

Streamline your CESOP compliance with our flexible reporting solutions

Starting from 1 January 2024, Payment Service Providers (PSPs) in the European Union will be required to report cross-border payment information on a quarterly basis to a central European database known as CESOP (Central European System of Payment information).

Under the regulations, PSPs will first need to report (in XML) payment information to their home country tax authorities or, in certain cases, to other tax authorities within the EU. The tax authorities will in turn exchange this information with CESOP. By leveraging CESOP, both the European Commission and the Member States will have the ability to identify payment recipients (such as suppliers, service providers, etc.) who may not have fulfilled their VAT obligations in the EU.



PSPs in scope

Most PSPs providing payment services in the EU (and thus covered by the European Payment Services Directive - PSD2) will be subject to CESOP reporting obligations. These include the following types of PSPs:

- Credit institutions
- E-money institutions
- Payment institutions
- Post-office giro institutions

Data to be reported

The XSD Schema contains over 70 data fields. Key data elements include:

- Payee name
- Payee VAT / TIN
- Payee account ID
- Payee address
- Payee's PSP BIC / ID
- Payer's PSP BIC / ID
- Transaction date / time
- Transaction amount
- Transaction currency
- Member state of origin
- Member state of refund destination
- Payer location information
- Transaction ID
- Refund flag
- Physical premises flag
- etc.

Nil reporting may be required in case the PSP has no reportable payments for the reporting period (the XSD Schema provides a specific field/flag in that respect). In addition, the CESOP system supports a correction mechanism enabling PSPs to resubmit reports with corrected payment data.

Your challenges

Technical input & interpretations

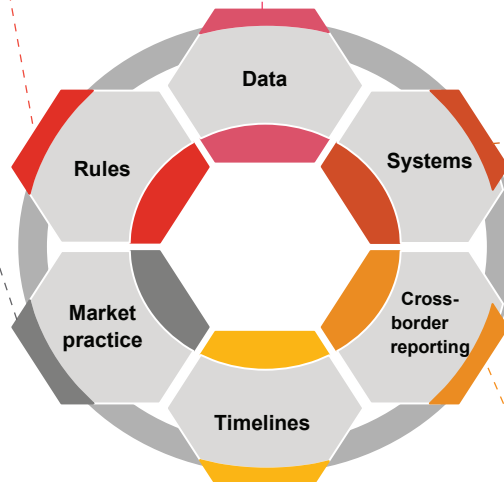
Challenges associated with translating legal provisions into workable business rules, in the of absence of clear guidelines

Alignment with market practice

Lack of market-aligned, practical and pragmatic knowledge resulting in overengineered/substandard solutions

Implementation timelines

Mobilising the right resources, approving budgets and finalising the implementation project within tight timelines



Data extraction & aggregation

Linking disparate data sets and applications, including data from different data warehouses

Systems constraints

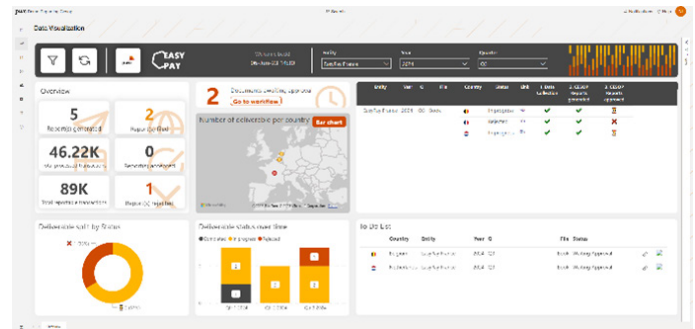
Existing systems/technology unsuitable for handling large data volumes at low latencies

Cross-border reporting obligations

Requirement to file CESOP reports outside of PSP's home jurisdiction in certain cases

...and our solutions

Given the large data volumes involved with CESOP reporting, we have opted to co-develop a highly efficient and reliable reporting engine with a leading software vendor. Our solution also features a proprietary front-end from PwC to provide a user-friendly interface for the reporting process. The interface enables various users to monitor and manage the CESOP reporting process. This collaboration combines PwC's tax technical knowledge and optimal client experience with our technology partner's robust and regularly updated reporting engine, offering the best of both worlds to our clients.



Key features of our reporting solutions:

- **Flexible:** Provides the flexibility for on-premises deployment or the option to outsource reporting to PwC through managed services.
- **Reliable:** Robust and regularly updated reporting engine capable of efficiently processing large data volumes (including seasonal peaks).
- **Comprehensive:** Covers all stages of the CESOP reporting process in all 27 members states, starting from the initial intake of payment data to the generation of CESOP reports in the required XML format and their final submission to the appropriate tax authorities (including follow-up communication with the tax authorities as needed).
- **Highest information security standards:** The handling of PSPs' client data requires the utmost diligence and security measures. That is why our Managed services are operated by a fully regulated, ISO-27001-certified entity (PwC Tax Information Reporting). The services are supported by a technology solution deployed on our own premises further enhancing data security.
- **Simple and transparent pricing model:** Our pricing model is straightforward and eliminates any hidden fees or surprises.

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