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

2008/0058(CNS) - 04/12/2008 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted, by 605 votes to 24 with 10 abstentions, a legislative resolution amending 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 report had been tabled for consideration in plenary by José Manuel **GARCIA-MARGALLO y MARFIL** (EPP-ED, SP) on behalf of the Committee on Economic and Monetary Affairs.

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

- 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;

- Member States may, however, authorise recapitulative statements to be submitted by other means for certain categories of taxable person until 31 December of the year after entry into force of Directive .../.../EO (the amending act);

- two years after entry into force of the Directive, the Commission shall draw up a report evaluating the impact of this 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.