

Thesis Title: EXAMINATION OF THE EUROPEAN UNION VAT SYSTEM AND ITS EFFECTS

Bachelor Thesis

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## **SUMMARY**

The increased cross-border grey economy may be considered to have gained significant additional space by the combination the freedoms of the EU and the lack of a centralised authority along with other issues. The European Commission has in 2016 introduced an Action Plan, which intends to provide a pathway to modernise the current European Union value-added tax. This Bachelor's thesis deals with the shortcomings of the current European Union value-added tax system and analyses two proposals presented by the European Commission which in consideration may be connected to the Action Plan. It briefly introduces the history of value-added tax, the basic principle of operation, and the reasons for favouring value-added tax as a consumption tax. In addition, views the current situation, specificities and goals for modernising the European Union Intra-Community trade. The current system interrupts the accumulation of value-added tax revenue whenever the production chain crosses the frontier between Member State and thus makes the chain vulnerable to fraud. Therefore, this Bachelor's thesis reviews the legal means of combating the tax frauds and problems associated with value-added tax in the current system, shows the proposals and discusses the proposed amendments that try to solve the problems related to the current situation in Intra-Community trade. Also, it explicitly deals with the administrative means and analyses their proportionality in reforming the value-added tax.