



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares(2017)

Opinion

Title: Impact Assessment - VAT administrative cooperation

Overall opinion: POSITIVE

(A) Context

On 7 April 2016, the Commission adopted an Action Plan on VAT. This set out ways to make the VAT system simpler, more business-friendly and less vulnerable to fraud.

The current proposal aims to reduce fraud under the current VAT framework (under Regulation (EU) 904/2010). It would do so by strengthening VAT administrative cooperation between Member States.

Parallel initiatives in the Action Plan should provide a longer-term solution. Such initiatives include a definitive VAT system for intra-EU cross-border trade, the modernisation of VAT rates policy, and a comprehensive simplification of VAT for SMEs.

(B) Main considerations

The Board acknowledges the overall good quality of this impact assessment and notes in particular the efforts made to analyse the sources of VAT fraud and its magnitude.

The Board gives a positive opinion, with a recommendation to further improve the report with respect to the following key aspects:

- (1) The context could better explain the interaction with other recent and announced VAT initiatives, in particular the definitive VAT system.**
- (2) The report needs clearer motivations for the design of the policy options, including a description of stakeholders' support.**
- (3) The uncertainties and limits regarding available data and robustness of the evidence base are not sufficiently apparent. It is not clear why the report is not able to select a set of preferred options.**

(C) Further considerations and recommendations for improvement

(1) Clarify the policy context. The report could better explain how the initiative fits in the set of measures to reform the VAT system. The report could describe better what the new elements of the initiative are. It could also explain which of the fraud problems remain relevant once the definitive VAT system is in place. The evaluation results could feature more prominently in the report. The report could also better describe issues related to the VIES database and Eurofisc, for example regarding management and funding.

(2) Improve the reasoning behind the policy options. The report would gain from better explaining the design on the policy options, including how they were arrived at. It could clarify which stakeholders support which option, why and what their main concerns are. It could factor into the analysis the discrepancies between the support that Member States give to enhanced administrative cooperation and actual commitments in practice on the ground. The analysis of the options could better distinguish between costs for national administrations and for the EU. It could also specify whether and how Fiscalis can cover the additional cost for the EU and if it would imply reducing other Fiscalis initiatives.

(3) Qualify the evidence base. The report could acknowledge the uncertainties and limits regarding available evidence. It could state more explicitly how solid the evidence-base is supporting the analysis. The analysis could describe which measures would be most effective to tackle each of the different forms of fraud. The report may look into and verify the importance of impacts such as timeliness of procedures, quicker replies, more comprehensive feedback and impact on third countries. The analysis could assess the potential risks, such as the operational and implementation risks. This could be developed in particular for the two issues which come out clearly from the consultations, i.e. human resource constraints in national administrations and national data protection rules. The report could propose a set of preferred options, given that the report may be able to identify the most effective measures to tackle the different analysed forms of fraud.

(4) Future monitoring and evaluation. The definition of monitoring indicators could link more closely to the operational objectives. The future evaluation plans could be more specific on intermediate reporting obligations and their timing.

Some more technical comments have been transmitted directly to the author DG.

(D) RSB scrutiny process

The lead DG shall ensure that the recommendations of the Board are taken into account in the report prior to launching the interservice consultation.

Full title	Proposal for a Council Directive amending Regulation (EU) 904/2010 on administrative cooperation and combating fraud in the field of VAT
Reference number	PLAN/2017/596
Date of RSB meeting	13 September 2017 (written procedure)