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BUSINESSEUROPE POSITION PAPER ON THE CREATION OF EUROFISC AND THE FIGHT AGAINST VAT FRAUD

INTRODUCTION

Combating VAT fraud is an important topic for both businesses and tax administrations within the European Union. The latest discussions have shown that a proper risk analysis and a timely exchange of targeted and relevant information are the most efficient ways to combat the root cause of fraud, by finding and stopping fraudsters.

In this context, in August 2009, the Commission published a proposal for the creation of EUROFISC (COM (2009) 427), which will provide the structure for Member States to work closely together in the fight against fraud by exchanging targeted and relevant information, and by setting up a common risk and strategic analysis.

BUSINESSEUROPE VIEW

We fully endorse the fight against VAT fraud. VAT fraud has a negative impact on government revenues, is a threat to the internal market and harms legitimate businesses.

We also agree that the best way to combat VAT fraud is the adoption of conventional measures, such as improving information systems (such as VIES), increasing cooperation and the exchange of relevant information between Member States, and conducting a proper risk analysis.

However, the EUROFISC network should not only improve the exchange of information on fraudsters between Member States, but should also serve as an early warning system to inform legitimate businesses about the emergence of new forms of VAT carousel fraud, e.g. in the emission trading, gas or electricity sectors. The only way to keep up with the fraudsters, to detect and stop new forms of fraud at the root and to prevent companies acting in good faith getting involved in VAT fraud is to share the information as soon as possible.

Furthermore, and in the context of combating fraud, we do not believe in a complete reform of the VAT system without proper consultation. A thorough study on the consequences of such changes for the legitimate businesses, and the impact on administrative reporting obligations should precede any reform in this regard.

As a conclusion, BUSINESSEUROPE fully supports the establishment of EUROFISC as soon as possible, and calls on Member States to start working together in this respect by increasing the exchange of relevant information, in order to improve the efficiency of the fight against VAT fraud.