

Tuesday 2 September 2008

19. Considers furthermore, in relation to Motor Third Party Liability insurance, that the compulsory cover of legal costs would create a clear disincentive for resorting to out-of-court settlements, would potentially increase the number of court proceedings and therefore lead to an unjustified increase in the workload for the judiciary, and would risk destabilising the functioning of the existing and evolving voluntary legal expenses insurance market;
20. Considers therefore on balance that the negative effects of introducing a system of compulsory cover of legal costs in Motor Third Party Liability insurance would outweigh the potential benefits;
21. Urges the Commission to take, in partnership with Member States, the further steps necessary to raise awareness of legal protection insurance, as well as other insurance products, particularly in the new Member States, focusing on informing consumers of the advantages of being offered and holding one or another type of insurance cover;
22. Considers in this context the role of national regulatory bodies to be crucial for the implementation of best practices from other Member States;
23. Calls therefore on the Commission to strengthen consumer protection primarily by urging Member States to encourage their national regulatory bodies and national insurance companies to raise awareness of the availability of voluntary legal expenses insurance;
24. Considers that pre-contractual information on motor insurance could include information concerning the option to take out legal expenses coverage;
25. Calls on Member States to urge national regulatory bodies and intermediaries to inform customers of possible risks and of additional voluntary insurance which might benefit them, such as, for example, legal expenses insurance, assistance cover and insurance for theft;
26. Calls on those Member States that do not have established alternative dispute resolution systems for settling claims to consider introducing such systems based on best practice from other Member States;
27. Asks the Commission not to prejudge the outcome of the studies commissioned on differential personal injury damages following on from the adoption of the Rome II Regulation ⁽¹⁾, which studies may suggest an insurance-based solution and consequent amendment of the Fourth motor insurance Directive;
28. Instructs its President to forward this resolution to the Council and Commission.

⁽¹⁾ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II) (OJ L 199, 31.7.2007, p. 40).

Coordinated strategy to improve the fight against fiscal fraud

P6_TA(2008)0387

European Parliament resolution of 2 September 2008 on a coordinated strategy to improve the fight against fiscal fraud (2008/2033(INI))

(2009/C 295 E/04)

The European Parliament,

- having regard to the Commission communication of 31 May 2006 concerning the need to develop a coordinated strategy to improve the fight against fiscal fraud (COM(2006)0254),
- having regard to the Commission communication of 23 November 2007 concerning some key elements contributing to the establishment of the VAT anti-fraud strategy within the EU (COM(2007)0758),

Tuesday 2 September 2008

- having regard to the Commission report of 16 April 2004 on the use of administrative cooperation arrangements in the fight against VAT fraud (COM(2004)0260),
 - having regard to the Council conclusions following its meetings on 14 May 2008, 5 June 2007, 28 November 2006 and 7 June 2006,
 - having regard to the Court of Auditors' Special Report No 8/2007 concerning administrative cooperation in the field of value added tax ⁽¹⁾,
 - having regard to the Commission communication of 25 October 2005 on the contribution of taxation and customs policies to the Lisbon Strategy (COM(2005)0532),
 - having regard to the Commission communication of 22 February 2008 on measures to change the VAT system to fight fraud (COM(2008)0109),
 - having regard to the proposals from the Commission of 17 March 2008 for a Council Directive amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-Community transactions and for a Council Regulation amending Regulation (EC) No 1798/2003 to combat tax evasion connected with intra-Community transactions (COM(2008)0147),
 - having regard to Article 8 of the Charter of Fundamental Rights of the European Union,
 - having regard to the recommendations in the Council conclusions following its meeting on 14 May 2008 on tax issues related to agreements to be concluded by the Community and its Member States with third countries,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Legal Affairs (A6-0312/2008),
- A. whereas tax fraud has serious consequences for Member States' budgets and the European Union's resource system, leads to violations of the principle of fair and transparent taxation, and is liable to bring about distortions of competition, thereby affecting the operation of the internal market; whereas honest businesses have competitive disadvantages because of tax fraud, and the loss of tax revenue is ultimately replenished by the European taxpayer through other forms of taxation,
- B. whereas fiscal fraud jeopardises equity and fiscal justice, since the loss of income to public finance is often compensated for by increases in tax, which hit the least affluent and most honest taxpayers who do not have the option or the intention of evading or infringing their tax obligations,
- C. whereas the growth of cross-border trade triggered by the establishment of the internal market has resulted in an increasing number of transactions in which the place of taxation and the place of establishment of the person liable to pay the VAT are in two different Member States,
- D. whereas those using new forms of tax fraud linked to cross-border transactions, such as carousel or missing-trader intra-Community fraud, have taken advantage of the fragmentation and loopholes of the current tax systems, and whereas changes in the way that VAT operates are necessary,
- E. whereas VAT evasion and fraud have an impact on the financing of the budget of the European Union, as they result in an increased need to call on Member States' own resources based on gross national income,

⁽¹⁾ OJ C 20, 25.1.2008, p. 1.

Tuesday 2 September 2008

- F. whereas combating fraud, while for the most part within Member State competence, is not a problem that can be solved at national level alone,
- G. whereas globalisation has led to increasing difficulties in combating fiscal fraud at an international level, given the increased involvement of undertakings established in third countries in carousel fraud, the expansion of electronic commerce and the globalisation of the services markets; whereas those factors militate strongly in favour of improving international cooperation, in particular as regards VAT,
- H. whereas the extent of tax fraud in the European Union is due to the current transitional system of VAT, which is too complex, making intra-Community transactions difficult to track, opaque and thus open to abuse,
- I. whereas when examining options to tackle fiscal fraud, the Commission and the Member States should, to the greatest extent possible, avoid measures that could lead to a disproportionate administrative burden on businesses and tax administrations or that could discriminate between traders,
- J. whereas both the Commission and the Court of Auditors have consistently stated that the system for exchanging information between Member States on intra-Community supplies of goods does not provide relevant or timely information for tackling VAT fraud efficiently; whereas this calls for clearer and more binding rules on cooperation between Member States and the European Anti-Fraud Office (OLAF),
- K. whereas the use of all available technologies, including the electronic storage and transmission of certain data for VAT and excise duties, is indispensable for the proper functioning of Member States' tax systems; whereas the conditions for the exchange of, and direct access of Member States to, electronically stored data in each Member State should be improved; whereas Member States' tax authorities should handle personal data with due care for specified purposes and on the basis of the consent of the person concerned or some other legitimate basis laid down by law,
- L. whereas traders can often obtain only very fragmented information on the VAT status of their customers,
- M. whereas the strengthening of the means of detecting tax fraud should be accompanied by the reinforcement of the existing legislation on assistance in the recovery of taxes, equality in tax treatment and practicability for businesses,

An EU fiscal fraud strategy

1. Notes that the purpose of an EU fiscal fraud strategy must be to tackle tax losses due to fiscal fraud by identifying the areas in which improvements to both EC legislation and administrative cooperation between Member States can be made, which effectively promote the reduction of tax fraud, to the greatest extent possible without creating unnecessary burdens both for tax administrations and tax payers;
2. Calls on the Member States finally to take the fight against fiscal fraud seriously;
3. Recalls that the establishment of a VAT system based on the 'origin principle', which implies that transactions between Member States liable to VAT bear the tax charged in the country of origin rather than being zero-rated, remains a long-term solution for combating tax fraud effectively; notes that the 'origin principle' would make it unnecessary to exempt from VAT goods traded in the internal market and to tax them subsequently in the country of destination; recalls that in order to be operational, a VAT system based on the 'origin principle' requires the establishment of a clearing system, as originally proposed by the Commission in 1987;
4. Regrets the blockading attitude of some Member States in the last ten years, which has thwarted any effective EU strategy to counter fiscal fraud;

Tuesday 2 September 2008

5. Regrets that in spite of repeated analyses, demands, and objections, the Council has not yet adopted an effective strategy for the fight against fiscal fraud;

6. Urges the Commission not to desist from tackling the problem head-on, despite repeated failures in past decades;

General issues: extent of fiscal fraud and its consequences

7. Acknowledges that estimates of overall (direct and indirect) tax losses due to fiscal fraud range from EUR 200 to 250 billion, which is equal to 2 to 2,25 % of GDP in the European Union, EUR 40 billion of that being due to VAT fraud, estimated to comprise 10 % of VAT receipts, 8 % of the total excise duty receipts on alcoholic beverages in 1998 and 9 % of the total excise duty receipts on tobacco products; regrets, however, that no precise figures are available because national reporting standards vary so widely;

8. Calls for a uniform data survey in all the Member States as the basis for transparency and national measures against tax fraud;

9. Regrets, due to the lack of data collected at national level, that the real extent of the problem cannot be properly assessed and the monitoring of changes, whether positive or negative, cannot be properly evaluated;

10. Calls on the Commission to consider a harmonised European system for collecting data and producing statistics on fiscal fraud, so as to reach an assessment of the full extent of the phenomenon that is as accurate as possible;

11. Recalls that the elimination of the informal economy cannot be realised without the implementation of appropriate incentives; suggests, moreover, that Member States should report, via the Lisbon scoreboard, the extent to which they have succeeded in reducing their informal economies;

The current VAT system and its weaknesses

12. Notes that VAT-related tax fraud is a matter of particular concern for the functioning of the internal market in so far as it has a direct cross-border impact, involves substantial loss of revenue and directly affects the EU budget;

13. Reiterates that the current VAT system, established in 1993, was intended to be only a transitional system and that Parliament has requested that the Commission put forward proposals aimed at making a final decision on the definitive VAT system by 2010;

14. Asserts that the free circulation of persons, goods, services and capital within the internal market since 1993, as well as advances in new technology as regards small, high-value goods, have combined to make it increasingly difficult to combat VAT fraud, this being exacerbated by the complexity and fragmented nature of the current system which makes transactions difficult to track and thus more open to abuse;

15. Notes the increasing occurrence of missing-trader fraud and the deliberate abuse of the VAT system by criminal gangs who set up such schemes to take advantage of the failures in the system; and highlights the VAT carousel fraud case launched by Eurojust, involving 18 Member States and tax fraud amounting to an estimated EUR 2,1 billion;

16. Supports the Commission in its efforts to bring about a fundamental change to the current VAT system; welcomes the fact that Member States do now regard this as a matter of some priority and urges Member States to be prepared to take substantive measures in this context;

17. Considers the current system to be outdated and in need of radical overhaul without over-burdening honest businesses with red tape; believes that maintaining the status quo is not an option;

Tuesday 2 September 2008

Alternative systems to the current VAT system*Reverse-charge system*

18. Notes that in a reverse-charge system VAT is accounted for by the taxable customer instead of the supplier; recognises that that system has the advantage of removing the opportunity to engage in missing-trader fraud, by designating the taxable person to whom the goods are supplied as the person liable to pay the VAT;

19. Notes that the creation of a double-VAT system would run counter to the efficient operation of the internal market and would be the source of a more complex environment that could discourage business investment, which would be overcome in the long term only by a generalised, mandatory reverse-charge system, as opposed to an optional or selected supplies-only system;

20. Notes, furthermore, that the reverse-charge system does not allow for fractionated payment and that total VAT is paid only at the end of the supply chain, removing the self-policing control mechanism of VAT; warns that new forms of fraud may appear including increased tax losses at the retail level and the misuse of VAT identification numbers, and that combating such fraud through the introduction of additional verification could result in additional administrative burdens for honest traders; consequently urges caution and serious consideration before the introduction of a reverse-charge system; notes, nevertheless, that the application of a threshold in order to limit the risk of untaxed final consumption helps combat fraud and considers the EUR 5 000 threshold suggested by the Council to be reasonable;

Pilot project

21. Notes, while remaining wary and critical, that a pilot project may help Member States better to understand the inherent risks of the reverse-charge system, and urges the Commission and the Member States to lay down appropriate guarantees to ensure that neither the participating Member State nor any other Member State is exposed to major risks during the operation of the pilot project;

Taxation of intra-Community supplies

22. Believes that the best solution to tackling VAT fraud related to cross-border supplies would be to introduce a system in which the VAT exemption for intra-Community supplies is replaced by taxation at the rate of 15 %; notes that the operation of such a system would be better served if the variety and complexity of reduced rates were substantially simplified, minimising the administrative burden on both businesses and tax authorities; notes that individual reductions of VAT rates put in place before 1992 should be carefully examined and assessed with respect to whether their persistence is justified on economic grounds;

23. Recognises that because of differential VAT rates, the taxation of intra-Community supplies would require rebalancing payments between Member States; considers that such rebalancing should be made through a clearing house that would facilitate the passing of revenue between Member States; stresses that the operation of a clearing house is technically feasible;

24. Believes that a decentralised clearing house system may be more appropriate and could be developed more rapidly, in so far as it opens up possibilities for Member States to agree details of importance bilaterally, taking into account their individual balance of trade, similarities in the operation of their VAT system and control mechanisms, and mutual trust;

25. Emphasises that it should be the responsibility of the tax administration of the Member State of supply to collect the VAT from its supplier and to make a transfer via the clearing system to the tax administration where the intra-Community acquisition has taken place; recognises that it is necessary to build mutual trust between tax administrations;

Tuesday 2 September 2008

Administrative cooperation and mutual assistance in the field of VAT, excise duties and direct taxation

26. Stresses that Member States cannot combat cross-border tax fraud in isolation; believes that exchanges of information and cooperation between Member States and with the Commission have been insufficient to combat tax fraud effectively as regards either substance or speed; considers that direct contact between local or national anti-fraud offices is neither developed nor sufficiently implemented, leading to inefficiency, under-use of the arrangements for administrative cooperation and delays in communication;

27. Insists that in order to protect the fiscal revenue of all the Member States in relation to the internal market, Member States should take comparable measures against fraudsters, regardless of where losses of revenue take place; calls on the Commission to propose possible mechanisms to promote such cooperation between Member States;

28. Welcomes the Commission's proposals for the amendment of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax ⁽¹⁾ and Council Regulation (EC) No 1798/2003 of 7 October 2003 on administrative cooperation in the field of value added tax ⁽²⁾ to speed up the collection and exchange of information on intra-Community transactions from 2010 onwards; recognises that the proposed reporting rules of one month will add an administrative burden to businesses that provide only services which are presently not subject to that rule, but accepts that this is necessary in view of the possibility of carousel fraud in some services;

29. Urges the Council to adopt proposed measures quickly and invites the Commission to submit further proposals on the automated access by all other Member States to certain non-sensitive data held by Member States on their own taxable persons (such as, in the business sector, certain data concerning turnover), and on the harmonisation of the procedures for the registration and de-registration of persons liable for VAT to ensure the swift detection and de-registration of fake taxable persons; stresses that Member States must take responsibility for keeping their data up to date, in particular, as regards de-registration and the detection of fraudulent registrations;

30. Recalls that tax havens might represent a barrier to the implementation of the Lisbon Strategy, if they put excessive downward pressure on tax rates and, in general, on tax revenues;

31. Stresses also that in times of budgetary discipline any erosion of the fiscal base will jeopardise Member States' ability to comply with the reformed Stability and Growth Pact;

32. Stresses that removing tax havens requires, inter alia, a three-pronged strategy: tackling tax avoidance, widening the scope of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments ⁽³⁾ and requesting that the OECD, through its members, sanction non-cooperative tax havens;

Tax evasion

33. Regrets that the Member States are hindering reform of the Directive 2003/48/EC by their continual new objections and delaying tactics and urges the Commission to put forward its proposals as soon as possible in spite of the signs of resistance;

34. Points out that reform of Directive 2003/48/EC must tackle its various loopholes and deficiencies, as they prevent discovery of tax evasion and fiscal fraud operations;

35. Calls on the Commission, in the context of reform of Directive 2003/48/EC, to examine options for reform, including investigating some widening of the scope of the Directive with regard to types of legal entity and sources of financial revenue;

⁽¹⁾ OJ L 347, 11.12.2006, p. 1.

⁽²⁾ OJ L 264, 15.10.2003, p. 1.

⁽³⁾ OJ L 157, 26.6.2003, p. 38.

Tuesday 2 September 2008

36. Urges the European Union to keep the elimination of tax havens at a worldwide level on the agenda, having regard to their detrimental effects on the tax revenue of individual Member States; invites the Council and the Commission to use the leverage of EU trade power when negotiating trade and cooperation agreements with the governments of tax havens, in order to persuade them to eliminate tax provisions and practices that favour tax evasion and fraud; welcomes, as a first step, the recommendations set out in the Council conclusions following its meeting on 14 May 2008 to include in trade agreements a clause on good governance in tax matters; asks the Commission to put forward such a clause with immediate effect in its negotiations of future trade agreements;

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37. Instructs its President to forward this resolution to the Council, the Commission and the governments and parliaments of the Member States.

Announcing 2011 as the European Year of Volunteering

P6_TA(2008)0389

Declaration of the European Parliament on announcing 2011 as the European Year of Volunteering

(2009/C 295 E/05)

The European Parliament,

- having regard to its resolution of 22 April 2008 on the role of volunteering in contributing to economic and social cohesion ⁽¹⁾,
 - having regard to the resolution of the Council and the Representatives of the Governments of the Member States, meeting within the Council of 16 May 2007 on implementing the common objectives for voluntary activities of young people ⁽²⁾,
 - having regard to Rule 116 of its Rules of Procedure,
- A. whereas there are more than 100 million Europeans of all ages, beliefs and nationalities who volunteer,
- B. whereas a Eurobarometer survey published in February 2007 revealed that 3 out of 10 Europeans claim to be active in a voluntary capacity and that close to 80 % of respondents feel that voluntary activities are an important part of democratic life in Europe ⁽³⁾,
- C. whereas the voluntary sector contributes an estimated 5 % to the gross domestic product of Member States' economies, and develops innovative actions to detect, voice and respond to needs arising in society,
- D. whereas the European Volunteer Centre, the European Youth Forum, the Association of Voluntary Service Organisations, the World Organisation of the Scout Movement, the Red Cross/European Union Office, *volonteuropé*, the European Older People's Platform (AGE), *Solidar*, *Caritas Europa*, *ENGAGE*, *Johanniter International*, the European Non-Governmental Sports Organisation and others — together representing thousands of organisations involving millions of volunteers — have all called upon the institutions of the European Union to announce 2011 as the European Year of Volunteering,

⁽¹⁾ Texts Adopted, P6_TA(2008)0131.

⁽²⁾ OJ C 241, 20.9.2008, p. 1.

⁽³⁾ 'European Social Reality', Special Eurobarometer 273, Wave 66.3.