Combating VAT fraud – the effectiveness of cross-border cooperation when it comes to VAT fraud and its impact on the EU budget

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The European Parliament adopted by 357 votes to 274, with 31 abstentions, a resolution on combating VAT fraud – the effectiveness of cross-border cooperation when it comes to VAT fraud and its impact on the EU budget.

Missing trader intra-community (MTIC) fraud, commonly known as ‘carousel fraud’, is one of the most severe, structurally embedded threats to the integrity of the EU’s own resources.

Combating VAT anti-fraud in the post-2027 multiannual financial framework (MFF)

Parliament reiterated its calls highlighting the need for **coordinated EU-level action** against cross-border VAT fraud. It called on the EU and its Member States to **strengthen administrative, judicial, and law enforcement cooperation** and to operationalise the multilateral early-warning system for carousel fraud.

Members reiterated that the **anti-fraud architecture needs to be strengthened** for the post-2027 MFF and that the European Public Prosecutor's Office (EPPO) and the European Anti-Fraud Office (OLAF) need to find effective solutions to exercise their mandate over serious cross-border VAT offences. They reiterated that carousel fraud cases have intensified with the wider involvement of organised criminal networks, requiring **increased exchanges and better coordination** among the anti-fraud architecture components.

Members called for the 2028-2034 MFF to include **clear provisions, adequate resources and appropriate instruments** to support effective action against informal economic activity and VAT fraud, in order to strengthen the protection of the EU’s financial interests.

The Single Market and Customs Programme for the period 2028-2034 should support activities that strengthen the EU’s anti-fraud architecture, improve the reporting of irregularities to OLAF and the EPPO and enhance cooperation with the EU and national control, audit and investigative authorities, and the use of interoperable digital tools for anti-fraud detection and prevention.

The resolution stressed that Member States should ensure their competent customs and VAT authorities establish **regular coordination mechanisms**, including within the Eurofisc framework, to facilitate the detection of discrepancies indicative VAT fraud and the timely transmission of relevant data to Eurofisc, the European Public Prosecutor's Office, and OLAF. It reaffirmed that whistleblowers should enjoy effective legal protection to facilitate the detection and prevention of fraud.

Cross-border cooperation – closing the information gap

Parliament called on the Commission, in the context of the post-2027 MFF, to ensure **adequate funding and staffing** for OLAF and the EPPO in order to strengthen data analysis capacities, operational coordination, investigations and recovery actions relating to VAT fraud, and for Eurofisc, through the Single Market and Customs Programme.

Parliament called on the Commission to support actions aiming to **reinforce the operational effectiveness of Eurofisc**. It invited the Member States to strengthen their mutual cooperation within Eurofisc and further called for Eurofisc to initiate, whenever appropriate and possible, the procedure aiming at suspending VAT identification numbers in the VIES where there are significant indicators of VAT fraud.

The Commission is asked to determine how to establish appropriate cooperation between Eurofisc and national financial intelligence units. It is also important to effectively monitor VAT registration applications.

The Commission is invited to:

- assess to what extent the data reported by **crypto-asset** service providers under Council Directive (EU) 2023/2226 (DAC 8) have contributed to detecting the VAT fraud proceeds;

- identify and address structural vulnerabilities in the transaction architecture of the **Union Emissions Trading System** (ETS 2) before the system becomes operational;

- ensure that the real-time **digital reporting** data generated under the e-invoicing and digital reporting obligations are technically interoperable with Eurofisc's TNA tool and accessible to OLAF and the European Public Prosecutor's Office;

- give Member States the means to **collaborate** more closely on a daily basis in seamlessly exchanging intelligence on VAT fraud cases as soon as intelligence is known.

Reform of the Union's anti-fraud architecture

Parliament believes that the Commission's review of the anti-fraud architecture presents an opportunity to establish **a genuinely integrated EU anti-fraud framework** in time for the post-2027 MFF. Protecting EU revenue should be a strategic priority in this review.

Parliament called for a **thorough overhaul** of the EU's anti-fraud architecture to prevent and detect VAT fraud, facilitate the recovery of the amounts involved, and address the inefficiency of prosecution services and the inadequacy of anti-corruption safeguards. It advocated for risk-based precautionary measures, targeted recommendations, and a concrete legislative package, including revisions to the OLAF and European Public Prosecutor's Office regulations. It demanded measures to address the underreporting of fraud, the establishment of appropriate communication channels, strengthened governance, regular reporting with performance indicators, and structured operational cooperation between EU anti-fraud bodies and the Anti-Money Laundering Authority (AMLA). It called for an integrated monitoring system for EU spending and the effective exclusion of operators involved in serious fraud or irregularities.

Lastly, the Commission is called on to propose a **clear legislative act** ensuring that amounts recovered from fraudsters following European Public Prosecutor's Office investigations and related to damages to the EU’s financial interests, are appropriately returned to the EU budget.