



2016/2033(INI)

8.7.2016

OPINION

of the Committee on Civil Liberties, Justice and Home Affairs

for the Committee on Economic and Monetary Affairs

on towards a definitive VAT system and fighting VAT fraud
(2016/2033(INI))

Rapporteur(*): Juan Fernando López Aguilar

(*) Associated committee – Rule 54 of the Rules of Procedure

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SUGGESTIONS

The Committee on Civil Liberties, Justice and Home Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- having regard to the proposal for a directive on the fight against fraud to the Union's financial interests by means of criminal law (COM(2012)0363),
 - having regard to the proposal for a Council Regulation on the establishment of the European Public Prosecutor's Office (COM(2013)0534),
 - having regard to its resolution of 12 March 2014 on the proposal for a Council regulation on the establishment of the European Public Prosecutor's Office¹,
 - having regard to the proposal for a regulation on the European Union Agency for Criminal Justice Cooperation (Eurojust) (COM(2013)0535),
 - having regard to the interim reports of the Committee on Civil Liberties, Justice and Home Affairs and to the opinion of the Committee on Legal Affairs (A8-0055/2015),
- A. whereas the protection of the financial interests of the European Union and the Member States is a key element of the Union's policy agenda to strengthen and increase the confidence of citizens and ensure that their money is used properly;
- B. whereas VAT fraud results in the loss of income for the Member States, and therefore for the EU, creates a distorted fiscal environment that is particularly damaging to small and medium-sized enterprises, and is used by criminal organisations taking advantage of existing legislative gaps between the Member States and their competent supervisory authorities;
- C. whereas, according to Europol estimates, between EUR 40 billion and EUR 60 billion of the annual VAT revenue losses of Member States are caused by organised crime groups, and 2 % of those groups are behind 80 % of missing trader intra-community fraud ('carousel fraud');
- D. whereas the European Court of Auditors concluded in its Special Report No 24/2015 that VAT fraud is mostly classed as a criminal practice that needs to be stopped;
- E. whereas in the 'Taricco and Others' case (C105/14) the European Court of Justice stated that the concept of 'fraud' as defined in Article 1 of the Convention on the Protection of the European Communities' Financial Interests covers revenue derived from VAT;
1. Urges the Council to include VAT in the scope of the Directive on the fight against fraud to the Union's financial interests by means of criminal law (the 'PIF Directive') with a view to finding agreement on the matter as soon as possible;
 2. Considers it important that Member States exchange information and coordinate strategies

¹ Texts adopted, P7_TA(2014)0234.

to close any gaps in tackling VAT fraud effectively; considers that setting up national risk-analysis tools might help improve the efficiency of exchanges of information; further takes the view that additional steps are needed to align national strategies with those of European agencies and bodies such as Europol, Eurojust and the European Anti-Fraud Office (OLAF), and that consideration should be given to removing legal obstacles preventing information exchange;

3. Calls on the Commission to continue to assess the revenues raised by criminal organisations through VAT fraud, and to present a comprehensive, common, multi-disciplinary strategy to counter criminal organisations' business models based on VAT fraud, including by means of joint investigation teams where necessary;
4. Calls on the Member States to adopt all appropriate legislative and administrative measures to ensure the traceability of financial flows and the transparency of banking institutions in order to prevent VAT fraud revenues from being reinvested;
5. Deems it crucial to ensure the establishment of a single, strong and independent European Public Prosecutor's Office (EPPO) that is able to investigate, prosecute and bring to court the perpetrators of criminal offences affecting the Union's financial interests, including with regard to VAT fraud, as defined in the abovementioned PIF Directive, and believes that any weaker solution would represent a cost to the Union budget; stresses, moreover, the need to ensure that division of competence between the EPPO and Member States' investigating authorities does not lead to offences with a meaningful impact on the Union budget falling outside the competence of the EPPO;
6. Calls on all the Member States to publish estimates on losses due to intra-EU VAT fraud, to address weaknesses in Eurofisc, and to better coordinate their policies on reverse charging of VAT relating to goods and services;
7. Deems it crucial that the Member States use multilateral controls (MLCs) – a coordinated control by two or more Member States of the tax liability of one or more related taxable persons – as a useful tool for combating VAT fraud.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	27.6.2016
Result of final vote	+: 42 -: 3 0: 5
Members present for the final vote	Jan Philipp Albrecht, Heinz K. Becker, Michał Boni, Caterina Chinnici, Rachida Dati, Agustín Díaz de Mera García Consuegra, Frank Engel, Tanja Fajon, Laura Ferrara, Monika Flašíková Beňová, Lorenzo Fontana, Mariya Gabriel, Kinga Gál, Ana Gomes, Nathalie Griesbeck, Sylvie Guillaume, Jussi Halla-aho, Monika Hohlmeier, Brice Hortefeux, Filiz Hyusmenova, Iliana Iotova, Eva Joly, Sylvia-Yvonne Kaufmann, Barbara Kudrycka, Marju Lauristin, Barbara Matera, Roberta Metsola, Louis Michel, Claude Moraes, József Nagy, Judith Sargentini, Birgit Sippel, Branislav Škripek, Csaba Sógor, Helga Stevens, Traian Ungureanu, Kristina Winberg
Substitutes present for the final vote	Anna Maria Corazza Bildt, Dennis de Jong, Gérard Deprez, Anna Hedh, Petr Ježek, Petra Kammerevert, Jean Lambert, Gilles Lebreton, Andrejs Mamikins, Salvatore Domenico Pogliese, Christine Revault D'Allonnes Bonnefoy, Barbara Spinelli
Substitutes under Rule 200(2) present for the final vote	Georg Mayer