

The Role of the EPPO and Eurofisc in Tackling VAT Fraud in the EU

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Introduction

VAT fraud is a major issue for the European Union due to its scale and links to organized crime. In this context, Eurofisc and the European Public Prosecutor's Office (EPPO) play complementary roles in combating fraud by combining administrative approaches with judicial action.

Structure and Functioning of Eurofisc

Eurofisc (Established in 2010) is a cooperation network between 27 EU Member States designed to detect and prevent VAT fraud through information exchange and data analysis. However, it is not an independent entity, which can limit its effectiveness from my point of view. Furthermore, it is an administrative entity that is reaching its limits against organized crime.

The network is structured into specialized working groups:

- **WF1:** Missing Trader Intra-Community (MTIC) fraud and abuse of customs procedures CP42
- **WF2:** focusing on VAT frauds with means of transport
- **WF5:** Covers e-commerce (reinforced by Cesop database)

TNA (Transactional Network Analysis) : The tool supporting Eurofisc operations.

It automates information collection, visualizes suspicious networks without manual interventions, enhances early warning capabilities, and improves the quality-reliability-security of information shared

Results and Impact

Eurofisc and the TNA tool have significantly improved fraud detection, with key figures showing:

- Before TNA: €6 billion in VAT fraud.
- In 2023, with TNA: €3 billion in VAT fraud detected across 14 billion transactions.
- 1 euro detected also means 1 euro saved!
- In average, 100 active fraudulent networks

- Future projections with automated detection and quicker VAT number suspension: estimated fraud reduction to €712 million.

Future Perspectives and Opportunities

Several solutions are proposed to enhance efficiency:

- Establish a **stronger mandate** or transform Eurofisc into a decision-making entity.
- Enable the **efficient use of centralized TNA data**.
- Facilitate **information exchange with the EPPO**
- Implement **AI-based classification and analysis** for fraud detection.
- Improve **VAT number suspension mechanisms** to halt fraudulent activities faster.
- Enhance **Eurofisc's visibility** through better communication and public reporting.
- Ensure **Eurofisc representation on international platforms**