



Direction nationale  
d'enquêtes fiscales

**OCSE/IOTA "Virtual Regional  
Consultation on International Tax  
Matters for Region"**

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***IOTA Project: "How to detect, prevent and  
combat new VAT fraud schemes  
facilitated by digital platform in selling  
goods"***

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# DIGITAL PLATFORMS : a fast-growing economic sector, a major challenge for the public finances of European states

- The increasing **digitalisation of the economy** has fundamentally changed the nature of retail distribution channels for sales of goods.

- **Digital platforms** allow business to efficiently **access millions of consumers**.



- **Fulfillment warehouses:** goods are pre-positioned close to the consumer. They allow **fast delivery**, even for **third party sellers** based overseas (China...) and **affiliated subjects**.

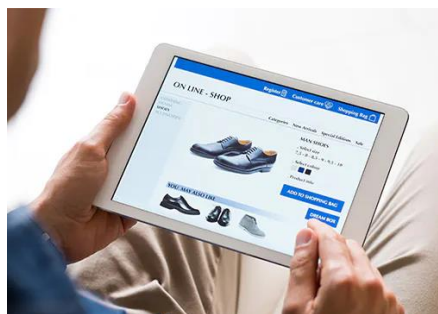
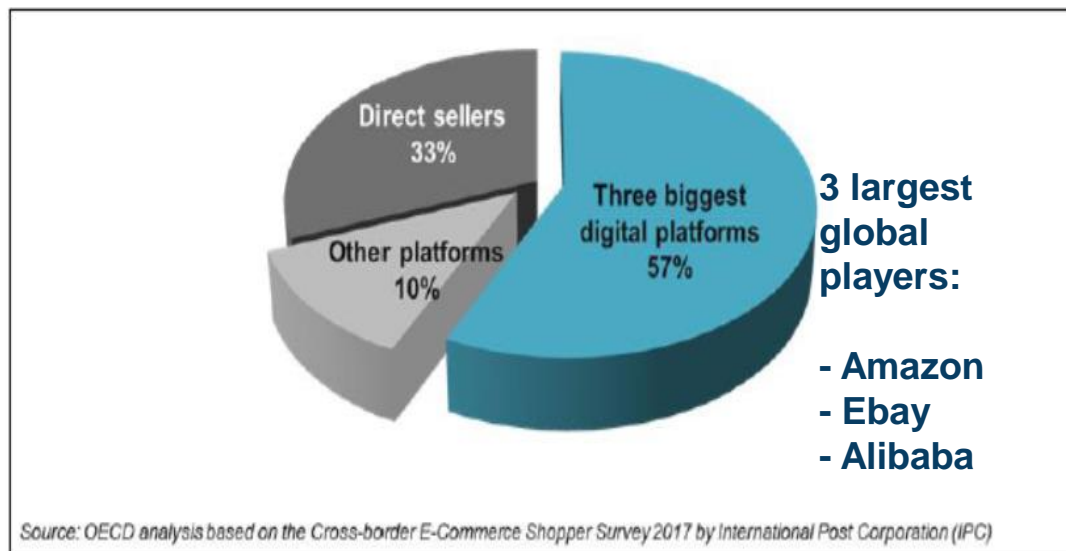
- Focus on **possible active role of digital platforms in VAT fraud**.

# The context from where we started

▪ Around 60 % of cross-border supplies of goods are purchased via only the 3 biggest digital platforms.



Figure 1.1. Global E-Commerce Sellers by Category (2017)



# Scope of the project

The area of investigation :“**VAT fraud facilitated by digital platforms in selling goods**”

## MAIN FOCUS ON:

- ✓ VAT fraud schemes
- ✓ Any kind of involvement by digital platforms
- ✓ Sales of goods



# E-commerce – Classical sources of information used to detect VAT fraud



- ❑ Analysis of data held by Tax and Customs authorities;
- ❑ International cooperation
  - EU administrative cooperation
  - Cooperation Arrangements with non EU countries
- ❑ Data from third parties
  - E-commerce platforms;
  - Courier companies (sellers and platform);
  - Payment service providers (Cross border transactions).
- ❑ Web crawlers (price comparison sites, auction sites, etc)
- ❑ Online invoicing system (if available)
- ❑ Public/Comercial databases (e.g. Orbis)

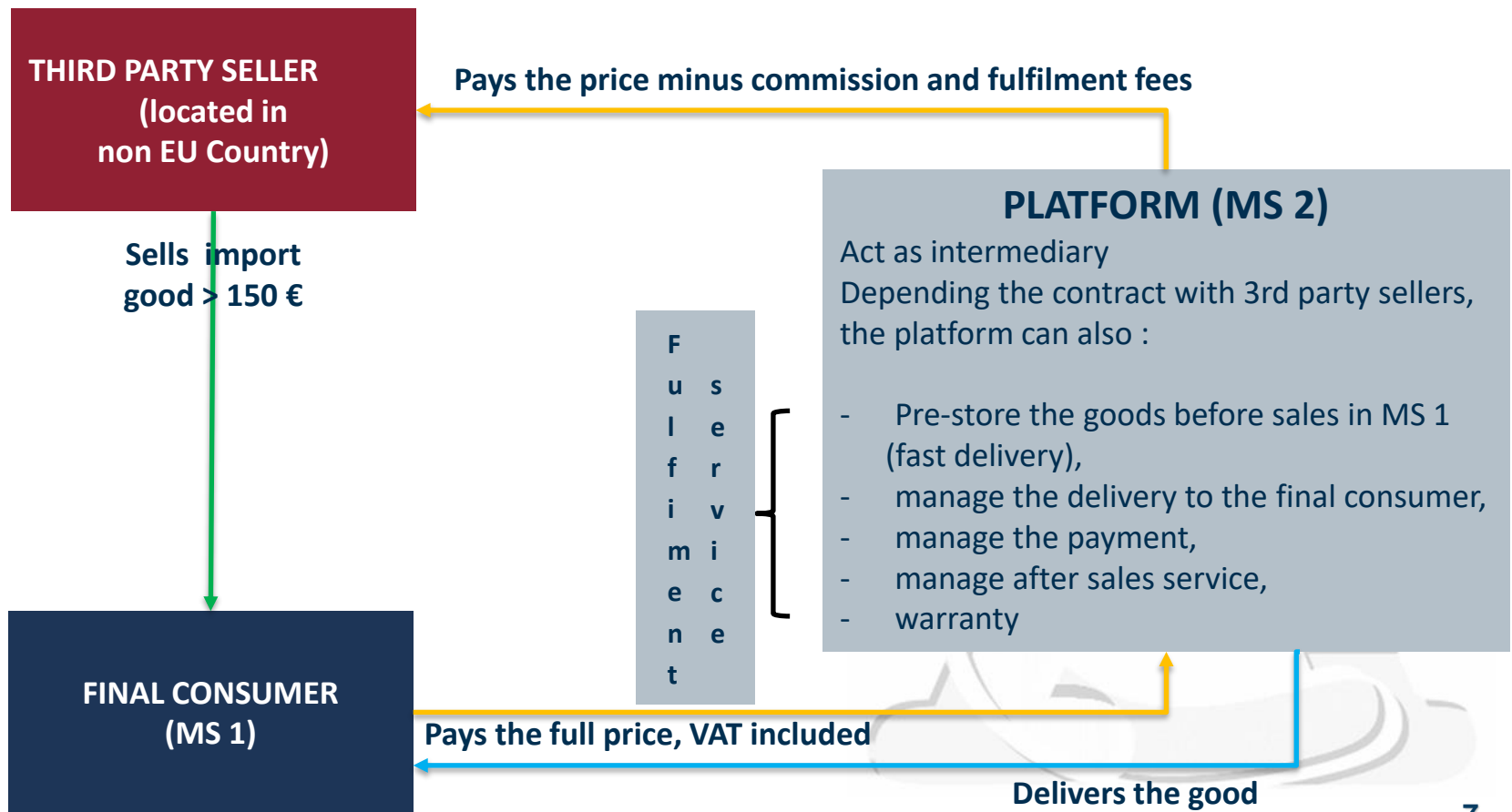


# New measures: E-Commerce VAT Package 2021

- Implementation of **EU e-commerce VAT package** into force since July 1st 2021) is mentioned, in the report, as the most important measure and a key to facilitating voluntary compliance.
- Elimination of VAT exemption on imports of small consignments (previously, import VAT applied only for goods > 22€);
- New rules applicable to e-commerce platforms :
  - Deemed supplier obligations when (i) good imported from non EU countries and (ii) good's price < 150 € → **The platform pay the VAT instead of the seller.**
  - **Record keeping** and reporting obligations from platform to tax administration
- New simplified scheme for e-commerce players
  - One single registration for VAT for the whole EU market: OSS/IOSS
  - Submit VAT return and pay only 1 time, for all EU 27 Member States
  - Not a mandatory regime (option)

# VAT fraud schemes (example)

A possible scheme of non compliance in the fulfilment scenario with an overseas seller when good's price > 150 €



# VAT fraud schemes (example)

A scheme of non compliance when imported good > 150€

## VAT analysis

Delivery of the good from MS 1 to MS 1: The 3rd party seller has a VAT presence in MS 1. Good's price > 150 € → the seller has to submit a VAT return in MS 1

THIRD PARTY SELLER  
(located in  
non EU Country)

Pays the price minus commission and fulfilment fees

Sells good

Registered in MS 1.  
but does not submit any  
VAT return  
or submits a VAT return  
with a minored turnover

PLATFORM (MS 2)

Act as intermediary  
Depending the contract with 3rd party sellers,  
the platform can also :

- Pre-store the goods before sales in MS 1 (fast delivery),
- manage the delivery to the final consumer,
- manage the payment,
- manage after sales service,
- warranty

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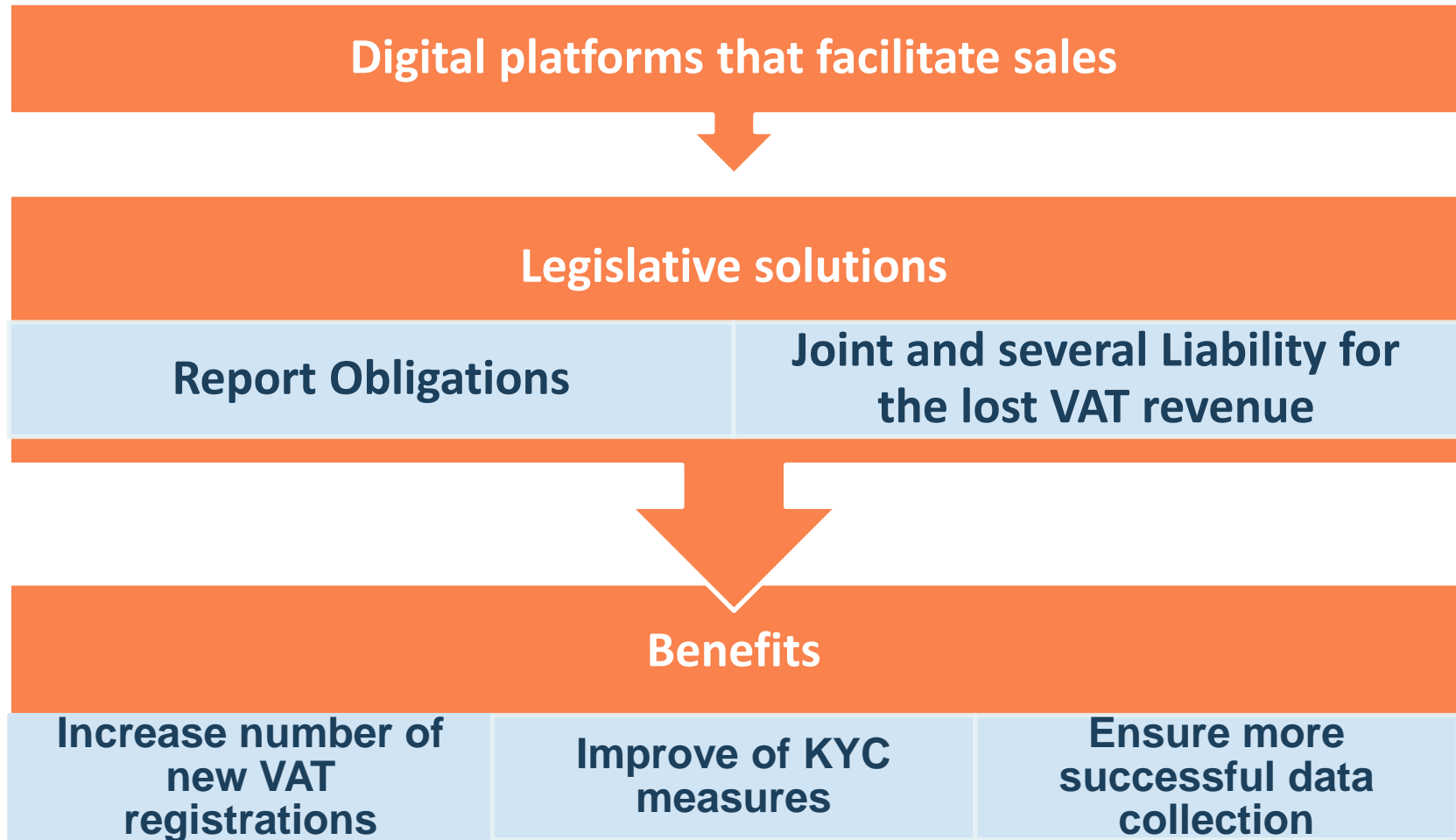
FINAL CONSUMER  
(MS 1)

Pays the full price, VAT included

Delivers the good



# Indirect e-commerce – Specific national measures against VAT fraud



# Upcoming measure: CESOP

- **CESOP** (Central Electronic System for Payment information)
  - A European IT project – COM, 27 Member States, Payment Services Providers (banks...)
  - Implementing a database to follow the cross border payment
  - Entry into service in 2024
  - **Game changer to tackle VAT fraud in e-commerce!**



# Conclusions

Role of platforms in this context:  
we need to have a holistic approach



*Let's consider other actors involved in the supply chain: shippers, PSP, fulfilment centres*



# Conclusions

**Possible best strategies:**  
**information sharing obligations, education of suppliers and formal cooperation agreements with the platforms.**

*Necessity of greater administrative cooperation at an international level*



***alerting other tax authorities of danger***



# Conclusions

**THANKS FOR LISTENING!!!**



**ANY QUESTIONS ???**