

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

2008/0058(CNS) - 16/12/2008 - Final act

PURPOSE: to amend amending Directive 2006/112/EC in order better combat tax evasion.

LEGISLATIVE ACT: Council Directive 2008/117/EC amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

CONTENT: the Council adopted this Directive stepping up the fight against evasion of value added tax (VAT). It adopted two new legislative acts which are intended to ensure that information on cross-border transactions is collected and exchanged between Member States more quickly, to enable more rapid detection of cases of fraud, and in particular of "VAT carousels". (Please also refer to [CNS/2008/0059](#).)

The fight against VAT fraud represents a major challenge both for the EU and for national budgets. Every year, this type of fraud costs Member States billions of euros. It often takes the form of fraud circuits known as "VAT carousels", which target cross-border transactions. In November 2006, the Council agreed to establish a strategy to supplement at EU level the efforts being made nationally to combat fraud.

The adoption of this Directive and Regulation (EC) No 37/2009 provide for a reduction in the statutory time limits imposed on operators for the declaration of transactions for VAT purposes, together with a reduction in the time limits for transmission of such information between Member States. However, in order to prevent the administrative burden on undertakings becoming excessive, these acts focus particularly on supplies of goods, which are the principal conduit for "carousel" fraud. Consequently:

- as a general rule, as from 1 January 2010 transactions will be declared for VAT purposes on a monthly basis;
- Member States will nevertheless be able to authorise operators with less than EUR 50 000 (excluding VAT) per quarter for cross-border supplies of goods (EUR 100 000 up to 31 December 2011) and all service providers to continue to submit recapitulative statements on a quarterly basis;
- before 30 June 2011 the Commission will evaluate the impact of the new provisions on Member States' capacity to fight fraud.

ENTRY INTO FORCE: 21/01/2009.

TRANSPOSITION: 01/01/2010.