

EP Supports Planned EU Legislation against VAT Fraud in E-Commerce



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European Law Forum: Prevention • Investigation • Prosecution

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News

On 17 December 2019, MEPs backed new EU legislation that aims at curbing VAT evasion in e-commerce. The legislation (one Directive and one Regulation) will require payment service providers to keep records of cross-border payments related to e-commerce and to make these data available to anti-fraud authorities. Anti-fraud authorities will have access to a new, central electronic storage system, so that they can better process payment data. Administrative cooperation among the Member States' tax authorities and payment service providers will also be strengthened. The EP made several proposals on the text in order to make information sharing and prosecution more effective.

The EP has only a consultative function on the pieces of legislation. The exclusive competence to adopt the texts lies with the Council. The latter already reached political agreement in November 2019 (see euclid 3/2019, p. 169). The Commission tabled the proposals in December 2018. It is estimated that the EU loses €137 billion every year due to e-commerce VAT evasion.

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