



VAT alert

Belgium

European Commission releases proposal for enhanced administrative cooperation in VAT

On 30 November 2017, the European Commission published a proposal to provide Member States with new tools to combat VAT fraud. This proposal amends [Regulation \(EU\) n° 904/2010](#) of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax.

Background

In its [2016 VAT Action Plan](#), the European Commission outlined immediate and urgent actions to reduce the VAT Gap and tackle VAT fraud. Concrete actions were put forward at that time in the Commission's document on "20 measures to tackle the VAT Gap".

The main objective of the current proposal is to improve how tax administrations cooperate across borders and with other law enforcement bodies.

The proposed changes

The proposed measures would be gradually implemented.

A first set of changes is proposed with effect from 1 January 2019:

Enhanced cooperation between Member States

- Faster exchanges of information between tax administrations without prior request through standard forms
- Joint audits between two or more Member States in order to boost the capacity to check cross-border supplies
- Access for Eurofisc officials to the Member States' VIES data

Working with law enforcement bodies

- Eurofisc would receive additional powers to initiate and coordinate cross-border investigations and will be able to forward information on VAT fraud trends and serious cases to Europol and the European Anti-Fraud Office (OLAF)
- Member States participating in the European Public Prosecutor's Office (EPPO) would have to disclose serious VAT fraud cases to Europol and the European Anti-Fraud Office (OLAF). Serious fraud cases are considered as those involving two or more Member States and with a total damage of at least EUR 10 million

Cross-border VAT refund

- A simplification would be introduced to ease recovery assistance requests by the Member State of establishment towards the Member State of refund
- The possibility (with the taxpayer's consent) to transfer VAT refunds directly to the Member State of establishment in case of outstanding VAT debts

The following changes are proposed to be effective from 1 January 2020:

- *Information sharing on cars:* In order to tackle fraud frequently observed in the car-trading sector, Eurofisc officials would have access to car registration data from other Member States (EUCARIS-platform).
- *Sharing of key information on import outside the EU:* To counter abuse of the VAT exemption scheme for importing goods destined for other Member States (article 42 procedure), information on incoming goods would be shared between the importing Member State and the destination Member State

Measures proposed to be applicable from 1 July 2021:

- In order to facilitate *the correct application on VAT on cross-border transactions*, additional information will be available for taxable persons on the European Commission's website related to VAT rates and measures targeting small enterprises

Next steps

These legislative proposals will be submitted to the European Parliament for consultation and discussion. In a later stage, it will be forwarded to the European Council for adoption. The proposal will require unanimous agreement from all Member States in the Council before they can enter into force.

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