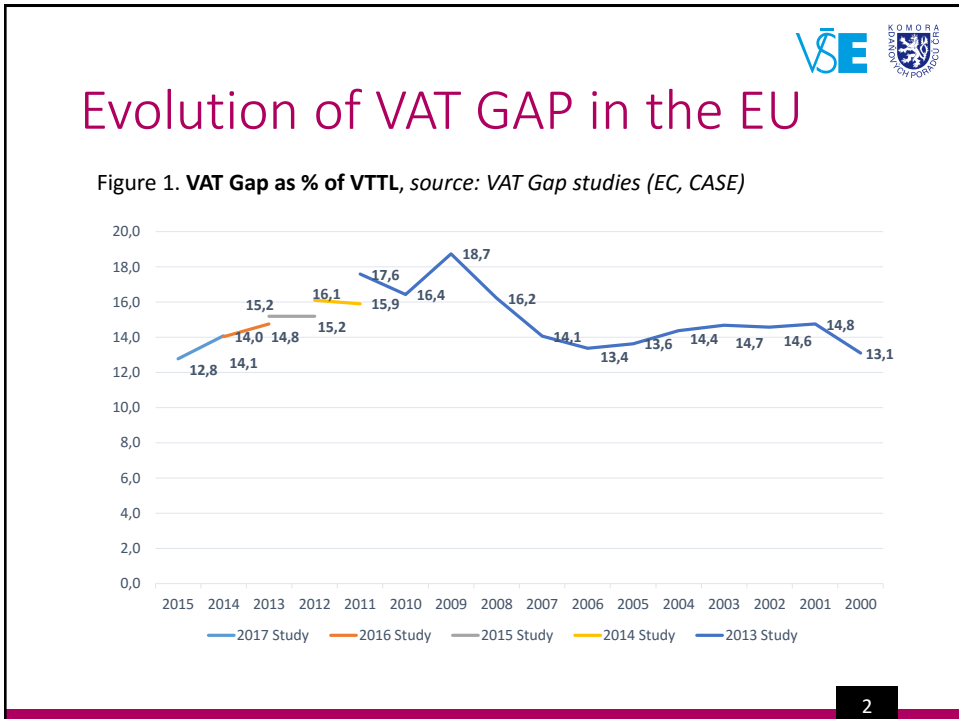


VAT compliance in the EU: a bird's eye view

Grzegorz Poniatowski (CASE, SGH)
26 January 2018

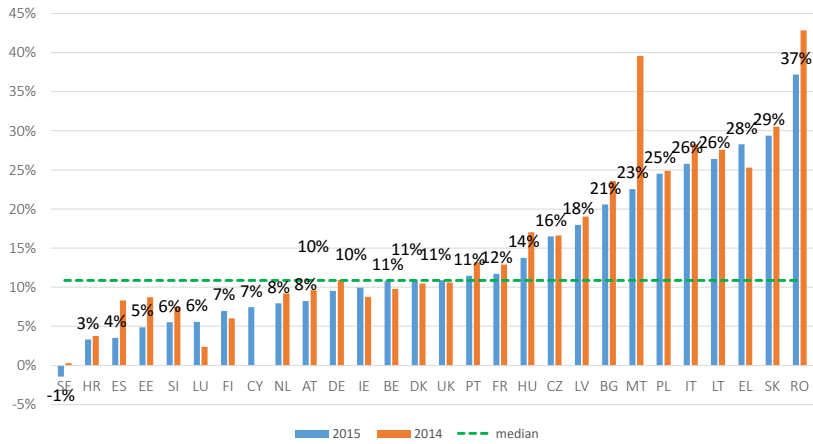
www.kdpcr.cz/VATforum-en





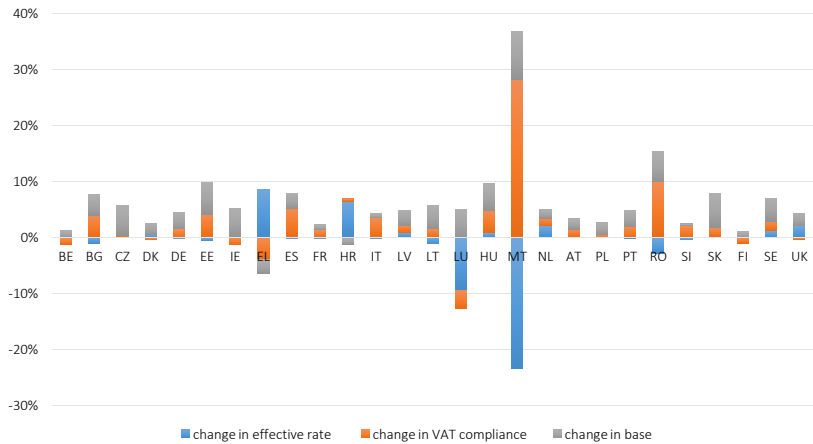
VAT GAP across EU MS

Figure 2. VAT Gap as % of VTTL in EU MS, source: 2017 VAT Gap Study



Change in VAT revenue components

Figure 3. Change in VAT revenue components (2015 over 2014), source: 2017 VAT Gap Study



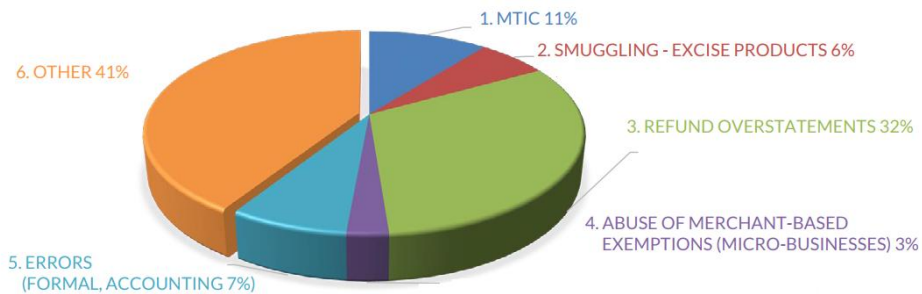
VAT Gap components

- **Fraud and criminal activity** – systematic and organized use of the VAT system to extract illegal income.
- **Tax evasion** – intentional non-compliance with regulations for the purpose of gaining additional benefits from commercial activity.
- **Tax avoidance** – taking advantage of tax regulations for the purpose of deriving tax benefits using fake transactions.
- **The unregistered economy** – includes transactions that are unrecorded (both by tax authorities and by statistical offices) at any stage of the creation of added value.
- **Errors, omissions, bankruptcies...**

5

VAT Gap components

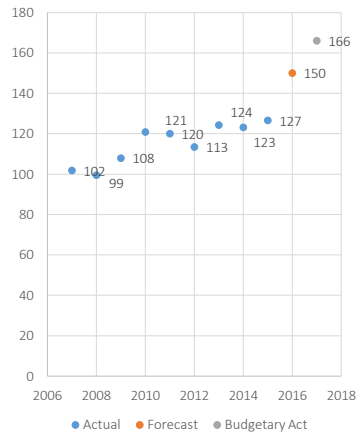
Figure 4. VAT Gap components at the peak of non-compliance in Poland (2013), source: Poniatowski (2016).



6

Polish case

Figure 5. VAT revenue in Poland (MoF)



Recent milestones:

- **Single Control File** (implemented gradually – 2016, 2017, 2018).
- **Elevated fines for VAT fraud** (2017).
- **“Fuel package”** (to fight with missing trader fraud, 2016).

7

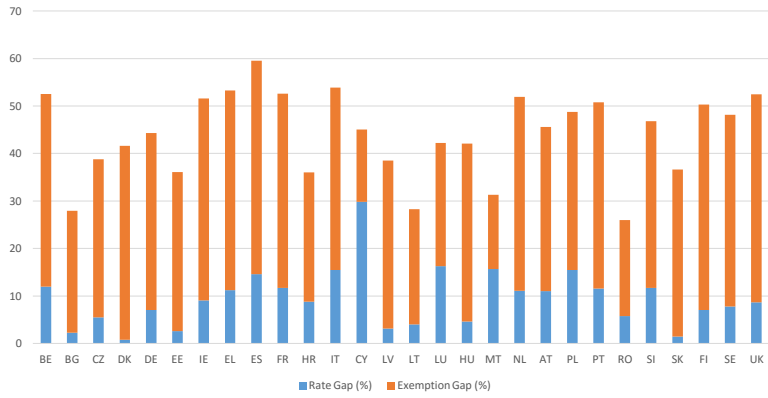
VAT Gap determinants: mixed evidence from EU MS

- **Invoicing and refund rules, frequency of settlements**
- **Efficiency of tax control and exchange of information**
- **Formal and informal institutions**
- **Business cycle**
- **VAT rates system**

8

Policy Gap across EU MS

Figure 6. Policy Gap (2015), source: 2017 VAT Gap Study.



Thank you!