

Brussels, 17 November 2025
(OR. en)

15498/25
ADD 1

FISC 317
ECOFIN 1526

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	14 November 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

No. Cion doc.:	SWD(2025) 350 final
Subject:	COMMISSION STAFF WORKING DOCUMENT EVALUATION of the COUNCIL REGULATION (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax Accompanying the document Report from the Commission to the European Parliament and the Council on the evaluation of the EU framework for VAT administrative cooperation

Delegations will find attached document SWD(2025) 350 final.

Encl.: SWD(2025) 350 final



EUROPEAN
COMMISSION

Brussels, 14.11.2025
SWD(2025) 350 final

COMMISSION STAFF WORKING DOCUMENT

EVALUATION

**of the COUNCIL REGULATION (EU) No 904/2010 of 7 October 2010 on
administrative cooperation and combating fraud in the field of value added tax**

Accompanying the document

**Report from the Commission to the European Parliament and the Council
on the evaluation of the EU framework for VAT administrative cooperation**

{COM(2025) 686 final}

Table of contents

1. INTRODUCTION	1
Purpose and scope of the evaluation	1
2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?	4
2.1 Description of the intervention and its objectives	4
2.2 Points of comparison	7
3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?	9
4. EVALUATION FINDINGS (ANALYTICAL PART).....	12
4.1 Preliminary remarks	12
4.2 To what extent was the intervention successful and why?	12
4.3. How did the EU intervention make a difference and to whom?	36
4.4 Is the intervention still relevant?	38
5. WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED?	39
ANNEX I: PROCEDURAL INFORMATION.....	43
ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED.....	44
ANNEX III. EVALUATION MATRIX AND, WHERE RELEVANT, DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)	47
ANNEX IV. OVERVIEW OF BENEFITS AND COSTS	57
ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT	60
ANNEX VII. TARGETED CONSULTATION	63

Glossary

<i>Term or acronym</i>	<i>Meaning or definition</i>
CESOP	Central Electronic System of Payment information is an electronic system that, as from 2024, stores and analyses data on cross-border payments to identify unreported eCommerce transactions. All information in CESOP is available to Member States' anti-fraud experts via Eurofisc.
CLO	Central Liaison Office means the office which has been designated pursuant to Article 4(1) of the Council Regulation (EU) Nr 904/2010 with principal responsibility for contacts with other Member States in the field of administrative cooperation.
eFCA	Central application for the exchange of standard forms is an electronic system for the preparation and exchange of predefined forms between tax administrations. It is common for VAT and direct taxation.
EPPO	European Public Prosecutor's Office
Eurofisc	Eurofisc is a network of anti-VAT fraud experts from all Member States that, based on the Regulation 904/2010 can cooperate closely to jointly analyse VAT data to detect fraud, issue fraud signals and coordinate follow-up actions.
Europol	European Union Agency for Law Enforcement Cooperation
Exchange of information	Is a way of cooperation between tax administrations through predefined electronic forms. These forms are designed to allow requesting authority to select the type of information requested from a drop-down list. This ensures standardisation of exchanges and reduce delays in understanding which information is

	requested. The use of free text is limited to some specific fields for example: the name of the taxable person.
IOSS	Import-One-Stop-Shop for distance sales of goods imported from third countries and third territories in consignments of an intrinsic value not exceeding EUR 150.
OLAF	Anti-fraud office of the European Union.
OSS	Special VAT schemes pursuant to Art. 358 to 369x of Directive 2006/112/EC, so called one stop shop, containing a simplification offered to taxable persons for distance sales of goods and supply of electronic services. It allows to declare and pay VAT due for all EU in one MS.
Presence of officials in the territory of another Member State for administrative enquiries,	Is a way of cooperation that allows a tax auditor to be present during the control of a taxable person in another Member State.
SCAC	Standing Committee on Administrative Cooperation is the committee responsible for assisting the Commission in the implementation of the Council Regulation (EU) Nr 904/2010 on VAT administrative cooperation.
Simultaneous controls	It is a coordinated control of a multinational company in several Member States. Tax administrations control the part of the multinational company registered for VAT in their country and share the results with other Member States to reconstruct the VAT treatment of all the transactions between the different parts of the multinational company.

The Tax Administration EU Summit (TADEUS).	Forum for the heads and deputy heads of EU countries' tax administrations. Together with the Commission, they meet regularly to improve administrative cooperation within the EU and to meet common challenges.
TNA (Transaction Network Analysis)	Custom-built software financed by the Commission and used by Eurofisc that interconnects Member States' tax digital platforms, allowing quick and easy access, exchange and joint analysis of cross-border transaction information. TNA enables Eurofisc to detect suspicious fraudulent networks earlier and more efficiently. It is also a platform that helps national tax officials to exchange information among them and other stakeholders involved in the fight against cross border VAT fraud.
VAT	Value Added Tax as provided in the COUNCIL DIRECTIVE 2006/112/EC on the common system of value added tax
VIES	VAT Information Exchange System – is the main electronic system for exchange of information between Member States in the field of VAT.

1. INTRODUCTION

Purpose and scope of the evaluation

This evaluation assesses the functioning of the EU framework for administrative cooperation and combating fraud in the field of VAT. It focuses on the EU law governing it, namely the Council Regulation (EU) No 904/2010⁽¹⁾ of 7 October 2010 on administrative cooperation and combating fraud in the field of value-added tax (hereinafter ‘Regulation (EU) 904/2010’, or “the Regulation”).

VAT revenues in the European Union are over EUR 1 trillion per year⁽²⁾. They account for more than 7% of gross domestic product (GDP)⁽³⁾, representing the third largest revenue source for EU Member States⁽⁴⁾. Moreover, each Member State contributes to the EU budget with a uniform share of 0.3% of its VAT base. The EU own resource based on VAT is estimated at EUR 23 billion, 16.5% of the total EU budgetary revenue in 2024⁽⁵⁾. VAT is an EU harmonised tax that is also applied on intra-EU cross-border transactions. For goods, intra-EU trade amounted to EUR 4.135 billion in 2023⁽⁶⁾. With this much revenue at stakes, it is important that Member States have the necessary means to secure that revenue, and administrative cooperation is a major asset in fighting fraud and identifying non-compliance.

To monitor the collection VAT in the EU, the Commission publishes yearly a report quantifying and analysing the VAT gap⁽⁷⁾. According to the 2024 edition, in 2022, the VAT compliance gap, the difference between potential VAT revenue under full compliance and the actual amount collected by tax authorities, was estimated at EUR 89 billion or 7.0% of the VAT total tax liability (VTTL), an increase of 0.4 percentage points compared to 2021. Between 2018 and 2022, the VAT compliance gap decreased from 11.2% to 7.0%. As pointed out in that report, the value of the VAT gap includes national

(1) OJ L 268, 12.10.2010, p. 1

(2) VAT gap in the EU – Report 2024. Table 114 “**VAT revenues** (EUR million)”. EU 27 in 2021, 2022 and 2023 are, respectively, EUR Million 1 077 907, 1 187 318 and 1 223 554).

(3) Annual Report on Taxation 2024. VAT revenues have further increased in 2022 to 7.5% of GDP (from 7.4% of GDP in 2021).

(4) Annual Report on Taxation 2024. For example, in 2022, Social contributions (SC) 32%, Personal income tax (PIT) 23.9% and VAT 18.6%.

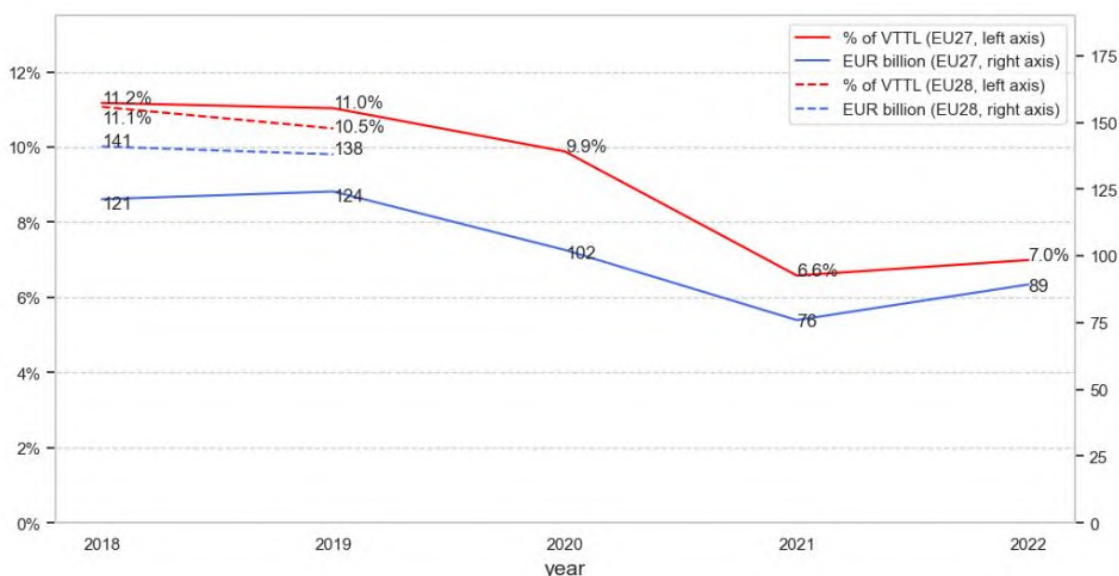
(5) DRAFT The Union’s annual budget for the 2024 financial year. GenRev.pdf (europa.eu)

(6) https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Intra-EU_trade_in_goods_-_main_features

(7) https://taxation-customs.ec.europa.eu/taxation/vat/fight-against-vat-fraud/vat-gap_en The VAT compliance gap estimates for each Member State the difference between the expected VAT revenue - VTTL- and the amount actually collected.

and cross-border fraud, evasion, administrative (statistical or reporting) errors (e.g. in national accounts statistics) as well as financial insolvencies and payment problems.

Figure 1: Evolution of the VAT compliance gap in the EU27 and EU28 (as % of the VTTL and in billions of EUR, 2017-2022) ⁽⁸⁾.



While most of the components of the VAT gap are influenced primarily by Member States, cross-border VAT fraud is an EU issue. To narrow down the estimation of the VAT gap to this kind of fraud, a study on the Missing trader intra-Community (MTIC) fraud, a prominent form of VAT non-compliance, was prepared in 2024. Although the study used a novel econometric approach which will need further testing and finetuning in the coming years ⁽⁹⁾, it is the first of its kind to provide an indicative estimate of the scale of MTIC fraud in the EU. The study estimates that between 2010 and 2023, the VAT revenue foregone from MTIC fraud at the EU level amounted to between EUR 12.5 and EUR 32.8 billion annually (lower and upper estimate, respectively), i.e., 1.2-3.1% of actual VAT revenue. This reinforces the need for the EU framework for administrative cooperation to combat cross-border VAT fraud effectively.

The purpose of the present evaluation is to assess the functioning of the current EU framework for administrative cooperation and combating fraud in the field of VAT for the period 2018-2024. This includes the Council Regulation (EU) 904/2010 and its amendments, the most relevant being Regulation 2018/1541 which focussed on the enhancement of Eurofisc (the cross-border VAT anti-fraud network) and the implementation of the “e-commerce package” that introduced as from 1 July 2021 the VAT

(8) VAT gap study of 2024. See <https://op.europa.eu/en/publication-detail/-/publication/298d43e2-bd28-11ef-91ed-01aa75ed71a1/language-en>

(9) European Commission, CASE, VAT compliance gap due to MTIC fraud, Publications Office of the European Union, Luxembourg, 2024. <https://op.europa.eu/en/publication-detail/-/publication/1dcad55-e0f2-11ee-8b2b-01aa75ed71a1/language-en>

One Stop Shop (OSS) and Import One Stop Shop (IOSS). The previous evaluation included in the annex 6 of the “Impact Assessment Accompanying the Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in the field of value added tax”⁽¹⁰⁾ covered the period up to 2017. This evaluation does not cover national measures taken by individual Member States to combat cross-border VAT fraud⁽¹¹⁾.

Furthermore, the findings of the evaluation will be used to identify potential areas of improvement in the area of VAT administrative cooperation. In particular, Annex VII on targeted consultation summarises the results of the consultation on potential weaknesses and addresses specific room for improvements in three fields: (1) new sources of information; (2) engagement of national tax administrations and (3) multidisciplinary cooperation among stakeholders involved in fighting VAT fraud, namely tax and customs authorities, European Anti-Fraud Office (OLAF), the EU Agency for Law Enforcement Cooperation (Europol) and the European Public Prosecutor’s Office (EPPO).

The Regulation is evaluated against the five criteria set out in the Commission’s better regulation guidelines to assess the effectiveness, efficiency, relevance, coherence and EU value added of the legal framework for VAT cooperation. The evaluation is based on the results of different stakeholders’ consultations including Member State tax administrations and business representatives. Other sources of information come from statistics on the number of exchanges, on the outcomes of Eurofisc, and the discussions in the context of the Standing Committee of Administrative Cooperation (the SCAC) and various Fiscalis groups dedicated to tax cooperation. The findings of a study⁽¹²⁾ prepared by an external consultancy company has also been considered and discussed in a Fiscalis Workshop in November 2023.

(10) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52017SC0428>

(11) Article 273 of the VAT Directive allows Member States to impose other obligations which they deem necessary to ensure the correct collection of VAT and to prevent evasion, subject to the requirement of equal treatment as between domestic transactions and transactions carried out between Member States by taxable persons and provided that such obligations do not, in trade between Member States, give rise to formalities connected with the crossing of frontiers.

(12) Study supporting the evaluation of administrative cooperation and combating fraud in the field of value-added tax. This report provides the Commission with inputs to work in its evaluation of the Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value-added tax (VAT). The study was commissioned by DG TAXUD and was implemented in the period July 2022 to April 2023 by Ecorys. <https://taxation-customs.ec.europa.eu/system/files/2025-01/Final-report-VAT-fraud-evaluation-clean.pdf>

2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

2.1 Description of the intervention and its objectives

The abolition of physical borders within the EU in 1992 raised the necessity to introduce a transitional⁽¹³⁾ Value Added Tax (VAT) system for intra-EU trade aligned with the idea of a genuine internal market without trade barriers. The transitional VAT system⁽¹⁴⁾ for cross-border transactions between Member States, still in place today, was designed in a way that intra-EU supplies of goods⁽¹⁵⁾ are VAT exempted for the supplier and VAT is self-accounted by the acquirer in its Member State. These cross-border transactions are subject to harmonised reporting obligations listed in the VAT Directive⁽¹⁶⁾ while Council Regulation (EU) Nr 904/2010 provides the legal framework for the exchange of these reports and the cooperation between Member States to verify their validity.

The transitional VAT system for cross-border transactions is vulnerable to fraud: fraudsters set up chains of transactions where the acquirers in the Member State of destination charge VAT on the domestic supplies and disappear (Missing Trader fraud) without paying to the treasury the output VAT. To counter this type of fraud, dedicated anti-VAT fraud measures are laid down in Council Regulation (EU) No 904/2010. These are considered as flanking measures for the inherent flaw of the transitional VAT system. The control of VAT being primarily the responsibility of the Member States, these EU measures are only enablers for national actions.

In addition, the VAT administrative cooperation legal framework aims at enabling the smooth functioning of the internal market. In fact, when performing cross-border transactions, traders must have sufficient information about their counterparts in other Member States to correctly apply the VAT exemption. In case of errors or abuse in applying this exemption, tax administrations can apply fines or even refuse the exemption.

(13) Article 402 of the VAT directive stated that “The arrangements provided for in this Directive for the taxation of trade between Member States are transitional and shall be replaced by definitive arrangements based in principle on the taxation in the Member State of origin of the supply of goods or services”. The Commission has consequently launched the proposal of replacing the transitional VAT arrangements system by a definitive regime on 4 October 2017 and 25 May 2018.

Having concluded, upon examination of the report referred to in Article 404, that the conditions for transition to the definitive arrangements are met, the Council shall, acting in accordance with Article 93 of the Treaty, adopt the provisions necessary for the entry into force and for the operation of the definitive arrangements.

(14) The basic principle of a VAT system is that the tax is collected at each stage of the supply chain. Since Member States could not agree on taxing intra-EU supplies, a transitional VAT system was introduced with an exemption for such transactions breaking the tax collection chain. More information in the SWD (2014) 338, 29.10.2014, on the implementation of the definitive VAT regime for intra-EU trade.

(15) Intra-EU supply of goods is a transaction in which goods are dispatched or transported by (or on behalf of) the supplier or the customer from one EU country to a destination in another EU country.

(16) Taxable persons supplying to another taxable persons located in another Member States must report monthly or quarterly the total amounts of these supplies for the given period in a recapitulative statement.

This is an important financial risk and Council Regulation (EU) No 904/2010 foresees that traders are provided with the necessary information for the application of the exemption to mitigate this risk.

The intervention logic of Council Regulation (EU) Nr 904/2010 was established starting from the Commission Proposal for the Council Regulation (EU) Nr 904/2010⁽¹⁷⁾ as well as from its subsequent amendments, as shown here below.

The Council Regulation (EU) Nr 904/2010 aims to achieve the following general objectives:

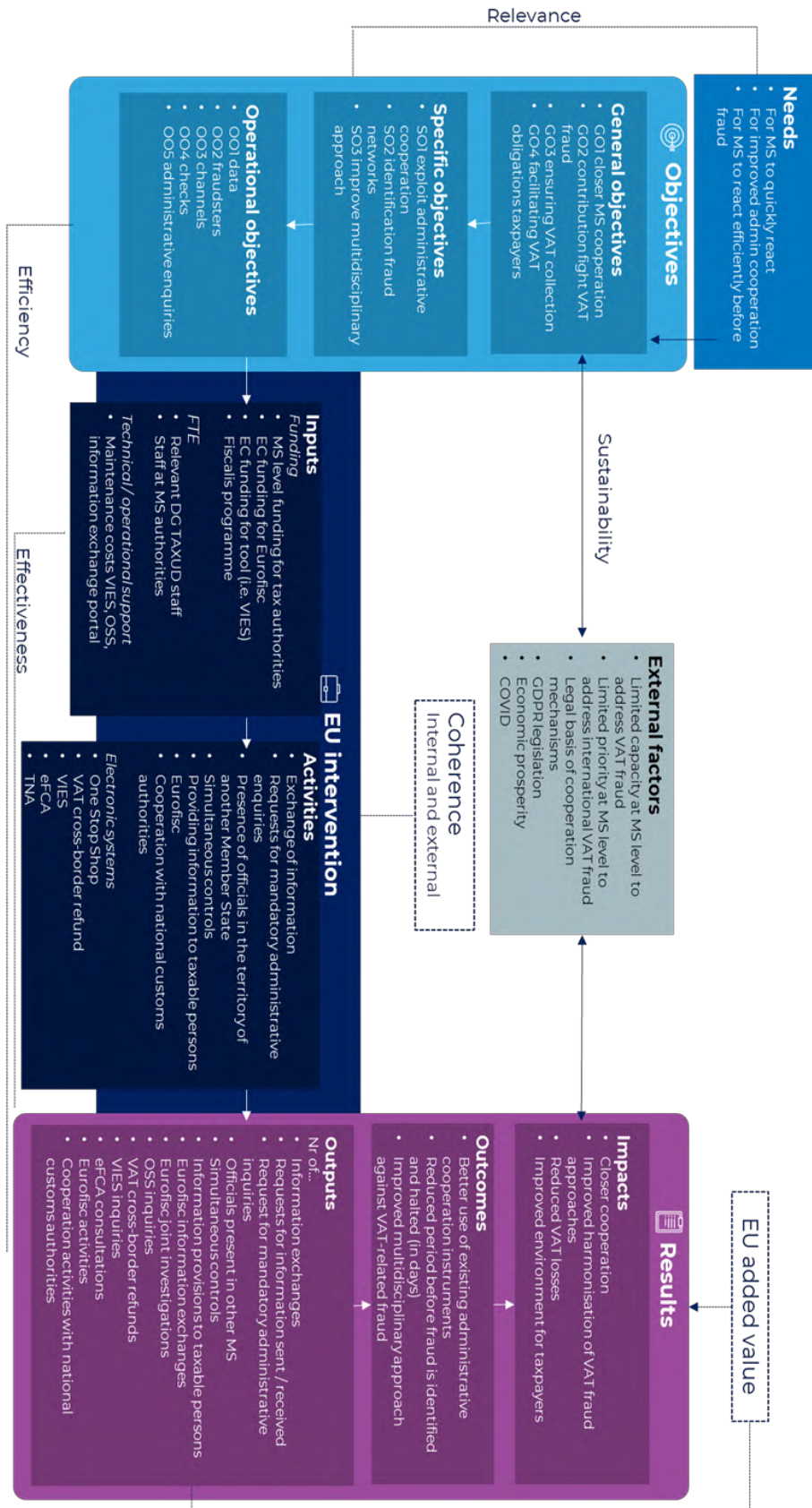
- provide necessary means for cooperation between tax authorities in the field of VAT;
- provide necessary means to fight cross-border VAT fraud;
- provide necessary means for the control of VAT payment on cross-border transactions;
- facilitate the fulfilment of taxpayers' VAT obligations on cross-border transactions.

Stemming from these general objectives, there are three specific objectives:

- (SO1) to improve the use of the existing administrative cooperation instruments in the field of fighting VAT-related fraud and to improve the exchange of information between Member States;
- (SO2) to contribute to fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT;
- (SO3) to improve the multidisciplinary approach to fighting and preventing VAT-related fraud through swifter and more coordinated reaction capacity between different authorities (tax administrations, customs and law enforcement bodies).

(17) The recast of the VAT administrative cooperation legal framework in 2009 (proposal COM/2009/0427) was not subject to a formal impact assessment. Subsequent proposals, in particular proposal COM/2017/0706 final - 2017/0248 (CNS) had a more complete impact assessment.

Figure 2: Intervention logic for Council Regulation (EU) Nr 904/2010



2.2 Points of comparison

Before 2010, based on Council Regulation (EC) No 1798/2003⁽¹⁸⁾, administrative cooperation between Member States was limited to the exchange of information with rudimentary interactions between tax administrations. Tax administrations had no means to quickly verify that the information exchanged was correct and no way to rapidly inform other EU countries of potential fraud. In 2010, Council Regulation (EU) Nr 904/2010 repealed Regulation (EC) Nr 1798/2003, and introduced the first big switch in paradigm with Eurofisc⁽¹⁹⁾: from the exchange of information toward automatic sharing of information via the Eurofisc network with an EU central risk analysis. The main purpose of this intervention was to address the need, expressed by the Council in 2007⁽²⁰⁾, for a common approach to combat tax fraud, and in particular VAT fraud, to supplement and support national efforts.

At that time, cross-border VAT fraud (mainly carousel fraud) was well known to tax administrations, and they could not cope with it in isolation. An informal network of anti-fraud experts already existed before 2009⁽²¹⁾ but without a clear legal base. Moreover, 2010 was the year when monthly recapitulative statements became the rule rather than quarterly ones⁽²²⁾ to address VAT fraud. With quarterly reporting, the time that elapsed between a transaction and the corresponding exchange of information under the VAT information exchange system (VIES) was an obstacle to the effective use of that information to tackle fraud. Without these interventions, Member States would not be equipped to tackle cross-border VAT fraud. This was reinforced by the fact that the definitive VAT system, that was meant to address the main weakness of the transitional VAT system, was still not approved in 2010. Therefore, the means for VAT administrative cooperation had to be continuously improved as they compensate for the weakness of the transitional VAT system that remains in force.

Administrative cooperation instruments in the field of VAT have been strengthened since then: Eurofisc on its initiative can now cooperate and exchange information with the European Anti-Fraud Office (OLAF) and Europol; new IT tools for central risk analysis have been introduced (such as the Transaction Network Analysis and Central Electronic System); tax authorities can exchange information with customs authorities on importations subject to VAT and customs fraud and organise joint audits with the active

(18) OJ L 264, 15.10.2003, p. 1.

(19) A network of Member States anti-fraud officials fighting against VAT fraud

(20) <https://data.consilium.europa.eu/doc/document/ST-12886-2009-INIT/en/pdf>

(21) [Rapport d'activité annuel AED 2009](#)

(22) Council Directive 2008/117/EC of 16 December 2008 which amends Council Directive 2006/112/EC

participation of foreign tax officials in administrative enquiries⁽²³⁾ (more details in Section 4.2 on the effectiveness of cross-border audits).

In 2017, cross-border VAT fraud was estimated at around EUR 137.5 billion ⁽²⁴⁾. Therefore, on 15 July 2020, the Commission adopted the Action Plan for fair and simple taxation supporting the recovery ⁽²⁵⁾ (hereinafter ‘Action Plan’) setting out initiatives to make taxation fairer, simpler and more adapted to modern technologies. In this context, the Commission announced its intention to amend Council Regulation (EU) No 904/2010 in order to streamline the verification procedure and improve controls as well as to improve the capabilities of Member States’ tax authorities to enforce existing tax rules in the field of VAT.

The VIES databases, requests for information and multilateral controls do not constitute the best instruments to combat VAT fraud, that needs to be quickly detected. These communication channels do not allow Member States to get all necessary information to be able to prevent or put an end to VAT fraud. This is precisely why Eurofisc, designed as a multilateral early warning mechanism to improve Member States’ administrative capacity in combating organised cross-border VAT fraud and especially MTIC/carousel fraud, was set up in 2010 under Regulation (EU) 904/2010. Thanks to Eurofisc and by way of risk analysis tools, Member States can exchange multilaterally early warnings on businesses suspected to be involved in VAT fraud. Eurofisc is a Member State-driven network, composed of national risk analysts working in different Working Fields per fraud risk area.

(23) Council Regulation (EU) 2018/1541 of 2 October 2018 amending Regulations (EU) No 904/2010 and (EU) No 2017/2454 as regards measures to strengthen administrative cooperation in the field of value added tax, OJ L 259, 16.10.2018, p. 1–11.

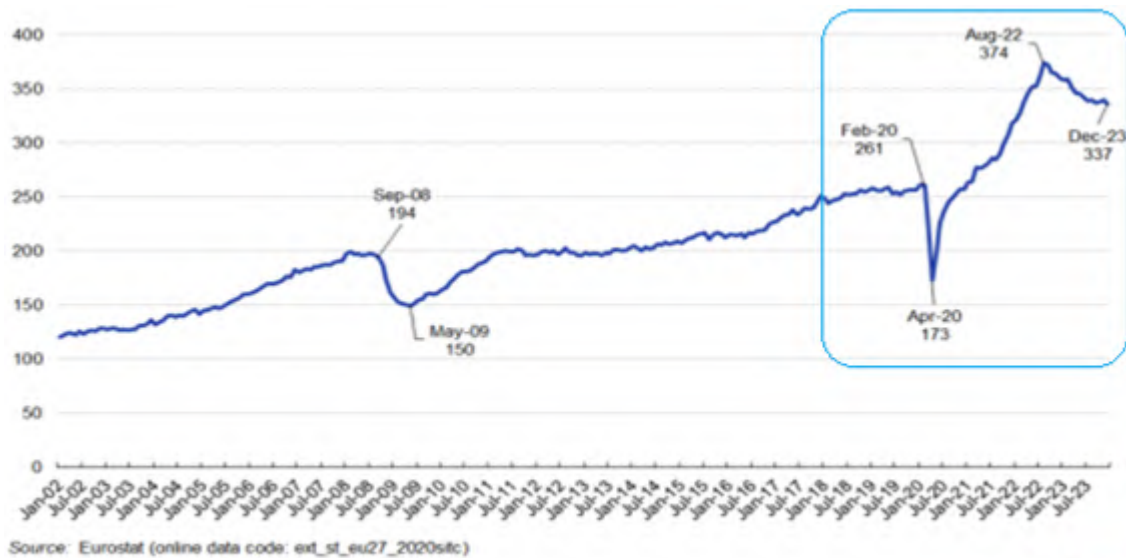
(24) VAT Gap study of 2024 - European Commission https://taxation-customs.ec.europa.eu/taxation/vat/fight-against-vat-fraud/vat-gap_en

(25) Action Plan for fair and simple taxation supporting the recovery

3. HOW HAS THE SITUATION EVOLVED OVER THE EVALUATION PERIOD?

Council Regulation (EU) Nr 904/2010 applies from 1 January 2012, except for Croatia that joined the European Union on 1 July 2013. During the period covered by the evaluation (2018-2023) the situation evolved significantly on two fronts: the value of cross-border trade has increased significantly and new rules for cross-border transactions were introduced with VAT Directive amendments.

Figure 3: Intra-EU trade of goods, January 2002 – December 2023⁽²⁶⁾ (EUR billions, seasonally adjusted data)



eurostat

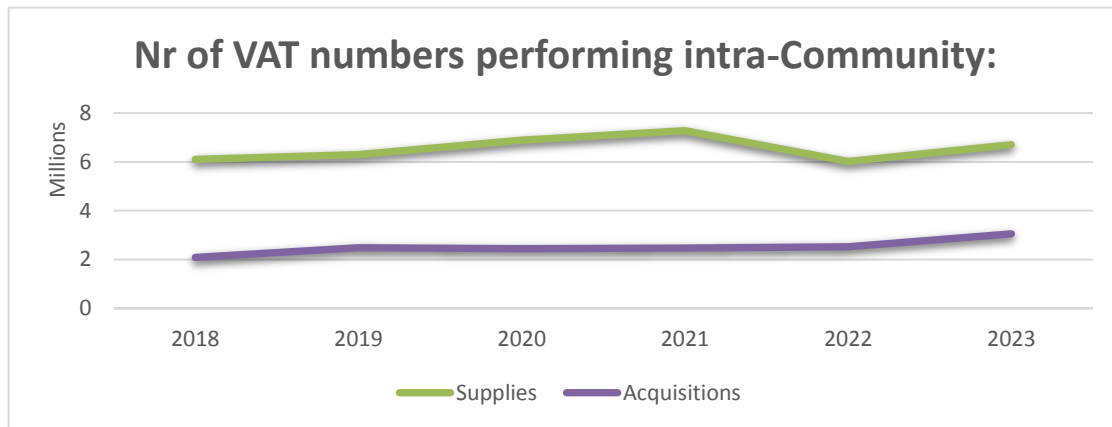
The value of trade in goods between Member States continued to increase during the period covered by the evaluation from EUR 3 018 billion in 2018 to EUR 4 134 billion in 2023. This represents a 37% increase. The value of trade in cross-border services amounted to EUR 507 billion in 2023⁽²⁷⁾.

During the same period, the number of operators that supplied or purchased goods or services to or from another Member State remained stable at around 2.5 million purchasing and 6.5 million supplying. This suggests that the increase in the value of cross-border trade is due to the increase of turnover of existing economic operators rather than the appearance of new ones.

(26) Eurostat data on intra-EU trade https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Intra-EU_trade_in_goods_-_main_features

(27) This statistic about cross-border services reported in VIES was introduced solely in 2023 and no figures are available for previous years.

Figure 4: Number of taxable persons, in millions, supplying or purchasing goods and services from another Member States⁽²⁸⁾.



In parallel, the rules for cross-border transactions foreseen in the VAT Directive have evolved to abolish further trade barriers and ensure a level playing field across the internal market⁽²⁹⁾. This created the need for additional exchange of information and cooperation between tax administrations.

As a consequence, Council Regulation (EU) Nr 904/2010 was amended several times to provide the Member States authorities with a proper set of tools for enhanced administrative cooperation and to support the fight against VAT fraud:

- COUNCIL REGULATION (EU) 2017/2454 of 5 December 2017 accompanied the change of the VAT Directive that extended the scope of the special schemes to distance sales of goods and all services - the so-called eCommerce package. This amendment entered into force on 1 July 2021.
- COUNCIL REGULATION (EU) 2018/1541 of 2 October 2018 aimed at preventing widespread forms of cross-border VAT fraud. The key features were the following:
 - Mandatory audits and joint audits;
 - Strengthening Eurofisc by allowing it to jointly process data and perform risk analysis on data from all EU Member States. It was also allowed to coordinate follow-up audit and cooperate with OLAF and Europol in the disclosure of serious VAT fraud cases;

(28) SCAC-EG No 96, TAXUD.C.4(2019) 6958242, Brussels, 11 October 2019; SCAC-EG No 114, TAXUD.C.4(2020)4855812, Brussels, 18 September 2020; SCAC-EG No 135, TAXUD.C.4(2021)6246486, Brussels, 8 September 2021; SCAC-EG No 150, TAXUD.C.4(2022)8269795, Brussels, 4 November 2022; SCAC-EG No 165, TAXUD.C.4(2023)8668333 FINAL, Brussels, 27 November 2023.

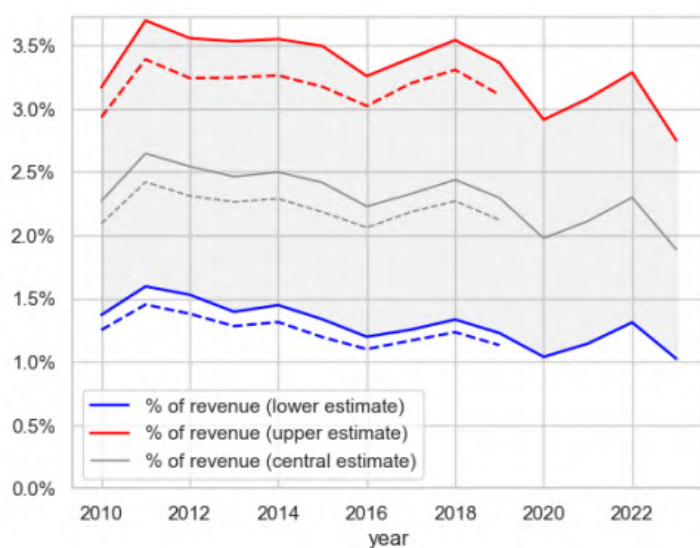
TAXUD.C.4(2024)6999042, Brussels, 21 November 2024; SCAC-EG No 181

(29) In particular, the eCommerce package that entered into force in July 2021 changed the VAT rules for business-to-consumer transactions in the EU by applying the principle of taxation at destination. The new eCommerce framework also simplified VAT compliance in relation to cross-border e-commerce supplies and introduces greater transparency for EU shoppers when it comes to pricing and consumer choice. It also contributed to a fairer and simpler system of taxation in the EU, and to the modernisation of VAT in line with the realities of the e-commerce market.

- Tackling fraud involving the dual VAT regime applicable to cars by improving access to vehicle registration data;
- Fighting fraud involving VAT exempt importations under customs procedures 42 and 63.
- COUNCIL REGULATION (EU) 2018/1909 of 4 December 2018 is part of the VAT “2020 Quick Fixes” that rendered, amongst others, the verification of VAT number of the customer in another Member States mandatory for intra-EU supplies.
- COUNCIL REGULATION (EU) 2020/283 of 18 February 2020 provides the detailed rules for the Central Electronic System of Payment information that entered into force on 1 January 2024. CESOP receives data on cross-border payments and analyse them to detect VAT fraud in eCommerce. CESOP is used by Eurofisc.

Finally, the Commission published at the end of 2024 the first estimation of the MTIC gap. While the MTIC fraud seems to have increased in terms of value, it has decreased in terms of percentage of total VAT revenues. As outlined above, the methodology for this estimation must be further tested and improved.

Figure 5: Estimated forgone revenue from MTIC fraud in the EU (% of VAT revenue, 2010–2023)
(30)



(30) VAT compliance gap due to Missing Trader Intra-Community (MTIC) fraud
(<https://op.europa.eu/en/publication-detail/-/publication/dd40080c-bd27-11ef-91ed-01aa75ed71a1/language-en>)

4. EVALUATION FINDINGS (ANALYTICAL PART)

4.1 Preliminary remarks

This section assesses whether and to what extent Council Regulation (EU) Nr 904/2010 has been successful in achieving or progressing towards its objectives. There are two limitations to consider:

- Council Regulation (EU) Nr 904/2010 provides Member States with the tools to cooperate to fight against VAT fraud. However, as also indicated in section 1 of this document, administrative cooperation is only one of several measures that Member States put in place to fight VAT fraud and collect VAT. VAT collection is the result of a number of national measures (such as domestic compliance and anti-fraud policies, efficiency and effectiveness of the tax administrations etc.⁽³¹⁾) and neither Member States nor the Commission are able to quantify the amount of VAT assessed or collected solely based on VAT administrative cooperation. Therefore, it is not possible to draw a direct link between the use of administrative cooperation tools and the VAT collected through administrative cooperation.
- The VAT gap⁽³²⁾ trend in the EU and Member States cannot be used either – as such – as an indicator for the evaluation of the VAT administrative cooperation framework. The VAT gap can be caused by a variety of factors other than fraud, such as non-compliance, errors, and mistakes. Therefore, a rise of VAT revenues could be related not only to the effectiveness of the fight against VAT fraud (at national and EU level), but to other factors as well, such as compliance, enforcement, collection procedures, the level of consumption in the economy etc.
- The evaluation followed the Better Regulation Guidelines and addressed the five evaluation criteria: **effectiveness, efficiency, coherence, relevance, EU added value**. The evaluation matrix is provided in Annex III.

4.2 To what extent was the intervention successful and why?

To assess the effectiveness of the Council Regulation (EU) Nr 904/2010 it must be first stated that all the means of cooperation foreseen in the legal base are at a disposal of the Member States meaning they were implemented through a dedicated electronic system, or a procedure was agreed for their use. Member States provide to the Commission annual statistics on the use of these means of cooperation, these statistics are used to substantiate the feedback from stakeholders. The cooperation tools laid down in Council Regulation (EU) Nr 904/2010 are the following, grouped into categories listed below.

(31) The Commission periodically adopts a report on VAT collection measures in the Member States, based on Article 12 of the Own Resources Regulation Council Regulation (EEC, Euratom) No 1553/89 of 29 May 1989 on the definitive uniform arrangements for the collection of own resources accruing from value added tax

(32) The difference between the VAT collected by a government and what should be collected

1. Exchange of information through Standard Forms:
 - **Exchange of information on request** – is the way to request additional VAT information from another Member States on a cross-border transaction or on a taxable person. These exchanges are done through eFCA (central application for electronic forms).
 - **Request for a mandatory enquiry** – can be launched when at least two Member States consider that an administrative enquiry is necessary in the Member State of establishment of the supplier. It is a form of a cross-border audit implemented through a procedure and a simple standard form that Member States exchange through e-mail.
 - **Automatic exchange of information**, when Member States send each other periodically and automatically information on non-established taxable persons and on means of transport – is implemented through a dedicated electronic system.
 - **Spontaneous exchange of information** – is a way of sending information that could be of relevance for other Member States. These exchanges are done through eFCA (central application for electronic forms).
 - **Exchange of information in the context of the OSS** – is a way for requesting additional information in the context of the One Stop Shop that are not available in the OSS system. These exchanges are done through eFCA (central application for electronic forms).
 - **Request for feedback** on the quality and usefulness of the information provide to another Member State. These exchanges are done through eFCA (central application for electronic forms).
 - **Request for administrative notification** – is a way to request that an addressee is notified about a procedure open in another Member State. These exchanges are done through a standard form exchanged by mail.
2. Eurofisc network:
 - **Eurofisc** – is a network of anti-VAT fraud experts allowed to cooperate closely to analyse VAT data to detect fraud.
3. Cross-border audits:
 - **Presence in administrative offices, presence during administrative enquiries, administrative enquiries carried out jointly** - are forms of cross-border audits. They are implemented through a special procedure and exchanges through mail.
 - **Simultaneous controls** – is a form of cross-border audit where tax authorities from different Member States agree to control simultaneously within their tax jurisdiction the correct application of VAT in a multinational company or related companies. Once the national controls are finished, tax authorities share their findings to have a comprehensive view on all the transactions performed by that company in the EU.
4. Automated access to information:
 - **Special schemes** (One Stop Shop and Import One Stop Shop) – those are the electronic systems to exchange OSS and IOSS reports and registration data.

- **VIES and recapitulative statements** – it is the electronic system to exchange information on intra-Community supplies of goods and services.
 - **VAT cross-border refund** – is a way to exchange invoices eligible for a VAT refund in another Member State.
5. Providing information to taxable persons:
- **VIES ON THE WEB** and validation of VAT number – it is a web service connected to VIES to obtain the confirmation of the validity of a VAT number in another Member State.
6. Cooperation with other authorities:
- **Cooperation with national customs authorities** – is a way to allow customs authorities access to VAT data that they need to control the correct application of VAT on specific importations: VAT exempt importations and imports of small consignments under the IOSS scheme.
 - **Cooperation with OLAF** is a way to send the European Anti-Fraud Office information about VAT fraud.
 - Europol can be requested by Eurofisc to provide them with information on criminals involved in VAT fraud.

These means of cooperation combined provide a comprehensive and flexible toolbox, that allows Member States to effectively monitor the reporting of cross-border transactions and to react quickly to the risk of VAT fraud in intra-EU trade. Electronic systems for automated access to information exists to give Member States access to crucial VAT data whenever required. Other tools complement this by allowing for the request of additional information, coordinating national audits or performing joint risk analysis. Member States can use different tools at different points of the investigation process. For instance, Eurofisc is used for early warning and early detection, followed by the use of standard forms, which might ultimately result in a cross-border audit. This way they address any need for cooperation in the field of VAT that Member States may have.

Effectiveness of Exchange of information through Standard Forms

One of the fundamental ways of cooperation in the field of VAT is the exchange of standard forms. These standard forms are agreed with experts from tax authorities to ensure that they contain all types of information they need in their daily work of controlling cross-border transactions. These standard forms are then added to the electronic system called central application for electronic forms (eFCA). The Central Liaison Office of each Member State, that is overseeing all the VAT exchanges with other countries, can access eFCA, complete the necessary form and send it to another country. As these forms are translated in all languages and contain minimum free text, they are immediately understood by the receiving country and can be replied to without the need for additional steps.

The most widely used standard form is the one used for exchange of information on request for which the statistics are shown below. It allows to request a wide range of information for various scenarios (confirm reporting of cross-border transactions, confirm suspicion of fraud, etc.). Other standard forms exist for example for the spontaneous exchanges or for

requesting feedback on the quality of information provided, but they have a very narrow scope that is not illustrative of the effectiveness of this kind of cooperation.

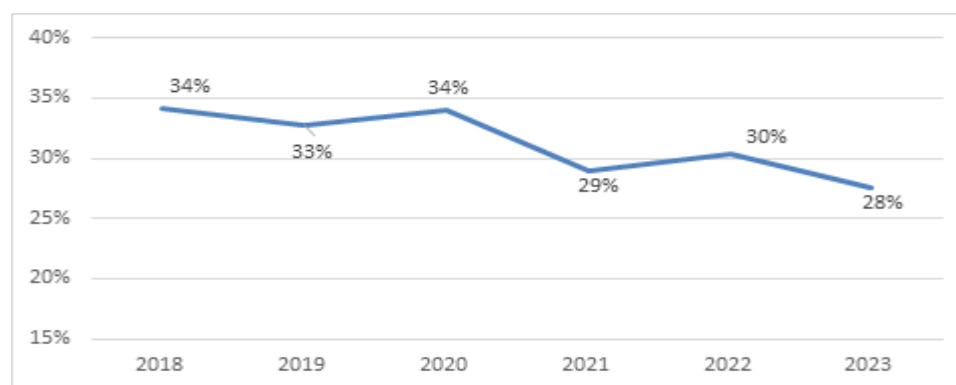
Table 1: Number of exchanges of information on request sent per year ⁽³³⁾.

2018	2019	2020	2021	2022	2023
39 191	34 371	31 221	30 223	29 498	30 151

The requests for information constitute a very effective way of cooperation and is well established with the users in the Member States. Every year around 30 thousand of such forms are exchanged between Member States. Since experts participate in the design of these forms, they cover all types of information they could need that are not already accessible through other means of cooperation (especially VIES, OSS or Eurofisc). In this sense, the exchange of information on request is complementing all other exchanges.

However, an important aspect hinders its effectiveness: the timeliness of the replies. Around 30% of the time the information is received after 30 days.

Figure 6: % of late replies – trending over the last years ⁽³⁴⁾.



These late replies are due to the fact that the information requested must be collected manually from another national electronic system or requested from a taxable person. This can take time especially if the taxable person does not cooperate. Even if Member States are getting better at reducing the delays, the number of late replies remains high. This

(33) Statistical information provided by the Member States on the basis of Article 49(3) of Council Regulation (EU) No 904/2010 and Article 11 of Commission Implementing Regulation (EU) No 79/2012 and its Annex IV:

SCAC-EG No 96, TAXUD.C.4(2019) 6958242, Brussels, 11 October 2019; SCAC-EG No 114, TAXUD.C.4(2020)4855812, Brussels, 18 September 2020; SCAC-EG No 135, TAXUD.C.4(2021)6246486, Brussels, 8 September 2021; SCAC-EG No 150, TAXUD.C.4(2022)8269795, Brussels, 4 November 2022; SCAC-EG No 165, TAXUD.C.4(2023)8668333 FINAL, Brussels, 27 November 2023.

TAXUD.C.4(2024)6999042, Brussels, 21 November 2024; SCAC-EG No 181 final

(34) SCAC-EG No 96, TAXUD.C.4(2019) 6958242, Brussels, 11 October 2019; SCAC-EG No 114, TAXUD.C.4(2020)4855812, Brussels, 18 September 2020; SCAC-EG No 135, TAXUD.C.4(2021)6246486, Brussels, 8 September 2021; SCAC-EG No 150, TAXUD.C.4(2022)8269795, Brussels, 4 November 2022; SCAC-EG No 165, TAXUD.C.4(2023)8668333 FINAL, Brussels, 27 November 2023.

hinders the effectiveness of this way of cooperation as the information is received late reducing the capacity of the requesting country to utilise that information. However, tax experts appreciate this way of cooperation as it allows to request information that are not accessible with other means.

Eurofisc effectiveness

Another key means of cooperation in the field of VAT is the Eurofisc network. This network of anti-VAT fraud experts was created to counter VAT fraud by allowing them to cooperate very closely and in a flexible way. Members of the network can directly inform each other about suspected fraud and continue exchanging until the fraud is confirmed or refuted. As the VAT fraud remains high as shown in the VAT Gap study, there is a particular interest in monitoring the effectiveness of Eurofisc. To illustrate the effectiveness of the Eurofisc network, below are the key statistics about its impact on VAT fraud.

Table 2: Amounts of VAT fraudulent transactions detected by Eurofisc⁽³⁵⁾

	2020	2021	2022	2023
Amount of fraudulent or suspicious transactions uncovered (in millions EUR) related to Missing Traders in Intra-Community transactions (WF1)	3,300	8,100	10,874	12,735
Amount of fraudulent or suspicious transactions uncovered (in millions EUR) related to vehicles (WF2)	N/A	N/A	N/A	1,899

This form of cooperation is well appreciated by Member States as substantiated by the replies received to the targeted consultation found in Annex VII. It appears clear that Eurofisc is the most effective tool at disposal of national authorities under Council Regulation (EU) Nr 904/2010. Overall, Eurofisc⁽³⁶⁾ is seen as an effective early warning

(35) The statistics reported by the Eurofisc network and published on the Commission website https://taxation-customs.ec.europa.eu/taxation/vat/vat-and-administrative-cooperation/eurofisc_en

(36) Eurofisc was created in 2010 by the Regulation 904/2010 as a network without legal personality composed of experts from national tax administrations of all the Member States, i.e., Eurofisc Liaison Officials (ELOs). Eurofisc promotes and facilitates multilateral cooperation through the swift exchange of targeted information with the aim of identifying VAT fraud networks at an early stage. At operational level, this multilateral early warning mechanism is organised in working fields (WFs) that deal with specific types of fraud in which ELOs participate on a voluntary basis. Once potential fraudsters are identified, national tax administrations launch control actions against them, including the invalidation of the VAT number to difficult the continuity of the fraudulent activities, and, in the most serious cases reporting to the judiciary and public prosecution authorities. There are currently three WFs:

- WF1 deals with the most common VAT fraud on cross-border transactions: Missing Trader in Intra-Community transactions (MTIC or carousel). This type of fraud takes advantage of the transitional VAT system for cross-border transactions: exemption for supplies to another Member States.
- WF2 deals with fraud related sales of vehicles between Member States. This type of goods is of very high value creating a high incentive for fraud.

tool that improves the collection of VAT on intra-EU transactions within the different working fields. It is the only cooperation tool where Member States must present annual reports⁽³⁷⁾ in terms of combating VAT fraud, beside the traditional annual statistics on the number of exchanges.

Particularly, Working Field (WF1) on missing trader intra-community (MTIC) fraud is considered highly effective by 21 MS (see figure 6 below).

As regards WF 5, which concerns eCommerce, Member States authorities have a positive view – 90% of them “strongly agree” or “agree” that the working field is an effective early warning tool that improves the collection of VAT on intra-EU transactions. However, the European Court of Auditors (ECA) in its Special Report on e-commerce⁽³⁸⁾ (2019) concluded that the signals exchanged through Eurofisc WF 5 are either not well targeted, not useful, or not successful. The ECA report covered the period of beginning of 2015 until the end of 2018. 2018 was the first year of functioning of WF5 where experts were still learning how to cooperate in this new working field. In 2018, some Member States shared a list of 480 fraud signals with their counterparts and there was only one feedback provided. The ECA’s report does not analyse the reasons why there was not more feedback. As a comparison, in 2021, Working Field 5 provided 131 responses to the 22 early warnings/requests for information and 79% of the feedback was provided within 2 months which shows that its functioning improved over time.

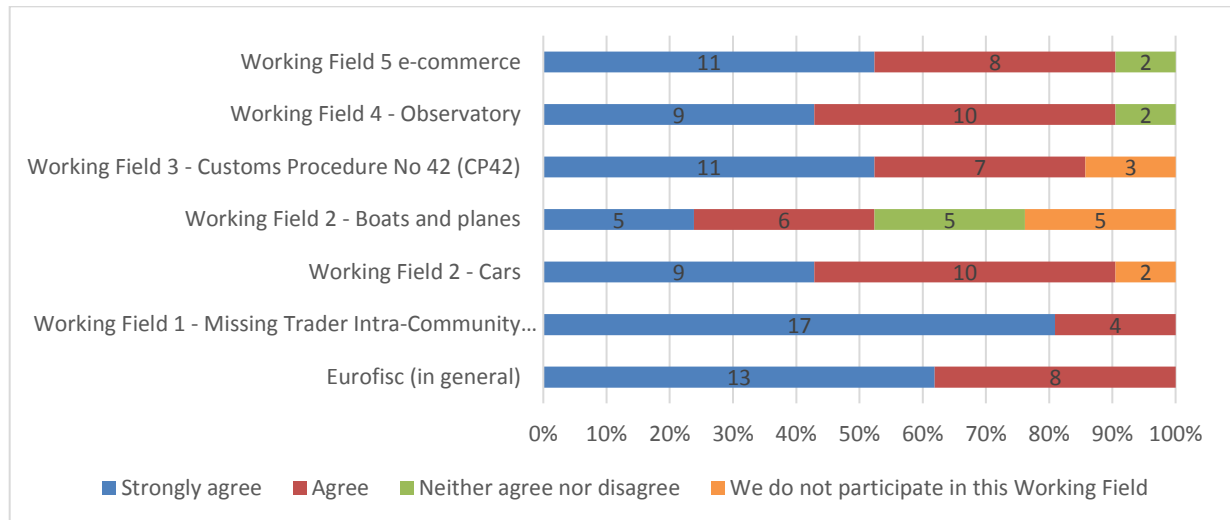
Furthermore, it should be noted that eCommerce VAT fraud is a relatively new type of fraud and tax administrations are not always well equipped to tackle it. To address this weakness as from 1 January 2024 Member States collect and analyse data on cross-border payments via the Central Electronic System of Payment information (CESOP). This new information gives tax administrations and Eurofisc much needed way for identifying fraud in eCommerce transactions. The first results of this new approach should be visible in 2025.

-
- WF5 deals with cross-border supplies to end consumers (e-commerce). Supplies to end consumers are more difficult for tax administrations to control as there is no reporting by the customer of the purchase (contrary for business-to-business transactions). However, tax administrations started to collect data on payment to compensate for that information gap and better control this kind of transactions.

(37) Eurofisc annual reports are prepared and presented by Eurofisc to the Standing Committee on Administrative Cooperation. They are not publicly available as it was the wish of Member States given their sensitive nature. However, the key information from these reports is published annually by the Commission following Eurofisc consent. https://taxation-customs.ec.europa.eu/taxation/vat/vat-and-administrative-cooperation/eurofisc_en

(38) E-commerce: many of the challenges of collecting VAT and customs duties remain to be resolved (europa.eu) paragraph 68.

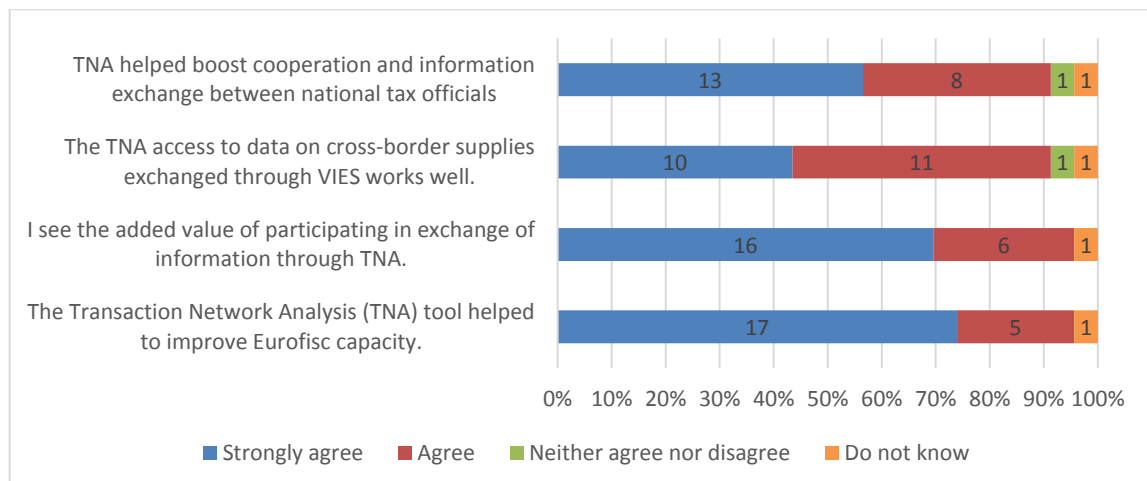
Figure 7: Q30 on the effectiveness of Eurofisc (n=21)



Another key aspect of Eurofisc is the Transaction Network Analysis (TNA)⁽³⁹⁾. The survey of Member States authorities confirmed that it is an effective electronic tool to enhance the cooperation between authorities. The results show that TNA had a great impact on the improvement of Eurofisc capacity to detect VAT fraud. This is confirmed by the annual reporting of Eurofisc where the amounts of detected VAT fraud have significantly improved since TNA was introduced. Before TNA, Working Field 1 was detecting suspicious transactions for an amount of EUR 4.7 billion in 2017 and EUR 1.5 billion in 2018. In 2023, with TNA use the amount was EUR 14.6 billion.

Beside these statistics, the feedback from Member States shows that the introduction of automation with TNA in Eurofisc is seen as very positive. It increased the cooperation in the network by automating data collection that was done manually before. Experts believe that the capacity of Eurofisc to perform its tasks has increased.

Figure 8: Q30 on the effectiveness of TNA to improve Eurofisc capacity (n=23)



(39) Transaction Network Analysis is an electronic system developed by the Commission for Eurofisc to automate the collection of data from different databases and automated analysis based on Eurofisc input to identify suspicious VAT transactions.

This is a very positive evolution in effectiveness of Eurofisc as its early detection of VAT fraud strongly depends on the quality and quantity of information available. With automated processes, Eurofisc can focus on exploitation of relevant information sources and joint analysis at EU level.

However, the targeted consultation launched in the summer of 2023 (see Annex V.8) identified room for improvement in new sources of information to:

- provide Eurofisc with a more comprehensive view of cross border VAT tax fraud, and;
- properly detect the links between the operators that appear to be independent but are actually parts of fraudulent networks.

Most of the respondent Member States are of the opinion that Eurofisc would increase its effectiveness if TNA and CESOP were complemented with information on the managers and owners of the fraudulent companies, on the ownership and rights to their bank accounts, and on information held by anti-money laundering authorities. This information would also improve Eurofisc effectiveness in following the money illegally obtained by the real perpetrators of the fraud.

Effectiveness of cross-border audits

Beside exchanging information, Member States can also cooperate within the framework of cross-border controls. Such way of cooperation is particularly suitable for multinational companies when auditors from different countries work together to collect information, invoices, contracts, etc. to confirm that VAT is correctly applied on transactions between branches of the same company in different countries. In such cases mere exchange of information is not sufficient. With cross-border controls tax auditors can exchange views and discuss cases as if they were working within the same tax authority.

These cross-border controls take different ways foreseen in the legislation:

- **Simultaneous controls** occurs when two or more Member States decide to control a multinational company in a coordinated way. The officials remain in their Member States, but exchange closely the findings of their national control with other Member States participating in the simultaneous control.
- **Presence** of officials in administrative offices and participation in administrative enquiries occurs when foreign auditors are present during an audit of a taxable person in another Member State. This allows to gain time and avoid organising multiple meetings with the taxable persons as the main auditor is present during the audit.
- **Joint audit** is a way of conducting cross-border audits designed at OECD⁽⁴⁰⁾ level to provide taxable persons with more tax certainty. As joint audit ends with a single

(40) Joint Audit 2019 – Enhancing Tax Co-operation and Improving Tax Certainty
https://www.oecd.org/en/publications/joint-audit-2019-enhancing-tax-co-operation-and-improving-tax-certainty_17bfa30d-en.html

report for all the countries involved there is no possibility of double taxation contrary to other means where Member States issue their own assessment.

To illustrate the effectiveness of these controls, below are few statistics about their use.

Table 3: Number of presences of officials in administrative offices and participation in administrative enquiries⁽⁴¹⁾.

2018	2019	2020	2021	2022	2023
124	147	32	39	44	20

Table 4: Number of simultaneous controls which the Member State / Northern Ireland have initiated over the last years⁽⁴²⁾.

2018	2019	2020	2021	2022	2023
34	46	7	9	9	9

The impact of the COVID pandemic is clearly visible as from 2020 most control procedures were suspended to respect lockdown restrictions. Member States struggle to regain the level of cooperation this field as before the Covid Pandemic. There are ongoing discussions in different fora to address this question, but no clear explanation was provided by Member States.

Nevertheless, these controls generate millions of euros each year even if they are lengthy with a simultaneous control lasting between 2 and 3 years. In 2022, simultaneous controls led to EUR 6 million of VAT assessment across the EU⁽⁴³⁾. However, these figures are difficult to compare year-to-year as each of these audits is specific and no clear trends can be identified.

Effectiveness of automated access to information

The automated access to information encompasses a series of electronic systems that allow tax officials to access specific information from another Member State without the need to interact with a tax officials from that Member State. The system covered in this category are:

- VAT Information Exchange System – allows to access information on intra-Community supplies of goods and services and to VAT registration information of taxable persons.
- One-Stop-Shop allows to access information on distance sales of goods and supply of electronic services as well as the registration data of OSS operators.

(41) Annual statistics provided by Member States as listed in footnote nr 33

(42) Ibid.

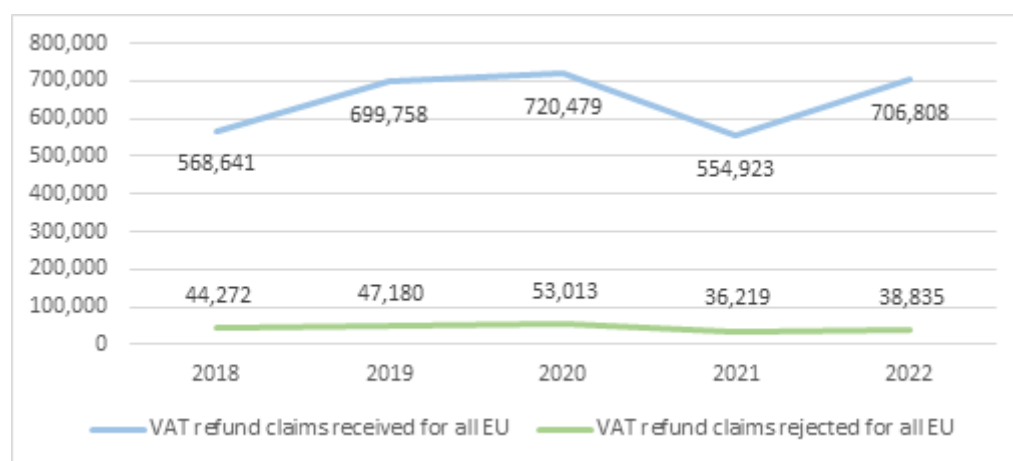
(43) Ibid.

- Import-One-Stop-Shop allows to access information on for distance sales of goods imported from third countries and third territories in consignments of an intrinsic value of not exceeding EUR 150 as well as to the registration data of IOSS operators.
- VAT refund system allows to share invoices submitted for refund procedure.

The VAT refund system allows taxpayers established in one Member State to submit electronic refund requests for input VAT incurred in another Member State, via the tax administration of their own Member State. The VAT refund system allows Member States tax authorities to exchange information necessary to execute or reject the refund claim. Without the scheme for VAT refunds, taxpayers would have to individually submit their VAT claims to every single Member State where they incur input VAT.

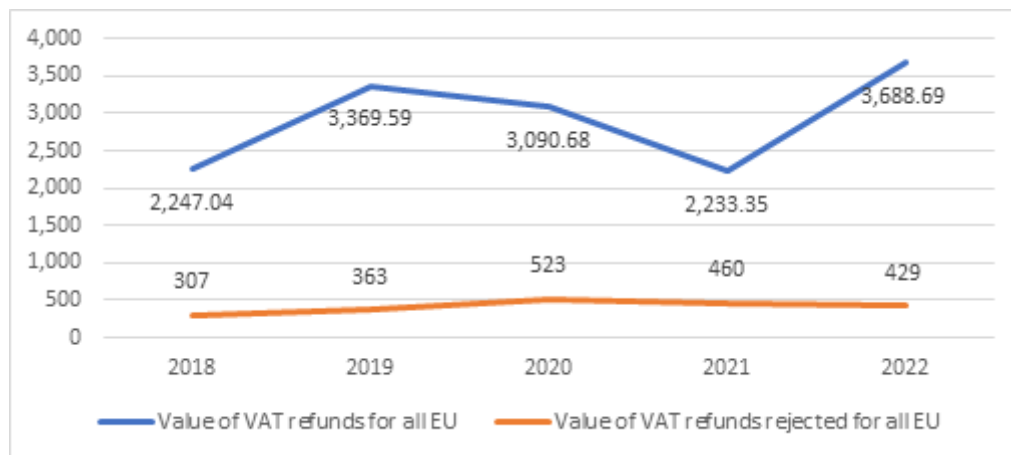
The number and the value of VAT refunds across the European Union is relatively stable.

Figure 7: Number of VAT refunds claims received and rejected across the EU ⁽⁴⁴⁾.



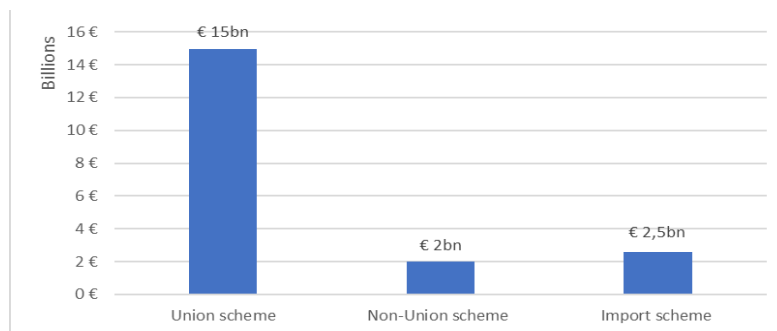
(44) Annex I: Summary overview – VAT Refund statistics (Council Directive 2008/9/EC) – Ref. Ares (2019)3854257 - 17/06/2019; Ref. Ares (2020)4589380 – 03/09/2020; Ref. Ares (2021)4395820 – 06/07/2021; Ref. Ares (2022)4892759 – 05/07/2022; Ref. Ares (2023)4542667 – 30/06/2023.

Figure 9: Value of VAT refunds claims received and rejected across the EU ⁽⁴⁵⁾ (EUR millions).



The One Stop Shop for the special schemes follows the same principle: VAT registration, declaration, and payments in one single Member State for all the supplies of services and goods to final consumers in the EU. The Member States of Identification and the Member States of Consumption exchange information on identification, declarations and payments, through the OSS portal. Without the One Stop Shop, taxpayers should fulfil their VAT obligations in every single Member State of consumption.

Figure 10: VAT revenue declared during January - December 2023 in OSS/IOSS ⁽⁴⁶⁾



(45) Annex I: Summary overview - VAT Refund statistics (Council Directive 2008/9/EC) - Ref. Ares (2019)3854257 - 17/06/2019; Ref. Ares (2020)4589380 - 03/09/2020; Ref. Ares (2021)4395820 - 06/07/2021; Ref. Ares (2022)4892759 - 05/07/2022; Ref. Ares (2023)4542667 - 30/06/2023.

(46) Annual statistics provided by Member States as listed in footnote nr 33

Figure 11: VAT declared in different OSS schemes⁽⁴⁷⁾

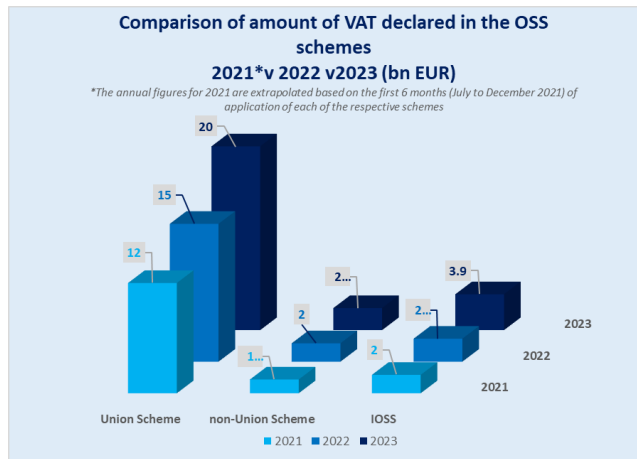
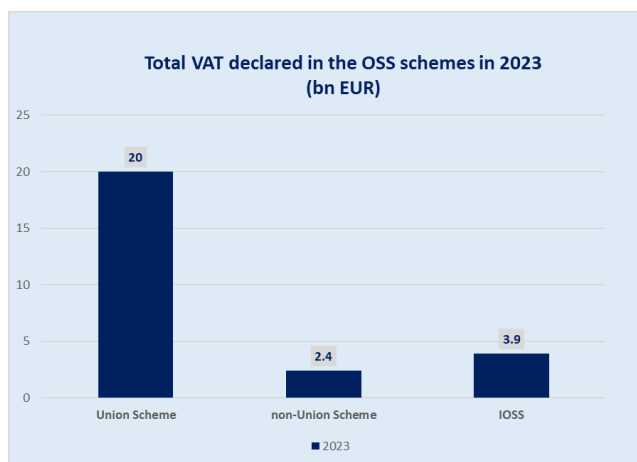


Figure 12: Total VAT declared in the OSS schemes in 2023⁽⁴⁸⁾



The 2023 figures show that the trend in increasing VAT figures continues. In 2023, the total amount of VAT declared in the 3 schemes increased by a further EUR 6.8 billion from EUR 19.5 billion to EUR 26.3 billion, which represents approximately a 35% increase in the total value of VAT declared across all the three schemes in 2023 when compared with the 2022 figures.

The year-on-year increase in the total amount of VAT declared in the OSS schemes is testament to the ongoing success of these new schemes. It also shows cases of the good collaboration that must exist between Member States in order to have a system that is fit for purposes. Taking into account a future extension of these schemes within the framework of the VAT in the Digital Age (ViDA) package, a revamp of this collaboration is currently undertaken in order to further streamline and enhance the processes.

Effectiveness of providing information to taxable persons

Council Regulation (EU) Nr 904/2010 also foresees the obligation to provide VAT number verification to taxable persons. Taxable persons are required to verify that the VAT number

(47) Annual statistics provided by Member States as listed in footnote nr 33

(48) Annual statistics provided by Member States as listed in footnote nr 33

of their customer in another Member State is valid before supplying goods or services. To allow taxable persons to fulfil this obligation, the Commission provides them access to VIES through ‘VIES on-the-web’. The annual number of requests from taxpayers for validating VAT numbers has grown from approximately 2.8 billion in 2018 to approximately 6.3 billion in 2022. VIES on-the-web is becoming an essential tool for taxpayers as its fully automated interface allows to minimise administrative burden.

Effectiveness of cooperation with other authorities

Council Regulation (EU) Nr 904/2010 foresees several instances where other authorities can access information exchanged based on that legal base. For example, customs authorities have access to VIES and IOSS electronic systems to allow them to effectively control importations that require access to VAT or IOSS registration numbers. These exchanges are happening mostly at the national level between tax and customs authorities through national electronic systems. The Commission does not collect statistics on how this possibility is used. Since 2018, as part of the multidisciplinary approach to fight VAT fraud, OLAF and Europol are entitled to exchange information with Eurofisc. However, while some “testing” exchanges occurred in the first year, **in 2023, there was no such exchange**. This suggests that this means of cooperation is not effectively used.

Consultation of stakeholders about the effectiveness of VAT administrative cooperation

One of the key strengths of the Council Regulation (EU) Nr 904/2010 is the flexibility in using the tools. Member States can choose the different tools and the most convenient depending on the stage of the investigation process. This interaction between tools is highly appreciated by Member States and increases their usefulness and, as a result, their relevance.

To further assess the extent of success of the Regulation, the users of these means of cooperation, tax administrations and customs authorities of Member States, were asked targeted questions. Almost all Member States that replied to the targeted consultation (24 out of 25 Member States) consider that Council Regulation (EU) Nr 904/2010 has contributed to a very large extent (18 Member States) or to a large extent (6 Member States) to **improving the cooperation between authorities**. Member States feedback confirmed that the Council Regulation (EU) Nr 904/2010 strengthens cooperation through electronic systems (e.g. through VIES, TNA, and other IT tools) but also in-person cooperation (e.g. through the presence of officials or activities funded by Fiscalis like presence or simultaneous controls).

Tax administrations also consider that the cooperation tools provided by Council Regulation (EU) Nr 904/2010 have contributed considerably to the **fight against VAT fraud**. Almost all survey respondents (24 of 25) find that the Council Regulation (EU) Nr 904/2010 contributes to a large or very large extent to the fight against VAT fraud. However, only 10 of them consider the Council Regulation (EU) Nr 904/2010 contributed to fighting VAT fraud to a very large extent. This is probably due to the multiple factors influencing the VAT fraud phenomenon such as national reporting obligations, capacity of

tax administrations to tackle fraud, the amount of cross-border transactions, etc. Nevertheless, Member States made it clear that without the Council Regulation (EU) Nr 904/2010 there would be fewer ways of tackling cross-border VAT fraud as they would be missing necessary information on cross-border transactions to make even a basic risk analysis.

Although interviewed stakeholders could not determine quantitatively the extent to which Council Regulation (EU) Nr 904/2010 **contributes to fiscal consolidation** by ensuring that taxes are collected within the EU, 16 respondents find that the Council Regulation (EU) Nr 904/2010 contributes to this objective to a large (12) or very large extent (4).

VAT cooperation between Member States not only contributes to fighting VAT fraud but also to **facilitating the fulfilment of VAT taxpayers' obligations**⁽⁴⁹⁾ One of the main tools focused on this objective is 'VIES on-the-web', which allows taxable persons to verify the validity of the VAT number of the customer in another Member State which is one of the conditions to apply VAT exemption for intra-EU trade. VIES on-the-web centralises the access to the 27 national databases, simplifying compliance for taxable persons across the EU. Furthermore, the procedure for refund of VAT, to taxable persons not established in the MS of refund but in another MS, is greatly facilitated with the use the "VAT refund system". Finally, the *One-Stop-Shop for special schemes* is an essential simplification in fulfilling VAT compliance for economic operators' performing eCommerce transactions. Without One-Stop-Shop economic operators would need to register in every Member State they perform supplies to consumers as with the new rules for eCommerce VAT is due at the place of the consumer. With OSS all these compliance costs are minimised.

Extent to which the Council Regulation (EU) Nr 904/2010 has achieved its specific objectives

Overall, the evaluation confirmed that the tools established in the Council Regulation (EU) Nr 904/2010 contribute to achieving its specific objectives:

- (SO1): Better exploitation of the existing administrative cooperation instruments and information exchange.
- (SO2): Fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT.
- (SO3): To improve the multidisciplinary approach to fighting and preventing VAT-related fraud.

⁴⁹ External study made by Ecorys included also a survey to business associations focusing on the fulfilment of taxpayer's obligations. <https://taxation-customs.ec.europa.eu/system/files/2025-01/Final-report-VAT-fraud-evaluation-clean.pdf>

SO1: Better exploitation of the existing administrative cooperation instruments and information exchange.

According to Member States, Eurofisc, followed by VIES and the exchange of information on request, is the most effective tool in terms of enabling the exploitation of the existing administrative cooperation instruments and information exchange.

National authorities repeatedly point out that Eurofisc is a key hub within the ecosystem of VAT administrative cooperation. It is a crossroads where Member States come together and improve cooperation in the fight against VAT fraud. Before the entry into force of Council Regulation (EU) Nr 904/2010, Member States were investigating fraud only based on national risk analysis. With Eurofisc, they are now able to run joint risk analysis based on information shared at EU level. The annual statistics published by Eurofisc show the effectiveness of the system (EUR 14.6 billions of identified fraudulent transactions in 2023). VIES and standard forms (eFCA) are also perceived as highly effective tools. In fact, VIES allows direct access to VAT information stored in other national databases, necessary to run VAT investigations and analysis. On the other hand, the eFCA makes the exchange of information easier and effective: they are translated in all the EU languages, they have standard box, and they allow encryption of the information (safety of information exchanged). The crucial role of exchange of information (EoI) was also highlighted by the Member States, in particular, information exchanged on request, that is key as evidence to prove the VAT assessment. Finally, simultaneous controls are also considered effective since they allow several Member States to run a VAT control to the same taxpayer or to several taxpayers involved in the same chain of transactions. This would not be possible without the current VAT administrative cooperation legal framework.

On the other hand, the less effective tool is the cooperation mechanism with OLAF stipulated in Article 49 of the Council Regulation (EU) Nr 904/2010. Most of the Member States do not know the extent to which this tool contributes to the specific objective because they do not use it. According to the feedback received there is a lack of understanding of what OLAF can provide to Member States in the fight against VAT fraud.

Finally, it should be mentioned that VIES on-the-web, VAT refunds and the Chapter XI schemes (OSS) are mostly tools aiming at simplifying compliance for taxpayers exchanging between authorities only a minimum amount of information. Therefore, the way the effectiveness is perceived by the authorities is slightly different.

SO2: Fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT

Eurofisc is again seen as the most effective tool to achieve rapid and effective identification and dismantling of fraudulent networks, followed again by VIES ⁽⁵⁰⁾ (9 million of VAT number identifications per day), in line with the high use of these tools by Member States.

(50) VIES is a network of interconnected national databases. The Commission does not track the number of times this system was used by Member States except for the validations of VAT numbers that is

Exchanges of information are not seen as effective as for contributing to the previous specific objective. While exchange of information is important to collect the evidence for the VAT assessment, the repression of fraudulent networks highly depends on the timely delivery of information, leading to investigation of fraud. Simultaneous controls are seen as particularly effective in rapidly investigating and dismantling fraudulent networks (because the information is shared directly between the Member States involved during the simultaneous controls). On the other hand, Member States do not see effective outcomes in fighting fraud based on the cooperation mechanism with OLAF. In fact, the cooperation mechanism between Eurofisc and OLAF as laid down in Council Regulation (EU) Nr 904/2010 is not based on “sharing available information in automated way”. Eurofisc and OLAF cooperation is built on exchange of information in specific cases, thus slowing down the whole investigation process. Furthermore, Member States perceive OLAF’s role in fighting VAT fraud more oriented toward customs investigations. and only 10 Member States considered that cooperation between national tax administrations and national customs authorities contributes at a large or very large extent to fight VAT fraud.

Eurofisc is showing concrete results in terms of fighting VAT fraud (see above the annual report) as an early warning system. Member States take immediate actions based on the Eurofisc risk analysis. This shows how important the trend is of administrative cooperation tools moving from the traditional exchange of information toward information sharing. As such, the “traditional” tools, such as exchange of information on request, or automatic exchange, are considered less effective in terms of rapid identification of fraudulent transactions. However, the EU framework for administrative cooperation as a whole remains effective as the same information is obtained, but through a new cooperation tool that is judged by the tax administration as the best one for the given purpose. The flexibility embedded in the Regulation is thus considered a key strength, allowing Member States to fine-tune their responses to cross-border VAT fraud patterns.

SO3: To improve the multidisciplinary approach to fighting and preventing VAT-related fraud.

The third specific object aims to improve the multidisciplinary approach to fighting and preventing VAT fraud by strengthening administrative cooperation between Member States and other relevant EU bodies.

Considering a tool as effective when it has been rated contributing to an objective to a large or very large extent, Eurofisc is again seen as the most effective tool followed again by VIES. On the other hand, the results show again that only a small number of Member States consider that cooperation with OLAF, Europol and with national customs authorities contributes to this objective. This should be interpreted in the sense that Member States use multidisciplinary approach also at national level and information from Eurofisc and VIES can be easily shared this way. The multidisciplinary tools foreseen in EU framework for VAT administrative cooperation are not seen as effective by Member States.

done through a website provided by the Commission. ViDA introduced the Central VIES that will be hosted by the Commission and very detailed statistics on its use will be available.

This should be nuanced in comparison with the targeted consultations of OLAF, Europol and the EPPO. Indeed, OLAF, Europol and the EPPO answered the targeted consultation complaining about the lack or limited cooperation with Eurofisc as it could be mutually beneficial. There is no clear legal framework concerning Eurofisc cooperation with OLAF and Europol, there is no mention of cooperation with the EPPO, and should be improved concerning the customs authorities. These problems concerning legal basis are particularly relevant as tax competences belong primarily to the Member States and are highly politically sensitive while Eurofisc has neither legal personality nor hierarchical structure.

The need for multidisciplinary cooperation was recognised by the European Council that in 2018 amended the Council Regulation (EU) Nr 904/2010 to provide the possibility of Eurofisc to request relevant information to Europol and OLAF. Unfortunately, the amendment did not include the EPPO which started its operations in 2021. The amendment only set cooperation with OLAF and Europol on Eurofisc working fields coordinator's initiative.

However, Eurofisc data shows that Member States have very little used this kind of cooperation tool. Even though Member States have not indicated specific reasons and did not disclose information on domestic anti-fraud strategies, the limited cooperation between Eurofisc and OLAF, Europol and customs might depend on the fact that already at national level, most of the tax administrations might need to improve cooperation with the customs counterpart and other enforcement bodies. Some Member State might not have procedures in place to frame this kind of cooperation with other enforcement bodies at national level. As such, even though there is an EU legal basis in Council Regulation (EU) Nr 904/2010, in practice such a cooperation with OLAF and Europol might need to be better streamlined.

The Eurofisc annual report of 2022 shows that during this year there was only one cooperation case between Eurofisc and Europol, in 2023 there was none. Finally, as regards EPPO, cooperation with Eurofisc could not be assessed within the framework of the current evaluation, since Council Regulation (EU) Nr 904/2010 does not provide an explicit legal ground for such a direct cooperation.

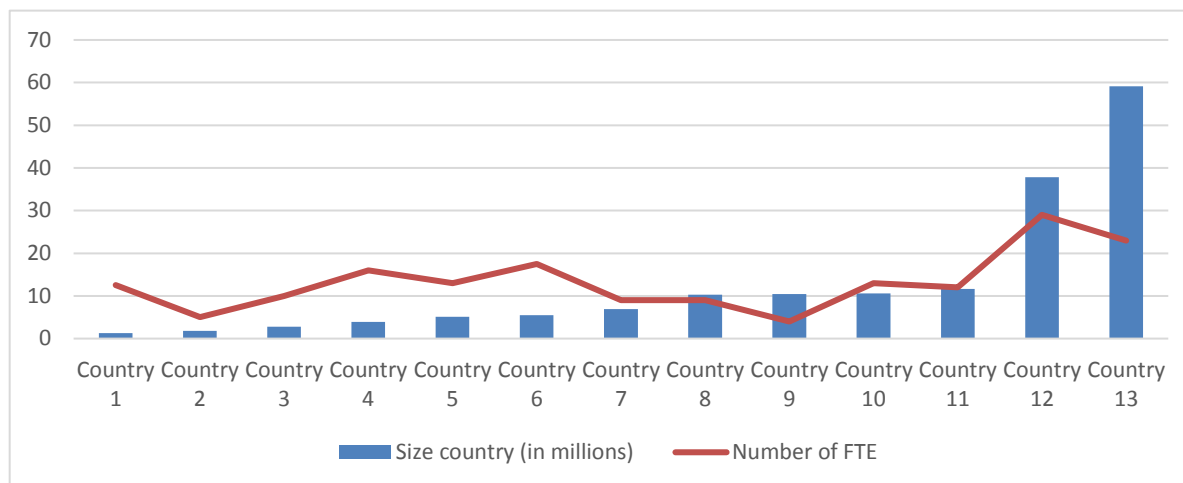
Based on these stakeholders' opinions and the statistics at hand, it can be considered that the EU framework for VAT administrative cooperation failed regarding the 3rd specific objective: to improve the multidisciplinary approach to fighting and preventing VAT-related fraud. Member States tend to use national channels to share information with customs, OLAF, Europol and the EPPO. While this is understandable for the cooperation with customs as they rely on national procedures, for the EU bodies such as the EPPO, Council Regulation (EU) Nr 904/2010 should be their mean to access VAT data at EU level.

Efficiency

The cost-benefit assessment is mainly focused on public administrations since the provisions of the Council Regulation (EU) Nr 904/2010 are mostly meant for Member States being the main actor as regards administrative cooperation. These costs are mainly for human resources and for IT investments and maintenance,

When asked about the human resources allocated to VAT administrative cooperation, Member States were able to provide insights and an estimate on the number of full-time equivalents (FTE) allocated to these tasks.

Figure 13: Human resources allocated to tackling cross-border VAT fraud compared to the population size of a country⁽⁵¹⁾



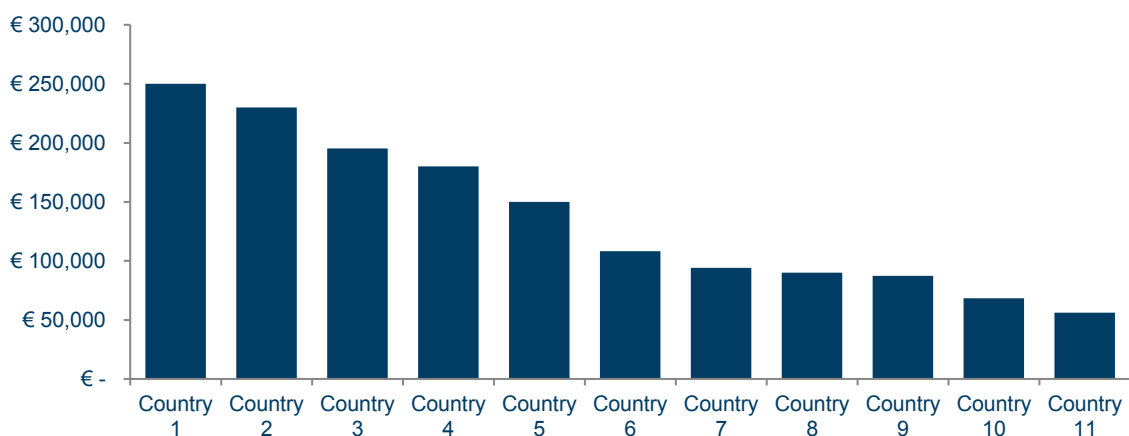
Feedback from Member States suggests that it is very difficult to delimit accurately the real number of human resources allocated to administrative cooperation in the field of VAT fraud. It was emphasised that VAT responsibilities are spread around the public administration, within tax authorities and customs, and within different departments or governmental levels, making it hard to estimate how many human resources are dedicated to the specific tasks. Moreover, within tax authorities, workers from different departments may be partially involved in relation to a specific case: anti-fraud; international cooperation; operational management; audit and compliance; strategy and management. Additionally, Member States pointed out that usually staff is not exclusively allocated to VAT. For example, staff might be dedicated to dealing with exchange of information on tax generally, including VAT. The same situation could happen with those specialised in auditing.

The same applies to IT systems. Member States repeatedly emphasised that estimating the cost per tool is difficult. In fact, the tools under the Council Regulation (EU) Nr 904/2010 often support national actions and are not accounted for separately. An exception is the VIES system for which 11 Member States (44% of the total) were able to provide an estimate that, however, ranges from EUR 50 000 to EUR 100 000 and even up to EUR 250 000 for the set-up investment costs. One Member State noted that through an external contractor on a yearly basis, an estimated EUR 10 000 is spent on maintaining the application. This cost is expected to increase in the upcoming years, due to inflation and higher costs from external providers, and does not include costs to run the platform or

(51) Study supporting the evaluation of administrative cooperation and combating fraud in the field of value-added tax.

make any additional developments to it. Although there is some quantification of the costs to maintain national VIES it could not be provided by most of the Member States.

Figure 14: Q2 on the quantification of annual costs to maintain national VIES application ⁽⁵²⁾



When looking at benefits from the Council Regulation (EU) Nr 904/2010, Member States mostly point to the economic impact of fighting VAT fraud. For example, Eurofisc achievements in 2023⁽⁵³⁾ shows that cooperation within the network resulted in the identification of 5.171 fraudsters, including 3.492 missing trader fraud cases, and a total of EUR 14.7 billion in fraudulent or suspicious transactions uncovered. However, quantitative benefits are mostly difficult to measure. Member States authorities were asked whether they monitored the quantitative effect of the fight against VAT fraud and only eight (32%) confirmed that they collected some information. In addition, the way in which information is collected, monitored, and assessed differs from one Member State to another. Therefore, the VAT Gap study published on a yearly basis by the Commission remains the sole approximation of the VAT fraud in the EU with all its limitations described previously.

When Member States are asked about the extent to which the benefits of the tools under the Council Regulation (EU) Nr 904/2010 outweigh the costs, most replied positively. They agree that costs associated with participating in administrative cooperation are proportionate to the benefits⁽⁵⁴⁾. At the same time, Member States have not been able to provide quantitative data and monetary estimations precisely detailing the costs incurred by their participation in administrative cooperation and the balance with the benefits achieved. It should be noted that one-quarter of responses indicated that Member States find it difficult to judge whether benefits outweigh the costs.

During stakeholders' consultation, taxpayers were consulted on the assessment of cost and benefit of EU framework. Taxpayers perceive they face some costs derived from VAT

(52) Study supporting the evaluation of administrative cooperation and combating fraud in the field of value-added tax.

(53) VAT and Administrative Cooperation (europa.eu)

(54) Contractor's study data analysis: aggregate of all individual responses for the tools shows 33%/155 to a large extent and 28%/132 to a very large extent.

legislation. However, it should be taken into account that Council Regulation (EU) Nr 904/2010 does not create any reporting obligation for economic operators. The costs perceived by taxpayers are indirectly linked to the exchange of information between tax authorities. For instance, national authorities may perform administrative enquires or ask for additional information to taxpayers when the tax authorities themselves do not have the requested information in their own databases. It should also be noted that taxpayers are positively impacted by the fight against VAT fraud. Considering only Eurofisc that managed to stop fraud for an amount of around EUR 14.7 billion, this is the corresponding turnover that legitimate businesses had lost due to fraud. Hence, anti-fraud activities have a positive re-distribution impact on commercial turnover for legitimate businesses in the internal market. In addition, thanks to VIES on the web, taxpayers can check all VAT numbers from other Member States free of charge.

While it is true that VIES on-the-web require companies to use a specific communication standard to automate the verification of VAT numbers, this standard is well known on the market and the Commission provides all the technical specifications. Therefore, it is safe to assume that the costs for using VIES on-the-web are minimal.

Coherence

This section assesses the coherence of the Council Regulation (EU) Nr 904/2010 in its internal and external dimensions. Checking internal coherence means looking at how the different tools within the Council Regulation (EU) Nr 904/2010 work together. External coherence looks instead at the consistency between the Council Regulation (EU) Nr 904/2010 and other EU policies, priorities, and interventions. The key finding is that the intervention presents no major problems as far as its coherence, internal and external, is concerned.

Internal coherence: The extent to which the different tools of the Council Regulation (EU) Nr 904/2010 are consistent among each other.

To assess internal coherence, the focus is put on the different tools provided by the Council Regulation (EU) Nr 904/2010, the way they interact and how Member States perceived this interaction.

First of all, it should be remarked that although the cooperation tools under the Council Regulation (EU) Nr 904/2010 share similar characteristics, not all of them have the same purpose of combating fraud. In fact, as specified in the above section 4.1., some of them, such as VIES on the web, the VAT refund system, and the One-Stop-Shop for special schemes, address the objectives of ensuring tax collection and facilitating tax compliance for taxpayers. In contrast, all the other tools involving exchange or share of information have the purpose of fostering cooperation. Additionally, one specific tool could have various objectives (for instance the VAT refund scheme facilitates taxpayers refund claims, but it is also used to control the legitimacy of the VAT claim thus helping with fighting fraud).

Furthermore, the different tools are also complementary to each other. For instance, Member States can start an investigation starting from VIES data in the framework of the

Eurofisc network. This can lead to simultaneous controls, or joint audits in order to collect evidence, or further exchange of information through the e-forms. Therefore, the different cooperation tools might be seen as a toolbox where some may be more suitable than others depending on the stage of the investigation. This characteristic is highly appreciated by Member States. For instance, the ease and timeliness of exchange of information through Eurofisc led to a decline of the exchanges of information under Article 7. Consulted Member States do not view this negatively, as they can use requests for information after having explored with other Member States through Eurofisc. Eurofisc is generally used as a first step for exchange of information and improves the quality of bilateral exchange of information on request through eFCA. This highlights the complementarity of Eurofisc with other cooperation tools.

In particular, regarding fighting against VAT fraud Member States consider to a large or very large extent Eurofisc, VIES and exchange of information on request as tools that complement each other. Requests for administrative notification appears to be the tool that interacts least well with the other cooperation mechanisms when it comes to fighting VAT fraud. This result must not be interpreted as a lack of coherence between requests for administrative notification and the other tools since the question posed to Member States was only to focus on the consistency to fight against fraud. Still, a request for administrative notification is a tool aimed at helping administrative cooperation between tax administration and facilitating communication with taxpayers rather than fighting tax fraud. As regards cooperation with OLAF, once again most of the surveyed Member States do not know how well it works together with other tools. This inability to assess is in line with the answers provided by Member States when assessing efficiency and relevance.

Hence, in general, Member States do not consider that the different administrative cooperation tools are overlapping, but – as mentioned above – they see them as part of a toolbox. The choice on using different means of cooperation is left to the appreciation of tax experts depending on their needs.

Still, one tax administration noted that, within Eurofisc, there could be some overlapping between simultaneous controls and follow-up actions⁵⁵. For instance, a follow-up action in Eurofisc could also end up in simultaneous controls showing that the two tools have different purposes and can be combined. It should be noted that follow-up actions have been only introduced in 2018 by Council Regulation (EU) 2018/1541. As such, Member States are still learning, also considering the impact on the Covid 19 pandemic that slowed down the applications of those tools until 2021.

External coherence: The extent to which the Council Regulation (EU) Nr 904/2010 is coherent with EU policies and other EU legal acts with similar objectives.

External coherence is checked from two perspectives: first, by the assessment of the consistency with EU policies; second, by looking at coherence between the Council

(55) Follow up actions under Eurofisc is any administrative actions taken after fraud as detected. Previously, Member States took actions at national level independently from Eurofisc. With follow up actions, these activities are coordinated and feed Eurofisc with new information.

Regulation (EU) Nr 904/2010 and other EU interventions, mainly within the same policy field of administrative cooperation in direct taxation and for the recovery of taxes, but also with interventions in other policy areas.

Coherence with EU framework of administrative cooperation between Member States

When it comes to other EU interventions it should be noted that administrative cooperation in the field of VAT is part of a more global administrative cooperation framework between Member States for taxation matters. The other legal instruments that constitute the global EU framework of administrative cooperation are:

- Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation (DAC), and its subsequent amendments.
- Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures.
- Council Regulation (EU) No 389/2012 of 2 May 2012 on administrative cooperation in the field of excise duties.

The assessment of the external coherence of the Council Regulation (EU) Nr 904/2010 mainly focuses on Directive 2011/16/EU on administrative cooperation in the field of taxation, which covers all taxes except for VAT, customs and excise duties, although in the recapitulative table below there is a summarised comparison of all three legal acts concerned. Despite some differences, the Council Regulation (EU) Nr 904/2010 is overall coherent with Directive 2011/16/EU. The two legal acts share the same objectives (smooth functioning of the internal market, protection of tax revenues and fight against tax fraud, contribution to the fairness of the tax system), the institutional framework (in some Member States the central liaison office is responsible for administrative cooperation in both direct taxation and VAT) and the information communication system (CCN network). The tools at the disposal of national tax authorities by the two legal acts are also similar (exchange on request, without prior request, automatic exchange, etc.). However, differences between both legal texts can be found. Directive 2011/16/EU provides for an automatic exchange of information on various fields to tackle tax evasion and aggressive tax planning (e.g., different categories of income and assets, financial accounts, rulings, country-to-country reports of multinational enterprises, cross-border arrangements, income derived from platform operators). Secondly, Directive 2011/16/EU does not establish a mechanism similar to the Eurofisc network. Moreover, administrative enquiries carried out jointly in the field of VAT are in some cases mandatory (in other words, Member States must take part in them); this is not the case for presences abroad or simultaneous controls under the Directive. Differences in the wording of both legal texts regarding cross-border audits result in differences on what tax experts can do in the frame of these audits depending on which tax is being audited. Other differences concern the choice of the legal instrument (Regulation vs. Directive). These differences stem from the fact that VAT is a harmonized tax at EU level, whereas direct taxation has been subject to little harmonisation at EU level. Nevertheless, the information exchanged under the EU

framework for VAT administrative cooperation can be used for the assessment of other taxes⁵⁶ which recognises the possibility for synergies.

To conclude, the two acts are coherent overall, and only a limited number of problems emerge in their daily operation (differences in cross-border audits, differences in the deadline for exchanges on request, forwarding information to another MS) where the coherence should be improved.

According to the assessment by Member States, the Council Regulation (EU) Nr 904/2010 is aligned with Directive 2011/16/EU and does not overlap with other EU Regulations in the field of the fight against fraud and information exchange.

The Council Regulation (EU) Nr 904/2010 is overall coherent with the Recovery Directive 2010/24, despite the different choice of the legal instrument (Regulation vs Directive) and some differences in scope. While the Council Regulation (EU) Nr 904/2010 is focused on the administrative cooperation in the field of VAT, the Recovery Directive applies also to a) other taxes than VAT; b) duties; c) certain funds granted in the context of the EU agricultural policies; d) penalties, fees, interests, and other costs relating to the claims for which mutual assistance is requested. However, both legal acts are based on a similar approach: they share the same objectives (preservation of Member States' revenues; proper functioning of the Single Market; fairness of the tax systems); both interventions rely on a number of similar tools such as the possibility to submit requests for information and carry out presences abroad, and to require assistance in notification of documents; and both of them rely on the same IT resources (eFCA and CCN). Additionally, in terms of the applicable institutional framework, both legal instruments provide for the establishment of a central liaison office. As a whole, there is no issue of coherence between the two interventions. The difference in the scope does not seem to be a cause of concern. To the contrary, synergies arise, since recovery and VAT administrative cooperation benefit each other, especially in the field of VAT recovery.

Council Regulation (EU) Nr 904/2010 is also coherent with Council Regulation (EU) No 389/2012 on administrative cooperation in the field of excise duties. The latter establishes conditions for cooperation between national authorities and the European Commission when applying excise duty legislation. Rules and procedures on cooperation and information exchange, electronically or otherwise, between national authorities are regulated. It sets up an electronic database containing registers with detailed information on economic operators and premises authorised as tax warehouses. Both legal frameworks (for VAT and excise duties cooperation) share the same objective of helping tax authorities collect and share the information necessary for the assessment and collection of taxes.

(56) Art 55(1) The information may also be used for the assessment of other levies, duties, and taxes covered by Article 2 of Council Directive on mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures.

Coherence with Interventions on the functioning of other investigative bodies/agencies - in particular the EPPO.

Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') stipulates that, as the independent EU public prosecutor's office, the EPPO is equipped with the power to investigate and prosecute criminal offences affecting the EU budget, such as corruption or fraud with EU funds, including cross-border VAT fraud. The EPPO is competent to investigate and prosecute VAT fraud if the offence is linked to the territory of two or more Member States and involves a total damage of at least EUR 10 million. Since the EPPO started operations in June 2021, it has become a strong and efficient body specialised in fighting financial crime across the EU.

Given that the EPPO became operational in June 2021, after the last amendment of Council Regulation (EU) Nr 904/2010, there is no provision on how the EPPO interacts, coordinates, and shares information with national public administrations to detect and fight VAT fraud at the EU level. There is no explicit legal basis either for interaction between the EPPO and Eurofisc, since the latter is only a network between national authorities to react quickly to fraudsters, not an institution, body, office, or agency of the Union. Therefore, for the moment, the only link with the EPPO is done through competent national authorities, despite the fact that the cooperation tools included in the Regulation to exchange information, assess risks, and carry out control actions could be useful not only to fighting VAT fraud from a financial perspective, but also to dismantling the fraudulent networks behind the VAT fraud schemes. As can be seen from the EPPO Annual Reports, the profitability of VAT fraud schemes attracts interest from serious organised crime networks, which use such schemes to enhance their profits, to launder and reinvest proceeds from other crimes (drugs, weapon trafficking, custom fraud, etc). Therefore, a direct cooperation between Eurofisc and the EPPO would strengthen EU's internal security, as well as the EPPO's operations and its direct access to VIES.

Both legal acts have in common the aim of preventing VAT revenue losses insofar as Council Regulation (EU) Nr 904/2010 is the legal basis for administrative cooperation in the field of VAT and the EPPO Regulation's objective is to enhance the fight against offences affecting the financial interests of the Union, among them cross-border VAT fraud, through criminal investigations and prosecution.

Regulation (EU, Euratom) No 883/2013 is governing the work of the European Anti-Fraud Office (OLAF) in fighting fraud, corruption and any illegal activity which could harm the EU's financial interests. It is only applicable to VAT when the Union's financial interests are harmed. While it does not set out Member States' cooperation, streamlines the rules for cooperation with the EPPO at EU level (which Council Regulation (EU) Nr 904/2010 does not provide for).

Finally, Directive (EU) 2019/1153⁽⁵⁷⁾, Council Regulation (EC) No 515/97⁽⁵⁸⁾ and Directive (EU) 2023/977⁽⁵⁹⁾ provide national authorities with the legal basis to cooperate and exchange information in the field respectively of anti-money laundering and terrorist financing, and customs fraud. The first regulate the cooperation between law enforcement, financial intelligence units and Europol, while the second the cooperation between customs authorities. It results from the above that there are different legal acts regulating cooperation between different authorities at national and EU level, all involved in fraud or criminal offences that are interconnected (VAT fraud, customs fraud, money laundering and terrorist financing). As such, tax and customs authorities, financial investigation units, Europol, OLAF, the EPPO, all have access to different information at different level (EU or national), they all share the same goal of fighting frauds which are interconnected, but a coherent cooperation framework pulling together resources is still missing to fight the most serious VAT threats to the internal market.

In the field of international cooperation, the EU has bilateral agreements with UK and NO for VAT administrative cooperation. Those agreements are replicating to large extent the cooperation rules applying to Member States. At the moment, there are no other bilateral agreements with the same scope. However, an anti-fraud agreement – applicable also to VAT – exists with Switzerland. Another tool that allows VAT cooperation at international level is the OECD convention on mutual administrative assistance in tax matters⁽⁶⁰⁾. The latter allow exchange of information in the field of indirect taxes, including VAT, but it relies on national ratification procedures

Finally, Council Regulation (EU) Nr 904/2010 is coherent with Regulation (EU) 2016/679⁽⁶¹⁾ on the protection of personal data. Tax authorities exchange the information necessary to assess VAT and combating fraud. The limitations to data subject rights are defined in the Council Regulation (EU) Nr 904/2010 as well as the scope of that limitations.

4.3. How did the EU intervention make a difference and to whom?

This section investigates whether and to what extent the Council Regulation (EU) Nr 904/2010 has produced an EU added value and for whom. It needs to be assessed whether the outcomes and the impacts achieved would have occurred also in case of no intervention at EU level.

As explained in Section 1, the peculiarity of the internal market with EU VAT harmonised rules implies that Member States where the VAT is due must collect information from the Member States where the supplier is established to assess the VAT on intra-Community

(57) OJ L 186, 11.7.2019, p. 122–137

(58) OJ L 82, 22.3.1997, p. 1–16

(59) OJ L 134, 22.5.2023, p. 1–24

(60) <https://www.oecd.org/en/topics/sub-issues/convention-on-mutual-administrative-assistance-in-tax-matters.html>

(61) OJ L 119, 4.5.2016, p. 1–88

transactions. If VAT administrative cooperation would not be organised at EU level, Member States would need bilateral or multilateral agreements to obtain this information. Moreover, all the IT developments would need to be shared between Member States requiring additional level of coordination that is provided by the Commission based on the Council Regulation (EU) Nr 904/2010.

In fact, Several Member States pointed out that national or regional (group of Member States in the same geographical area) would not solve the issue of VAT fraud. Indeed, most of the Member States reported that the Council Regulation (EU) Nr 904/2010 contributes to a large extent to delivering results that otherwise could not be achieved at the national level. There is a need to cooperate, and the Council Regulation (EU) Nr 904/2010 provides the right framework for this. However, one Member State noted that results achieved with the help of the Council Regulation (EU) Nr 904/2010 could also be achieved at the national level but at higher cost. Overall, Member States are convinced that the problems of the fight against cross-border VAT fraud are better solved through cooperation among Member States, as well as cooperating with OLAF and Europol.

Consequences of terminating or withdrawing the Council Regulation (EU) Nr 904/2010

The most likely consequence of terminating or withdrawing the Council Regulation (EU) Nr 904/2010 would be a lack of information within Member States about cross-border fraud. This would likely end up in a large decrease in tax revenue for Member States and higher costs for tax administrations to receive information on VAT and investigate cross-border VAT fraud. Furthermore, legitimate business would be exposed to more and more unloyal competition of VAT fraudsters (that obtain market shares thanks to more competitive prices thanks to VAT fraud). Member States administrations would need to find contact points in other Member States and agree on a case-by-case basis on how information is shared, which could be costly. It should be also mentioned that cost could rise not only for tax administrations but also for taxpayers – especially business conducting cross-border transactions – since in case of absence of cooperation tools and sharing information between Member States, they could be contacted by different tax authorities controlling potential VAT fraud with regard to the same transaction.

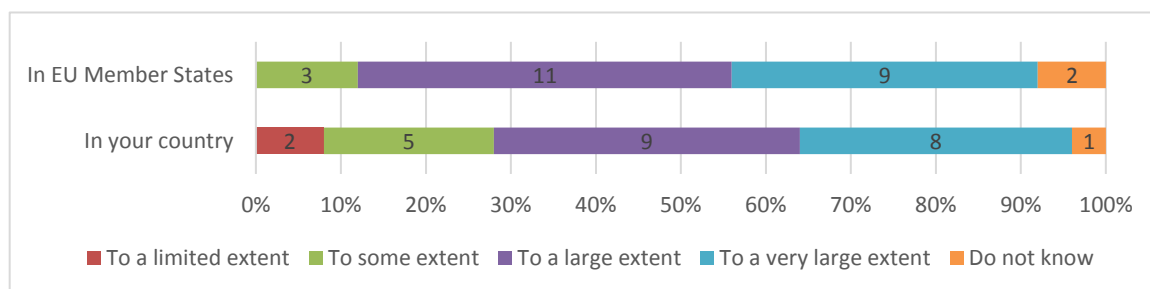
The evaluation shows that the Council Regulation (EU) Nr 904/2010 provides essential tools for cooperation, as well as networking and experience-sharing opportunities. It is likely that a voluntary network would be founded to replace activities in Eurofisc, given that the network is highly valued by Member States and establishes a clear contact among them. It is questionable if a voluntary network with the possible exclusion of some Member States while missing the legal obligations and tools provided in the Council Regulation (EU) Nr 904/2010 would be effective in fighting VAT fraud in the EU. When it comes to cross-border VAT fraud, a lack of information would give an additional advantage to criminals engaging in VAT fraud.

4.4 Is the intervention still relevant?

Extent to which the initial objectives are aligned with the current identified needs.

While the VAT gap continues to decline since 2014 when it was first calculated, Member States continue to perceive VAT fraud as a problem both at the national and EU level. The results of the survey showed that the majority of respondents consider VAT fraud as a problem in Member States to a large or very large extent. Given the cross-border aspect of some well-known VAT fraud schemes, the problem was perceived even larger at the EU level than at the national level.

Figure 15: Extent to which respondents consider VAT fraud a problem⁽⁶²⁾



With the introduction of the internal market, tax administrations lost partially the possibility to control all transactions performed on their territory. The controls at the borders were replaced by reporting by taxpayers located abroad. Therefore, cross-border transactions will be perceived as a weakness as long as there is no integrated solution for their control. The VAT in the Digital Age (ViDA) package will provide tax administrations with almost real-time and digital information on intra-Community transactions. This information will be shared in the central VIES. This will represent a qualitative leap for the Member States. However, the new measures introduced by ViDA as such can only produce the desired effect as long as Member States will use them to their full potential. This means that in order to exploit the real time information, Member States must be able to process it, by using the administrative cooperation tools at their disposal (central VIES, TNA, Eurofisc etc.).

After its creation in 2010, Eurofisc has been provided with new tools (TNA and CESOP) and sources of information (vehicle registrations, cross-border payments and, with digital reporting requirements that will enter into force in 2032, each intra-Community transaction on real-time). The vast majority of Member States agrees that those IT tools are key to deal with the massive volume of information required to effectively combat VAT fraud. However, as also indicated in section 1.1 under effectiveness, tax authorities consider that the enrichment of Eurofisc capabilities through the new sources of information would be the logical and most coherent step forward in enhancing Eurofisc functioning.

Surveyed tax authorities believe there are no parts of the Council Regulation (EU) Nr 904/2010 that are no longer relevant for the control of the intra-EU transactions and the

(62) Study supporting the evaluation of administrative cooperation and combating fraud in the field of value-added tax.

efficient collection of VAT. The majority of Member States stressed that the objectives of the Council Regulation (EU) Nr 904/2010 help to a large or very large extent control intra-EU transactions, collect VAT, and address VAT problems, at the EU and national levels well. According to the respondent Member States, the Council Regulation (EU) Nr 904/2010 helps to identify and address evolving types of VAT fraud. Nevertheless, Member States indicated that the Council Regulation (EU) Nr 904/2010 could also contribute to fighting other types of fraud, such as excise duties fraud or trade-based money laundering resulting from VAT fraud. This indicates that tax administrations perceive VAT fraud as a complex issue that requires a multi-disciplinary approach.

The use of VIES and VIES on-the-web is correlated with the number of cross-border transactions on the internal market. The use of Eurofisc has continued to grow significantly over the past years as it is the most direct, less bureaucratic, and flexible way for cooperation. The decrease in number of Exchange of Information can be explained by the preference to use Eurofisc channel that is less procedural. However, this kind of cooperation crucial for final confirmation of fraudulent behaviour to present in judicial proceedings. Means like feedback or VAT refunds are stable over the last years. This shows that even though statistics show clearly that Member States are using more the tools allowing sharing information, less used tools such as Exchange of information are still relevant for providing the evidence of fraud.

Within Eurofisc Member States have the possibility to create new working fields without the need to change the Council Regulation (EU) Nr 904/2010 or introduce new cooperation tools. This happened in 2020, because of the raise of eCommerce, Member States decided to establish a new working field dealing with e-commerce VAT fraud. However, creating a new Working Field is relatively rare as new VAT fraud trends are usually absorbed by already existing ones.

Also, electronic forms can be easily changed depending on Member States needs, without the need to change the legal basis (as long as no substantial amendments are involved) as the Council Regulation (EU) Nr 904/2010 provides the Commission with implementing powers for that purpose.

5. WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED?

In conclusion, this evaluation shows that Council Regulation (EU) Nr 904/2010 has been effective in reaching its general and specific objectives except for improving the multi-disciplinary approach in the fight against VAT fraud. It provides a flexible framework of complementary cooperation tools that allows Member States to jointly prevent and detect cross-border VAT fraud. As regards efficiency, the stakeholder consultations with Member States have shown that tax authorities increasingly resort to electronic systems that replace human exchanges given the sheer number of cross-border transactions. As concerns the EU added value of the Regulation, central electronic systems provided for in the Council Regulation (EU) Nr 904/2010 replace systems that would otherwise need to be developed in each Member State separately sharing more efficiently the financial burden. Overall, the

Council Regulation (EU) Nr 904/2010 remains relevant and appears coherent with other interventions.

Member States' opinion is overall positive on the legal and practical framework implemented with Council Regulation (EU) Nr 904/2010. The vast majority of them consider that it has contributed to improve the administrative cooperation between Member States. Nevertheless, the needs of Member States continue to change and new trends in VAT fraud appear. The Council Regulation (EU) Nr 904/2010 succeeded to create an effective and efficient platform for cooperation, but this success can be further exploited so as to remain relevant for these evolving needs. This is particularly pertinent for the multidisciplinary approach.

Below are specific conclusions for each criterion under assessment derived from the evaluation.

Regarding **effectiveness**, there is evidence that the Council Regulation (EU) Nr 904/2010 has been effective in achieving almost all its general and specific objectives. When it comes to the specific objective about of improving the multidisciplinary approach to fighting and preventing VAT fraud through, it seems that the Regulation has failed, or the objective have been achieved to a lesser degree. Stakeholders find it difficult to identify and attribute specific tools to this objective or find that a multi-disciplinary procedure already exists at national level. However, Council Regulation (EU) Nr 904/2010 is an EU framework, and it should improve the fight against VAT fraud using multi-disciplinary approach at EU level. Therefore, the Regulation has failed in this regard as the links with EU bodies such as the EPPO, Europol and OLAF are not effectively used.

It could be also concluded that, amongst the instrument provided by the Council Regulation (EU) Nr 904/2010, the most effective tool that allows reach its aims is Eurofisc, especially when using automated tools like TNA for data analysis. This combination has already proven very effective to identify VAT fraud at EU level and has an important growth potential as not all data are yet included in the automated data analysis. Hence, it seems reasonable to concentrate resources and efforts on the enhancement of Eurofisc capability to tackle cross-border VAT fraud. Focus should be made on exploring new sources of information at the disposal of the automated tools to better identify the real perpetrators and follow the money derived from the illegal benefits, and on the active engagement of all national tax administrations in making such tools work.

Regarding **efficiency**, the Member States expressed a high level of satisfaction about the efficiency of the administrative cooperation instruments. The burden of complying with the Council Regulation (EU) Nr 904/2010 mostly lies with the tax authorities to implement cooperation mechanisms and coordinating their activities. The Council Regulation (EU) Nr 904/2010 does not create any cost for taxpayers or citizens, on the contrary, it aims at simplifying access to information and reducing compliance costs.

For the cost-benefit analysis not many Member States could provide accurate estimation of these costs, but the few estimations provided did not exceed EUR 250.000 per year for a system like VIES that is used 9 million times by taxpayers every day for their invoicing.

Without such a system, taxpayers would face increased compliance costs and face financial risk when supplying on the Internal Market. Moreover, Council Regulation (EU) Nr 904/2010 provides economies of scale for most of its cooperation means. Central electronic systems such as TNA or CESOP are developed by the Commission using Fiscalis programme avoiding the need to develop similar systems in all 27 Member States. TNA allowed to identify EUR 14.6 billion of suspicious transactions in 2023 saving billions of euros of VAT revenues. For other systems the Commission ensures that systems developed at national level are interoperable saving costs for all Member States. In this respect, the benefits outweigh significantly the costs.

Nevertheless, the evaluation also points out that there are overlaps between the cooperation tools. Some reporting obligations could be lifted to alleviate administrative burden for tax administrations and taxpayers as the information is no longer relevant or available somewhere else such as the standard form for feedback or the reporting by Payment Service Providers to CESOP from multiple countries.

Finally, the **Fiscalis**⁶³ program is seen as an effective support in combatting VAT fraud. Indeed, Member States confirm that the programme helps to enhance the cooperation in general.

On the **coherence** of Council Regulation (EU) Nr 904/2010 no issues of coherence have emerged from the assessment. As regards internal coherence it seems that there is no doubt about the consistency of the provisions within the Council Regulation (EU) Nr 904/2010 and the interaction of the different cooperation tools, given that it has been subject to repeated and frequent amendments. Member States appreciate the variety of tools, and the majority do not report any overlaps between them.

When it comes to **external coherence** there is no overlap between the Council Regulation (EU) Nr 904/2010, and other EU legislation as related directives and legislations are complementary. Indeed, improving administrative cooperation in the field of VAT is fully coherent with other EU policies in the field of VAT. However, the lack of legal provision within the Council Regulation (EU) Nr 904/2010 to ensure real and effective VAT cooperation at EU level between tax authorities participating in Eurofisc and other investigative bodies/agencies such as the EPPO, OLAF and Europol could be perceived as an inconsistency. While the need for cooperation between all these authorities is widely recognised, the exchanges are inexistent in practice or do not have an explicit legal base. In particular, the missing link to the EPPO and lack of use of OLAF, as well as impracticalities related to Europol collaboration, lead to legal uncertainty regarding the cooperation between Member States and these bodies on VAT issues.

Moreover, it is crucial to keep and in some limited parts to improve, the external coherence of the Council Regulation (EU) Nr 904/2010 with the Council Directive 2011/16/EU on

(63) The Commission is conducting a separate evaluation of the Fiscalis program. The final report should be available in 2025.

administrative cooperation in the field of taxation. These two EU frameworks are closely interlinked and serve very similar general objective.

For the **EU added value**, without the EU framework for VAT administrative cooperation, Member States would need to rely on bilateral or multilateral agreements as cross-border transactions would still require joint control by tax administrations. Absence of an EU framework would mean additional costs to build national electronic systems and make them interoperable with other countries. Currently, the Commission plays the coordination role ensuring interoperability of all systems and that all Member States have access to the same categories of data on cross-border transactions. The Commission also provides a secured network that ensures the security of the information. Bilateral or multilateral approaches could not provide such a uniform level of security.

Moreover, the fight against VAT fraud on cross-border transactions requires a close cooperation of all Member States to have a lasting impact. National or even regional approaches would not be effective. Fraudsters would exploit the weakness of such a network by positioning themselves in the country that cooperates the least.

Finally, the costs of conducting business in the EU would also increase if the EU framework would not exist. It is an advantage for taxpayers to be able to check the validity of all the EU VAT numbers through one website than having to build 27 interfaces with national databases.

The EU framework for VAT administrative cooperation remains **relevant** as the rules governing cross-border transactions remain unchanged and fraudsters continue to exploit the weakness of these rules. The MTIC gap study mentioned in the introduction estimates that fraudsters continue to exploit the transitional VAT system for cross-border transactions and deprive Member States from significant amounts of revenues. The VAT gap continues to decline showing that national VAT fraud is decreasing. However, Member States continue to perceive more threat from cross-border VAT fraud schemes. Eurofisc remains the most effective administrative mean to tackle this kind of fraud, making the EU framework more relevant.

1) Lead DG, Decide Planning/CWP references

Lead DG: DG TAXUD

Decide Planning reference: PLAN/2021/12439

Unit responsible for draft: DG TAXUD Unit Tax Administration and Fight against Tax Fraud

2) Organisation and timing

Creation of Decide entry: PLAN/2021/12439

Public consultation: No

ISG meetings (from the most recent):

- 21 March 2025
- 26 January 2025
- 8 November 2024

3) Exceptions to the better regulation guidelines

Not applicable.

4) Consultation of the RSB

Not applicable.

5) Evidence, sources and quality.

- Most of the evidence used in this document comes from the Member States tax authorities, the administrative bodies responsible for putting into practice the Regulation. Data and information received from the Member States are assumed as valid and reliable to the best of the Member States' knowledge. Other stakeholders have also been consulted such as Eurofisc, OLAF, Europol and EPPO.

ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

This evaluation is based on the external study performed by an external consultancy⁶⁴. The external study consisted of three phases, namely:

- (1) An inception phase during which the methodology was finetuned, data collection activities started, and stakeholder consultations were prepared.
- (2) During the fieldwork phase, various data collection activities were conducted (i.e. desk research, interviews, surveys), and initial findings from these activities were drawn up.
- (3) In the final analysis, drafting and reporting phase, conclusions were drawn and written in the final report.

The study started with an understanding of the objectives the Regulation aims to achieve. These are based on the following needs (problems):

- N1 The need for MSs to react quickly to VAT fraud.
- N2 The need for improved administrative cooperation.
- N3 The need for MSs to act in the most efficient manner before fraud is perpetrated.

These problems form the basis of the Regulation's general objectives (GO), namely:

- GO1 To ensure closer collaboration between tax authorities.
- GO2 To contribute to fighting VAT administrative fraud.
- GO3 To ensure that VAT taxes due are collected to feed national and EU budgets and contribute to fiscal consolidation.
- GO4 To facilitate the fulfilment of taxpayers' VAT obligations.

More specifically, the objectives are (SO):

- SO1 To utilise the existing administrative cooperation instruments in the field of fighting VAT related fraud more effectively and to improve EoI between MSs.
- SO2 To contribute to fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT.
- SO3 To improve the multidisciplinary approach to fighting and preventing VAT-related fraud through swifter and more coordinated reaction capacity.

These are operationalised through the following objectives (OO):

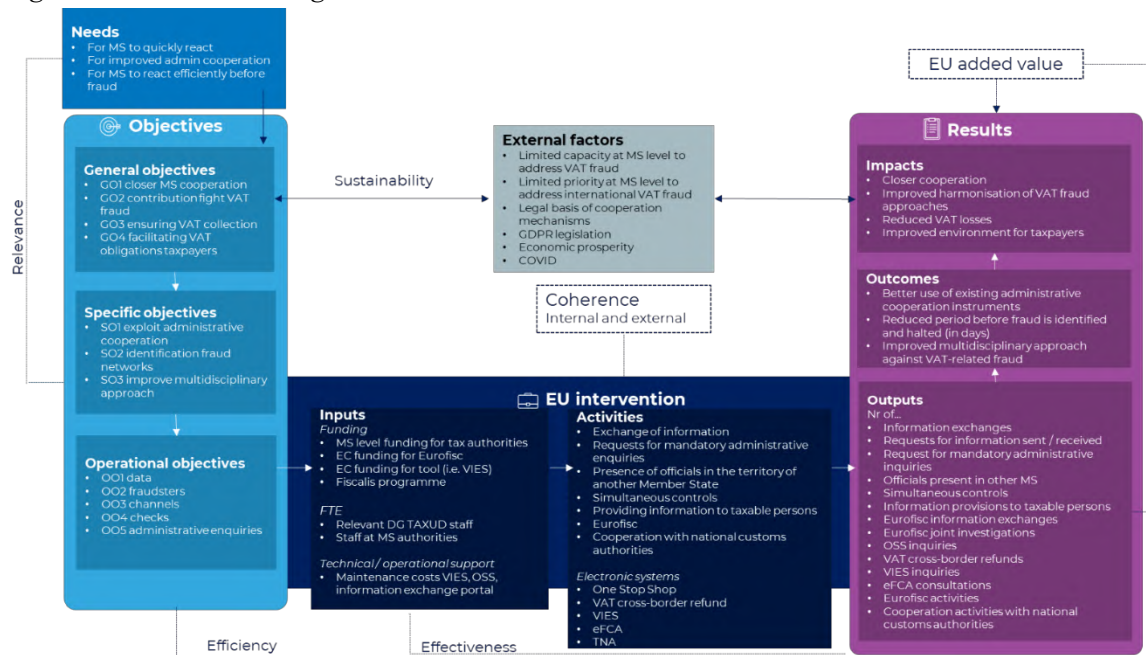
- OO1 To speed up information exchange and joint processing of data related to VAT by Eurofisc.
- OO2 To improve the identification and targeting of potential fraudsters.
- OO3 To provide for new/improved channels for access to and sharing of VAT-related information.
- OO4 To improve the effectiveness of checks and the sharing of VAT-related information in the context of imports.
- OO5 To facilitate joint VAT fraud administrative enquiries.

⁶⁴ <https://taxation-customs.ec.europa.eu/system/files/2025-01/Final-report-VAT-fraud-evaluation-clean.pdf>

In order to achieve these objectives, stakeholders deploy resources (input) which translate into activities (e.g. the different cooperation tools). This is the EU intervention which results in outputs, results, and impacts. Outputs are direct results. They are closely aligned with the intervention's operational objectives. Outcomes (or results) are intermediate to short-term changes that can be attributed to the Regulation. They can also be linked to specific objectives of the intervention. Impacts are the effects over a longer period of time and can be matched with the general objectives of the Regulation. They are, in general, also closest to the core needs which triggered the intervention.

The following figure presents an elaboration of the intervention logic underpinning the Regulation. The intervention logic is built around five core elements of the evaluation: effectiveness, efficiency, relevance, coherence, and EU-added value.

Figure 16: Intervention logic



On the basis of the intervention logic, this study answered a list of evaluation questions concerning the following criteria: effectiveness; efficiency; relevance; coherence; EU added value.

The evaluation criteria have been used to build an evaluation framework, which contains:

- evaluation questions;
- judgement criteria;
- indicators; data sources;
- data collection, and
- analysis methods.

The questions are organised per evaluation criterion. Each question is subsequently operationalised through the judgement criteria, which make the phenomenon for observation explicit. Measurement was done through indicators. Data sources, collection

and analysis methods point to the sources and means by which indicators have been measured. To increase the reliability of the information, methods have been triangulated.

The evaluation questions per evaluation criteria were as follows:

- To what extent have the cooperation tools contributed to general objectives? (effectiveness).
- To what extent have the cooperation tools contributed to specific objectives? (effectiveness).
- What are the costs and benefits for the different stakeholders concerned? (efficiency).
- Are these benefits achieved at a reasonable cost? (efficiency).
- To what extent did the financing provided under the Fiscalis programme limit the compliance costs for Member States and hence contribute to the achievement of the objectives? (efficiency).
- To what extent do the initial objectives still correspond to current needs/issues? (relevance).
- To what extent are there adaptation mechanisms in place to follow technological, scientific, social, and legal developments? In particular, regarding the developments in the juridical framework of bodies in charge of preventing and fighting fraud, such as for instance, EPPO and the anti-money laundering authorities? (relevance).
- To what extent are the different tools of the Regulation coherent among each other (internal)? (coherence).
- To what extent is the Regulation coherent with other EU legal acts with similar objectives (external)? (coherence).
- Is there additional value resulting from the Regulation compared to what could be achieved at the national level? (EU added value).
- To what extent do the issues addressed by the Regulation continue to require action at the EU level? (EU added value).
- What would be the most likely consequences of terminating or withdrawing the Regulation? (EU added value).

Data collection tools

In the implementation of this study, various quantitative and qualitative data collection tools and methods were used: desk research, stakeholder consultation (including interviews and targeted consultation through online surveys), and case studies.

ANNEX III. EVALUATION MATRIX AND, WHERE RELEVANT, DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)

Table 7: Elaborated evaluation matrix – Effectiveness

General question	Specific questions	Judgement criteria	Indicators	Data sources
EQ1: To what extent have the cooperation tools contributed to (general objectives)?	EQ1.1: To what extent have the cooperation tools contributed to (general objectives) the facilitation of fulfilment of VAT tax obligation by taxpayers	EQ1.1: Improved fiscal consolidation within the Union	EQ1.1: Share of stakeholders indicating the cooperation tools contributed to fiscal consolidation within the Union EQ1.1: Evolution of VAT Gap (2015 – 2019) EQ1.1: VAT Tax Revenues as % of GDP (2012-2020)	EQ1.1: Stakeholder consultation (interviews and survey) EQ1.1: Impact Assessment accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010 EQ1.1: DG TAXUD, VAT Gap in the EU (annual publication) EQ1.1: DG TAXUD Webpage
	EQ1.2: To what extent have the cooperation tools contributed to (general objectives) the fighting of VAT fraud?	EQ1.2: Strengthened fight against VAT fraud (in VAT fraud). EQ1.2: Decreased involvement of organised crime in VAT fraud. EQ1.2: Faster identification and dismantling of crime networks in VAT fraud.	EQ1.2: Estimated amount of VAT fraud detected (or prevented). EQ1.2 – 1.3: New modus operandi for committing VAT fraud and networks are identified. EQ1.2: Share of stakeholders indicating the cooperation tools contributed to the fight against VAT fraud. EQ1.2: Reduced time required to identify and dismantle VAT fraud networks	EQ1.2: Stakeholder consultation (interviews and survey) EQ1.2: Annual report by Eurofisc (MS)
	EQ1.3: To what extent have the cooperation tools	EQ1.3: Improved cooperation between	See indicators EQ2.1	

	contributed to (general objectives) the close cooperation between Member States in the EU VAT area? <i>Part of this question is exploratory. Hence no judgement criteria or indicators are required.</i>	Member States in the EU VAT area. EQ1.3: Enhanced information exchange between Member States in the EU VAT area. EQ1.3: Increased number of joint activities/investigations undertaken in the VAT area.	<i>See indicators EQ2.2</i> <i>See indicators EQ2.3</i>	
EQ2: To what extent have the cooperation tools contributed to (specific objectives) to better exploit the existing administrative cooperation instruments in the field of fighting VAT-related fraud, to contribute to fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT and to improve the multidisciplinary approach to fighting and preventing VAT-related fraud through swifter and more coordinated reaction capacity?	EQ2.1: To what extent have the cooperation tools contributed to better exploit the existing administrative cooperation instruments in the field of fighting VAT-related fraud?	EQ2.1: Improved exploitation of existing cooperation instruments in the field of fighting VAT-related fraud	<u>(Bilateral)</u> <u>Information sharing</u> EQ2.1: Evolution of the total number of information requests (2012 – 2020) EQ2.1: Evolution of % late replies on information requests (2012 -2014) EQ2.1: Evolution of % notifications specifying why the reply was late (2017-2020) EQ2.1: Evolution of the total number of spontaneous exchanges of information (2012 – 2020) EQ2.1: Evolution of the AEOI (2012 – 2020) EQ2.1: Number of times feedback is requested (EU level) <u>Joint administrative enquiries</u>	EQ2.1: Annual statistics of the SCAC Expert Group EQ2.1: Annual statistics of the SCAC Expert Group EQ2.1: Annual statistics by DG TAXUD EQ2.1: Stakeholder consultation (interview) EQ2.1: Stakeholder consultation (interviews and survey) EQ2.1: Stakeholder consultation (interviews and survey)

			EQ2.1: Evolution of presence of officials in other Member States for administrative enquiries (2012 – 2020)	
			EQ2.1: Evolution of MLCs (2012 – 2020)	
			<u>Electronic systems</u>	
			EQ2.1: Nr. Of VIES consultations	
			EQ2.1: Measures were taken by Member States to ensure VIES information is accurate and up to date	
			EQ2.1: Share of stakeholders confirming the effectiveness of electronic systems	
			<u>Eurofisc</u>	
			EQ2.1: Nr. of planned vs implemented Eurofisc activities.	
			<u>Cooperation with national customs authorities</u>	
			EQ2.1: Share of stakeholders confirming the effectiveness of cooperation with national customs authorities	
			EQ2.1: Share of stakeholders indicating the effectiveness of the particular tool	

	EQ2.2: To what extent have the cooperation tools contributed to fighting VAT fraud through rapid and more effective identification and dismantling of fraudulent networks related to VAT?	EQ2.2: More effective identification and dismantling of fraudulent networks related to VAT.	EQ2.2: Share of stakeholders indicating that the cooperation tools contributed to more effective identification and dismantling of fraudulent networks related to VAT	EQ2.2: Stakeholder consultation (interviews and survey)
	EQ2.3: To what extent have the cooperation tools contributed to improving the multidisciplinary approach to fighting and preventing VAT-related fraud through swifter and more coordinated reaction capacity?	EQ2.3: An improved multidisciplinary approach to fighting and preventing VAT-related fraud through swifter and more coordinated reaction capacity	EQ2.3: Share of stakeholders indicating that the cooperation tools contributed to an improved multidisciplinary approach to fighting and preventing VAT-related fraud	EQ2.3: Stakeholder consultation (interviews and survey)

Source: Contractor's Study

Table 8: Elaborated evaluation matrix – Efficiency

General question	Specific questions	Judgement criteria	Indicators	Data sources
EQ4: What are costs and benefits for the different stakeholders concerned?	EQ4.1: What are the regulatory and administrative costs and benefits for Member States? EQ4.2: What are the regulatory and administrative costs for the European Commission? EQ4.3: What are the regulatory and administrative costs for business / economic operators? EQ4.4: What are regulatory and administrative costs for other relevant stakeholders? (i.e. EPPO, OLAF)	<i>Part of this question is exploratory. Hence no judgement criteria or indicators are required.</i>		EQ4.1 – 4.4: Stakeholder consultation

EQ5: Are the benefits achieved at a reasonable cost?	EQ5.1: To what extent have the desired effects been achieved at reasonable costs on the basis of a cost/benefits analysis?	EQ5.1: Positive cost/benefit ratio (higher benefits than costs) EQ5.1: Stakeholders have a positive perception of the efficiency of the activities of the tools	EQ5.1: MS level funding for tax authorities EQ5.1: EC funding for Eurofisc EQ5.1: EC funding for tools EQ5.1: Fiscalis programme EQ5.1: Funds for relevant DG TAXUD staff EQ5.1: Funds for staff at MS competent authorities dealing with VAT fraud/cooperation issues EQ5.1: Maintenance costs VIES, OSS, information exchange portal EQ5.1: Evolution of VAT gap EQ5.1: Share of stakeholders confirming that the costs of participating in the cooperation tools are proportionate to the benefits achieved (on the Regulation level and/or on the level of cooperation tools) <i>Also, see relevant effectiveness questions and indicators</i>	EQ5.1: Stakeholder (expert) estimations EQ5.1: DG TAXUD documentation EQ5.1: Stakeholder (expert) estimations DG TAXUD, VAT Gap in the EU (annual publication) EQ5.1: Stakeholder consultation (survey and interviews)
	EQ5.2: Could the same degree of effects have been achieved with lower costs or with simpler procedures involving less administrative burden and/or with different implementation mechanisms?	EQ5.2: Stakeholders indicate that the same degree of effects could have been achieved with lower costs. EQ5.2: Indications for significant differences between	EQ5.2: Suggestions by stakeholders of simplifications/improvements reducing the costs while maintaining the benefits EQ5.2: Share of stakeholders that indicate that the same degree of effects could have been achieved with lower costs.	EQ5.1: Stakeholder consultation (interviews)

		costs/benefits for stakeholders.		
EQ6: To what extent did the financing provided under the Fiscalis programme limit the compliance costs for Member States and hence contribute to the achievement of the objectives?		EQ5: Financing under the Fiscalis programme reduced compliance costs for Member States. EQ5: Financing under the Fiscalis programme contributed to the achievement of the objectives of the Regulation.	EQ5: Volume and examples of Fiscalis programme reducing compliance costs. EQ5: Perception of stakeholders on the degree to which the Fiscalis programme reduced compliance costs. EQ5: Perception of stakeholders on the degree to which the Fiscalis programme contributed to the achievement of the objectives of the Regulation.	EQ: Reports on Fiscalis programme (i.e. annual reports and work programmes) EQ5: Stakeholder consultation (interviews)

Source: Contractor's Study

Table 9: Elaborated evaluation matrix – Relevance

General question	Specific questions	Judgement criteria	Indicators	Data sources
EQ6: To what extent do the initial objectives still correspond to current needs/issues?	EQ6.1: To what extent have the specific and operational objectives of the Regulation proven to be and remain relevant for the general objectives?	EQ6.1 Alignment between general, specific and operational objectives of the Regulation to the needs EQ6.1 Alignment between stakeholders' perception of needs and problems and the objectives of the Regulation.	EQ6.1: Share of stakeholders confirming the alignment of general, specific and operational objectives of the Regulation to the needs <i>Also, see relevant effectiveness indicators.</i>	EQ6.1: Stakeholder consultation (interviews)
	EQ6.2: To what extent have the tools of the Regulation proven to be and remain relevant for achieving operational and specific objectives?	EQ6.2: Alignment between tools of the Regulation and the general, specific and operational objectives of the Regulation.	EQ6.2: Share of stakeholders confirming the alignment of activities/tools with needs and problems in the field of VAT fraud and the objectives of the Regulation <i>Also, see relevant effectiveness indicators.</i>	EQ6.2: Stakeholder consultation (interviews)

EQ7: To what extent are there adaptation mechanisms in place to follow technological, scientific, social and legal developments? In particular, regarding the developments in the juridical framework of bodies in charge of preventing and fighting fraud, such as, for instance, the European Public Prosecutor's Office and the anti-money laundering authorities?	EQ7.1: Which adaptation mechanisms are in place to follow technological, scientific, social and legal developments?	EQ7.1: Presence of adaptation mechanisms in place to follow technological, scientific, social and legal developments	EQ7.1: Adaptation mechanisms in place to follow technological, scientific, social and/or developments	EQ7.1: Stakeholder consultation
	EQ7.2: Which adaptation mechanisms are in place to follow the developments in the juridical framework of bodies in charge of preventing and fighting fraud?	EQ7.2: Presence of adaptation mechanisms to follow the developments in the juridical framework of bodies in charge of preventing and fighting fraud?	EQ7.2: Adaptation mechanisms in place to follow developments at EPPO. EQ7.2: Adaptation mechanisms in place to follow developments at OLAF. EQ7.2: Adaptation mechanisms in place to follow developments at Europol.	EQ7.3: Stakeholder consultation
	EQ7.3: To what extent are needs and problems already addressed in the amendments introduced by Regulation (EU) 2020/283 and Directive (EU) 2020/285 that will come into force in 2024 and 2025 or by the initiatives that the European Commission is envisaging in the Action Plan for fair and simple taxation and in the "VAT in the digital age package".	EQ7.3: Amendments are addressing evolving needs/problems to a significant extent EQ7.1-7.3: The broad trends in VAT gap, VAT fraud, and AML are addressed via the existing mechanisms	EQ7.3: Share of stakeholders confirming positive opinions on future amendments to address changing needs. EQ7.1-7.3: Effectiveness indicators related to the evolution of the VAT gap, VAT tax revenues, related VAT fraud trends	EQ7.3: amendments by Regulation (EU) 2020/283 and Directive (EU) 2020/285 EQ7.3: Stakeholder consultation EQ7.1-7.3: see the Effectiveness indicators sources

Source: Contractor's Study

Table 10: Elaborated evaluation matrix – Coherence

General question	Specific questions	Judgement criteria	Indicators	Data sources
EQ8: To what extent are the different tools	EQ8.1: To what extent are the tools of the Regulation coherent	EQ8.1: The tools of the Regulation are coherent and consistent with one another	EQ8.1: Alignment of the tools (articles) of the Regulation in	EQ8.1: Regulation 940/2010

of the Regulation coherent among each other (internal)?	and consistent with one another?		terms of objective and scope	EQ8.1: Impact Assessment accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010 EQ8.2: Regulation 940/2010
	EQ8.2. Are there any overlaps, contradictions or inconsistencies among the tools of the Regulation?	EQ8.2: There are no overlaps, contradictions or inconsistencies among the tools of the Regulation.	EQ8.2. Assessment (and evidence) of tools (articles) in the Regulation that overlaps/ contradict or are inconsistent with one another (e.g., synergies, in terms of key concepts, terminology, in their implementation)	EQ8.2: Impact Assessment accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010 EQ8.2: Stakeholder consultation
EQ9: To what extent is the Regulation coherent with other EU Regulation with similar objectives (external)?	EQ9.1. To what extent are there complementarities /synergies between the Regulation and EU legislation in the combat against fraud (i.e. Regulation 2017/1939, Regulation (EU) 2021/785, Regulation (EU, Euratom) No 883/2013)	EQ9.1. There are complementarities/synergies between the Regulation and EU legislation in the combat against fraud	EQ9.1. Assessment of the coherence of the articles of the Regulation with Regulation 2017/1939, Regulation (EU) 2021/785, Regulation (EU, Euratom) No 883/2013. EQ9.1: Share of stakeholders confirming synergies between the tools and other initiatives on the EU level in the combat against tax fraud.	EQ9.1: Regulation 940/2010 EQ9.1: Regulation 2017/1939, Regulation (EU) 2021/785, Regulation (EU, Euratom) No 883/2013. EQ9.1: Stakeholder consultation (survey and interviews)
	EQ9.2. To what extent are there complementarities /synergies between the Regulation and other EU legislation in Member States information exchange (i.e. Regulation 2016/679)	EQ9.2. There are complementarities/synergies between the Regulation and the exchange and Member States cooperation to a high extent/some extent/no extent.	EQ9.2. Assessment of the coherence of the articles of the Regulation with Regulation 2016/679 EQ9.2: Share of stakeholders confirming synergies between the tools and other initiatives on the EU level in Member States cooperation	EQ9.2: Regulation 940/2010 EQ9.2: Regulation 2016/679 EQ9.2: Stakeholder consultation (survey and interviews)

Table 11: Elaborated evaluation matrix - EU added value

General question	Specific questions	Judgement criteria	Indicators	Data sources
EQ10: Is there additional value resulting from the Regulation compared to what could be achieved at the national level?	EQ10.1: To what extent has the intervention at the EU level contributed to reaching the general and specific objectives of the Regulation as compared to any potential intervention of Member States at the regional, national or international level?	EQ10.1: The intervention at the EU level has contributed to reaching the general and specific objectives of the Regulation to a greater extent than any potential intervention of Member States at the regional, national or international level.	EQ10.1: Share of stakeholders confirming the importance of the support of the tools in reaching the general and specific objectives	EQ10.1: Stakeholder consultation (interviews)
	EQ10.2: To what extent has the intervention at the EU level contributed to achieving efficiencies that could not have been achieved on the MS level alone?	EQ10.2: Intervention on the EU level was most cost-effective compared to possible interventions on the national level. EQ10.1-10.2: The number/volume of similar existing mechanisms at the national level is insufficient to address the objectives of the Regulation	EQ10.2: Share of stakeholders confirming that there was an increase in financial efficiency due to the intervention on the EU level as compared to possible national interventions. EQ10.1-10.2: Number/volume of similar existing mechanisms at the national level	EQ10.1: Stakeholder consultation (interviews) EQ10.1-10.2: Data from national authorities
EQ11: To what extent do the issues addressed by the Regulation continue to require action at the EU level?		EQ11.1: Stakeholders agree that issues addressed by the Regulation continue to require action at the EU level	EQ11.1: Share of stakeholders confirming issues addressed by the Regulation continue to require action at the EU level EQ11.1: Foresight reports and studies confirming that issues addressed by the Regulation continue to be relevant to achieve general objectives	EQ10.1: Stakeholder consultation (interviews) EQ11.1: DG TAXUD, VAT Gap in the EU (annual publication)
EQ12: What would be the most likely		<i>For the exploratory question, no</i>		

consequences of terminating or withdrawing the Regulation?		<i>judgement criteria or indicators are required.</i>		
--	--	---	--	--

Table 1. Overview of costs and benefits identified in the evaluation⁶⁵

	Citizens/Consumers		Businesses		Administrations		[Other...] _ specify		
	Quantitative	Comment	Quantitative	Comment	Quantitative	Comment	Quantitative	Comment	
[Cost or Benefit description]:									
Mark the type of cost/benefit, each on a separate line: Costs: Direct compliance costs (adjustment costs, administrative costs, regulatory charges) Enforcement costs: (costs associated with activities linked to the implementation of an initiative such as monitoring, inspections and adjudication/litigation) Indirect costs (indirect compliance costs or other indirect costs such as transaction costs) Benefits: Direct benefits (such as improved well being: changes in pollution levels, safety, health,	Type: Choose one-off or recurrent	No costs for citizens The Regulation is primarily addressing competent authorities in the MS such as tax authorities or customs	No costs for businesses. Businesses	benefit from simplified VAT compliance achieved through automated VAT number verification or through simplification offered by the Special Schemes. No quantification of the benefits is	Not available	Costs related to developing and operating national databases for the exchange of VAT data. The survey did not provide exact figures, but they do not exceed hundred of thousands	Provide the monetary value	Where no quantification is possible, please provide ranges or explain the reasons why	

employment; market efficiency)					available.		per year per MS. The benefit is to be able to control cross-border transactions for an amount of EUR 700 billion s. Moreover, identified VAT fraud of EUR 14.6 billion s per year.		
Indirect benefits (such as wider economic benefits, macroeconomic benefits, social impacts, environmental impacts)									

⁶⁵ Where there is a prior impact assessment, the table should contain as a minimum the costs/benefits identified in the IA with the information gathered on the actual cost/benefit. As available, the table should include the monetisation (EUR) of the costs/benefits based on any quantitative translation of the data (time taken, person days, number of records/equipment/staff etc. affected or involved represented in monetary value – see Standard cost model, for example). For all information presented, it should be included in the comments section whether it relates to all Member States or is drawn from a subset. An indication of the robustness of the data should be provided in Annex II on Methodology and analytical models used.

Background

The consultation activities aimed to collect stakeholders' views and opinions to provide evidence for the evaluation of the EU framework for VAT administrative cooperation by considering the evaluation criteria:

- Effectiveness – the extent to which the EU framework for VAT administrative cooperation has achieved its objectives;
- Efficiency – the extent to which these objectives are achieved at a reasonable cost;
- Coherence – the alignment between all the cooperation means foreseen in the EU framework for VAT administrative cooperation as well as the overall EU policy framework related to fighting VAT fraud;
- Relevance – the alignment between the objectives of the EU framework for VAT administrative cooperation and the current needs and problems experienced by stakeholders;
- EU added value - the additional impacts generated as opposed to leaving the subject matter in the hands of Member States.

Types of consultation activities conducted*Targeted consultations*

A distinction was made between EU and national stakeholders and public and private sector stakeholders. The main target audiences for data collection have been national tax authorities in charge of the implementation and use of the Regulation: 'central liaison office (CLO)' which are principal responsibility for contacts with other MSs in the field of VAT administrative cooperation. Moreover, from the public sector the following EU bodies were consulted:

- European Anti-Fraud Office (OLAF)
- European Union Agency for Law Enforcement Cooperation (Europol)
- European Public Prosecutor's Office (EPPO).

Besides the surveys targeting the public sector, another survey was launched targeting traders, business associations, and professional associations. This concerns economic operators carrying out cross-border transactions. It focused on the general perception of economic operators concerning the effectiveness, relevance, efficiency, coherence, and added value of the Regulation. This survey was launched in January 2023, and a total of eight organisations participated. Regarding the sample of economic operators that submitted replies to the survey, it appears that the respondents primarily represent sizeable economic operators that operate in B2B sales.

Workshop

Workshop with Member State tax authorities was organised on 20 and 21 February 2023. European Commission, OLAF and the EPPO representatives, as well as tax authorities from most EU MSs, participated in a series of sessions where the preliminary findings of the evaluation were presented. Stakeholders were given a chance to respond to the draft findings in writing and verbally. On this basis, the preliminary findings were tested, further contextualised, and (re)drafted into the final report.

Results of the consultation

Effectiveness

Concerning the general objectives of the Regulation, this evaluation finds that the toolbox offered to tax authorities leads to closer collaboration between tax authorities, which contributes to fighting VAT administrative fraud, ultimately ensuring that VAT taxes feed into national and EU budgets and thus contribute to fiscal consolidation. While various tools, e.g. VAT Information Exchange System (VIES) on the Web and the One Stop Shop (OSS), facilitate the fulfilment of VAT obligations by taxpayers, the overall focus of the Regulation is creating an unfriendly environment for fraudsters.

Concerning the specific objectives of the Regulation, this evaluation concludes that the cooperation tools mainly contribute to 1) better exploiting the existing administrative cooperation instruments and information exchange. Overall, stakeholders find it difficult to attribute the contribution of the tools to the objectives, particularly for the goal to 3) improve the multidisciplinary approach to fighting and preventing VAT-related fraud. The specific objective related to 2) more effective and rapid identification and dismantling of fraudulent networks is mostly linked to the ability of the Regulation to speed up the identification and investigation of cases which leads to faster responses. An in-depth review of the cooperation tools under the Regulation shows that MSs use the tools and attribute effectiveness to varying degrees. The most effective tools are 1) EoI; 2) eFCA; 3) VIES; and 4) Eurofisc. It is not always possible for MSs to make a clear distinction between the tools, and often these are used in combination. Most MSs use all tools within an ‘ecosystem’ of EU and national tools at their disposal to fight VAT fraud.

Efficiency

This evaluation concludes that determining the efficiency of the Regulation is difficult due to the lack of sufficient data to determine whether available resources and inputs are used in an optimal manner. Tools within the Regulation focus on increasing compliance by businesses, as well as giving (tax) authorities the instruments to increase VAT revenue by tackling fraud. Quantifying this impact is not easy. While one-third of the consulted MSs (n=8) attempt to quantify the effect of the fight against VAT fraud, different ways of measurements are used, which make a comparison or estimating the EU-wide impact difficult.

Further, this evaluation finds that the majority of interviewed and surveyed authorities confirm that the benefits of the tools available under the Regulation outweigh the costs. Tools that are particularly perceived as being cost-efficient are Eurofisc, eFCA, VIES on the Web, VIES, and spontaneous EoI and EoIR. Noticeable are the reviews on the EoI feedback for requests, where stakeholders are more withholding on the cost-benefit ratio.

Relevance

Overall, the initial objectives of the Regulation and tools identified within still correspond to the needs of MSs in addressing the root causes of VAT fraud. Tax authorities (n=25) believe there are no parts of the Regulation that are no longer relevant for the control of the intra-EU transactions and efficient collection of VAT. MSs consider that all administrative cooperation instruments are relevant in addressing the needs, although some are to a larger extent than others. While information exchanges and Eurofisc seem to be the most frequently used cooperation tools in all MSs, the presence of officials in territories of other MSs and VAT cross-border refunds are used to a lesser extent to respond to Member State needs in combatting VAT fraud. As mentioned in the analysis of Effectiveness, there is a lack of awareness of OLAF as a tool and tools introduced in

with the 2018 amendments - most notably EoI in the context of OSS (Art 47(i) and 47(j)) and EoI on request as reflected in Art 7(4a). While the 2018 amendments are seen favourably, their implementation remains challenged as there is sufficient knowledge and awareness at the central level in MSs, which has not fully reached local authorities (mainly due to language barriers). Larger MSs claim some time is needed before this knowledge will be shared effectively with officials in tax authorities at the local levels

Coherence

MSs appreciate the variety of tools, and the majority do not report any overlaps between them. In particular, VIES, Eurofisc, the eFCA and EoIR work well together. AEOI, without prior request, has been identified as the least coherent tool as such information can maybe more easily be exchanged through Eurofisc. There is no overlap between the Regulation and other EU legislation as related directives and legislations are complementary. Rather than overlaps, missing or insufficient links to other authorities involved in the fight against VAT fraud can be observed. In particular, the missing reference of the EPPO in the Regulation to provide an explicit legal base for its direct access to VAT data on cross-border transactions at EU level, as well as the lack of use of OLAF, as well as impracticalities related to Europol collaboration, lead to legal uncertainty regarding the cooperation between MSs and these bodies on VAT issues.

EU added value

MSs reported that the timeliness of information is crucial. It is important to improve and increase the ability to react to VAT fraud. Speed is important to collaborate more closely with the prosecution to ensure cases are followed up on by the judiciary. In addition, there are upcoming issues that are not yet addressed by the Regulation, which require continued action at the EU level. The Regulation is not equipped to address new forms of fraud, and fraud is rapidly moving to services and forms of intangible goods such as cryptocurrencies and NFTs.

1. Exchange of Information

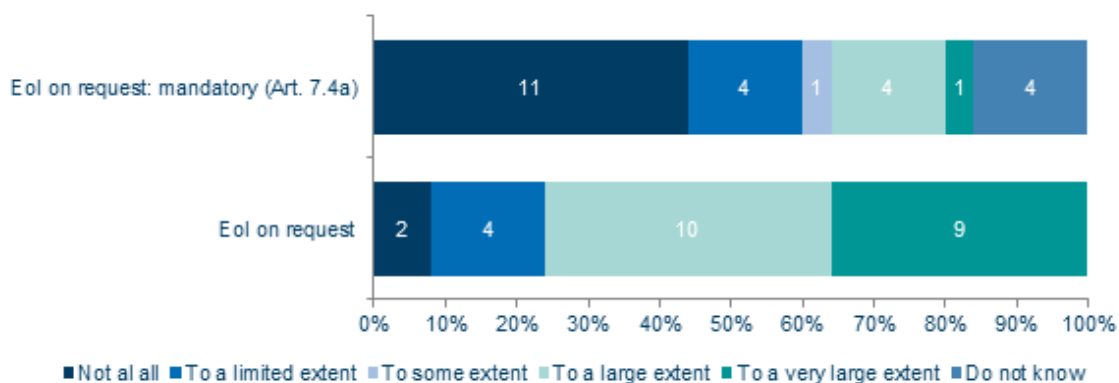
Exchange of information

- Most Member States use articles 7.1, 7.2 and 7.4 on EoI to tackle VAT fraud. Article 7.4(a) seems to be less used by Member States, amongst others, affected by its recent introduction to the toolbox.
- The number of information requests has been declining since 2016, and there is an uneven use of this tool across the EU. The explanations are the increased access to databases which reduced the need to make specific requests, and that informal bilateral contact (often with neighbouring countries) is frequent and is likely not registered as exchanged under the remit of the Regulation.
- There is a declining trend of late replies between 2012 and 2016 that stabilised in the period after 2016. Overall, this suggests an improved response rate.
- Automatic information exchanges under article 14 occur, but the extent of its use varies across the EU Member States.
- Spontaneous information exchanges (article 15) show a declining trend from 2015 onwards. Amongst others, this is explained by a better understanding of what information is accurate, relevant, and/or timely for other countries.
- It is unclear to which extent Member States make use of the opportunity to ask for feedback (article 16); however, this option is used, which confirms that there is a feedback loop in order to better the quality of information exchange.

Source: Contractor's Study – Key take-aways usability EOI

1. Exchange of Information on Request

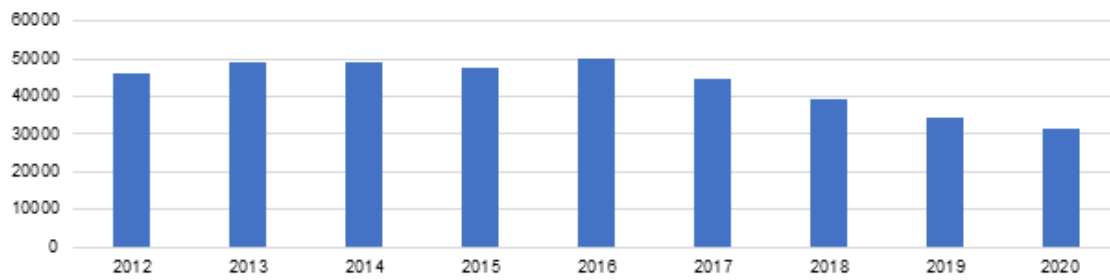
Figure Annex VII 1: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

Survey feedback on articles 7.1, 7.2 and 7.4 shows that most Member States use the EoI⁴⁴ to tackle VAT fraud. 76%(n=19) of the respondents say that EoI is used to a large and very large extent. At the same time, article 7.4(a) seems to be less used by Member States. In fact, 44% of respondents (n=11) state that the 2018 amendment had not been used at all, do not know (16%/n=4) or to a limited extent (16%/n=4).

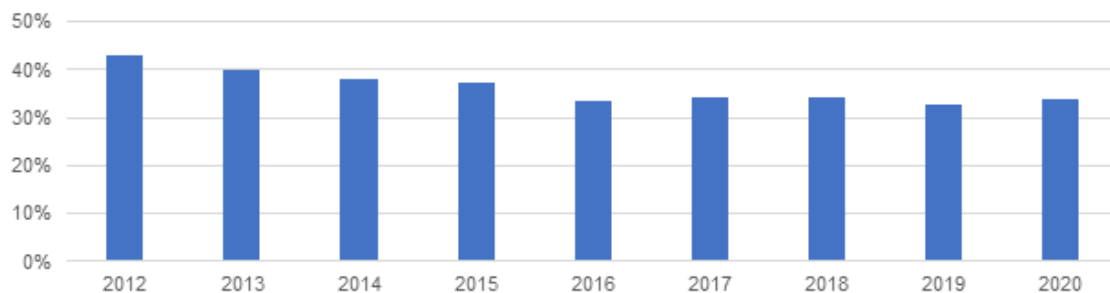
Figure Annex VII 2: Number of information requests sent out by one Member State to another (2012 – 2020)



Source: Contractor's Study: 2012 – 2014: IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010, 2015 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

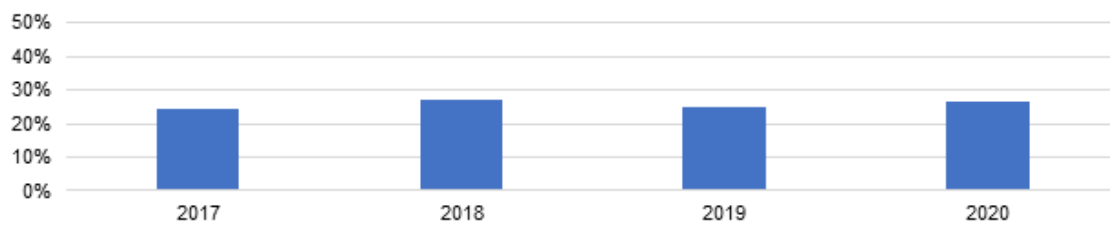
After a detailed analysis the Contractor pointed out that in 2020 the five Member States that sent the most requests are collectively responsible for roughly 50% of the total number: Germany (5,444), Poland (3,704), Hungary (2,202), Czech Republic (2,169) and Italy (1,962). Importantly, there is a moderate mismatch between the requests sent and received (which theoretically should be the same). The disparity ranged for the period 2015 - 2020 between 340 (in 2016) to 39 (in 2018).⁴⁵ The data shows that only a limited number of Member States are responsible for a large share of requests (5 Member States for 50% of requests). This suggests that, in addition to using the tool less often, there is also an uneven use of this tool across the EU. Various factors explain this when Member States are asked about this. The main reason provided is the increased access to databases which reduced the need to make specific requests. Further, feedback from Member States suggests that informal bilateral contact (often with neighbouring countries) is frequent and is likely not registered as exchanged under the remit of the Regulation.

Figure Annex VII 3: Percentage of late answers⁴⁶ on information requests (2012 – 2020)



Source: Source: Contractor's Study: 2012 – 2014: IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010, 2015 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

Figure Annex VII 4: Percentage of notifications⁴⁷ specifying why a reply is late relative to the total number of late replies (2017 -2020)

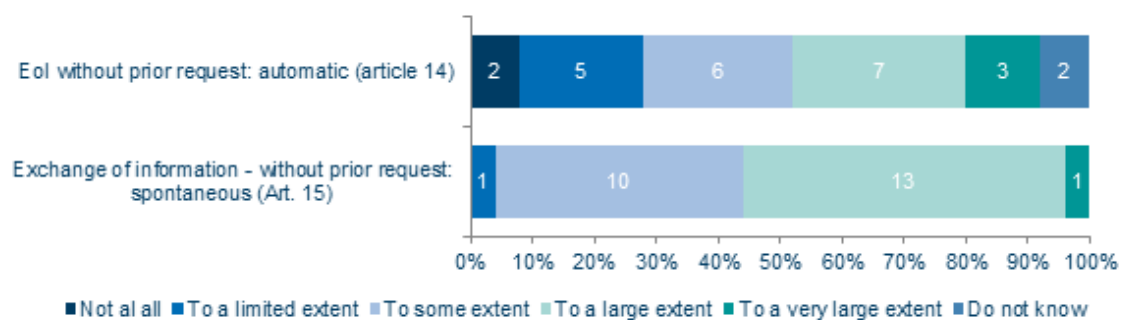


Source: Contractor's Study: 2017 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

The declining trend of late answers shows that Member States are faster in responding to the requests. Therefore, the response rate of the use of Article 7 has improved. The notifications on why authorities respond late remain at a steady level (approximately one out of four) over the years.

2. Exchange of Information without prior request: automatic and spontaneous

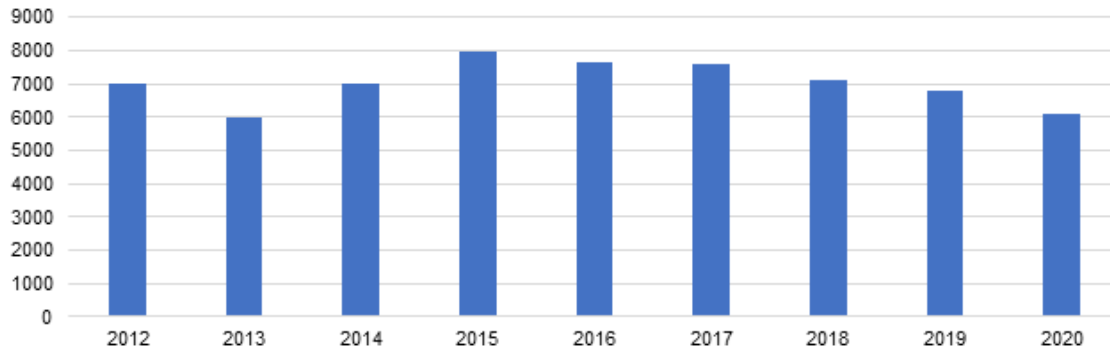
Figure Annex VII 5: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

Survey feedback suggests that automatic information exchanges under Article 14 occur, but the extent of its use varies across Member States. 20% of respondents use this to a limited extent, 24% (n=5) to some extent, and 28% (n=6) to a large extent (n=7). Article 15 is more frequently used, with 52% to a very large extent (n=13) and 40% (n=10) to some extent.

Figure Annex VII 6: Number of spontaneous exchanges of information (2012 - 2020)

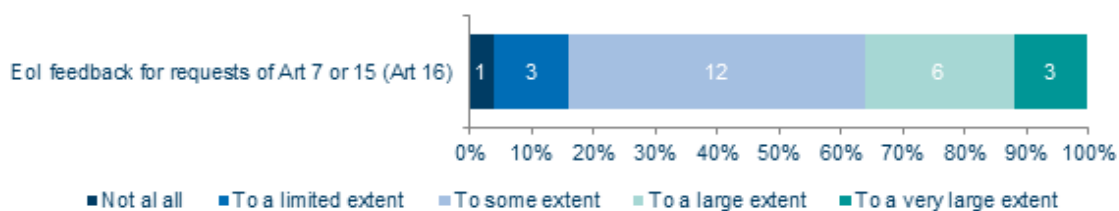


Source: Contractor's Study – Source: 2012 – 2014, *IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010*, 2015 – 2020: *Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission)*.

Stakeholder consultation carried out by the Contractor suggests that a possible explanation of a decreasing trend in spontaneous EoI is that Member States, after years of collaboration, better understand which information is of value to other countries and are thus less likely to share information that is not accurate, relevant, and/or timely. Another possible explanation is that Member States pay less attention to information that does not contribute to their own work in terms of correctly assessing and monitoring the application of VAT. Against a background of limited resources available to tackle VAT fraud, Member States might prioritise the information directly related to their own tax revenue. If a tax authority does not see a direct benefit from spontaneous EoI, there is a likelihood that they will not share, and thus the trend decreases. However, stakeholder feedback does not indicate this is actually the case. In fact, it is mentioned that spontaneous EoI might not directly benefit the MS sending the information but indirectly benefit the EU as a whole.

3. Feedback for requests

Figure Annex VII 7: Q5 on the extent to which tools are used (n=25)



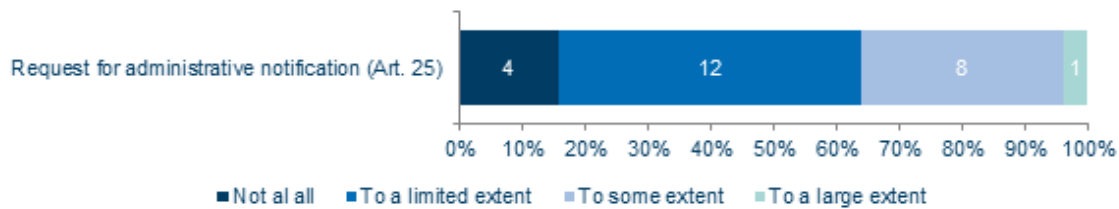
Source: Contractor's Study – Survey of Member State authorities

The requested Member State has, in the case of information exchanges upon request or spontaneous exchanges, the right to ask for feedback on the use of the information and quality of information it provided (art. 16). From the interview feedback conducted by the Contractor, it is unclear to which extent Member States make use of this opportunity to ask for feedback. However, the survey sheds light on this and suggests most Member States use this possibility to some extent (48%/n=12), followed by a large and very large extent

(respectively 24%/n=6 and 12%/n=3). This confirms that there is a feedback loop but that this possibility can be improved in order to better the quality of information exchange.

4. **Request for administrative notification**

Figure Annex VII 8: Q5 on the extent to which tools are used (n=25)



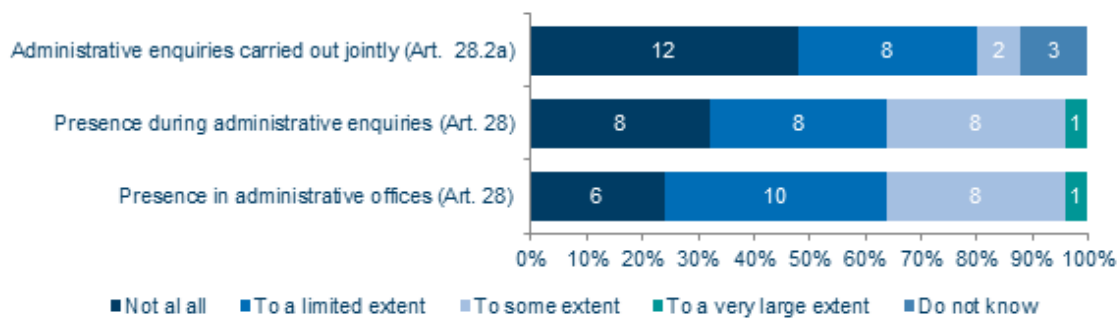
Source: Contractor's Study – Survey of Member State authorities

5. **Presence of officials in the territory of another Member State for administrative enquiries**

Presence of officials in the territory of another Member State	
•	MS tax authorities use article 28 to a limited and some extent. A significant share of Member States does not at all use this tool. Apart from COVID, language barriers play a role in the usability of this tool. It is also perceived as labour-intensive, which plays a role when deciding to conduct these enquiries against a background of limited resources.
•	Article 28.2(a) is hardly used, which is linked to the recent changes which take time to enter into force in practice.

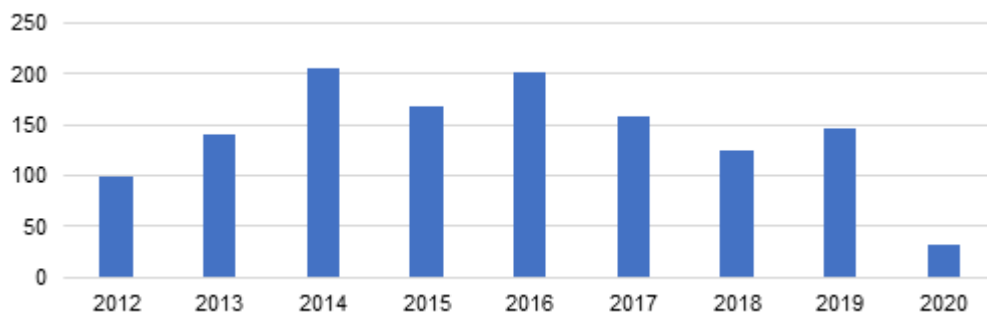
Source: Contractor's Study – Key take-aways usability PAOE

Figure Annex VII 9: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

Figure Annex VII 10: Presence of officials in offices of other Member States (2012 – 2020), article 28 of Regulation 904/2010



Source: Contractor's Study: Source: 2012 – 2014: IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010, 2015 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

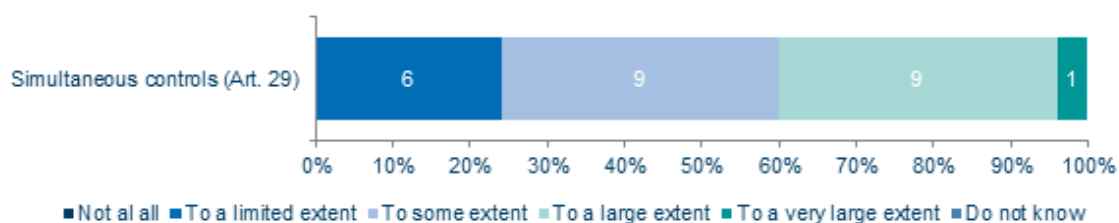
6. Simultaneous Controls

Simultaneous controls

- Between 2015 and 2017, there was an increase in the number of simultaneous checks being initiated, to be offset in the years after bringing the number of initiated simultaneous checks in 2019 back to the level of 2014. Nonetheless, most Member States used this tool (article 29) in the past and confirmed its usability.
- Member States see this as a flexible tool as it is not explained in a detailed manner in the Regulation. At the same time, against a background of limited (human) capacity to fight VAT fraud on the national level and the need for a fast response to deter fraudsters, this tool is perceived as less user-friendly for Member States due to the time and effort needed.
- From the perspective of cooperation and information sharing, the TNA is faster and more efficient. Simultaneous checks are more useful for tackling complex cases and thus complement other tools under the Regulation.

Source: Contractor's Study – Key take-aways usability SC

Figure Annex VII 11: Q5 on the extent to which tools are used (n=25)

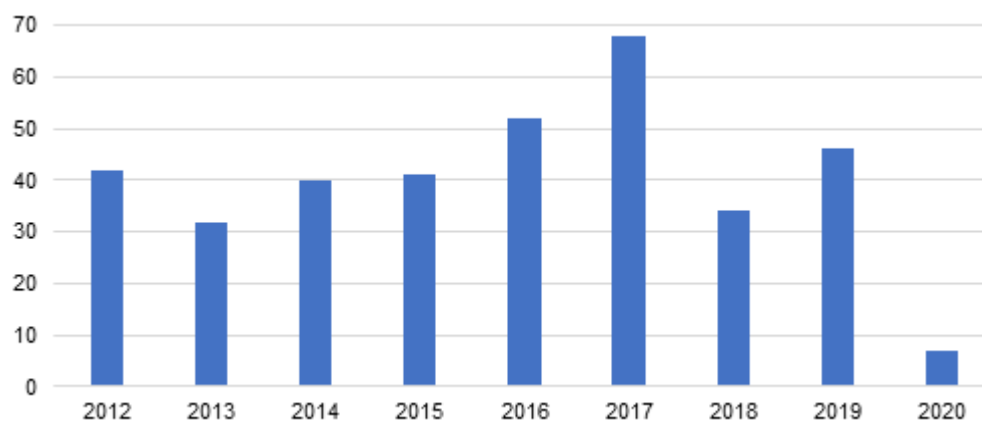


Source: Contractor's Study – Survey of Member State authorities

The answers to the survey are very balanced. Therefore, to understand the usability of this tool, it is necessary to take into account the interviewed feedback from Member States. According to the interviews the Contractor stated that Member States confirms the usefulness of this tool. In particular, the fact that it is not explained in a detailed manner in the Regulation also makes it a flexible tool in terms of how Member States can use it. At the same time, the tool is seen as burdensome and time-consuming. This, against a background of limited (human) capacity to fight VAT fraud on the national level and the

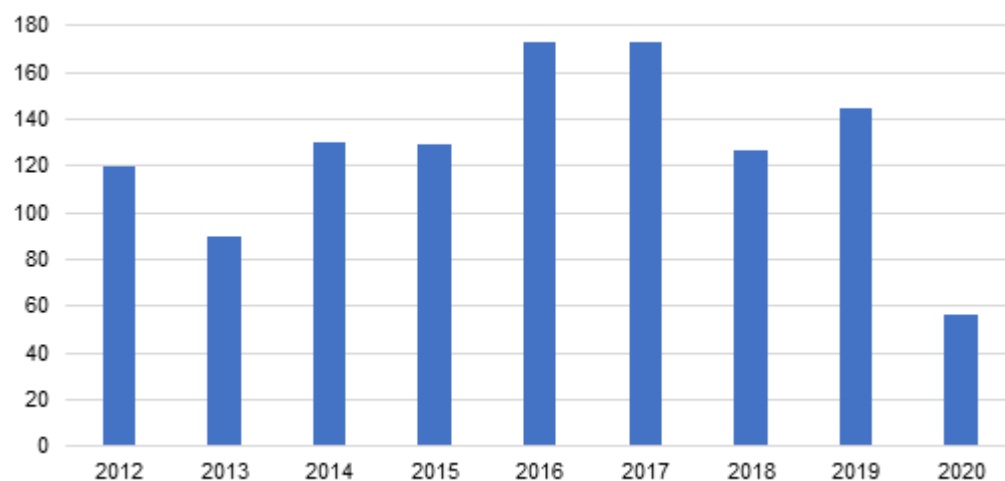
need for a fast response to deter fraudsters, makes the tool less user-friendly for Member States. Stakeholder feedback suggests that from the perspective of cooperation and information sharing, the TNA is faster and more efficient. On the other hand, simultaneous checks are more useful for tackling complex cases. In fact, the tools complement rather than oppose each other. They aim to leverage the expertise and resources of multiple tax authorities to identify and investigate cross-border tax fraud and evasion more effectively.

Figure Annex VII 12: Number of initiated simultaneous checks (2012 – 2020), articles 29 and 30 of Regulation (EU) 904/2010



Source: Contractor's Study: 2012 – 2014: IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010, 2015 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

Figure Annex VII 13: Total number of simultaneous controls (2012 – 2020), articles 29 and 30 of Regulation (EU) 904/2010(combined statistics of individual Member States)



Source: Contractor's Study: Source: 2012 – 2014: IMPACT ASSESSMENT Accompanying the document Amended proposal for a Council Regulation Amending Regulation (EU) No 904/2010, 2015 – 2020: Annual statistics of the SCAC EXPERT GROUP (on behalf of the European Commission).

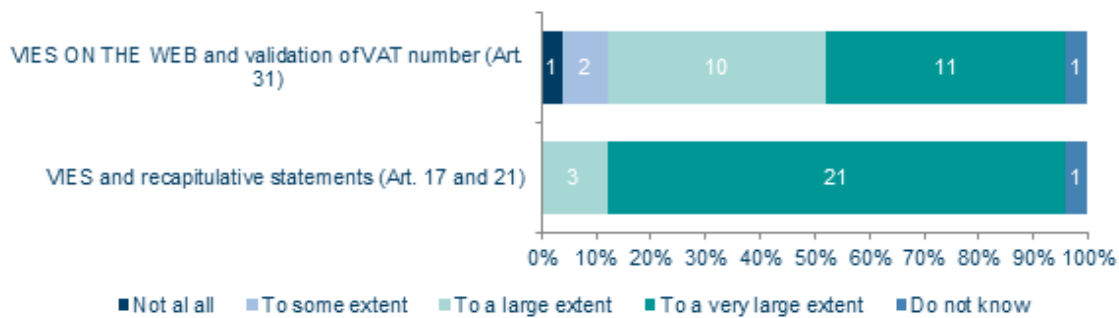
7. VIES and recapitulative statements

VIES on the web, VIES and Recapitulative Statements

- VIES on the Web requests have grown from approximately 2.8 billions in 2018 to more or less 6.3 billions in 2022. 36% of the requests resulted in a valid response; 64% yielded output that did not help in addressing VAT fraud. This is mainly due to bad hits and invalid responses.
- Member States overwhelmingly use VIES. If data collected from VIES is not complete, Member States make additional data requests.
- Recapitulative statements are regarded as rather ineffective by the majority of Member States. Lack of data granularity, time reporting differences across Member States, and the poor quality of the data reported are reported shortcomings.
- The extended right granted to Eurofisc officials to access VIES is considered useful.
- Most Member States have not received complaints from traders in relation to data communicated through VIES on the Web.

Source: Contractor's Study – Key take-aways usability VIES

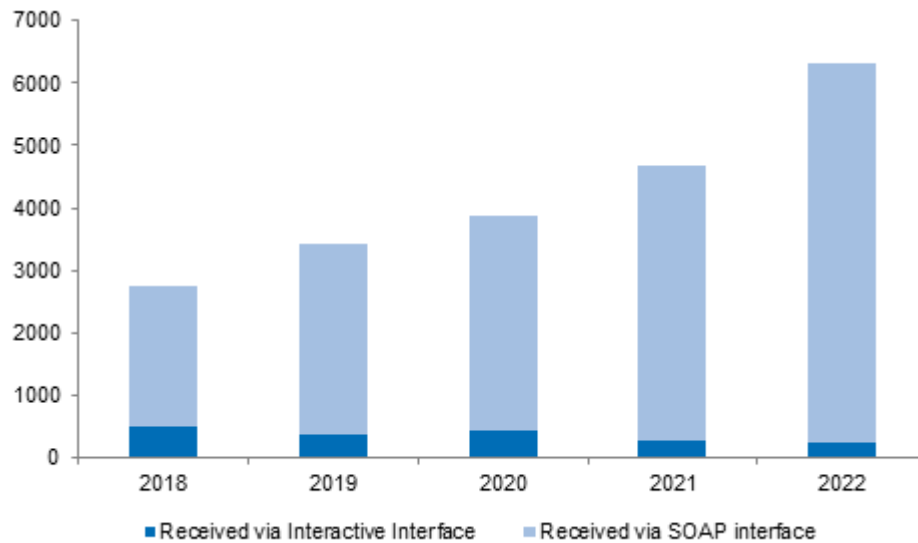
Figure Annex VII 14: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

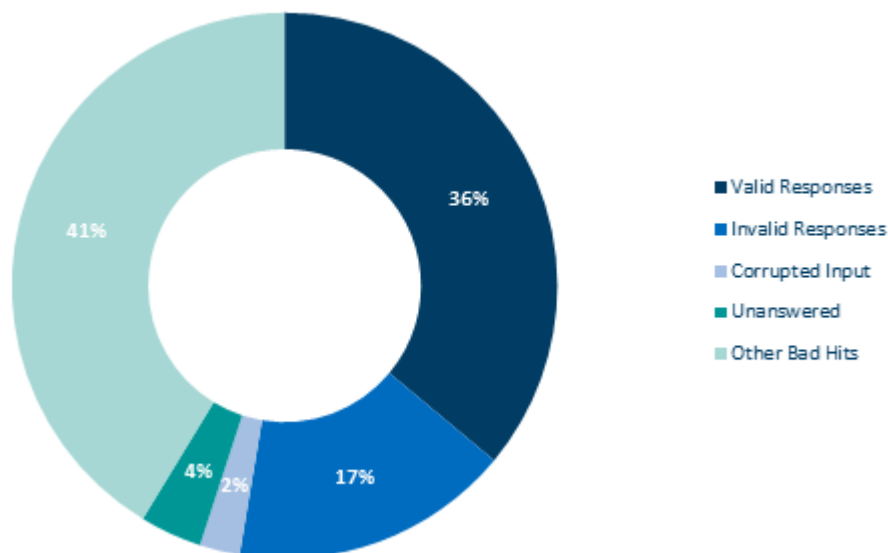
Surveys and interviews feedback carried out by the Contractor also shed light on two additional relevant points as regard VIES: (1) the fact that the extended right granted to Eurofisc officials to access VIES is considered useful (Q31 86%/n=19) and (2) most Member States have not received complaints from traders in relation to data communicated through VIES on the WEB (Q32 83%/n=19).

Figure Annex VII 15: Number of VIES requests (in Millions, period: 2018 – 2022)



Source: Contractor's Study – VIES on the Web data (received from DG TAXUD)

Figure Annex VII 16: Average output on VIES requests (period: 2018-2022)



Source: Contractor's Study – VIES on the Web data (received from DG TAXUD)

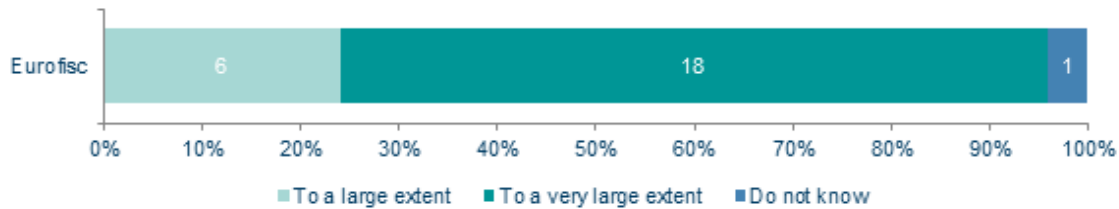
8. **Eurofisc**

Eurofisc	
•	This tool is extensively used by Member States.
•	The participation of Member States in Eurofisc networks increased over time.
•	The TNA tool developed under Eurofisc is seen as a useful tool, currently being the main tool used for information exchanges.
•	Eurofisc makes for an effective early warning tool that improves the collection of VAT on intra-EU transactions within the different working fields. Particularly WF 1 on MTIC fraud is considered highly effective, followed by e-commerce and customs.

- Out of the 480 e-commerce fraud signals shared under WF 5, the Member States only provided feedback in response to one signal, suggesting the risk database is either not well targeted, not useful or not successful. Nevertheless, most Member States consider this working field to be an effective early warning tool that improves the collection of VAT on intra-EU transactions.
- TNA is particularly high valued in terms of improving Eurofisc's capacity. The tool is also perceived as highly effective for the exchange of information and has the potential to improve risk analysis.

Source: Contractor's Study – Key take-aways usability Eurofisc

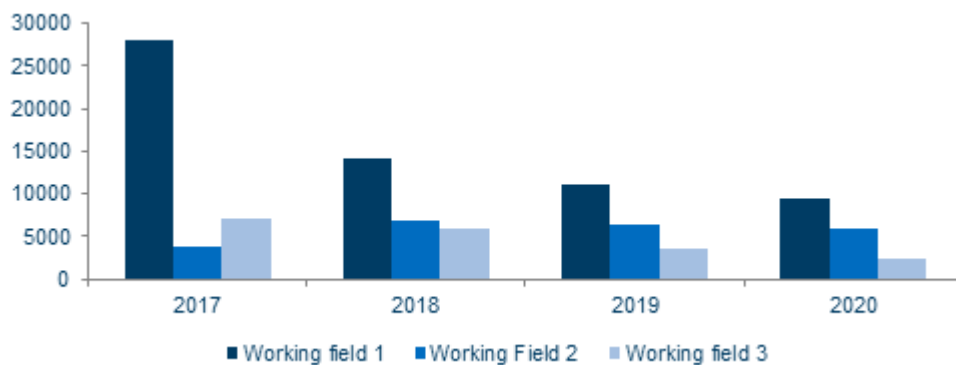
Figure Annex VII 17: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

Eurofisc is one of the most, if not the most, used tool by tax authorities from those foreseen in Regulation to fight against VAT fraud. The two main pillars within Eurofisc are the different Working Fields and the Transaction Network Analysis tool. During the period 2014 to 2020 all Member States (n=28) – including the United Kingdom and Norway – participated in WF 1. For the rest of WF the participation increased during the period. In WF 2, from 23 in 2014 to 25 Member States in 2020; in WF 3⁴⁸, from 22 in 2014 to 26 Member States, and Norway, in 2020; and in WF 5, from 22 in 2016 to 27 Member States, and Norway, in 2020⁴⁹. Since two years all Member States participate in each WF. As far as TNA is concerned, the Contractor highlighted that according to the insights from interviews the information exchanges through the TNA tool is the main tool being used for information exchanges. This can explain the development of the number of traditional information exchanges in the WF 1, 2, and 3 for the period 2017 - 2020. Primarily in WF 1, the number of information exchanges has been declining sharply. As the detected overall information exchange in WF 1 has been relatively steady, this can be explained by the gradual transition from using traditional information exchanges to the adoption of the automated TNA tool.

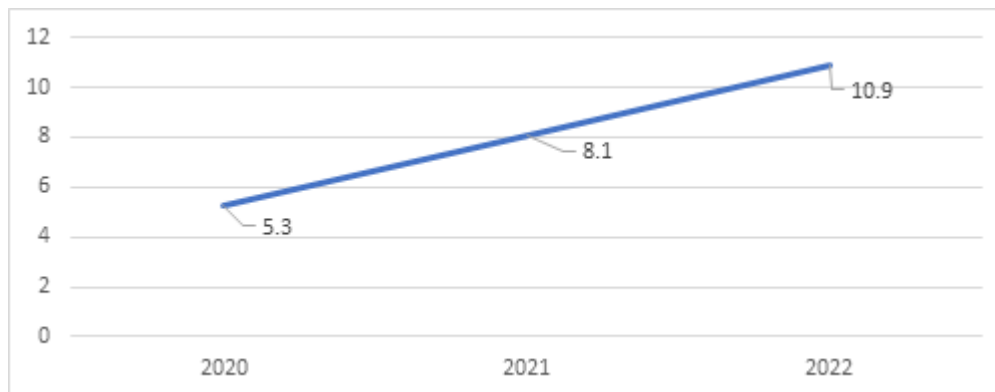
Figure Annex VII 18: Information exchanges in Working Fields 1, 2, and 3 (period 2017-2020)



Source: Contractor's Study – Eurofisc Annual Report 2020

The use of Transaction Network Analysis allowed to streamline the work of Eurofisc and automate its work on data collection. This greatly improved the amount of identified suspicious transactions as shown in the Figure below.

Figure Annex VII 19: Total amount, in billions of euros, of fraudulent or suspicious transactions detected in Eurofisc50 working field 1.



Beside the amount of suspicious transactions, the number of fraudsters identified, and VAT number deregistration has also increased in the last years.

Table Annex VII 1: Number of fraudsters identified and VAT number deregistration

	2020	2021	2022	2023
Amount of detected fraudulent or suspicious transactions (Million EUR)	3 300	8 100	10 874	14 634
Number of detected fraudsters	2 093	2 161	2 907	5 171
Number of VAT number deregistration	495	775	1 942	2 995
Fraudsters qualified as missing traders	N/A	N/A	1 953	3 382
Active networks (at least 5 fraudsters)	N/A	N/A	116	200
Companies linked to fraudulent cases in the EU	N/A	N/A	632	691

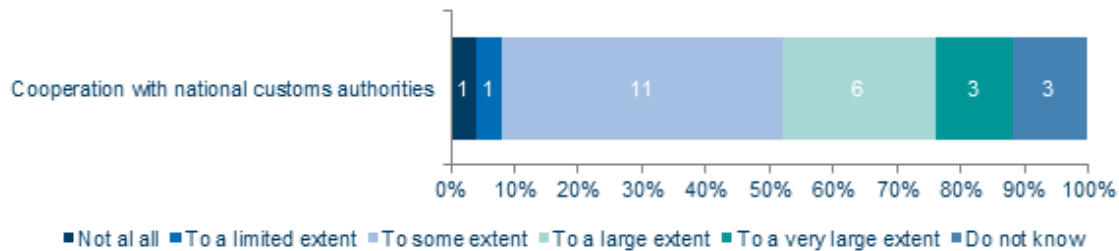
9. Cooperation with national customs authorities

Cooperation with national customs authorities

- While cooperation with national customs authorities is broadly used, the automatic exchange of information is difficult due to the different systems used by customs.
- Cooperation with national customs authorities is not homogenous and consists of different actions. It is unclear whether Member States use these actions differently.

Source: Contractor's Study – Key take-aways usability Cooperation with Customs

Figure Annex VII 20: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

From the survey conducted by the Contractor it could be noted that most respondents cooperate with customs only to some extent. Additionally, the Contractor's study details that cooperation with national customs authorities under articles 17 and 21 is not homogenous and can be broken down into various actions, such as access of tax authorities to CP42 transactions (art. 17.1(f) and 21.2(a)), access of tax authorities to IOSS monthly amounts (art. 17.1 (e)), and access of customs authorities to VIES information (art 21.1(a)). It is not clear from the collected data whether Member States use these differently.

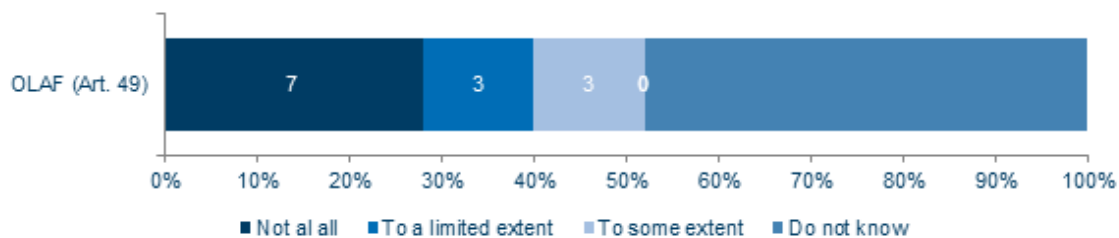
10. OLAF

OLAF

- Member States rarely share relevant information with OLAF spontaneously. The main factor seems to be the lack of awareness of why it is potentially important to share information with the EU's anti-fraud office.
- Another barrier to using this tool is the fact that interaction between tax and customs authorities is organised differently in each country. Also, the voluntary nature of the Regulation makes Member States less likely to share information.

Source: Contractor's Study – Key take-aways usability OLAF

Figure Annex VII 21: Q5 on the extent to which tools are used to tackle VAT fraud (n=25)



Source: Contractor's Study – Survey of Member State authorities

11. Schemes included in Chapter XI

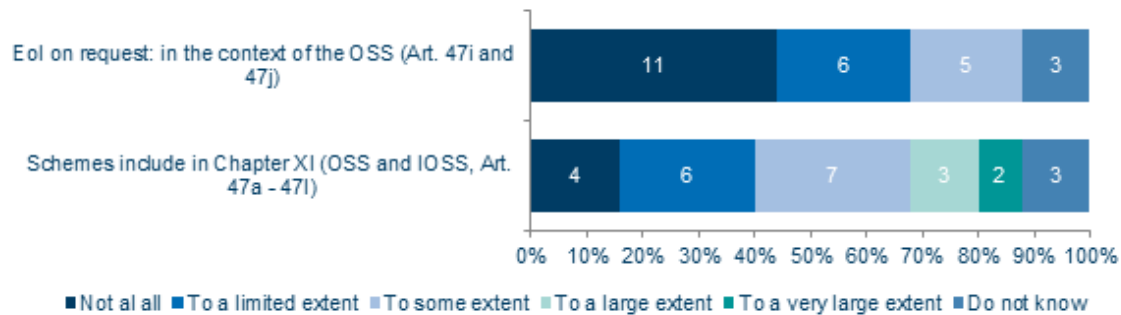
Schemes included in Chapter XI

- Member States confirm the usability of the OSS and IOSS for taxpayers but less directly link this to the fight against VAT fraud or administrative cooperation.
- EoI in the context of the OSS (articles 47(i) and 47(j)) does not occur very frequently. However, the centralisation of data through the schemes facilitates exchange.

- The OSS and IOSS tools improve VAT compliance as they make compliance with VAT rules easier.
- Identified barriers to the tools are that, at times, the OSS faces IT problems and CCN limitations in terms of file transferring.

Source: Contractor's Study – Key take-aways usability Schemes Chapter XI

Figure Annex VII 22: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

It should be remarked that the evidence gathered by the Contractor as regard the usability of Schemes included in Chapter XI is mainly focus on the survey of Member States. Some interviews took place but without specifying who were the stakeholders targeted, but it seems the main interviewees were authorities from Member States since it is stated that Member States confirm the usability of the tool for taxpayers but less directly link this to the fight against VAT fraud or administrative cooperation. Feedback collected during the validation workshop suggests that the recent introduction of OSS (July 2022) also plays an important role in the relatively limited use of the tools. Apart from the EoI on request in the context of the OSS (Art. 47i and 47j) which is a specific tool to be used by tax authorities, the usability of these Schemes depends on the willingness of taxpayers to apply them. Therefore, it could have been also interested to have specific feedback from private stakeholder which could be potential user of these schemes since their main objective is to facilitating the fulfilment of VAT obligations to taxpayers as they make compliance with VAT rules easier.

To substantiate the opinion of the stakeholders, below are some figures on the amount of VAT collected through these schemes.

Figure Annex VII 23: VAT revenue declared during January - December 2022 in OSS/IOSS

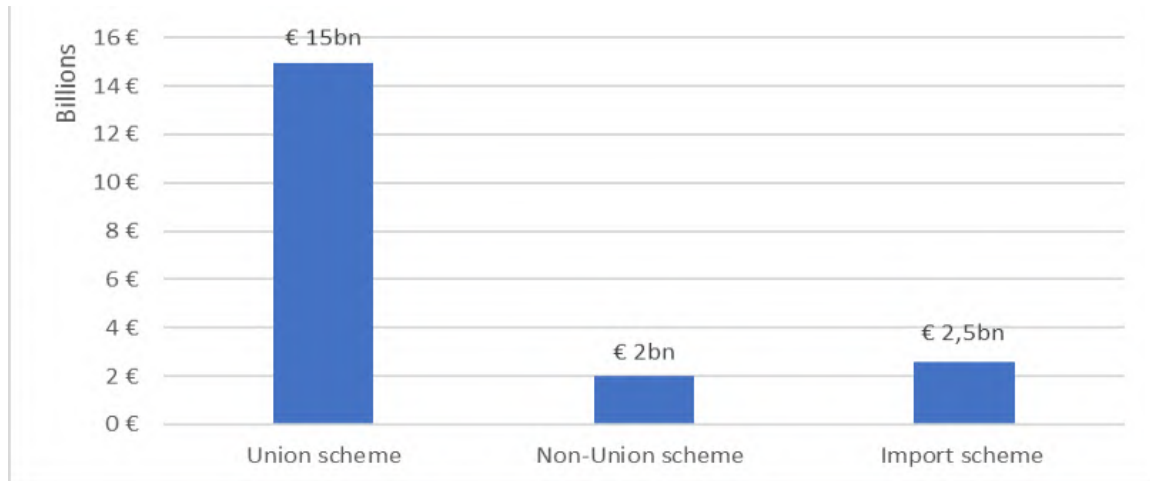


Figure Annex VII 24: Total VAT revenues from MOSS 2015-2020.



12. VAT cross-border refund

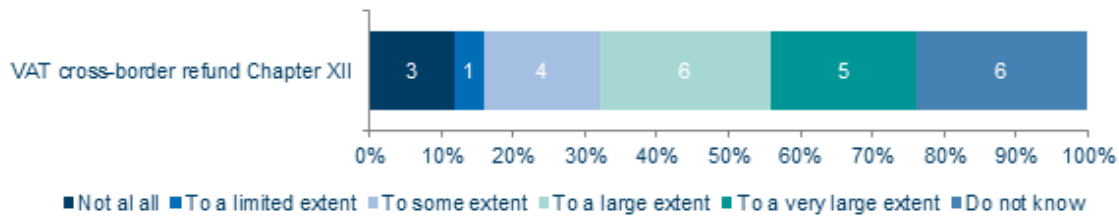
VAT cross-border refund

- This tool is perceived as less relevant for fighting VAT fraud, illustrated by the limited use by MS authorities.
- The tool's usability is more linked to facilitating cooperation between tax authorities and to facilitating taxpayers' VAT obligations.

Source: Contractor's Study – Key take-aways usability VAT cross-border refund

The VAT refunds under Articles 5 and 18 of the Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State are transmitted between Member States using the VAT refund electronic system. The number of such refund claims amounted to 706 808 claims across the EU in 2022. Between 10 and 15% of these claims are rejected.

Figure Annex VII 25: Q5 on the extent to which tools are used (n=25)



Source: Contractor's Study – Survey of Member State authorities

As regard this tool it should be noted that the findings reached by the Contractor are based on the survey to the Member States. Nevertheless, the key information would have been the one that private stakeholders could have provided since the main objective of this tool is to facilitate the fulfilment of obligations to taxpayers.

Figure Annex VII 26: Number of VAT refunds claims received and rejected across the EU⁶⁶

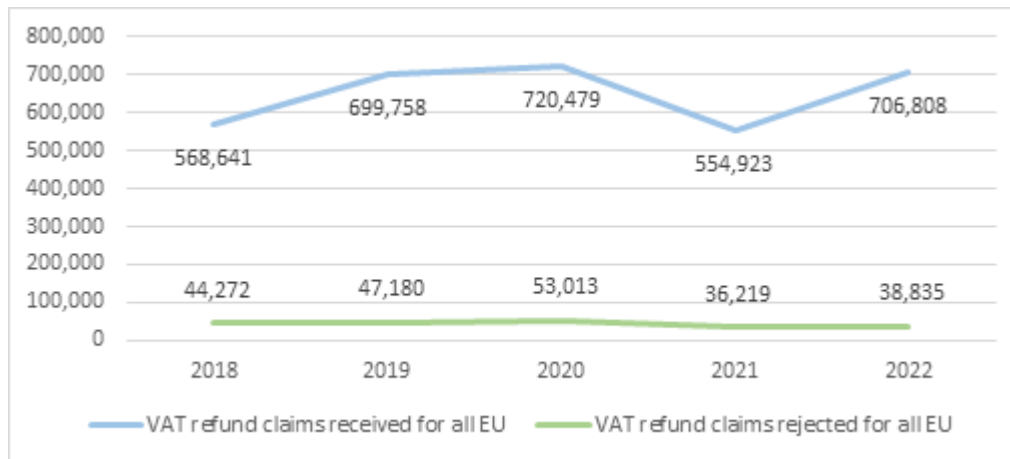
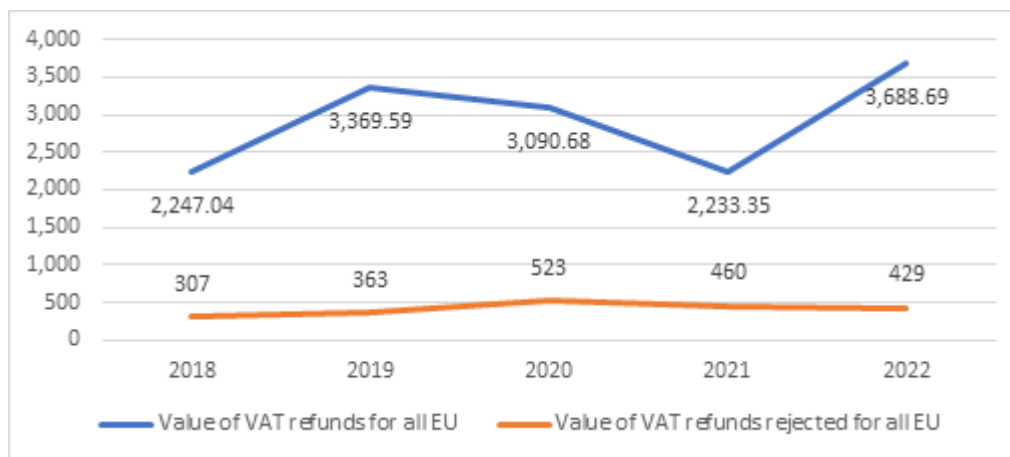


Figure Annex VII 27: Value of VAT refunds claims received and rejected across the EU⁶⁷



⁶⁶ Annual SCAC statistics

⁶⁷ Annual SCAC statistics

The number and the amount of VAT refunds fluctuated over the last five years, but in general stayed within a certain range.