

# New Rules on Administrative Cooperation to Improve Fight Against VAT Fraud

## News

**Thomas Wahl**

On 21 September 2018, the legislative procedure on a “Council Regulation amending Regulations (EU) No 904/2010 and (EU) 2017/2454 as regards measures to strengthen administrative cooperation in the field of value added tax” was finalized. A general approach on the legislative text was adopted on 22 June 2018 at a meeting of the Economic and Financial Affairs Council.

The final text was published in [Council doc 10472/18](#) of 14 September 2018.

The new EU legislation aims to prevent widespread forms of cross-border VAT fraud. The key features are the following:

- Exchanging information without prior request;
- Joint audits;
- Procedures to refund VAT to taxable persons not established in the Member State of refund;
- Strengthening Eurofisc – a network of national tax officials – with a joint risk analysis capacity and the possibility to coordinate enquiries and cooperate with OLAF and Europol in the disclosure of serious VAT fraud cases and with the EPPO (the European Public Prosecutor’s Office);
- Tackling fraud involving the dual VAT regime applicable to cars by improving access to vehicle registration data;
- Fighting fraud involving customs procedures 42 and 63.

The new measures were proposed by the Commission on 30 November 2017 (COM(2017) 706 final – see [euclid 4/2017](#), pp. 168-169). They take up recommendations of the Council (cf. [conclusions of 25 May 2016](#)) and of the March 2016 [special report by the European Court of Auditors No 24/2015](#) entitled “Tackling intra-Community VAT fraud: More action needed.” The European Parliament was only consulted in the legislative procedure. It delivered its [opinion](#) on 3 July 2018. The European Economic and Social Committee gave its opinion on the proposal on 23 May 2018 (published in the [Official Journal C 283 of 10 August 2018](#), 35).

The legislation on combating VAT fraud by means of better administrative cooperation is part of a more in-depth reform of the EU’s VAT system. The Commission tabled several legislative proposals – the “[VAT package](#)” – in October 2017. Guidelines had already been developed in the [VAT Action Plan](#) “Towards a single EU VAT area” presented in April 2016.

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Closing gaps exploited by potential VAT fraudsters is one of the priorities of the EU. VAT is a major and growing source of revenue in the EU, raising over €1 trillion in 2015, corresponding to 7% of EU GDP. VAT revenue is one of the EU's own resources. The Commission estimates that €150-160 billion in tax revenue is lost annually due to shortcomings in the VAT system.

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