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Press release | 04.10.2017

Tackling VAT fraud would generate billions for social investment

VAT reform

The European Commission has today launched its new VAT package. Included in the proposals are plans to harmonise the system so that VAT is paid in the country where the goods or services are consumed, at the VAT rate of that Member State. This would help curb VAT fraud, which currently amounts to €50bn annually in the EU.

Greens/EFA tax policy spokesperson **Molly Scott Cato** commented:

"It's a relief that the European Commission is taking action to close the loopholes that permit staggering amounts of VAT fraud every year across the union. The abuse of the VAT system by criminals and fraudsters is every bit as big a challenge as the more high-profile corporate tax dodging. Every year, EU countries lose out on tens of billions that could be invested in public services, environmental protection, and vital infrastructure. Member States need to work together if these proposals are to be meaningful.

"The Commission's plans will only work if national tax authorities trust each other to collect and send VAT revenues on behalf of one another. The process of decision-making on tax matters does nothing to engender this trust. So long as unanimity is required in the European Council on taxation. Progress will be far too slow compared to the need for urgent action. If we want to move forward, and deliver the much needed billions of euros of investment that tackling fraud could generate, it may be time to end the unanimity principle and allow decisions to be made by majority voting.

"Special attention needs to be paid to SMEs. The digital marketplace can open up the world of cross-border trade for SMEs but only if VAT rules are not too complicated or cumbersome for them to make use of this opportunity. We hope the Commission will listen to the needs of SMEs when they publish their second VAT package in November."

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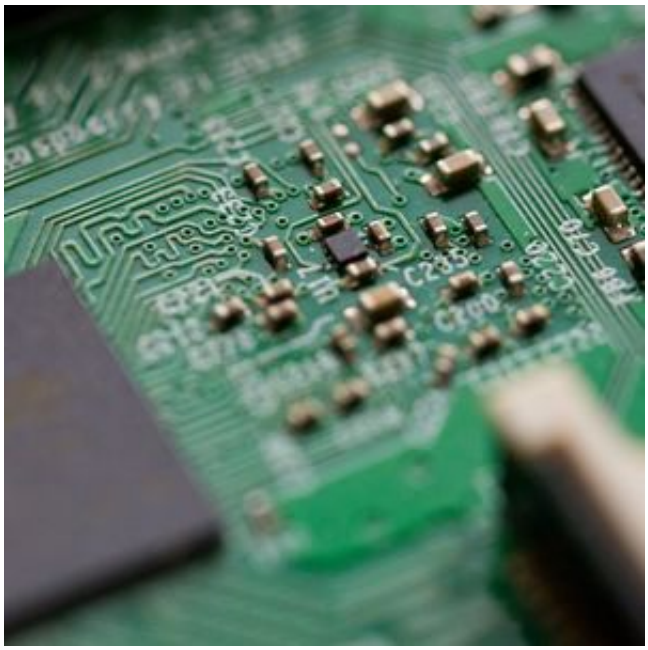


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Molly Scott Cato

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