Basic information

2016/0371(CNS) CNS - Consultation procedure Regulation	Procedure completed
Value added tax (VAT): administrative cooperation and combating fraud Amending Regulation (EU) No 904/2010 2009/0118(CNS) Amended by 2017/0248(CNS) Amended by 2020/0084(CNS) **Subject** 2.70.02 Indirect taxation, VAT, excise duties 2.80 Cooperation between administrations 8.70.04 Protecting financial interests of the EU against fraud	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	NIEDERMAYER Luděk (PPE)	15/12/2016
	Shadow rapporteur FRUNZULICĂ Doru-Claudian (S&D) LUCKE Bernd (ECR) NAGTEGAAL Caroline (ALDE) VIEGAS Miguel (GUE/NGL) SCOTT CATO Molly (Verts/ALE) KAPPEL Barbara (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

European Commission

Commission DG	Commissioner
Taxation and Customs Union	MOSCOVICI Pierre

Key events

Date	Event	Reference	Summary
01/12/2016	Legislative proposal published	COM(2016)0755	Summary
16/01/2017	Committee referral announced in Parliament		
10/10/2017	Vote in committee		
16/10/2017	Committee report tabled for plenary, 1st reading/single reading	A8-0306/2017	Summary
30/11/2017	Decision by Parliament	T8-0472/2017	Summary
30/11/2017	Results of vote in Parliament		
05/12/2017	Act adopted by Council after consultation of Parliament		
05/12/2017	End of procedure in Parliament		
29/12/2017	Final act published in Official Journal		

Technical information

Procedure reference	2016/0371(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EU) No 904/2010 2009/0118(CNS) Amended by 2017/0248(CNS) Amended by 2020/0084(CNS)
Legal basis	Treaty on the Functioning of the European Union TFEU 113
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	ECON/8/08675

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE604.736	31/05/2017	
Amendments tabled in committee		PE606.182	28/06/2017	
Committee report tabled for plenary, 1st reading/single reading		A8-0306/2017	16/10/2017	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0472/2017	30/11/2017	Summary

European Commission

Document type	Reference	Date	Summary

Legislative proposal	COM(2016)0755	01/12/2016	Summary
Commission response to text adopted in plenary	SP(2018)8	10/01/2018	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2016)0755	30/01/2017	
Contribution	BE_CHAMBER	COM(2016)0755	06/02/2017	
Contribution	DE_BUNDESRAT	COM(2016)0755	21/02/2017	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Regulation 2017/2454
OJ L 348 29.12.2017, p. 0001 Summary

Corrigendum to final act 32017R2454R(01)
OJ L 125 22.05.2018, p. 0015

Value added tax (VAT): administrative cooperation and combating fraud

2016/0371(CNS) - 16/10/2017 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Luděk NIEDERMAYER (EPP, CZ) on the proposal for a Council regulation amending Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax.

As a reminder, this proposal is part of a legislative package on the modernisation of VAT in the context of cross-border electronic commerce between businesses and consumers (B2C). It is closely related to the proposal amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations applicable for supplies of services and distance sales of goods.

The committee called on Parliament to approve the Commission proposal subject to the following amendments:

Provisions applicable from 1 January 2021: the proposal adds a new section 3 on the provisions applicable from 1 January 2021. Members specified that, unless expressly stated otherwise, **Member States should immediately exchange all the information** referred to in Subsection 2.

Subsection 2 of Section 3 contains the provisions relating to the exchange of information between Member States concerning the identification of taxable persons making use of the Mini One Stop Shop (MOSS), VAT returns and VAT payments.

Publication on the Commission website: information on the contact details of the competent person responsible for coordinating administrative investigations in the Member States should be published on the Commission's website.

Statistical information: when giving the Commission access to statistical information stored in their electronic systems, Member States should limit themselves to the information necessary for relevant statistical purposes.

The Commission should ensure that the extraction of data does not impose an unnecessary administrative burden on the Member States.

Fee: the proposal provides for the payment of a fee of 5% to be paid by the Member States of consumption to the Member State of identification in order to compensate the latter Member State for the costs linked to the collection and control of VAT under the special schemes.

Members suggested that the Commission should **review** within two years of the application of this Regulation in order to ensure the viability and cost-effectiveness of the fee and, if necessary, take corrective measures.

In the recitals, the report stressed the importance of:

- treating VAT at Union level, since the **VAT gap** in the Union is estimated at 12.8 % or EUR 152 billion per year including EUR 50 billion of cross-border VAT fraud, making VAT an important issue to be addressed at Union level;
- encourage Member States to make general information on special schemes stored in their electronic systems available to other relevant national authorities, if that is not already the case, in order to combat VAT fraud and money laundering;
- ensuring that communication between the Commission and the Member States is effective in order to achieve the objectives of the Regulation in a timely manner;
- ensuring a **targeted and balanced approach using new technologies** in the fight against fraud to enable competent authorities to identify fraud networks faster and in a comprehensive manner.

Value added tax (VAT): administrative cooperation and combating fraud

2016/0371(CNS) - 30/11/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 576 votes to 30, with 32 abstentions, in line with a special legislative procedure (Parliament's consultation), a legislative resolution on the proposal for a Council regulation amending Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax.

As a reminder, this proposal is part of a legislative package on the modernisation of VAT in the context of cross-border electronic commerce between businesses and consumers (B2C). It is closely related to the proposal amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations applicable for supplies of services and distance sales of goods.

Parliament approved the Commission proposal subject to the following amendments:

Provisions applicable from 1 January 2021: the proposal adds a new section 3 on the provisions applicable from 1 January 2021. Members specified that, unless expressly stated otherwise, **Member States should immediately exchange all the information** referred to in Subsection 2.

Subsection 2 of Section 3 contains the provisions relating to the exchange of information between Member States concerning the identification of taxable persons making use of the Mini One Stop Shop (MOSS), VAT returns and VAT payments.

Publication on the Commission website: information on the contact details of the competent person responsible for coordinating administrative investigations in the Member States should be published on the Commission's website.

Statistical information: when giving the Commission access to statistical information stored in their electronic systems, Member States should limit themselves to the information necessary for relevant statistical purposes.

The Commission should ensure that the extraction of data does not impose an unnecessary administrative burden on the Member States.

Fee: the proposal provides for the payment of a fee of 5% to be paid by the Member States of consumption to the Member State of identification in order to compensate the latter Member State for the costs linked to the collection and control of VAT under the special schemes.

Members stated that where a rebate is paid between differing national currencies, the valid exchange rate published by the European Central Bank should be applied.

Members suggested that the Commission should **review** within two years of the application of this Regulation in order to ensure the viability and cost-effectiveness of the fee and, if necessary, take corrective measures.

In the recitals, the report stressed the importance of:

- treating VAT at Union level, since the **VAT gap** in the Union is estimated at 12.8 % or EUR 152 billion per year including EUR 50 billion of cross-border VAT fraud, making VAT an important issue to be addressed at Union level;
- encourage Member States to make general information on special schemes stored in their electronic systems available to other relevant national authorities, if that is not already the case, in order to combat VAT fraud and money laundering;
- ensuring that communication between the Commission and the Member States is effective in order to achieve the objectives of the Regulation in a timely manner;
- ensuring a **targeted and balanced approach using new technologies** in the fight against fraud to enable competent authorities to identify fraud networks faster and in a comprehensive manner.

Value added tax (VAT): administrative cooperation and combating fraud

2016/0371(CNS) - 01/12/2016 - Legislative proposal

PURPOSE: to modernise the VAT rules in the context of cross-border business to consumer (B2C) e-commerce (administrative cooperation and fight against fraud).

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consultation with the European Parliament but without needing to follow the latter's opinion.

BACKGROUND: this proposal is part of the package of legislation on modernising VAT for cross-border B2C e-commerce. The package includes a proposal for a Council Directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods.

The proposal to amend Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax is an important element of the package. It provides the basis for the underlying IT infrastructure and the necessary cooperation by

Member States to ensure the success of the extension of the Mini One Stop Shop (MOSS) to services other than telecommunications, broadcasting and electronically supplied services and to distance sales of goods, both within the Community and from outside the Community.

The overall package is estimated to increase VAT revenues for Member States by EUR 7 billion annually and reduce regulatory costs for business by EUR 2.3 billion annually.

The proposal also results from the Commission communication of May 2015 entitled 'Strategy for Digital Single Market for Europe' and its communication of April 2016 on an action plan on VAT entitled 'Towards a single EU VAT area',

IMPACT ASSESSMENT: in terms of the impact assessment, the preferred option, which included coordination of audits, was estimated to lead to higher reductions in compliance costs for businesses compared to the alternatives.

CONTENT: the proposal aims to **amend and supplement the provisions concerning the Mini One Stop Shop (MOSS)** provided for in Council Regulation (EU) No 904/2010 following the amendments that are being made to the VAT Directive.

These provisions cover the rules and procedures for the exchange by electronic means between taxable persons and their tax administration as well as between Member States' tax administrations of VAT information concerning VAT identification, VAT returns and VAT payments within the MOSS.

The proposal:

- contains the provisions relating to the **exchange of information** between Member States concerning the identification of taxable persons making use of the MOSS, VAT returns and VAT payments. They mirror the existing provisions and extend them to services other than electronic services and to distance sales of goods;
- provides that the **Member State of importation should verify the validity of the VAT identification number** to be provided to the customs authorities upon importation of goods for which VAT is declared and paid using the MOSS. A valid VAT identification number is a condition for the application of the exemption upon importation of such goods;
- provides that requests for records by Member States to taxable persons and administrative inquiries should be **coordinated by the Member State of identification**, so as to avoid uncoordinated requests for records or administrative inquiries by several Member States of consumption;
- provides for the **payment of a fee of 5% to be paid by the Member States of consumption** to the Member State of identification in order to compensate for the investment needed to update the MOSS IT system following the extension of its scope, ongoing maintenance costs and the resources spent controlling business established in that Member State;
- provides for the possibility for the Commission to **automatically access information** related to the MOSS stored in the Member States' electronic systems, with the exception of any personal data;
- confers **implementing powers** on the Commission to determine the data to be included in the information exchanges concerning identification, VAT returns, VAT payments, requests for records or administrative enquiries, etc., between taxable persons and Member States or between Member States as well as the technical means for the submission or transmission of this information.

BUDGETARY IMPLICATIONS: this element of the package is estimated to have important positive budgetary implications. The coordination of audits together with the incentive of the administrative fee should result in risk-based audits. A more efficient audit process which focuses on audit yield should lead to higher compliance rates compared to the alternative of an uncoordinated approach which can needlessly tie up resources.

Value added tax (VAT): administrative cooperation and combating fraud

2016/0371(CNS) - 05/12/2017 - Final act

PURPOSE: modernise VAT rules in the context of cross-border electronic commerce between businesses and consumers (administrative cooperation and the fight against fraud).

LEGISLATIVE ACT: Council Regulation (EU) 2017/2454 amending Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value added tax

CONTENT: this Regulation provides for **increased administrative cooperation** between Member States in the field of VAT with a view to accompanying and facilitating the extension, from 1 January 2021, of the scope of the special schemes to distance selling of goods and all services provided for in Council Directive (EU) 2017/2455.

The main amendments to Regulation (EU) 904/2010 are as follows:

- the **identification number** under which VAT is paid will be communicated in advance to enable the customs authorities to verify its validity when importing goods;
- **requests for records** and administrative inquiries made by Member States to taxable persons will be coordinated by the Member State of identification in order to reduce the administrative burden and compliance costs arising from multiple requests for businesses as well as for tax administrations;
- the Commission is authorised to extract **aggregated statistical and diagnostic information,** such as the number of the different types of electronic messages exchanged between Member States, related to the special schemes, with the exception of data concerning individual taxable persons;
- the Commission will have **implementing powers** to determine the information that the taxable person must submit and that Member States must transmit for the application of the special schemes.

ENTRY INTO FORCE: 18.1.2018.

APPLICATION: from 1.1.2021.