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[Press release](#) | 12.07.2011

VAT fraud

New study underlines extent of VAT carousel fraud and pinpoints solutions

New research on VAT carousel fraud was presented in Brussels today. The research, which was commissioned by Green MEP and EP draftsman for an opinion report on the future of VAT Bart Staes, underlines the extent of VAT carousel frauds and points to readymade solutions, as well as the lack of political impetus to implement these solutions (1). Commenting on the study, **Bart Staes** said:

"This study throws the spotlight on the huge problem of VAT carousel fraud in the EU. Even based on conservative estimates, this preventable fraud deprives EU member states of up to €100 billion per year in revenue, resulting in a huge hole in public income that could easily be filled."

"There are a number of straightforward legislative steps that could be taken to prevent this fraud. The widespread introduction of a system of reverse charge would be a crucial step to ending VAT carousels and the failure of EU governments to introduce this when revising EU VAT legislation last year was a huge missed opportunity. Improving fiscal coordination structures at EU-level is also urgently needed."

"The lack of political will to agree and implement these readymade solutions is scandalous, all the more so against the current background of fiscal difficulties and damaging, pro-cyclical austerity measures. The failure to plug this revenue drain hole is clearly exacerbating the situation of those who are suffering the most from excessive austerity measures."

(1) Click for [the full study](#) (in Dutch only, pdf) or the [executive summary](#) (in English, pdf).

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Bart Staes

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