Value added tax (VAT): administrative cooperation arrangements needed for the digital age

2022/0409(CNS) - 31/10/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted, in the framework of a special legislative procedure (Parliament’s consultation), the report by Olivier CHASTEL (Renew, BE) on the proposal for a Council regulation amending Regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age.

The committee called on the European Parliament to approve the Commission’s proposal subject to the following amendments.

VIES VAT number validation functionality

The report suggested that the performance of the VIES VAT number validation functionality should be improved. According to Members, to ensure a streamlined process, it is necessary for the central VIES to reflect, in real time, status updates regarding validations of bulk data and regarding company subscriptions to trading partners. It is necessary for such status updates to be reliable in terms of data quality and system stability.

Moreover, in the interest of simplification and limiting the compliance costs of both businesses, in particularly SMEs, and tax administrations, the Commission should develop a secure and reliable software to connect businesses and national administrations with central VIES.

Exchange of information

The report stated that the Commission should not have direct access to the data of individual tax payers. The Commission should provide technical support for a secured connexion to the central VIES by the officials who have been granted automated access to the central VIES.

The central VIES should be installed recurring to the most suitable technology available to protect citizens rights as taxpayers, namely the right to privacy, data protection and trade secrets.

Members suggested that the Commission should support national tax authorities with financial and human resources and technical advice in order to guarantee that national electronic systems are fully operational by 1 January 2030. During a transitional period until 1 January 2030, the Commission shall assess the effectiveness of the central VIES and of the exchange of information procedures.

Improved cooperation

Members called for improved cooperation between all actors involved in the fight against VAT fraud, in particular EPPO, EUROFISC, EUROPOL and EUROJUST. They play a central role on the protection of public money and on the fight against fraud. Therefore, they should have access to all sources of data enabling them to fulfil their mandate, in particular the new upgraded VIES system.