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**TEXTS ADOPTED**

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**Towards a definitive VAT system and fighting VAT fraud**

**European Parliament resolution of 24 November 2016 on towards a definitive VAT system and fighting VAT fraud (2016/2033(INI))**

*The European Parliament,*

- having regard to the action plan on VAT put forward by the Commission on 7 April 2016 (COM(2016)0148),
- having regard to the European Court of Auditors special report No 24/2015 of 3 March 2016 entitled ‘Tackling intra-Community VAT fraud: More action needed’,
- having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax,
- having regard to its resolution of 13 October 2011 on the future of VAT<sup>1</sup>,
- having regard to the proposal for a directive on the fight against fraud to the Union’s financial interests by means of criminal law (COM(2012)0363),
- having regard to the proposal for a Council Regulation on the establishment of the European Public Prosecutor’s Office (COM(2013)0534),
- having regard to its resolution of 12 March 2014 on the proposal for a Council regulation on the establishment of the European Public Prosecutor’s Office<sup>2</sup>,
- having regard to the proposal for a regulation on the European Union Agency for Criminal Justice Cooperation (Eurojust) (COM(2013)0535),
- having regard to its resolution of 29 April 2015 on the proposal for a Council regulation on the establishment of the European Public Prosecutor’s Office<sup>3</sup>,
- having regard to Rule 52 of its Rules of Procedure,
- having regard to the report of the Committee on Economic and Monetary Affairs and the

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<sup>1</sup> OJ C 94 E, 3.4.2013, p. 5.

<sup>2</sup> Texts adopted, P7\_TA(2014)0234.

<sup>3</sup> OJ C 346, 21.9.2016, p. 27.

opinions of the Committee on Budgetary Control and the Committee on Civil Liberties, Justice and Home Affairs (A8-0307/2016),

- A. whereas the Single Market, established on 1 January 1993, has abolished border controls for intra-community trade and whereas, under Articles 402-404 of the current VAT Directive, the European Union VAT arrangements in place since 1993 are of a provisional and transitional nature only;
- B. whereas, under Article 113 of the Treaty on the Functioning of the European Union (TFEU), the Council shall, acting unanimously, adopt directives for the completion of the common VAT system and, in particular, the progressive curtailment or revocation of exemptions thereto;
- C. whereas the Commission is required every four years to submit to the European Parliament and the Council a report on the functioning of the current VAT system and, in particular, the transitional arrangements;
- D. whereas VAT, the proceeds of which yielded almost EUR 1 trillion in 2014, is a major and growing source of revenue in the Member States and contributes to EU own resources, the EU's total revenue from the VAT own resource standing at EUR 17 667 million and accounting for 12,27 % of the total revenue of the EU in 2014<sup>1</sup>;
- E. whereas the current VAT system, in particular as it is applied by large corporations to cross-border transactions, is vulnerable to fraud, tax avoidance strategies, VAT uncollected due to insolvencies, or to miscalculation; whereas the estimated 'VAT gap' amounts to around EUR 170 billion annually, and better digital technologies are becoming available to help close this gap;
- F. whereas, according to a Commission study<sup>2</sup>, MTIC fraud (Missing Trader Intra-Community fraud, commonly called carousel fraud) alone is responsible for a VAT revenue loss of approximately EUR 45 billion to EUR 53 billion annually;
- G. whereas Member States differ in the effectiveness with which they are able to address VAT fraud and VAT avoidance, since the VAT gap is estimated to vary from less than 5 % to over 40 % depending on the country considered;
- H. whereas, according to Europol estimates, between EUR 40 billion and EUR 60 billion of the annual VAT revenue losses of Member States are caused by organised crime groups, and 2 % of those groups are behind 80 % of MTIC fraud;
- I. whereas the measurement of the revenue losses arising from cross-border VAT fraud is a very challenging task given that only two Member States, the UK and Belgium, collect and disseminate statistics on the issue;
- J. whereas several Member States under the coordination of Eurojust and Europol have recently conducted three successful and consecutive Vertigo Operations which uncovered a carousel fraud scheme totalling EUR 320 million;

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<sup>1</sup> European Commission, financial report 2014.

<sup>2</sup> [http://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/common/publications/studies/ey\\_study\\_destination\\_principle.pdf](http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/common/publications/studies/ey_study_destination_principle.pdf)

- K. whereas the high administrative costs incurred under the present VAT system, especially with regard to cross-border transactions, could be significantly reduced for small and medium-sized enterprises in particular, including by means of simplification measures employing digital reporting tools and common databases;
- L. whereas there is much room for improvement in reducing administrative and tax barriers, which particularly affect cross-border cooperation projects;
- M. whereas VAT is a tax on consumption which is based on a system of fractionated payments allowing for self-policing by persons liable for payment, and whereas it must only be borne by the final consumer so as to ensure neutrality for businesses; whereas it is up to Member States to organise the practical way of charging VAT in order to ensure that it is borne by the final consumer;
- N. whereas 23 years after the introduction of the VAT Directive, the so called 'standstill derogations' are outdated, in particular with regard to the modern digital economy;
- O. whereas, over the past two decades, the Commission has initiated over 40 infringement procedures against more than two-thirds of the Member States for breach of the directive;
- P. whereas no majority can be achieved in favour of the country of origin principle regarding a definitive VAT system, since this would require a higher degree of tax-rate harmonisation to prevent massive distortions of competition;
- Q. whereas the fight against tax fraud is one of the main tax-related challenges faced by the Member States;
- R. whereas VAT fraud is an extremely damaging practice that diverts significant amounts of Member States' budget revenues while hindering their efforts to consolidate their public finances;
- S. whereas cross-border VAT fraud costs our Member States and European taxpayers nearly EUR 50 billion a year;
- T. whereas VAT fraud typologies are multifaceted, evolving and concern many economic sectors, and thus require swift adaptation of relevant legislation in order to move towards a sustainable and simple VAT system enabling the prevention of fraud and the potential loss of tax revenue;
- U. whereas any reverse charge pilot projects must not cause or lead to any delay in putting in place a definitive VAT system as provided for in the Commission's Action Plan roadmap;
- V. whereas the most popular VAT fraud technique is 'carousel' fraud; whereas in this type of fraud, which occurs very frequently in the electronic component, mobile telephony and textile trades, goods are passed around between several companies in different Member States, taking advantage of the fact that there is no tax levied on the intra-EU supply of goods;
- W. whereas enhanced and continuous cooperation efforts between the Member States are urgently needed to set up comprehensive and integrated strategies in the fight against fraud, particularly considering current EU budgetary constraints, and the increase in e-commerce and internet trade that has weakened territorial control over VAT collection;

- X. whereas the protection of the financial interests of the European Union and the Member States is a key element of the Union's policy agenda to strengthen and increase the confidence of citizens and ensure that their money is used properly;
  - Y. whereas VAT fraud results in a loss of income for the Member States, and therefore for the EU, creates a distorted fiscal environment that is particularly damaging to small and medium-sized enterprises, and is used by criminal organisations taking advantage of existing legislative gaps between the Member States and their competent supervisory authorities;
  - Z. whereas the European Court of Auditors concluded in its Special Report No 24/2015 that VAT fraud is mostly classed as a criminal practice that needs to be stopped;
  - AA. whereas in the '*Taricco and Others*' case (C-105/14) the European Court of Justice stated that the concept of 'fraud' as defined in Article 1 of the Convention on the Protection of the European Communities' Financial Interests covers revenue derived from VAT;
1. Welcomes the Commission's intention to propose a definitive VAT system by 2017 that is simple, fair, robust, efficient and less susceptible to fraud;
  2. Emphasises that a simple system for VAT which demands fewer exemptions is necessary for the proper functioning of the digital single market;
  3. Takes the view that the expert advice on which the Commission's proposals for the programme of action are based contains a number of valuable recommendations; emphasises that the Commission's list of proposals aimed at achieving a robust, simple and fraud-proof VAT system is not exhaustive;
  4. Welcomes the recent Commission communication of 7 April 2016 and the projected additional measures designed to prevent fraud and help improve the existing VAT system;
  5. Takes the view that improving the existing system is also important, and calls for fundamental reforms with a view to removing or at least substantially reducing the problems affecting it, and particularly the European problem of VAT collection;
  6. Takes the view that the Commission should examine all possible options equally without prejudging the outcome and should include them in the legislative process;
  7. Notes that concerted efforts between Member States are needed to reach agreement on a definitive VAT system;
  8. Recognises that unanimity will be a necessary precondition for an agreement on a better functioning system for VAT, and therefore calls for a clear vision regarding simplicity and fewer exceptions combined with a pragmatic approach respecting the interests of the rapidly developing digital economy;
  9. Notes that it is essential for the Member States to adopt a coordinated tax policy and to improve the speed and frequency of their exchange information concerning intra-Community trade in order to combat tax evasion and tax avoidance more effectively and finally close the existing 'VAT gap';

10. Encourages the Commission and government agencies to explore and test new technologies, such as distributed ledger technology and real time supervision, as part of a RegTech agenda with a view to significantly reducing the existing and substantial ‘VAT gap’ in the Union;
11. Stresses that it is the responsibility of the tax authorities in the individual Member States to ensure that VAT is paid in a simple and SME-friendly way, which can be facilitated by increased cooperation between the national authorities;
12. Takes the view that cooperation and information exchanges between the Member State tax authorities have been inadequate in the past and the activities of Eurofisc have to date failed to achieve any satisfactory results; is of the opinion that the information exchanged through Eurofisc should be better targeted to fraud; looks forward to the upcoming Commission proposal to enhance the functioning of Eurofisc;
13. Notes that the VAT Information Exchange System (VIES) has proven to be a helpful tool in fighting fraud by enabling tax authorities to reconcile data on traders across countries, but that shortcomings persist in its implementation, in particular as regards the timeliness of the information provided, the swiftness of the replies to queries and the speed of reaction to the errors signalled; recommends therefore that Member States give due consideration to addressing these shortcomings;
14. Notes that the data provided to Eurofisc by national authorities are not filtered in a way which transfers solely suspect cases, thus hindering the optimal functioning of the group; supports the initiative by several Member States that argue for the setting up of national risk analysis tools which would permit filtering of data without running the risk of eliminating suspicious cases in any Member State and allow Eurofisc to react quickly against cross-border VAT fraud;
15. Emphasises that it is the responsibility of the tax authorities in the individual Member States to ensure that VAT is paid in a proper and simple way;
16. Recalls that Member States largely depend on information received from other Member States concerning intra-EU trade in order to be able to collect VAT in their territory; calls on the authorities responsible to automatically exchange VAT and excise information in particular and to use reliable and user-friendly IT means, such as electronic standard forms, to record cross-border deliveries of goods and services to end-users; believes in this regard that the use of VAT Locator Numbers (VLNs), under which customers cannot deduct input tax if the VAT is mentioned on an invoice without a valid VLN, could be a helpful tool;
17. Believes that the lack of comparable data and of adequate relevant indicators to measure Member States’ performance affects the effectiveness of the EU system in tackling intra-EU VAT fraud, and thus calls on tax authorities to establish, in coordination with the Commission, a common system to estimate the size of intra-EU fraud and then set targets to reduce it, as this would make it possible to evaluate Member States’ performance in tackling this issue;
18. Calls on Member States to also facilitate the exchange of information with judicial and law enforcement authorities such as Europol and OLAF, as recommended by the Court of Auditors;

19. Notes that Customs Procedure 42, which provides for VAT exemption on goods imported into one Member State when they will subsequently be shipped to another Member State, has shown to be vulnerable to fraudulent abuse; notes that effective cross checks of the data held by tax authorities with data held by customs authorities are crucial to detect and eliminate this type of fraud; calls therefore on Member States and on the Commission to act in order to facilitate the flow of information between tax and customs authorities regarding imports under Customs Procedure 42, as recommended by the European Court of Auditors;
20. Supports the aim of the action plan to establish a single European VAT area to buttress a deeper and more equitable single market and in order to help promote tax justice, sustainable consumption, employment, growth, investment and competitiveness, while also limiting the possibility of VAT fraud;
21. Calls in this regard for services to be incorporated fully into the new system as soon as possible and calls, in particular, for financial services to be subject to VAT;
22. Shares the Commission's view that the VAT system decided upon should be based on the principle of taxation in the country which is the final destination of the goods and services, given that the country-of-origin principle could not be implemented;
23. Is in favour of the country-of-destination principle being applied as a general rule in the case of distance sales to individuals, and of introducing harmonised measures for small businesses;
24. Calls for technical developments in the digital world to be incorporated into the existing tax models when the VAT system decided upon is introduced, so that the system will be fit for the 21st century;
25. Notes that the current plethora of VAT rates causes great uncertainty for companies involved in cross-border trading, in particular in the services sector and for SMEs; notes that uncertainty is also caused by the question of who is liable for the collection of VAT, proof of intra-community supply, the risk of being involved in missing trader fraud, cash-flow issues and the different VAT rates for different product categories within the same country; calls therefore on the Commission to study the impact by mid-2017 of missing trader fraud; calls for Member States to agree on increasing convergence in VAT rates;
26. Calls on the Commission to assess the impact of failing to harmonise tax rates at Union level, particularly on cross-border activities, and to assess the possibilities for removing these obstacles;
27. Supports the option as proposed by the Commission of a regular review of the list of goods and services eligible for reduced rates to be agreed by the Council; calls for this list to take into account political priorities such as social, gender, health, environmental, nutritional and cultural aspects;
28. Takes the view that the complete abolition of minimum tax rates as an alternative, as advocated by the Commission, might cause considerable distortions of competition and problems in the single market; takes the view that the need for greater harmonisation, which is necessary for the proper functioning of the single market should be taken into account;

29. Calls for an examination of whether a single European list of reduced goods and services could be compiled with the aim of finding an alternative to the current system of reduced VAT rates which could significantly improve the efficiency of the VAT system, allowing for a more structured system than is currently the case;
30. Takes the view that fewer exemptions are important to fight VAT fraud and that the best and most efficient way to tackle fraud is a simple VAT system with as low a rate as possible;
31. Takes the view that the present complicated system could be considerably simplified if the goods and services eligible for reduced tax rates were reduced and some goods and services eligible for reduced tax rates were determined jointly by Member States at EU level, while allowing Member States to decide on tax rates as long as they are compliant with the minimum tax rates in the VAT Directive and provided that this does not create risks of unfair competition;
32. Calls for products to be subject to the country-of-destination principle of equal taxation irrespective of what form they take or what platform they are purchased on and whether they are delivered digitally or physically;
33. Notes that a major problem for SMEs today is that Member States have different interpretations regarding what can be described as a product or as a service; calls therefore on the Commission to be clearer and more distinct in its definitions;
34. Calls on the Member States to apply VAT equally to private and public companies in areas in which they compete with each other;
35. Points out that the fractionated payments system for VAT was chosen as the reference for indirect taxation in the OECD's BEPS project (Action 1) because it ensures that tax collection is effective and, by its very nature, allows for self-policing by operators;
36. Notes that Articles 199 and 199a of the VAT Directive provide for a temporary and targeted application of the reverse charge mechanism for cross-border transactions and for certain domestic high-risk sectors in Member States;
37. Calls on Commission to study carefully the consequences of the reverse charge mechanism and to examine whether this procedure will simplify the situation for SMEs and reduce VAT fraud;
38. Calls on the Commission to evaluate the effects of the reverse charge procedure, and not only for individual sectors which are particularly susceptible to fraud, in terms of benefits, compliance costs, fraud, effectiveness and implementation problems and long-term advantages and disadvantages through pilot projects, as requested by some Member States and explicitly confirmed by the Commission in the meantime, even if this has not been included in its action plan so far; stresses that any such pilot project must not, however, by any means cause or lead to any delay in the design and implementation of the permanent VAT regime as provided for in the Commission's Action Plan roadmap;
39. Takes the view that national tax administrations must take greater responsibility for ensuring tax compliance and reducing opportunities for evasion in the general implementation of the country-of-destination principle; agrees with the Commission that there is still ample room to improve the fight against VAT fraud via conventional

administrative measures and improving Member States' staff capacity and skills in tax collection and inspection; highlights the need to strengthen tax inspections and sanctions on the largest fraudsters; calls on the Commission to provide adequate financial and technical support in this regard;

40. Takes the view that the Commission should closely monitor the performance of national tax authorities and improve coordination between them;
41. Welcomes the Commission announcement to expand the Mini One-Stop Shop into a fully-fledged one-stop shop; notes the paramount importance of it being user-friendly and equally efficient in all 28 Member States; notes that creating a one-stop-shop would alleviate administrative burdens that prevent companies from operating across borders and reduce costs for SMEs (COM(2016)0148);
42. Notes that a 'one-stop shop' is essential if the country-of-destination principle is to be imposed and made less prone to fraud; calls for improvements to the one-stop shop to be based on the current experience of the Mini One-Stop Shops for digital products; notes that even with the Mini One-Stop Shop, small and micro-businesses can face a significant administrative burden under the new destination principle; welcomes, therefore, the proposal within the Commission's action plan on VAT to introduce a common EU-wide simplification measure (VAT threshold); calls for a clear definition of which Member State is responsible for tax inspection in the case of cross-border transactions; welcomes the Commission's intention to abolish the Low Value Consignments Relief as part of its VAT action plan;
43. Recognising that different VAT regimes across the European Union might also be perceived as a non-tariff barrier in the Single Market, underlines that the VAT Mini One-Stop Shop (VAT MOSS) is a good way of helping to remove this barrier and in particular of supporting SMEs in their cross-border activity; acknowledges that there are still some minor problematic issues with the VAT MOSS; calls on the Commission to further facilitate the payment of VAT obligations by companies across the EU;
44. Notes the Court of Justice of the European Union ruling in C-97/09 (*Ingrid Schmelz v Finanzamt Waldviertel*); takes note of the 28 different thresholds for exemption from VAT tax; takes note of the ensuing financial difficulties faced by SMEs and micro-businesses which would be exempted under their national systems; calls on the Commission to conduct further studies on establishing a threshold for the exemption to pay VAT for micro-businesses;
45. Calls for all proposals to be studied in order to minimise the administrative burden of turnover taxes for MSMEs; encourages the Commission in this regard also to look into international best practices, such as the gold card schemes applicable in Singapore and Australia, recognising that the risk of fraud on the part of some suppliers is very low;
46. Welcomes the Commission's announcement that it will submit an SME package for VAT in 2017; recommends, however, that the implementation of the new framework should be gradual as it will trigger additional administrative costs (such as IT infrastructure or VAT processes);
47. Notes the complex filing system that imposes a high burden on SMEs and thus discourages cross-border trade; calls on the Commission to include in its SME package a



proposal for unified VAT filing and harmonised reporting requirements and deadlines;

48. Underscores the need for a harmonised VAT environment for distance ‘business-to-business’ and ‘business-to-consumer’ sales; notes that the VAT threshold is not implemented with the same success in different Member States due to failures in coordination;
49. Stresses that a new simplified system for VAT must be designed in such a way that SMEs can easily follow the rules on cross border trade and can find support in each Member State not only on how to adapt to them but also on managing the VAT procedures;
50. Calls in the short term for a comprehensive and publicly accessible internet portal for companies and end-users to find, clearly and easily, detailed information on the VAT rates applicable to individual products and services in the Member States; stresses that language and design of this portal should be easy to understand and use; reiterates its conviction that helping companies to clearly understand VAT rules applicable in Member States will further strengthen anti-VAT-fraud measures; notes also that certified tax software could help in limiting the risk of specific types of fraud and other irregularities and can provide certainty to honest businesses engaged in domestic and cross-border transactions; calls further on the Commission to provide guidelines to national tax authorities on the classification of transactions with respect to the applied VAT rate in order to reduce compliance costs and legal disputes; calls on Member States to set up public information systems, such as a VAT web portal, to make reliable information available;
51. Calls on the Commission to set up a list with updated information on VAT rules in every single Member State; underlines, at the same time, that it is the responsibility of the Member States to report their rules and rates to the Commission;
52. Notes that, for e-commerce sales, the lack of harmonisation in the VAT threshold entails high transaction costs for SMEs operating in e-commerce activities when they accidentally or inadvertently exceed the threshold;
53. Calls on the Member States to urgently provide the Commission with information regarding their respective VAT rates, special requirements and exemptions; calls on the Commission to collect this information and make it available to companies and consumers;
54. Takes the view that the VAT reform plans announced by the Commission in the action programme must be subject to comprehensive and qualitatively-sound impact assessments with input from science, EU Member State tax administrations, SMEs and companies in the EU;
55. Emphasises that tax legislation is an exclusive competence of the Member States; emphasises that according to Article 329(1) TFEU a group of at least nine Member States may engage in enhanced cooperation; calls on the Commission to support proposals for enhanced cooperation which aim to combat fraud and reduce administrative burdens in terms of VAT;
56. Takes the view that a solution within the OECD framework is preferred to stand-alone measures which need to be harmonised with OECD recommendations and the BEPS action plan;

57. Welcomes the Commission communication entitled 'EU eGovernment Action Plan 2016-2020: Accelerating the digital transformation of government' (COM(2016)0179);
58. Notes that the new action plan includes further steps forward towards a more efficient and fraud-proof definitive regime that will be friendlier to businesses in the age of the digital economy and e-commerce;
59. Supports the Commission proposal according to which VAT on cross-border sales (of goods or services) would be collected by the tax authority of the originating country, at the rate applicable in the country of consumption, and transferred to the country where the goods or services are ultimately consumed;
60. Underlines the importance of presenting a legislative proposal to extend the Single Electronic Mechanism (for the registration and payment of VAT to cross-border businesses) to consumer online sales of physical goods in order to reduce the administrative burden, one of the main barriers that businesses face when operating across borders;
61. Calls on the Commission to address the administrative burden on businesses arising from the fragmented VAT regime by presenting legislative proposals to extend the current mini One-Stop Shop to include tangible goods sold online, allowing businesses to make single declarations and VAT payments in their own Member States;
62. Calls on the Member States to simplify their national tax systems, and to make them more consistent and robust, so as to facilitate compliance, prevent, deter and punish tax fraud and evasion, and boost the efficiency of VAT collection;
63. Is concerned that the goal of simplifying the system of accountability for VAT as an own resource has not been totally achieved; recalls the need for further simplification of the management system related to own resources in order to reduce the possibilities of errors and fraud; regrets that the new action plan does not address the impact on the VAT own resource;
64. Points out that the Member States' VAT gaps, and the estimated losses on VAT collection within the Union, amounted to an estimated EUR 170 billion in 2015, and underlines the fact that in 13 of the 26 Member States examined in 2014 the average estimated VAT loss exceeded 15,2 %; calls on the Commission to make full use of its executive powers in order to both control and help the Member States; points out that effective action to reduce the VAT gap requires a concerted and multidisciplinary approach, as this gap is the result not only of fraud but of a combination of factors, including bankruptcy and insolvency, statistical errors, late payment, tax evasion and tax avoidance; reiterates its call on the Commission swiftly to promote legislation on the minimum level of protection for whistle-blowers in the EU in order to better investigate and deter fraud, and to establish financial support for cross-border investigative journalism, which clearly proved its effectiveness in the 'LuxLeaks', 'Dieselgate' and 'Panama Papers' scandals;
65. Regrets that VAT fraud, and in particular the so-called 'carousel' or 'missing trader' fraud, distorts competition and deprives national budgets of significant resources, as well as being detrimental to the Union budget; is concerned that the Commission has no reliable data on VAT 'carousel fraud'; calls, therefore, on the Commission to launch a coordinated effort by the Member States to establish a joint system of collecting statistics

on VAT ‘carousel fraud’; points out that such a system could build upon practices already used in some Member States;

66. Urges the Commission to initiate the establishment of a common system that will allow a more refined estimation of the size of intra-EU VAT fraud by compiling intra-EU VAT fraud statistics, which would enable individual Member States to evaluate their respective performances in this regard on the basis of precise and reliable indicators of the reduction of intra-EU VAT and the increase in fraud detection and correlative tax recovery; takes the view that new auditing approaches, such as the single audit or joint audits, should be extended further to encompass cross-border operations;
67. Stresses the importance of implementing new strategies, and of making more efficient use of existing EU structures, to combat VAT fraud more vigorously; underlines the fact that greater transparency allowing for proper scrutiny, and the adoption of a more structured and ‘risk-based’ approach, are key to detecting and preventing fraud schemes and corruption;
68. Regrets that administrative cooperation among Member States in fighting VAT fraud is still not efficient when it comes to coping with intra-EU VAT evasion and fraud mechanisms, or to managing cross-border transactions or trading; stresses the need for a simplified, effective and accessible VAT system that will allow all Member States to reduce their VAT burdens and combat VAT fraud; calls on the Commission, therefore, to carry out more monitoring visits to Member States, selected on a risk basis, when assessing administrative cooperation agreements; asks the Commission, furthermore, to focus, in the context of its evaluation of the administrative arrangements, on removing legal obstacles preventing the exchange of information between administrative, judicial and law enforcement authorities at national and EU level; calls, in addition, on the Commission to recommend that Member States introduce a common risk analysis, including the use of social network analysis, to ensure that the information exchanged through Eurofisc is targeted on fraud; calls on the Member States to lay down effective, proportionate and dissuasive penalties, and to improve the system currently used to exchange information;
69. Stresses the need to reinforce Eurofisc in order to speed up exchanges of information; points out that there are still problems with regard to the accuracy, completeness and timeliness of information; considers it necessary to pool the actions, and coordinate the strategies, of the Member States’ tax, judicial and police authorities, and of European bodies – such as Europol, Eurojust and OLAF – dealing with the fight against fraud, organised crime and money laundering; encourages all stakeholders to further consider simple and comprehensible models for real-time information sharing in order to allow for prompt reactions or mitigating measures to combat existing or newly emerging fraud schemes;
70. Considers it essential for all Member States to participate in Eurofisc in each of its fields of activity, so as to allow effective measures to be taken to combat VAT fraud;
71. Calls on the Commission to make proposals enabling effective cross-checks of data from customs and tax authorities, and to focus its monitoring of the Member States on measures indicative of improvements to the timeliness of their replies to information requests and of the reliability of the VAT Information Exchange System (VIES);

72. Asks the Commission to encourage those Member States that have not already done so to implement a two-tier VAT identification number (with a number allocated to traders wishing to take part in intra-Community trade that is different from the domestic VAT identification number) and to conduct the checks laid down in Article 22 of Regulation (EU) No 904/2010, while providing free advice to traders;
73. Calls on the Commission to ensure that the Member States' electronic customs clearance systems are capable of, and carry out, automatic checking of VAT identification numbers;
74. Urges the Commission to propose an amendment to the VAT Directive with a view to achieving further harmonisation of Member States' VAT reporting requirements for intra-EU supplies of goods and services;
75. Regrets that the proposal of the Commission with regard to joint and several liability in cases of cross-border trade has not been adopted by the Council; points out that this reduces the deterrence against doing business with fraudulent traders; considers that the implementation of the VAT Directive, as regards the period of submission of recapitulative statements, is not uniform among the Member States, and that this increases the administrative burden on traders operating in more than one Member State; urges the Council, therefore, to approve the Commission's proposal on joint and several liability;
76. Encourages the Commission and the Member States to be more active at international level, to strengthen cooperation with non-EU countries and to enforce efficient VAT collection, so as to establish standards and strategies of cooperation based chiefly on the principles of transparency, good governance and exchange of information; encourages the Member States to exchange information received from non-EU countries among themselves in order to facilitate the enforcement of VAT collection, particularly in e-commerce;
77. Urges the Council to include VAT in the scope of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (the 'PIF Directive') with a view to finding agreement on the matter as soon as possible;
78. Calls on the Commission to continue to assess the revenues raised by criminal organisations through VAT fraud, and to present a comprehensive, common, multi-disciplinary strategy to counter criminal organisations' business models based on VAT fraud, including by means of joint investigation teams where necessary;
79. Deems it crucial to ensure the establishment of a single, strong and independent European Public Prosecutor's Office (EPPO) that is able to investigate, prosecute and bring to court the perpetrators of criminal offences affecting the Union's financial interests, including with regard to VAT fraud, as defined in the abovementioned PIF Directive, and believes that any weaker solution would represent a cost to the Union budget; stresses, moreover, the need to ensure that division of competence between the EPPO and Member States' investigating authorities does not lead to offences with a meaningful impact on the Union budget falling outside the competence of the EPPO;
80. Calls on all the Member States to publish estimates on losses due to intra-EU VAT fraud, to address weaknesses in Eurofisc, and to better coordinate their policies on reverse charging of VAT relating to goods and services;

81. Deems it crucial that the Member States use multilateral controls (MLCs) – a coordinated control by two or more Member States of the tax liability of one or more related taxable persons – as a useful tool for combating VAT fraud;
82. Instructs its President to forward this resolution to the Council, the Commission and the Member States.