



# VAT GAP Report

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#FairTaxation

## WHAT IS THE VAT GAP?

- The VAT GAP is the overall difference between the expected VAT revenue and the amount actually collected.
- In 2015, the VAT Gap amounted to €151.5bn in the EU. This equates to a total revenue loss across the EU of **12.77%**.
- VAT is a major source of tax revenue in the EU. Quantifying the scale of the VAT Gap can help to develop well-targeted measures and monitor their effectiveness.

## WHAT CAUSES THE VAT GAP?



Fraud and tax evasion



Corporate insolvency



Corporate bankruptcy



Maladministration



Legal tax optimisation



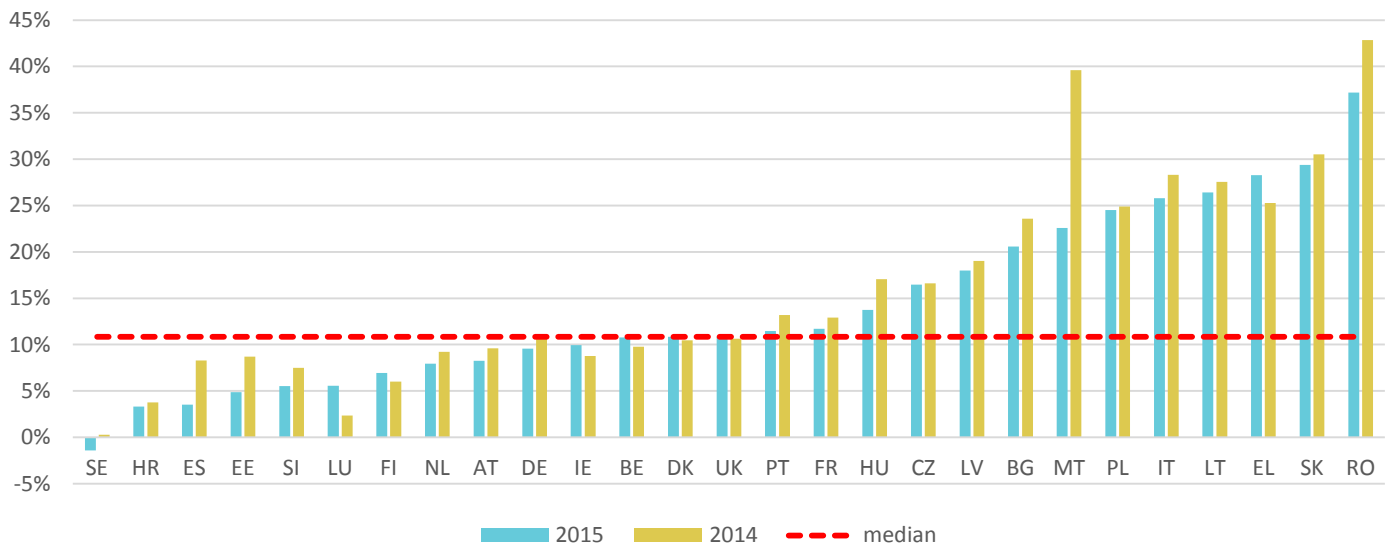
*"Member States should not accept such shocking losses of VAT revenues. While the Commission is supporting efforts to improve collection throughout the EU, current VAT rules date from 1993 and are outdated. We will soon propose to revamp the rules governing VAT on cross-border sales. Our reform will help cut cross-border VAT fraud by 80% and get badly-needed money back to Member State coffers."*

*Pierre Moscovici Commissioner for Economic and Financial Affairs, Taxation and Customs*

In 2015 estimated VAT gaps range from -1.4% in Sweden to 37.18% in Romania.

The VAT Gap decreased in the majority of Member States and increased in only 7 – namely, Belgium, Denmark, Ireland, Greece, Luxembourg, Finland, and the UK.

## HOW DO EU MEMBER STATES FARE?



### VAT GAP IN 2015 (EUR MILLION)

Belgium	3323	Greece	5079	Lithuania	1037	Portugal	1989
Bulgaria	1052	Spain	2503	Luxembourg	202	Romania	7659
Czech Republic	2444	France	20113	Hungary	1700	Slovenia	188
Denmark	3092	Croatia	232	Malta	199	Slovakia	2256
Germany	22366	Italy	35093	Netherlands	3872	Finland	1418
Estonia	96	Cyprus	122	Austria	2357	Sweden	-568
Ireland	1319	Latvia	411	Poland	9765	UK	22210
<b>Total EU-28</b>				<b>151530</b>			