



**COUNCIL OF
THE EUROPEAN UNION**

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from:	General Secretariat
to:	Coreper/Council
No. Cion doc.:	18870/11 FIN 1089 FISC 175 UD 366 GAF 25 - Special report No 13/2011
Subject:	Special Report No 13/2011 by the Court of Auditors concerning customs procedure 42 - Adoption of Council conclusions

1. On 15 December 2011, the Council received the Special Report No 13/2011 from the European Court of Auditors entitled “Does the control of customs procedure 42 prevent and detect VAT evasion?” together with the Commission’s replies¹.
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of special reports drawn up by the Court of Auditors, the Permanent Representatives Committee at its meeting on 10 January 2012 instructed the Working Party on Tax Questions to examine this report in accordance with those rules².

¹ Doc. 18870/11 FIN 1089 FISC 175 UD 366 GAF 25

² Doc. 18871/11 FIN 1090 FISC 176 UD 367 GAF 26

3. The Working Party on Tax Questions has examined the Special Report. At its meeting of 24 February 2012, the Working Party reached an agreement on the draft Council Conclusions, as set out in the Annex. The UK delegation expressed a parliamentary scrutiny reservation.
 4. Once this reservation is lifted, the Permanent Representatives Committee could suggest that the Council adopt the abovementioned draft Council conclusions as an "A" item on the agenda of one of its forthcoming meeting.
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DRAFT COUNCIL CONCLUSIONS
on Special Report No 13/2011 from the European Court of Auditors entitled
"Does the control of customs procedure 42 prevent and detect VAT evasion?"

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1. TAKES NOTE of the Court of Auditors' Special Report No 13/2011 entitled "Does the control of customs procedure 42 prevent and detect VAT evasion?" (doc. 18870/11 FIN 1089 FISC 175 UD 366 GAF 25).
2. TAKES NOTE of the European Commission's replies to the Court's Report, in particular the explanations given by the Commission in response to the specific remarks of the Court on the regulatory shortcomings which were observed.
3. TAKES NOTE of the Court's recommendations while pointing out that since the reporting period (2009) measures to improve the regulatory framework have been stepped up: among other things, Article 143(2) of the VAT Directive has been modified and in the customs area a unanimously agreed administrative arrangement for the *Single Administrative Document* has been made and will be implemented by all Member States at the latest by 1 January 2013.
4. ENCOURAGES Member States to continue to strengthen cooperation in the field and to stay vigilant as to the prevention and detection of VAT evasion in connection with customs procedure 42.