

Osnias-Clearing ViDA 2030 integration

Functional classification and European framework

Title	Osnias-Clearing ViDA 2030 integration
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ORCID	0009-0007-8894-8902
Release / date	1.0; 11 October 2026
Landing page	www.osnias-clearing.com/vida2030/
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Status	Technical document – sourced European reference regulatory framework

Abstract (EN)

This note sets out the VAT architecture of Osnias Clearing, a protocol for the multilateral netting of B2B trade obligations net of VAT. Osnias performs a single function: net-of-VAT netting. VAT is computed line by line in each business's ERP and reported through its e-invoicing provider, while net settlement is carried out by authorised nodes. Invoices are netted in the CLEAR 9W cycle within at most 59 days, in line with Directive 2011/7/EU. Where VAT is chargeable on payment, the cycle settlement date constitutes receipt of payment, evidenced by a per-invoice statement. The canonical register on Sei identifies parties only by their Osnias-ID; legal identity is kept off-chain by the node. As an extension of ViDA 2030, the note proposes a reverse charge between certified taxable persons, removing intermediate VAT flows and missing-trader fraud without loss of revenue, and includes an outline EU provision.

Keywords (EN):

VAT; ViDA 2030; multilateral netting; clearing; reverse charge; Directive 2006/112/EC; e-invoicing; chargeability on payment; MTIC fraud; ISO 20022; late payment; Osnias Clearing

Prior Osnias documentation

Book 1	Osnias ID	https://www.osnias-clearing.com/en/osniasid/
Book 2	Architecture	https://www.osnias-clearing.com/en/architecture/
Book 3	Rules	https://www.osnias-clearing.com/en/rules/
Book 4	Cycles / Calendar	https://www.osnias-clearing.com/en/cycle/
Book 5	Security	https://www.osnias-clearing.com/en/security/
Book 6	Onboarding	https://www.osnias-clearing.com/en/onboarding/

Book 7	O-POP Osnias	https://www.osnias-clearing.com/en/pop/
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SUMMARY

Key finding 1 — Scope

Osnias performs a single function: multilateral netting of trade obligations net of VAT. VAT is computed line by line in each business's ERP or accounting software; reporting to the tax authorities goes through each business's e-invoicing provider; settlement of the net position takes place at node level. Any function not described in this note is not performed by Osnias.

Key finding 2 — Neutrality under current rules

The protocol does not alter the taxable amount, the rate or the chargeable event. Where a State makes VAT chargeable on receipt of payment (Article 66(b) of the VAT Directive), the settlement date of the CLEAR 9W cycle constitutes receipt of payment for the netted portion, evidenced by a per-invoice netting statement.

Key finding 3 — Proposed reverse charge

Osnias proposes examining a reverse charge between taxable persons meeting a defined status (identification, certified e-invoicing, real-time reconciliation, guarantee). Every invoice is still issued and reported line by line with its VAT, but no VAT flows between those taxable persons; the Treasury receives only the non-deductible residual. The criterion rests on the status of the parties, not on the means of payment; Osnias is one control tool among others.

Key finding 4 — Validation route

The current regime falls under national advance-ruling procedures. The proposed reverse charge would require a special measure under Article 395 of Directive 2006/112/EC or an amendment to it; an outline provision is set out in Section 9. It is put forward on an exploratory basis and has no bearing on the current architecture.

THE PROTOCOL IN ONE SENTENCE

Osnias Clearing is a multilateral netting protocol for trade obligations net of VAT between taxable persons: each participant settles only its net position, while VAT computation and reporting remain entirely outside the protocol.

TERMINOLOGY

This note follows the terminology of the ECB and CPMI glossaries. **Clearing** denotes the recording and reconciliation of obligations and the computation of net positions; **settlement** denotes the discharge of those obligations through the transfer of a settlement asset. Osnias performs clearing by multilateral netting. Settlement takes place outside the clearing core, at node level; Osnias neither holds nor has access to the settlement asset.

CURRENT REGIME AND PROPOSED REGIME

	CURRENT REGIME (VAT CHARGED)	PROPOSED REGIME (REVERSE CHARGE)
Net-of-VAT settlement between participants	Net (netted)	Net (netted)
VAT charged between participants	Due gross; settled gross or netted by contract	No VAT charged or settled
VAT computation and reporting	Line by line, outside Osnias	Line by line, outside Osnias (self-assessed by the customer)
VAT paid to the Treasury	Output VAT less input VAT of each business	Non-deductible residual only; nil with full deduction
Exposure to missing-trader (MTIC) fraud	Unchanged	Removed within the perimeter

EXAMPLE

A supplies B for EUR 100,000 net of VAT; B supplies A for EUR 80,000 net of VAT (illustrative rate: 20%). The gross notional is EUR 180,000; after netting, only EUR 20,000 is settled, in favour of A.

- **Current regime:** B owes A EUR 20,000 of VAT and A owes B EUR 16,000. A pays EUR 4,000 to the Treasury; B records an excess of input VAT of EUR 4,000, carried forward or refunded later.
- **Proposed regime:** no VAT flows between A and B. B self-assesses EUR 20,000 (output and input); A self-assesses EUR 16,000. Both deduct in full, so the residual paid to the Treasury is nil, with no pre-financing and no VAT credit.

POINTS OF ATTENTION

- **Cycles:** B2B commercial obligations are netted in CLEAR 9W; invoices are issued during the open P2P window (days 5 to 61) and settled on the Monday following the freeze, i.e. within 59 days at most. CLEAR 1W is limited to testnet; CLEAR 13W is reserved for non-commercial obligations (Book 4, Release 2.2).
- **Chargeability on receipt of payment:** where national law applies Article 66(b) or the cash accounting scheme (Article 167a), netting constitutes receipt of payment on the cycle settlement date, and the customer's right of deduction arises at the same time. VAT is reported in the return for the period that includes that date.

- **Payment periods:** the maximum of 59 days between invoice and settlement complies with the 60-day ceiling of Directive 2011/7/EU; an invoice dated on a settlement, BURN or freeze day is not admitted to the current cycle.
- **E-invoicing and digital reporting:** Osnias provides each participant's ERP with a per-invoice netting statement; the payment status is reported to the tax authorities by the participant's e-invoicing provider, under national rules and the ViDA requirements. Osnias reports no data to any tax authority.
- **VAT on Osnias' own services:** assessed separately, including the possible application of the exemption for transactions concerning payments and transfers (Article 135(1)(d)).

TECHNICAL NOTE

1. DEFINITION AND TERMINOLOGY

Osnias Clearing is a multilateral netting protocol for trade obligations between taxable persons for VAT purposes. Its netting perimeter is limited to the amounts net of VAT of the underlying supplies.

VAT remains outside the netting engine: each participant continues to compute, record and report it in its ERP or accounting software, under the rules applicable to it. Section 6 sets out a reverse-charge proposal that would remove any VAT flow between taxable persons on netted entries.

1.1. FUNCTIONAL PERIMETER: WHO DOES WHAT

ACTOR	FUNCTION	WHAT IT DOES NOT DO
Osnias	Multilateral netting of net-of-VAT obligations; net position calculation; per-invoice netting statement	Does not compute VAT; reports no data to the authorities; neither holds nor has access to the settlement asset; acquires no claim
Node	Settlement of the net position (escrow, settlement asset)	Does not alter the netting register
Participant's ERP	Accounting entries; line-by-line VAT computation; preparation of the return	—
E-invoicing provider	Issue and receipt of e-invoices; reporting of invoice and payment data to the authorities	—
Tax authority	Receipt of data and returns; audit	—

Closed-perimeter principle: any function not described in this note is not performed by Osnias. This principle is contractually binding on participants and nodes under the protocol rules (Book 3) and technically enforced by the code.

1.2. REGISTER, RECORDED DATA AND PARTICIPANT IDENTITY

The canonical netting register is kept on Sei (Book 2) and accessed through dedicated RPC endpoints, without a private blockchain network (Book 7). The following data are recorded on it:

- **Parties:** identified solely by their Osnias-ID, an identifier independent of the wallet address and of legal identity (Book 1). No name, address or identification number is recorded on-chain;

- **Transaction:** net-of-VAT amount and obligation references, within the structure of ISO 20022 messages. Currency and cycle are not chosen transaction by transaction: they are set when the account is opened, as invariants attached to the Osnias-ID (Book 1). Each chamber corresponds to a currency × cycle pair; two participants trading within the same chamber therefore necessarily operate in the same currency and the same cycle;
- **Purpose:** a free-text field by design, completed by the participant and recorded in clear. The protocol rules (Book 3) prohibit entering names or personal data in it; the participant is responsible, and the submission interface warns the user before any validation.

The mapping between Osnias-ID and legal identity (company number, VAT number, LEI) is kept **off-chain**, in the database of the participant's node, which performs identity verification (KYC) before opening any account (Book 6). It is accessible only to the node concerned and to authorised authorities. Nodes are entities authorised in their jurisdiction for the settlement activity they carry out.

Architectural doctrine

- the gross notional of trade obligations, net of VAT, is preserved and traceable;
- eligible net-of-VAT obligations are netted within Osnias;
- VAT is computed supply by supply, outside the protocol, and then aggregated in each participant's return;
- the protocol neither computes the VAT due to the authorities nor collects VAT on behalf of any participant or of the State.

1.3. GROSS NOTIONAL AND NET SETTLEMENT NEED

A clear distinction must be drawn at all times between the gross economic volume and the net settlement need. Netting reduces the latter without erasing the former or the tax information attached to it. In ECB terms, Osnias delivers **liquidity savings** at the settlement stage while preserving full **transaction-level granularity** at the reporting stage.

2. PROBLEM STATEMENT

In B2B trade, the gross volume of obligations can far exceed the liquidity ultimately required when the same businesses are simultaneously creditors and debtors within a network.

Without netting, these obligations generate repeated gross payment flows although their consolidated economic outcome is much smaller. This creates liquidity needs, reconciliation workload and settlement flows unrelated to the net economic exposure of the network.

VAT amplifies the effect: each invoice carries an amount of tax that circulates between businesses, is deducted by the customer and remitted by the supplier. These intermediate flows absorb liquidity and concentrate fraud risk without changing final tax revenue.

Multilateral netting of trade claims is not a theoretical construct: in Slovenia, a national invoice-clearing scheme has extinguished up to 8% of commercial transactions without any monetary transfer¹.

The challenge is therefore to reduce settlement volume without reducing tax information: every supply, every taxable amount and every VAT treatment must remain individually identifiable and verifiable.

3. NETTING ARITHMETIC

Netting is purely arithmetic: for settlement purposes, the sum of a participant's gross obligations is replaced by its net position after netting of the obligations admitted to the cycle.

For participant i:

¹T. Fleischman, P. Dini and G. Littera, "Liquidity-Saving through Obligation-Clearing and Mutual Credit: An Effective Monetary Innovation for SMEs in Times of Crisis", *Journal of Risk and Financial Management*, vol. 13, no. 12, 2020, art. 295.

$$\text{Net position}_i (\text{net of VAT}) = \Sigma \text{claims}_i - \Sigma \text{liabilities}_i$$

The gross notional is the sum of all obligations admitted to the cycle. The netted volume is the part of that notional extinguished by netting. The net position is the residual amount to be paid or received.

3.1. SIMPLIFIED EXAMPLE

- A to B: EUR 100,000 net of VAT; VAT at 20%, i.e. EUR 20,000 (invoice total: EUR 120,000).
- B to A: EUR 80,000 net of VAT; VAT at 20%, i.e. EUR 16,000 (invoice total: EUR 96,000).

The gross notional is EUR 180,000. Netting produces a net position of EUR 20,000 in favour of A. Both supplies remain fully individualised for VAT purposes. No VAT rate is ever applied to the net balance: VAT always derives from the underlying supplies.

4. EU VAT FRAMEWORK

Netting net-of-VAT obligations does not alter the taxable amount, the rate or the VAT classification of the underlying supplies. Each supply retains its own treatment under Directive 2006/112/EC and the applicable national law.

4.1. SUPPLY-BY-SUPPLY COMPUTATION

VAT remains attached to each supply. The taxable amount is, in principle, everything constituting the consideration obtained by the supplier (Article 73). Rate, place of supply, exemptions and reverse-charge mechanisms apply line by line and may coexist without affecting net-of-VAT netting. The participant's VAT position then results from the aggregation of output and input VAT in its return.

4.2. INVOICING, CHARGEABLE EVENT AND CHARGEABILITY

Admission of an obligation to the netting cycle changes neither the issue, nor the content, nor the storage of the invoice (Articles 217 et seq. and 226). As a rule, the chargeable event occurs and VAT becomes chargeable when the goods or services are supplied (Article 63): netting then has no effect.

Member States may, however, provide that VAT becomes chargeable no later than the time payment is received (Article 66(b)), and may apply a cash accounting scheme under which deduction is deferred until payment (Article 167a). Since netting extinguishes the claim, **the cycle settlement date (the Monday following the freeze) constitutes receipt of payment for the netted portion** of each invoice. Osnias issues for each invoice a statement identifying the invoice, the amount extinguished and the date. The customer's right of deduction arises at the same time (Articles 167 and 167a). This treatment is to be confirmed through national advance-ruling procedures before any production use.

4.3. CONTRACTUAL NETTING AND NO ACQUISITION OF CLAIMS

Osnias does not acquire, hold, assign or collect any claim on its own account. Claims remain attached to the participants until extinguished. Multilateral netting rests on contractual set-off under the applicable civil law, accepted by each participant; it is not a statutory set-off operating by law.

4.4. VAT ON OSNIAS' OWN SERVICES

The VAT treatment of any fees charged by the operator is distinct from that of the netted supplies. It will be determined according to the exact nature of the services, including the possible application of the exemption for transactions concerning payments and transfers (Article 135(1)(d)), as interpreted by the Court of Justice².

4.5. FISCAL NEUTRALITY OF THE PROTOCOL

The protocol:

- does not alter the net price of the underlying supply, the rate or the taxable amount;
- does not alter the rules on chargeable event and chargeability; where VAT is chargeable on payment, it merely evidences the date of payment resulting from netting;

²See in particular CJEU, 5 June 1997, SDC, C-2/95, EU:C:1997:278, and CJEU, 26 May 2016, Bookit, C-607/14, EU:C:2016:355.

- does not turn a taxable supply into an exempt one and does not determine the right of deduction;
- does not receive VAT on behalf of the authorities and does not replace the participant's return;
- reports no invoice, payment or VAT data to any tax authority: such reporting is the task of each participant's e-invoicing provider.

4.6. EVENTS AFTER NETTING

- **Credit notes and adjustments** (Articles 90 and 219): the net-of-VAT difference is recorded as a new obligation, positive or negative, in the following cycle, with reference to the original invoice. Netting already performed is not reopened.
- **Non-payment and insolvency**: only obligations confirmed by the debtor are admitted to a cycle. A netted obligation is extinguished and cannot ground a reduction of the taxable amount for non-payment. The opening of insolvency proceedings excludes the participant from subsequent cycles.
- **Unwound cycle**: the obligations concerned revert to their prior status and a cancellation statement is issued, so that no receipt of payment is evidenced.

5. IMPLEMENTATION

5.1. COMMERCIAL CHAIN — OSNIAS

- recording of eligible net-of-VAT obligations with their references;
- preservation of the gross notional; multilateral netting of net-of-VAT volumes;
- computation and settlement of the net position only, according to its sign;
- issue, for each invoice, of a netting statement (invoice, amount extinguished, settlement date) made available to the participant's ERP.

5.2. EXTERNAL TAX CHAIN: ERP AND E-INVOICING

The tax chain lies entirely outside Osnias and relies on tools each business already uses:

1. **Osnias → ERP**: the netting statement for each invoice is made available to the participant's ERP or accounting software through an interface, in a standard settlement-notification format (for instance ISO 20022 camt.054), so that it is booked like a bank statement;
2. **ERP**: VAT classification, line-by-line computation, recording of output, input or self-assessed VAT, and preparation of the return;
3. **E-invoicing provider**: issue and receipt of e-invoices, and reporting of invoice data and payment status to the authorities;
4. **Return**: filing of the VAT return by the business and payment of the net VAT, recording of an excess credit or a nil balance.

Osnias takes part in none of these steps. An interface with market ERPs may be offered to automate receipt of the statement; it does not bring the tax function into the protocol.

5.3. THREE DISTINCT POSITIONS

POSITION	NATURE	TREATMENT
Net commercial position (net of VAT)	Civil-law claims between participants (net price)	Osnias — netting engine
VAT charged between participants	Civil-law claims (VAT included in the invoice total)	Current regime: settled or netted by contract. Proposed regime: does not arise
VAT due to the Treasury	Tax liability or credit of each business	Outside Osnias — ordinary return

VAT due to the Treasury is never computed on an Osnias balance. Under current rules, VAT charged between participants may already be extinguished by contractual set-off, like the net price; Section 6 proposes to go further by removing this intermediate VAT altogether.

5.4. NETTING CYCLES AND VAT CONSEQUENCES

The cycle calendar is laid down in Book 4 (Release 2.2). Each profile corresponds to a category of obligations and carries distinct VAT consequences:

PROFILE	OBLIGATIONS	CALENDAR	VAT CONSEQUENCES
CLEAR 1W	Testnet / technical validation	1 week	None: no real transactions
CLEAR 9W	B2B commercial obligations (invoices for goods and services)	63-day envelope; P2P open from day 5 to day 61; settlement on the following Monday	Scope of this note; chargeability on payment at settlement; perimeter of the proposed reverse charge
CLEAR 13W	Eligible non-commercial obligations	91-day envelope; P2P open from day 5 to day 89	Generally no invoice for a supply of goods or services; case-by-case VAT analysis; outside the proposed reverse charge

Example of a CLEAR 9W cycle. The opening settlement takes place on Monday 21 September 2026; BURN runs from Tuesday 22 to Thursday 24; the P2P window opens on Friday 25 September and closes on Friday 20 November; freeze and net calculation take place on 21 and 22 November; settlement takes place on Monday 23 November 2026. For a service invoiced on 25 September and netted in this cycle, in a State applying chargeability on payment:

- receipt of payment for the netted portion is dated 23 November 2026, i.e. 59 days after the invoice;
- the corresponding VAT becomes chargeable for the supplier in November and is reported in its return for that period;
- the customer's right of deduction arises on the same date and is exercised for the same period;
- the netting statement is delivered to the ERP on the settlement date; the supplier's e-invoicing provider reports the payment status of the invoice to the tax authority.

For a supply of goods, or a service under the general rule, VAT becomes chargeable on supply or invoicing: the supplier remits it before settlement and may thus pre-finance it for almost two months. This is precisely the timing gap removed by the reverse charge proposed in Section 6.

6. PROPOSAL: REVERSE CHARGE ON NETTED ENTRIES

6.1. PRINCIPLE

Osnias submits to the competent authorities an avenue for development: applying the **reverse charge** to supplies between taxable persons meeting a **defined status** (Section 6.5) whose transactions are reconciled in real time. Registration in the Osnias register is one way of verifying that status, not its condition, so that the VAT treatment does not depend on the means of payment. The mechanism rests on three elements:

1. **Net-of-VAT invoicing:** the supplier issues its invoice without VAT, bearing the mention "Reverse charge" (Article 226(11a)) and the register reference;
2. **External line-by-line computation:** the customer computes the VAT on each line and reports it as both output and input VAT, according to its right of deduction;
3. **Residual to the Treasury:** only any non-deductible amount is paid; it is nil for a participant with a full right of deduction.

Netting then covers net-of-VAT amounts only, and no VAT flows between participants, or between them and the Treasury, in respect of netted entries. Tax information remains complete: every invoice, taxable amount and VAT amount is reported.

6.2. WORKED EXAMPLE

	A	B	TREASURY
Current — VAT received from customer	EUR 20,000	EUR 16,000	—
Current — VAT paid to supplier	EUR 16,000	EUR 20,000	—
Current — return balance	EUR 4,000 payable	EUR 4,000 credit	+4,000 then -4,000
Proposed — self-assessed VAT	16,000 / 16,000	20,000 / 20,000	—
Proposed — return balance	EUR 0	EUR 0	EUR 0

Net tax revenue is identical under both regimes. The proposed regime removes EUR 36,000 of inter-company VAT flows, A's pre-financing of EUR 4,000 and B's credit of EUR 4,000. If B could deduct only 50% of its input VAT, its net tax cost would be EUR 10,000 under both regimes: currently EUR 4,000 of net VAT paid to A plus EUR 6,000 remitted to the Treasury; under the proposal, EUR 10,000 of non-deductible VAT remitted directly to the Treasury.

6.3. EFFECTS

- **For participants:** removal of intermediate VAT flows, pre-financing and VAT credits within the netted perimeter; tax liquidity aligned with commercial liquidity.
- **For public finances:** unchanged final revenue; removal of the risk of the supplier disappearing after collecting VAT, which underlies missing-trader (MTIC) fraud; full visibility through e-invoicing.
- **For EU coherence:** the reverse charge is already the general rule for intra-EU B2B services and intra-EU acquisitions; the proposal extends that logic to the closed perimeter of taxable persons with the defined status.

6.4. LEGAL BASIS AND IMPLEMENTATION ROUTE

The VAT Directive allows domestic reverse charge only for the categories it lists (Articles 199 and 199a) and, for sudden and massive fraud, under the Quick Reaction Mechanism (Article 199b). The Union legislature has already accepted, on a temporary basis, a generalised reverse-charge mechanism above EUR 17,500 (Directive (EU) 2018/2057, Article 199c, applicable until 30 June 2022): a broader reverse charge is therefore not alien to EU law.

The proposed extension would require a **special measure under Article 395 of the Directive**, authorised by the Council acting unanimously on a proposal from the Commission, at the request of a Member State, in order to simplify the procedure for collecting VAT or to prevent certain types of tax evasion or avoidance. A pilot phase limited in duration and number of participants could provide the framework. To respect the principle of fiscal neutrality, the criterion of application rests on the status of the parties and the traceability of their transactions, not on the settlement channel. The measure is designed as an extension of ViDA: it relies on e-invoicing and digital reporting for its control and does not replace them.

Request — exploratory

Osnias seeks the views of the competent authorities on whether a reverse-charge measure could be examined for supplies between taxable persons meeting a defined status and reconciled in real time, with line-by-line VAT computation in each business's ERP and payment to the Treasury of the non-deductible residual only. This request has no bearing on the current architecture, which operates under the ordinary regime of VAT charged on invoices.

6.5. CONDITIONS AND SAFEGUARDS

- **Status of the parties:** identified taxable persons (VAT number, LEI where available), connected to a certified e-invoicing channel, whose invoices and payments are reconciled in

real time, and who have provided a guarantee under the conditions laid down in the protocol rules (Book 3); any supply to a non-taxable person is excluded.

- **Exit from the perimeter:** any onward supply to a non-taxable person or to a taxable person outside the status follows the ordinary regime of VAT charged on invoices; the reselling taxable person is jointly and severally liable for the VAT due in case of default.
- **Criterion fixed at invoicing:** the regime applies to invoices issued during the open P2P window of a CLEAR 9W cycle (days 5 to 61) and recorded in the register when issued, whatever their subsequent mode of extinction, so that the VAT treatment is known from the outset. Obligations in the 13W cycle are excluded.
- **Traceability:** structured e-invoices and payment statuses reported through certified providers; automatic reconciliation by the tax authority between these data and, where relevant, Osnias netting statements.
- **Control:** tax authority access to the register's transaction-level detail; immediate exclusion of any participant failing its reporting obligations.

7. IMPLICATIONS FOR PARTICIPANTS

The main benefit is a lower liquidity need to settle trade obligations. A business keeps all its records and tax obligations but settles only its net position; under the reverse charge, it no longer pre-finances VAT within the netted perimeter.

- fewer gross payment flows and lower liquidity needs;
- full granularity of invoices and tax data;
- a per-invoice statement for accounting and for chargeability on payment;
- direct reconciliation between gross notional, netted volume and net position.

7.1. TAX LIQUIDITY AND PAYMENT PERIODS

Under current rules, netting does not change the VAT due: participants manage commercial and tax liquidity separately. The CLEAR 9W cycle is calibrated to extinguish commercial obligations within the 60-day period laid down by Directive 2011/7/EU on combating late payment: 59 days at most between invoice and settlement. The 13W cycle is not opened to obligations subject to that period.

8. IMPLICATIONS FOR PUBLIC AUTHORITIES

The aim is not to reduce tax but to separate more clearly gross tax information from net financial settlement:

- taxable amounts and supplies remain fully reported;
- output, input or self-assessed VAT is determined under the ordinary rules;
- transaction-level detail remains available for reconciliation and audit.

8.1. E-INVOICING AND DIGITAL REPORTING

The ViDA package makes structured e-invoicing the default and introduces digital reporting requirements for intra-EU B2B transactions from 1 July 2030, with national systems to converge with the EU model by 1 January 2035³. Several Member States already apply B2B e-invoicing and payment-data reporting. Osnias delivers for each invoice a netting statement (date, amount extinguished, outstanding balance) to the participant's ERP; the participant's e-invoicing provider reports the payment status. Netting thus becomes a traceable event at invoice level, without Osnias taking part in any reporting.

³Council Directive (EU) 2025/516 of 11 March 2025 amending Directive 2006/112/EC as regards VAT rules for the digital age, published in the Official Journal on 25 March 2025.

8.2. ADMINISTRATIVE COOPERATION

The central VIES system and the direct access granted to Eurofisc liaison officials under Regulation (EU) 2025/517 strengthen cross-border data matching. Preserving the gross notional and transaction references is consistent with that data-driven control model.

8.3. CROSS-BORDER SUPPLIES

Osnias handles the net-of-VAT economic obligation; each participant remains responsible for the place of supply, exemptions, reverse charge and its national and EU reporting obligations. Netting does not shift taxing rights between jurisdictions.

9. OUTLINE OF AN EU PROVISION

By way of illustration, the proposal in Section 6 could take the following form, as a special measure under Article 395 or as an amendment to Directive 2006/112/EC. This text is intended only to clarify the mechanism; it is for each State and for the Union institutions to assess it and adapt it to their framework.

Recitals

1. The generalisation of structured e-invoicing and digital reporting provided for by Directive (EU) 2025/516 gives tax administrations near real-time data on each transaction between taxable persons.
2. Where those data are available and reconciled, the flow of VAT between taxable persons entitled to deduct does not contribute to final revenue and concentrates the risk of missing-trader fraud.
3. A reverse charge between taxable persons meeting conditions of identification, traceability and guarantee removes those flows without reducing tax information or net revenue.
4. The principle of neutrality requires that such a regime depend on the status of the parties and not on the means of payment or the mode of extinction of claims.

Article 1

1. By way of derogation from Article 193, VAT shall be payable by the taxable person who is the recipient of supplies of goods and services carried out between certified taxable persons within the meaning of paragraph 2.
2. A certified taxable person is a taxable person who: (a) is identified for VAT purposes; (b) issues and receives invoices in structured electronic form and reports invoice and payment data in accordance with the applicable rules; (c) whose transactions are reconciled in real time by the tax administration; (d) has provided a guarantee under the conditions laid down by the Member State.
3. The supplier shall enter on the invoice the mention "Reverse charge" provided for in Article 226(11a).
4. Supplies of goods and services to a non-taxable person or to a taxable person who is not certified shall remain subject to the general rules. Member States may provide that a taxable person who ceases to meet the conditions of paragraph 2 is jointly and severally liable for the VAT due on supplies received under the reverse charge.
5. This Article shall apply irrespective of the means of payment or the mode of extinction of claims.
6. Member States may make the application of this Article subject to a pilot phase limited in time and in the number of taxable persons, and shall inform the VAT Committee thereof.

10. SCOPE OF THIS NOTE

Project status. Osnias Clearing is at testnet stage (Sei testnet, Ethereum Sepolia). The rules described in this note (identity verification by nodes, authorisation of nodes in their jurisdiction, protocol rules on the purpose field and the guarantee) apply to production deployment and will be reviewed by the competent authorities before any live operation.

This note describes an architectural principle of Osnias Clearing and puts forward a proposal for development. It does not seek any tax classification from financial supervisory authorities. Interpretation of the current regime falls to national tax administrations through their advance-ruling procedures; the reverse-charge proposal falls to the Member States, the Commission and the Council. Each authority will assess this note and adapt it to its national framework.

It aims to show that Osnias was designed from the outset to separate net-of-VAT netting, VAT computation and reporting, and the settlement of tax liabilities, and that it can accommodate a reverse-charge regime without any change to its architecture.

Annex 1: LEGAL REFERENCES

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This bibliography documents the legal and economic context of the note; it does not constitute a tax position.