

**Question for written answer E-003802/2022
to the Commission**

Rule 138

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Subject: Fraudulent tax mechanisms on the hotel booking and holiday rental market

An inquiry launched in 2018 by the Italian authorities has led to a criminal investigation against Booking.com for failure to declare VAT¹. According to the investigators, following a tax probe into the management of various accommodation facilities, it emerged that the Dutch company had not appointed a tax representative or identified itself in Italy, enabling it to evade more than EUR 153 million in tax.

Booking.com stands accused of failing to pay VAT between 2013 and 2019, earning it around EUR 700 million on more than 800 000 transactions. An analysis of the tax documents allegedly reveals that the Dutch company issued invoices without VAT, applying the so-called 'reverse charge' mechanism, even in cases where the facility was without a VAT number². Further allegations against the company include bookkeeping irregularities.

In view of this:

1. Does the Commission intend to monitor the activities of major intermediary platforms on a market in which competition is seriously constrained?
2. Will it take steps (and, if so, what steps) to prevent the application of fraudulent tax mechanisms and limit the scope for tax evasion?

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¹ https://www.euractiv.com/section/politics/short_news/italy-investigates-booking-com-for-colossal-tax-evasion/

² In the context of hotel bookings and holiday rentals, Italian VAT deduction law stipulates that, provided they have a VAT number, it is the supplier of the property or service provider that should invoice and charge the customer for VAT, and then pay this sum to the tax authorities. In a transaction between private individuals, however, the intermediary should act as the withholding agent.