

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

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The Committee on Economic and Monetary Affairs adopted a report drafted by José Manuel **GARCIA-MARGALLO y MARFIL** (EPP-ED, SP) and amended the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

The main amendments – adopted in the framework of the consultation procedure – are as follows:

- two years after entry into force of the Directive, the Commission shall draw up a report evaluating the impact of the Directive. That report shall focus, in particular, on the administrative costs arising from the new formal obligations for individuals affected and on the degree of effectiveness of those formal obligations in combating tax evasion. The Commission shall submit a legislative proposal modifying the content of the formal obligations, if appropriate;

- Member States may, however, authorise recapitulative statements to be submitted by other means for certain categories of taxable person until 1 January of the year after entry into force of Directive .../.../EO (the amending directive). Members stated that the use of alternative means of information transfer would considerably slow down the processing and exchange of information. Given the fact that all VAT registered operators have access to a computer and the net, the electronic transfer of information would not lead to an increase of administrative burden for them. The information is gathered anyway so it is just the operation of sending it that would be carried out more often which would not lead to an increase of the administrative burden but would speed up the information transfer between Member States and allow for improving the fight against fraud;

- a recital points out that VAT evasion affects not only the financing of Member States' budgets but also the overall balance of the European Union's own resources in so far as reductions in VAT own resources have to be compensated for by an increase in the gross national income of own resources ;

- in order to improve and increase the efficiency of the application of Directive 2006/112/EC, the Commission should encourage the tax administrations in the Member States to develop their administrative capacity in order to be able to receive statements by electronic means for as many categories of taxable persons as possible;

- a further recital makes it clear that the Directive is in no way intended to affect actions carried out at Community level with a view to achieving a 25 % reduction in the administrative burden on companies by 2012;

- the Commission should examine the possibility of setting up a database at European Union level that would contain the identification data of physical persons who have established, administered or managed companies involved in fraudulent intra-Community transactions in relation to VAT. Before a new company is registered, the relevant national body should ask the national tax administration for an EU tax record issued by it after consulting the respective database, to which it should be connected.