

WRITTEN QUESTION E-1262/04
by Christoph Konrad (PPE-DE)
to the Commission

Subject: Cross-border VAT fraud

1. Is the Commission aware that VAT fraud has constantly risen over the past few years, and that it currently costs the German tax authorities around EUR 20 billion annually, which is equivalent to Germany's contribution to the EU budget?
2. How does it view the fact that cross-border transactions involving 'carousel fraud' are facilitated by a combination of the country of destination principle, which has been established at Community level, and the input tax deduction procedure, with such transactions turning VAT fraud into a European problem and giving rise to estimated losses of EUR 60 billion within the EU?
3. What action does it plan to take to eliminate this potential for abuse and to combat the problem? Does it believe it is necessary to adapt or alter the existing tax system?
4. In the context of EU enlargement, does it expect the problem to become worse and, if so, does it see this as a reason to take renewed action to promote a reform of the tax system and a move to the country of origin principle?