



European  
Commission

# VAT GAP REPORT 2021



2 December 2021

## WHAT IS THE VAT GAP ?

The VAT GAP is the overall difference between the expected VAT revenue and the amount actually collected.

- In 2019, the VAT Gap in the EU was **€134 billion**, equating to a total revenue loss across the EU of **10.3%**.
- Quantifying the scale of the VAT Gap can help to **develop well-targeted measures** and monitor their effectiveness.

## WHAT CAUSES THE VAT GAP ?



Fraud and tax  
evasion



Corporate  
insolvency



Corporate  
bankruptcy



Maladministration



Legal tax  
optimisation



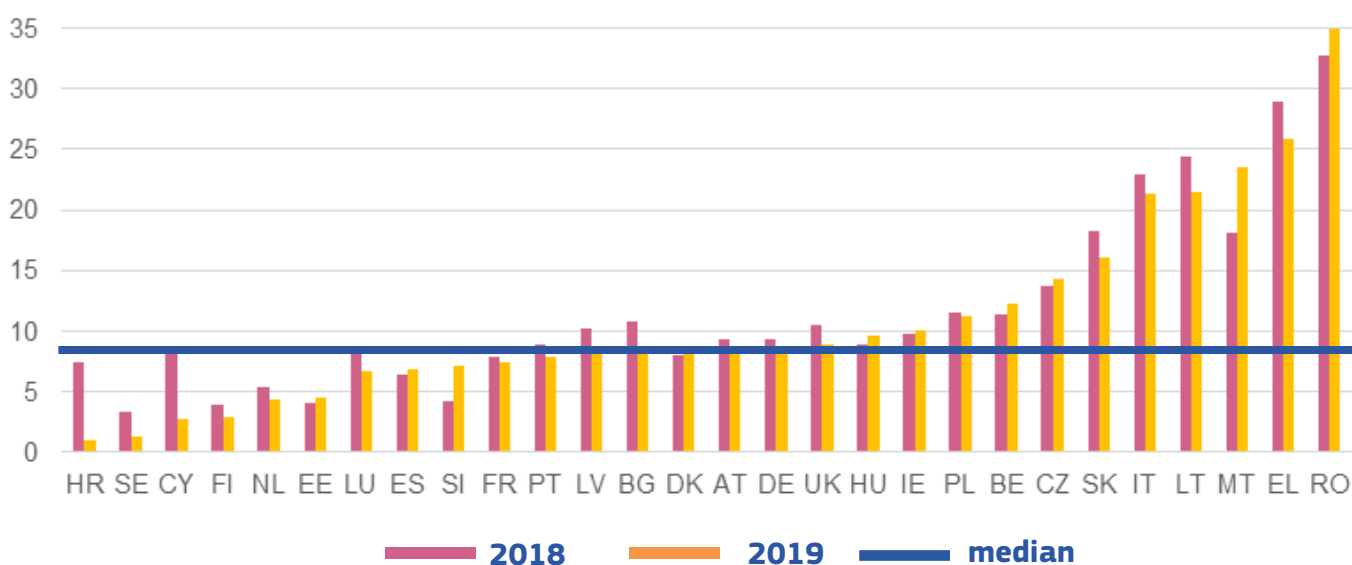
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*Despite the positive trend registered in the last few years, the VAT Gap remains a major concern – particularly in view of the immense investment needs our Member States must address in the coming years. This year's figures correspond to a loss of more than €4,000 per second. These are unacceptable losses for national budgets, and mean that ordinary people and businesses are left to pick up the shortfall through other taxes to pay for vital public services. We need to make a joint effort to crack down on VAT fraud, a serious crime that takes money out of consumers' pockets, undermines our welfare systems and depletes government coffers.*

**Paolo Gentiloni**, Commissioner for Economy

- In 2019, estimated VAT gaps ranges from **1%** in Croatia, to **34.9%** in Romania.
- The **VAT Gap share decreased in eighteen** Member States and increased in ten.
- The **most significant decreases in the VAT compliance gap** occurred in Croatia, Cyprus, Greece, Lithuania, Bulgaria and Slovakia.
- Sweden, Finland and Estonia succeed in limiting the loss in VAT revenues to **less than 5% of the VAT due**.

## HOW DO EU MEMBER STATES FARE? (% of VAT revenues lost)



## VAT GAP IN 2019 (EUR million)



**Total EU-28**

**134,436**

