

European electricity & gas sector welcomes adoption of anti-VAT-fraud package by ECOFIN Council

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As a group of ten European electricity & gas associations, comprising regulators, exchanges, brokers, clearing houses, transmission system operators, energy trading firms, utilities and guarantee of origin issuing bodies, we highly welcome today's adoption of the anti-VAT-fraud package by the ECOFIN Council at its last meeting under the current Irish Council Presidency. This constitutes a major step towards the eradication of VAT fraud in the electricity and gas markets in Europe.

After today's adoption by the Council of the European Union, it is now important that all EU-Member States make appropriate use of the possibility of applying the reverse charge mechanism (RCM) to qualifying electricity and gas transactions in their national markets in order to actively eradicate VAT fraud and to prevent significant losses to their Exchequers as well as to affected organisations. In our opinion, only by applying the RCM as broadly as possible and in a harmonised way within the European Union will fraudsters be stopped from further abusing the electricity and gas markets for criminal purposes.

The present package consists of two major legislative changes: one provides the possibility for Member States to introduce the RCM to a series of specified goods, including electricity and gas, at national level. The second major legislative change creates a Quick Reaction Mechanism (QRM) that will enable the European Commission to grant Member States special derogations for a maximum period of one year in case of major fraud attacks.

The political process of reaching an agreement in the fight against VAT fraud in the electricity and gas sector at European level has taken several years, and the negotiations in the Council have proved particularly complex. The Directorate-General for Taxation and Customs Union (DG TAXUD) and the Irish Presidency of the Council of the European Union have been great drivers that helped shape and put forward the present legislation. Their vision and engagement was key to uniting all 27 EU-Member States on this important issue.

For further information and details on the issue of VAT fraud in electricity and gas trading, please see our Joint Statement of 6 December 2011 as well as our common press release of 25 March 2013.

Note to Editors:

EURELECTRIC is the sector association representing the interests of the European electricity industry across the full value chain – generation, transmission (users' perspective), distribution and retail – at pan-European level. Our two-day Annual Conference takes place in a different European country each year in June, drawing between 400 and 500 delegates from across Europe. This year's conference in Bologna on 3-4 June will discuss "innovative investments - re-energising Europe". To find out more, please visit our website at www.eurelectric.org.