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# VAT compliance: EU Member States made progress in 2021

**According to a new report released by the European Commission on 24 October 2023 most EU Member States made progress in the enforcement of Value-Added Tax (VAT) compliance in 2021. The annual VAT Gap study, which measures the difference between theoretically expected VAT revenues and the amount actually collected, shows that Member States lost around €61 billion in VAT in 2021, compared to €99 billion in 2020.**

The figure in the annual GAP study represents revenues lost mainly to VAT fraud, evasion and avoidance, non-fraudulent bankruptcies, miscalculations and financial insolvencies, among other drivers.

The latest report shows that targeted policy responses made a difference, particularly those related to digitalisation of tax systems, real-time reporting of transactions and e-invoicing. At the same time, temporary factors such as government support measures implemented during the COVID-19 pandemic, which were often contingent on paying taxes, may also have played a role in driving this positive change.

More information on the main results in 2021 to be found in the Commissions' **press release of 24 October 2023**.

### **Keywords**

collection of VAT