

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

2022/0409(CNS) - 22/11/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 615 votes to 10, with 15 abstentions, in the framework of a special legislative procedure (Parliament's consultation), a legislative resolution 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.

Parliament approved the Commission's proposal subject to amendments.

The proposal is part of the legislative package on the 'VAT in the digital age' initiative. It sets out the changes to be made to Council Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of VAT as a result of amendments to the VAT Directive. Members call for the amendments to Regulation (EU) No 904/2010 to apply from 1 January 2026 and from 1 January 2027.

Central electronic VAT information system (central VIES)

The proposal aims to develop a new central system for the exchange of VAT information between Member States' tax administrations at EU level, tailored to the specificities of digital reporting requirements.

The resolution 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

According to Members, 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 should assess the effectiveness of the central VIES and of the exchange of information procedures.

Improved cooperation

Parliament stressed the need to enable Member States, the European Public Prosecutor's Office, the European Anti-Fraud Office (OLAF), Eurofisc and the European Union Agency for Law Enforcement Cooperation (Europol) to combat VAT fraud more effectively.

Each Member State should grant, via a secure central interface that ensures confidentiality, automated access to the central VIES system:

- European Delegated Prosecutors and the relevant staff of the EPPO who hold a personal user identification for the central VIES and where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud;
- the relevant officials of OLAF, where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud;
- Europol staff who cooperate with EPPO in the framework of the Working Arrangement establishing cooperative relations between the EPPO and Europol, which entered into force on 19 January 2021, where the investigation aims to prevent and combat any form of serious organised and international crime and cybercrime and affecting the financial interests of the Union.

Each Member State should grant, via a secure central interface that guarantees confidentiality, automated access to the central VIES system to electronic systems carrying out swift exchange, processing and analysis of targeted information on cross-border fraud by Eurofisc and the EPPO.