

# Improved Cooperation Tool Benefits Fight Against VAT Fraud

Thomas Wahl



## News

New EU legislation was put in place to strengthen administrative cooperation in the field of VAT fraud. The underlying [Regulation \(EU\) 2018/1541](#) was published in the Official Journal on 16 October 2018 (O.J. L 259, 1). It amends Regulations (EU) 904/2010 and (EU) 2017/2454. The new legislation will meet needs in order to combat cross-border VAT fraud more effectively and in a more timely manner.

Since the reform of the current VAT system (basically going back to 1993) is at an impasse, the Regulation is designed as a short-term measure that improves and simplifies administrative cooperation instruments, in particular Eurofisc. Eurofisc is a network of national EU Member State analysts working in different areas of fraud risk. It was set up in 2010 to improve the capacity of Member States to combat organised VAT fraud, especially carousel fraud. Eurofisc allows Member States to exchange early warnings on businesses suspected of being involved in carousel fraud.

The main objectives of the Regulation are as follows:

- Simplified procedures and conditions for administrative enquiries when the taxable person is not established in the Member State where the tax is due (requiring Member State). The enquiry is conducted in the Member State of establishment, under close cooperation with the requiring Member State;
- Simple and effective procedures for forwarding information without a prior request to the competent authorities of other Member States;
- Access for customs authorities to information in the registry of VAT identification numbers and the recapitulative statements (to avoid diversion of goods into the black market);
- Access for Eurofisc liaison officials to vehicle registration data via EUCARIS in order to tackle fraud arising from the dual VAT regime applicable to cars;
- Possibility to carry out joint administrative enquiries;
- Clarification and strengthening of the governance, tasks, and functioning of Eurofisc. Eurofisc liaison officials will be able to access, exchange, process, and analyse all necessary information swiftly and to coordinate any follow-up actions. Regulation of the request for information from Europol and OLAF by Eurofisc and the exchange of information between the network and the bodies;
- Possibility for Member States to communicate relevant information to OLAF when appropriate. This tool would enable OLAF to fulfil its mandate to carry out administrative investigations into fraud, corruption, and other illegal activities affecting the financial interests of the Union. It would also assist the Member States in coordinating their actions to protect the financial interests of the Union against fraud.

### AUTHOR

**Thomas Wahl**

Senior Researcher  
Max Planck Institute for the  
Study of Crime, Security and  
Law

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The Regulation entered into force 20 days after publication in the Official Journal, with most of the provisions being applicable as of 1 January 2020.

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