



Application of the reverse charge mechanism

Submission Date - 25/10/2018

ECOFIN has recently decided that, by 30 June 2022, EU Member States may apply the generalized reverse charge mechanism when the following requirements are met:

- Member states have to demonstrate VAT gaps beyond 25% due to carousel fraud;

- It can only apply to local supplies exceeding EUR 17,500 per transaction. Romania has the highest VAT gap in the EU, which would allow it to qualify for adopting such measure.

We remain at your disposal if you wish further information or analysis.