

Procedure file

Basic information		
CNS - Consultation procedure Directive	2008/0058(CNS)	Procedure completed
Value added tax (VAT): combating tax evasion connected with intra-Community transactions		
Amending Directive 2006/112/EC 2004/0079(CNS)		
Subject		
2.70.02 Indirect taxation, VAT, excise duties		
7.30.30.06 Action to combat economic fraud and corruption		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		22/04/2008
		PPE-DE GARCÍA-MARGALLO Y MARFIL José Manuel	
	Committee for opinion	Rapporteur for opinion	Appointed
	CONT Budgetary Control	The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	JURI Legal Affairs		25/06/2008
		PSE GERINGER DE OEDENBERG Lidia Joanna	
Council of the European Union	Council configuration	Meeting	Date
	Employment, Social Policy, Health and Consumer Affairs2916		16/12/2008
	Economic and Financial Affairs ECOFIN	2901	04/11/2008
European Commission	Commission DG	Commissioner	
	Taxation and Customs Union	KOVÁCS László	

Key events			
17/03/2008	Legislative proposal published	COM(2008)0147	Summary
10/04/2008	Committee referral announced in Parliament		
04/11/2008	Debate in Council	2901	Summary
05/11/2008	Vote in committee		Summary
14/11/2008	Committee report tabled for plenary, 1st reading/single reading	A6-0448/2008	

03/12/2008	Debate in Parliament		
04/12/2008	Results of vote in Parliament		
04/12/2008	Decision by Parliament	T6-0577/2008	Summary
16/12/2008	Act adopted by Council after consultation of Parliament		
16/12/2008	End of procedure in Parliament		
20/01/2009	Final act published in Official Journal		

Technical information

Procedure reference	2008/0058(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2006/112/EC 2004/0079(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 093
Stage reached in procedure	Procedure completed
Committee dossier	ECON/6/61256

Documentation gateway

Legislative proposal		COM(2008)0147	17/03/2008	EC	Summary
Committee draft report		PE411.932	22/08/2008	EP	
Amendments tabled in committee		PE412.256	23/09/2008	EP	
Economic and Social Committee: opinion, report		CES1682/2008	22/10/2008	ESC	
Committee opinion	JURI	PE412.322	05/11/2008	EP	
Committee report tabled for plenary, 1st reading/single reading		A6-0448/2008	14/11/2008	EP	
Text adopted by Parliament, 1st reading/single reading		T6-0577/2008	04/12/2008	EP	Summary
Commission response to text adopted in plenary		SP(2009)402	29/01/2009	EC	

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

Final act

[Directive 2008/117](#)
[OJ L 014 20.01.2009, p. 0007](#) Summary

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

PURPOSE : to amend Council Directive 2006/112/EC by harmonising and reducing to one month the period for declaring intra-Community transactions in the recapitulative statements referred to in Title XI, Chapter 6, of the Directive.

PROPOSED ACT : Council Directive

CONTENT : this proposal and the proposal to amend Regulation (EC) No 1798/2003 on combating tax evasion connected with intra-Community transactions (see CNS/2008/0059) are intended to rectify the shortcomings of the intra-Community VAT arrangements. The system for the exchange of information on intra-Community supplies of goods established under the transitional VAT arrangements adopted when the single market was introduced is no longer sufficient to combat effectively tax evasion connected with intra-Community transactions. The Council has asked the Commission to submit a proposal aimed at reducing to one month both the reference period for the collection of information on intra-Community transactions and the maximum period for the transmission of that information between Member States.

The proposed measure is aimed solely at speeding up the collection and exchange of information on intra-Community transactions. The provisions in force are set out in Chapters 5 and 6 of Title XI of Council Directive 2006/112/EC and in Chapter V of Regulation (EC) No 1798/2003. Under the current provisions, data are collected from businesses with the following frequency: the recapitulative statements containing information on intra-Community supplies of goods are submitted by traders quarterly, in some cases monthly. From 1 January 2010 the recapitulative statements will also include information on supplies of services in the Member State of the customer for which the customer is liable for payment of VAT. Information on intra-Community acquisitions of goods in the Member State of arrival is collected by means of VAT returns, which are submitted on a monthly, two-monthly, quarterly, six-monthly or annual basis. At present, the interval between the time at which a transaction takes place and the time at which the information is made available to the Member State of the purchaser ranges from three to six months. The proposal would reduce this interval to one or two months.

Directive 2006/112/EC already gives Member States the option of collecting recapitulative statements on a monthly basis. Since, however, this option does not directly benefit the Member State collecting the information, only four Member States collect monthly statements from a significant number of taxable persons.

The proposal also contains a significant simplification for businesses by obliging the Member States to allow recapitulative statements and VAT returns to be submitted by electronic file transfer.

Accordingly, the proposal aims to do the following:

- reducing to one month the period for declaring intra-Community transactions in the recapitulative statements referred to in Title XI, Chapter 6, of Council Directive 2006/112/EC.

-reducing from three months to one month the period for transmission of this information between Member States.

-to obtain the information needed to combat tax evasion, it also proposed that information be collected monthly on intra-Community acquisitions of goods and purchases of services from a supplier established in another Member State for which the customer is liable for VAT. To do this, purchasers or customers carrying out such transactions for an amount higher than EUR 200 000 per calendar year will be obliged to submit their VAT returns monthly. This threshold has been calculated so as to avoid imposing further obligations on businesses making intra-Community acquisitions on an occasional basis or for small amounts while covering amounts significant for fraud;

-to provide for the amounts relating to the services concerned to be entered separately in the return for the cross-checking purposes;

-to enact provisions aimed at harmonising the rules for charging VAT on services in order to make sure that transactions are declared by the vendor and the purchaser during the same period. This provision will enable the information submitted

to be cross-checked efficiently.

Lastly, the proposal includes a provision aimed at simplifying the procedures for submitting recapitulative statements in Member States where these procedures are unusually complex in order to reduce the burden that such submission can represent for businesses.

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

The Council reached agreement in principle on a general approach on proposals for a Directive and Regulation to strengthen the fight against VAT (value added tax) fraud.

The Directive and Regulation will be adopted at a forthcoming Council meeting, once the European Parliament has delivered its opinion.

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

The Committee on Economic and Monetary Affairs adopted a report drafted by José Manuel GARCIA-MARGALLO y MARFIL (EPP-ED, SP) and amended the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

The main amendments ? adopted in the framework of the consultation procedure ? are as follows:

- two years after entry into force of the Directive, the Commission shall draw up a report evaluating the impact of the Directive. That report shall focus, in particular, on the administrative costs arising from the new formal obligations for individuals affected and on the degree of effectiveness of those formal obligations in combating tax evasion. The Commission shall submit a legislative proposal modifying the content of the formal obligations, if appropriate;

- Member States may, however, authorise recapitulative statements to be submitted by other means for certain categories of taxable person until 1 January of the year after entry into force of Directive .../.../EO (the amending directive). Members stated that the use of alternative

means of information transfer would considerably slow down the processing and exchange of information. Given the fact that all VAT registered operators have access to a computer and the net, the electronic transfer of information would not lead to an increase of administrative burden for them. The information is gathered anyway so it is just the operation of sending it that would be carried out more often which would not lead to an increase of the administrative burden but would speed up the information transfer between Member States and allow for improving the fight against fraud;

- a recital points out that VAT evasion affects not only the financing of Member States' budgets but also the overall balance of the European Union's own resources in so far as reductions in VAT own resources have to be compensated for by an increase in the gross national income of own resources ;

- in order to improve and increase the efficiency of the application of Directive 2006/112/EC, the Commission should encourage the tax administrations in the Member States to develop their administrative capacity in order to be able to receive statements by electronic means for as many categories of taxable persons as possible;

- a further recital makes it clear that the Directive is in no way intended to affect actions carried out at Community level with a view to achieving a 25 % reduction in the administrative burden on companies by 2012;

- the Commission should examine the possibility of setting up a database at European Union level that would contain the identification data of physical persons who have established, administered or managed companies involved in fraudulent intra-Community transactions in relation to VAT. Before a new company is registered, the relevant national body should ask the national tax administration for an EU tax record issued by it after consulting the respective database, to which it should be connected.

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

The European Parliament adopted, by 605 votes to 24 with 10 abstentions, a legislative resolution amending the proposal for a Council directive amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

The report had been tabled for consideration in plenary by José Manuel GARCIA-MARGALLO y MARFIL (EPP-ED, SP) on behalf of the Committee on Economic and Monetary Affairs.

The main amendments ? adopted in the framework of the consultation procedure ? are as follows:

- a recital points out that VAT evasion affects not only the financing of Member States' budgets but also the overall balance of the European Union's own resources in so far as reductions in VAT own resources have to be compensated for by an increase in the gross national income of own resources ;

- in order to improve and increase the efficiency of the application of Directive 2006/112/EC, the Commission should encourage the tax administrations in the Member States to develop their administrative capacity in order to be able to receive statements by electronic means for as many categories of taxable persons as possible;

- a further recital makes it clear that the Directive is in no way intended to affect actions carried out at Community level with a view to achieving a 25 % reduction in the administrative burden on companies by 2012;

- the Commission should examine the possibility of setting up a database at European Union level that would contain the identification data of physical persons who have established, administered or managed companies involved in fraudulent intra-Community transactions in relation to VAT. Before a new company is registered, the relevant national body should ask the national tax administration for an EU tax record issued by it after consulting the respective database, to which it should be connected;

- Member States may, however, authorise recapitulative statements to be submitted by other means for certain categories of taxable person until 31 December of the year after entry into force of Directive .../.../EO (the amending act);

- two years after entry into force of the Directive, the Commission shall draw up a report evaluating the impact of this Directive. That report shall focus, in particular, on the administrative costs arising from the new formal obligations for individuals affected and on the degree of effectiveness of those formal obligations in combating tax evasion. The Commission shall submit a legislative proposal modifying the content of the formal obligations, if appropriate.

Value added tax (VAT): combating tax evasion connected with intra-Community transactions

PURPOSE: to amend amending Directive 2006/112/EC in order better combat tax evasion.

LEGISLATIVE ACT: Council Directive 2008/117/EC amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions.

CONTENT: the Council adopted this Directive stepping up the fight against evasion of value added tax (VAT). It adopted two new legislative acts which are intended to ensure that information on cross-border transactions is collected and exchanged between Member States more quickly, to enable more rapid detection of cases of fraud, and in particular of "VAT carousels". (Please also refer to [CNS/2008/0059.](#))

The fight against VAT fraud represents a major challenge both for the EU and for national budgets. Every year, this type of fraud costs Member States billions of euros. It often takes the form of fraud circuits known as "VAT carousels", which target cross-border transactions. In November 2006, the Council agreed to establish a strategy to supplement at EU level the efforts being made nationally to combat fraud.

The adoption of this Directive and Regulation (EC) No 37/2009 provide for a reduction in the statutory time limits imposed on operators for the declaration of transactions for VAT purposes, together with a reduction in the time limits for transmission of such information between Member States. However, in order to prevent the administrative burden on undertakings becoming excessive, these acts focus particularly on supplies of goods, which are the principal conduit for "carousel" fraud. Consequently:

- as a general rule, as from 1 January 2010 transactions will be declared for VAT purposes on a monthly basis;
- Member States will nevertheless be able to authorise operators with less than EUR 50 000 (excluding VAT) per quarter for cross-border supplies of goods (EUR 100 000 up to 31 December 2011) and all service providers to continue to submit recapitulative statements on a quarterly basis;
- before 30 June 2011 the Commission will evaluate the impact of the new provisions on Member States' capacity to fight fraud.

ENTRY INTO FORCE: 21/01/2009.

TRANSPOSITION: 01/01/2010.