

Stockholm 20 July 2022

Response to the call for evidence for an evaluation of VAT - the administrative cooperation and fight against fraud

FAR, the institute for the accountancy profession in Sweden, takes the opportunity to respond to the *call for evidence for an evaluation of the VAT - administrative cooperation and fight against fraud*.

Function of the VAT Information Exchange System

According to article 138.1 it is a substantive condition for the application of the exemption in respect of an intra-Community supply of goods that the taxable person or non-taxable legal person for whom the supply is made is identified for VAT purposes in a Member State other than that in which the dispatch or transport of the goods begins, and that the person has indicated this VAT identification number to the supplier. For the supplier it is therefore essential that the VAT number indicated by the customer/person for whom the supply is made is

- (i) valid, and
- (ii) belongs to the customer in question.

While the former can be validated using VIES online on the European Commission's website it is not always possible to validate the latter, i.e. the identity between the customer and the VAT number indicated by him, as only certain Member States permit the display of the name and address of the taxable person where the VAT number is currently valid. If no name/address is displayed, this means that the relevant Member State does not permit the display of this data, and the supplier must therefore use other means to verify the identity between the VAT number and the customer who has indicated it. A customer has for instance right to get confirmation from their own tax administration if a VAT identification number is associated with a name and/or address and can then provide the supplier with this. The process is however cumbersome in comparison to if the supplier can get the same confirmation directly via VIES. FAR would therefore like to suggest the following improvements to the VIES system.

- Request all Member states to permit name and address associated with a certain VAT number to be displayed in VIES
- Make it possible to see if a customer who has indicated the VAT number of a VAT group is in fact member of the VAT group in question.
- Make it possible to see when a VAT number became valid, or in case the customer is no longer registered for VAT, from when the customer became deregistered.



Lastly, FAR would also like to point out that while VIES is fairly practical to use when there are only a few VAT numbers to check, the user experience for suppliers with several VAT numbers to check would vastly improve if it was possible to upload VAT numbers from the ERP system (for instance in the form of CSV or XML files) and have them automatically validated by VIES. FAR is aware that it is possible to robotize the validation process, but this requires either that the supplier engages with someone who can provide this service, or that the supplier develops the software himself. Due to the major importance of the VAT number, that it would require less work and costs to validate VAT numbers this way and that suppliers therefore likely would validate VAT numbers on a more regular basis, this is in FAR's opinion a functionality that should be offered directly in VIES.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Johansson', with a stylized flourish at the end.

Michael Johansson

Chairman of the Comment Letter group Tax, FAR