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On evaluating the Member States' replies to the questionnaire relating the application of Council Regulation (EC) no 1798/2003 concerning administrative cooperation in the field of value added tax

Accompanying the

REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

on the application of Council Regulation (EC) no 1798/2003 concerning administrative cooperation in the field of value added tax

[COM (2009) 428 final]

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1. INTRODUCTION

According to Article 45 of Council Regulation No. 1798/2003 on administrative cooperation in the field of VAT, the Commission shall present every three years a report to the European Parliament and the Council on the application of this Regulation.

Since the practical use of the different instruments of administrative cooperation is made by the national tax authorities, evidently this evaluation can only be done on the basis of substantial input from the Member State.

Therefore, the Commission was of the opinion that the information for making a comprehensive assessment of administrative cooperation under the new Regulation had to be collected by way of a **questionnaire** launched to the Member States.

The current commission staff working document analyses and summarizes the replies given by the Member States; it basically describes how Member States themselves assess the functioning of the Regulation (EC) 1798/2003.

This document has been an important source of information for the Commission's report on the application of Council Regulation 1798/2003 concerning administrative cooperation in the field of VAT but it was not the only one.

Indeed, other sources of information, like existing reports, discussions with Member States on a bilateral basis or during meetings have been used when drafting the Commission's report in order to complement the results of this questionnaire.

2. ANALYSIS OF THE RESPONSES TO THE QUESTIONNAIRE

25 Member States replied to the questionnaire which was sent to all of them. The questionnaire covered all aspects of the Regulation on VAT administrative cooperation in the field of VAT; the analysis of the responses follows the structure of that Regulation.

However, it must be pointed out that the quality of the replies from Member States was very different. While some Member States provided detailed and well argued responses, other formulated only very brief replies without further explanations.

2.1. Decentralisation of administrative cooperation *(article 3)*

The competence in the framework of administrative cooperation can be delegated to different liaison departments, since the Regulation introduced the principle of decentralisation. Nevertheless, the practice of decentralisation has not been established in all Member States. Reasons to decentralise the administrative cooperation are efficiency, speed, quality and reliability. There seems to be a trend, however, that tax administrations in larger Member States encourage decentralisation – or deconcentration - more than smaller Member States. The principle of decentralisation is based on functionality criteria (e.g., anti-fraud unit, customs services, qualification based allocation…), territorial criteria (local / regional / borderline tax offices) or a mixture of both. Some Member States have decentralised the competence on the basis of bilateral agreements with the neighbouring countries, if they considered that such decentralisation has added value in the taxation matters.

The problems encountered by Member States are technical, such as the availability and accessibility of CCN-mail (lack of secured direct lines for auditors).

Member States consider CIRCA a reliable and useful tool for identifying contact points/ liaison departments in other Member States. A few Member States reported difficulties in indentifying the liaison department having the appropriate competence for a certain request. This on the other hand presumes that information on CIRCA is constantly kept up to date. Adding the competencies of the liaison departments/contact persons to the list on CIRCA would be an improvement.

Most Member States, however, follow the approach of appointing their Central liaison Officer (CLO) as main contact point and all information has to pass via the CLO who is assigned a CCNmailbox. In general, liaison departments cannot be contacted directly.

Decentralisation has been beneficial in specific areas. Member States where decentralisation has taken place seem to agree that this resulted in a better use of resources including human resources (specialists) and the reduction of time frames. The fact that all Member States who followed this practice reported positive results could inspire other Member States to reflect on the advantages gained.

Conclusion: the principle of decentralisation provided in the Regulation has been welcomed by the Member States who set up a decentralised system, because it leads to better use of resources and time management. Improvements could be made as regards the identification of the contact points in the liaison departments, the description of the competencies of each liaison department, and the availability and accessibility of CCNmail and CIRCA.

2.2. Interference with criminal proceedings *(article 4)*

The request for information could relate to (fraud) cases which are subject of criminal investigations or judicial procedures. If a request is blocked due to an ongoing criminal investigation, it is answered as far as the investigation makes this possible. If the judicial authorities do not release information, then the requesting Member State is informed of the delay.

A majority of the Member States have not encountered or are not aware of delays in the exchange of information for cases that are subject of a criminal investigation. Delays in the exchange of information may arise if the national legislation restricts the exchange for confidentiality and secrecy reasons. Another reason is that interference with criminal proceedings could endanger the judicial process (procedural errors). Consequently, delays appear to be unavoidable.

A possibility is to exchange the information spontaneously, once the judicial process has been finalised.

2.3. Request for information and for administrative enquiries *(article 5)*

For the purpose of forwarding requested information, the requested authority shall conduct an administrative enquiry if necessary to obtain the information

In general, requests for information do not require an administrative enquiry, if the necessary information is available in digital form. Such enquiries can cause a considerable delay in responding to the request due to manpower shortage and other circumstances, such as the difficulty in obtaining the information (missing taxable person, criminal investigation) or the need of an in-depth analysis of the case. Nevertheless, many Member States do not experience problems as concerns these inquiries. Only very few requests are refused and such refusals should usually be explained in necessary detail.

Most Member States agree that the use of standard forms contributes to an efficient exchange of information and avoids translation problems. Uniform language used, clear layout, standardised questions, easier and faster exchange of information are the advantages, while frequent use of the free text box could be a disadvantage (as it isn't possible to cover all possible issues) of using standard forms.

There is no unanimous position whether the use of the forms should be obligatory or not. There is a concern that the mandatory use of the standard form would be less efficient in certain circumstances (e.g. cross border actions without linguistic problems), because information can be gathered by more flexible and efficient means.

The migration towards a new XML format is not entirely a success. Although Member States agreed unanimously on the improvements which contribute to the smooth functioning of mutual assistance and exchange of information, some Member States also expressed their dissatisfaction and concerns which are due to technical reasons (e.g. the heavy system requirements on end-users computers, incompatibility with version Adobe). Furthermore, the fact that the XML format is not implemented yet by all Member States during 2008 led to a parallel use of Word and XML files in data exchange.

Conclusion

Required administrative enquiries following a request for information increase the workload of (local) auditors, which causes delays in the exchange of information. The standard forms contribute to more structure and clarity and to a more harmonised and coherent approach in the administrative cooperation In general, it seems that although most Member States would advocate mandatory use of the standard forms, there are concerns that this would reduce the efficiency of cooperation in certain cases. Member States complain that the XML-format is not applied by everybody. Nevertheless, once the "teething problems" of the installation of the new XML-format are dealt with and all the Member States will start to use it, it will be a better tool for exchanging information.

2.3.1. Time limit for providing information (article 8 and 9)

The requested information must be provided as soon as possible and no later than three months after receipt of the request for information. All Member States declare to have a monitoring system using their intranet or other specific software in order to follow up the treatment of the request and it is usually the CLO that keeps an eye on the process. Internal deadlines are usually set at 2 months, which leaves the CLO enough time to send the requested information to the requesting Member States. The bottlenecks are encountered at the lower tax levels (local offices).

The reasons for not being able to meet the deadlines are mainly of an internal nature: the lack of (human) resources, the workload of field teams, translation problems, the exchange of information not being considered as a priority, especially in cases where there is no fiscal interest in the requested Member State. The complexity and cumbersome use of SCAC 383 forms, especially in complex carrousel fraud investigations, further add to this problem.

The Regulation leaves the possibility to the Member States to agree different time limits on a bilateral basis in certain special categories of cases (article 9). The majority of Member States have no or little experience with the application of this provision. Anyway, the Member States who make limited use of this provision on a

bi- or trilateral basis, have agreed on stricter deadlines (even limited to 5 days) for fraud related cases and generally consider it useful. Some Member States prefer rapid exchange even if the information is inaccurate while others prefer quality over speed.

When Member States are unable to respond within the deadline, then the requesting Member States are rarely informed on the reasons for the failure to do so. Again the problem is internal for the same reasons as mentioned above. Furthermore, there are no means for a CLO to urge the responsible field office to explain the reasons for not responding. However, delayed answers can cause problems in Member States if there is a legal time limit for audits, if the information requested is required as soon as possible in e.g. fraud cases or when there is a time limit for taxation. Additionally, if there are systematic delays in replying, staff could be less motivated to make future requests and use of other tools of the Regulation in future. Sending reminders to the requested Member State without real consequences is considered an additional burden for the requesting administration.

Analysis of the statistics sent by the Member States gave the following indications for 2006:

– Late replies: 49.6% of the requests

– Notifications of reasons of non compliance (article 10): in 5, 06% of the late replies.

However the situation for 2007 appears to be improved:

– Late replies: 36.2% of the requests

– Notifications of reasons of non compliance (article 10): in 5, 9% of the late replies.

Conclusion

It is obvious that the delays in responding to requests for information and for informing the requesting Member States about the failure to meet the deadlines, is due to internal factors. The problems must be addressed at management level in the Member States. Suggestions to address these deficiencies are for example, giving direct access to certain data contained in national databases, raising the awareness of local officials to prioritise the requests in their planning, taking direct contacts with the contact points in other Member States to solve problems, making it mandatory to inform the requesting Member State in case it is not possible to respond within the deadline and to give a new deadline to the request.

2.3.2. Presence in administrative offices and participation to administrative enquiries (article 11)

Member States that use this instrument deem that the presence of officials in foreign tax offices and their participation in administrative enquiries is a useful tool because it allows a quicker conclusion of the audits and a better exchange of information. Speaking directly with foreign colleagues allows a more practical approach to the case and facilitates a closer relation with other tax administrations.

However, the statistics that Member States need to submit annually show that the tool mentioned in article 11 is used very rarely (some Member States even never used it). The most important and recurrent reasons for this are: language knowledge, budgetary reasons, lack of a national legal basis to allow participation in national enquiries, interpretation of the article 11 that generates doubts regarding the

difference between this instrument and the multilateral control instrument mentioned in articles 12 and 13 (Use of article 11 as the legal base for the start of an MLC), practical problems linked to the identification of the competent official, and the fact that questions can be discussed and clarified during intermediate discussions. One Member State considers that the benefit of this tool is unclear, when the information is already provided on the basis of an article 5-request.

Some Member States require information to be exchanged on the basis of article 5, as a condition for other Member States officials to be present in their offices. This slows down the article 11 procedures.

Other Member States have specific national provisions/requirements to start an article 11 procedure, for example:

– evidence (suspicion) of a significant evasion;

– the effectiveness of the reply is linked to a deadline;

– the complexity of the case requires the presence of the foreign official to speed up the fiscal audit (the administrative enquiry);

It was pointed out that an interpretation at European level about the application of article 11 would be useful and that no further international agreements or domestic legislation would be required (which limit the use of the instrument).

Conclusion

Raising the awareness of the officials to use this instrument is needed. Developping the language skills could be solved at national level. Furthermore specific national conditions should not hamper the use of this instrument. The application of article 11 appears to be a good instrument for cooperation between auditors, especially in border regions.

2.3.3. Simultaneous controls (article 12 and 13)

The creation of the multilateral control (MLC) platform under the subsequent Fiscalis 2003-2007 and Fiscalis 2013 programmes is overall considered as a very good initiative that increased the use of the MLC tool. The number of MLC's initiated in 2005 was 12, in 2006 16 and in 2007 33 (more than the double of the year before!). Although the Fiscalis programmes already lead to an increase of the exchange of information resulting from MLC's, many Member States believe that the use of this instrument can still be further encouraged, for example by dissemination of good practices in a methodological guide, by organising small border projects between neighbouring countries, by training local officials, creating a national and international network of auditors and reducing bureaucracy (shorter reports). Furthermore, a cultural change may need to happen for Member States to take part in MLC's where the tax benefit lies in other Member States.

In the majority of the Member States, the CLO designates as competent authority one or more tax auditors responsible for the direct exchange of information within a specific MLC. The MLC coordinator participates only for organisational issues and not in all meetings of the MLC.

Certain Member States do not delegate the competent authority to the responsible tax auditor. All exchange of information must pass via the MLC coordinator, who is in principle also member of the CLO. Furthermore, the designated local tax officials have no possibility to send information via a secured mail (CCN mail is managed

within the CLO). In fact a number of Member States deem that the step through the CLO (that is the only one at national level to have the access to CCN mail) slows down the exchange and makes void the tool of MLC.

In practice, local tax auditors seek solutions to overcome the problem, for example they agree a code to exchange information via ordinary mail without mentioning confidential data.

Besides the lack of access to CCNmail for the auditors involved in the MLC, other bottlenecks that have been pinpointed were: lack of motivation, time and resources, language knowledge, lack of experience, and proposed cases that appear to be too vaguely described. Different administrative organisation and different interpretation of certain legal provisions make it difficult to organise combined MLC's (VAT and Direct Taxes).

As concerns fraud cases, there is still room for improving the cooperation and the communication between the MLC coordination and the Anti Fraud units' platform. The nature of Carousel fraud is such, that a quick and flexible cooperation between experts in this field is essential.

Conclusion

The Member States recognize the added value of the instrument. They are satisfied with the set up of the MLC platform and the MLC guide. They consider that their internal procedures are flexible enough to react swiftly in cases of fraud. Nevertheless, at EU level it appears that the communication between the Anti Fraud Unit and the MLC coordination could still be improved, eventually by adapting the existing MLC procedures in order to allow for a quicker and less bureaucratic reaction in specific fraud related cases.

The exchange of information should always be direct between tax auditors. The step through the CLO seems to slow down the procedure. The MLC coordinators should have the possibility to communicate more quickly through a system similar to CCN mail. However, the functionality of communication between local tax authorities already exists within CCN mail phase IIbis.

2.4. Request for administrative notification

Statistics show that this instrument is only used by a very limited number of Member States. The Member States confirm that this tool is very rarely used or, in some cases, it is not used at all, because the local officials rarely need it. Another explanation given was the existing national legal system (procedural law).

Conclusion:

It appears that the request for administrative notification is seldom used because other national procedures are used instead.

2.5. Exchange of information without prior request

2.5.1. Automatic or structured automatic exchange of information (article 17 and 18)

Article 17 of the Regulation provides for Member States to exchange information without prior request. It specifies that each Member State should forward information to any other Member State concerned in three situations, which represent a very broad obligation.

Article 18, however, limits the obligation provided for in Article 17, stating that the Member States may determine by choice whether they will exchange certain categories of information without prior request. Articles 3 and 4 of Commission Regulation 1925/04 define the (sub) categories for which the Member States will exchange information in an automatic or structured automatic way.

The replies to the questionnaire made clear that the Member States apply and understand the interaction between articles 17 and 18 in different ways. A small minority of the Member States participate in all categories. This leads to inconsistency in the exchange of information between the Member States. Some Member States also fear problems when the new legal text introducing new mandatory information exchange categories will come into force (1 January 2015). The definition of "automatic" and "structured automatic" exchange causes confusion also.

Between Member States there are differences in the internal procedures to collect the information: depending on the category, it could be electronically or manually. Also the internal sources to obtain the data can differ from one Member State to another (car dealers, databases, invoices, other competent authorities).

For the majority of Member States the received information is useful and of benefit in practice, but remarks were made that the quality of information could be better (forms should be filled in properly). Although the defined categories are still considered to be appropriate, it appears that only few Member States participate in the exchange of information on all categories listed. Member States do not participate, when they have no proper interest in the category or when they have no data available . The reason for not participating in a certain category is mainly the lack in those Member States of systematic collection of data and a centralized storage of the data. Several arguments are brought forward for not doing this: disproportionate effort for businesses and tax administrations, the categories do not exist (a Member State without distance sales), difficulty to obtain the information, difficulty to transfer data or integrate files (wrong format) in a database, the information is not centralized by a single service or other ministries are competent (e.g. car registration), lack of human resources.

In particular regarding the information exchange for distance selling, it is striking that there is hardly any exchange of information. According to the statistical data for 2007, there were only 5 (structured) automatic exchanges of information carried out by 2 Member States for distance sales.

The Member States forward the received information to the competent authorities or store the received information in databases for the risk analysis purposes or for consultation by the auditors.

However, feedback on how the information was used (results) and if it was really useful is in the majority of the Member States not compulsory.

Conclusion:

The automatic and structured automatic exchange of information, which were new concepts introduced in Regulation 1798/2003, does seem to cause a number of problems. The Commission has already found out by analysing the statistics that the exchange of information for some categories listed in articles 3 and 4 of Regulation 1925/2004 is seldom applied. Member States consider some categories more relevant than others, but not all reasons given justify the non-participation in a certain sub

category[1]. Member States should implement efficient procedures to collect the data in the different categories to be exchanged.

Most Member States have no feedback system and therefore cannot say whether the received information is used effectively. They indicated this as a weakness. It should be pointed out that a Fiscalis 2013 Project Group reflected on a feedback system that provides information on the usefulness and use made of the information exchanged. Another Fiscalis 2013 Project Group worked on the improvement of the quality of the information exchanged.

2.5.2. Spontaneous exchange of information (article 19)

The national tax officials are made aware of the possibility to send spontaneously information they find useful for their colleagues in other Member States through training, internal publications and instructions.

In view of half of the Member States this instrument is not sufficiently used. Suggestions for improvement are:

– Member States make it obligatory for their local offices to send spontaneous information to other Member States whenever it becomes available and it could be of significant importance for their counterparts.

– Work in an established structure and on a well-defined topic (e.g. Eurocanet-project)

– The implementation of a harmonized feedback system (to motivate management and tax auditors).

Auditors who collect the information for spontaneous exchange should have more awareness of the importance of this information for other Member States and be more motivated.

Conclusion:

Greater awareness of the auditors of the importance that spontaneously exchanged information has for other Member States is an essential element for the development of this instrument. A feedback mechanism and the improvement of the quality of information exchanged would be helpful to motivate tax auditors to increase the use of this instrument. Eurocanet[2] is considered to be a good approach for the spontaneous exchange of information, because it creates direct contacts between officials specialized on a certain topic and it exchanges rapidly well targeted information on fraudulent traders. In this way local staff could be motivated to put more attention to information that spontaneously can be exchanged.

2.6. Storage and exchange of information specific to IC transactions (article 22-27)

The invalidity of VAT-numbers and delays in corrections of the data are often quoted as problems identified in relation to the quality of the information contained in the database. It was noted that Member States' different registration and deregistration rules (for example relating dormant traders) causes for different quality of data.

Member States have different views on how detailed the information available through VIES should be. In general, it is considered that the information available

[1] See the Commission's reply to chapter 51, ECA's Special Report 08/2007, OJ C20, 25.1.2008,

[2] Eurocanet is an informal network for rapid exchange of information relating potential missing trader fraud

through VIES is sufficiently detailed, but there is still room for improvement, especially to avoid mismatching in the confirmation of the validity of the VAT identification number. Some Member States say that the reliability and the speed of availability should have priority to more details. Other Member States suggest more detailed information in the recapitulative statements (e.g. transaction per transaction level) or details relating the taxpayer (e.g. insolvency, reasons for deregistration, dormant trader, number of VAT group next to number of individual members of the group) but at the same time they emphasise that the burden to obtain this information should not be too big for businesses. The extension of VIES to cover services as well is considered as positive, however, for some Member States it will take some time to implement the corresponding changes to the IT system.

Conclusion:

The invalidity of VAT-numbers and delays in corrections of the data are often quoted as problems identified in relation to the quality of the information contained in the database.

Frequent updating, which should be done on a daily basis, enhances the quality of the information contained in the database. The implementation of logical and conclusive IT checks before storing data ensures their quality. Furthermore data quality should in first instance be covering reliability and speediness of availability (VIES appears not the cover the most recent transactions)

2.7. Provisions concerning the special scheme for e-commerce (articles 28-34)

Overall, the Member States' experience with the special scheme for non-established taxable persons (NETP) supplying electronic services to non-taxable persons is positive. The number of NETP and the amount of payments is not significantly high. Only two Member States have a significant higher number of NETP's.

However, Member States would prefer that the application allows for an automated (retroactive) correction of previous declarations, in particular now that the number of traders using the application will increase from 2015 onwards (cfr mini one stop shop). In the current system, adjustments can only be introduced manually.

Furthermore, the messaging (which is currently done via CCN-mail2) from one Member State to another could be done automatically between national applications, although some Member States mentioned that the development of such a programme will require a lot of resources. This would avoid manual feeding of the data into the application.

The most recurrent problems, causing mismatching between de declared amount of VAT and the payment, are the bank transfer charges and exchange rate differences. Member States had to communicate additional information to succeed with the matching. It was suggested to link an origin country code to the payment so that the recipient Member State- could easily identify the payments. Another suggestion was to think about alternative options for publishing the correct exchange rate and conversion procedures for businesses, e.g. pop up messages, automated emails, to encourage compliance.

Only a few Member States conducted audits in the field of NETP's. Generally, Member States consider it quite difficult to carry out audits of NETP's. It might be a good idea that Member States that carried out successful audits share there experience and practices (for example, addressing perceived risks, identifying

compliance and revenue errors, providing confidence that remote and outside EU base businesses can be audited).

Conclusion:

There are no major problems in managing the special scheme. The current application needs to be updated to make automated corrections in the declarations possible. Difficulties concerning matching of payments should be solved. Alternative options for publishing the correct exchange rate and conversion procedures for businesses, e.g. pop up messages, automated emails, to encourage compliance could be envisaged.

As concerns audits in the field of e-commerce, the necessary attention should be paid to the realisation of audits, because only by controls can it be identified that businesses apply the provisions of the special scheme correctly. Member States could share their audit experience and audit practices in the framework of NETP's.

2.8. Relations with the commission (article 35)

Most of the Member States have never systematically evaluated the functioning of the administrative cooperation procedures internally.

Where an independent body (National Audit Office or other body) audited the administrative cooperation procedures and issued a report, the Member States took the recommendations made into account for improving the mutual assistance and the exchange of information.

As concerns the statistics, the majority of the Member States considered that the statistical data as required are sufficient, although some mentioned that the figures relating to sent and received requests differ considerably between Member States. Member States are more interested in the tendencies revealed than in a simple arithmetical collation of statistics or the mismatching between the figures relating to sent and received requests. Furthermore they had no difficulties to retrieve the data.

Some Member States expressed the need to improve the quality of the data or the detail of the statistics, for example setting ranges of delay, giving feedback on results, distinction between requests made with form SCAC2004 and made by form SCAC383 or a continuous cross check mechanism among Member States before disclosure of data to the Commission.

Conclusion:

The statistics are mainly considered to be a good tool to indicate and reveal tendencies. The majority of the Member States considered that the statistical data as required are sufficient. Furthermore they had no difficulties to retrieve the data. Some Member States proposed to improve the quality of the data or the detail of the statistics.

2.9. Relations with third countries (article 36)

The majority of the Member States had no or little experience with the exchange of information from third countries. Nevertheless, the Member States considered that information coming from third countries could be very useful to facilitate tax assessment or fraud detection, but strict rules need to be applied (secrecy).

As already foreseen in the provisions of the article, exchange of information should be arranged through a bilateral agreement, which permits the passing on of the

information. Not all Member States have concluded tax treaties including VAT matters and thus it is not possible to pass on the information from third countries.

Conclusion

The provision of article 36 appears not to be applied frequently. The majority of the Member States are not opposed to make the passing of information coming of third countries to other interested Member States obligatory.

2.10. General conditions governing the exchange of information

The language is to some extent still a problem in the process of administrative cooperation.

Generally, the Member States have no problems with the exchange of information if it is sent in their own national language or in one of the working languages, but there is a preference for English. Nevertheless, even English could be a problem for the officials working at a local level of the administration, because these people do not always have the appropriate language skills (e.g. during multilateral controls).

Translation is mentioned as one of the reasons for not meeting the deadlines for replying and inadeqaute translation has led to losing cases in fiscal procedures. The language knowledge could be an obstacle for decentralisation or for local officials not to participate in a MLC.

The use of standard forms already reduced the translation work, but the free text in box E of the SCAC-form remains a source of burdensome translation (unnecessary if the box only contains information already found in another box).

Only a few Member States had experienced refusals for outgoing requests for assistance on the basis of the article 40 and mainly the reason was that the amount was not compliant with the threshold or due to an alleged lack of a solid basis/justification of the fraud.

In order to limit administrative costs, minimum thresholds were laid down for triggering requests for assistance. The vast majority of the Member States agree that the thresholds are set at an appropriate level, although some Member States want to reduce the threshold in certain sectors (second hand trade). It was also mentioned that sometimes bilateral agreements with neighbouring countries exist, which do not include thresholds.

Conclusion:

It could be best practice if all Member States agree the working language in which they want to communicate for CLO-purposes. Most of the Member States have a preference for English. The language problem occurs at the local level of the administration. Direct contacts (telephone or CCN-mial) asking for clarification could avoid burdensome translation. For the MLC's, Member States could consider the use of the linguistic support tool set up under the Fiscalis programmes, as the support of interpreters could be helpful.

3. GENERAL APPRECIATION OF THE FUNCTIONING OF ADMINISTRATIVE COOPERATION

In their replies Member States made a number of suggestions for improving the functioning of administrative cooperation. Moreover, at the end of the questionnaire

Member States were specifically asked whether they had any suggestions for improvements to make.

The main suggestions are the following:

- Direct access to data would lead to quicker exchange of information,
- On-line conversation through CCN-network would be useful for simultaneous control purposes (conference calls, chat),
- Closer cooperation with Customs authorities in particular for the goods moving through the 4200-procedure (exempted from taxation at import),
- organising annual CLO meetings for the heads of CLO, to make contacts and cooperation easier and more efficient (due to personal contact),
- amend the Regulation in order to provide for a legal framework for the project Eurocanet,
- The set up of a structure at community level to coordinate and facilitate the use of the existing cooperation instruments.
- better relations between the existing discussion groups (ATFS, SCAC, SCIT): more coherence of the mission attributed to the discussion groups and more regular and formal contacts between them ,
- the mandatory use of XML as unique standard,
- Review of the SCAC 2004 form,
- a computer system to ensure that requests are logged to a central record and statistical data could be extracted electronically from the system,
- harmonisation of legal terms/expressions
- Sanctions on Member States that do not comply with the time limits to send the reply to a request.

Most of these suggestions (direct access to data, amendment of the Regulation) have already been discussed in the context of the Anti Tax Fraud Strategy (ATFS) expert group and are taken forward within the short term action plan set out in the Commission's Communication on a coordinated strategy to improve the fight against VAT fraud in the EU[3]. Others (e.g. the mandatory use of XML) are already dealt with in the Standing Committee on Administrative Cooperation (SCAC).

As regards the remaining suggestions, the Commision has the intention to provide Member States the opportunity to comment upon them within the appropriate fora in the context of the follow up to the Commission's report on the application of Council Regulation 1798/2003 on administrative cooperation in the field of VAT.

[3] COM(2008)807final, 1.12.2008