

# Public consultation on the functioning of the administrative cooperation and fight against fraud in the field of VAT

Fields marked with \* are mandatory.

## 1. Introduction

---

### Context of the consultation

As announced in its VAT[1] Action Plan[2] and the 2017 Commission Work Programme[3], the Commission will table four proposals aiming at modernising the European VAT system: a proposal for a simpler and fraud-proof definitive VAT system, a proposal on VAT rates, an 'SME VAT package' and a proposal to improve administrative cooperation and the fight against VAT fraud. The present consultation addresses the latter.

Although the administrative cooperation and the fight against VAT fraud mainly concerns tax administrations, it also affects the situation of businesses and citizens in the EU.

VAT fraud affects the national and EU[4] budgets and therefore can negatively impact the amount of resources available for public policy objectives, such as social welfare.

To combat cross-border VAT fraud, Member States are forced to implement additional reporting obligations and checks for cross-border trade which can hamper the proper functioning of the single market.

As confirmed by the 'VAT gap' studies for 2013-2015[5], half of the Member States are unable to keep the uncollected VAT below 10%, certain even exceed 33%. Fraudsters are thriving by using cross-border schemes to sell goods on the black market without VAT, potentially putting legitimate companies out of business. Fraudsters, including criminal organisations, also establish dedicated structures in different Member States to extort money from national budgets. It has been estimated that a loss of EUR 50 billion a year is due to cross-border fraud[6].

Businesses are also directly concerned by the administrative cooperation arrangements as they provide the means to check the validity of VAT identification numbers of businesses established in other Member States, the 'VIES[7] (VAT Information Exchange System) on-the-web service' [8]. Furthermore, as the current VAT system for intra-EU supplies requires a cross-checking of information between Member States, businesses can be audited on the basis of information or requests from other Member States.

In the framework of the VAT Action Plan, the Commission aims to update the rules governing the administrative cooperation and the fight against cross border VAT fraud with a view to tackling the risk of distortion within the single market and the heavy losses to the Member States and EU revenues. This administrative cooperation assistance is currently governed by Council Regulation (EU) No 904/2010 of 7 October 2010[9]. The answers received on this questionnaire will contribute to the overall evaluation of administrative cooperation in the field of VAT as well as providing relevant inputs to any future Commission initiatives such as a legislative proposal to amend Regulation (EU) 904/2010. Tax administrations will have their say via a specific questionnaire.

## **Objectives of the consultation**

The purpose of this consultation is:

- to gather views from stakeholders other than tax administrations about their experience of the current rules governing administrative cooperation and fight against cross-border fraud in the field of VAT;
- to bring new insights for the on-going evaluation of Regulation (EU) 904/2010;
- to provide information about possible improvements including to the on-line service for checking VAT numbers for intra-EU transactions: VIES on-the-web.
- to collect quantitative data on possible reduction or increase of regulatory costs/benefits (administrative burden and/or compliance costs) for businesses (in particular SMEs).

## **Target groups**

All stakeholders – citizens, companies, organisations, institutions, public authorities, academic researchers – are invited to provide their views on this matter. In particular, businesses involved in intra-EU transactions or affected by VAT fraud should have their say. Tax administrations will have their say via a specific questionnaire.

## **Outline of the questionnaire**

Your views will be collated on the following topics:

3.1. General principles governing the administrative cooperation between Member States and the fight against VAT fraud – relevant for all stakeholders, in particular businesses involved in intra-EU transactions

3.2. Control of VAT compliance in cross- border transactions – joint audits - particularly relevant for businesses involved in intra-EU transactions

3.3. Fight against VAT fraud – role of Eurofisc (a network of national tax officials for quick and multilateral exchanges of targeted information on VAT fraud) – relevant for all stakeholders, in particular businesses involved in intra-EU transactions

3.4. The functioning of the on-line service for the validation of VAT numbers for intra-EU VAT numbers (VIES on-the-web) – particularly relevant for businesses involved in intra-EU transactions

### **Important notices**

- In order to ensure a fair and transparent consultation process, only responses received through our online questionnaire will be taken into account.
- Contributions received are intended for publication "as submitted" on the Commission's websites. Below, you have the possibility to indicate whether you agree to the publication of your individual responses under your name or anonymously.
- You can upload a document (e.g. a position paper) at the end of the questionnaire.
- If you are replying in language other than English then keep in mind that the translation was done by a machine. In case of doubts in understanding please consult the English version of this questionnaire.

[1] Value Added Tax.

[2] See Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an Action plan on VAT – Towards a single EU VAT area – Time to decide, COM(2016) 148.

[3] See Commission Work programme 2017: Delivering a Europe that protects, empowers and defends, COM(2016) 710.

[4] One the EU' own resources is based on VAT.

[5] [https://ec.europa.eu/taxation\\_customs/business/tax-cooperation-control/vat-gap\\_en](https://ec.europa.eu/taxation_customs/business/tax-cooperation-control/vat-gap_en)

[6] [http://ec.europa.eu/taxation\\_customs/sites/taxation/files/resources/documents/common/publications/studies/ey\\_study\\_destination\\_principle.pdf](http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/common/publications/studies/ey_study_destination_principle.pdf)

[7] Each tax administration maintains an electronic database containing the VAT registration data of its traders. The computerised VAT Information Exchange System (VIES) makes it possible to share the information between tax administrations and enables business to obtain swiftly confirmation of the validity of the VAT identification numbers of their trading partners.

[8] [http://ec.europa.eu/taxation\\_customs/vies/vatRequest.html](http://ec.europa.eu/taxation_customs/vies/vatRequest.html)

[9] <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32010R0904>

2.1 You are welcome to answer the questionnaire in any of the official languages of the EU. Please let us know in which language you are replying:

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- Gaelic
- German
- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

\*2.2 You are replying:

- as an individual in your personal capacity
- in your professional capacity or on behalf of an organisation

\*2.2.1 Respondent's first name:

Paul

\*2.2.2 Respondent's last name:

Gisby

2.2.3 Respondent's professional e-mail address (this information is only for administrative purposes and will not be published):

paul@accountancyeurope.eu

\*2.2.4 Name of the organisation:

Accountancy Europe

\*2.2.5 Postal address of the organisation:

22/28 Avenue de Auderghem

\*2.2.6 Type of organisation:

- Private enterprise: more than 250 employees (large enterprise)
- Private enterprise: between 50 and 250 employees (medium-sized enterprise)
- Private enterprise: between 10 and 49 employees (small enterprise)
- Private enterprise: self-employed or less than 10 employees (micro enterprise)
- Trade, business or professional association
- Consultancy or law firm
- Non-governmental organisation, platform or network
- Judge
- Research and academia
- Regional or local authority (public or mixed)
- National public authority
- International organisation
- Other

\*2.2.7 Is your organisation included in the Transparency Register?

If your organisation is not registered, we invite you to register here, although it is not compulsory to be registered to reply to this consultation. [Why a transparency register?](#)

- Yes
- No
- Not applicable

\*2.2.8 Country of organisation's headquarters:

- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden
- United Kingdom
- Other

## \*2.3 Your contribution:

Note that, whatever option chosen, your answers may be subject to a request for public access to documents under Regulation (EC) N° 1049/2001.

- can be published with your personal information:** I consent the publication of all information in my contribution in whole or in part including my name or my organisation's name, and I declare that nothing within my response is unlawful or would infringe the rights of any third party in a manner that would prevent publication.
- can be published provided that you remain anonymous:** I consent to the publication of any information in my contribution in whole or in part (which may include quotes or opinions I express) provided that it is done anonymously. I declare that nothing within my response is unlawful or would infringe the rights of any third party in a manner that would prevent publication.

## 3. Your views on the functioning of and possible improvements to the administrative cooperation arrangements between EU Member States and the fight against VAT fraud (as laid down in Regulation (EU) 904/2010)

---

### 3.1 General principles governing the administrative cooperation between Member States and the fight against VAT fraud

Member States are the sole responsible for the management, collection and control of VAT on their territory. However, since the single market guarantees the free circulation of goods and services between Member States, the correct application of VAT on cross-border transactions represents a challenge for tax administrations to control. They have only partial information on these transactions in particular on the businesses involved and must cooperate to be able to check the correct application of VAT. Therefore the EU provides a set of common rules for tax officials to obtain missing information from other Member States on cross-border transactions, to carry out simultaneous controls and to uncover fraudulent traders.

Under the current rules, the information can be obtained in two different ways: on request or by accessing VIES (VAT Information Exchange System). Exchanges of information on request are manually triggered by competent officials and require availability of human resources in other Member States to provide information. This **non-automated way** of exchanging information could involve several administrative departments collating the information and several layers of control at national level. It could therefore generate delay and consequently decrease the value of the information exchanged. To try to overcome that, tax administrations may be tempted to implement additional reporting obligations and checks for their taxpayers in particular those engaged in cross-border trade, in order to get the information more quickly and prevent VAT fraud.

Under certain conditions and for designated tax officials, it is possible to exchange information in **an automated** way through VIES. With this method, Member States pool all the information such as the details of the business involved in cross-border trade and data on the supplies they have carried out, into the VIES database and it can be accessed by the tax authorities of other Member States. The method has the advantage that the information can be accessed immediately and at any time. Such a way frees up national resources to other tasks. It could therefore be envisaged to extend the scope of the information directly accessible in VIES to add other information already held by the Member States.

Furthermore, it is possible that information relating to the application of VAT is contained in databases not held by the VAT administrations. This is for example the case for information relating to transactions prone to fraud such as VAT exempt importations and sale of second hand cars. Non-automated exchange of this type of information is adding to the complexity and the slowness of the process that could result in delays and in decrease in the value of the information. Again, tax administrations may be tempted to implement additional formalities and checks for their taxpayers to get the information more quickly. It could therefore be envisaged to provide an automated exchange of this relevant information between tax administrations.

Tax information obtained from other Member States can also be relevant for other public policy purposes at national level. For example, if a tax administration discovers on the basis of tax information provided by another Member State that a taxpayer was performing undeclared services on its territory, it will use this information for the correct application of VAT. However, this information could also be relevant for other national law enforcement authorities such as social security services. In addition, customs authorities may need to access tax information from other Member States when carrying out certain checks on importation of goods into the EU. Finally, serious VAT fraud can be orchestrated by criminal organisations and putting an end to it may require an exchange of such information between tax administrations and law enforcement authorities such as the police. Nevertheless, in some Member States this information cannot be efficiently shared at national level as some obstacles exist in Regulation (EU) 904/2010 or in national legislations and administrative arrangements.

The implementation of certain envisaged measures could trigger a swifter and more intense exchange of personal data between national tax administrations and with other law enforcement authorities and will have to meet the requirements at EU and national level on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

**What is your opinion on these general principles governing the exchange of VAT information in the EU and these possible improvements?**

	I strongly agree	I agree	I do not agree nor disagree	I disagree	I strongly disagree	I don't know
--	------------------	---------	-----------------------------	------------	---------------------	--------------



<p>3.1.1 The EU is the best placed to provide Member States with common rules to allow them to work more closely together in order to monitor intra-EU trade for VAT purpose and ensure the correct application of VAT.</p>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.2 The EU should assist the Member States so that they use these tools to the largest extent possible.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.3 The EU should ensure that the Member States use these tools to the largest extent possible.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.4 The current instruments are effective to prevent cross-border VAT fraud</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.5 The current instruments are effective to fight serious VAT fraud organised by criminal organisations.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>3.1.6 The current instruments are sufficient to fight VAT fraud occurring in new business models such as in the collaborative economy or ecommerce.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.7 The administrative costs borne by the Member States to cooperate at EU level are justified by additional VAT revenues.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>3.1.8 Non-automated exchanges of information should remain the main way of administrative cooperation in the field of VAT.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
<p>3.1.9 The scope of information directly accessible in VIES should be extended when relevant.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.10 The tax administrations should have automated access to information related to cars registration from other Member States.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>3.1.11 The tax administrations should have automated access to information on exempt importations from customs authorities.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.12 National law enforcement authorities such as customs, social security agencies and the police should have access to or could use relevant VAT information held or exchanged by tax authorities.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.1.13 The swifter and more intense exchange of personal data between national tax administrations and with other law enforcement authorities that these measures (3.1.9, 3.1.10, 3.1.11 and 3.1.12) could trigger would be justified by the general objective of fighting VAT fraud.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>3.1.14 The swifter and more intense exchange of personal data between national tax administrations and with other law enforcement authorities that these measures (3.1.9, 3.1.10, 3.1.11 and 3.1.12) could trigger should be strictly proportionate to their specific objectives.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
--	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------	-----------------------

For all the previous questions, please feel free to comment in more detail or add suggestions, in particular, on how the scope of information exchanged with VIES could be extended (max. 400 words).

The regulation 904/2010 is not being used as effectively as possible by the Member States - see the Commission's report of 12.2.2014 - COM(2014) 69 final. As set out in the Commission's Action Plan of April 2016 it is only by close cooperation between Member States that the fight against a number of intra-EU VAT frauds can be stopped. Accountancy Europe fully supports this view

A much-enhanced automatic exchange of information, within the limits that such exchanges remain proportionate to the objectives sought, is critical and should be implemented as soon as possible. Without such a mechanism in place there remains (in addition to addressing the issues of VAT fraud) too large a scope for double non-taxation and double taxation within the EU.

### 3.2 Control of VAT compliance in cross border transactions – joint audits

Currently, Regulation (EU) 904/2010 allows Member States to coordinate their simultaneous administrative enquiries, but it relies on the same general principle as regards the exchange of information which could be collated through taxpayers' audits: Member States act as intermediaries for other Member States. No on-the-spot audit of a taxpayer by a foreign tax authority is allowed. Only a passive presence in the premises of the taxpayer is possible during the on-the-spot audit which must be carried out exclusively by the local tax administration. That could generate delay and put a strain on the resources of the tax administration where the audited business is established, for the benefit of other Member States.

A more efficient way could be to authorise a direct involvement of tax officials in administrative enquiries carried out by other Member States by creating a 'joint audit' team. All tax officials could participate actively in an audit of a taxpayer even in a different Member State. This would not replace the existing way of working, but rather complement it. It would be used only in specific cases when it is deemed as the best suited for the given case. It would also be subject to a prior agreement with the Member States where the taxpayer is established and all involved tax administrations.

Joint audits could also be beneficial for taxpayers, especially businesses established in several Member States. One streamlined process could be established with tax auditors from several Member States, making the process less burdensome both for tax administrations and the taxpayer and giving more legal certainty, especially if a final report was signed by all tax administrations involved.

**In this context, to what extent do you agree with the following statements?**

	I strongly agree	I agree	I do not agree nor disagree	I disagree	I strongly disagree	I don't know
3.2.1 The passive presence in the premises of the taxpayers during on-the-spot audits should remain the only way to involve tax officials from other Member States.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

<p>3.2.2 It would be more efficient to also authorise an active participation of tax officials in audits carried out by other Member States.</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.2.3 In case your business operates in several Member States and your transactions were controlled for VAT purpose simultaneously in several of these countries, did you find the process burdensome?</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>3.2.4 Being audited by a single team of auditors from different Member States in which you carry out economic transactions and controlling your operations taxable therein would be less burdensome?</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
<p>3.2.5 Having a single report at the end of the audit signed by all the tax administrations involved would give taxpayers more legal certainty.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3.2.6 Please feel free to comment in more detail (max. 400 words).

In point 3.2.5, the issue is to ensure that once the audit report is signed it must give legal certainty to taxpayers. The word used in the question 'would' is not strong enough to give the level of legal certainty businesses are legitimately entitled to enjoy.

3.2.7 Do you have comments regarding the possible introduction of 'joint audits' into the existing administrative cooperation arrangements between Member States in the field of direct taxes for auditing cross-border companies?

- Yes  
 No

3.2.8 If 'Yes', please insert them below (max. 400 words, please note that they will not be taken into account for assessing Regulation (EU) 904/2010 and possible amendments to it):

Businesses should not be subjected to multiple audits. With tax administrations using to an ever-greater extent computer auditing techniques and real-time reporting tax audits at businesses' premises should be reduced to a minimum.

### 3.3. Fight against VAT fraud – role of Eurofisc

Fraudsters take advantage of the fact that only partial information on intra-EU transactions is available at national level and it takes a lot of time to get the relevant information from other tax authorities. To compensate this weakness, Regulation (EU) 904/2010 has established the Eurofisc network of national anti-VAT fraud tax officials for quick and multilateral exchanges of targeted information. It is now envisaged to extend the remit of this network of national experts and to put Eurofisc at the centre of the fight against VAT fraud at EU level.

If one analyses the fraudulent transaction chains, it becomes apparent that in most cases the businesses or citizens involved are established in several Member States. Identifying the fraudsters in the chain is done today by conducting national risk analysis and exchanging the outcome with other tax administrations within Eurofisc. The European Court of Auditors deems that such a practice is time consuming and not efficient enough[1]. Therefore, a joint and electronic risk analysis carried out by a team of tax officials from participating Member States using data from national databases could further enhance Member States' capacities to tackle VAT fraudulent transactions, ideally even before they cause damage to national budgets.

Another domain in which Eurofisc could take a more active role is the coordination of cross-border administrative enquiries (simultaneous control or joint audits). Taking into account that Eurofisc officials are often the first to be warned about new fraudulent networks and they have a strong expertise in serious VAT fraud, they would be the best placed to coordinate the corresponding necessary administrative enquiries. This would allow better utilising the result of the joint risk analysis.

Finally, combating serious VAT fraud orchestrated by criminal organisations would require more cooperation between tax administrations and other law enforcement bodies at EU level. The criminals establish structures in several Member States and use the funds extorted from the national budgets for money laundering and further financing of their criminal activities. By cross-checking tax and police information the most dangerous individuals and organisation could be identified and stopped. Eurofisc could take the role of central coordinator for the cooperation and sharing information on and knowledge of serious tax fraudsters with other EU law enforcement bodies such as Europol[2] and the European Anti-Fraud Office of the European Commission (OLAF)[3].

The implementation of certain envisaged measures could trigger the automatic processing of personal data at EU level and a swifter and more intense exchange of personal data between national tax administrations and with EU law enforcement authorities. It will have to meet the requirements at EU and national level on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

[1] p.41 [http://www.eca.europa.eu/Lists/ECADocuments/SR15\\_24/SR\\_VAT\\_FRAUD\\_EN.pdf](http://www.eca.europa.eu/Lists/ECADocuments/SR15_24/SR_VAT_FRAUD_EN.pdf)

[2] <https://www.europol.europa.eu/>

[3] [http://ec.europa.eu/anti-fraud//home\\_en](http://ec.europa.eu/anti-fraud//home_en)



**In that context what is your opinion on the following statements?**

	I strongly agree	I agree	I do not agree nor disagree	I disagree	I strongly disagree	I don't know
3.3.1 The fight against cross-border VAT fraud would benefit from an EU wide automated joint risk analysis system.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.3.2 Eurofisc would be the right structure to coordinate and carry out this joint risk analysis.	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.3.3 Cross-border administrative enquiries of fraudulent networks would benefit from a coordination at Eurofisc level	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.3.4 The current cooperation between tax administrations and other law enforcement bodies at EU level is effective to fight VAT fraud.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.3.5 The current cooperation between tax administrations and other law enforcement bodies at EU level should remain unchanged.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>3.3.6 Eurofisc should share relevant information on serious VAT fraud with OLAF to combat criminal organisations behind it.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.3.7 Eurofisc should share relevant information on serious VAT fraud with Europol to combat criminal organisations behind it.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<p>3.3.8 The automatic processing of personal data at EU level and the swifter and more intense exchange of personal data between national tax administrations and with EU law enforcement authorities that these measures (3.3.1, 3.3.6 and 3.3.7) could trigger would be justified by the general objective of fighting VAT fraud.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>3.3.9 The automatic processing of personal data at EU level and the swifter and more intense exchange of personal data between national tax administrations and with EU law enforcement authorities that these measures (3.3.1, 3.3.6 and 3.3.7) could trigger should be strictly proportionate to their specific objectives.</p>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
--	-----------------------	----------------------------------	-----------------------	-----------------------	-----------------------	-----------------------

3.3.10 Please feel free to comment in more detail (max. 400 words).

The sharing of personal data automatically must be restricted to the objective sought to be achieved and must not be used in a disproportionate manner.

### 3.4. The functioning of VIES on-the-web

Regulation (EU) 904/2010 mainly addresses the cooperation between tax administrations in the Member States. However, some of its provisions have a more direct impact on businesses carrying out intra-EU transactions in goods or services. In particular, the system VIES on-the-web allows to check the validity of the VAT number of a customer in another Member State. This system is a network of national databases containing the national VAT numbers. National tax administrations are responsible for maintaining these databases in terms of content (adding, deleting, updating VAT numbers, name or address) and infrastructure (interconnectivity and availability). It should be also noted that some Member States add only businesses involved in intra-EU transactions to their database so not all VAT numbers can be checked through VIES on-the-web.

In light of the above, the Commission would be interested to have a feedback on your experience.

3.4.1 VIES on-the-web is a useful tool for businesses carrying out intra-EU transactions.

- I strongly agree
- I agree
- I do not agree nor disagree
- I disagree
- I strongly disagree
- I don't know

3.4.2 How do you rate your general experience with the consultation of the VAT identification number of your customers through VIES on-the-web?

- Very positive
- Positive
- Satisfactory
- Unsatisfactory
- Not at all adequate

3.4.3 Your VAT identification data was correctly reflected in the VIES on-the-web system?

- Yes
- No

3.4.4 The VAT identification data of your customers were correctly reflected in the VIES on-the-web system?

- Yes
- No

3.4.5 The availability of the 'VIES on-the-web' server is good.

- I strongly agree
- I agree
- I do not agree nor disagree
- I disagree
- I strongly disagree
- I don't know

3.4.6 Do you consider that a system of e-mail notification to inform users about technical issues with VIES on-the-web would be useful?

- Yes
- No

3.4.7 Do you consider that the current way of checking VAT numbers should be replaced with a system that inform you about the changes to your clients VAT data such as the validity of their VAT number, name or address?

- Yes  
 No

3.4.8 Please feel free to comment in more detail in particular if you have any suggestion to improve the VIES on-the-web service (max. 400 words).

Whilst undoubtedly a useful tool, accountants in practice have identified some general issues with VIES. The system is not always reliable and should be much more user-friendly. It would be far more useful for businesses to receive automated information about changes of such information as VAT registrations, as many businesses do not have the time or resources to check the VIES information before each transaction.

We encourage the Commission to examine how the VIES system can be adapted to include more information, to ensure that the information recorded is accurate and up to date and to provide a better interface for businesses' accounting systems. For example, bulk downloading and real-time checking of VAT numbers (large volumes) of customers is an essential tool with easy interface into ERPs such as SAP/Oracle etc. a pre-requisite, in particular, if the VAT ID number of the customer is made a condition of the exemption in article 138 of Directive 2006/112/EC.

**3.5 If you want to upload a concise document, please do it below.** The maximal file size is 1MB.

Please note that this document will not be published and will be used for background reading, where necessary. The analysis of this consultation will only be based on the responses to the questions.

## Contact

TAXUD-UNIT-C4@ec.europa.eu

---