



# VAT GAP REPORT 2023

#VATGap

## HOW BIG IS THE VAT GAP ?

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

The overall EU VAT Gap decreased by around **€38 billion** - from **€99 billion** in **2020** to **€61 billion** in **2021** - an unprecedented improvement on previous years. A number of Member States recorded particularly notable reductions in their national VAT Gap figures.

Though some residual effects of the COVID-19 pandemic may have temporarily contributed to the drop, central to most of these success stories is the introduction of digitalised tax systems, real-time reporting of transactions and e-invoicing.

Any loss in VAT revenues - especially linked to criminal VAT fraud - is detrimental to national budgets and the public services on which we all rely.

We can build on recent accomplishments in Member States by taking decisive action at EU level - as proposed in the VAT in the Digital Age package.

## WHAT CAUSES THE VAT GAP ?

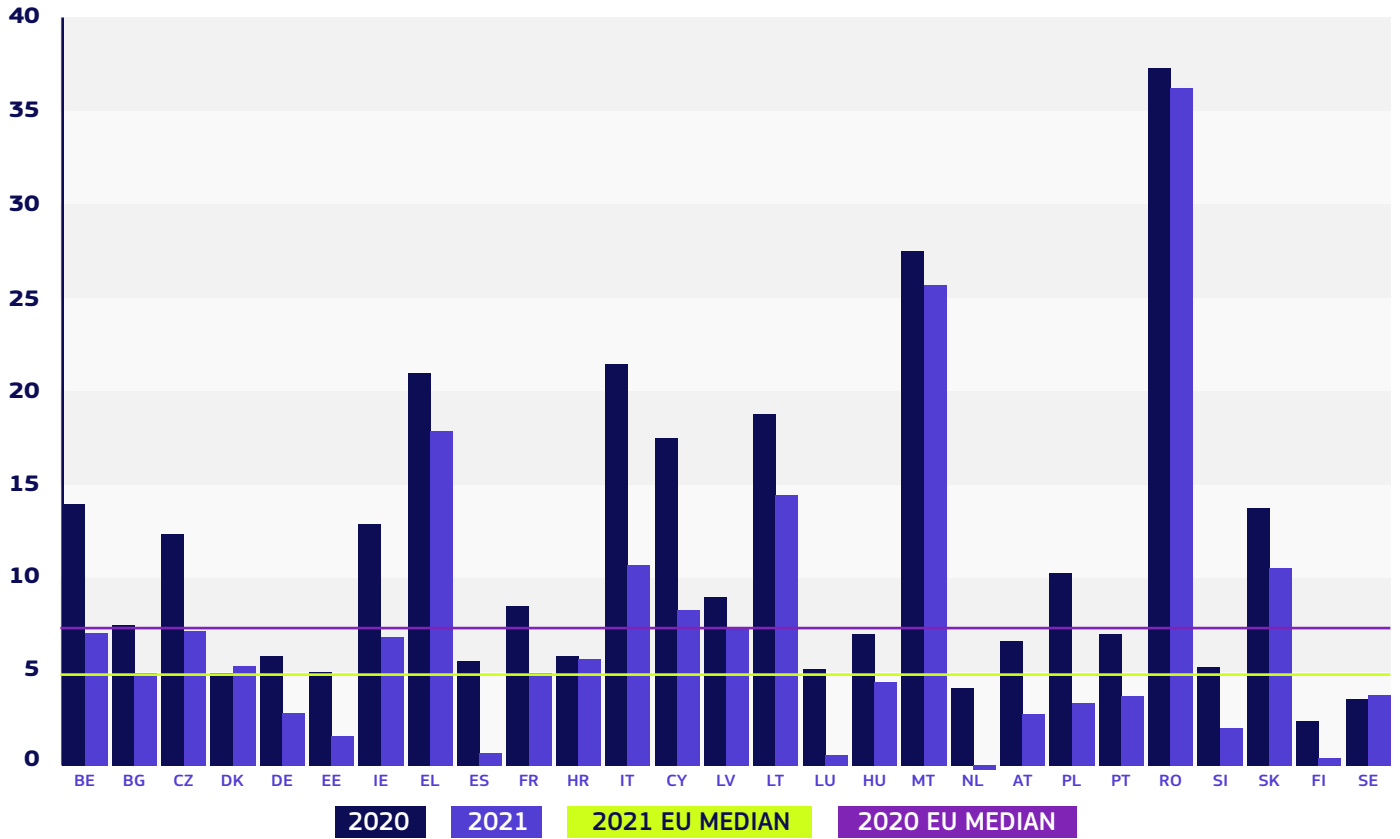
VAT FRAUD, EVASION  
AND AVOIDANCE

CORPORATE  
INSOLVENCY

CORPORATE  
BANKRUPTCY

MALADMINISTRATION

# HOW DO EU MEMBER STATES FARE? (% of VAT revenues lost)



## VAT GAP IN 2021 (EUR million)

