages are produced by CESOP. The detailed answer to such question can be found in [R01] XSD User Guide.

6.6 Are there some minimum quality reporting standards used by CESOP in case a PSP has not information like TIN, VAT number, Address, etc?

The answer to such question can be found in [R01] XSD User Guide; mandatory elements are the one for which the value of ‘Mandatory nature’ column equals ‘Mandatory’.

6.7 For transactions in third countries, the identifier of the payee may be different from IBAN. Will the XSD tracking allow non-IBAN values to be captured?

Yes, the detailed answer to such question can be found in [R01] XSD User Guide.

6.8 Is CESOP going to adopt ISO 20022 standard for more structured reporting?

CESOP will not use this structure.

6.9 How are the main CESOP system IT and the individual MS IT teams connecting to ensure successful submissions?

Data will be submitted via a secure and encrypted channel.

6.10 Can a PSPs send several files (also below the theoretical maximum size of 1GB) for the same reporting period?

Yes, according to XSD Guide, when a PSP has a large amount of data to report the reporting shall split the data over several payment data messages, in respect of the two following rules:

1. Each message cannot exceed the size of 1GB
2. Each message must be compliant with the XSD.

Note: The maximum file size of 1 GB mentioned above concerns the limit of the CESOP database. Each member state has to determine whether or not files of 1 GB can be handled based on the national situation. The Netherlands Tax and Customs Administration have determined that the maximum file size that may be reported is 100 MB. Such as to guarantee the efficient processing of CESOP messages.