



Early insights and experience of CESOP payment data analysis for VAT compliance purposes

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How CESOP will support combating VAT Frauds - Administrative cooperation and international collaboration



Early insights of the data analysis and the first experiences



On the Way Forward



1. How CESOP will support combating VAT Frauds - Administrative cooperation and international collaboration

IT collaboration in central level

- CESOP Operational Team
 - Implementing CESOP together with the European Commission and their contractors
- 10 Member States; 12 members
 - Business experts, IT specialists and Data scientists
- Joint work on e.g. fraud case modelling, risk algorithm development and contributing to the related system requirements
- Success requires strong EU Member States contribution and skilled resources



CESOP Supporting Combating VAT Frauds

- The Goal: To stop the frauds
 - CESOP Identifies high-risk actors, particularly in e-commerce and MTIC schemes
- Developing a Risk Analysis Capacity at EU Level
 - Strengthens harmonised procedures
- Enhances information sharing and coordinated audit activities
- Ensures timely and accurate VAT collection

General Aim: Supporting fair competition in the internal and global markets



Shared methodologies and coordinated EU fraud-detection strategies

- Sharing of methodologies and create EU level joint strategies and procedures
- CESOP Analysis results will be followed by:
 - National investigations
 - International investigation, joint audits
 - using (EU 904/2010) administrative co-operation tools
 - using other (MAC, bilateral agreements) administrative co-operation tools
- Collecting experiences and creating new ways of improve effectiveness
 - VAT fraud detection (Eurofisc)
 - Other taxation purposes
- Elaborate needs for further legal and technical improvements

2. Early insights of the data analysis / the first experiences



CESOP System overview and volumes

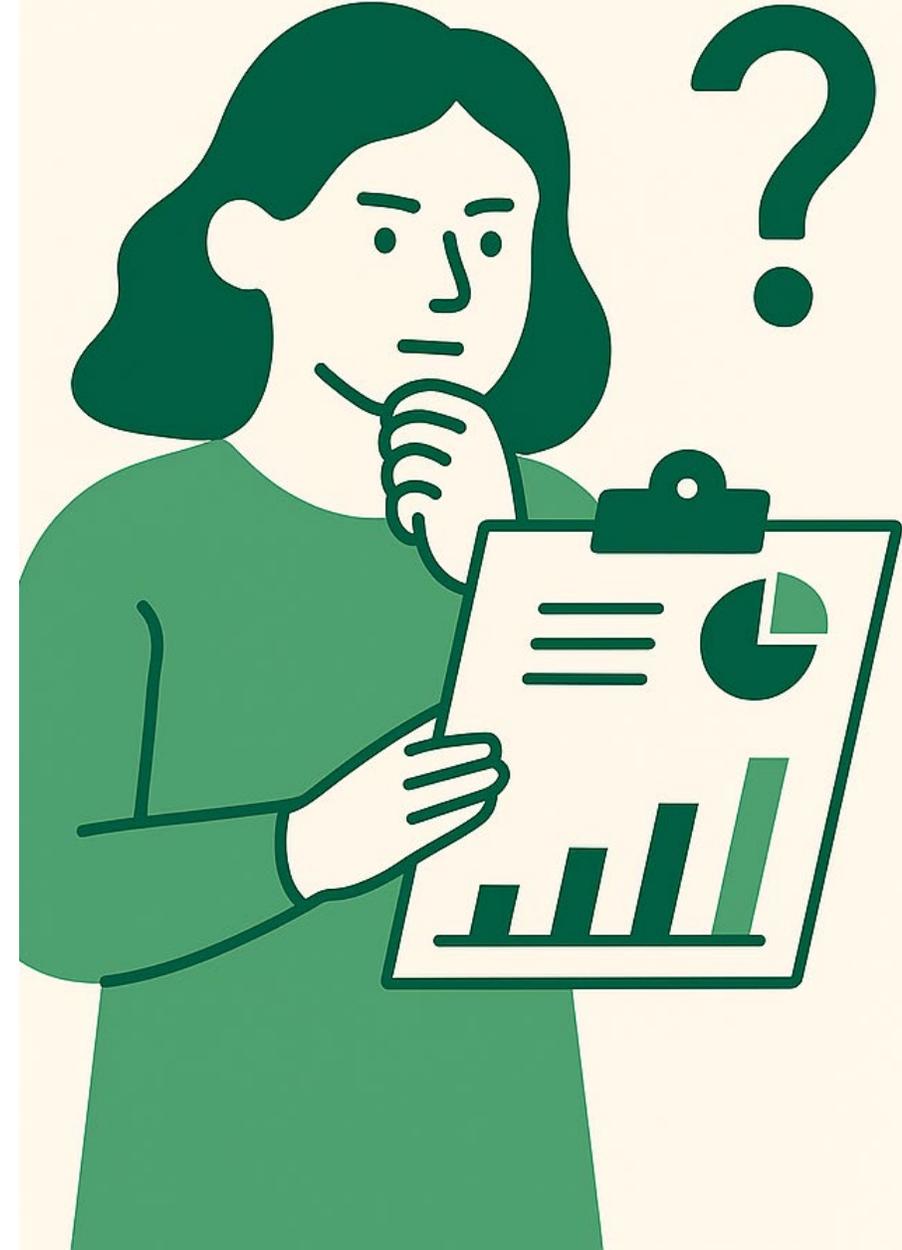
- First data submitted for Q1/2024 in May 2024
- Full data and first analysis and searches were available for Member States' anti-fraud competent authorities in Q1/2025
- Volumes (aggregated):

Number of payees # 42,358,207	Payments € €76,519,683,682,957.64
Number of transactions # 41,572,262,060	Refunds € €568,888,694,054.87

Some Challenges

- Data quality issues in PSP submissions
- Identification challenges due to incomplete or erroneous information
- Large data volumes and distributed architecture requiring continuous optimisation

**Step by step,
we are addressing these challenges
through experience and continuous learning**



Early Insights on Tackling VAT frauds

- Cross-border payment transparency enhanced significantly
 - Especially Member States not having access to the payment data earlier
- Fast availability of harmonised EU-wide data

- The first cases has shown a real value of the system
 - Faster detection of non-registered or under-reporting sellers
 - New cases revealed which would have been hidden without CESOP
 - Identification and verification of the sales within ongoing audit cases
 - Discovery of complex VAT fraud schemes

VAT fraud Case example

- The real-life Tax audit digital services VAT fraud case:
 1. 'Traditional' approach (before CESOP): repeated Exchange of Information requests which took over 18 months with incomplete responses, sufficient data never received
 2. CESOP approach: structured quarterly reporting enabling instant access to required data for Eurofisc officials

3. On the Way Forward



Vision of the future

- Advanced analytics to support targeted enforcement
- Future legislative improvements and system enhancements
 - Improved data creates better possibilities to detect more complex fraud patterns
- Integrated EU-level data processing supported by AI/ML technologies





Thank you!

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For You.

