

Draft Compromise Amendments - VAT Regulation

UPDATED after September 19th Shadows

COMPROMISE A - All AMs concerning access by EPPO, EUROPOL, EUROFISC and OLAF

If adopted these AMs fall: AM 3, 4, 12, 13, 14, 22, 24, 26, 27, 28, 36, 37, 38 (Rapp), 48 (Greens), 50 (Greens), 53 (S&D), 54 (Renew), 55, 56, 57, 62 (Greens), 64 (S&D), 65 (Greens), 68 (S&D), 69 (Greens), 70 (S&D), 71, 72 (Greens), 73 (S&D), 98 (EPP) 99, 100 (S&D), 101 (EPP), 102 and 103 (Greens).

Political Support - EPP, S&D, Renew, Greens/ALE, ID (?), ECR and The Left

Proposal for a regulation

Article 1 – paragraph 1 – point 1 a (new)

Regulation (EU) No 904/2010

Article 2 – paragraph 1 – point v a (new) and point v b (new)

Text proposed by the Commission

Amendment

(1a) in Article 2(1), the following points are added:

‘(va) “European Delegated Prosecutors” means the staff of the EPPO referred to in Article 13 of Council Regulation 2017/1939^{1a};

(vb) “officials of the EPPO” means staff of the EPPO as defined in Article 2 point 4 of Regulation 2017/1939.’

(vc) “officials of the OLAF” means officials employed by the European Anti-Fraud Office (OLAF) as set up by Regulation 883/2013 and to whom the Director General granted investigations powers.’ (AM 24 Rapp, 64 S&D, 65 Greens)

^{1a} Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’), OJ L 283, 31.10.2017

Proposal for a regulation

Article 1 – paragraph 1 – point 3 b (new)

Regulation (EU) No 904/2010

Article 33 – paragraph 1

Present text

1. In order to promote and facilitate multilateral cooperation in the fight against VAT fraud, this Chapter establishes a network for the swift exchange, processing and analysis of targeted information on cross-border fraud between Member States and **for** the coordination of any follow-up actions ('Eurofisc').

Amendment

(3b) in Article 33, paragraph 1 is replaced by the following:

'1. In order to promote and facilitate multilateral cooperation in the fight against VAT fraud, this Chapter establishes a network for the swift exchange, processing and analysis of targeted information on cross-border fraud between Member States and the coordination of any follow-up actions ('Eurofisc'), **as well as for the cooperation between Member States and EPPO, Europol and OLAF.**
(AM 26 Rapp, 68 S&D, 69 Greens)

Proposal for a regulation

Article 1 – paragraph 1 – point 3 c (new)

Regulation (EU) No 904/2010

Article 33 – paragraph 2 – point d a (new)

Text proposed by the Commission

Amendment

(3c) in Article 33(2), the following point is added:

'(da) cooperate with the EPPO, Europol and OLAF, within their respective mandate and competences according to Regulation (EU, Euratom) 2020/2223 of the European Parliament and of the Council of 23 December 2020 amending Regulation (EU, Euratom) No 883/2013, as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations' **(AM 27 Rapp, 70 S&D, 71 Greens)**

Proposal for a regulation
Article 1 – paragraph 1 – point 3 d (new)
Regulation (EU) No 904/2010
Article 36 – paragraph 5 a (new)

Text proposed by the Commission

Amendment

(3d) in Article 36, the following paragraph is added:

‘(5a) In so far as necessary for the performance of their tasks, European Delegated Prosecutors may request relevant information from any Eurofisc working field coordinator located in the same Member State as the European Delegated Prosecutor. In so far as necessary for the performance of their tasks, staff of the EPPO which has been designated by the EPPO for that purpose may request information from any Eurofisc working field coordinator located in one of the Member States that participate in enhanced cooperation on the establishment of the EPPO. To that end, Eurofisc may conclude a working arrangement with EPPO setting out the details of the cooperation between Eurofisc and the EPPO.’ (AM 28 Rapp, AM 72 Greens, AM 73 S&D)

Or. en

Proposal for a regulation
Article 3 – paragraph 1 – point 3
Regulation (EU) No 904/2010
Article 24k – paragraph 1 – introductory part

Text proposed by the Commission

Amendment

1. Each Member State shall grant automated access to the central VIES to:

1. Each Member State shall grant, **via a secure central interface that ensures confidentiality (AM 98 EPP)**, automated access to the central VIES to:

Proposal for a regulation
Article 3 – paragraph 1 – point 3
Regulation (EU) No 904/2010
Article 24k – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) European Delegated Prosecutors and staff of the EPPO which has been designated by the EPPO for that purpose and whom shall be granted a personal user identification for the central VIES and ~~and~~ where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud;
(AM 36 Rapp, 99 S&D, 102 Greens)

Proposal for a regulation
Article 3 – paragraph 1 – point 3
Regulation (EU) No 904/2010
Article 24k – paragraph 1 – point b b (new)

Text proposed by the Commission

Amendment

(bb) officials of the OLAF as authorized by the Director General of the Office and where that access is in connection with an investigation into suspected VAT fraud or is to detect VAT fraud (AM 100 S&D);

Or. en

Proposal for a regulation
Article 3 – paragraph 1 – point 3
Regulation (EU) No 904/2010
Article 24k – paragraph 1 – point b c (new)

Text proposed by the Commission

Amendment

(bc) Europol officials who cooperate with EPPO in the framework of the Working Arrangement, signed in Luxembourg on 11.01.2021, when the investigation is aimed at preventing and combatting any form of serious organised and international crime and cybercrime and affecting the financial interests of the European Union (AM 37 Rapp);*

**Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (art 102), OJ L 283, 31.10.2017, p. 1–71 .*

Or. en

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24k – paragraph 2 – introductory part

Text proposed by the Commission

2. Each Member State shall grant automated access to the central VIES to:

Amendment

2. Each Member State shall grant, *via a secure central interface that ensures confidentiality (AM 101 EPP)*, automated access to the central VIES:

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24k – paragraph 2 – point d

Text proposed by the Commission

(d) the electronic systems carrying out swift exchange, processing and analysis of targeted information on cross-border fraud by Eurofisc.

Amendment

(d) the electronic systems carrying out swift exchange, processing and analysis of targeted information on cross-border fraud by Eurofisc *and EPPO (AM 38 Rapp, 103 Greens)*.

Or. en

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) In order to enable Member States to fight VAT fraud more effectively, a central electronic VAT information exchange system ('central VIES') for sharing VAT information should be established. That system should receive, from national

Amendment

(4) In order to enable Member States, *the European Public Prosecutor's Office (EPPO) (AM 48 Greens), the European Anti-Fraud Office (OLAF), Eurofisc and the European Union Agency for Law Enforcement Cooperation*

electronic systems of Member States information about intra-Community transactions as reported by the respective suppliers and acquirers in different Member States. That system should also receive from Member States the VAT identification information of taxable persons making intra-Community transactions. Furthermore, whenever data are changed, the metadata for tracking the modification time should be uploaded into the central VIES as well.

(*Europol*)(**AM 3 Rapp**) to fight VAT fraud more effectively, a central electronic VAT information exchange system ('central VIES') for sharing VAT information should be established. That system should receive, from national electronic systems of Member States information about intra-Community transactions as reported by the respective suppliers and acquirers in different Member States. That system should also receive from Member States the VAT identification information of taxable persons making intra-Community transactions. Furthermore, whenever data are changed, the metadata for tracking the modification time should be uploaded into the central VIES as well.

Or. en

Proposal for a regulation Recital 8

Text proposed by the Commission

(8) To assist Member States in their fight against VAT fraud and to detect fraudsters, VAT identification information and VAT information on intra-Community transactions should be retained for 5 years. That period constitutes the minimum period necessary for Member States to carry out controls effectively and investigate suspected VAT fraud or detect such fraud. It is also proportionate considering the massive volume of the intra-Community transaction information and the sensitivity of the information as commercial and personal data.

Amendment

(8) To assist Member States in their fight against VAT fraud and to detect fraudsters, VAT identification information and VAT information on intra-Community transactions should be retained for 5 years. That period constitutes the minimum period necessary for Member States **and, if appropriate, the EPPO (AM 4 Rapp, 50 Greens)** to carry out controls effectively and investigate suspected VAT fraud or detect such fraud. It is also proportionate considering the massive volume of the intra-Community transaction information and the sensitivity of the information as commercial and personal data.

Or. en

Proposal for a regulation Recital 13

Text proposed by the Commission

(13) To fight VAT fraud, Member States' Eurofisc liaison officials as referred to in Article 36 of Regulation (EU) No 904/2010 should be able to access and analyse VAT information on intra-Community transactions. To monitor the correct application of VAT laws, Member States' officials who check whether the exemption of VAT for certain imported goods, which is laid down in Article 143(1), point (d), of Directive 2006/112/EC, applies, should also be able to access VAT identification information that is stored in the central VIES. Moreover, for the same reasons, Member States' competent authorities should select other officials who need to have direct access to the central VIES and grant them such access where needed. Finally, duly accredited persons of the Commission should be able to access the information contained in the central VIES, but only to the extent that such access is necessary for the development and maintenance of that system.

Amendment

(13) To fight VAT fraud, Member States' Eurofisc liaison officials as referred to in Article 36 of Regulation (EU) No 904/2010 **and the EPPO, OLAF and Europol (AM 12 Rapp, 55 Greens)** should be able to access and analyse VAT information on intra-Community transactions. To monitor the correct application of VAT laws, Member States' officials who check whether the exemption of VAT for certain imported goods, which is laid down in Article 143(1), point (d), of Directive 2006/112/EC, applies, should also be able to access VAT identification information that is stored in the central VIES. Moreover, for the same reasons, Member States' competent authorities should select other officials who need to have direct access to the central VIES and grant them such access where needed. Finally, duly accredited persons of the Commission should be able to access the information contained in the central VIES, but only to the extent that such access is necessary for the development and maintenance of that system. ***Under any circumstances, the taxpayers' rights to confidentiality should not be violated by the accredited persons of the Commission. (AM 54 RE). In 2022, 47% of European Public Prosecutor's Office (EPPO) resulted from VAT fraud 1. For this reason, it is essential to grant direct access to the central VIES system to authorized officials of the EPPO. Following the same logic a similar authorisation is granted to OLAF authorized officials (AM 53 S&D).***

1. EPPO Annual report 2022, https://www.eppo.europa.eu/sites/default/files/2023-02/EPPO_2022_Annual_Report_EN_WE_B.pdf (AM 53 S&D).

Or. en

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) To investigate suspected VAT fraud and to detect such fraud, the information systems supporting the Eurofisc network in the fight against VAT fraud, including the Transaction Network Analysis system and the central electronic system of payment information (“CESOP”), should have direct access to the central VIES.

Amendment

(14) To investigate suspected VAT fraud and to detect such fraud, the information systems supporting the Eurofisc network in the fight against VAT fraud, including the Transaction Network Analysis system and the central electronic system of payment information (“CESOP”), ***the EPPO, OLAF and Europol (AM 13 Rapp, 56 Greens)*** should have direct access to the central VIES.

Or. en

Proposal for a regulation
Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) The EPPO should also have direct access to the central VIES in so far as necessary for the performance of its tasks, as laid down in Article 4 of Council Regulation 2017/1939^{1a}, and in accordance with Article 43 of that Regulation (AM 14 Rapp, 57 Greens).

^{1a} Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’) (OJ L 283 31.10.2017, p. 1).

Or. en

Proposal for a regulation
Recital 27 a (new)

(27a) Article 36 of Regulation (EU) No 904/2010 was previously amended to take into account the role of Europol and OLAF. It should also reflect the role of the EPPO. As laid down in Article 13(1) of Regulation 2017/1939, the European Delegated Prosecutors of the EPPO act on behalf the EPPO in their respective Member States and have the same powers as national prosecutors in respect of investigations, prosecutions and bringing cases to judgment. In this capacity, they may engage with the Eurofisc liaison official in their respective Member State. They should be granted the same power in their capacity as European Delegated Prosecutors, in line with Article 43 of Regulation 2017/1939. In so far as necessary for the performance of the tasks of EPPO, direct reporting from Eurofisc to EPPO should be authorised. Selected staff of the EPPO should also be allowed to request information from Eurofisc (AM 22 Rapp, 62 Greens).

Or. en

COMPROMISE B on processing personal data, VIES and its regular upgrade

If adopted these AMs fall: AMs 11 (Rapp), 19 (Rapp), 20 (Rapp), 52 (S&D), 59 (Greens/ALE), 60 (The Left) 82 (S&D), 83 (Renew), 84 (EPP), 85 (EPP), 86 (EPP).

Political Support - EPP, S&D, Renew, Greens/ALE, ID (?), ECR and The Left

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24g – paragraph 1

Text proposed by the Commission

1. The Commission shall develop, maintain, host and technically manage an electronic, central VAT information exchange system (“central VIES”) for the purposes referred to in Article 1.

Amendment

1. The Commission shall develop, maintain, host and technically manage, an electronic, central VAT information exchange system (“central VIES”) for the purposes referred to in Article 1. ***The Commission shall not have direct access to the data of individual tax payers (AM 83 RE) but should provide technical support for a secured connexion to the central VIES by the officials authorized in Article 24k (1) (AM 82 S&D).***

Or. en

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24g – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The central VIES must be installed recurring to the most suitable technology available to guarantee citizens’ rights, as taxpayers, namely the right to privacy, data protection and trade secrets, in accordance with the Directive (EU) 2016/943 of 8 June 2016*; the Commission must regularly assess the effectiveness of the central VIES and evaluate the added value of the use of new technologies, in full cooperation with national tax authorities (AM 84 EPP).

****Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (Text with EEA relevance)***

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24g – paragraph 2 – introductory part

Text proposed by the Commission

Each Member State shall develop, maintain, host and technically manage a national electronic system to automatically transmit the following information to the central VIES:

Amendment

Each Member State shall develop, maintain, host and technically manage, ***with technical support from the Commission (AM 85 EPP)***, a national electronic system to automatically transmit the following information to the central VIES:

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24g – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. For the cooperation and exchange referred in paragraph 2, the Commission shall develop a secure and reliable software to connect businesses and national administrations with central VIES. (AM 33 Rapp)

Or. en

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

3a. *The Commission must support national tax authorities with financial and human resources and technical advise in order to guarantee that national electronic systems are fully operational by 1 January 2030; a transitional period must be defined until 1 January 2030 to assess the effectiveness of the system and the exchange of information procedures (AM 86 EPP).*

Proposal for a regulation

Recital 12

Text proposed by the Commission

Amendment

(12) Access to the information in the central VIES should be provided on a need-to-know basis. That information should not be used for other purposes than to monitor the correct application of VAT and combat VAT fraud. All users should be bound by the confidentiality rules laid down in this Regulation.

(12) Access to the information in the central VIES should be provided on a need-to-know basis. That information should not be used for other purposes than to monitor the correct application of VAT and combat VAT fraud. All users should be bound by the confidentiality rules laid down in this Regulation. *The exchange of information procedures and the access to data must be pursued in full compliance with Regulations (EU) 2016/679^{1a} and (EU) 2018/1725^{1b}, in full respect of the European Charter on Fundamental Rights.* (AM 52 EPP, AM 11 Rapp)

^{1a} Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

^{1b} Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union

institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

**Proposal for a regulation
Recital 24**

Text proposed by the Commission

(24) This Regulation respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union. In particular, this Regulation seeks to ensure full respect for the right of protection of personal data laid down in Article 8 of the Charter. In that regard, this Regulation strictly limits the amount of personal data that will be made available to the tax authorities. The processing of intra-Community transaction information pursuant to this Regulation should *only* occur for the purposes of this Regulation.

Amendment

(24) This Regulation respects the fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union. In particular, this Regulation seeks to ensure full respect for the right of protection of personal data laid down in Article 8 of the Charter. In that regard, this Regulation strictly limits the amount of personal data that will be made available to the tax authorities, *since access by tax authorities to information on the personal purchases of individuals poses a serious risk to privacy.* (AM 19 Rapp, AM 59 Greens/ALE) The processing of intra-Community transaction information pursuant to this Regulation should *therefore only strictly* (AM 59 Greens/ALE) occur for the purposes of this Regulation.

**Proposal for a regulation
Recital 24 a (new)**

Text proposed by the Commission

Amendment

(24a) Respect for the principles of proportionality and the protection of fundamental rights means that the transmission of data by businesses is only to be used in the context of the fight against VAT fraud. The authorities concerned are to respect the trade secrets, in accordance with the Directive (EU) 2016/943 of 8 June 2016, namely its know-how and expertise related to its

*products and services, so as not to
jeopardise the competitiveness of Union
businesses. (AM 20 Rapp)*

Agence Europe

COMPROMISE C

If adopted these AMs fall: AM 35 (Rapp), 87 (EPP), 88 (EPP), 89 (EPP), 90 (EPP), 92 (S&D), 93 (ECR).

Political Support - EPP, S&D, Renew, Greens/ALE, ID (?), ECR and The Left

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24h – paragraph 5

Text proposed by the Commission

5. **By way of derogation from paragraph 4 of the Article**, the information referred to in Article 24g(2), point (a), shall be entered into the central VIES no later than **one day** after the collection of the information submitted by the taxable person to the competent authorities.

Amendment

5. The information referred to in Article 24g(2), point (a), shall be entered into the central VIES no later than **three days** after the collection of the information submitted by the taxable person to the competent authorities; **any delay on the insertion of such data must be justified by the Member State. (AM 90 EPP)**

Proposal for a regulation

Article 3 – paragraph 1 – point 3

Regulation (EU) No 904/2010

Article 24h – paragraph 6

Text proposed by the Commission

6. The information referred to in Article 24g(2) shall be available **in central VIES** for 5 years from the end of the year in which the information was transmitted to it.

Amendment

6. The information referred to in Article 24g(2) shall be available in **the** central VIES for 5 years from the end of the year in which the information was transmitted to it.

Or. en

COMPROMISE D - Entry into force of the amendments.

If adopted these AMs fall: AMs 23, 30, 31, 42, 43, 44 (Rapp) 63, 80, 81, 104, 105, 106, 107, 108 (EPP).

Political Support - EPP, S&D, Renew, Greens/ALE, ID (?), ECR and The Left

Proposal for a regulation

Article 1 – title

Text proposed by the Commission

Amendment

Amendments to Regulation (EU) No 904/2010 applicable from 1 January **2025**

Amendments to Regulation (EU) No 904/2010 applicable from 1 January **2026**

Proposal for a regulation

Article 2 – title

Text proposed by the Commission

Amendment

Amendments to Regulation (EU) No 904/2010 applicable from 1 January **2026**

Amendments to Regulation (EU) No 904/2010 applicable from 1 January **2027**

Proposal for a regulation

Article 5 – paragraph 2

Text proposed by the Commission

Amendment

Article 1, shall apply from 1 January **2025**.

Article 1 shall apply from 1 January **2026**.

Proposal for a regulation

Article 5 – paragraph 3

Text proposed by the Commission

Amendment

Article 2 shall apply from 1 January **2026**.

Article 2 shall apply from 1 January **2027**.

COMPROMISE E - All the Recitals

If adopted these AMs fall: AMs 1, 2, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 21 (Rapp) 45, 46 (S&D) 47, 49 (EPP) 51 (Greens) 58, 61 (S&D).

Political Support - EPP, S&D, Renew, Greens/ALE, ID (?), ECR and The Left

Proposal for a regulation

Recital -1 (new)

Text proposed by the Commission

Amendment

(-1) The current EU VAT system which was introduced in 1993 is similar to the European customs system. However, equivalent checks are lacking, which makes it a target for cross-border fraud. (45 S&D)

Proposal for a regulation

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1a) The current VAT system would perform better if intra-community supplies were taxed as if they were domestic transactions. A Council Directive proposal amending Directive 2006/112/EC as regards the introduction of the detailed technical measures for the operation of the definitive VAT system for the taxation of trade between Member States was released in 2018 and remains under discussion. The provision included in the amended Council Regulation (EU) No 904/2010 strengthen both the current system and a definitive VAT system. (46 S&D)

Proposal for a regulation

Recital 2

Text proposed by the Commission

Amendment

(2) Council Directive (EU) XX/XXX¹⁵ [OP please insert number and year of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age adopted the same day as this Regulation] introduced into Council

(2) Council Directive (EU) XX/XXX¹⁵ [OP please insert number and year of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age adopted the same day as this Regulation] introduced into Council

Directive 2006/112/EC¹⁶ digital reporting requirements ('DRR'). Those requirements oblige taxable persons identified for VAT purposes to submit to Member States information on each intra-Community supply of goods, on each intra-Community acquisition of goods and on each supply of a service that is taxable in a Member State other than the one in which the supplier is established. Member States need to exchange and process that information on intra-Community transactions to monitor the correct application of VAT and to detect fraud.

Directive 2006/112/EC¹⁶ digital reporting requirements ('DRR'). Those requirements oblige taxable persons identified for VAT purposes to submit to Member States information on each intra-Community supply of goods, on each intra-Community acquisition of goods and on each supply of a service that is taxable in a Member State other than the one in which the supplier is established. Member States need to exchange and process that information on intra-Community transactions to monitor the correct application of VAT and to detect fraud. ***Those requirements do not apply to defence-related purchases, which are exempted under Articles 143 and 151 of Directive 2006/112/EC (AM 1 Rapp).***

¹⁵ Council Directive (EU) XXX/XXXX of (OJ L., dd/mm/yy, p. X). [OP Please insert full ref.]

¹⁵ Council Directive (EU) XXX/XXXX of (OJ L., dd/mm/yy, p. X). [OP Please insert full ref.]

¹⁶ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

¹⁶ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

Justification

Member States tax administrations would have a wide access to sensitive information relating to defence and national security, which would undermine the confidentiality clauses in these types of contracts.

Proposal for a regulation **Recital 3**

Text proposed by the Commission

(3) The existing cooperation between Member States' tax authorities is based on exchanging aggregated information between national electronic systems. The introduction of DRR aims to increase tax collection by providing transaction-by-transaction data to tax administrations in a timely manner. To make those data available to other tax administrations in an efficient manner, and to facilitate a common implementation of analysis and crosschecks, as well as a common

Amendment

(3) The existing cooperation between Member States' tax authorities is based on exchanging aggregated information between national electronic systems. The introduction of DRR aims to increase ***the effectiveness of tax collection procedures (AM 47 EPP)*** by providing transaction-by-transaction data to tax administrations in a timely manner. To make those data available to other tax administrations in an efficient manner, and to facilitate a common implementation of analysis and

interpretation of those analyses and crosschecks, a central system where VAT information is shared is necessary.

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) The VAT identification information of taxable persons making intra-Community transactions should be automatically updated in the central VIES without delay whenever identification information changes, except where Member States agree that such update is not pertinent, essential or useful. Such updates are necessary because the validity of the VAT identification numbers of taxable persons is subject to verification as regards the condition for exempting intra-Community supplies provided for in Article 138 of Directive 2006/112/EC. To provide a reasonable level of assurance to tax administrations with regard to the quality and reliability of such information, information on intra-Community transactions should be automatically updated in the central VIES no later than **1 day** after the Member State received the information from the taxable person.

Proposal for a regulation

Recital 8 a (new)

Text proposed by the Commission

Proposal for a regulation

Recital 9

crosschecks, as well as a common interpretation of those analyses and crosschecks, a **secure and up-to-date (AM 2 Rapp)** central system where **relevant (AM 47 EPP)** VAT information is shared is necessary.

Amendment

(5) The VAT identification information of taxable persons making intra-Community transactions should be automatically updated in the central VIES without **undue (AM 49 EPP)** delay whenever identification information changes, except where Member States agree that such update is not pertinent, essential or useful. Such updates are necessary because the validity of the VAT identification numbers of taxable persons is subject to verification as regards the condition for exempting intra-Community supplies provided for in Article 138 of Directive 2006/112/EC. To provide a reasonable level of assurance to tax administrations with regard to the quality and reliability of such information, information on intra-Community transactions should be automatically updated in the central VIES no later than **3 days (AM 49 EPP)** after the Member State received the information from the taxable person.

Amendment

(8a) Union business data collected through e-invoicing and e-reporting should, for security reasons and economic sovereignty, be stored physically within the Union. (AM 5 Rapp, AM 51 Greens)

Text proposed by the Commission

(9) To detect mismatches in a timely manner and thereby improve the capability to fight VAT fraud, the central VIES should be able to automatically cross-check the information collected from both the supplier and acquirer through the DRR introduced by Directive (EU) XX/XXX [OP please insert number and year of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age adopted the same day as this Regulation¹⁷]. The results of such cross-checking should be made available to Member States for the appropriate follow-up.

¹⁷ Council Directive (EU) XXX/XXXX of (OJ L., dd/mm/yy, p. X).

Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

Proposal for a regulation
Recital 10 b (new)

Text proposed by the Commission

Amendment

(9) To detect mismatches in a timely manner and thereby improve the capability to fight VAT fraud, the central VIES should be able to automatically cross-check the information collected from both the supplier and acquirer through the DRR introduced by Directive (EU) XX/XXX [OP please insert number and year of the Council Directive amending Directive 2006/112/EC as regards VAT rules for the digital age adopted the same day as this Regulation¹⁷]. The results of such cross-checking should be made available to Member States for the appropriate follow-up. ***For security reasons, DRR do not apply to defence and national security contracts. (AM 6 Rapp)***

¹⁷ Council Directive (EU) XXX/XXXX of (OJ L., dd/mm/yy, p. X).

Amendment

(10a) To ensure a streamlined process, it is necessary for the central VIES to reflect, in real time, status updates regarding validations of bulk data and regarding company subscriptions to trading partners. It is necessary for such status updates to be reliable in terms of data quality and system stability. (AM 7 Rapp)

Amendment

(10a) Since 2002, the Commission has made available on its website the 'VIES VAT number validation' functionality, to enable online checks of the validity of a VAT number. Given the significant increase of the demand on that

functionality since its initial conception, significant upgrades are necessary to allow it handle mass validations, to improve the quality of the information it contains, to enable real-time updates and to reduce downtime. Therefore, in order to allow for the reliable performance of real-time checks of VAT numbers and in order for the central VIES to be fully effective, it is essential that the Commission improve the performance of the VIES VAT number validation functionality. (AM 8 Rapp)

Proposal for a regulation
Recital 10 c (new)

Text proposed by the Commission

Amendment

(10a) In the interest of simplification and limiting compliance costs for both businesses, in particularly the SMEs, and tax administrations, the Commission should develop a secure and reliable software to connect businesses and national administrations with central VIES. (AM 9 Rapp)

Proposal for a regulation
Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) The safeguards provided for in Chapter XV of Regulation (EU) No 904/2010, in particular those provided for in Article 55 of that Regulation, should remain applicable to the processing of personal data. (AM 10 Rapp)

Proposal for a regulation
Recital 16

Text proposed by the Commission

Amendment

(16) In order to ensure uniform conditions for the implementation of Regulation (EU) No 904/2010, implementing powers should be conferred on the Commission in respect of the tasks to be carried out by the Commission for technically managing the central VIES, the

(16) In order to ensure uniform conditions for the implementation of Regulation (EU) No 904/2010, implementing powers should be conferred on the Commission in respect of the tasks to be carried out by the Commission for technically managing the central VIES, the

technical details concerning the identification and access of officials and electronic systems to the central VIES, the technical details and format of the information transmitted to the central VIES and the roles and responsibilities of Member States and the Commission when acting as controller and processor under Regulations (EU) 2016/679¹⁸ and (EU) 2018/1725¹⁹ of the European Parliament and of the Council. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council²⁰.

¹⁸ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

¹⁹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

²⁰ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

technical details concerning the identification and access of officials and electronic systems to the central VIES, the technical details and format of the information transmitted to the central VIES and the roles and responsibilities of Member States and the Commission when acting as controller and processor under Regulations (EU) 2016/679¹⁸ and (EU) 2018/1725¹⁹ of the European Parliament and of the Council. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council²⁰. ***Any draft implementing act is to be transmitted to the European Parliament for information, in order to enable the exercise of its rights. (AM 15 Rapp)***

¹⁸ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

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²⁰ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Justification

The principles of the Interinstitutional Agreement on Better Regulation should be recalled in

this particular case where the control of the Commission's exercise of implementing powers is being carried. (Interinstitutional Agreement of 13 April 2016 on Better Law Making). Ensuring that the European Parliament may indicate to the Commission that, in its view, a draft implementing act exceeds the implementing powers provided for in the basic act, taking into account their rights relating to the review of the legality of Union acts (Regulation (EU) N° 182/2011))

Proposal for a regulation

Recital 17

Text proposed by the Commission

(17) VAT fraud is a common problem for all Member States. Member States alone do not have the information necessary to ensure that the VAT rules are correctly applied and to tackle VAT fraud. Since the objective of Regulation (EU) No 904/2010, the fight against VAT fraud, cannot be sufficiently achieved by the Member States because of the cross-border nature of the internal market, but can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

Proposal for a regulation

Recital 17 a (new)

Text proposed by the Commission

Amendment

(17) VAT fraud is a common problem for all Member States. Member States alone do not have the information necessary to ensure that the VAT rules are correctly applied and to tackle VAT fraud. Since the objective of Regulation (EU) No 904/2010, the fight against VAT fraud, cannot be sufficiently achieved by the Member States because of the cross-border nature of the internal market, but can be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective. ***The level of collection, centralisation and automatic processing of data on intra-Community transactions, which allows the tax authorities of the Member State to carry out a complete mapping of the flows between companies within the Union, requires the establishment of a control process at Union level to ensure the proper functioning of the system and to avoid any deviation in the use of those data. (AM 16 Rapp)***

Amendment

(17a) The mechanism by which carousel fraud functions has been clearly laid out by the European Commission in a

*document published on 16 April 2004:
Report from the Commission to the
Council and the European Parliament on
the use of administrative cooperation
arrangements in the fight against VAT
fraud. (AM 58 S&D)*

**Proposal for a regulation
Recital 21**

Text proposed by the Commission

(21) The abuse of Import One-Stop-Shop ('IOSS') VAT identification numbers has been identified by stakeholders as a potential risk. To better secure the correct use and the verification process of IOSS VAT identification numbers, it is necessary to extend Article 47h of Regulation (EU) No 904/2010 granting customs authorities access to information about the IOSS registered trader, which will improve the risk management and control capabilities of those customs authorities.

Amendment

(21) The abuse of Import One-Stop-Shop ('IOSS') VAT identification numbers, *intentionally or by mistake*, has been identified by stakeholders as a potential risk. To better secure the correct use and the verification process of IOSS VAT identification numbers, it is necessary to extend Article 47h of Regulation (EU) No 904/2010 granting customs authorities access to information about the IOSS registered trader, which will improve the risk management and control capabilities of those customs authorities. (AM 17 Rapp)

**Proposal for a regulation
Recital 22 a (new)**

Text proposed by the Commission

Amendment

(22a) The changes related to the IOSS scheme require a realistic implementation schedule. Therefore, the extension of the scope of the IOSS scheme should apply from 1 January 2026 in order to avoid fragmented compliance and implementation that would increase the administrative burden for businesses, in particular SMEs, and for platforms facilitating business-to-customer sale, in particular small marketplaces. (AM 18 Rapp)

**Proposal for a regulation
Recital 25**

Text proposed by the Commission

(25) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725 and delivered an opinion *on* [...]

Proposal for a regulation
Recital 25 a (new)

Text proposed by the Commission

Amendment

(25) The European Data Protection Supervisor was consulted in accordance with Article 42(1) of Regulation (EU) 2018/1725 and delivered an opinion *on 3 March 2023. (AM 21 Rapp)*

Amendment

(25a) In keeping with the public interest and the financial interests of the Union, whistle blowers enjoy effective legal protection under Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law. (AM 61 S&D)