

EPP-ED TO COMBAT 100 BILLION EURO VAT FRAUD

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The EPP-ED Group is extremely concerned about the financial loss caused by missing-trader or so-called carousel transactions, a scheme common to VAT fraud. A distressingly high amount of public money, estimated at 100 billion euro annually, is lost due to VAT evasion, avoidance and fraud across the EU. Large scale value added tax evasion and fraud distort the functioning of the single market and affect the financial interests of the Member States and the financing of the Community budget.

"Member States' finance ministers refuse to adapt their national administrations to the conditions of the European internal market", said the EPP-ED Group's Coordinator for budgetary control questions, Inge Grdyle MEP, following a hearing on VAT fraud in the European Parliament's Budgetary Control Committee. "Only an online system which allows real time checks will be sufficiently efficient", stated Grdyle.

"For the moment, fraudsters have 3 months in which they can carry out their crimes and then disappear". Even the measures foreseen from 2010 onwards will not remedy this unpleasant state of affairs, since they reduce this delay only by weeks, while creating a considerable administrative burden. Worse is to be feared with the emerging internal market for services. A common database to store VAT fraud cases therefore is also needed: "It is incomprehensible, why the UK, Italy and Germany

refuse to cooperate with the only existing database against VAT fraud, Eurocanet", Grdyle said.

The EPP-ED Group is anxiously aware that many Member States are still reluctant to enhance cooperation between responsible national services and the Commission, including OLAF. Speedy information exchanges and more direct communication can help Member States to assess taxation correctly and to prevent and detect fraud. Therefore, the EPP-ED Group stresses the need for Member States to give higher priority to administrative cooperation. This should be done in respect of both the operational information exchanges in a timely and effective manner and their administrative management and supported by sound procedures and adequate structures.

The setting-up of the Commission's Anti Tax Fraud Strategy Group with the Member States is a welcome development. Improved cooperation between the services concerned is essential to tackling cross-border carousel fraud.

Furthermore, the EPP-ED Group takes the view that the introduction of harmonised rules for withdrawing VAT numbers from traders involved in fraudulent activities should be considered. The European programme Fiscalis is to help modernise national taxation systems and to train tax experts to combat VAT fraud. 156.9m euro are foreseen from 2008 to 2013.

"EU finances are clearly at stake in this case, as VAT evasion and fraud affect the financing of the EU budget", Inge Grdyle concluded. The European Court of Auditors estimates annual losses amounting to 100 billion euro. VAT accounts for 16% of the EU's financial own resources.