

## European Countries Challenge's in Value Added Tax

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**Abstract :** The value added tax came as a necessity of substituting the old tax on sales. Based on the advantages of this new tax in our days it is used successfully in more than 140 countries around the world. The aim of the paper is to describe the nature of this tax with its advantages and disadvantages. Also it will describe the way how it functions in most of the European countries and the actual challenges of these countries on value added tax. It will be present the types of goods which are exempt from this tax, the reasons and the consequences of those exemptions. The paper will be based on secondary data taken from respective literature. An econometric model will be present in order to identify the dependence of value tax from other parameters. The analyzing most refers to the two main principles of harmonization and billing on the fiscal system and the ways how to restructures the system in order to minimize the fiscal evasion.

**Keywords :** value added tax, revenues, complexity, legal uncertainty

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