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REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

on the application of Council regulation (EU) no 904/2010 concerning administrative cooperation and combating fraud in the field of value added tax

{COM(2014) 71 final}

Contents

1 INTRODUCTION

According to Article 59 of Council Regulation No. 904/2010 on administrative cooperation in the field of VAT, the Commission must report by 1 November 2013 and thereafter every 5 years to the European Parliament and the Council on the application of the Regulation.

The report which this paper accompanies is the first since the adoption and entry into force of Council Regulation No 904/2010 on 7 October 2010. The latter is a recast of the former Council Regulation No 1798/2003 and offers Member States further tools for enhanced administrative cooperation to support the fight against VAT fraud.

The Commission would stress that the report should be seen as an opportunity to pool Member States' experience with the aim of improving the operation of those arrangements as mentioned under Article 49, Paragraph 1 of the recast Regulation. Furthermore, this report has not to be seen only as an overview of the application of the regulation as such, but also and mainly as a basis for a permanent and structured dialogue between the Commission, the European Parliament, the Council and the Member States in order to improve the efficiency of administrative cooperation in the field of VAT.

The study to quantify and analyse the VAT gap published by the Commission on 19 September 2013 gives a better understanding of the recent trends in the field of VAT fraud. The present report to be published according to Article 59 of Council Regulation No 904/2010 (giving an overview of the functioning of administrative cooperation for the fight against fraud) and the report on the collection and monitoring of VAT to be published by end of this year by the Commission according to Article 12(3) of Council Regulation 1553/89 (the so-called article 12 report), complement the study on the VAT-gap and try to give an evaluation of the functioning of the administrative cooperation and the VAT collection and control procedures applied internally in Member States

Since this report should reflect the practical use that national tax authorities make of the different instruments of administrative cooperation and fight against VAT fraud, this evaluation can obviously only be made on the basis of substantial input from the Member States. It is also important that good practices in administrative cooperation can be identified.

Therefore, the Commission considered that the information needed to make a comprehensive assessment of administrative cooperation under the new Regulation was best collected through a **questionnaire** sent to the Member States.

The current commission staff working document analyses and summarizes the replies received from the Member States; it basically describes how Member States themselves assess the functioning of the Regulation 904/2010.

Although this document is an important source of information for the Commission report on the application of Regulation 904/2010 concerning administrative cooperation in the field of VAT, it is not the only one.

Indeed, other sources of information, such as existing reports (e.g. Eurofisc reports), discussions with Member States on a bilateral basis or during meetings (such as SCAC) and the annual statistics of 2012 have been used when drafting the Commission's report in order to complement the results of the questionnaire.

2 ANALYSIS OF THE RESPONSES TO THE QUESTIONNAIRE

In the questionnaire, some of the questions build further on the previous evaluation report presented in 2009[1]. They aim to analyse to what extent the recommendations/conclusions of the previous report were taken into account to further improve administrative cooperation.

In addition, some new provisions were introduced by the new Council Regulation No 904/2010. Consequently, several questions specifically focus on the implementation of these new provisions as this will be the first evaluation of these new tools.

Some of the provisions of the new Regulation have entered into force in 2013 or will only enter into force in 2015. Therefore these provisions are not covered by the current report.

Furthermore, some questions were raised inquiring for new ideas on how to further improve administrative cooperation. These questions should be considered as a first brainstorming exercise.

Although all 27 Member States replied to the questionnaire, it must be pointed out that the quality of the replies received 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 or clarifications. Germany mentioned that for a number of questions the reply could not be delivered within the proposed timeframe of 2 months because the participation of the 16 Lander was required.

2.1 Exchange of information upon request (Articles 7 to 12)

2.1.1 Problems identified by the previous report

The previous report on the functioning of the administrative cooperation[2] highlighted a number of problems relating to the exchange of information. It concerned problems existing in the requested Member State, but identified by the requesting Member State. The Commission wanted to know whether the problems relating to the identification of the competent liaison office (CLO), the lack of timeliness of replies and the lack of notification about not meeting the deadline were still occurring.

1. The identification of the competent liaison office in the requested Member states (Q1-4).

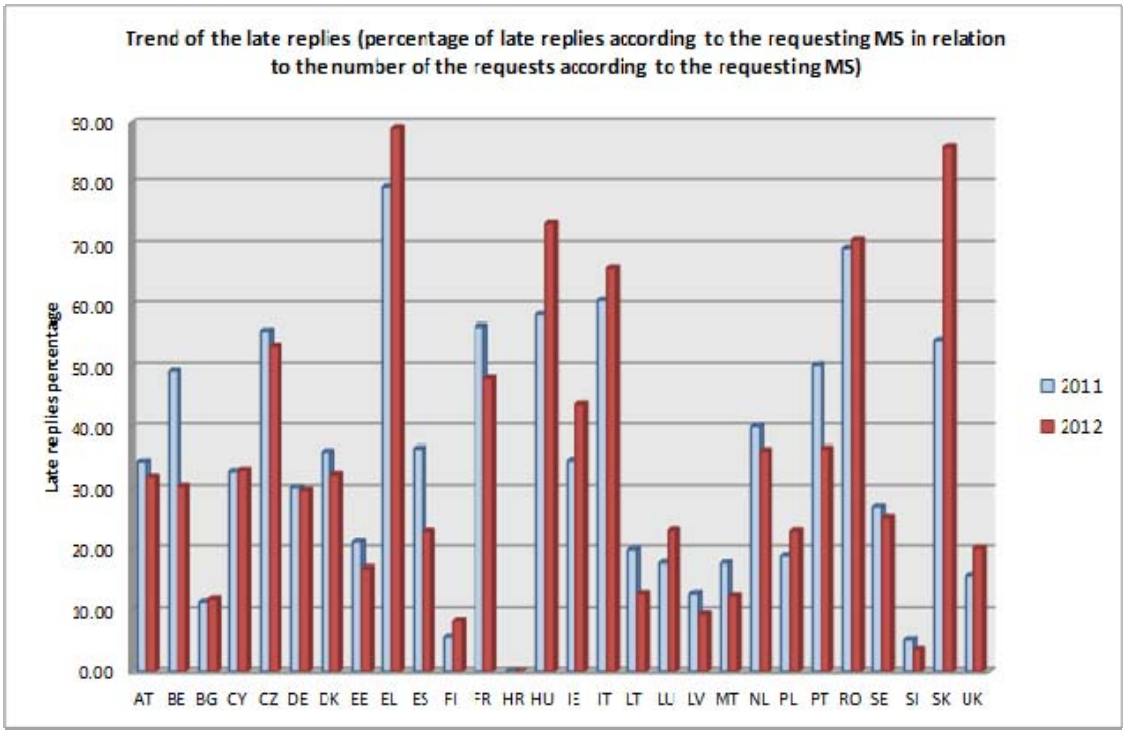
All Member States confirmed that it is not difficult to identify the CLO when all exchange of information via CCNmail is centralised in the CLO and the list of the competent authority is constantly updated on CIRCABC. The problem does not exist any longer. It was recommended in the previous report that Member States should respect the principle that only one contact point for the exchange of information be communicated to other MS.

2. The (non) timeliness of replies (Q5-6).

(a) State of play

The annual statistics for 2012 show that a significantly high percentage of requests are not replied to within the three month-deadline. There were late replies to the requests for information in 43% of the cases and 6 Member States replied late in more than 50% of the requests.

[1] COM (2009) 428 final of 18.8.2009
[2] COM (2009) 428 final of 18.8.2009



Several Member States indicate that they have implemented solutions to address this shortcoming:

1) introducing regular checks of deadlines (CZ, FI, LV, NL, RO, SI and UK) with the development of IT applications to manage electronically the requests for information received, e.g. automatic warnings (BE, FI, FR,PT), automatic transmission to the local offices concerned (HU) or information available on the taxpayers gathered from the national databases (EE);

2) improving both the organisation of the CLO in order to have one competent authority and one location (NL, SE) and the communication between the CLO and the local offices (BG, DK, NL, UK);

3) circulating internal instructions stressing the importance of providing prompt replies to requests from other Member States (CY, RO);

4) organising training sessions to allow auditors to become familiar with the cross border exchange of information, with the electronic procedure and with other IT applications (CY, ES, HU);

5) exerting greater pressure on taxpayers and their auditors to provide the requested information / documents (CY);

6) sending reminders to the offices concerned (IR, LT, NL, DE) or to the requested Member States if no reply is received within the set deadline (LT);

8) increasing human resources (HU, SK);

(b) Suggestions

A number of Member States have suggested reducing the number of late replies through the following initiatives:

1) information could be requested directly to the taxpayers instead of carrying out audits or checks on the spot (BE);

2) Member States should send partial replies containing information from the databases or interim information from the controls if still pending (BG, IE);

3) increasing the number of the officers dealing with requests for information (CY);

4) all the requests should be made in English (CY);

5) e-learning courses should be organised in preparation for the implementation of the new electronic forms (ES);

6) improving the IT system for the electronic management of the requests for information (FR, SK);

7) Member State's performance levels should be regularly reviewed and discussed at the SCAC to identify the reason(s) for the problems. However, if the problems continue, the Commission should consider taking further action either at legal or at political level in cases where a Member State significantly and persistently underperforms (UK).

For more information on this subject, reference is made to chapter 2.1.3 of this Commission Staff Working Document.

3. The lack of notification when the deadline for replying to a request will not be respected (Q7-9).

(a) State of play

The annual statistics show that member States in most cases do not notify the (reasons for) lateness of the replies. It appears that a notification justifying the delay is sent for only 10% of late replies.

The requested Member States argue that they have addressed the problem and improved their procedures through the following actions:

1) they have increased awareness within the CLO (AT, PT) or in the local offices (SE);

2) they have developed an IT application which automatically sends out to the MS concerned a notification of the delay some days before the deadlines expires (PT, BE);

3) they have appointed officers monitoring the requests who notify the CLO well in advance when requests cannot be replied on time (EE, CY, LV), indicating the expected time and the reasons for late replies (CY, LT);

4) they have send reminders either to the requested Member State (EL, CZ, NL, LV, PL, SI, UK) or to the, contact persons concerned at local level (PL, SE);

5) One Member State (HU) has drafted guidelines and organised training courses to raise awareness about the importance of the deadlines and on what to do when the deadline cannot be respected.

Despite all these domestic measures, 22 Member States confirm that the lack of notification still persists.

(b) Suggestions

A number of Member States made suggestions to improve the notification procedure by:

1) implementing systematic control of deadlines by human resources and technical support (CZ);

2) sending reminders to the requested Member State (DK);

3) informing the Member State concerned at least that the request is in process and that the answer will come sooner or later. In addition, the requested MS should send partial replies (FI);

4) having CLOs monitor the deadlines more strictly (LV);

5) more frequent statistics (e.g. 4 times a year), so that all Member States are confronted with their positive/negative performances more frequently. Moreover the Member States should take as a starting point for the determination of a late reply all replies received during a calendar year. This means that the compilation of the yearly statistics could start on the 2nd of January of the year. As a consequence, the statistics would be available and could be discussed at the SCAC springtime meeting instead of the autumn SCAC meeting and Member States should be able to anticipate on the outcome of statistics at an earlier stage.(NL);

6) publishing the statistics in graph format and regularly reviewing and discussing Member States' performance levels at the SCAC in order to identify the reason(s) for the problems. However, if the problems continue, the Commission should consider taking further actions at legal or political level in cases where a Member State significantly underperforms (UK);

7) introducing the obligation to provide notification (SK).

2.1.2 Request for information and for administrative enquiries (Article 7)

4. Article 7 of Regulation 904/2010 provides for the possibility to send requests for information and requests for administrative enquiries (Q11-13).

Here it is important to see how Member States deal with such requests that they receive. The statistics show that some Member States carry out administrative enquiries for each request for information they receive:

	How many request for information did you receive in 2011-2012?	How many of these requests triggered an administrative enquiry?	In percentage	How many times did you refuse to carry out an administrative enquiry when you received a specific request?
AT	2862	N/A *		0
BE	2308	N/A		0
BG	1910	1894	99 %	0
CY	963	N/A		1
CZ	3681	3313	90%	0
DE	19342	N/A		N/A
DK	1420	253	17.8 %	2
EE	912	N/A		0
ES	3468	2598	74.9 %	N/A
FI	272	N/A		N/A
FR	3647	367	10 %	0
GR	1037	1037	100 %	0
HU	4473	4473	100 %	0
IE	N/A	N/A		0

IT	5648	N/A		0
LT	727	2	0,2 %	0
LU	677	677	100 %	0
LV	1194	1194	100 %	0
MT	217	200	92.1 %	0
NL	4894	N/A		0
PL	3847	3847	100 %	N/A
PT	564	364	64.5 %	0
RO	4252	N/A		0
SE	730	730	100 %	0
SI	591	N/A		0
SK	7008	N/A		0
UK	3527	3109	88.1 %	0
* Not available/ exact number unknown				

In the majority of Member States, all or almost all the requests trigger an administrative enquiry. Exceptions are LT (727 requests and only 2 triggered an administrative enquiry) and FR (in 2011, 1935 requests and 367 triggered an administrative enquiry). 8 Member States were not in a position to deliver detailed data (AT, DE, EE, FI, IR, SE, SI and SK).

5. Grounds for refusal to carry out an administrative enquiry (Q14)

Only 2 Member States (CY, DK) state they had a couple of cases where they refused to carry out an administrative enquiry.

Cyprus explained that the administrative enquiries were refused because national legislation does not allow VAT Officers to obtain the information / documents requested, while Denmark replied that it had refused to carry out the enquiries because the request was too broad; although the Member States concerned had been asked to specify the request in more detail they have never received a reply to this request.

6. Use of the best practices approved by SCAC in working document 562 (Q15)

Article 7 (4) of Council Regulation (EU) No 904/2010 establishes the principle that Member States can refuse to conduct administrative enquires in the field of distance selling, services connected with immovable property, telecommunication services, radio and television broadcasting services and electronically supplied services and hiring, other than short-term hiring, of a means of transport to non-taxable persons only when, in conformity with the statement of best practices, the number and the nature of the requests for information impose a disproportionate administrative burden on the requested authority.

This statement of best practise was further elaborated and reported to SCAC in the above mentioned working document 562 by providing recommendations on how to deal with such requests mentioned in Article 7, §3 and §4 of the Regulation.

On the question of whether Member States have already used these recommendations 5 Member States (AT, DK, FR, IE, SK) replied that they have never used this list with

recommendations. In contrast, the other Member States replied that they apply all or almost all of the checks before sending the request and the reply in order to avoid a disproportional administrative burden.

7. Difficulties encountered when conducting such an administrative enquiry (Q16)

In general, the difficulties encountered when conducting a such an administrative enquiry are not different from those encountered during domestic administrative enquiries and almost all Member States replied that they do not encounter difficulties linked to the administrative enquiries as such.

Nevertheless 4 Member States indicate that they do experience some difficulties due to the fact that:

1) the requests concern taxable persons that have disappeared or have gone bankrupt;

2) the required documentation necessary to follow up the request is not attached to the request (BE);

3) sometimes Member States ask for old data or for verification of low value transactions (UK);

4) translations are time-consuming;

5) requests are not clear and understandable;

6) requests concern firms whose directors or real beneficiaries live abroad or whose names are unknown (CY).

2.1.3 Time limit for providing information (Articles 10 – 12)

The time limit for providing information is defined under Articles 10 – 12 of Regulation 904/2010. This time period is either 3 months or 1 month in order to fight efficiently against VAT fraud and to ensure a proper collection of VAT. It is important for Member States to exchange information as soon as possible. In this context it is also important that these deadlines are respected. In the statistics the Commission has evaluated the late replies from the point of view of the requesting Member State. With the questionnaire, the Commission tried to evaluate the late replies from the point of view of the requested Member State.

8. Number of cases in which the deadline is not met in 2011 according to the requested Member State (Q17 and 18)

On the basis of the annual statistics, the graphic (see chapter 2.1.1) shows the percentage of late replies per Member State for the years 2011 and 2012:

The 2 Member States with the lowest percentage of late replies and who do not have a problem in meeting the deadline are Finland and Slovenia. All other Member States could not respect the deadline for most of the requests. Greece and the Slovak Republic have the biggest difficulties in respecting the deadline to reply on time.

Member States indicated in replies to the questionnaire that the main reasons for not respecting the deadline are:

1) a lack of resources;

2) non-cooperation of or difficult contact with the taxpayers and

3) complexity of the case (AT, LU, PL, BG, CY, DK, EE, ES, FR, EL, HU, IE, LT, PT, RO, SE, SI, SK, UK).

Further reasons provided by the Member States are:

4) technical reasons such as e.g. migration to a new application or reorganisation of the tax administration (BE, EL, SK);

5) huge increases in the number of requests due to excess fraud in the carbon credits sector;

6) the necessity to start an administrative enquiry (IT, CZ, FR, HU, PL, PT, RO);

7) internal procedures within the CLO or between the CLO and the local offices (NL);

8) the fact that some requests received are unclear (SE);

9) a huge increase in the number of requests received (SK);

10) the necessity to start criminal investigations or associated actions (UK);

11) the reluctance of the audit teams to perform again checks on the same taxpayers in a short time (RO).

9. Concrete measures taken or foreseen to improve the timeliness (Q19)

The replies received from MS indicate, however, that they have taken concrete measures (or at least foresee concrete measures) to improve this situation so that deadlines could be better respected (reference is made to chapter 2.1.1 of this document)

The Regulation offers the possibility for the Member States to agree different time limits on a bilateral basis in certain special categories of cases. The majority of Member States have no or little experience with the application of this provision.

2.2 Exchange of information without prior request (Articles 13 – 15)

The list of categories for the exchange of information without prior request has been reduced in the new Articles 2 and 3 of Commission Implementing Regulation (EU) no 79/2012. As a result, only 2 categories are maintained and Member States still have the possibility to abstain from participating in the automatic exchange of information. The fact that the list has been reduced also implies that those categories remaining are considered by all Member States as important information for which automatic exchange of information is useful/necessary to ensure a proper collection and control of VAT.

10. Abstention from participating in the first category: information on non-established taxable persons (Q21-Q22).

Based on the questionnaire, only three Member States abstain from participating in the automatic exchange of information on non-established taxable persons, because these Member States have either technical difficulties to retrieve this information (NL, PL), or consider it a disproportionate administrative burden to collect this information (LU).

The Commission compared the replies with the notifications received according to Article 4 of Commission Implementing Regulation (EU) no 79/2012 where two Member States (LU, PL) notified that they do not participate in the exchange of category 1 a) information (allocation of VAT identification numbers to taxable persons established in another Member State), and five Member States (DE, EE, NL, PL,UK) do not participate in the exchange of category 1 b) information (VAT refunds to taxable persons not established in the Member State of Refund but established in another Member State – Council Directive 2008/9/EC)

11. Abstention from participating in the second category: new means of transport (Q23-24)

Based on the questionnaire, 7 Member States abstain from participating in the automatic exchange of information on new means of transport. The reasons for the abstention are:

1) information not available and not collected (RO, SK, MT, FR);

2) the collection of this information would imply the introduction of new obligations for the taxpayers (IT, LU, RO);

3) the increase in the administrative and financial burden is too extensive (IT, IE, RO, FR).

The article 4- notifications received from FI, EE, EL mention clearly that these Member States too abstain from the automatic exchange of information subcategory 2a) (FI, EE, EL) and subcategory 2c) (EL). These three Member States did not provide a justification for abstaining from the exchange of this kind of information.

12. Use of information received automatically (Q25)

From the report of 2008 it arose that sometimes the form was not filled in properly (wrong boxes completed, some boxes not completed, incorrect information etc.). Therefore the receiving authorities had to use extra resources to double check the received information. This matter should, however, be solved with the introduction of the new e-forms.

In general, the vast majority of Member states upload the information in a database that can be consulted by the (local) tax officials or else the information is first analysed and summarised and afterwards forwarded to the (local) tax officials. The information is used for risk analysis and for further verification during audits. For example the information concerning new means of transport is used to check if the vehicle is registered in the car registry and VAT has been paid.

13. The opt-out clause that Member States can apply according to Article 14 of the Council Regulation (Q 26).

Some Member states consider that they are hindered by the opt-out clause because this type of information is very useful for the fight against fraud especially since it can only be obtained through this channel (BE, IR, LT. PT) and there is a high risk of VAT fraud in the sector of new means of transport (CY, CZ, EE). Both categories of information are useful for ensuring correct taxation. In addition, the information concerning non established persons is also relevant for direct tax purposes (BE); therefore it would be appreciated and preferred if all member States would be able to deliver this information (SE, SI, and CZ).

It is difficult to give an in-depth evaluation since some Member States think that either it is too soon to answer to this question (UK, NL) or they have not analysed this issue (RO, FR, EL).

Belgium has developed an IT system to exchange information automatically in relation to new means of transport in agreement with the automobile sector and has offered to share this information with other Member States.

2.3 Feedback (as described under Article 16)

Feedback is a new measure that has been introduced in the Regulation at the specific request of several Member States that consider it necessary in some cases to obtain information on the usefulness of the information provided and the purpose for which it has been used by the Member State receiving such information. Sometimes replying to a request from another Member State requires considerable work for auditors, and therefore it is interesting for these persons at least to know whether or not this extra work was useful for the requesting party. As this is a new tool, the Commission is interested as to the extent this tool is currently being used and what the experience is from Member States as to its usefulness.

14. Use of the feedback in 2012 (Q27- 29)

Feedback is not requested systematically but on a case by case basis. It appears that in the first year of application (2012), 11 Member States asked for feedback (AT, BE, BG, CY, DE, EE, FI, IE, LT, LU, UK) and the UK indicated that it considers feedback as an important

tool. This is supported by the 2012 statistics that show that the total number of feedback requested is 460 of which the UK accounts for 346 cases.

Member States are asking in first instance for feedback, because they are of the opinion that feedback information may have an impact on their own domestic fiscal tax assessments. It may provide additional information for their own administrative investigations and audits, in particular audits covering suspicious taxpayers or potential fraudulent transactions. The information received with the feedback would then also have a positive effect on the tax revenues (BE BG, EE, FI, HU, PT, ES, CY, FR, LU and SE).

Furthermore, Member states also ask for feedback where they provide spontaneous information or when a lot of information has been requested and it has been difficult or resource intensive to provide the information. It is obvious that Member States want to know whether their effort has led to a valuable result (FI, UK).

A feedback mechanism is also applied in the Eurofisc network (see chapter 2.8).

15. Influence of the feedback mechanism on VAT audits and controls and on the assessment of domestic procedures (Q30-31)

Member States were asked whether feedback has a positive influence on the motivation of tax auditors (e.g. more spontaneous exchange) and whether feedback helps to identify and tackle shortcomings in the administrative procedures.

It appears that the majority of Member States consider it too early to say whether the feedback mechanism has an influence on the own VAT audits and controls or whether it could help them to identify shortcomings in their administrative procedures. Some others find that feedback is useful (FI, LT, LV). Those Member States that say that feedback has a positive influence, mention that

- they experience an increase in the number of spontaneous exchanges, although it is difficult to measure if this is caused by the feedback mechanism (LU, RO, UK);

- Feedback is also valuable in motivating auditors (LU, UK).

16. The qualitative level of the feedback (Q32)

For the majority of the Member States (16) it is not possible to make an evaluation or assess how much of the feedback has been used effectively (AT, BE, CZ, DK, FI, EL, HU, IE, IT, LT, MT, PL, PT, RO, SE, SK,). The volume exchanged does not allow assessing the quality and effectiveness of requests for feedback. Slovenia replied that approximately 50% of the feedbacks sent have been used effectively. Some Member States indicate that they are satisfied with the quality of feedback (CY, EE, ES, FR, LV, NL, SI, UK, FR), but overall they cannot provide further information.

17. Specific reasons for refusing to give feedback (Q33)

Almost half of Member States indicate that they either have not refused to give feedback (BE, BG, CY, EE, FR, HU, MT, RO, and SE, UK) or have not received any request for feedback to date (AT, CZ, DK, EL, IR, and NL).

Spain, Hungary, Italy and Sweden would consider feedback an administrative burden if requested on a systematic basis. According to Lithuania feedback should be asked only when it might be useful for further investigation in fraud cases. Portugal indicated that it would reply to those requests for feedback if related to suspicions of fraud (e.g. carousel fraud, conduit companies etc.). The nature of the case may make it burdensome to deliver the information within a short time (FI, IT and UK).

2.4 Storage and exchange of information specific to Intra-Community transactions (Articles 17 - 24)

2.4.1 The VIES database

The provisions relating to the VIES database were amended to increase the quantity and quality of information stored and exchanged (Articles 17 to 24). Although there is a new list of information that needs to be stored and processed, it is important to note that some of the information will only need to be available from 2015 onwards. Member States must take the necessary measures to keep the database up to date and quality checks have to be done (registration/de-registration).

In June 2011 the Commission sent a questionnaire to Member States to check the implementation of Articles 22 and 23 of the Regulation. All Member States explained how they have introduced national measures in order to provide a reasonable level of quality and reliability of data stored in the VIES database. The overview of the answers received has been provided to the SCAC (SCAC working document No 592)

18. The overall quality and reliability of data stored in the VIES database since the entry into force of the new Regulation (Q34).

Since the entry into force of the new Regulation, the majority of Member States which assess quality and reliability of data (13) are generally satisfied with the changes. They point out in particular the reduced number of retroactive corrections and discrepancies, faster up-dates, more reliable turnover data. Four Member States (DE, IE, NL and PL) pointed out that the quality and reliability of data had not changed much. The Netherlands indicated, however, that the reduction of time frames had accelerated the speed of information exchange, thereby providing the tax administration with an important advantage.

Seven Member States (AT, BG, CY, FI, EL, SK and HU) could not compare data because they either keep no statistics or do not evaluate them. Of these seven, two Member States consider it premature to draw conclusions.

Finally, Romania considers different declaration periods being the cause for less reliable data in the VIES database.

19. Reduction of mismatching in the VIES since the entry into force of the new Regulation (Q35)

Relevant data relating mismatching[3] in the VIES database is available from a few Member States only. It appears that such automated matching is generally not carried out. Moreover, a few Member States have difficulties finding a clear definition for calculating mismatches.

In the four Member States where such data is available (DK NL PT SI), the results are mixed. While in Hungary, the number of mismatches remains the same in 2011 and 2012, Lithuania and the Netherlands report a 10 % and 4 % drop, respectively, whereas Malta reports a rise of 8 %. Such inconclusive data is probably the result of mismatches still being persistent and varying from period to period.

20. Discrepancies in VIES data e (Q36)

A minority of Member States (BG, CZ, DK, FR, NL and SE) have identified discrepancies in VIES data[4] (e.g. between the HVAT and the RVAT message). However, such occurrences

[3] With mismatching we understand a difference between the data received through the recapitulative statement and the same data contained in the VAT returns submitted by the traders

apparently happen in relatively rare cases. No exact numbers were given and only one Member State (SE) pointed to 4 other Member States where the VIES database allegedly does not contain all taxable persons. Deleted VAT numbers are still indicated as active in some cases. On the basis of the replies it would be hard to determine a common reason for discrepancies. However, one Member State (NL) refers to regular discrepancies in two cases: when matching OMCTL-messages to VAT verifications and L2/F2 messages to L2/F1 messages.

21. Update of the information in the VIES database (Q37)

The vast majority (24) of Member States apply daily updates of the information in the VIES database. Three Member States (BE, DK, PT) update VIES information on a weekly or monthly basis, while 5 Member States (BG, CY, DE, ES, IE)) use different time schedules for updating registration (daily) and turnover data (weekly, monthly).

2.4.2 The automated access to databases

The Regulation now provides that the competent authorities are to be given automated access to certain information held by other Member States.

How the automated access will function in practice is the responsibility of Member States. Thirteen Member States will grant access to the existing database, whereas 10 Member States will develop a separate database for automated access and Spain indicated that it will use both the existing and a separate database. Two Member States (BG and UK) indicate that they will apply another solution but did not elaborate on the technical details. Finally, Luxemburg did not reply to this question.

2.5 Presence in the administrative offices and participation in administrative enquiries (Article 28)

The previous report identified a number of problems in the applicability of this instrument. The most important and recurrent reasons for its limited use were the lack of a national legal basis to allow participation in national enquiries, specific national conditions hampering the use of the instrument and language problems. Those problems can only be dealt with at national level.

Nevertheless, the provision in the recast Council Regulation was modified in order to accentuate the more general nature of this possibility offered to Member States.

22. Are officials of other Member States allowed to be present in your tax administrations offices (Q39-40)?

From the 27 Member States, only the Slovak Republic does not allow officials of other Member States to be present in the tax administration's offices.

All other Members States allow officials from other Member States to be present and have no specific additional national conditions to apply this provision. These Member States clarify that the authorities of the requested Member State must approve the presence and that the enquiry is led by a domestic official present in the local offices of the tax administration. According to the Regulation the visiting official cannot exercise the powers of inspection,

[4] - RVATR: registration message. It mainly contains the name, address of the trader, issue date and cessation date of the VAT number.
- HVATR: Historical registration message. A set of records containing the history of changes in the VAT number (change in the name, address etc.). The more recent record should provide the same info as the RVATR message.
- OMCTL: a VIES control message generated upon reception of a VIES message and listing all suspicious VAT numbers it contains.
- L2F2: a VIES message providing the list of sellers (and amounts) in the requested Member State for a given purchaser established in the requesting Member State.
- L2F1: a VIES message providing the list of sellers (and amounts) in the requesting Member State for a given purchaser established in the requested Member State.

but the Netherlands state that the visiting official in consultation with the domestic auditor is allowed to ask questions.

Nevertheless, Greece mentions that the presence of other Member States' officials should be justified with reference to a multilateral control or another type of control approved by the competent national authority. Malta adds that the secrecy provisions of the VAT legislation are also binding for the foreign officials.

23. Are officials of other Member States allowed to participate in administrative enquiries (Q41)

Four Member States (CY, EL, IE, and SK) state that they do not allow officials of other Member States to participate in their administrative enquiries and one Member State (PL) did not reply to the question.

Slovak legislation does not allow that officials from other Member States participate in the domestic enquiries; only domestic officials of the VAT administration can visit premises and places related to a taxable person. Cyprus explained that they have solved this limitation by having the audit meetings in the offices of tax administration. Greece mentions that these actions involve the exercise of powers of public authority.

The 22 Member States that do allow officials of requesting Member States to be present during an investigation have (in general) no specific national conditions that are applicable. They consider Article 28 of the Regulation 904/2010 a sufficient legal base for the presence in administrative offices and participation in administrative enquiries.

Although participation according to Article 28 is passive (no exercise of powers of inspection), the Netherlands indicate that in consultation with the domestic auditor the visitor is allowed to ask questions.

24. Difficulties to be present in other Member States' administrative offices and to participate in administrative enquiries (Q44-45)

Almost all Member States (25) do/did not encounter difficulties to be present in other Member States' administrative offices or to participate in administrative enquiries of other Member States. However, it must be stressed that a number of Member States (CY, CZ, LT, MT, PL and PT) do not have any experience so far, because they have never made use of this administrative cooperation instruments provided for in Article 28. The statistics for 2012 mention that Article 28 was used 110 times by 15 Member States, often in connection with the 42 multilateral controls initiated in the same year.

Two Member States had their requests refused. Finnish auditors could not be present in Malta in 2012, due to the Maltese national legislation. Nevertheless, it appears that Malta now allows foreign officials to be present. Sweden also saw its request to participate refused by Poland, no further reasons were indicated.

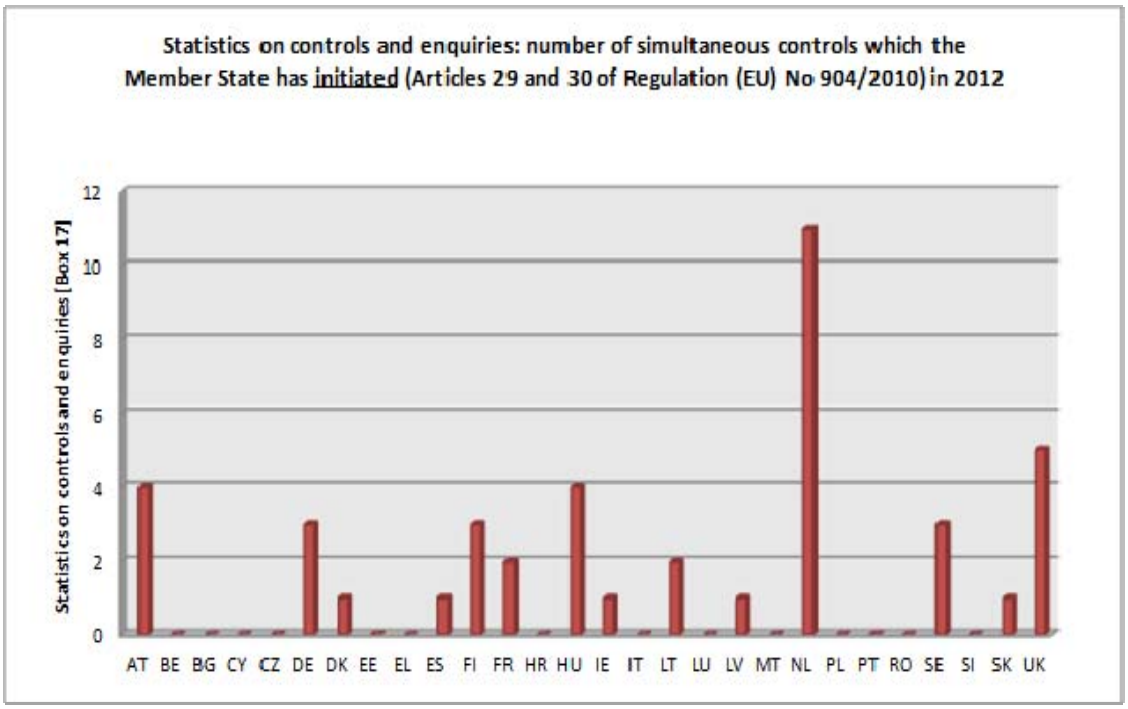
25. The Member States gave a list of reasons they consider to be obstacles preventing an increased use in the tools mentioned in Article 28 of Regulation (EU) 904/2010 (Q43):

- Limited knowledge of existence and benefits of the tool: AT, HU, LV, LT and UK;
- Budgetary reasons: AT, NL, RO, and LV;
- Language / translation problems: AT, BG, CZ, HU, PT, RO and SK;
- National legislation and national internal procedures (e.g. deadlines to carry out an enquiry) conceived as burdensome: BE, CY, FR, LV, PT, SE and SK;
- Time consuming: DK and LV;
- Limited human resources: CZ, LV and SI.

2.6 Simultaneous controls (Articles 29-30)

2.6.1 The organisation of the multilateral controls

Although the instrument is very well appreciated by the Member States, the previous report mentioned that there was still room for improving the communication between the MLC-coordinators and other departments (Central Liaison Office, Anti-Fraud Unit, Eurofisc), eventually by adapting the existing MLC procedures in order to allow for a quicker and less bureaucratic reaction in specific fraud related cases. Nevertheless, the number of MLC's initiated annually remains stable. According to the statistics of 2012, only 42 MLC's were initiated by 14 Member States (in 2011, 52 MLC's were initiated).



26. Bottlenecks in organising MLC's (Q48)

The majority of the Member States mention that from an organisational point of view they did not experience bottlenecks (BG, DE, DK, EE, ES, FI, FR, EL, IT LT, LU, MT, PL, PT, SE, SI, SK, UK).

The other Member States pointed out a number of coordination problems: it seems difficult to pick up MLC initiatives in the established national audit planning schedules. MLCs can cause a higher workload for local officers lacking experience in this area. In addition, this additional workload is not always included in evaluation of the activities carried out by national auditors, which reduces the incentive for auditors to participate in an MLC.

Some Member States react too late to MLC requests for information (often 6-9 months) and there should be more appropriate communication channels between auditors from involved MLC.

2.6.2 The communication between the MLC-departments and other departments

27. Communication channels between anti-fraud units and MLC coordination units to react swiftly in case of fraud (Q46)

In general, the Member States have appropriate communication channels between units/persons dealing with the fight against fraud and the MLC coordination units/coordinators. The communication can go both ways: information from fraud units that lead to an MLC and vice versa, MLCs leading to a criminal investigation.

The way the communication is organised varies from Member State to Member State and depends largely on the administrative organisation of the tax administration within the Member State. Some Member States have direct (personal) contact, because anti-fraud activities and MLC activities are both central services (BG, FI, ES, MT and PT). In some Member States there is permanent contact as both activities are situated in the same department (EL, LU, PL, SI, SK, DK), for example the MLC coordinator is a tax official working in the anti-fraud unit.

In larger Member States (DE, HU and LT) with a decentralised structure the MLC coordination unit has direct contacts with the local/regional control departments that carry out the MLC / fraud investigations.

28. Interaction with the Eurofisc network (Q47)

The vast majority of Member States confirm that there is good cooperation between Eurofisc and the MLC coordination department to transfer information from the former to the latter. The administration in these Member States is organised in such a way to facilitate the provision of data useful for MLC's:

- The Eurofisc network is integrated in the anti-fraud unit/control unit, that analyses the received information and delivers it to the MLC coordination team when necessary (BG, DE, IT, LU);

- An official in the CLO or MLC-coordination unit is at the same time covering the work of Eurofisc liaison official (FR, EL, PL, RO, and SI);

- Quarterly meetings between both units (IE);

On the other hand, a number of Member States said that the Eurofisc information did not lead to the initiation of MLC's (DE, HU, IE, NL, and PT).

An example of intensifying the use of Eurofisc intelligence to initiate MLC's, is the pilot project on boats set up within Eurofisc. The targeted information on pleasure crafts collected in Eurofisc would serve as a basis to organise MLCs.

Furthermore, Belgium has set-up a pilot project to arrange for a quick analysis team at European level, composed of national officials with the aim to react to early warnings and to have a global view of the fraud chain. This could be a source of information that may lead to launching new MLCs.

2.6.3 A possible future approach: joint audit

Some Member States use chapter VIII, simultaneous controls, as the legal base (together with bilateral agreements and the OECD convention) to carry out the so called "joint audit ".

The OECD describes *a joint audit as two or more countries joining together to form a single audit team to examine an issue(s) / transaction(s) of one or more related taxable persons (both legal entities and individuals) with cross-border business activities, perhaps including cross-border transactions involving related affiliated companies organized in the participating countries, and in which the countries have a common or complementary interest; where the taxpayer jointly makes presentations and shares information with the countries, and the team includes Competent Authority representatives from each country*[5].

5 Joint Audit Report, OECD, FTA September 2010.

29.Member States' experience with 'joint audit' (Q51-52)

A few Member States (EL, IE, LT, MT, NL and UK) national legislations allow joint audits as defined by the OECD. From these 6 Member States, only 3 have had experience with joint audits. Nevertheless, one Member State (LT) has carried out joint audits with a third country (Norway) and the other two Member States (NL, UK) are exploring the possibility of starting up a pilot project with other Member States. From this rather limited experience, we can learn that responsibilities, powers and restrictions of the joint audit team are described in (bilateral) agreements on mutual administrative assistance and exchange of information in tax matters. The coordination of the joint audit should also be agreed and ensured in advance between the countries and allocated to one (or more) person(s) under the authority of the tax administrations.

30. When would the use of joint audit be considered more useful than multilateral controls (Q49-50)

Member States gave very varied replies on whether a joint audit would be a useful tool and on whether it would be more useful than an MLC in certain circumstances. The majority of the Member States would consider the joint audits as defined by the OECD to be a useful tool, although most Member States could not give a straight answer because they have no practical experience and it is still unclear what the advantages compared to an MLC would be. It is obvious that too many legal and organisational questions remain unanswered (for example a lack of legal basis, national procedures not adapted to this, separate jurisdictions, consent of the taxable person) in order to consider whether the joint audits would be a useful tool. Nevertheless, some Member States mentioned that joint audits by a single audit team could in theory be more efficient than an MLC in cases where a quick information exchange is needed and in direct taxation cases where very large companies with subsidiaries are involved (e.g. transfer pricing).

The Member States (NL, UK) that set up a pilot project want to verify whether a single audit team would accelerate common understanding of the issue and be less costly for the administrations as well as for the tax payer, because there will be only one audit with one result. The main reasons for carrying out a joint audit are:

- to reduce the administrative burdens on taxpayers and tax administrations.
- to reduce the uncertainties in international tax questions, better judgement on international tax risks, to tackle cross border risks more efficiently and more effectively.
- to learn from each other and have a better understanding of each other's audit methodology.

2.7 Providing information to taxable persons (Articles 31-32)

31. The confirmation of the validity of the VAT identification number for traders (Q56-59)

In order to increase the legal certainty for traders, the latter can obtain confirmation of the validity of the VAT identification number (VAT id-nr) of their customers in some Member States only provided they have given their own VAT id-nr.

To provide information to taxable persons a VAT information exchange system (VIES) has been set up by the Member States, with the assistance of the Commission. Several Member States (19) still have a domestic VIES system that traders can consult to get confirmation of the validity of the VAT ID-nr., in order to increase the legal certainty vis-a-vis the tax

administration. 8 Member States (BG, CY, ES, EL, MT, NL, PT, SE) state that they do not have a domestic system and use only the Vies-on-the-Web application.

All Member States confirm the validity of the VAT id-nr., as well as the name and address (display of this data or via a yes/no reply) except Germany who only confirms the validity of the VAT number.

As regards the application of these provisions, Belgium and Spain remarked that Germany does not provide confirmation of the VAT id-nr of domestic traders to requesting EU-taxable persons in the Vies-on-the-web system. Germany argues that taxable persons have to pass by their national CLO to acquire the confirmation data. For Belgium this is the sole reason why they continue to maintain a domestic system.

2.8 Eurofisc (Articles 33-37)

The Eurofisc network is a newly introduced rapid cooperation mechanism for dealing with large scale or new fraud patterns. The provisions entered into force in November 2010. The network established four working fields and delivered its first reports in March 2012 and in April 2013.

32. The working fields. (Q60)

Currently there are 4 working fields. All the Member States consider that the current number of working fields is sufficient and all sectors/areas of interest are covered by them. Signals on new types of fraud mostly can be dealt with in the current working fields, so an extra working field is not considered necessary at present.

At least 6 Member States (BE, BG, IE, LU, PT, RO) considered it useful to look at the possibility of conducting joint risk analysis on the basis of the information available within the network. Currently, all Member states are doing their own analyses as regards the information exchanged through Eurofisc (individual analysis instead of simultaneous).

33. The effectiveness of the Network (Q61-62-64)

All Member states, except three (EL, IT, MT) consider that the effectiveness of the Eurofisc network could be improved. However the improvement should be achieved through a permanent process within the group: regular meetings of the different working fields provide a platform in order to discuss jointly the operation of the network and a change of legislation does not seem necessary.

Most of the Member States focus on two issues that could be improved in order for the network to become more effective.

Firstly, the information received should be more targeted. The large volume of information that is sometimes sent is difficult to assess. Therefore several Member States ask that Member States use an effective national risk analysis tool to filter the volume of data and to ensure that only suspect cases are transmitted.

Secondly, to achieve a more effective network most Member States propose a prompt and clear feedback mechanism within the network. Feedback would be used to improve risk analysis and this would lead to more targeted data. The feedback mechanism under Eurofisc helps to qualify companies subject to an alert and ensure that these companies are being monitored.

Furthermore, Member States could retrieve information from the VIES OTW DB for risk analysis purposes. The information from the VIES OTW DB can be cross checked with data retrieved from the recapitulative statements and/or with data delivered by the Eurofisc network, in order to detect potential fraud cases at an early stage. With this information one can check if the domestic trader acted in good faith and did really asked for verification of another EU trader registered for VAT purposes. For example, it can be very useful because

one can check whether a fraudulent foreign taxpayer (i.e. known from Eurofisc) was verified by some domestic traders. Some Member States focus on new companies which at the start of their economic activity are mainly carrying out cross border transactions

However, 14 Member States (BG, CZ, EE, FR, Gr, IT, LT, MT, NL, PL, PT, RO, SE, SK,) do not use the data stored in the Vies on the Web database for risk analysis purposes.

Some Member States emphasise the need for active participation by all members in Eurofisc.

Finally, some Member States stated that the annual report should include a status of the effort and results but also suggestions and challenges to improve the network's operations in the future.

34. Internal procedures to invalidate VAT-identification numbers in VIES on the basis of information of Eurofisc (e.g. fraudsters, hijacked numbers) (Q63)

Nine Member States (AT, BG, CY, DK, FI, PT, RO, SK and UK) replied negatively to the question as to whether there were internal procedures to invalidate VAT Id-nrs in VIES on the basis of information received through Eurofisc (e.g. fraudsters, hijacked numbers).

The other Member States mentioned that on the basis of the information relating suspicious VAT Id-nrs received from the Eurofisc network, the tax administration may initiate a fiscal audit to check whether the taxable person fulfils the conditions to be registered for VAT. The outcome of the control can lead to invalidation of the VAT Id-nr.

2.9 Relations with the Commission (Article 49)

The previous report mentioned that most MS did not perform a systematic internal evaluation of the national arrangements on administrative cooperation. The Council was of the opinion that there was no need to specify in the recast Regulation that Member States should conduct regular audits of the operation of administrative cooperation.

35. Internal evaluation of the functioning of the arrangements for administrative cooperation provided for in Article 49 of the Regulation (Q65-66)

The majority of the Member States did not systematically evaluate the functioning of the administrative cooperation procedures internally during the period since the previous report was published. Only 12 Member States (BE BG, CZ, DE, EE, ES, LT, LU, LV, PL, RO, and SI) or independent body acting on their behalf have made an evaluation according to Article 49 of the Regulation.

Where an independent body (National Audit Office or internal audit department) 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.

Member States reported that the main findings of the evaluation concerned the problem of the late replies and the quality of the answers received on a request for information. Estonia noted that the use of spontaneous requests must be improved, while the Czech Republic stressed the need for more human resources.

Belgium and Romania made an evaluation of borders agreements which are considered very useful since the auditors at the borders act like competent authorities and are more motivated to use administrative cooperation (MLCs arranged in this field have proven to be more efficient)

Three Member States (LT, LU and PL) indicate that the result of the internal evaluation on the use of the Regulation showed an overall positive result.

2.10 Relations with third countries (Article 50)

36. Exchange of information with third countries (Q67-73)

Member States consider that information coming from third countries could be useful to facilitate tax assessment or fraud detection, but not all MS have concluded tax treaties including VAT matters and thus it is not possible to pass on the information from third countries.

Member States have no uniform approach with regard to the exchange of information with third countries. Some Member States have signed/ ratified the OECD convention, which, however, is more targeted at direct tax issues. Furthermore, some Member States have a number of tax information exchange agreements while others have signed or ratified double taxation conventions.

Based on the figures given by Member States, it can only be concluded that there is little experience regarding the exchange of information coming from third countries in the field of VAT. The very few Member States (BE, FR, SE and UK) that had an exchange of information with third countries, could not provide exact figures on the number of such exchanges. Belgium, France and the United Kingdom have no statistics available on the number of exchanges while Sweden forwarded useful information received from Norway and Russia to other Member States on the basis of the Nordic convention and the Memorandum of Understanding with Russia on 3 occasions and similarly it sent 3 times to those same third countries useful information.

37. The special schemes: a bilateral agreement arranging administrative cooperation with certain third countries (Q74)

A majority of 22 Member States consider that a bilateral agreement arranging administrative cooperation with certain third countries in the framework of the special schemes (mini-one-stop-shop) would be the way forward. Other Member States argue that such agreements with third countries are the competence of the Member States.

An EU bilateral agreement with certain third countries should be more advantageous, for example to check non-EU companies in the context of the MOSS scheme as of 2015 and to ensure that equal control efforts are targeting both EU companies and companies established outside the EU.

3 A SPECIAL TOPIC: THE MINI-ONE-STOP-SHOP (MOSS)

As from January 2015, the place of supply of telecommunication services, broadcasting services and electronic services to private individuals will be the Member State wherein which the customer is located, rather than the Member State wherein which the supplier is established.

A mini One Stop Shop (MOSS) will, at the same time, be introduced as a simplification measure and will allow the supplier, rather than register for VAT in each Member State in which he has a customer, to register, declare and pay the VAT due on supplies of telecommunications, broadcasting and electronic services in other Member States via a single web portal. The MOSS will be an option for businesses who will still nevertheless have the possibility to register in each Member State where they have clients.

The MOSS will also have an effect on administrative cooperation amongst Member States in the area of taxpayer audit and control. Up to now, the Member State where the VAT is due had complete control of the registration of the taxable person, the VAT returns and the audit of the returns and collection of the amount of VAT due on its territory. While the Member

States remain the competent authority for audits concerning the amount of VAT due to their national Treasury, with the MOSS, they will have to cooperate and be dependant on the cooperation of the MSI in helping ensure that the correct amount of tax is declared and paid. It is also important to remember that, in the MOSS, Member States can be both a Member State of identification (MSI) and a Member State of consumption (MSC).

Work is also carried out on the coordination of audits and exchange of information to make sure that companies operating under the MOSS do not face disproportionate administrative burdens in this context. Several tools are available for this purpose in the EU regulation on administrative cooperation and the Commission is promoting an extensive use of these tools in order to minimize burden on business.

A Fiscalis project group (FPG86 on audit and control of the MOSS) has been set up to draft guidelines and recommendations to improve cooperation between Member States. This project group has drawn up recommendations on how information can be requested from traders using the SAF-MOSS scheme, on how these businesses could best be contacted in case additional information or enquiries are necessary. Since there is no obligation for Member States to accept these guidelines unanimously, the Commission hopes that Member States will apply these guidelines as a gentleman's agreement, thus easing the burden on business and facilitating the use of the simplification mechanism.

4 GENERAL APPRECIATION OF THE FUNCTIONING OF ADMINISTRATIVE COOPERATION

38. Other problems notified and suggestions to improve the functioning of the administrative cooperation in general (Q76-79)

In their replies Member States made a number of suggestions to improve 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 vast majority of the Member States have no further comments; a minority refer to national issues (such as the lack of resources) and long standing problems with regard to the exchange of information (incomplete background data in requests for information; discrepancies in the statistical information; retroactive changes to VIES database; different rules regarding the deadline for replies).

Ten Member States (DK, ES, FI, EL, HU, IE, MT, PT, RO and SK) appear to be satisfied with the current functioning of the administrative cooperation and have no suggestions for further improvements.

A specific problem raised refers to the fact that some Member States do not fully comply with the use of CCN/CSI mailboxes or misuse the forms, often causing significant burden on the requested tax administration. Another comment concerned the compatibility problems arising from Member States not implementing new "system versions" simultaneously, and the use of non-uniform specifications which jeopardizes access to VIES.

Some suggestions of a practical nature relate to the quality of the SCAC requests and keeping deadlines for the replies. Some Member States recommend following solutions:

- penalties for poor performance in meeting deadlines/handling requests for exchange of information;
- mandatory feedback;
- annual list of statistics so that Member States can mutually compare their ranking, i.e. collecting statistics on deadlines missed beyond 6 and 12 months;
- raising the threshold for requests;

- increase management awareness;
- SCAC forms should be sent only if it is confirmed that all possible information resources were exhausted in the requesting Member State;
- action by the Commission with respect to Member States that systematically fail to fulfil their commitments under Regulation 904/2010.

Fiscalis CLO seminars were pointed out as a good tool to improve administrative cooperation.

Dissemination of best practices is also something that could be improved.

5 GENERAL CONCLUSIONS

1) The problem of identifying the competent liaison office does not exist any longer. Member States have worked on different solutions so that the contact point is easily identifiable

2) The lack of notification that the deadline will not be met is still considered to be a major issue: the measures implemented by Member States (monitoring IT applications, reminders) have not yet given satisfactory results.

3) The lateness in replying to requests for information still persists. Almost all Member states are not able to reply on time to requests for information. Some Member States have late replies in 50% of cases. The trend has worsened between 2011 and 2012 showing that the solutions implemented to address this problem are not appropriate or sufficiently effective. Nevertheless, on the one hand, in many cases the reasons for the delay are reported as due to unforeseen or exceptional circumstances such as complexity of the cases or a peak in the number of request for information caused by an increase of fraud in certain sectors. On the other hand the lack of staff and/or other resources (e.g. IT) is still mentioned as one of the principal reasons for delays.

   To address this problem concrete measures have been adopted by Member States, mainly based on a stricter control of the deadlines with the help of IT tools, and through better cooperation with local offices, where more emphasis is put on the importance of administrative cooperation. Nevertheless the number of late replies remains critical.

4) As regards requests for information and administrative enquiries, very few cases were reported where a request for an administrative enquiry had to be refused. The best practices approved by the SCAC in working document 562 are not applied by all Member States but the majority takes them into account. Member States did not report any significant difficulty encountered when conducting any administrative enquiry.

5) On the automatic exchange of information, the replies from Member States show that the categories remaining are considered useful and the vast majority of the Member States make use of this facility. Although the Regulation clearly indicates that Member States should provide the reasons for abstaining in automatic exchange of information for a specific category, the Commission notes that some Member States did not provide such a justification.

6) When looking at feedback, there are Member States that have never asked for feedback in the last year. The scarce use of feedback has, so far, prevented Member States from evaluating to what extent it is effective. Nevertheless, the United Kingdom systematically provides feedback spontaneously. In the context of good administrative cooperation and best practices, this approach should be encouraged, as it is the best way to inform the tax officials of the other Member State that the information they forwarded was (to a certain extent) beneficial and that their extra efforts lead to a result or was at least useful for the requesting Member State.

7) Article 28 of the Regulation allows the officials of other Member States to participate in administrative enquiries. The legislation states clearly that officials of the requesting authority shall not exercise the powers of inspection. These powers are exercised by the official of the requested authority acting as a mediator during the enquiry.

   Slovakia does not allow the foreign officials are present in their offices nor do they allow these officials to participate in their administrative enquiries. While Greece and Ireland do not allow officials of other Member States to participate in administrative enquiries (Article 28), their legislation does appear to allow carrying out joint audits (OECD convention). The solution proposed by Cyprus (carry out the audit in the premises of the tax administration) could be a source of inspiration for the other countries who do not allow participation in national administrative enquiries.

8) The Netherlands and United Kingdom set-up of a pilot project on joint audits and both countries could share their experience gained from the pilot project. If such a tool were to prove useful, the Commission could take an initiative to provide Member States with a legal base to use the tool at EU level.

9) Within the Eurofisc group, several Member States support the initiative to set up a pilot project to conduct a joint risk analysis. This approach, together with an effective feedback mechanism within the network, could be a response to the request to have more targeted information. The Commission supports any initiative that would enhance administrative cooperation.

10) The Commission regrets that so few countries conduct an internal evaluation of administrative cooperation, since the regular internal evaluation exercise is a very appropriate management tool that would help Member States and Commission to improve the effectiveness of the cooperation.

11) Based on the figures given by the Member States, it can only be concluded that there is little experience regarding the exchange of information coming from third countries in the field of VAT.

List of abbreviations

CCN/CSI mailbox	Common communication network/Common system interface mailbox
CCNmail	Common Communication Network mail
CIRCABC	Communication and Information Resource Centre for Administrations, Businesses and Citizens
CLO	Central Liaison Office
COM	European Commission
CSWD	Commission Staff Working Document
EU	European Union
HVAT message	Historical VAT registration message (in VIES)
IT applications	Information Technology applications
L2/F1 message	Level2/Facility 1 message
L2/F2 message	Level2/Facility 2 message
MLC	Multilateral Control
MOSS	Mini One Stop Shop
MS	Member State
MSC	Member State of consumption
MSI	Member State of identification
OECD	Organisation for Economic Cooperation and Development
OMCTL message	Operator Data Control Message
RVAT message	VAT Registration message (in VIES)
SAF-MOSS	Standard Audit File for MOSS
SCAC	Standing Committee on Administrative Cooperation
VAT	value added tax

VAT id-nr	VAT identification number
VIES	VAT Information Exchange System
VIES OTW DB	VIES- on-the-Web Data Base