

## ANNEX II

### **BUDGET LINE 140301: FISCALIS 2020 WORK PROGRAMME FOR 2018**

#### **1.1. Introduction**

##### **Strategic framework**

The Fiscalis 2020 programme offers the EU framework to **improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials**. The programme, in this sense, is a tool that contributes to the implementation of the broad scale of taxation policy issues at the European Union level:

In times of fiscal consolidation, when many Member States need to cut expenditure and increase revenues, one of the priorities set for the Union for the next five years is to guarantee fairness and a level playing field between taxpayers so that all contribute their fair share and efficient taxation is ensured. This will be achieved by combatting tax fraud and tax evasion, by ensuring tax transparency to fight tax evasion and avoidance, a fair and efficient corporate tax system, tax compliance and modern tax administrations in the EU.

To achieve the objectives above, it is crucial to make sure that national tax authorities coordinate and exchange information with each other. Single and uncoordinated unilateral actions would not be effective. The programme will therefore continue to contribute to the objectives of tax transparency, administrative cooperation and tax coordination by supporting the cooperation among Member States and the general implementation of the activities foreseen by the Action Plan to strengthen the fight against tax fraud and tax evasion<sup>1</sup> and the Action Plan for fair and efficient corporate taxation<sup>2</sup>. In particular, the programme will enhance the implementation of administrative cooperation tools, such as automatic exchange of information under the Directive on administrative cooperation for all items, financial and non-financial, including for cross-border tax rulings<sup>3 4 5 6</sup> and future developments<sup>7</sup>.

The Commission adopted a chapeau communication<sup>8</sup> to launch an anti-tax avoidance package for fairer, simpler and more effective corporate taxation. This package aims at preventing aggressive tax planning, boost tax transparency and create a level playing field for all businesses in order to ensure that companies pay tax in the country where profits are generated. The main proposal of the anti-avoidance package - the ATAD Directive - has been

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<sup>1</sup> COM(2012) 722 final, Communication from the Commission to the European Parliament and the Council An Action Plan to strengthen the fight against tax fraud and tax evasion, 6.12.2012

<sup>2</sup> COM(2015) 302 final, Communication from the Commission to the European Parliament and the Council A Fair and Efficient Corporate Tax System in the European Union: 5 Key Areas for Action, 17.6.2015

<sup>3</sup> Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64/1, 11.3.2011)

<sup>4</sup> Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ L 359/1, 16.12.2014)

<sup>5</sup> Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, 18.12.2015, OJ L 332/1

<sup>6</sup> Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards the mandatory automatic exchange of information in the field of taxation, 25.05.2016, OJ L146/8

<sup>7</sup> COM(2017) 335 final, Proposal for a COUNCIL DIRECTIVE amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, 21.6.2017

<sup>8</sup> COM(2016) 23 final, Communication from the Commission to the European Parliament and the Council Anti-Tax avoidance Package: Next Steps towards delivering effective taxation and greater transparency in the EU, 28.1.2016

adopted<sup>9</sup>. The measures of ATAD go beyond the OECD's Base Erosion Profit Shifting (BEPS) measures to ensure that the Member States develop a common standard for effective taxation and transparency. Activities will be organised under the programme to follow up these tax transparency and anti-tax avoidance package's measures and facilitate their implementation, in particular as regards automatic exchange for country-by-country reporting and measures to better identify how much taxes a company pays and on what profits.

Furthermore, as tax fraud, tax evasion and aggressive tax planning become more sophisticated and capital finds new ways by involving third countries, activities will be pursued or initiated under the programme to tackle the international dimension of fraud and allow for better collaboration with third countries<sup>10</sup>. It is important to support under the programme the implementation of measures initiated by the Commission to encourage third countries to apply minimum standards of good governance in tax matters<sup>11</sup>. Setting up a coordinated approach at EU level to establish administrative cooperation also with third countries will remain high on the Union's agenda in the coming years. Member States need to address their divergent approaches to tackling external base erosion threats. All G20/OECD members and a significant number of other countries have committed to implementing BEPS standards. Within the EU, work to deliver on this commitment has already started. However, an efficient implementation of the new international tax rules needs a worldwide acceptance and, in the meantime, a common EU external strategy for effective taxation must be founded on clear, coherent and internationally recognised tax good governance criteria, which are consistently applied in relation to third countries. To reinforce this global approach, the Commission suggested a new EU process to identify and address third countries that refuse to comply with tax good governance standards, endorsed by the Council<sup>12</sup>.

An overall reform of the VAT system is currently underway - especially in respect of cross-border intra-Union supplies - and the legislation on administrative cooperation for VAT is subject to innovations and amendments to provide the Member States with additional means to combat tax fraud and evasion. New initiatives emerge related to VAT collection and control procedures and administrative cooperation. A VAT Action Plan – Towards a single EU VAT area – Time to decide was adopted by the Commission in 2016<sup>13</sup> and received guidance from the Council through Council Conclusions of 25 May 2016<sup>14</sup>. The VAT action plan took stock of progress since the 2011 Communication on the future of VAT and proposed areas of work in particular to implement the destination principle, removal of VAT obstacles for digital supplies and SMEs' development in the internal market, VAT rates policy and measures to fight fraud and improve voluntary compliance. Furthermore, in the digital economy era, the control of e-commerce is recognised as a priority and the action plan's initiative on VAT for e-commerce will contribute to achieve the Digital Single Market. The e-commerce proposal was adopted by the Commission in December 2016<sup>15</sup> and constructive

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<sup>9</sup> Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, 19.7.2016, OJ L 193/1

<sup>10</sup> COM(2016) 687 final, Proposal for a Council directive amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries, 25.10.2016

<sup>11</sup> COM(2016) 24 final, Communication from the Commission to the European Parliament and the Council on an External Strategy for Effective Taxation, 28.1.2016

<sup>12</sup> Ecofin Conclusions, May 2016

<sup>13</sup> COM(2016) 148 final, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an action plan on VAT Towards a single EU VAT area - Time to decide, 7.4.2016

<sup>14</sup> Council conclusions on the VAT action plan and on VAT fraud  
<http://www.consilium.europa.eu/pl/press/press-releases/2016/05/25-conclusions-vat-action-plan/>

<sup>15</sup> COM(2016) 757 final, Proposal for a Council Directive amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, 1.12.2016

discussions in Council indicate that the implementation of the measure, once agreed, could be supported by targeted programme activities in the short term. Other initiatives stemming from the action plan are scheduled for adoption by the Commission and their implementation will as well be supported by programme activities where suitable.

To improve the internal market for excise goods and to reduce compliance burden, activities under the programme will be organised to improve the existing excise related procedures and systems. Programme activities will also be undertaken to implement the changes to procedures and IT related systems to better detect and prevent excise fraud. To this end a new version of the Excise Movement Control System (EMCS, Phase 3.3) will be introduced in February 2018, with a focus on improving support for administrative cooperation, and the relevant Implementing Regulations will be amended at the same time.

In order to fight against tax fraud, tax evasion and aggressive tax planning in all its dimensions and to facilitate legitimate trade it is important to further enhance the cooperation between customs and tax authorities and with law enforcement bodies.

An effective strategy to fight against fraud and tax evasion cannot ignore risk management evolutions and sharing best practices to ensure smooth exchanges of information. This together with enforcing compliance by taxpayers remains a priority policy objective for the Fiscalis 2020 programme.

Tax systems should be made more growth-friendly to promote job creation. Investment activities will be organised in order to ensure that taxation plays its role in the broader EU-wide economic governance process i.e. the European Semester and following-up the Annual Growth Surveys' objectives, having regard to the conclusions of the ECOFIN Council. In order to help ensuring that the EU tax framework is fit for purpose, growth-friendly and as simple as possible, the programme's initiatives will support the modernisation of tax systems and administrations while bringing them on the same level playing field. The Commission will set up programme activities for administrative capacity building for tax administrations both in terms of structural capacity and human resources competency building, with a view to making them more efficient and effective. The design and rollout of a competency framework for tax administrations will help developing skills of tax officials and support the modernisation of tax administrations.

Activities under the programme will also be organised to tackle with priority the tax gap, national tax collection and recovery and mutual recovery assistance.

It is important to remove tax disincentives to the exercise by EU citizens of their right to free movement within the internal market. Therefore, programme activities will be organised for making the current mechanisms of resolution of double taxation disputes in the EU simpler, faster to deal with and more coordinated across the EU. Strengthening the dialogue with trade representatives and the cooperation with international organisations (OECD, IOTA and CIAT) will contribute to this policy objective. In addition, programme activities will focus on dealing with cross-border tax obstacles and double taxation problems, including removal of obstacles for cross-border investors, for the Digital Single Market or informing national tax administrations and judiciaries on the implementation of EU law.

With a view to support the reform and implementation of EU law, activities under the programme will be organised to enhance the understanding of tax law, in all taxation areas and, in particular, with regard to VAT, energy taxation, tobacco, alcohol and alcoholic beverages.

Development and maintenance of European Information Systems (EIS) related to exchange of taxation information among Member States is essential for national administrations, citizens and businesses across the entire EU. Disruptions of the EIS would severely hamper the functioning of the internal market. New forms of IT collaboration will be continued and

deepened – amongst others through expert teams – which enables enhanced operational cooperation.

Coordination with other EU policies and their supporting programmes and funds, in particular with the Structural Reform Support Programme, is ensured. Where suitable and possible, programme activities are set up to implement the requests for technical assistance in the area of EU tax policy as coordinated by the Structural Reform Support Service.

Against this background and in accordance with the objectives provided for in Regulation (EU) No 1286/2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020, this work programme contains the actions to be financed and the budget breakdown for year 2018 as follows<sup>16</sup>:

–	for grants (implemented under direct management) (1.2): EUR 5 630 000
–	for procurement (implemented under direct management) (1.3): EUR 26 343 000
–	for other actions (reimbursement of external experts) (1.4): EUR 70 000
TOTAL actions: EUR 32 043 000	

## Grants

*Grant for joint actions*

### LEGAL BASIS

Article 5(2) and 7(a) (i)-(iv) and (vi)-(ix) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

### BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

The programme is a tool which supports and implements the overall tax policy at the European Union level. The overall objective of the Fiscalis 2020 programme is to improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials. The programme aims to successfully contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth by strengthening the functioning of the internal market.

This grant focuses on the implementation of the following priorities for 2018:

- tax transparency to fight tax evasion and avoidance and a fair and efficient corporate tax system in the EU;
- implementation of administrative cooperation tools, such as automatic exchange of

<sup>16</sup> The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Fiscalis 2020 programme. The maximum estimated amount for 2018 is EUR 370 000.

information;

- the international dimension of fraud and allowing for better collaboration with third countries;
- overall reform of the VAT system;
- tax aspects of e-commerce;
- excise related procedures and systems optimisation;
- cooperation between customs and tax authorities and with law enforcement bodies;
- risk management and compliance;
- growth-friendly tax systems and administrative capacity building for tax administrations;
- tackling tax disincentives to the exercise by EU citizens of their right to free movement within the internal market and solving cross-border tax obstacles and double taxation or non-taxation issues;
- supporting the reform and implementation of EU law;
- supporting the development and maintenance of European Information Systems (EIS) for taxation.

Expected result: Implementation of programme joint action events (295) in the policy projects described in the appendix.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>17</sup>

**This grant will fund activities on:**

- improving the European Information Systems for taxation;
- supporting administrative cooperation activities;
- reinforcing the skills and competence of tax officials;
- enhancing the understanding and implementation of Union law in the field of taxation;
- supporting the improvement of administrative procedures and the sharing of good administrative practices.

These activities will take the form of:

- (i) seminars and workshops;
- (ii) project groups;
- (iii) bilateral or multilateral controls and other activities provided for in Union law on administrative cooperation;
- (iv) working visits;
- (v) public administration capacity-building and supporting actions;
- (vi) studies;

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<sup>17</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

- (vii) jointly developed communication actions;
- (viii) any other activity in support of the general, specific and operational objectives.

Essential eligibility, selection and award criteria

**This grant is awarded on the basis of the following criteria:**

***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

The proposed activities must correspond to the types of eligible actions listed in Article 7 (1)(a)(i) to (ix) except (v) of Regulation (EU) No 1286/2013.

***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public bodies.

***Award criteria***

The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the policy projects listed in the appendix.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for Joint actions Fiscalis 2020	Q1 2018	EUR 4 100 000

## Maximum possible rate of co-financing of the eligible costs

### **The grant will take the form of a combination of:**

- Reimbursement of the eligible costs actually incurred by the beneficiaries for the following items:
  - travel costs of their delegates up to 100%;
  - (a) costs linked to the organisation of events in the framework of a given joint action up to 100%
  - (b) direct staff costs up to 50% for officials participating as expert in eligible action under Article 7(a) vi), "public administration capacity-building and supporting actions", of Regulation (EU) No 1286/2013.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>18</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.

### *Grant for expert team for managed IT collaboration in taxation III (MANITC III)*

#### LEGAL BASIS

Article 5(2) and 7 (1)(a) (v) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

#### BUDGET LINE

14 03 01

#### Priorities of the year, objectives pursued and expected results

Over the past years, international modes of coordination and cooperation have grown between EU Member States. Nevertheless, even if Tax Administrations agree on the need for data to be exchanged, most Tax Administrations continue building their IT systems unilaterally “in silos”, with little or no coordination with other Member States which ultimately limits the effectiveness of such exchanges.

Taking also into account the budget constraints faced by public administrations, opinions are converging on a consensus that the traditional way of developing similar functionalities 28 times is a waste of public funds. Furthermore, such an approach does not allow developing efficiently the multiplication of required Taxation IT systems in support of business needs coming from both the international scenario and national scene.

<sup>18</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

The main specific objectives of the Expert Team include:

- Increasing the number of new IT Collaboration initiatives and projects among the Member States;
- Supporting the Member States on the collaborative projects for implementing IT systems in the field of Taxation;
- Sharing and reusing deliverables of IT Collaboration projects;
- Inception and elaboration activities of new collaborative projects in the field of Taxation.

The expected outcome of dedicated IT Collaboration is to increase the number of shared IT activities between Member States as well as the number of reusable components across the different taxation “silos”. This reduces the costs for IT implementation, deployment and operation for Member States while offering increased agility and better quality in responding to EU policy expectations.

The main expected outcomes are the following:

- Assisting in project initiation, development and execution and thus will reduce the complexity for Member States to engage in IT Collaboration,
- Identifying and assessing new IT Collaboration initiatives among Member States,
- Establishing processes and know-how within Member States to collaborate sustainably,
- Supporting the coordination, continuity and consistency of the IT Collaboration activities;
- Creating or updating tools in support of IT Collaboration.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>19</sup>

**This grant will fund activities on:**

- Providing governance and strategic support to improve the IT Collaboration Framework;
- Supporting Member States in the pre-inception phase, i.e. support in the identification and launch of new IT Collaboration initiatives and projects among interested Member States;
- Supporting Member States in implementing IT Collaboration initiatives and projects by recommending and improving necessary IT tools and best practices;
- Supporting the communication and promotion of IT Collaboration initiatives among the stakeholders;
- Preparing inception and elaboration of IT Collaboration projects, of up to three projects.

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<sup>19</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.



## Essential eligibility, selection and award criteria

### **This grant is awarded on the basis of the following criteria:**

#### ***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries. The proposed activities correspond to the eligible actions listed in Article 7(1)(a)(v) of Regulation (EU) No 1286/2013.

#### ***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public bodies.

#### ***Award criteria***

The grant will be awarded based on its relevance, conformity and EU added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

### Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Expert team for managed IT collaboration in taxation III (MANITC III)	Q3 2018	EUR 530 000

Maximum possible rate of co-financing of the eligible costs

### **Description of the grant**

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
  - (a) costs for travel up to 100%
  - (b) costs for hosting officials up to 100%
  - (c) direct staff costs up to 50%
  - (d) depreciation costs for equipment needed for the project (only depreciation costs pro rata the duration of the expert team), up to 75%
  - (e) costs for subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
  - (f) other direct costs (e.g. organisational costs for events, printing promotion material, purchase of consumables and supplies needed for the project) up to 100%.
- Reimbursement on the basis of unit costs for daily allowances and accommodation

costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>20</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.

- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all eligible direct costs.

*Grant for expert team for Transaction Network Analysis (TNA)*

## LEGAL BASIS

Article 5(2) and 7 (1)(a)(v) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

## BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

Today, the fight against Missing Trader intra-community (MTIC) fraud is a top priority for the European Union. However, this kind of fraud is difficult to tackle as it is carried out over several countries and evolves rapidly. Estimates about the VAT losses due to MTIC fraud in the EU are not currently available. The total EU VAT gap is estimated at EUR 151,5 billion.

Risk assessment and analysis remains a major area for further improvement. Cross-border information exchange is crucial to monitoring the correct application of VAT on taxable cross-border transactions and effective fight against fraud.

In practice, Eurofisc liaison officials communicate to each other signals on the suspicious activities that were detected as a result of domestic risk analysis and ask for feedback on those signals. Such communication should enable detection of cross-border fraud that would not be detected by Member States relying only on their domestic data.

Eurofisc – a network for the swift exchange of targeted information between Member States to enhance multilateral administrative cooperation in combating organised VAT fraud and especially VAT carousel fraud – was created in 2010 to be an Early Warning System in the fight against MTIC fraud.

However, the current process of exchanging information is relatively low-tech with Eurofisc liaison officials manually exchanging Excel spreadsheets that are subsequently combined into a single spreadsheet by a Working Field coordinator. Current practices create problems with data quality, limited scope of exchange of information, delays and big workloads for Working Field coordinators resulting in problems with finding people to perform this task. All these problems lead to inefficient fraud detection and ineffective tax recovery as described by the

<sup>20</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

European Court of Auditors.

The main objective of the expert team is to contribute to develop TNA, or Transaction Network Analysis. TNA is aimed at addressing those problems by enhancing Eurofisc capability to exchange information and detect fraudsters. TNA is a tool for information exchange and common processing of data for Eurofisc officials that will use VIES and Eurofisc data to build networks around known risky traders. Once the networks are built they will be prioritized in accordance to business rules agreed upon by Member States. TNA tool is complementary to national risk analysis tools and methods and does not replace the latter. The concept feasibility has been proven by Belgium's experience with commercial software that performed similar tasks using the same data sources.

The high-level expected outcome of creating an Expert team to develop business rules and algorithms is that TNA can effectively use Eurofisc data, VIES data on IC-supplies and Vies-on-the-WEB enquiry log to target fraudsters and prioritize riskiest networks. In this sense an Expert team will contribute to an improved capability of Eurofisc to target fraudsters and fight MTIC fraud.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>21</sup>

**This grant will fund activities on:**

Development and implementation of business rules and algorithms can be viewed as a circle with the successful completion of a previous step being a prerequisite to move further. Therefore by identifying a problem and collecting proposals to address the problem the Expert team will be able to test and refine proposals for new business rules and algorithms. Successful completion of testing will result in proposed business rules and algorithms being assessed based on their expected impact. The Expert Team will operate under the guidance received from and will coordinate closely with Eurofisc Working field 6.

It will implement the main following activities:

- Identify and design business rules and algorithms,
- Perform testing of business rules and algorithms and provide feedback to the Working Field 6,
- Implement and monitor the agreed business rules and algorithms.

In relation to supporting the Commission in the development of TNA core application the Expert Team will perform the following tasks:

- Following the development/functionalities of TNA core application,
- Evaluating/testing TNA core application using operational data,
- Providing feedback to the Commission of the evaluation/testing of TNA core application using operational data.

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<sup>21</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

## Essential eligibility, selection and award criteria

### **This grant is awarded on the basis of the following criteria:**

#### ***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries. The proposed activities correspond to the eligible actions listed in Article 7(1)(a)(v) of Regulation (EU) No 1286/2013.

#### ***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public bodies.

#### ***Award criteria***

The grant will be awarded based on its relevance, conformity and EU added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

### Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Transaction Network Analysis (TNA)	Q3 2018	EUR 340 000

Maximum possible rate of co-financing of the eligible costs

#### **Description of the grant**

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
  - (a) costs for travel up to 100%
  - (b) costs for hosting officials up to 100%
  - (c) direct staff costs up to 50%
  - (d) depreciation costs for equipment needed for the project (only depreciation costs pro rata the duration of the expert team), up to 75%
  - (e) costs for subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
  - (f) other direct costs (e.g. organisational costs for events, printing promotion material, purchase of consumables and supplies needed for the project) up to 100%.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the

Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>22</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.

- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all eligible direct costs.

#### *Grant for expert team for Mobile Application for EMCS Controls Development*

#### LEGAL BASIS

Article 5(2) and 7 (1)(a) (v) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

#### BUDGET LINE

14 03 01

#### Priorities of the year, objectives pursued and expected results

Excise movement and control system (EMCS) was implemented in 2010 and since then it has become a crucial tool for Economic Operators (EO) declaring excise-duty-suspended movements in European Union (EU) as well as for the competent authorities of Member States which monitor and control these movements. Implementation of EMCS has led to distinction and reduction of some types of excise fraud while some other type of fraud has emerged.

EMCS is developed and maintained in each Member State independently but according to common EU functional technical and security specifications for EMCS. There is no EU central database containing business data. Access to EMCS data is provided at national level to consignors, consignees and competent authorities.

Control officers are responsible for controls of excise goods during movements of excise goods on road and at premises (excise warehouses etc.) of EO. In order to proceed with control it is necessary to check the electronic administrative document (e-AD) on goods movement between consignor and consignee within EU. Control officers may also submit control reports or interrupt the movement in EMCS. In some Member States, the control officers do not directly access to EMCS in order to consult e-AD.

In order to support proper monitoring and control measures, a mobile application for smartphone/tablet platforms for accessing trustful EMCS information for control of excise officers during road controls and at premises of economic operators could improve the reliability and quality of the control with real-time information and also decrease the duration of the control events.

The main objective of the project is to develop an IT tool with the objective to reuse it for

<sup>22</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

other taxation related mobile applications. The main aim of the mobile application would be to provide mobile access to e-AD data from national EMCS for control purposes. This could be done by either receiving messages or retrieving preconfigured data items / data sets on request.

The main expected outcomes of the proposed Expert Team are:

- an implemented solution that delivers a mobile application for EMCS controls to Member States administrations;
- a two years maintenance support of the above solution.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>23</sup>

**This grant will fund activities on:**

- Development, testing, deployment and maintenance for at least two years of a mobile application for EMCS controls, including:
  - The software development of the mobile application;
  - Testing of the mobile application;
  - Supporting the deployment of the mobile application among the interested Member States;
  - Post-delivery assistance;
  - Corrective maintenance support for 2 years after delivery.

The scope should be limited in the first phase to public data in the excise domain only, and all the activities of Inception and Elaboration of the project are under the responsibility of the MANITC II Expert Team.

Any evolution of the mobile application will be managed via a new project and is not in scope of the current proposed Expert Team.

Essential eligibility, selection and award criteria

**This grant is awarded on the basis of the following criteria:**

***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries. The proposed activities correspond to the eligible actions listed in Article 7(1)(a)(v) of Regulation (EU) No 1286/2013.

***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public bodies.

***Award criteria***

The grant will be awarded based on its relevance, conformity and EU added value, its

<sup>23</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Expert team for Mobile Application for EMCS Controls Development	Q3 2018	EUR 220 000

Maximum possible rate of co-financing of the eligible costs

### Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
  - (a) costs for travel up to 100%
  - (b) costs for hosting officials up to 100%
  - (c) direct staff costs up to 50%
  - (d) depreciation costs for equipment needed for the project (only depreciation costs pro rata the duration of the expert team), up to 75%
  - (e) costs for subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
  - (f) other direct costs (e.g. organisational costs for events, printing promotion material, purchase of consumables and supplies needed for the project) up to 100%.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>24</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all eligible direct costs.

*Grant for expert team for Mobile Application for Excise Information and Tools Development*

LEGAL BASIS

<sup>24</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

Article 5(2) and 7(1)(a)(v) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

#### BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

Excise movement and control system (EMCS) was implemented in 2010 and since then it has become a crucial tool for Economic Operators (EO) declaring excise duty suspended movements in European Union (EU) as well as for the competent authorities of Member States which monitor and control these movements. Implementation of EMCS has led to distinction and reduction of some types of excise fraud while some other type of fraud has emerged.

EMCS is developed and maintained in each EU Member State independently but according to common EU functional technical and security specifications for EMCS. There is no EU central database containing business data. Access to EMCS data is provided at national level to consignors, consignees and competent authorities.

Several currently available IT tools allow users to access information that are useful for economic purposes, control activities and excise products use. These tools are now accessible through Internet like excise DG TAXUD website, Taxes in Europe Database (TEDB) or by competent authorities internally (EMCS related information).

In order to improve the access, visibility and availability of excise information and provide a fast and user-friendly service, a mobile application could be considered for accessing the excise information at any time and at any (connected) place, and will provide mobile access to the relevant information so to facilitate and enhance economic operations and administrative work.

The main objective of the project is to develop an IT tool with the objective to reuse it for other taxation related mobile applications. The main aim of the mobile application would be to provide mobile access to excise information and excise tools to large public.

The main expected outcomes of the proposed Expert Team are:

- an implemented solution that delivers a mobile application for excise information and tools to Member States administrations, economic operators and citizens;
- a two years maintenance support of the above solution.



Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>25</sup>

**This grant will fund activities on:**

- Development, testing, deployment and maintenance for at least two years of a mobile application for excise information and tools;
- The functionality of the mobile application to cover the needs of users providing them information from EMCS in an ergonomic and user-friendly way;
- The software development of the mobile application;
- Testing of the mobile application;
- Supporting the deployment of the mobile application among the interested Member States;
- Post-delivery assistance;
- Corrective maintenance support for 2 years after delivery.

The scope should be limited in the first phase to public data in the excise domain only, and all the activities of Inception and Elaboration of the project are under the responsibility of the MANITC II Expert Team.

Any evolution of the mobile application will be managed via a new project and is not in scope of the current proposed Expert Team.

Essential eligibility, selection and award criteria

**This grant is awarded on the basis of the following criteria:**

***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries. The proposed activities correspond to the eligible actions listed in Article 7(1)(a)(v) of Regulation (EU) No 1286/2013.

***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public bodies.

***Award criteria***

The grant will be awarded based on its relevance, conformity and EU added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

<sup>25</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

Reference	Date	Amount
Grant for expert team for managed IT collaboration in taxation	Q3 2018	EUR 220 000

Maximum possible rate of co-financing of the eligible costs

### Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
  - (a) costs for travel up to 100%
  - (b) costs for hosting officials up to 100%
  - (c) direct staff costs up to 50%
  - (d) depreciation costs for equipment needed for the project (only depreciation costs pro rata the duration of the expert team), up to 75%
  - (e) costs for subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
  - (f) other direct costs (e.g. organisational costs for events, printing promotion material, purchase of consumables and supplies needed for the project) up to 100%.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>26</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.
- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all eligible direct costs.

*Grant for expert team for Excise Duty Calculator Development*

### LEGAL BASIS

Article 5(2) and 7 (1)(a) (v) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

### BUDGET LINE

<sup>26</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

## Priorities of the year, objectives pursued and expected results

At present, harmonization in the field of excise duties in the European Union (EU) consists of common definition of goods on which excise duty must be applied, and rules and conditions, supervision for handling, storage and movement of excise goods.

There are common EU rules and principles regarding the way excise duties are calculated. Those consist of a common excise duty structure and the base on which it is applied. However, the excise duty rates are not harmonized, which consequently gives different results of excise duty calculation, depending on the rates applied by Member States involved in the trade of excise goods. The lack of the common regulation and the different Member States legal environment reflected to the fact that it is even not easy to calculate properly the excise duty.

Due to this, the Member States administrations face certain difficulties for setting up a correct guarantee when excise goods under the regime of duty suspension are moving between Member States. Beside this problem, it is not easy for traders and consumers to know the exact amount of excise duty to be paid (and therefore the final price of the goods) in the destination Member State.

The automatic management of excise guarantees is a targeted goal in many Member States and represents a subject that is not solved since the beginning of the EMCS in production. Currently, the calculation of the excise duty is only possible internally (within a Member State). Therefore, with the possibility of a common (EU wide) calculation, using the excise duty rates of another Member State, it is possible to take the first step towards the guarantee management at EU level.

The solution on above problems could be to provide a common EU tool to calculate excise duties in the Member State involved in the trade of excise goods.

The Fiscalis 2020 Project Group FPG0/72 "Solution for calculation of Excise Duty in EU" has defined the business requirements and drafted the business case of potential solutions for the calculation of excise duty in EU. The Inception and Elaboration phases of such calculator project have been included in the form of a Work Package in the Expert Team of Managed IT Collaboration II.

More generally, an EU-wide service to compute the excise duty of excise goods would provide the ability of assessing the excise duty in other Member States, which is a high business EU-added value in several use cases, such as:

Guarantee management:

For movements, possibility to take into account the amount of excise duty of the goods in other Member States, e.g. Member State of destination or transit Member State;

For storage, possibility to take into account the amount of excise duty of the assessed volume of traded goods.

Risk Analysis: possibility to assess the amount of excise duty for the goods traded by a given Economic Operator (EO) during a given period of time in order to assess the worthiness of audits or controls for this EO.

Business to Consumer: possibility for both the vendor and the purchaser to know up front the amount of excise duty at destination.

Irregularities: possibility to assess the excise debt even if part of the debt is due in another

Member State.

Future UCC Centralised Clearance Import.

Future VAT One Stop Shop, if extended to excise duty.

The main expected outcomes of the proposed Expert Team are:

- an implemented solution that delivers an excise duty calculator service to Member States administrations, economic operators and citizens;
- a two years maintenance support of the above solution.

For the moment, the calculator is destined to calculate excise duties of EU harmonized excisable products only: taking into account the Member State-specific excisable goods (e.g. coffee in Germany, sweets in Denmark) would significantly enhance the complexity of the tool, and is therefore out of the scope of this project. Therefore, the non-harmonised EU excise products are not in scope for the EU excise duty calculator.

Description of the activities to be funded by the grant awarded without a call for proposals on the basis of Article 190(1)(f) of Delegated Regulation (EU) No 1268/2012<sup>27</sup>

**This grant will fund activities on:**

- The scope of the proposed Expert Team project is to develop and maintain for at least two years a solution that calculates the excise duty applied on a consignment of EU harmonized excisable products – an amount of excise duty applied in the country of dispatch, the transit countries and the destination country.
- Both the business and functional specifications, to be delivered by the Expert Team of Managed IT Collaboration II, must accommodate a calculator, which could be built into the national EMCS system and as a web application used without any connection to the EMCS.
- The scope of the calculator includes producing indicative excise duty values; in other words the output of the calculator is not legally binding.
- The solution foresees a (web) service that is deployed centrally and an interface that allows a user (system or end user) to communicate with the solution. This service is connected with data sources that allow for calculating a result on the basis of the input provided.

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<sup>27</sup> The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries.

## Essential eligibility, selection and award criteria

### **This grant is awarded on the basis of the following criteria:**

#### ***Eligibility criteria***

The beneficiaries of the grant will be the Member States and other eligible countries fulfilling the conditions for participation listed in Article 3 of Regulation (EU) No 1286/2013, under a grant agreement with multiple beneficiaries. The proposed activities correspond to the eligible actions listed in Article 7(1)(a)(v) of Regulation (EU) No 1286/2013.

#### ***Selection criteria***

In accordance with Article 131(3) of Regulation (EU, Euratom) No 966/2012, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

#### ***Award criteria***

The grant will be awarded based on its relevance, conformity and EU added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

## Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for expert team for managed IT collaboration in taxation	Q3 2018	EUR 220 000

Maximum possible rate of co-financing of the eligible costs

### **Description of the grant**

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
  - (a) costs for travel up to 100%
  - (b) costs for hosting officials up to 100%
  - (c) direct staff costs up to 50%
  - (d) depreciation costs for equipment needed for the project (only depreciation costs pro rata the duration of the expert team), up to 75%
  - (e) costs for subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
  - (f) other direct costs (e.g. organisational costs for events, printing promotion material, purchase of consumables and supplies needed for the project) up to 100%.
- Reimbursement on the basis of unit costs for daily allowances and accommodation

costs for national delegates. The amounts to be used are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission<sup>28</sup> in force at the moment of the signature of the grant agreement. The list of unit costs shall be annexed to the grant agreement.

- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all eligible direct costs.

## Procurement

The overall budgetary allocation reserved for procurement contracts in 2018 amounts to EUR 26 343 000. To this end, it is estimated to sign about 50 specific contracts under existing or new multi-annual framework contracts.

### *Procurement for IT Capacity Building Actions*

#### LEGAL BASIS

Article 5(2) and 7(1)(b) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

#### BUDGET LINE

14 03 01

#### Subject matter of the contracts envisaged

In 2018, the Commission intends to undertake IT Capacity building activities through contracts following public procurement. It concerns notably the development, maintenance, operation, and quality control of Union components of the existing and new European Information Systems with a view to ensure interconnecting taxation authorities.

The total indicative amount of the procurement is EUR 23 141 000<sup>29</sup> and will be divided as follows:

- The network (CCN/CSI including CCN2 development): EUR 4 180 000;
- Development of taxation system: EUR 4 475 000;
- Support for taxation systems: EUR 11 380 000;
- Quality control for taxation systems: EUR 3 106 000.

<sup>28</sup> Commission Delegated Regulation (EU) 2016/1611 of 7 July 2016 on reviewing the scale for missions by officials and other servants of the European Union in the Member States.

<sup>29</sup> The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.

## Type of contract and type of procurement

Procurement of services will be undertaken through specific contracts under existing or new framework contracts or through administrative arrangements, service level agreements or memoranda of understanding with other DGs/Services.

Following new framework contract procedures for services will be launched in 2018:

(1) CCN3-DEV: Provision of services to cover the development, maintenance and third level support of CCN/CSI, CCN2, SPEED2, TSOAP and TAXUD's experimental Blockchain platforms:

- CCN3-DEV Lot1: Provision of services to develop and maintain CCN/CSI (Common Communication Network/Common System Interface). The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020 and 40% Fiscalis 2020). Estimated publication of the procurement procedure: 1<sup>st</sup> quarter of 2018. The indicative amount of the framework contract will be EUR 25 000 000 with a maximum duration of 8 years.

CCN3-DEV Lot2: Provision of services to develop, transform and consolidate CCN2, SPEED2, TSOAP and TAXUD's experimental Blockchain platforms and other possible technologies. The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 (estimated ratio 60% Customs 2020 and 40% Fiscalis 2020). Estimated publication of the procurement procedure: 1<sup>st</sup> quarter of 2018. The indicative amount of the framework contract will be EUR 70 000 000 with a maximum duration of 8 years.

Justification for contract duration exceeding 4 years: Complex and long handover/takeover periods alongside the need to ensure a sufficient and stable period of continuity for operations and support.

TIMEA3: Provision of 'Intra muros' consultancy services for European Union IT systems and applications in the customs, excise and taxation areas. The budget for this contract will be divided between Customs 2020 and Fiscalis 2020 (estimated ratio 90% Customs 2020 and 10% Fiscalis 2020). Estimated publication of the procurement procedure: 2nd quarter of 2018. The indicative amount of the framework contract will be EUR 60 000 000 with a maximum duration of 5 years.

Justification for contract duration exceeding 4 years: TAXUD complex IT ecosystem requires stability in the contractual setup in order to guarantee that investments made in achieving high levels of efficiency of Intra Muros consultants are maintained over a sufficient period of time.

Indicative number of contracts envisaged: 3 specific contracts to be signed in total on new framework contracts.

Indicative timeframe for launching the procurement procedure

Q1-2 2018

Implementation

BY DG TAXUD

LEGAL BASIS

Article 5(2), 7(1)(a)(vii) and (viii) and 7(1)(c) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

BUDGET LINE

14 03 01

Subject matter of the contracts envisaged

In 2018, the Commission intends to undertake activities through contracts following public procurement notably:

- Specification, development, maintenance, support and dissemination of common taxation training (e-learning, blended learning), online collaboration services and staff performance building services
- Studies and scientific support (e.g. typology, data collection and comparative analyses in taxation)
- Communication and Information Support, including translations
- Programme support activities

The total indicative amount of the procurement is EUR 3 202 000 <sup>30</sup> and will be divided as follows:

- Common Taxation Training: EUR 1 352 000
- Studies, scientific and communication and information, programme support: EUR 1 850 000

Type of contract and type of procurement

- Procurement of services will be undertaken through specific contracts under existing or new framework contracts, administrative arrangement with JRC (Joint Research Centre) or service level agreement with Directorate General for Translations.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

N/A

Implementation

<sup>30</sup> The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.



BY DG TAXUD

## Other expenditures

### *Reimbursement of external experts participating in programme activities*

#### LEGAL BASIS

Article 5(2) and 7(1) of Regulation (EU) No 1286/2013

**Specific objective:** To support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

**Article 4** of Regulation (EU) No 1286/2013

External experts may be invited to contribute to selected activities organised under the Programme wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation. The external experts shall be selected by the Commission together with the participating countries, on the basis of their skills, experience and knowledge relevant to the specific activities.

#### BUDGET LINE

14 03 01

Amount

EUR 70 000

Description and objective of the implementing measure

This measure allows to support the participation of external experts to selected activities wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation.

## APPENDIX TO ANNEX II: FISCALIS 2020 PROJECTS PURSUED FOR 2018<sup>31</sup>

### 1. SUPPORT THE FIGHT AGAINST TAX FRAUD, TAX EVASION AND AGGRESSIVE TAX PLANNING

In line with the EU's top political priorities<sup>32,33</sup>, EU coordinated action is essential to securing greater fairness and economic efficiency in the internal market. Tax fraud and tax evasion threaten the fairness and the economic efficiency and limit the capacity of EU countries to collect taxes and implement their economic and social policies. As the problem knows no borders, it can only be solved effectively with concerted and joint effort amongst Member States and coordinated approach in the administrative cooperation with third countries. The activities organised under this heading will support this cooperation amongst Member States to combat tax fraud and tax evasion<sup>34</sup>, by ensuring tax transparency to fight tax evasion and avoidance<sup>35</sup> and a fair and efficient corporate tax system in the EU<sup>36</sup> as well as by preventing aggressive tax planning, boosting transparency and creating a level playing field for all businesses<sup>37</sup>. Tackling fraud, helping digital economy and e-commerce<sup>38</sup> with regard to VAT also remain high priorities on the EU agenda and the projects herein aim at addressing these issues.

#### **The fight against tax fraud, tax evasion and aggressive tax planning – Value Added Tax**

The Commission published in February 2014 two reports, which listed a number of recommendations to improve the administrative cooperation and the fight against fraud. One report concerns the functioning of the administrative cooperation (the Article 59 Report<sup>39</sup>) and the other concerns the VAT collection and control procedures (the Article 12 Report)<sup>40</sup>. Together with the VAT gap study<sup>41</sup>, these reports gave an overview of the problem that VAT fraud continues to represent in the EU. They also looked at the way in which Member States tackle this cross-border problem with the tools offered to them through the Union legislation on administrative cooperation in the field of VAT and VAT collection and at the control procedures used in Member States. On 7 April 2016, the Commission adopted an Action Plan on VAT – Towards a single EU VAT area – Time to decide. The Action Plan sets out immediate and urgent actions to tackle the VAT gap. In this framework, the Commission

<sup>31</sup> The Fiscalis 2020 programme joint action projects respects the fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union.

<sup>32</sup> Doc. EUCO 79/14 CO EUR 4 CONCL 2, point 2

<sup>33</sup> Doc. EUCO 237/14 CO EUR 16 CONCL 6, point 3

<sup>34</sup> COM (2012) 351 final - Communication from the Commission to the European Parliament and the Council on concrete ways to reinforce the fight against tax fraud and tax evasion including in relation to third countries and COM (2012) 722 final - Communication from the Commission to the European Parliament and the Council - An Action Plan to strengthen the fight against tax fraud and tax evasion

<sup>35</sup> COM (2015) 136 final - Communication from the Commission to the European Parliament and the Council on tax transparency to fight tax evasion and avoidance, 18.3.2015

<sup>36</sup> COM (2015) 302 final - Communication from the Commission to the European Parliament and the Council - A Fair and Efficient Corporate Tax System in the European Union: 5 Key Areas for Action

<sup>37</sup> COM(2016) 23 final - Communication from the Commission to the European Parliament and the Council: Anti-Tax Avoidance Package: Next steps towards delivering effective taxation and greater tax transparency in the EU, 28.1.2016

<sup>38</sup> COM(2016) 148 final, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an action plan on VAT Towards a single EU VAT area - Time to decide, 7.4.2016

<sup>39</sup> COM(2014) 71 final - Report from the Commission to the Council and the European Parliament on the application of Council Regulation (EU) No 904/2010 concerning administrative cooperation and combating fraud in the field of value added tax, 12.2.2014

<sup>40</sup> COM(2014) 69 final - Report from the Commission to the Council and the European Parliament - Seventh report under Article 12 of Regulation (EEC, Euratom) n° 1553/89 on VAT collection and control procedures, 12.2.2014

<sup>41</sup> [http://ec.europa.eu/taxation\\_customs/common/publications/studies/index\\_en.htm](http://ec.europa.eu/taxation_customs/common/publications/studies/index_en.htm)

proposed 20 measures to tackle the VAT gap by enhancing administrative cooperation, collectively improving the performance of European tax administrations and improving voluntary compliance. The action plan also sets out actions to adapt the VAT system to the digital economy and the needs of SMEs. It provides clear orientations towards a robust single European VAT area in relation to the definitive VAT system for cross-border supplies. In this context, the Commission is assessing and reviewing the instruments of administrative cooperation in the field of VAT provided for in the Council Regulation (EU) No 904/2010 and shall take further initiatives.

Furthermore, in the area of criminal law, Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law was adopted on 5 July 2017 and provides for minimum rules on the definition of criminal offences against the Union's financial interests, including serious EU-wide VAT fraud. These criminal offences will be investigated and prosecuted by the European Public Prosecutor's Office (EPPO), in line with Regulation (EU) 2017/1939 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO'), adopted on 12 October 2017 by twenty Member States.

### **The fight against tax fraud, tax evasion and aggressive tax planning – Excise duties**

Excise fraud is a growing issue costing Member States billions in un-collected taxes and, in certain cases, threatening the EU citizens' health and environment. Excise goods are particularly lucrative for organized crime groups due to potentially enormous profits that can be earned with fraud. Despite Member States having tools to monitor the movement of certain types of excise goods, excise fraud is still a major problem. The reason is that the tools can be abused and certain categories of products that could be put to excisable use are not moved under those tools. In addition, there is a different level of interest among different Member States towards excise fraud as different levels of taxation exist and, as a result, different perceptions of the problem. In addition, there are substantial differences in control practices and processes for granting authorisations among Member States. Therefore, there is room for improvement in gathering good practice and providing guidance on what is the essence of the problem and how it could be dealt with.

### **The fight against tax fraud, tax evasion and aggressive tax planning – Direct taxes and other taxes**

In its Communication on tax transparency to fight tax evasion and avoidance<sup>42</sup>, the Commission listed six measures, i.e.: establishing transparency for tax rulings; streamlining legislation on the automatic exchange of information; assessing potential further transparency actions; reviewing the Code of Conduct on Business Taxation; working towards better quantification of the tax gap and promoting greater tax transparency internationally. This Communication was followed by a detailed Action Plan on corporate taxation which identifies 5 key areas where EU action would be the most effective way to tackle corporate tax challenges and to target particular types of abuse: the Common Corporate Tax Base (CCTB), ensuring fair taxation where profits are made, additional measures for a better business environment, further progress on tax transparency and EU tools for coordination. Furthermore, the Commission released a chapeau communication<sup>43</sup> to kick-off an anti-tax avoidance package for fairer, simpler and more effective corporate taxation. The overall package aims at preventing aggressive tax planning, boost tax transparency and create a level

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<sup>42</sup> COM (2015) 136 final - Communication from the Commission to the European Parliament and the Council on tax transparency to fight tax evasion and avoidance, 18.3.2015

<sup>43</sup> COM(2016) 23 final - Communication from the Commission to the European Parliament and the Council: Anti-Tax Avoidance Package: Next steps towards delivering effective taxation and greater tax transparency in the EU, 28.1.2016

playing field for all businesses to ensure that companies pay tax in the country where profits are made. The key features of the package include legally-binding measures, recently adopted<sup>44</sup>, to block the most common methods used by companies to avoid paying tax; a recommendation to Member States on how to prevent tax treaty abuse; a proposal for Member States to share tax-related information on multinationals operating in the EU; actions to promote tax good governance internationally and a new EU process for listing third countries that refuse to play fair.

Finally, the global economic interdependence and the interaction of national tax rules can lead to double taxation or double non-taxation of multinationals. In the area of transfer pricing, multinational enterprises and tax administrations are confronted with practical problems in pricing cross-border transactions between associated enterprises for tax purposes. There is also empirical evidence of profit shifting to low tax jurisdictions through manipulation of the transfer pricing system. Therefore, programme initiatives are required to help identify solutions for cross-border tax problems such as double taxation and problems related to collecting taxes due by companies established in another Member State.

### **Risk management**

Improving risk management is an important element of an effective strategy to fight against tax fraud and tax evasion. Tax administrations have to deal with a wide scope and a high number of risks. This may concern *inter alia* risk of non-compliance including risk of tax fraud and risk of insolvency by the taxpayer. In order to achieve a higher level of risk management in all Member States and to assist Member States to reduce the tax gap, the Commission will further support the risk management area by sharing good administrative practices. Special focus should be put on risk management in relation to the automatic exchange of information further to the exchanges under the EU legislation on administrative cooperation. In order to enhance the effectiveness of both EU and Member State actions, as well as to limit the burden placed on Member States by the obligations to provide information and other forms of mutual assistance, it should be explored if and how all information exchanged between Member States can be used across all tax fields (registration, declaration, collection, enforcement). This will avoid Member States asking other Member States information that they already have received, but under a different legal base. At the same time, using all information available will improve quality of the risk management tools.

### **Cooperation between tax administrations and other administrations and authorities, including customs**

The primary goal of the tax authorities is to collect the taxes in accordance with the law and to fight VAT fraud with administrative measures. However, in some most serious cases criminal organisations establish sophisticated schemes to extort money from the national budgets at a bigger scale through MTIC fraud, reinvest the proceeds of tax fraud in other criminal activities or money laundering. This requires that, when collecting taxes and fighting fraud in a global economic environment, on the one hand, tax administrations cooperate and assist each other and on the other hand strong cooperation with other administrations and authorities.

The adoption of Directive (EU) 2017/1371 on the fight against fraud to the Union's financial interests by means of criminal law on 5 July 2017 and the adoption of Regulation (EU) 2017/1939 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') on 12 October 2017 by twenty Member States, are important for this purpose.

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<sup>44</sup> Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, 19.7.2016, OJ L 193/1

Tax administrations should make use of strategies and structures to cooperate with other national administrations and authorities and EU services such as to ensure that non-compliance with tax law or tax fraud is kept to the minimum possible. The VAT action plan - Towards a single EU VAT area - Time to decide - proposes actions to support a deeper cooperation between different authorities.

In particular, the cooperation between tax and customs authorities in specific areas of mutual concern should be enhanced in order to fight against tax fraud, tax evasion and aggressive tax planning and to facilitate legitimate trade. The European Court of Auditors also issued observations and recommendations on the necessity to address the lack of cooperation and overlapping competences of administrative, judicial and law enforcement authorities to fight against VAT fraud<sup>45</sup> and the misuse of the customs 42 procedure<sup>46</sup>.

### **SUPPORT THE IMPLEMENTATION OF UNION LAW IN THE FIELD OF TAXATION BY SECURING EXCHANGE OF INFORMATION VIA THE EUROPEAN INFORMATION SYSTEMS BUILDING**

This heading includes projects that aim to support the development, maintenance and operation of European Information Systems (EIS). The EIS play a vital role in interconnecting tax authorities and thus facilitating the coexistence of 28 taxation systems in the Union. They allow information to be exchanged rapidly and in a common format that can be recognised by all Member States. A closed and secure Common Communication Network/Common Systems Interface (CCN/CSI) enables this information exchange. This heading also addresses the issue that tax EIS or national IT systems are often developed in isolation both from a geographical and reusability perspective for which alternative approaches are being put in place through the programme. To enhance the fight against in particular VAT fraud, smooth exchange of information, including by exploring interconnectivity possibilities with the European Public Prosecutor's Office, is vital and should be envisaged.

#### **Development, operation and maintenance of and horizontal support to European Information Systems (EIS)**

To implement the EU tax policy, the development, operation and maintenance of and horizontal support to existing or new European Information Systems (EIS) should be carried out. The continuity, integrity and availability of the existing IT systems and their corrective maintenance and evolution should be ensured. An operational environment needs to be available which meets the EIS requirements.

Moreover, it is necessary to ensure that an overall quality of the EIS is achieved through maturity improvement. Efficient management of projects, timely deliverables and respect of the budget are to be achieved. The services should be delivered according to expectations within the framework of the TEMPO methodology. Security requirements should be fulfilled. The taxation EIS security policy should respect the taxation legal instruments. The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for taxation, needs to be further supported and enhanced.

Finally, a central application for e-forms will replace the current e-forms applications for which the development, operation and maintenance nationally imply heavy national costs and are time consuming. In addition, such IT platform could be used for other purposes such as the quick update of the information in country profiles or as a management and statistical tool.

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<sup>45</sup> 2015 Special Report Tackling intra-Community VAT fraud: More action needed

<sup>46</sup> Customs procedure 4200 (warehousing) is referring to customs control for excisable goods. It covers the importation of goods followed by the intra-community transactions.

## **IT collaboration**

Currently, the tax EIS are at national level mostly developed in isolation both from a geographical and reusability perspective. This practice impairs the capacity of IT to deliver in years to come. Closer collaboration across taxation domains and across Member States is expected to merge requirements and expertise and thereby significantly increase cost-effectiveness of tax EIS. A managed IT collaboration will allow increasing the number of IT activities shared between the Member States as well as increasing the number of reusable components across the taxation areas. This will reduce the costs for IT implementation, deployment and operation in the Member States while offering increased agility in responding to the EU policy expectation.

The Commission will initiate and trigger IT collaboration initiatives in a managed way, and act as a catalyst to make IT collaboration effective and efficient.

## **SUPPORT THE IMPLEMENTATION OF UNION LAW IN THE FIELD OF TAXATION BY SUPPORTING ADMINISTRATIVE COOPERATION**

In a global environment, tax fraud and tax evasion appear not only within a country but also across countries and beyond the EU. Uncoordinated, single national actions to fight against tax fraud and evasion and recover the tax due would not be effective. It is important that countries coordinate and exchange information with each other. This heading contains therefore projects that support the administrative cooperation amongst Member States and with third countries as provided for by the EU law.

### **Administrative cooperation between Member States and with third countries – horizontal actions**

The Union legislation on administrative cooperation and fight against fraud in the field of indirect and direct taxes provides the Member States with the legal and practical instruments and tools to engage in effective administrative cooperation (Council Regulation (EU) No 904/2010<sup>47</sup>, Council Regulation (EU) No 389/2012<sup>48</sup> and Council Directive 2011/16/EU<sup>49</sup> (DAC1) and their amendments). In particular, in the area of direct taxation, the internal market requirements and the increased globalisation brought developments in the legal provisions governing the area. Firstly, Council Directive 2011/16/EU (DAC1) introduced the automatic exchange of information with regard to categories of income and capital. Secondly, as part of the intensified fight against tax evasion, Directive 2014/107/EU<sup>50</sup> (DAC2) extended the automatic exchange of information to financial items between EU tax administrations. Thirdly, it appeared necessary within the EU to ensure a more systematic and binding approach to information exchange on advance cross-border rulings and advance pricing arrangements. Directive 2015/2376/EU<sup>51</sup> (DAC3) introduced the automatic exchange of information in this area. Directive 2016/881/EU (DAC4) introduces the country-by-country reporting on certain financial information, in line with the international developments in the OECD, i.e. Action 13 of the OECD's Action Plan on Base Erosion Profit Shifting (BEPS). Finally, the proposal COM(2017) 335 final introduces new transparency rules for intermediaries that design or sell potentially harmful tax schemes (DAC6).

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<sup>47</sup> Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (recast) (OJ L 268/1, 12.10.2010)

<sup>48</sup> Council Regulation (EU) No 389/2012 of 2 May 2012 on administrative cooperation in the field of excise duties and repealing Regulation (EC) No 2073/2004 (OJ L 121/1, 8.5.2012)

<sup>49</sup> Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64/1, 11.3.2011)

<sup>50</sup> Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ L 359/1, 16.12.2014)

<sup>51</sup> Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation, 18.12.2015, OJ L 332/1

At international level and given its long-standing experience in administrative cooperation, the EU tackles tax fraud and tax evasion by bringing its expertise and by taking an active part in the work carried out by the OECD Working Parties 2 and 10 and the Global Forum on Transparency and Exchange of Information for Tax Purposes ("the Global Forum"). Those fora are in charge of the implementation among their members of the international standards on transparency and exchange of information. Furthermore, as Member States work to coordinate their corporate tax policies within the Single Market, in order to counter-act abusive tax practices and ensure effective taxation, they also need to address their divergent approaches to tackling external base erosion threats. A Commission Communication<sup>52</sup> proposed in 2016 a framework for a new EU external strategy for effective taxation. In the Communication, key measures are identified that can help EU to promote tax good governance globally, tackle external base erosion threats and ensure a level playing field for all businesses.

### **Administrative cooperation between Member States and with third countries – exchange of information**

Under the Union legislation on administrative cooperation, the Commission is assisting Member States in their efforts to engage in effective administrative cooperation by providing them with the practical tools and instruments they need, such as electronic formats for exchange of information and secure channels of communication. It is necessary to improve the existing instruments for exchange of information and develop new ones according to the evolution of the legislation, and promote the most effective use of practical IT tools.

In the field of direct taxation, administrative cooperation with third countries is also important, as taxpayers become more mobile, the number of cross-border transactions increase and capital markets become global. Therefore, many initiatives are taken on the international scene, e.g. the Standard on the Automatic Exchange of Financial Account Information and BEPS. The Commission will assist the Member States in the proper and timely implementation of these actions in the EU.

In the field of indirect taxation, the report from the Commission concerning administrative cooperation and combating fraud in the field of VAT (COM (2014) 71)<sup>53</sup> highlighted that an approach coordinated at EU level to establish administrative cooperation with third countries in the area of VAT would be a response to the diverging manner in which the Member States arrange their contacts with third countries at present.

### **Means of administrative cooperation other than exchange of information**

Besides the exchange of information, the Union legislation on administrative cooperation provides to Member States also other means of administrative cooperation, i.e. multilateral controls (MLC) and presences in administrative offices and participation in administrative enquiries (PAOE). The use of these means of administrative cooperation and their operation has to be enhanced by identifying and disseminating good practice as regards their organisation for all tax related areas, through better project management techniques, improved communication and enhanced use of risk criteria and success indicators.

### **Mutual recovery assistance and national tax collection and recovery**

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<sup>52</sup> COM(2016) 24 final, Communication from the Commission to the European Parliament and the Council on an External Strategy for Effective Taxation, 28.1.2016

<sup>53</sup> Report from the Commission to the Council and the European Parliament on the application of Council Regulation (EU) No 904/2010 concerning administrative cooperation and combating fraud in the field of value added tax



Since 1 January 2012, Member States apply Council Directive 2010/24/EU for mutual recovery assistance<sup>54</sup>. An evaluation report on the use of this Directive has been presented to the Council and the European Parliament in 2017. The conclusions of this report and the orientations provided by the debate in the Council and the European Parliament should help steering the Fiscalis 2020 activities developed in 2018 with regard to tax collection and recovery.

### **SUPPORT THE IMPLEMENTATION OF UNION LAW BY ENHANCING ADMINISTRATIVE CAPACITY OF PARTICIPATING COUNTRIES WITH A VIEW TO ASSISTING IN REDUCING ADMINISTRATIVE BURDEN OF TAX AUTHORITIES AND COMPLIANCE COSTS FOR TAXPAYERS**

Tax administrations and tax systems of participating countries should be supported and improved on the one hand, to deliver the best results for the tax administrations and the tax payers, and on the other hand, to enhance the relationship between the tax authorities and the tax payers. This heading contains projects aiming at these purposes.

#### **Well-functioning tax systems in programme participating countries**

Tax systems should be made more growth-friendly to promote job creation and investment and to facilitate tax collection. It is important to reduce costs and complexity of tax systems, while making them more efficient. The Commission will encourage and support exchange of best practices amongst the countries in need of reinforcing their tax systems to boost growth friendly fiscal consolidation while increasing compliance and reducing costs for taxpayers and tax administrations. Coordination for the purpose of ensuring complementarity between Fiscalis 2020 and the Structural Reform Programme is regularly taking place to deal with the technical assistance requests from Member States in the tax field.

#### **Well-functioning tax administrations in programme participating countries**

Effective and efficient tax administrations are key in collecting the taxes due. Tax administrations should be solid in terms of structural mechanisms and all should be brought on the same level playing field to ensure a smooth cooperation and the co-existence of diverse tax systems in the internal market. Furthermore, building trusted tax administrations and related systems is critical to ensure a good relationship with the taxpayers. It is important to remove tax disincentives to the exercise by EU citizens of their right to free movement within the internal market such as the absence of information that Union citizens often face when active across borders within the Union. Communicating effectively on the activities of tax administrations particularly in relation to information for citizens will be an important element in achieving these goals. Communication on new actions and developments will be of particular importance.

In the context of the reviews of the Economic Adjustment Programmes, the enlargement process and on request of a Member State, the Commission is providing technical assistance (TA) on tax administration. TA on tax administration focusses on the internal organisation of the revenue administration, the implementation of tax legislation and procedural aspects of collecting taxes. It aims to assist countries in improving the effectiveness of their tax administration and to increase tax compliance. In the last years, the programme is being used for several TA missions to participating countries. Specific support can also be provided to pool good practices to deal with the recommendations on revenue administration addressed to one or several Member States. Coordination for the purpose of ensuring complementarity between Fiscalis 2020 and the Structural Reform Programme is regularly taking place to deal with the technical assistance requests from Member States in the tax field.

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<sup>54</sup> Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84/1, 31.3.2010)

## **Training and competency building**

Training and competence development for tax professionals in the European Union follow by nature specific national educational and human resource building concepts of individual national tax administrations and are in consequence highly fragmented across the European Union. From an EU perspective, the resulting difference in staff performance requires more common training and competency-building reference benchmarks to align levels of knowledge and skills of tax professionals and thus contribute to a more consistent tax performance level across the European Union.

As boosting education and training of public sector staff is today also in the field of taxation acknowledged as being an essential pillar of efficient and effective administrative capacity building within the EU, a multi-annual EU tax training & staff development action plan is put in place in cooperation between the Commission and national tax administrations for implementation from 2017 to 2020. It is the goal of this action plan to support the optimisation of current and future education and learning capacity of the European Union's tax administrations, by providing a framework for a common training and education infrastructure that supports Member States in ensuring that their staff has the skills and knowledge sets they need to deliver optimal and more uniform tax services and to prepare the profession as well as their administrations for the future challenges that taxation is facing.

The EU Tax Training action plan (2017 - 2020) targets four key objectives:

Providing EU reference standards through European Competency Frameworks for the tax profession

Supporting common tax educational reference programmes (vocational, academic, leadership)

Fostering shared training and staff development

Enhancing common training infrastructure, networking and communication

Within this scope, the EU Training focus lies on developing integrated training and staff performance building concepts for EU tax administrations. This will be further supported by developing adequate and innovative common training support solutions (eLearning/eBooks/webinars...) to support the consistent implementation of legislative and operational tax activities EU-wide in an effective and efficient way.

Priority training support in 2018 is given to tax subject areas, which are flagged (under the various subject matter projects) throughout this document, and which require further consistency in tax staff performance, implementation support for new or amended common legislation or enhanced need for union-wide sharing of national best practise and tools.

## **Operational procedures and working methods**

Common understanding and coordinated and improved application of working methods in operational procedures require intensive and systematic cooperation, exchange of information and sharing of good practices among the tax officials who carry out operational tasks. Among others, exchanging good practices on how to identify cross-border taxpayers in the context of the automatic exchange of information can lead to better tax administration and enforcement and to more efficient tax collection, thereby contributing to reduce the tax gap.

Modern technologies, concepts and approaches can facilitate tax administrations in performing everyday tasks to effectively meet their strategic challenges with available resources.

The administrative capacity of the Member States should be reinforced by encouraging the use of electronic audit techniques in the participating countries and identifying related good

practices. It is intended to maintain and improve a permanent communication and exchange platform for the development of common approaches towards e-auditing.

## **SUPPORT THE IMPLEMENTATION OF UNION LAW AND LEGISLATION**

This heading of the Annual Work Programme contains projects that are aimed to enhance the understanding of EU tax law, in all taxation domains with a view to support its implementation and reform. Programme activities are organised in particular to address the constant developments in the area of tax legislation and evolution of the application of EU law by the courts of Member States and the Court of Justice of the European Union.

### **Consistent implementation of Union law in the field of VAT**

The Commission supports a consistent understanding and implementation of the EU VAT legislation (i.e. Council Directive 2006/112/EC on the common system of value added tax<sup>55</sup>, and its implementing provisions) and case law of the Court of Justice of the European Union.

There is a genuine need to address in a systematic way all conflicts of law due to national divergences, in particular in the interpretation of the place of supply rules, and to provide for a dialogue between Member States and stakeholders on Union law in the field of VAT implementation and evolution.

In response to the action plan on VAT, adopted by the Commission on 7 April 2016<sup>56</sup>, that presented measures to modernise VAT in the EU, the following actions have already been taken in 2016 and 2017:

- A future definitive EU VAT system for cross-border trade to reduce opportunities for fraud
- Immediate measures to tackle VAT fraud under the current rules
- More autonomy for Member States to choose their own VAT rates policy
- Support for e-commerce and SMEs

Further steps will be necessary to improve the Union VAT system in order to achieve a single EU VAT area for which a dialogue with Member States and other stakeholders is needed.

### **Consistent implementation of Union law in the field of excise duties**

Excise goods that are moved from one Member State to other Member States can be subject to different national procedures and differing interpretations of Union law. A consistent implementation of Union law (including of Council Directive 2008/118/EC<sup>57</sup> – General arrangements for excise duties) in this area is needed, both in the interests of trade facilitation and to assist Member States to ensure the compliance of traders with the law.

A proposal for the revision of Directive 2008/118/EC, accompanied by an Impact Assessment Report will be presented to the Council and the Parliament in the first half of 2018. Measures will possibly be produced for the improvement of connections with customs procedures (import, export, transit, inward processing) as well as improvements particularly relevant to small businesses.

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<sup>55</sup> Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

<sup>56</sup> COM (2016) 148 final, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on an action plan on VAT – Towards a single EU VAT area – Time to decide. 7.4.2016.

<sup>57</sup> Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC (OJ L 9/12, 14.1.2009)

In the area of energy, in order to follow up on the correct implementation of the Council Directive 2003/96/EC – Energy Taxation Directive<sup>58</sup> (ETD) and increase its understanding in the Member States, it is necessary to ensure effective exchange of experience and know how in the area, especially tax exemptions/tax reductions and proper classification for certain energy products. This also includes the identification of the existing non-harmonised indirect taxes applied by Member States that cause disruptions to the functioning of the internal market. A number of practical issues might require further clarification via recommendations, or through discussions on technical level and possibly legislative proposals, taking stock as well of the findings of the ongoing evaluation of the Energy Taxation Directive that will be finalised by the end of 2018.

In the area of alcohol excise (regulated under Council Directive 92/83/EEC<sup>59</sup> - Structures of excise duties on alcohol and alcoholic beverages; Council Directive 92/84/EEC – Rates of excise duties on alcohol and alcoholic beverages), denatured alcohol is exempt from excise duty when it is denatured in accordance with the Article 27 (1) (a) and (b) of Council Directive 92/83/EEC. In the opinion of the Commission there exist still too many national formulations for partially denatured alcohol (PDA) with easy to remove components. For PDA the industry is very diverse with multi-sectors with differing needs and concerns to be addressed. Harmonization and clarification is needed in this area to both reduce the opportunities for fraud, and lessen the administrative burden for both Member States and the legitimate economic operators, noting that some Member States would like to ensure their flexibility in using different denaturing formulations. It is therefore important to scope, identify and analyse the existing denaturing formulations with the objective of removing as many of the weaker formulations as possible and developing harmonized denaturing formulations for alcohol used in the various manufacturing sectors across the EU. Moreover, an ongoing evaluation study for an impact assessment for a possible revision of the "structures" Directive has identified significant structural weaknesses in the definitions of excisable alcohol products and in the conditions for granting excise duty exemptions and reduced rates. The impact assessment work will conclude in Q1/2018.

In the area of excisable tobacco products, in December 2015, the Commission finalized the evaluation of Council Directive 2011/64/EU<sup>60</sup>. Following the request of the Council, the Commission prepares an impact assessment on the possible revision of Council Directive 2011/64/EU. Weaknesses have been identified in the definition of excisable tobacco products and in the conditions under which certain new products are not considered taxable tobacco products. Furthermore, in the light of the different interpretations across Member States, clarification may become necessary to allow Member States to make use of these provisions against low-price cigarettes in a more efficient manner.

For both, alcohol and tobacco taxation, the aim is to reduce administrative cost while obtaining a higher degree of compliance and security in imposing excise duties on alcohol and tobacco products.

### **Consistent implementation of Union law in the field of direct taxes**

Most of the direct tax case law of the Court of Justice of the European Union, which creates a binding framework for policymaking, is driven and developed by means of references for preliminary ruling. It is therefore very important that national administrative (tax) law judges,

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<sup>58</sup> Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L283/51, 31.10.2003).

<sup>59</sup> Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages (OJ L 316, 31.10.1992).

<sup>60</sup> Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (codification) (OJ L 176/24, 5.7.2011).

who can make such references, have a thorough knowledge of the direct tax case law of the Court of Justice of the European Union in its broader policy context. Improving through programme activities the proper implementation of the EU direct tax case law by national administrative courts and tax administrations should eventually reduce the number of complaints addressed to the Commission in the field of direct taxation.

Other challenges will follow from the soon expected adoption of the Directive on Dispute Resolution Mechanisms, which lays down rules to resolve disputes between Member States on how to eliminate double taxation of income from business and the rights of taxpayers in this context. The implementation of this Directive raises various issues in which knowledge and good practice sharing will be necessary. The Directive also requires the setting up of an Advisory Commission made up of experts in international tax law and transfer pricing issues, including national tax law judges and representatives of the national tax administrations. The judges are involved at several stages of the procedure set up in the Directive at national courts' levels. Member States concerned have expressed a need for training of tax law judges and tax officials in order to ensure the proper implementation of the Directive. The creation of a pool of competent judges and tax officials who would be able to fulfil the role of a member of the Advisory Commission would clearly facilitate and support the application of the Directive on Dispute Resolution Mechanisms, once adopted and entered into force.

### **Consistent implementation of Union law in other EU tax policy areas**

In order to support the on-going work on the financial transaction tax (and in case of adoption of a Council Directive implementing the enhanced cooperation in this area to facilitate its implementation), the Commission will support discussions with administrations and markets representatives to look into the practical FTT implementation, among others collection of FTT. For the system to operate properly, Member States will be required to coordinate the functioning of the common FTT both inside the enhanced cooperation area and outside.

Programme activities may be organised in particular to address the constant developments in the area of EU law with regard to tax recovery.

Regarding the European agenda for the collaborative economy “peer-to-peer” or “sharing economy” is a fast growing business trend and a new business model which needs better understanding and a more flexible taxation regime. To create a common taxation approach identification of new business models and sharing related information and practices supports the better understanding of these market trends.

On 28 June 2017, the Commission adopted a proposal for a new PEPP Regulation (Pan-European Personal Pension Schemes) and a PEPP tax recommendation. The recommendation encourages Member States to exchange best practices regarding the taxation of PEPPs and Personal Pension Products (PPPs), with a view to aligning their national criteria for granting tax incentives as much as possible and facilitating the portability of such products. It would be up to Member States to inform the Commission on the measures taken, as well as on any changes made, in order to comply with said Recommendation.