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70 Finally updating the central information system for VAT control

The German part of the information system for VAT control in the European Union is obsolete. However, an efficient exchange of information between fiscal authorities is a key element of the control in order to prevent tax losses and fraud. The Federal Ministry of Finance therefore has to provide for the information system's immediate update after eight years of planning and previous unfulfilled promises for completion.

In the case of the intra-Community movement of goods between traders, despatches to other EU Member States are exempt from tax for the selling trader. The purchaser has to pay VAT for the imported goods in the country of destination. For monitoring the compliance with this requirement, the Member States' tax administrations exchange information on intra-Community supplies and purchasing transactions. In the 1990s, the VAT Information Exchange System (VIES) was set up for this exchange of data.

The responsible Federal Ministry of Finance has known for a long time that the German part of the system is obsolete and lacks user-friendliness. An update until 2009 was already proposed in 2006 but remained unsuccessful. In 2011, the federal government department still developed a detailed strategy for the update. We therefore demanded in our 2011 annual report that the update be completed immediately. The federal government promised the Public Accounts Committee to complete the updated system (VIES-neu) by 30 June 2014.

In April 2013, however, the federal government department postponed further implementation of VIES-neu for at least two years. We criticised the new delays and referred to the Public Accounts Committee's clear decision.

The federal government department admitted that VIES-neu had to be implemented immediately. It stated that the development, however, had to be postponed in favour of priority projects but it intended to use all possibilities resulting from available resources for an accelerated implementation. We consider this declaration as insufficient. After eight years of planning, VIES-neu has to be implemented immediately. The federal government department's reference to other projects does not justify the postponement. All IT systems required for fighting tax losses and VAT fraud have to be developed. We therefore demand that a binding overall planning for the information system's update be established by the Federal Ministry of Finance. The planning should include clear deadlines and milestones. The federal government department has to carry out regular reviews, and, if necessary, make adjustments.