







# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2018/2152(INI)</a>	Procedure completed
Annual report on the protection of the European Union's financial interests - fight against fraud		
Subject 8.70.04 Protecting financial interests of the EU against fraud		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>CONT</b> Budgetary Control	 <a href="#">MARINESCU Marian-Jean</a> Shadow rapporteur  <a href="#">NIEDERMÜLLER Péter</a>  <a href="#">ALI Nedzhmi</a>  <a href="#">JÁVOR Benedek</a>	21/06/2018
European Commission	Commission DG <a href="#">Taxation and Customs Union</a>	Commissioner MOSCOVICI Pierre	

Key events			
05/07/2018	Committee referral announced in Parliament		
13/12/2018	Vote in committee		
10/01/2019	Committee report tabled for plenary	<a href="#">A8-0003/2019</a>	Summary
30/01/2019	Debate in Parliament		
31/01/2019	Results of vote in Parliament		
31/01/2019	Decision by Parliament	<a href="#">T8-0054/2019</a>	Summary
31/01/2019	End of procedure in Parliament		

Technical information	

Procedure reference	2018/2152(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Annual report
Legal basis	Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/13882

### Documentation gateway

Committee draft report	<a href="#">PE627.568</a>	19/10/2018	EP	
Amendments tabled in committee	<a href="#">PE631.780</a>	29/11/2018	EP	
Committee report tabled for plenary, single reading	<a href="#">A8-0003/2019</a>	10/01/2019	EP	Summary
Text adopted by Parliament, single reading	<a href="#">T8-0054/2019</a>	31/01/2019	EP	Summary
Commission response to text adopted in plenary	<a href="#">SP(2019)392</a>	03/07/2019	EC	

## Annual report on the protection of the European Union's financial interests - fight against fraud

The Committee on Budgetary Control adopted an own-initiative report by Marian-Jean MARINESCU (EPP, RO) on the 2017 annual report on the protection of the European Union's financial interests - Fight against fraud.

Members welcomed the fact that the total number of fraudulent and non-fraudulent irregularities reported in 2017 (15 213 cases) fell by 20.8% compared to 2016 (19 080 cases) and that their value fell by 13% (from EUR 2.97 billion in 2016 to EUR 2.58 billion in 2017). They stressed the need for closer cooperation between Member States with regard to the exchange of information in order to improve data collection and enhance the effectiveness of controls. They reiterated their request to the Commission to set up a uniform system for collecting comparable data on irregularities and cases of fraud in the Member States.

### Revenue - own resources

Members expressed concern that, according to Commission statistics, the VAT gap in 2016 amounted to EUR 147 billion, representing more than 12% of the total expected amount of VAT revenue, and that the Commission estimates that intra-Community VAT fraud cases cost the Union around EUR 50 billion annually.

The report noted the stable trend in the reported number of fraudulent and non-fraudulent cases linked to traditional own resources (TOR) (4 647 in 2016, 4 636 in 2017), as well as in the sums involved (EUR 537 million in 2016 and EUR 502 million in 2017). It noted however the uneven distribution of irregularities among Member States, with Greece (7.17 %), Spain (4.31 %) and Hungary (3.35 %) clearly above the EU average of 1.96 % for non-collected TOR.

Members noted with dismay that the average recovery rate for cases reported as fraudulent over the years 1989-2017 was only 37 %. They invited the Commission to look for remedies to improve this situation.

The Commission should report annually the amount of EU own resources recovered, following the recommendations made by OLAF, and to communicate the amounts still to be recovered.

### Expenditure

Members welcomed the significant drop in the number of cases (from 272 in 2016 to 133 in 2017) reported as fraudulent in rural development, and the consequent drop in the value of fraud from EUR 47 million to EUR 20 million. They noted, however, the opposite trend occurring in direct support to agriculture, where the value of irregularities reported as fraudulent grew sharply from EUR 11 million to EUR 39 million.

Underlining the fact that detection capability is a key feature in the context of the anti-fraud cycle, the report called on the Commission to continue supporting Member States with a view to ensuring that both the quality and number of controls are improved, and to share best practice in the fight against fraud.

Members welcomed:

- the creation of the [EUs anti-fraud programme](#), which will be implemented by OLAF under direct management;
- the decision of 22 Member States to set up the [European Public Prosecutor's Office](#) through enhanced cooperation; the Commission is called on to encourage Member States that have so far been reluctant to participate in the European Public Prosecutor's Office;
- the adoption of the Directive on the fight against fraud affecting the Union's financial interests by means of criminal law (the [PIF Directive](#)), which clarifies the issues of cross-border cooperation and mutual legal assistance between the Member States, Eurojust, the European Public Prosecutor and the Commission in the fight against VAT fraud;
- the Commission [proposal](#) for a Regulation of the European Parliament and of the Council on the protection of the Unions budget in the case

of generalised deficiencies as regards the rule of law in the Member States.

Members highlighted the benefits of e-procurement for the fight against fraud. They also invited the Commission to:

- engage in a more comprehensive and coherent EU anti-corruption policy, including an in-depth evaluation of the anti-corruption policies in each Member State and to develop a systematic and proportional approach to the challenge of the revolving door effect;
- ensure that inspections at the EU's borders are appropriate and harmonised, thereby guaranteeing the Union's security, safety and economic interests, and to commit to fighting trade in illegal and counterfeit goods in particular;
- present a legislative proposal on mutual administrative assistance in those areas of expenditure of EU funds where no provision is made for this to combat transnational fraud;
- swiftly establish the new action plan and the comprehensive EU strategy to fight the illicit tobacco trade, that was envisaged for late summer 2018; according to OLAF's estimates, the illicit trade in cigarettes represents an annual loss of EUR 10 billion in public revenue to the EU and Member States budgets.

Members stressed the need to protect whistleblowers who play an important role in preventing, detecting and reporting fraud. They also suggested encouraging and supporting investigative journalism by the Member States and EU.

Lastly, the report called on the Commission and the Member States to jointly ensure that investigations by OLAF and by the Member States complement each other, that OLAF enjoys equal investigative powers in every Member State, including access to bank account information, and that evidence collected by OLAF is admissible as criminal evidence by the judiciaries of all Member States.

## Annual report on the protection of the European Union's financial interests - fight against fraud

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The European Parliament adopted by 509 votes to 88, with 46 abstentions, a resolution on the 2017 annual report on the protection of the European Union's financial interests - Fight against fraud.

Parliament stated that sound management of public expenditure and the protection of the Union's financial interests should be essential elements of the Union's policy. It considered that achieving good results with simplification processes involves regular assessment of income, expenditure, results and impacts through performance audits. In view of the diversity of Member States' legal and administrative systems, the Commission should step up its efforts to ensure that the fight against fraud produces more tangible and satisfactory results.

### Detection and notification of irregularities

Members welcomed the fact that the total number of fraudulent and non-fraudulent irregularities reported in 2017 (15,213 cases) fell by 20.8% compared to 2016 (19,080 cases) and that their value fell by 13% (from EUR 2.97 billion in 2016 to EUR 2.58 billion in 2017). They stressed the need for closer cooperation between Member States in the exchange of information in order to improve data collection and enhance the effectiveness of controls. They reiterated their request to the Commission to set up a uniform system for collecting comparable data on irregularities and cases of fraud in the Member States.

Parliament stressed the need to make the granting of direct and indirect loans conditional on the publication of tax and accounting data on a country-by-country basis and on the reporting of beneficial ownership data by beneficiaries and financial intermediaries involved in financing operations.

### Revenues - own resources

Members expressed concern that, according to Commission statistics, the VAT gap in 2016 amounted to EUR 147 billion, representing more than 12% of the total expected amount of VAT revenue, and that the Commission estimates that the cost to the Union of intra-Community VAT fraud cases amounts to around EUR 50 billion per year.

The resolution noted the stable trend in the number of fraudulent and non-fraudulent irregularities reported in relation to traditional own resources (TOR) (4,647 in 2016, 4,636 in 2017) and the amounts concerned (EUR 537 million in 2016, EUR 502 million in 2017). However, it noted the uneven distribution of irregularities among Member States.

Noting that the average recovery rate for cases reported as fraudulent over the period 1989-2017 was only 37%, Members called on the Commission to seek solutions to improve this situation. They called on the Commission to report annually on the amount of the Union's own resources recovered following OLAF's recommendations and to communicate the amounts still to be recovered.

### Expenditures

Members welcomed the significant decrease (from 272 in 2016 to 133 in 2017) in the number of cases reported as fraudulent related to rural development, and the accompanying decrease in the amount of fraud from EUR 47 million to EUR 20 million. However, they noted that there is a reverse trend with regard to direct support for agriculture, where irregularities reported as fraudulent have increased significantly from EUR 11 million to EUR 39 million.

In order to improve detection capacity, Parliament called on the Commission to support Member States' efforts to increase the quality and number of controls carried out and to share good practices in the fight against fraud.

Members welcomed:

- the creation of the [Union's anti-fraud programme](#), which will be implemented by OLAF under its direct management;
- the decision of 22 Member States to set up the [European Public Prosecutor's Office](#) as part of enhanced cooperation; the Commission is invited to encourage Member States that have so far been reluctant to participate in the European Public Prosecutor's Office;
- the adoption of the Directive on the fight against fraud affecting the Union's financial interests by means of criminal law (the [PIF Directive](#)), which clarifies the issues of cross-border cooperation and mutual legal assistance between the Member States, Eurojust, the European Public Prosecutor and the Commission in the fight against VAT fraud;

- the Commissions [proposal](#) for a Regulation of the European Parliament and of the Council on the protection of the Unions budget in the event of a general failure of the rule of law in a Member State.

The Commission was called upon to:

- develop a more comprehensive and coherent anti-corruption policy, including by carrying out a thorough evaluation of each Member State's anti-corruption policies and to address the issue of slippery floors in a systematic and proportional way;
- develop a framework for the digitisation of all procedures for the implementation of EU policies (call for proposals, application, evaluation, implementation, payment) to be applied by all Member States;
- ensure adequate and harmonised control at the Union's borders, so as to guarantee the Union's security and the protection of its economic interests, with particular emphasis on combating trade in illegal products or counterfeits;
- present a legislative proposal on mutual administrative assistance in the areas of allocation of European funds for which no such provisions are currently in place to combat transnational fraud;
- rapidly establish the new action plan and the overall EU strategy to combat the illicit trade in tobacco products, which was scheduled for late summer 2018; according to OLAF's estimates, the illicit trade in cigarettes causes financial losses of 10 billion to the budgets of the Union and the Member States.

Members stressed the need to protect whistleblowers and to encourage investigative journalism by legal means both in the Member States and within the Union.

Lastly, Parliament called on the Commission and the Member States jointly to ensure that OLAF and Member States' investigations are complementary, that OLAF has the same investigative powers in each Member State, including access to information on bank accounts, and that evidence collected by OLAF is accepted as criminal evidence by the courts in all Member States.