

CESOP – Central Electronic System of Payment Information

EU wide reporting to fight VAT Fraud

All information in CESOP will then be made available to anti-fraud experts of Member States.

The objective of this new measure is to give tax authorities of the Member States the right instruments to detect possible e-commerce VAT fraud.

The **Central Electronic System of Payment Information (CESOP)** is based on the Council Regulation (EU) 2020/284 and Directive (EU) 2020/283.

The rules of PSD2 are applicable to all European Economic Area (EEA) countries including all Member States of the European Union as well as Iceland, Liechtenstein and Norway.

PSPs as defined in the Payment Services Directive (EU) 2015/2366 (PSD2). This includes all Credit, E-money, Payment, and post-office Giro institutions which provide services in the EU.

Payment Transactions and Services in Scope

- ✓ Credit Transfers ✓ Direct Debit ✓ Money Remittance
- ✓ Card Payments ✓ E-wallet ✓ E-voucher

All cross-border payment transactions where the Payer is located in an EU member state using one of the in-scope payment services.

Payment Transactions Reported

Where the Payment Transaction is in scope and

- ⇒ the transaction is to a payee in another EU member state or third territory or third country
- ⇒ where there are 25 or more payment transactions to a Payee

A PSP must aggregate transactions for each Payee to determine if 25 or more transactions have been made to a Payee. Individual transactions must be reported.

Which PSP is responsible to report?

Payer PSP Location	Payee PSP Location	Reporting Obligation
In the EU	In the EU	Payee PSP
In the EU	Not in the EU	Payer PSP
Not in the EU	N/A	No Reporting

Data Retention & Corrections

Any corrections should be submitted ideally before the expiry of the reporting period that applies and/or the retention period for data in CESOP (5 years).

Reporting Requirements

Data to be reported

The below list contains the “main” data fields to be reported. Detailed definitions are provided in the XML Schema Definition defined as part of the directive:

- ✓ Reporting PSP identifier
- ✓ Payee Name
- ✓ Payee VAT/TIN
- ✓ Payee Account Id
- ✓ Payee PSP (BIC)
- ✓ Payee Address
- ✓ Payer PSP details
- ✓ Payment Refund details
- ✓ Payment Details
- ✓ (transaction ID, date, currency, amount, etc)

Reporting Format

XML Instance File based on the XML Schema Document (XSD) published by the European Commission.

Data Quality

Reporting PSPs are responsible for validating that their submissions adhere to the XML Schema Definitions (Technical Rules) and for compliance with the business rules governing the inclusion of transaction and the content of each data element.

Enforcement and Deadlines

The “CESOP” obligation / directive come into force on **1st January 2024** with the first reporting period being – **1st Jan 2024 – 31st March 2024**.

- ⇒ PSPs are required to transmit their CESOP reports on a quarterly basis.
- ⇒ PSPs must submit their reports no later than by the end of the month following the calendar quarter to which the information relates.

The Complexities

- ⇒ Data across multiple business lines (and probably different systems) needs to be consolidated and aggregated.
- ⇒ PSPs operating in multiple jurisdictions will be required to segregate payment data and prepare multiple CESOP reports.
- ⇒ Monitoring Rules vs Reporting Rules – identify transactions in scope, determine eligibility, determine reporting responsibility and perform aggregation rules.

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