



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.05.2006  
COM(2006) 202 final

2006/0076 (COD)

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a Community programme to improve the operation of taxation systems in  
the internal market (Fiscalis 2013)**

(presented by the Commission)

{SEC(2006) 566}

## EXPLANATORY MEMORANDUM

### 1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

According to article 15(4)a of the Fiscalis 2003 - 2007 Decision, the Commission has to submit to the European Parliament and the Council a communication on the desirability of continuing the Fiscalis programme, accompanied, if relevant, by a suitable proposal. On 6 April 2005 the Commission adopted a Communication<sup>1</sup>, expressing the desirability to establish two successor programmes, Customs 2013 and Fiscalis 2013<sup>2</sup> for respectively the Customs 2007 and Fiscalis 2003 – 2007 programme.

- **General context**

The major challenge facing the European Union over the next years is to realise growth and jobs, as laid down in the re-launch of the Lisbon Strategy<sup>3</sup>. The 2013 programme will actively contribute to the realisation of this Strategy by continuing to develop cooperation between tax administrations in order to ensure that taxation systems fulfil the following objectives:

- common application of Community tax legislation;
- the protection of national and Community financial interests;
- the smooth functioning of the internal market through the combating of tax avoidance and evasion including its international dimension;
- the avoidance of distortions of competition; and
- the continuing reduction of compliance burdens on administrations and taxable persons alike.

- **Existing provisions in the area of the proposal**

The Fiscalis 2013 programme is the successor of the Fiscalis 2003-2007 programme.

- **Consistency with the other policies and objectives of the Union**

Not applicable.

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<sup>1</sup> COM(2005)111 of 6 April 2005 (Impact Assessment–SEC 2005/423)

<sup>2</sup> The wording Fiscalis programme refers to the Fiscalis programme as such regardless whether it is Fiscalis, Fiscalis 2003-2007 or Fiscalis 2013. If we refer to a particular programme, we refer to it respectively as 2002 programme, 2007 programme or 2013 programme.

<sup>3</sup> COM (2005) 330 final of 20 July 2005 and SEC (2005)622/3 of 2 May 2005.

## 2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

*Consultation methods, main sectors targeted and general profile of respondents*

All participating countries participated in the mid-term evaluation e-survey, while case study visits were conducted in five of them. During these visits, in-depth interviews have been organised with coordinators of the programme, users of the IT systems, participants in events, the hierarchy of the tax administration as well as taxable persons. Participants in programme events are regularly asked for feedback as part of a built-in monitoring system for the 2007 programme.

*Summary of responses and how they have been taken into account*

Stakeholders consider the Fiscalis programme highly relevant to the needs of the participating countries and agreed that the Fiscalis programme helps to bring about better cooperation and confidence building between their administrations and officials. Participating countries appreciated in particular the flexibility offered by the programme and want this to be maintained in the future. They also emphasised that the programme has a key role in supporting participating countries to learn from each other and as such allow them to avoid costly mistakes. The mid-term evaluation recommended reinforcing activities in the area of training and dissemination of information. These recommendations have been taken into account when drafting the new proposal.

- **Collection and use of expertise**

There was no need for external expertise.

- **Impact assessment**

A first policy option, the stopping of the Fiscalis programme, will have an immediate and devastating effect for the Internal Market in general and for the functioning of the tax systems in particular.

A second policy option, setting up the 2013 programme as an extension of the 2007 programme without providing additional resources to support new policy initiatives and/or to reply to changed circumstances, would imply a progressive deterioration of the current situation. Although this option might look satisfactory in the short term, it would soon show its limitations and undesirable effects, as it would not provide tax administrations with sufficient resources to address the forthcoming challenges.

A third policy option foresees that the 2013 programme is set up as an extension of the 2007 programme reinforced with additional financial resources to support new policy initiatives on the one hand and to foresee a marginal increase of the budget of all other sub-headers on the other hand. The new policy initiatives which will contribute to a large extent to the development of a fully-fledged electronic tax administration will absorb the largest share of these additional resources. Additional budget is also required to upgrade the trans European IT systems to absorb the expected increase in exchange of information, while a limited share of the additional resources will be used

to develop initiatives to support the promotion of knowledge sharing, in the area of e-learning and the dissemination of information.

The Commission carried out an impact assessment listed in the Work Programme, whose report is accessible on SEC(2006)566.

### 3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

Establishing a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2013).

- **Legal basis**

The Treaty establishing the European Community and especially Article 95.

- **Subsidiarity principle**

The subsidiarity principle applies insofar as the proposal does not fall under the exclusive competence of the Community.

The objectives of the proposal cannot be sufficiently achieved by the Member States for the following reason(s):

Since the objectives of the measures laid down in this Decision cannot be sufficiently achieved by the participating countries and can therefore, by reason of the scale and the effect of the action be better achieved at Community level, the Community may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty.

Community action will better achieve the objectives of the proposal for the following reason(s).

Although the primary responsibility for achieving the objectives of this programme lies with the participating countries, Community action is needed for the coordination of the activities pursued under the programme as well as for the provision of an infrastructure and the necessary stimulus.

The proposal therefore complies with the subsidiarity principle.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reason(s).

In accordance with the principle of proportionality as set out in Article 5 EC, this Decision does not go beyond what is necessary in order to achieve its objectives.

- **Choice of instruments**

Proposed instruments: other (Community Programme).

Other means would not be adequate for the following reason(s).

Not applicable

#### **4) BUDGETARY IMPLICATION**

The operational costs to be borne by the Community can be broken down into two main categories, Joint Actions and IT Actions. Joint Actions cover seminars, project groups, working visits, multilateral controls, training, and any other activities under Article 1(2)(f). IT actions cover the functioning and evolution of existing trans European systems and the development of new systems.

The total amount to be borne by the Community's budget is EUR 156,9 million for the 2008-2013 period. The 2013 programme is a six year programme aligned with the duration of the financial perspectives 2007 – 2013.

The Commission reserves itself the possibility of examining whether certain tasks of implementation of this Community programme could be entrusted to an executive agency or to service suppliers by means of technical and administrative assistance contracts.

#### **5) ADDITIONAL INFORMATION**

- **Repeal of existing legislation**

The adoption of the proposal will lead to the repeal of existing legislation.

- **Detailed explanation of the proposal**

Article 6: Communication and information exchange systems

Trans European communication and information exchange systems play a vital role in reinforcing the functioning of the Community taxation systems, and in particular guaranteeing their effectiveness and efficiency.

The 2013 programme will support the tax related systems that are being developed or which are operational at the entry into force of this decision as well as the development of any new tax related systems established under Community legislation. The EMCS system will be integrated into the 2013 programme as from 2009.

The previous programmes have demonstrated that extensive coordination between the stakeholders is essential for the smooth management of these trans European IT systems. Similar commitment of the Commission and participating countries, each in their respective domain to ensure the functioning of existing systems and development of future trans European applications, is essential. The proposal provides for a clear split of responsibilities between the Commission and participating countries.

The Commission may decide to make the communication and information exchange systems available to other public services for tax or non-tax purposes provided that a financial contribution is paid to the programme budget.

#### Article 7: Multilateral Controls

The organisation of cross border tax controls has a complex judicial nature which requires close contacts between the auditors involved. A Fiscalis Multilateral Control action offers auditors a framework to organise these controls. Auditors have used Multilateral Controls intensively in the first two years of the 2007 programme. These actions have become an important and efficient instrument to fight cross border fraud. The 2013 programme will continue to encourage Member States to use this type of action, increase their number and improve their quality.

#### Article 8: Seminars and project groups

Seminars provide a forum for persons that are highly skilled in a particular field to meet each other and, together with the Commission, discuss common problems, experiences and possible solutions. Seminars are useful for developing and disseminating best administrative practice but also for stimulating and developing co-operation or as a training tool. Member States often refer to the bilateral contacts between officials in the context of the seminars as very useful to foster co-operation and confidence building between national tax administrations. Occasionally, representatives of business and taxable persons and others with specific expertise have been invited to seminars. Participants of administrations have always highly valued the presence of these experts.

Project groups and small-sized meetings on specific topics, were launched as a new tool under the 2007 programme. In the mid-term evaluation of the 2007 programme, both Member States and Commission have expressed a high degree of satisfaction with the work done by the project groups. In particular they provide a useful basis for analysing the variety of approaches used in the tax administrations and make suggestions for good administrative practice. Project groups will therefore be included as an explicit action type in the 2013 programme.

#### Article 9: Working visits

Working visits are targeted to study in another administration a particular administrative practice or to find a solution for a problem of strategic or practical nature. Working visits may be organised with the tax authorities of the EU Member States as well as with tax authorities of third countries.

#### Article 10: Training activities

The mid-term evaluation of the 2007 programme confirmed the need to continue to develop common training. A number of ad hoc training activities have been developed in the first half of the 2007 programme.

#### Article 1(2)f: Any other activities

The opportunity to develop, besides the standard actions, any other activity to answer

particular needs with tailor-made solutions has proven particularly useful in the 2007 programme. Project groups have been launched through this procedure in the 2007 programme. Therefore, the option will be maintained in the 2013 programme.

#### Article 3: Participation in the programme

The participating countries are the Member States of the European Union, as well as the candidate, potential candidate countries and certain partner countries of the European Neighbourhood Policy (ENP) in so far as the necessary arrangements have been agreed.

#### Article 11: Participation in activities under the programme

Representatives of international organisations, administrations of third countries, taxable persons and their organisations may take part in activities organised under the programme whenever this is essential to carry out the objectives of the programme.

#### Article 12: Information sharing

The mid-term evaluation of the 2007 programme has confirmed the need to organise in a more structured way information sharing and knowledge exchange between administrations and between administrations and the Commission as well as the consolidation of knowledge created during programme events. Therefore, the 2013 programme will pay particular attention to information sharing and knowledge management.

Proposal for a

**DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2013)**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 95 thereof,

Having regard to the proposal from the Commission<sup>4</sup>,

Having regard to the opinion of the European Economic and Social Committee<sup>5</sup>,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

- (1) The major objectives for the Community over the next years are to create growth and jobs, as laid down in the re-launch of the Lisbon strategy. Decision No 888/98/EC of the European Parliament and the Council of 30 March 1998 establishing a programme of Community action to ameliorate the indirect taxation systems of the internal market (Fiscalis programme)<sup>6</sup> (hereinafter "the 2002 programme") and Decision No 2235/2002/EC of the European Parliament and the Council of 3 December 2002 adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2003 – 2007)<sup>7</sup> (hereinafter "the 2007 programme") have significantly contributed to the achievement of those objectives for the periods 1998 to 2002 and 2003 to 2007. It is therefore appropriate to continue the activities commenced under those programmes. This programme should be established for a period of six years to align its duration with that of the Multi-Annual Financial Framework contained in the Inter-institutional agreement of (*date to be inserted*) between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management<sup>8</sup>.
- (2) Efficient, effective and extensive co-operation among current and possible future Member States and between them and the Commission is a key element for the functioning of the taxation systems and the fight against fraud. Since tax fraudsters do not limit their activities to the territory of the Community, this programme should

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<sup>4</sup> OJ C , , p. .

<sup>5</sup> OJ C , , p. .

<sup>6</sup> OJ L 126, 28.4.1998, p. 1.

<sup>7</sup> OJ L 341, 17.12.2002, p.1.

<sup>8</sup> To be inserted in the course of the negotiations.

provide the possibility to develop co-operation with and assistance to third countries. It should also help to identify legislation and administrative practices which may hamper co-operation and possible remedies for obstacles to such cooperation.

- (3) In order to support the process of accession by candidate countries, practical means should be provided whereby the tax administrations of those countries are enabled to undertake the full range of tasks required under Community legislation as of the date of their accession. Therefore this programme should be opened to candidate countries. A similar approach should be taken to potential candidate countries.
- (4) In order to support tax reforms in countries participating in the European Neighbourhood Policy, it is appropriate to provide for the possibility, under certain conditions, of their participation in selected activities of the programme.
- (5) The trans European computerised secure communication and information exchange systems financed under the 2007 programme play a vital role in reinforcing the taxation systems within the Community and should therefore continue to be financed. In addition, it should be possible to include in the programme further tax related information exchange systems such as the Excise Movement Control System (EMCS) established under Decision N° 1152/2003/EC of the European Parliament and Council of 16 June 2003 on computerising the movement and surveillance of excisable products<sup>9</sup> and any system required for the purposes of Council Directive 2003/48/EC of 3 June 2003 on taxation on savings income in the form of interest payments<sup>10</sup>.
- (6) The experience gained by the Community from the 2002 and 2007 programmes has shown that bringing officials from different national administrations together in professional activities like working visits, seminars, project groups and multilateral controls contributes to the achievement of the objectives of the programme. Those activities should therefore be continued. It should remain possible to develop a new type of actions to respond more effectively to the needs.
- (7) The experience gained from the 2002 and 2007 programmes has indicated that the coordinated development and implementation of a common training programme contributes significantly to the objectives of the programme, in particular in achieving a higher common standard of understanding of Community law. The opportunities offered by an electronic learning environment should be fully explored.
- (8) Officials active in the field of taxation need a sufficient standard of linguistic competence to cooperate and participate in this programme. It is the responsibility of the countries participating in the programme to provide the necessary language training for their officials.
- (9) It is appropriate to provide the possibility to organise certain activities with the participation of administrations of third countries, representatives of international organisations and taxable persons or their organisations.

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<sup>9</sup> OJ L 162, 01.07.2003, p. 5.

<sup>10</sup> OJ L 157, 26.5.2003, p. 38, Directive as last amended by Directive 2004/66/EC 5OJ L 168, 1.5.2004, p. 35.

- (10) The mid-term evaluation of the 2007 programme<sup>11</sup> has confirmed the need for organising in a more structured way the information sharing and knowledge exchange between administrations, between administrations and the Commission as well as the consolidation of knowledge created during programme events. Therefore, particular attention should be paid to information sharing and knowledge management.
- (11) Although the primary responsibility for achieving the objectives of the 2013 programme rests with the participating countries, Community action is needed for the coordination of such activities as well as for the provision of an infrastructure and the necessary stimulus. Since the objectives of the measures laid down in this Decision cannot be sufficiently achieved by the participating countries and can therefore, by reason of the scale and the effect of the action, be better achieved at Community level, the Community may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives.
- (12) This Decision establishes a financial framework for the entire duration of the programme, which is to be the principal point of reference for the budgetary authority, within the meaning of point 33 of the Inter-institutional agreement of 6 May 1999 between the European Parliament, the Council and the Commission on budgetary discipline and improvement of the budgetary procedure<sup>12</sup>.
- (13) The measures necessary for the implementation of this Decision should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission<sup>13</sup>.

HAVE ADOPTED THIS DECISION:

## **Chapter I**

### **General Provisions**

#### **Article 1**

##### **Fiscalis 2013 programme**

1. A multiannual Community action programme (Fiscalis 2013) hereinafter referred to as ‘the programme’, is hereby established for the period 1 January 2008 to 31 December 2013 to improve the operation of the taxation systems of the internal market.
2. The activities of the programme shall consist of the following:

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<sup>11</sup> SEC (2005) 1045 of 29.7.2005.

<sup>12</sup> OJ C 172, 18.6.1999, p. 1, agreement as last amended by Decision 2003/429/EC (OJ L 147, 14.6.2003, p. 25).

<sup>13</sup> OJ L 184, 17.7.1999, p. 23.

- (a) communication and information-exchange systems;
- (b) multilateral controls;
- (c) seminars and project groups;
- (d) working visits;
- (e) training activities;
- (f) any other activities required for the realisation of the objectives of the programme.

## **Article 2**

### **Definitions**

For the purpose of this Decision the following definitions shall apply:

- (1) “taxation” means the following taxes applied in the countries participating in the programme:
  - (a) Value Added Tax;
  - (b) Excise duties on alcohol and tobacco products and energy products;
  - (c) Taxes on income and on capital as mentioned in Article 1(2) of Council Directive 77/799/EEC<sup>14</sup>;
  - (d) Taxes on insurance premiums as defined in Article 3 of Council Directive 76/308/EEC<sup>15</sup>.
- (2) “administration” means the public authorities and the bodies in the countries participating in the programme which are responsible for administering taxation or tax related activities;
- (3) “official” means a member of the administration.

## **Article 3**

### **Participation in the programme**

- 1. Participating countries are the Member States and the countries referred to in paragraph 2.
- 2. The programme shall be open to the participation of the following:

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<sup>14</sup> OJ L 336, 27.12.1977.

<sup>15</sup> OJ L 73, 19.3.1976, p. 18.

- (a) candidate countries benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of those countries in Community programmes established in the relevant Framework Agreement and Association Council Decisions;
  - (b) potential candidate countries, in accordance with the provisions to be determined with those countries following the establishment of framework agreements concerning their participation in Community programmes.
3. The programme may also be open to the participation of certain partner countries of the European Neighbourhood Policy if these countries have reached a sufficient level of approximation of the relevant legislation and administrative methods to those of the Community and in accordance with provisions to be determined with those countries following the establishment of framework agreements concerning their participation in Community programmes.
4. Participating countries shall be represented by members of the relevant administration.

#### **Article 4**

##### **Objectives**

1. The overall objective of the programme shall be to improve the proper functioning of the taxation systems in the internal market by increasing co-operation between participating countries, their administrations and other bodies.
2. The objectives of the programme shall be:
- (a) in respect of value added tax, excise duties and taxes on income and on capital:
    - (i) to secure efficient, effective and extensive information exchange and administrative co-operation;
    - (ii) to enable officials to achieve a high common standard of understanding of Community law and of its implementation in Member States;
    - (iii) to ensure the continuing improvement of administration procedures to take account of the needs of administrations and taxable persons through the development and dissemination of good administrative practice.
  - (b) in respect of taxes on insurance premiums to improve co-operation between administrations, ensuring better application of the existing rules;
  - (c) in respect of candidate and potential candidate countries, to meet the special needs of those countries in the field of tax legislation and administrative capacity;
  - (d) in respect of third countries, in particular those of the partner countries of the European Neighbourhood policy, to improve cooperation with the tax administrations of those countries.

## **Article 5**

### **Work Programme**

The Commission shall, in accordance with the procedure referred to in Article 16(2), annually establish a work programme.

## **Chapter II**

### **Programme activities**

#### **Article 6**

##### **Communication and information exchange systems**

1. The Commission and the participating countries shall ensure that the communication and information exchange systems set out in paragraph 2 are operational.
2. The communication and information exchange systems shall comprise the following:
  - (a) Common Communications Network/Common Systems Interface (CCN/CSI);
  - (b) VAT Information Exchange System (VIES);
  - (c) Excise Systems;
  - (d) Excise Movement Control System (EMCS);
  - (e) any new tax related communication and information exchange systems, established under Community legislation and provided for in the Work Programme referred to in Article 5.
3. The Community components of the communication and information exchange systems shall be the hardware, software and network connections, which are common to all participating countries.

The Commission shall on behalf of the Community conclude the necessary contracts to assure the operational nature of these components.

4. The non-Community components of the communication and information-exchange systems shall comprise the national databases forming part of these systems, the network connections between the Community and non-Community components and such software and hardware as each participating country deems appropriate for the full operation of those systems throughout its administration.

The participating countries shall ensure that the non-Community components are kept operational and shall assure the interoperability of these components with the Community components.

5. The Commission shall co-ordinate, in co-operation with the participating countries, those aspects of the establishment and functioning of the Community and non-Community components of the systems and infrastructure referred to in paragraph 2 which are necessary to ensure their operability, interconnectivity and continuous improvement. The schedules and deadlines established for that purpose shall be complied with by the participating countries.
6. The Commission may make the communication and information exchange systems available to other public services for tax or non-tax purposes provided that a financial contribution is paid to the programme budget.

## **Article 7**

### **Multilateral controls**

Member States and those countries which have bilateral or multilateral agreements on administrative cooperation and the exchange of information either with one another or with Member States permitting such activity shall organise and conduct multilateral controls in the form of a co-ordinated control of the tax liability of one or more related taxable persons established in different participating countries.

The countries taking part in such multilateral controls may have common or complementary interests and shall report on the outcome of such controls to the Commission.

## **Article 8**

### **Seminars and Project Groups**

The Commission and the participating countries shall together organise seminars and project groups and ensure the dissemination of the outcome of such seminars and project groups.

## **Article 9**

### **Working visits**

1. Participating countries shall organise working visits for officials. The working visits may not exceed one month. Each working visit shall be targeted on a particular professional activity and shall be sufficiently prepared and subsequently evaluated by the officials and administrations concerned.
2. The participating countries shall enable visiting officials to play an effective role in the activities of the host administration. To this end, visiting officials shall be authorised to carry out the tasks relating to the duties entrusted to them by the host administration in accordance with its legal system.
3. During the working visit, the civil liability of the visiting official in the performance of his duties shall be treated in the same way as that of officials of the host administration. Visiting officials shall be bound by the same rules of professional secrecy as national officials.

## **Article 10**

### **Training activities**

1. The Commission, in cooperation with the participating countries, shall facilitate structured co-operation between national training bodies and officials responsible for training in taxation administrations, and in particular by the following means:
  - (a) the development of existing training programmes and, where necessary, new programmes to provide a common core of training for officials so as to enable them to acquire the necessary professional skills and knowledge;
  - (b) where appropriate, the coordination of the opening, to officials from all participating countries, of training courses in taxation where such courses are provided by a participating country for its own officials;
  - (c) where appropriate, the development of the necessary infrastructure and tools for common tax training and tax management.
2. Participating countries shall ensure that common training programmes and the common tax training infrastructure referred to in paragraph 1(c) are fully integrated within their national training programmes.

Participating countries shall also ensure that their officials receive the initial and continuous training necessary to acquire the common professional skills and knowledge in accordance with the training programmes and the linguistic training necessary for them to ascertain a sufficient standard of linguistic competence for participation in the programme.

## **Article 11**

### **Participation in activities under the programme**

Representatives of international organisations, administrations of third countries, taxable persons and their organisations may take part in activities organised under the programme whenever this is essential to carry out the objectives mentioned in Article 4.

## **Article 12**

### **Information Sharing**

The Commission, in cooperation with the participating countries, shall develop the systematic and structured sharing of information resulting from programme activities.

## **Chapter III**

### **Financial provisions**

#### **Article 13**

##### **Financial framework**

1. The financial framework for the implementation of the programme for the period 1 January 2008 to 31 December 2013 is hereby set at EUR **156,9** million.
2. The annual appropriations shall be authorised by the budgetary authority within the limits of the multi-annual scheme of the financial perspectives.

#### **Article 14**

##### **Expenditure**

1. The expenditure necessary for the implementation of the programme shall be shared by the Community and the participating countries in accordance with the paragraphs 2 to 6.
2. The Community shall bear the following expenditure:
  - (a) the cost of the acquisition, development, installation, maintenance and the cost of the day-to-day operation of the Community components of the communication and information exchange systems set out in Article 6(3);
  - (b) the travel and living expenses incurred by officials from the participating countries relating to multilateral controls, working visits, seminars, project groups;
  - (c) the organisational costs relating to seminars, as well as travel and living expenses incurred for the participation of external experts and participants referred to in Article 11;
  - (d) the cost of the acquisition, development, installation, maintenance of training systems and modules insofar as they are common to all participating countries;
  - (e) the costs of any other activity referred to in point f of Article 1(2).
3. The participating countries shall co-operate with the Commission so that the appropriations are used in accordance with the principles of sound financial management.

The Commission shall, in accordance with the Financial Regulation, determine the rules relating to the payment of expenses and shall communicate them to the participating countries.

4. The Commission shall, in accordance with the procedure referred to in Article 16(2), adopt any necessary measures for the budget management of the programme.
5. The financial allocation of this programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities, required directly for the management of the programme and the realisation of its objectives, in particular studies, meetings, information and publication actions, expenses linked to informatic networks focusing on information exchange, together with all other technical and administrative assistance expense that the Commission may have recourse to for the management of the programme.
6. The participating countries shall bear the following expenditure:
  - (a) the development, purchase, installation, maintenance and the cost of the day-to-day operation of the non-Community components of the communication and information exchange systems set out in Article 6(4);
  - (b) the costs relating to the initial and continuing training, including linguistic training, of their officials.

## **Article 15**

### **Financial Control**

Financing decisions and any agreements or contracts resulting from this Decision shall be subject to financial control, and if necessary, on the spot audits by the Commission, including the European Anti-Fraud Office (OLAF), and by the European Court of Auditors. Any grants made pursuant to this Decision shall be subject to agreement in writing, in advance, by the beneficiaries. Such agreement shall contain the acceptance of the beneficiaries to an audit by the European Court of Auditors into the use made of the financing granted.

## **Chapter IV**

### **Other provisions**

## **Article 16**

### **Committee**

1. The Commission shall be assisted by the “Fiscalis Committee” (hereinafter 'the Committee').
2. Where reference is made to this paragraph, the procedure laid down in Article 4 of Decision 1999/468/EC shall apply, in compliance with Articles 7 and 8 thereof.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.

3. The Committee shall adopt its rules of procedure.

## **Article 17**

### **Follow-up**

The programme shall be subject to continuous joint monitoring by the participating countries and the Commission.

## **Article 18**

### **Mid-term and final evaluations**

1. Mid-term and final evaluations of the programme shall be carried out under the responsibility of the Commission using the reports drawn up by the participating countries referred to in paragraph 2 of this Article and any other relevant information. The programme shall be evaluated in terms of the objectives set out in Article 4.

The mid-term evaluation shall review the results obtained from mid-term realisation of the programme in terms of effectiveness and efficiency, as well as the continued relevance of the initial objectives of the programme and impact of its activities. It shall also assess the use of funding and the progress of follow-up and implementation.

The final evaluation shall concentrate on the effectiveness and efficiency of the activities of the programme.

2. The participating countries shall submit the following evaluation reports to the Commission:
  - (a) by 31 March 2011 at the latest, a mid-term evaluation report on the programme's relevance;
  - (b) by 31 March 2014 at the latest, a final evaluation report focusing on the programme's effectiveness and efficiency.
3. On the basis of the reports referred to in paragraph 2 and any other relevant information, the Commission shall submit to the European Parliament and the Council the following reports:
  - (a) by 30 September 2011 at the latest, a mid-term evaluation report and a communication on the desirability of continuing the programme, accompanied, where appropriate, by a proposal;
  - (b) by 30 September 2014 at the latest, the final evaluation report.

These reports shall also be sent to the European Economic and Social Committee and the Committee of the Regions for their information.

## **Article 19**

### **Repeal**

Decision No 2235/2002 is repealed with effect from 1 January 2008.

However, financial obligations related to actions pursued under that Decision shall continue to be governed by that Decision until their completion.

## **Article 20**

### **Entry into force**

This Decision shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

It shall apply from 1 January 2008.

## **Article 21**

### **Addressees**

This Decision is addressed to the Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

### 1. NAME OF THE PROPOSAL :

Proposal for a Decision of the European Parliament and the Council on the Community programme Fiscalis 2013

### 2. ABM / ABB FRAMEWORK

Policy Area(s) concerned and associated Activity/Activities:  
1405 Taxation Policy

### 3. BUDGET LINES

#### 3.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- BA lines)) including headings :

- 140504 Fiscalis 2013 programme
- 14010404 Fiscalis 2013 programme – Expenditure on administrative management
- The final budgetary structure for the Fiscalis 2013 programme will be decided at a later stage.

#### 3.2. Duration of the action and of the financial impact:

- The period of validity of the legal base runs from 01/01/2008 to 31/12/2013.
- The payments will continue after 31/12/2013

#### 3.3. Budgetary characteristics (*add rows if necessary*):

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
140504	Non-comp	Diff <sup>16</sup>	YES	NO	YES	1a
14010404	Non-comp	Non-diff <sup>17</sup>	YES	NO	YES	1a

<sup>16</sup> Differentiated appropriations.

<sup>17</sup> Non-differentiated appropriations.

#### 4. SUMMARY OF RESOURCES

##### 4.1. Financial Resources

##### 4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		2008	2009	2010	2011	2012	2013	2014 - 2015	Total
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##### Operational expenditure<sup>18</sup>

Commitment Appropriations (CA)	8.1	A	20.600	22.100	26.050	27.800	29.400	30.950	0	156.900
Payment Appropriations (PA)		B	8.230	17.417	23.157	26.213	28.013	30.130	23.740	156.900

##### Administrative expenditure within reference amount<sup>19,20</sup>

Technical & administrative assistance (NDA)	8.2.4	C	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
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##### TOTAL REFERENCE AMOUNT

Commitment Appropriations		A+ c	20.600	22.100	26.050	27.800	29.400	30.950	0	156.900
Payment Appropriations		B+ c	8.230	17.417	23.157	26.213	28.013	30.130	23.740	156.900

##### Administrative expenditure not included in reference amount<sup>21</sup>

Human resources and associated expenditure (NDA)	8.2.5	D	1.667	1.667	1.667	1.667	1.667	1.667		10.002
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	E	0.262	0.262	0.262	0.262	0.262	0.262		1.572

<sup>18</sup> Expenditure that does not fall under Chapter 14 01 of the concerned Title 14.

<sup>19</sup> Expenditure within article 14 01 04 of Title 14.

<sup>20</sup> The administrative expenditure line anticipates the possible externalisation of activities under the programme. Budgetary figures will only be available after the completion in 2006 of a feasibility study on the topic.

<sup>21</sup> Expenditure within chapter 14 01 other than articles 14 01 04 or 14 01 05.

### Total indicative financial cost of intervention

		2008	2009	2010	2011	2012	2013	2014 – 2015	Total
<b>TOTAL CA including cost of Human Resources</b>	A+c+d+e	22.529	24.029	27.979	29.729	31.329	32.879		168.474
<b>TOTAL PA including cost of Human Resources</b>	b+c+d+e	10.159	19.346	25.086	28.142	29.942	32.059	23.740	168.474

### Co-financing details

N.A.

#### 4.1.2. *Compatibility with Financial Programming*

x Proposal is compatible with existing financial programming.

This decision is compatible with the Multiannual Financial Framework annexed to the Interinstitutional Agreement between the European Parliament, the Council and the Commission on Budgetary discipline and sound financial management. It falls into the subheading 1a – Competitiveness for growth and employment.

#### 4.1.3. *Financial impact on Revenue*

x Proposal has no direct financial implications on revenue, although improvement in fiscal administration should make the own resources (VAT) collection more effective and cost efficient.

#### 4.2. **Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.**

Annual requirements	2008	2009	2010	2011	2012	2013
Total number of human resources	16	16	16	16	16	16

## 5. CHARACTERISTICS AND OBJECTIVES

### 5.1. Need to be met in the short or long term

For a more detailed analysis see paragraph 4 of the impact assessment of the Fiscalis 2013 programme.

The Fiscalis programme aims to answer the actual and future challenges for taxation. Therefore emphasis will be put on increasing the knowledge of

Community law in tax matters, enhancing the detection and fight against fraud by strengthening administrative cooperation and improving the organisation of tax controls, decreasing the administrative burden on taxable persons, adapting taxation to the changing tax environment. In the mid-term evaluation of the Fiscalis 2003 – 2007 programme, stakeholders have indicated that they consider the objectives of the programme to be highly relevant for their needs.

Through its flexibility, the Fiscalis programme has acquired an important role in the fight against tax fraud, whose overall level for VAT and excise may be close to 1% of GNP. The impact of the Fiscalis programme on trade Community is considerable, since some 50 million taxable persons are beneficiaries of the VAT Information Exchange System (VIES), the core system of the trans European computerised infrastructure of the tax administration. The programme supports equally initiatives for the reduction of compliance costs for taxable persons. The data provided by the companies illustrate that compliance costs are considerably larger than, respectively 30,9% of taxes and 2,6% of sales for SMEs and 1,9% and 0,02% for large companies. The programme has a direct role in the work of tax auditors who rely on the VIES data for their control work. Fiscalis is also a major support to make tax officials aware of the European dimension of their work.

## **5.2. Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy**

For a more detailed analysis see paragraph 6 of the impact assessment of the Fiscalis 2013 programme.

If no community instrument were to be continued in the tax area, all the previously realised impact of the previous Fiscalis programmes would come to an end. This would mean, for instance, that no secure network and information exchange systems would exist between the 25 Member States and that the interoperability and interconnectivity of the IT systems would not be possible. Without a successor Fiscalis Programme, administrative cooperation would become weaker, due to the decrease of exchange of information, knowledge and expertise between tax administrations. Moreover, setting up administrative cooperation without a Community programme would be more costly from the budgetary and human resources point of view, its output would be of lower quality and above all organised far less efficiently as each administration would have to organise it nationally. Neither would candidate countries, the Western Balkans and the partner countries of the European Neighbourhood Policy benefit from assistance. The mid-term evaluation has shown that there is a common understanding between all programme's stakeholders that a Community programme is essential to improve cooperation between tax administrations. The impact assessment provides a description of the impact would the Fiscalis programme no longer exist at all.

The Fiscalis programme has established structures to share knowledge and experiences between tax officials in an organised way. Thanks to these structures, the Fiscalis programme has become a reference in the area of cooperation between tax systems of the European Union. The programme has a built-in flexibility which gives Member State administrations the opportunity to develop a tailor-made reply to their particular needs. For this purpose each administration has a Fiscalis programme contact point which assists the Commission with the implementation of the Fiscalis programme. Without the 2013 programme, it will not be possible to organise the information and knowledge sharing between all tax administrations and in all tax policy areas in a systematic way. If the Fiscalis programme is stopped, the established structures and contacts will fall apart as the binding force between them will fall away. Tax administrations may as consequence become more inward looking rather than promote knowledge sharing and learning from each other.

### **5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework**

#### **Objectives and expected results**

As referred to above, the overall objective of the Fiscalis 2013 programme is to improve the functioning of the taxation systems in the internal market by increasing co-operation between participating countries, their administrations, officials and other bodies, and to identify and remedy areas, such as legislation and administrative practices which make this co-operation more difficult. This overall objective is specified further by the setting of specific objectives for each principal element or activity area of the programme, namely:

- (a) in respect of value added tax, excise duties and taxes on income and on capital the following:
  - (i) to secure efficient, effective and extensive information exchange and administrative co-operation;
  - (ii) to enable officials to achieve a high common standard of understanding of Community law and of its implementation in Member States;
  - (iii) to ensure the continuing improvement of administration procedures to take account of the needs of administrations and taxable persons through the development and dissemination of good administrative practice.
- (b) in respect of taxes on insurance premiums:

to improve co-operation between administrations, ensuring better application of the existing rules;

(c) in respect of candidate and potential candidate countries:

to meet the special needs of those countries in the field of tax legislation and administrative capacity.

(d) in respect of third countries, in particular those of the partner countries of the European Neighbourhood policy,

to improve cooperation with the tax administrations of those countries.

The Commission will annually establish a work programme.

Indicators

The indicators will be developed before the start of the 2013 programme.

#### **5.4. Method of Implementation (indicative)**

**X Centralised Management**

**Directly by the Commission**

### **6. MONITORING AND EVALUATION**

#### **6.1. Monitoring system**

The indicators will be developed in such a way that regular monitoring of the progress made will be feasible.

#### **6.2. Evaluation**

##### *6.2.1. Impact assessment*

An impact assessment has been prepared and will accompany the proposal.

##### *6.2.2. Ex-ante evaluation*

The ex-ante evaluation has been replaced by the impact assessment.

##### *6.2.3. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)*

##### *6.2.4. Terms and frequency of future evaluation*

The mid-term evaluation report will provide a first evaluation of the results obtained from mid-realisation of the programme in terms of effectiveness and efficiency. The relevance of the programme's initial objectives will also be evaluated in order to check if changes or adjustments for the second phase of

carrying out of the programme must be envisaged. The interim report will be based on reports submitted by the participating countries and on all other available data. It will be prepared by the Commission.

The final evaluation report will be based on the mid-term interim evaluation, participating country's final reports, and all other available data. It will provide a final evaluation on the programme's effectiveness and efficiency by comparing the results obtained with the objectives of the programme. Other evaluation criteria, such as utility and sustainability, may be envisaged.

1. Mid-term and final evaluations of the programme shall be carried out under the Commission's responsibility using the reports drawn up by the participating countries referred to in paragraph 2 and any other relevant information. The programme shall be evaluated in terms of the objectives set out in Article 3.
  - The mid-term evaluation shall review the results obtained from mid-term realisation of the programme in terms of effectiveness and efficiency, as well as the continued relevance of the programme's initial objectives and impact of the programme's activities. It shall also assess the use of funding and the progress of follow-up and implementation.
  - The final evaluation shall focus, inter alia, on the effectiveness and efficiency of the programme's activities.
2. The participating countries shall send the Commission:
  - (a) by 31 March 2011 at the latest, a mid-term evaluation report on the programme's relevance;
  - (b) by 31 March 2014 at the latest, a final evaluation report focusing on the programme's effectiveness and efficiency.
3. The Commission shall present to the European Parliament and the Council:
  - (a) by 30 September 2011 at the latest, the mid-term evaluation report referred to in paragraph 1 and a communication on the desirability of continuing the programme, accompanied, where relevant, by a suitable proposal;
  - (b) by 30 September 2014 at the latest, the final evaluation report referred to in paragraph 1.

## 7. ANTI-FRAUD MEASURES

The expenses for development of the secure trans European computerised infrastructure and other activities developed under the programme are executed on contractual basis following the established procedure of verification by the services of the Commission before payment, taking into account contractual

obligations and sound financial and general management. Anti fraud measures (controls, reports, etc.) are foreseen in all contracts concluded between the Commission and the beneficiaries.

The joint actions (the human related instruments of the toolbox) are paid from the 'Joint Action' budget of Fiscalis 2013 programme. The officials are reimbursed as follows:

Each Member State has a Fiscalis contact point, which receives an advance to reimburse travel and living expenses of officials participating in a Fiscalis activity in accordance with the financial rules that have been established for the programmes. This contact point also reimburse a set of organisational costs clearly defined in the Financial Guide of the programme. The participating countries have to report on these expenses through the Activity Reporting Tool while they have to keep supporting documents in the local archives for at least five years after the end of the budgetary year in which the expenditure takes place.

Participants from third countries, international organisations or the private sector are reimbursed directly by the Commission following the established practices.

Control visits in the Member States are carried out by the financial services of the Commission in order to ensure conformity with financial rules applicable to the management of the programme.

## 8. DETAILS OF RESOURCES

### 8.1. Objectives of the proposal in terms of their financial cost

*Commitment appropriations in EUR million (to 3 decimal places)*

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	2008		2009		2010		2011		2012		Year 2013		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No.1 FISCALIS 2013																
<b>Action 1 Joint Actions.</b>																
- Joint Actions				5.200		5.500		6.000		7.000		7.000		8.000		38.700
- Common Training Tools				0.400		0.450		0.600		0.600		0.600		0.950		3.600
<b>Action 2 IT Actions</b>																
- CCN/CSI																
- Output 1	IT contract			6.000		6.600		7.700		8.000		8.000		9.000		45.300
- <b>Taxation Systems (VIES)</b>																
- Output 1	IT contract			6.000		5.000		5.000		5.000		5.000		5.000		31.000
- <b>Excise Systems (EMCS)</b>																
- Output 1	IT contract					3.000		4.500		4.000		4.000		4.000		19.500

(Headings of Objectives, actions and outputs should be provided)	Type of output	Av. cost	2008		2009		2010		2011		2012		Year 2013		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
- New IT Development																
- Output 1	IT contract			3.000		1.550		2.250		3.200		4.800		4.000		18.800
<b>TOTAL COST</b>				20.600		22.100		26.050		27.800		29.400		30.950		156.900

## 8.2. Administrative Expenditure

The needs for human and administrative resources shall be covered within the allocation granted to the managing DG in the framework of the annual allocation procedure. The allocation of posts should take into account an eventual reallocation of posts between departments on the basis of the new financial perspectives.

### 8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources ( <b>number of posts/FTEs</b> )					
		Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013
Officials or temporary staff <sup>22</sup> (14 01 01)	A*/AD	7	7	7	7	7	7
	B*, C*/AST	8	8	8	8	8	8
Staff financed <sup>23</sup> by art. 14 01 02		1	1	1	1	1	1
Other staff <sup>24</sup> financed by art. 14 01 04/05		p.m	p.m	p.m	p.m	p.m	p.m
<b>TOTAL</b>		16	16	16	16	16	16

\* The human resources cover staff of the competent units for the management of the programme and the IT systems financed through the programme.

### 8.2.2. Description of tasks deriving from the action

### 8.2.3. Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

<sup>22</sup> Cost of which is NOT covered by the reference amount

<sup>23</sup> Cost of which is NOT covered by the reference amount

<sup>24</sup> Cost of which is included within the reference amount

8.2.4. *Other Administrative expenditure included in reference amount (14 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

Budget line (number and heading)	2008	2009	2010	2011	2012	2013	TOTAL
<b>Technical and administrative assistance (including related staff costs)</b>							
Executive agencies <sup>25</sup>	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
Other technical and administrative assistance	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
- <i>intra muros</i>	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
- <i>extra muros</i>	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
<b>Total technical and administrative assistance</b>	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

8.2.5. *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	2008	2009	2010	2011	2012	2013	TOTAL
Officials and temporary staff (14 01 01)	1.620	1.620	1.620	1.620	1.620	1.620	9.720
Staff financed by Art 14 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)	0.047	0.047	0.047	0.047	0.047	0.047	0.282
<b>Total cost of Human Resources and associated costs (NOT in reference amount)</b>	1.667	1.667	1.667	1.667	1.667	1.667	10.002

Calculation– *Officials and Temporary agents*

Reference should be made to Point 8.2.1, if applicable

108,000 EUR per year per official/temporary staff

<sup>25</sup> Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

Calculation– **Staff financed under art. 14 01 02**  
*Reference should be made to Point 8.2.1, if applicable*  
 47,000 EUR per year per staff financed under art. 14 01 02

Calculation– **Staff financed under art. 14 01 04/05**  
*Reference should be made to Point 8.2.1, if applicable*  
 167,000 EUR per year per staff financed under art. 14 01 04/05

8.2.6. *Other administrative expenditure not included in reference amount*

EUR million (to 3 decimal places)

	2008	2009	2010	2011	2012	2013	TOTAL
14 01 02 11 01 – Missions	0.250	0.250	0.250	0.250	0.250	0.250	1.500
14 01 02 11 02 – Meetings & Conferences	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
14 01 02 11 03 – Committees <sup>26</sup>	0.012	0.012	0.012	0.012	0.012	0.012	0.072
14 01 02 11 04 – Studies & consultations	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
14 01 02 11 05 - Information systems	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
<b>2 Total Other Management Expenditure (14 01 02 11)</b>	0.262	0.262	0.262	0.262	0.262	0.262	1.572
<b>3 Other expenditure of an administrative nature</b> (specify including reference to budget line)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
<b>Total administrative expenditure, other than human resources and associated costs (NOT included in reference amount)</b>	0.262	0.262	0.262	0.262	0.262	0.262	1.572

Calculation - **Other administrative expenditure not included in reference amount**

1,000 EUR per mission, 250 missions per year

Committees : Comitology Committee : Fiscalis Committee, one meeting per year, travel expenses for 27 experts

<sup>26</sup> Specify the type of committee and the group to which it belongs.