Value added tax (VAT): administrative cooperation in order to combat VAT fraud

2018/0413(CNS) - 02/03/2020 - Final act

PURPOSE: to improve the exchange of information on cross-border payments in order to combat VAT fraud in e-commerce.

LEGISLATIVE ACT: Council Regulation (EU) 2020/283 amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in order to combat VAT fraud.

CONTENT: this Regulation, together with Council Directive (EU) 2020/284, completes the VAT regulatory framework for e-commerce that entered into force in January 2021, which introduced new VAT obligations for online marketplaces and simplified rules on compliance with VAT obligations for online businesses.

The Regulation introduces amendments to the regulation on administrative cooperation in the field of VAT. The amendments set out details of how national tax authorities shall cooperate in this area in order to detect VAT fraud and monitor compliance with VAT obligations.

In concrete terms, the Regulation provides for the establishment of a central electronic system for payment information (CESOP), to which Member States shall transmit information on the payments they collect and which they may store at national level.

For each beneficiary, CESOP shall store, aggregate and analyse all relevant VAT information on payments transmitted by Member States.

CESOP shall:

- allow for a full overview of payments received by payees from payers located in the Member States and make available to the Eurofisc liaison officials the result of specific analyses of information;

- be able to recognise multiple records of the same payment, for example the same payment could be reported both from the bank and the card issuer of a given payer, to clean the information received from the Member States, for example by removing duplicates and correcting errors in data;

- allow Eurofisc liaison officials to cross-check payment information with the VAT information they hold, to make enquiries for the purpose of an investigation into suspected VAT fraud or in order to detect VAT fraud and to add supplementary information.

CESOP shall retain the information transmitted for a maximum period of 5 years from the end of the year in which the information was transmitted to it. Access to CESOP shall only be granted to Eurofisc liaison officials who have a personal user identification for CESOP.

The Commission shall ensure the development, maintenance, hosting and technical management of a central electronic system for payment information (CESOP) for the purposes of investigating suspected cases of VAT fraud or detecting VAT fraud.

ENTRY INTO FORCE: 22.3.2020.

APPLICATION: from 1 January 2024.