

Brussels, 18 August 2009

Fight against tax fraud: Commission proposes measures for a more efficient cooperation between tax authorities

In the framework of its strategy to combat tax evasion and fraud ([IP/06/697](#)), today the European Commission adopted a proposal for a recast of the Regulation on administrative cooperation in the field of valued added tax, extending and reinforcing the legal framework for the exchange of information and cooperation between tax authorities. One of the key elements of the proposal is the creation of a legal base to set up Eurofisc: a common operational structure allowing Member States to take rapid action in the fight against cross border VAT fraud. The Commission today also adopted a report on the functioning of the administrative cooperation.

László Kovács, Commissioner for Taxation and Customs, said: "In the current economic situation it is more important than ever to fight tax fraud efficiently and a fully functioning administrative cooperation between tax administrations is key in that respect. My objective is to ensure that tax authorities have all technical and legal means to take action against European Union wide VAT fraud and to ensure that each tax administration is prepared to protect other Member States' tax revenue as effectively as their own."

Eurofisc

One of the most novel elements in the proposal is the creation of Eurofisc. It is set out to be an operational structure where Member States will in practice, fight fraud together. It should allow a very fast exchange of targeted information between all Member States as well as the setting up of common risk and strategic analysis. This will enable Member States to react timely to stop fraud and catch fraudsters, making it more difficult for new fraud schemes to emerge and spread around the Community

Joint responsibility for the protection of tax receipts

The proposal changes the approach of the protection of VAT revenues. In addition to giving Member States tools to cooperate more closely and to exchange information faster, the Recast regulation sets out that Member States are jointly responsible for the protection of VAT revenues in all Member States.

Direct access to databases

Tax authorities store a large amount of information regarding their own taxpayers in their databases; rapid access to this information can be very useful to other Member States in order to detect cross-border fraud schemes. The proposal grants tax authorities of other Member States a direct access to a defined set of information contained in these databases.

Quality of data

The proposal contains a framework to ensure the quality, comparability and usability of the information contained in national databases. It includes rules on registration, deregistration and rules on initial and regular risk analysis processes.

Information to taxpayers

In order to prevent them from being caught involuntarily in fraud schemes, taxpayers will benefit from an enhanced and secure system of validation of their counterparts' VAT number and identity. This will significantly increase the legal certainty of their business environment when making intra-community supplies.

Report on the functioning of administrative cooperation

The report drafted according to article 45 of Council Regulation 1798/2003 in cooperation with Member States is the first report since the entry into force of the Regulation. It outlines areas where administrative cooperation is functioning well and points out areas for improvement. Its conclusions have been taken into account in the proposal for the recast of the Regulation.

Background

Current arrangements on administrative cooperation in the field of VAT date from 2003 (Council Regulation (EC) n° 1798/2003).

In May 2006 the Commission launched a discussion on the need to develop a coordinated strategy to fight against tax fraud ([IP/06/697](#), [MEMO/06/221](#)).

The European Commission has adopted on 1 December 2008 a Communication ([COM/2008/807](#), and [IP/08/1846](#)) setting out a short term action plan with a list of future legislative measures enhancing tax administrations capacity to prevent and detect VAT fraud (in particular "missing trader fraud") as well as to recover taxes in case of fraud. The present Regulation and report constitute the last package of measures announced in this Communication.

The texts of the proposals are available at this web link:

http://ec.europa.eu/taxation_customs/index_en.htm

Further information on the strategy to improve anti-fraud measures can be found at:

http://ec.europa.eu/taxation_customs/taxation/tax_cooperation/reports/index_en.htm