



# VAT GAP REPORT 2022



## WHAT IS THE VAT GAP ?

**The VAT GAP is the overall difference between the expected VAT revenue and the amount actually collected.**

In 2020, the VAT Gap in the EU27 was **€93 billion**, or 9.1% of the total expected VAT revenues.

**The 2020 figures represent an improvement of more than €30 billion on 2019**, due to an increase in VAT compliance following government support measures in response to the COVID-19 pandemic.

However, the VAT Gap clearly remains a major problem, at a time when governments need sustainable revenues to help weather today's economic uncertainty.

Urgent action, including the proposed new measures on VAT in the Digital Age, is therefore needed to mitigate these losses.

## WHAT CAUSES THE VAT GAP ?



**CORPORATE  
INSOLVENCY**



**VAT FRAUD  
AND EVASION**



**LEGAL TAX  
OPTIMISATION**



**CORPORATE BANKRUPTCY**

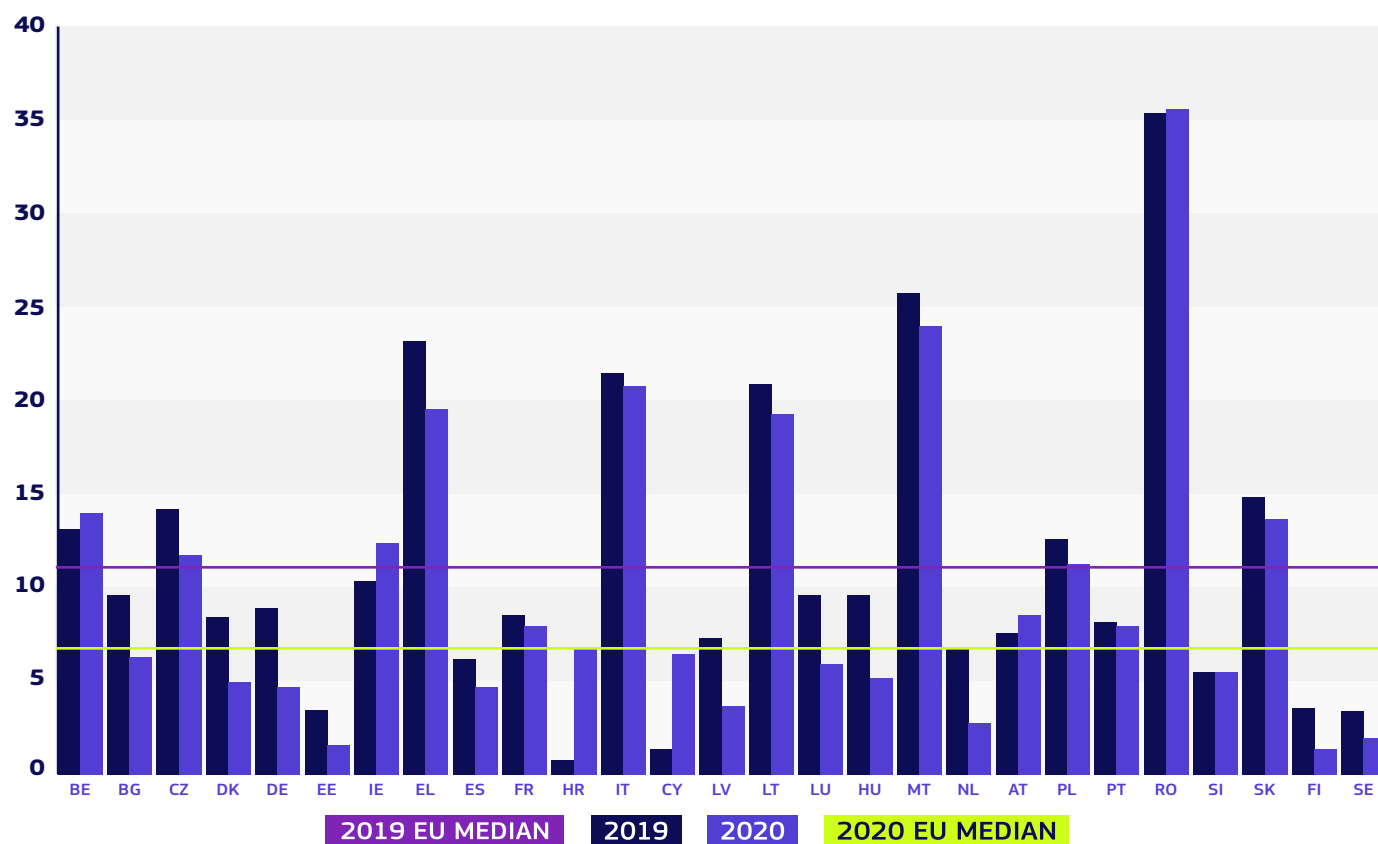


**MALADMINISTRATION**

# HOW DO EU MEMBER STATES FARE?

(% of VAT revenues lost)

In 2020, estimated **VAT gaps** ranged from **1.3%** in Finland, **to 35.7%** in Romania.



## VAT GAP IN 2020 (EUR million)

