



Administrative cooperation in the field of VAT

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Why exchange information?

- VAT = consumption tax on the supply of goods and services
- European Union: free movement of goods and services ; removal of the tax borders between Member States in 1993
- Thus : need to control the correct application of the VAT rules



History of VAT information exchange

- 1979: first EU rules on exchange of VAT information Member States
- 1993: Removal of tax borders between EU Member States
 - Reg. 218/92 to strengthen the exchange of information for intra-Community supplies and acquisitions of goods
 - main innovation: VIES (VAT Information Exchange System)



Current legal framework

- Council Regulation (EC) 1798/2003
- Commission Regulation (EC) 1925/2004 laying down implementing measures of Council Regulation (EC) 1798/2003
- Those 2 Regulations provide for a legal framework for administrative cooperation between Member States which is specific for VAT



Scope of Council Regulation 1798/2003

- It lays down rules and procedures for cooperation and exchange
 - of any information that may help to effect a correct assessment of VAT;
 - of specific information as regards VAT on intra-Community transactions (VIES);
 - of information related to e-commerce services taxed under the special scheme and for the transfer of money between Member States.



Competent authority

- Each member State has to designate a single CLO (Central Liaison Office)
- Member States may designate liaison departments and competent officials:
 - functional decentralisation: anti-fraud Units
 - territorial decentralisation



Exchange of information on request

- Request for information but also for a specific administrative enquiry
- Clear deadlines for replies:
 - 3 months maximum;
 - except when requested authority is already in possession of requested information: 1 month maximum
- Use of standard forms (as far as possible)
- Electronic exchange of information



Participation of foreign auditors in controls

- Presence in administrative offices
- Participation in administrative enquiries
- Note: the administrative enquiry itself is carried out exclusively by officials of the requested authority



Simultaneous controls

... whenever such controls would appear to be more effective than controls carried out by only one Member State



Request for administrative notification

- The authority of a Member State can be requested to notify all instruments and decisions of the applicant authority of another Member State, which concern the application of VAT legislation in the territory of the applicant Member State.



Exchange of information without prior request

- Categories are defined in Commission Regulation 1925/2004:
 - info on non-established traders (allocation of VAT numbers; VAT refunds);
 - info on intra-Community supplies of new means of transport;
 - info concerning distance selling not subject to VAT in the Member State of origin;
 - info concerning intra-Community transactions presumed to be irregular;
 - info on (potential) 'missing traders'



Conclusion on the « general exchange of information »

- Legislation provides lots of possibilities.
- The electronic exchange system and the use of standard forms allow a rapid exchange.
- Practical assistance by SCAC (Standing Committee on Administrative Cooperation).



Exchange specific to intra-Community transactions

VIIES = Vat Information Exchange System:

- links together national VAT databases
- electronic means of transmitting information between Member States relating to:
 - tax exempt intra-Community supplies;
 - VAT registration of companies registered in the EU.



Provisions concerning the special scheme for e-commerce

- Transmission of information by the Member State of identification to the other Member States concerned:
 - related to the identification of the non EU established trader;
 - Related to the returns submitted by the non EU established trader.
- Transmission of the amounts paid by the non EU established trader



Communication on an « anti-fraud strategy »

- Communication adopted by the Commission on 31 May 2006 [COM(2006)254]
- Raises a number of issues in view of tackling VAT fraud:
 - Ensure better use by Member States of existing administrative cooperation instruments;
 - Introduce new forms of administrative cooperation (shared databases)
 - Need to amend the VAT legislation?
- Objective is to launch a large debate on this issue with all stakeholders (Member States, European Parliament and businesses)