



## European parliament

TAX3 - Special committee on financial crimes, tax evasion and tax avoidance

Hearing on VAT fraud - Brussels June 28<sup>th</sup> 2018

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Swedish tax agency



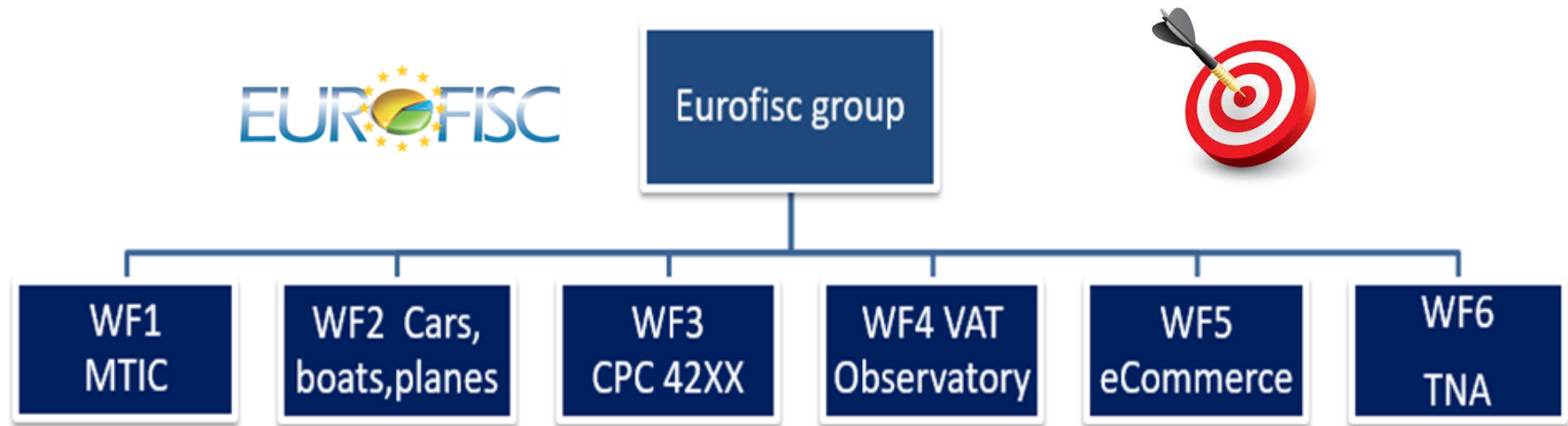
- **The VAT system in the EU is vulnerable to fraud, and in particular so called “ Missing Trader Intra-Community ” (MTIC) carousel fraud.**
- VAT carousel fraud occurs in many different ways and include both goods and services.
- Estimated to cause 50 billion euros in VAT losses every year in the EU (EU Commission).
- Crucial that VAT fraud is prevented, detected and combated as soon as possible.
- Close cooperation between the member states is essential to fight this specific type of fraud



**EUROFISC** was established to enhance the administrative cooperation between the member states in combating organised VAT fraud, and especially carousel fraud. (EU Council Regulation 904/2010)

- A decentralised network for swift exchange of targeted information between the member states:
- Early warning system
- All 28 EU member states participate in the network
  - Member states can choose in which working field they take part
  - Participate actively
- Eurofisc liaison officials (ELO) are designated by the competent authority in their member state
  - experts in the field of VAT fraud
  - channel their member state's exchanges of information in the working fields in which they participate

- **EUROFISC consists of Eurofisc group and six working fields (WF)**

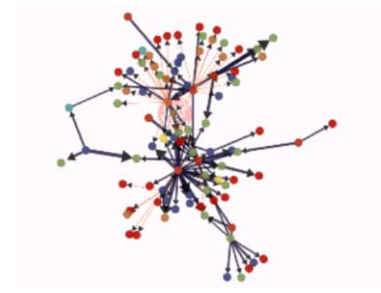


- Each working field has a coordinator, chosen from the ELO's participating in the working fields
- The ELO's swiftly exchanges electronically **targeted information** between participating members resulting in rapid actions taken by the member states.



- **WF5 for eCommerce was established in 2016**
- eCommerce is rapidly growing in the world, both on national level and also cross border
- The development in new business models, the globalization, new trading platforms and also payment platforms poses new challenges for taxation policy and administration in the EU
- Tax administrations are tackling with identifying risk patterns and fraud models in the field of eCommerce.
- There is a serious risk for VAT avoidance/fraud in this sector

- **WF6 was established in 2017 for TNA (Transaction Network Analysis)**
- The aim of the TNA in WF6 is to support the operation of Eurofisc and to make the network more efficient.
- TNA will automate the information exchange in Eurofisc
  - improve the member states ability to send early warnings and provide feedback
  - Improve the quality, reliability and security of information shared.
  - Visualise the fraudulent carousel networks
- Operational Q1/Q2 2019



- **VAT fraud schemes have become more complex and are continually involving new markets**
- VAT fraud can affect the credibility of the market and contribute to unfair competition
  - The EU emission allowances market (Co2) suffered heavily by VAT fraud schemes. (5 billion EUR)
  - Electricity and Gas market
  - Electronics, mobile phones
  - Car sector
  - Metals
  - The steel rebar market
  - Telecom market
- Cross border VAT fraud is not only limited to EU transactions, but also involves import/export of goods and services.
- Calls for enhanced cooperation with Customs, non-EU countries, and market players/business sector





- **Despite the various efforts in the MS to combat MTIC VAT fraud, and international cooperation, the threat still remains**
- Numerous member states have introduced sector specific reverse charge.
- Although a reverse charge is beneficial to the MS to stop VAT fraud in a specific sector, it can lead to shifting the fraud to other member states or into new markets.
- EU emission allowances (Co2) 24 MS
- Gas and electricity 11 MS
- Mobile phones 13 MS
- Laptops and game consoles 11 MS
- Telecom services 4 MS



- **Information exchanged through the Eurofisc network shall be confidential, as provided for in Article 55 of the Council Regulation (EU) 904/2010.**
- Usually the tax administration is responsible for the assessment and collection of VAT and plays a central role in preventing and detecting tax crime.
- Information communicated or collected in any form pursuant to the regulation shall be:
  - Be covered by the obligation of official secrecy
  - Enjoy the protection extended to similar information under the national law of the member state which received it
  - May be used for the purpose of establishing the assessment base
  - The information exchanged can subsequently directly be used in a criminal investigation

**SECRET**

- **VAT fraud is often linked with organised crime.**
- Usually the tax administration is responsible for the assessment and collection of VAT and plays a central role in preventing and detecting tax crime.
- MTIC carousel fraud should always to be regarded as an offence committed by organised crime groups
- MTIC carousel fraud can be associated with other serious crime areas
- By bringing all the agencies and network responsible for combatting MTIC carousel fraud closer together on **national and EU level**, there are greater opportunities to efficiently stop carousel VAT fraud, minimise the VAT losses and prosecute the criminal groups.





Thank you for your attention

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Chair of Eurofisc  
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