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Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing an action programme for customs and taxation in the European Union for  
the period 2014-2020 (FISCUS) and repealing Decisions N°1482/2007/EC and  
N°624/2007/EC**

{SEC(2011) 1317 final}

{SEC(2011) 1318 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

On 29 June 2011, the Commission adopted a proposal for the next Multi-Annual Financial Framework for the period 2014-2020<sup>1</sup>: a budget for delivering the Europe 2020 Strategy proposing among others a new generation of Customs and Fiscalis programmes. In line with the simplification policy of the Commission and taking account of the existing parallels between the present Customs and Fiscalis programmes, a single future programme is proposed (FISCUS), safeguarding nevertheless the particularities of customs and taxation. This programme will contribute to the **Europe 2020 Strategy** for smart, sustainable and inclusive growth<sup>2</sup>, by strengthening the functioning of the Union's Single Market and its Customs Union. By pushing technical progress and innovation in national tax administrations towards e-tax administrations, the new programme also contributes to the establishment of a digital Single Market ('Digital Agenda for Europe').

The **Customs Union** protects the financial interests of the Union and its Member States collecting duties, fees and taxes<sup>3</sup>. It requires that goods originating from third countries comply with Union legislation before they can move around freely within the Union. This implies the management of large trade volumes on a daily basis – handling 7 customs declarations every second - requiring Customs to strike a balance between the facilitation of trade for business and the protection of citizens against risks to their safety and security. This can only be achieved through intense operational cooperation between customs administrations of the Member States, between them and other authorities, with trade and other third parties. The smooth functioning of **taxation systems** in the internal market is dependent on effective and efficient processing of cross-border transactions by national tax administrations, the prevention of and fight against tax fraud and protection of tax revenues. This implies exchange of large quantities of information between tax administrations, making the tax administrations working more efficiently but equally reducing the administrative, economic and time burden for tax payers involved in cross-border activities. This can only be achieved on the basis of intense cooperation between tax administrations of the Member States and third parties.

The proposed programme will support the **cooperation** between the **customs and tax authorities** and other parties concerned. It is the **successor programme** of both the Customs 2013 and Fiscalis 2013 programmes which end on 31 December 2013. The proposed FISCUS Programme will support customs and tax cooperation in the Union clustered around human networking and competency building, on the one hand, and IT capacity building on the other hand. The first cluster allows for the exchange of good practices and operational knowledge amongst the Member States and other countries participating in the programme. The latter enables the programme to fund cutting-edge IT infrastructure and systems that allow customs and tax administrations in the Union to evolve to fully-fledged e-administrations. The main added-value of the programme is generated by enhancing the capacity of Member States in

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<sup>1</sup> COM(2011)500 Final of 29 June 2011, A budget for Europe 2020.

<sup>2</sup> COM(2010) 2020 final of 3 March 2010: A strategy for smart, sustainable and inclusive growth.

<sup>3</sup> In 2010, approximately 12.3% (15.7 billion euro) of the EU budget was derived from traditional own resources. Directorate General for Budget, Thematic Report on the customs control strategy in the Member States — Control of traditional own resources, p3.

raising revenue and managing increasingly complex trade flows, while cutting costs in developing the tools for these purposes.

## **2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS**

### **2.1. Consultations and expertise**

In the context of the midterm evaluation of the present programmes<sup>4</sup>, a contractor analysed the effectiveness, efficiency, relevance and value added of the current Customs and Fiscalis 2013 programmes. Monitoring data available from the different activities was used. For the midterm evaluation of the Customs 2013 programme, consultations with trade representatives were carried out.

Another contractor carried out a study of the possible framework of the future Customs and Fiscalis programme<sup>5</sup>: its challenges, objectives and possible policy options, including a comprehensive analysis of future challenges, structural problems and possible improvements to the functioning of the Customs Union. For the latter, consultations were carried out with Customs experts at different levels. Considering the importance of the activities related to the exchange of information, a separate study was carried out on the future implementation strategy for the exchange of information. This study was presented in workshops for Chief Information Officers of tax and customs administrations in June 2011.

The findings of the study on the future programmes were discussed with the representatives of the participating countries in workshops organised in June and July 2011. In preparation of this workshop, a roundtable was organised in spring 2011 in the relevant programme Committees<sup>6</sup> meeting where participating countries were asked to identify the main strengths of the programme and how the efficiency of the programme could be improved.

Impact assessments were prepared analysing the continuation of the Customs and Fiscalis programmes. These were approved by the Impact Assessment Board.

Numerous recommendations for design and further improvements of the programme were taken on board in the development of the future programme proposal, notably for the design of the programme activities and the formulation of the programme objectives. The main recommendations related to the introduction of new specific objectives or re-emphasis of existing ones. For the taxation sector they focused on reduction of administrative burdens on tax administrations and taxpayers and improving cooperation with third countries and third parties and reinforce the fight against fraud. For the customs sector the programme should put more emphasis on cooperation with third countries, business and trade associations as well as

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<sup>4</sup> Fiscalis 2013 midterm evaluation:  
[http://ec.europa.eu/taxation\\_customs/resources/documents/common/publications/studies/fiscalis2013\\_mid\\_term\\_report\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/publications/studies/fiscalis2013_mid_term_report_en.pdf)

Customs 2013 midterm evaluation:  
[http://ec.europa.eu/taxation\\_customs/resources/documents/common/publications/studies/customs2013\\_mid\\_term\\_report\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/publications/studies/customs2013_mid_term_report_en.pdf)

<sup>5</sup> DELOITTE, The future business architecture for the Customs Union and Cooperative Model in the Taxation Area in Europe.

<sup>6</sup> Minutes of the 9th Fiscalis Committee meeting on 3 May 2011  
Minutes of the 9<sup>th</sup> Customs Committee meeting on 11 April 2011.

trade facilitation. In addition the mid-term evaluations recommended to introduce new tools to address new challenges, notably cooperation on specific operational tasks, the improvement of the distribution of the results of the programme activities taking advantage of online collaboration methods and defining a framework to better monitor the outputs of the programme.

## **2.2. Impact assessment**

Considering the overall policy context and problems ahead for customs and taxation in the next decade, a number of policy options have been analysed and compared in the impact assessment for each of the present programmes.

### **Common policy options:**

- (1) Baseline: continuing the programmes with their current objectives and design.
- (2) No continuation of the programme: both programmes would be discontinued and EU funding will no longer be provided for IT tools, joint actions or training activities supporting cooperation in the customs and taxation area.

### **Specific policy options for the Customs area:**

- (3) Increased support to EU legal obligations such as the Modernised Customs Code (MCC): This policy option would extend the baseline scenario tailoring the programme to the new needs deriving from the evolving Customs Union environment. This option covers the deployment of new IT systems as defined in EU customs legislation, gradually introducing a shared development model for the IT systems and modernising the underlying governance, architecture and technology.
- (4) Increased support to EU legal obligations and financial support for technical capacity building: Besides the components of the previous option, this option would include a financial support scheme allowing Member States to request support to acquire equipment to control land, sea or air borders, for instance scanners or laboratory equipment. This would support Member States to meet the demands for speeding up and streamlining controls in the context of evolving technologies.
- (5) Increased support to EU legal obligations with a maximised shared IT environment: Besides the components of option 3, this option supports EU customs to take the advantage of full scale shared development and operation of the European IT systems to implement EU customs legislation such as the MCC and other customs related legislations. This option would ensure enhanced support to the public authorities to develop and deploy all the systems necessary for a pan-European electronic customs environment and to business to connect to those systems.

### **Specific policy options for the taxation area:**

- (6) Upgrade the baseline: This option would encompass the baseline scenario tailoring the specific objectives to the future challenges. It puts additional focus on the fight against tax fraud, avoidance and evasion compared to the present programme, addressing the high administrative burden for taxpayers and tax administrations and considering the cooperation with third countries and third parties. This policy option

would require only a marginally higher budget compared to the present Fiscalis programme.

- (7) Upgrade and cater for new policies: Besides addressing the problems described under the option "upgrading the baseline scenario", this policy option would offer the means to extend cooperation to new areas that may follow from policy evolution and notably enable programmes to have the means to facilitate coherent application and implementation of this new legislation and to implement the related exchange of information and administrative cooperation.

The impact assessments lead to the following recommendation: For Customs the "**Increased support to EU legal obligations such as the Modernised Customs Code (MCC)**" option 3 is the preferred option while for taxation the "**Upgrade the baseline**" option 6 is the preferred one. Both policy options are in line with the proposal for a new budget for Europe 2020 and score on acceptability by Member States. The option "Increased support to EU legal obligations and financial support for technical capacity building" has not been retained for Customs since the acquisition of equipment expressed in the technical capacity building component could be co-funded through other programmes including Regional Structural Funds while ensuring coherence with the specific objectives of the proposed FISCUS Programme.

### 3. LEGAL ELEMENTS OF THE PROPOSAL

#### 3.1. Legal basis

The FISCUS proposal is based on a double legal basis. The **customs related aspects** of the proposal are based on **article 33** of the Treaty on the Functioning of the European Union (TFEU) which calls for action by the European Union with regard to customs cooperation and the EU customs union.

Many aspects of tax policy implementation remain predominantly of national competence. The proposed programme however cannot be considered to be a tax policy measure falling under national competences. Indeed, the programme aims to improve cooperation between tax administrations providing mechanisms and means as well as the necessary funding. As such the programme will not, when implemented by the Commission, result in a further harmonisation of national tax systems but allow reducing the negative effects related to the co-existence of 27 different tax systems, such as distortions of competition, administrative burden for administrations and taxpayers, tax shopping, etc. The proposed measure is therefore a clear Internal Market support measure allowing the improvement of the functioning of the various tax systems within the Internal Market. The legal basis for the **taxation related aspects** of the proposed programme is therefore **article 114** TFEU.

#### 3.2. Subsidiarity and Proportionality

Action at Union level rather than at national level is necessary for the following reasons:

- The **customs union** is an **exclusive competence of the Union**. By transferring their powers to the Union, Member States *ipso facto* agreed that actions in the customs area will be better implemented at Union level. However, the Union legal framework in itself does not ensure sufficiently the proper functioning of the Customs Union. It should be

complemented by supporting measures as provided by the Customs Programme in order to ensure that EU customs legislation is applied in a convergent and harmonised way.

- Many of the activities in the **customs** area are of a **cross-border nature**, involving and affecting all 27 Member States, and therefore they cannot be effectively and efficiently delivered by individual Member States. EU action is needed to underpin the European dimension of customs work, to avoid internal market distortions and to support the effective protection of the EU external borders.
- In this regard, EU action is justified to ensure the proper functioning and further development of the Customs Union and its common regulatory framework, as it has been shown to be the most efficient and effective EU response to shortcomings and challenges in implementing the EU Customs Union and customs cooperation.
- Concerning **taxation**, it is not sufficient to adopt legislation at European level, taking it for granted that its implementation will run smoothly and if not, the infringement procedure will be sufficient. In order to efficiently implement EU and national tax law, cooperation and coordination at the European level are necessary.
- The challenges identified for **taxation** cannot be tackled without a **steering role** executed by the Commission and without encouraging Member States to look beyond the borders of their administrative territory. Without intense cooperation and coordination between Member States, unfair tax competition and tax shopping would increase, while fraudsters would exploit the lack of cooperation between national authorities.
- From an **economic point of view**, action at EU level is much more efficient. The backbone of the customs and taxation cooperation is a highly secured dedicated communication network. It interconnects national customs and tax administrations in approximately 5 000 connection points. This common IT network ensures that every national administration only needs to connect once to this common infrastructure to be able to exchange any kind of information. If such an infrastructure were not available Member States would have to link 26 times to the national systems of each of the other Member States.

The Commission shall, according to Article 17 TEU, exercise coordinating, executive and management functions, as laid down in the Treaties. Coordination by the Commission needs to be undertaken with national customs and tax authorities, with specialised representatives, at operational level and on a long term basis in view of existing and future challenges for the Union identified in the customs and tax fields. The various fora and tools of the Programme provide an appropriate framework for the Commission to take on its coordinating role in the customs and tax area. The FISCUS Programme is therefore in line with the **principles of subsidiarity and proportionality** (as set out in Art. 5 of the Treaty of the European Union (TEU)).

### 3.3. Instrument

In line with the conclusion of the relevant impact assessments, **EU intervention** by means of a funding programme is appropriate. Taking into account the positive feedback resulting from the midterm evaluation of the Customs 2013 and Fiscalis 2013 Programme, a successor FISCUS Programme is being proposed by the Commission.

Although the new programme remains primarily addressed to Member States and their authorities, it is intended that future programme actions will - more than in the past - involve external stakeholders. In view of this evolution the appropriate legal instrument for establishing the programme is a "regulation" rather than a "decision" as for previous programmes.

#### 4. BUDGETARY IMPLICATION

The timing of the review of EU funding Programmes is linked to the proposal for a new Multiannual Financial Framework, as contained in the Commission Work Programme. In accordance with this proposal, this Regulation on the FISCUS Programme contains a budgetary framework of **EUR 777 600 000** (in current prices) **for the period of 2014-2020**.

The FISCUS Programme will be implemented by means of a direct central management mode and in a priority-based manner. Work programmes are established –together with the stakeholders- stipulating the priorities for a specific period.

#### 5. OPTIONAL ELEMENTS

##### 5.1. Annotations to specific legal provisions

###### 5.1.1. Chapter I: General Provisions

For customs related aspects, the **scope** of the programme is specifically oriented towards the functioning of the EU Customs Union. For the taxation related aspects, the programme has been brought in line with recent Union tax legislation meaning that it will not only cover VAT, excised duties and taxes on income and capital but also other taxes which are subject of EU tax legislation.

The FISCUS Programme will be open for **participation** to the Member States, Candidate Countries and potential Candidates. In line with the overall Union policy in this respect, countries of the European Neighbourhood Policy will also have the possibility to take part in the Programme under certain conditions. Finally, 'external experts' might also participate in specific actions (e.g. representatives of other authorities, trade, national and international organisations, and possibly other experts).

The **objectives** of the FISCUS Programme have been re-oriented in function of the identified and expected problems and challenges for customs and tax policy and customs and tax authorities in the next decade. The overarching objective of the programme is to support the functioning of the Customs Union and to strengthen the internal market by improving the operation of the taxation systems through cooperation between participating countries, their customs and tax administrations, their officials and external experts.

To provide an adequate answer to the future challenges in the customs and tax area in the Union, the following specific objectives have been defined for the programme:

1. to support the preparation, coherent application and effective implementation of Union law in the fields of customs and taxation,

2. to contribute to the efficient functioning of customs and tax authorities by improving their administrative capacity and reducing the administrative burden,
3. to prevent fraud and tax evasion and to enhance competitiveness, safety and security by enhancing cooperation with international organisations, other governmental authorities, third countries, economic operators and their organisations,
4. to strengthen the competitiveness of European businesses through the facilitation of trade and the reduction of compliance costs,
5. to protect the financial and economic interests of the European Union and its Member States through the fight against fraud and tax evasion,
6. (for the Customs Sector) to support customs in protecting citizens and the economy in terms of safety and security, and in protecting the environment.

Operational objectives have been added concentrating on outputs to be delivered by the Programme and are available in annex 1 of the Regulation.

#### 5.1.2. Chapter II: Eligible actions

The **types of actions** considered eligible for programme funding are similar to the ones under the current programmes, namely:

- Joint Actions pursuing the exchange of knowledge and good practice between customs and tax officials of the participating countries
- European Information Systems<sup>7</sup> facilitating the exchange of information and access to common data and finally
- Training activities leading to human competency building for customs and tax officials across Europe

Modifications have been introduced in certain categories of actions.

- The FISCUS programme will include some new joint action tools:
  - **Steering groups** (only new for taxation) will perform activities of a coordinating nature and be usually composed of all interested Participating Countries. They differ from project groups, which are usually composed of a limited number of countries, operational during a limited period of time and are working on the realisation of a predefined objective with a precisely described outcome.
  - **Expert teams** are structured forms of cooperation, pooling expertise and/or addressing specific operational activities. They can be set up with a non-permanent or permanent character and could possibly receive support such as online collaboration services, administrative assistance and infrastructure and equipment facilities to underpin the realisation and success of an action.

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<sup>7</sup> Previously called Trans European IT Systems

- **Actions for public administration capacity building** will support customs and tax authorities that face particular difficulties, be it lacking knowledge, expertise, organisational or any other deficiencies which can be overcome through tailor-made support actions provided by fellow countries and or Commission officials.
- As regards the European Information Systems, the new programme defines "Union components" as IT assets and services which concern some or all of the Member States and are owned or acquired by the Commission. These Union components are described in Annex 2 point 4 of the proposed legal act. The "national components" are all components which are not "Union components". They are developed, installed and operated by Member States, and thus subject to the funding and responsibility of Member States.

The redefinition of Union components should be seen in the light of the changing practice of IT systems development. Currently each Member State is responsible for the implementation of its national systems according to common specifications, resulting in 27 developments for each system, 27 trader interfaces, 27 schedules of development, 27 sets of project related or operational difficulties, etc. In particular in the light of the financial crisis, the Commission considers that the development of IT systems should be done more efficiently; including an increased number of central resources and an increased involvement of Member States in common projects.

This simplification aims at reducing overall IT costs and improving the consistency of data and application of rules by gradually moving towards more shared IT development (knowledge, data, IT components). It will bring improved working methods for instance through business process modelling, better quality specifications but also will bring more standardisation for instance harmonising interfaces for traders. The new approach towards Union components will limit the risk for divergent development and deployment plans. It also provides additional means to control the finalisation of the project as common plans avoid that the slowest member in the development chain determines the entry in operation of the entire project. This increased Commission responsibility will require more specialised support and personnel at Commission level.

### 5.1.3. *Chapter IV: Implementation*

In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. As such an annual work programme will be adopted in accordance with the examination procedure referred to in Article 5 of Regulation (EU) No 182/2011 of the European Parliament and the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers<sup>8</sup>.

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<sup>8</sup> OJ L 55, 28.2.2011, p 13.

## 5.2. Simplification

### 5.2.1. *How did the proposal contribute to simplification?*

#### (a) Coherence with the financial regulation

The programme proposal is fully coherent with the financial regulation and its implementing provisions. Grants and procurement are the main financial instruments used to implement the programme. The programme incorporates the simplification measures proposed in the Commission proposal for the revision of the financial regulation, notably the recourse to lump sums, flat rates and unit costs. In view of the importance of the processing of subsistence and travel costs paid under the programme, the programme will introduce simplification measures offered by the new Financial Regulation in this area.

#### (b) Coherence between the Customs and Fiscalis 2013 programmes

The management of the previous Customs and Fiscalis programmes had been fully aligned based upon identical procurement rules and grant models, common management guides and IT based systems. The management model includes clear and **simple procedures** for organising programme activities. The **programme management team** of the Commission **is assisted** by programme management teams in the different customs and tax administrations acting as facilitator and first point of contact for customs, respectively taxation officials in Member States. The management model allows the deployment of activities in a **short time span**, some weeks at the most, reacting quickly to **newly emerging needs**, while at the same time guarding coherence between the different activities. The Member States have expressed their satisfaction with the management model of the programme in the midterm evaluation<sup>9</sup>. Considering the already close alignment between the Customs and Fiscalis programme as well as the Commission policy of simplification, it has been decided to propose a single Programme (FISCUS) in the framework of the 2014-2020 multiannual financial framework.

#### (c) Did the programme consider externalisation?

The possibility to implement the future Programme through an **executive agency** was considered. An agency could be empowered to execute tasks such as the selection of the activities under the programme, the administrative preparation and follow-up of the activities, monitoring of the activities, grants and procurement of IT systems. However, such an executive agency would add an additional layer to the governance structure, increasing the cost of coordination and checks, complicating and lengthening decision making by adding new administrative procedures. Also, it would have a negative impact on the level of know-how within the Commission and increase the risk of a fragmentation of content versus administrative aspects. This option would not bring the expected business benefits and has therefore been discarded.

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<sup>9</sup> The Evaluation Partnership, Customs 2013 midterm evaluation, page 72 to 80 RAMBOLL, Fiscalis 2013 midterm evaluation, paragraphs 268-305.

In an alternative scenario, it was also considered **to transfer all relevant IT activities to national administrations** with the exception of the CCN/CSI network and its related services. In this scenario the risk is very high that gradually there would be needs and initiatives to set-up more central governance structures. The resulting impact would be similar to the effects of the discontinuation of the programmes which would put at risk the efficiency and effectiveness of customs and tax administrations, challenge the uniformity of the Customs Union and thus the treatment of traders, and reduce the ability to prevent and detect fraud. Considering the negative impacts on results and performance, this scenario was also discarded.

- (d) Does the programme use common IT tools to reduce the administrative burden on beneficiaries and contractors?

The Customs 2013 and Fiscalis 2013 programmes already deploy tools to facilitate the management for grants through a common Activity Reporting Tool (ART).

#### 5.2.2. *Performance measurement of the proposal*

The performance of the programme will be measured using a coherent set of performance, impact, result and output indicators linked to the general, specific and operational objectives of the programme and building the link with the Commission Management Plan. The detailed list of impact, result and output indicators is available in the Impact Assessments of the relevant programmes. The Commission has identified targets for some operational objectives of the programme, others will be completed through actions within the current programmes. The targets of all operational objectives will be identified before the start of the 2020 programme by the Commission and presented to the Programme Committee for endorsement in the framework of the Annual Work Programme procedure.

#### 5.2.3. *Is the programme proposal coherent with overall Commission policy*

The programme will contribute towards the objectives of the Europe 2020 Strategy by strengthening the Single Market, enhancing the productivity of the public sector and sustain technical progress and innovation in administrations, and by promoting employment. It will support flagships on the digital agenda for Europe<sup>10</sup>, the flagship initiative on the Innovation Union<sup>11</sup>, the flagship on the Agenda for New Skills and Jobs<sup>12</sup> and the flagship initiative on an industrial policy for the globalisation era<sup>13</sup>. The programme will also support the Single Market Act<sup>14</sup> and promote growth and innovation by enforcing intellectual property rights (IPR) at the border in line with the recent comprehensive IPR strategy.<sup>15</sup> As concerns the protection of the financial interests of the Union and Member States, the programme will support the collection of duties and various fees and taxes on trade, and collaborative efforts to fight fraud. The Customs Union is the operational arm of EU trade policy, and the programme

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<sup>10</sup> COM(2010) 245 Final/2, A Digital Agenda for Europe.

<sup>11</sup> COM(2010) 546 of 6 October 2010, European 2020 Flagship Initiative Innovation Union.

<sup>12</sup> COM(2010) 682 of 23 November 2010, An Agenda for new skills and jobs.

<sup>13</sup> COM(2010) 614, European 2020 Flagship Initiative Integrated Industrial Policy.

<sup>14</sup> COM(2011) 0206 final.

<sup>15</sup> COM (2011) 287, A Single Market for Intellectual Property Rights – Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe

will therefore help implementing bilateral and multilateral trade agreements, collecting duties, and applying trade measures (such as rules of origin), embargoes and other restrictions in line with the EU trade strategy<sup>16</sup>. More recently, customs have been entrusted a role in protecting the environment (related *inter alia* to illegal waste export, chemicals, ozone depleting substances, illegal logging and the CITES convention). Finally, customs action and cooperation between customs, police and other enforcement authorities increasingly contributes to internal security of the EU as reflected in the action plan for the Internal Security Strategy<sup>17</sup> and in the Stockholm Programme Action Plan.<sup>18</sup>

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<sup>16</sup> COM (2010)612. Trade, Growth and World Affairs: Trade policy as a core component of the EU's 2020 Strategy

<sup>17</sup> COM(2010) 673 final, Brussels, 22.11.2010, Communication from the Commission to the European Parliament and the Council — the EU Internal Security Strategy in Action: Five steps towards a more secure Europe.

<sup>18</sup> COM(2010) 171 final, Brussels, 20.4.2010, Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Delivering an area of freedom, security and justice for Europe's citizens — Action Plan Implementing the Stockholm Programme.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing an action programme for customs and taxation in the European Union for the period 2014-2020 (FISCUS) and repealing Decisions N°1482/2007/EC and N°624/2007/EC**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 33 and 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>19</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The multi-annual action programmes for customs and taxation which applied before 2014 have significantly contributed to facilitating and enhancing cooperation between customs and tax authorities respectively within the Union. It is therefore appropriate to ensure the continuation of those programmes by establishing a new Programme in the same area.
- (2) Given the synergies between the programmes applicable before 2014 and in line with the commitment of the Commission to reduce the number of programmes as laid down in "A budget for Europe 2020"<sup>20</sup>, the customs and tax cooperation programmes should be replaced by one single programme. In addition, the establishment of a single programme will permit more simplification and coherence while the possibility to set up activities within the separate fields of customs and taxation is preserved.
- (3) The Programme activities, i.e. the European Information Systems, the joint actions for customs and tax officials and the common training initiatives, are expected to contribute to the realisation of the Europe 2020 Strategy for smart, sustainable and inclusive growth<sup>21</sup>. In providing a framework for activities which strive for more efficient customs and tax authorities, strengthen the competitiveness of businesses, promote employment and contribute to the protection of the Union's financial and

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<sup>19</sup> OJ C , , p. .

<sup>20</sup> COM(2011) 500 final Part I.

<sup>21</sup> COM(2010) 2020.

economic interests, the Programme will actively strengthen the functioning of the customs union and the internal market.

- (4) The taxation sector of the programme should be brought into line with existing and upcoming Union legislation so as to allow for supporting activities for potentially new Union taxes or legislation. For the purposes of this Programme, taxation should therefore not only cover VAT as provided for by Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax<sup>22</sup>, excise duties on alcohol as provided for by Council Directive 92/83/EEC of 19 October 1992 on the harmonisation of the structures of excise duties on alcohol and alcoholic beverages<sup>23</sup>, on tobacco products as provided for by Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco<sup>24</sup>, on energy products and electricity as provided for by Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity<sup>25</sup> but also to all other taxes falling within the scope of Union tax legislation in the meaning of Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures<sup>26</sup>.
- (5) In order to support the process of accession and association by third countries, the Programme shall be open for the participation of acceding and candidate countries as well as potential candidates and partner countries of the European Neighbourhood Policy<sup>27</sup> if certain conditions are fulfilled. Moreover, considering the increasing interconnectivity of the world economy, it is useful to provide for the possibility to involve also external experts, such as officials of third countries, representatives of international organisations or economic operators in certain activities.
- (6) In view of the problems and challenges identified for the upcoming decade, the objectives of the programmes which applied before 2014 should be adjusted. The Programme established by this Regulation should play a role in vital areas like the coherent implementation of Union law, the protection of the financial and economic interests of the Union, safeguarding safety and security and increasing the administrative capacity of customs and tax authorities. However, given the problem dynamics of new challenges identified, an additional emphasis should be put on fighting fraud, reduction of administrative burden and facilitating trade.
- (7) The tools used under the programmes which applied before 2014 have proven to be adequate and have therefore been retained. However, in view of the need for tools allowing for more structured operational cooperation, additional tools have been added such as expert teams composed of the Union and national experts to perform jointly tasks in specific domains. Furthermore, in view of recent developments, it is appropriate to provide for the possibility to set up actions under the Programme which contribute to administrative capacity building in order to provide specialised assistance to those countries in need.

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<sup>22</sup> O.J. L 347, 11.12.2006, p.1

<sup>23</sup> OJ L 316, 31.10.1992, p. 21.

<sup>24</sup> OJ L 176, 5.7.2011, p. 24.

<sup>25</sup> (OJ L 283, 31.10.2003, p. 51.

<sup>26</sup> OJ L 84, 31.3.2010, p. 1.

<sup>27</sup> COM(2004)373

- (8) The European information systems play a vital role in reinforcing the customs and taxation systems within the Union and should therefore continue to be financed under the Programme. In addition, it should be made possible to include in the Programme new customs and tax related information systems established under Union legislation. The latter should be based upon shared development models and a modern IT architecture in order to increase the flexibility and efficiency of customs and tax administrations.
- (9) Human competency building in the form of common training should also be realised through the Programme. Customs and tax officials need to build up and update their knowledge and skills required to serve the needs of the Union. The Programme should be essential to strengthen the human capacity in an efficient way through enhanced training support that targets customs and tax officials as well as economic operators. To this end, the current common training approach of the Union which was mainly based on central eLearning development should develop into a multi-faceted tax training support programme for the Union.
- (10) The Programme should cover a period of seven years to align its duration with that of the multiannual financial framework laid down in Council Regulation (EU) N° xxx of xxx laying down the multiannual financial framework for the year 2014-2020<sup>28</sup>.
- (11) For the entire duration of the Programme, a financial envelope should be laid down constituting the prime reference, within the meaning of point [17] of the Interinstitutional Agreement of XX/YY/201Z between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management, for the budgetary authority during the annual budgetary procedure.
- (12) In line with the Commission's commitment set out in its Communication on the Budget Review of 2010<sup>29</sup> to coherence and simplification of funding programmes, resources should be shared with other Union funding instruments if the envisaged Programme activities pursue objectives which are common to various funding instruments excluding however double financing. Actions within this Programme should ensure coherence in the use of the Union's resources supporting the functioning of the Customs Union.
- (13) The measures necessary for the financial implementation of this Regulation shall be adopted in accordance with Council Regulation (EC, Euratom) No xxx/20xx of xxx on the Financial Regulation applicable to the general budget of the European Communities, and with Commission Regulation (EC, Euratom) No xxx/20xx of xxx laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No xxx/20xx of xxx (*references of new financial regulation and implementing act to be added*).
- (14) The financial interests of the Union should be protected through appropriate measures throughout the expenditure cycle, including the prevention, detection and investigation

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<sup>28</sup> To be completed  
<sup>29</sup> COM(2010)700

of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, penalties.

- (15) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers<sup>30</sup>.
- (16) Since the objectives of the action to be taken, namely establishing a multi-annual programme to improve the operation of the taxation systems in the internal market and the functioning of the customs union, cannot be sufficiently achieved by the Member States which cannot efficiently perform the cooperation and coordination necessary to carry out the Programme, and can therefore, given the effects of the Programme, be better achieved on Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 TEU. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (17) The Commission should be assisted by the FISCUS Committee for the implementation of the Programme. The main competence of this Committee relate to the annual work programmes.
- (18) This Regulation should replace Decisions N°1482/2007/EC of the European Parliament and of the Council of 11 December 2007 establishing a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2013) and repealing Decision No 225/2002/EC<sup>31</sup> and Decision N°624/2007/EC of the European Parliament and the Council of 23 May 2007 establishing an action programme for customs in the Community (Customs 2013)<sup>32</sup>. Those Decisions should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

## **Chapter I**

### **General provisions**

#### *Article 1*

#### *Subject Matter*

- 1. A multi-annual action programme "FISCUS" ("the Programme") is hereby established to improve the operation of the taxation systems in the internal market and the functioning of the Customs Union.
- 2. The Programme shall be composed of a customs sector and a taxation sector.

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<sup>30</sup> OJ 28.2.2011 L 55-13  
<sup>31</sup> OJ L 330, 15.12.2007, p. 1  
<sup>32</sup> OJ L 154, 14.6.2007, p. 25

3. The Programme shall cover the period 1 January 2014 to 31 December 2020.

## *Article 2*

### *Definitions*

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

- (a) "customs or tax authorities" means the authorities responsible for applying rules on customs or taxation;
- (b) "External experts" means
  - (1) representatives of governmental authorities including from countries not participating in the Programme according to article 3 (1) and 3(2),
  - (2) economic operators and their organisations,
  - (3) representatives of international and other relevant organisations.,
- (c) "taxation" means the following taxes
  - (1) value added tax provided for in Directive 2006/112/EC.
  - (2) excise duties on alcohol provided for in Directive 92/83/EEC.
  - (3) excise duties on tobacco products provided for in Directive 2011/64/EU.
  - (4) taxes on energy products and electricity provided for in Directive 2003/96/EC
  - (5) all other taxes falling within the scope of Article 2(1)(a) of Directive 2010/24/EU.

## *Article 3*

### *Participation in the Programme*

- 1. Participating countries shall be the Member States and the countries referred to in paragraph 2 provided the conditions set out in paragraphs 2 and 3 are met.
- 2. The Programme shall be open to the participation of any of the following countries:
  - (a) acceding countries, candidate countries and potential candidates benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective Framework Agreements, Association Council Decisions or similar Agreements;
  - (b) partner countries of the European Neighbourhood Policy provided that those countries have reached a sufficient level of approximation of the relevant legislation and administrative methods to those of the Union. The partner countries concerned shall participate to the Programme in accordance with

provisions to be determined with those countries following the establishment of Framework Agreements concerning their participation in Union programmes.

3. External experts may take part in activities organised under the Programme wherever this is useful for the achievement of the objectives referred to in Articles 4 and 5. These experts shall be chosen on the basis of their skills, experience and knowledge relevant to the specific activities.

#### *Article 4* *General objective*

The general objective of the Programme shall be to support the functioning of the Customs Union and to strengthen the internal market by improving the operation of the taxation systems through cooperation between participating countries, their customs and tax authorities, their officials and external experts.

This objective will be measured, inter alia by the following indicator: the evolution of the perception of Programme stakeholders regarding the contribution of the Programme towards the functioning of the Customs Union and the strengthening of the internal market.

#### *Article 5* *Specific objectives*

1. The specific objectives of the Programme shall be the following:
  - (a) to support the preparation, coherent application and effective implementation of Union law in the fields of customs and taxation,
  - (b) to contribute to the efficient functioning of customs and tax authorities by improving their administrative capacity and reducing the administrative burden,
  - (c) to prevent fraud and tax evasion and to enhance competitiveness, safety and security by enhancing cooperation with international organisations, other governmental authorities, third countries, economic operators and their organisations,
  - (d) to strengthen the competitiveness of European businesses through the facilitation of trade and the reduction of compliance costs ,
  - (e) to protect the financial and economic interests of the European Union and its Member States through the fight against fraud and tax evasion,
  - (f) for the customs sector: to support customs in protecting citizens and the economy in terms of safety and security, and in protecting the environment.
2. Each of the specific objectives above shall be measured by an indicator based on the perception of Programme stakeholders regarding the contribution of the Programme to the realisation of the specific objectives.

## **Chapter II**

### **Eligible actions**

#### *Article 6*

#### *Eligible actions*

The Programme shall provide, under the conditions set out in the annual work programme referred to in Article 13, financial support for the following types of action:

- (a) Common joint actions for operational cooperation and coordination:
  - (1) seminars and workshops;
  - (2) steering groups to steer and coordinate the actions falling under their sphere of competence;
  - (3) project groups, composed of a limited number of countries, operational during a limited period of time to pursue a predefined objective with a precisely described outcome;
  - (4) working visits organised by the participating countries or a third country to enable officials to acquire or increase their expertise or knowledge in customs respectively tax matters; for working visits organised by third countries only travel and subsistence (accommodation and daily allowance) costs are eligible under the Programme;
  - (5) expert teams, which are structured forms of cooperation, with a non-permanent or permanent character, pooling expertise to perform tasks in specific domains or carry out operational activities, possibly with support of online collaboration services, administrative assistance and infrastructure and equipment facilities;
  - (6) public administration capacity building and supporting actions;
  - (7) studies;
  - (8) communication projects;
  - (9) any other activity in support of the general and specific objectives set out in Articles 4 and 5
- (b) Specific joint actions in the customs sector including monitoring activities carried out by joint teams made up of Commission and officials of the Participating Countries to analyse customs practices, identify any difficulties in implementing rules and, where appropriate, make suggestions for the adaptation of union rules and working methods.
- (c) Specific joint actions in the taxation sector including multilateral controls organised by two or more participating countries, including at least one

Member State, to carry out a coordinated control of the tax liability of one or more related taxable persons.

- (d) IT capacity building, namely development, maintenance, operation and quality control, of Union components set out in point 4 of Annex II of the following systems:
  - (1) European Information Systems set out in points 1, 2 and 3 of Annex II and
  - (2) new European Information Systems established under Union legislation
- (e) Human competency building: common training actions to support the necessary professional skills and knowledge relating to customs and taxation.

#### *Article 7*

##### *Specific implementation provisions for joint actions*

1. Participating countries shall ensure that officials with the adequate profile and qualifications are nominated to participate in the joint actions.
2. Participating countries shall take the necessary measures for the implementation of the joint actions, in particular by raising awareness within their customs or tax authorities on those actions and by ensuring an optimal use is made of the outputs generated.

#### *Article 8*

##### *Specific implementation provisions for the European Information Systems*

1. The Commission and the participating countries shall ensure that the European Information Systems referred to in points 1, 2 and 3 of Annex II are developed, operated and appropriately maintained.
2. The Commission shall coordinate, in cooperation with the participating countries, those aspects of the establishment and functioning of the Union and non-Union components of the systems and infrastructure referred to in points 1, 2 and 3 of Annex II which are necessary to ensure their operability, interconnectivity and continuous improvement.

#### *Article 9*

##### *Specific implementation provisions for common training*

1. Participating countries shall integrate jointly developed training content, including e-learning modules, training programmes and commonly agreed training standards in their national training programmes.

2. Participating countries shall ensure that their officials receive the initial and continuing training necessary to acquire common professional skills and knowledge in accordance with the training programmes.
3. Participating countries shall provide the linguistic training necessary for officials to ascertain a sufficient level of linguistic competence for participation in the Programme.

## **Chapter III**

### **Financial Framework**

#### *Article 10* *Financial Framework*

1. The financial envelope for the implementation of the Programme shall be EUR 777.600.000 (in current prices).
2. The financial allocation for the Programme may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the Programme and the achievement of its objectives; in particular, studies, meetings of experts, information and communication actions, including corporate communication of the political priorities of the European Union as far as they are related to general objectives of this Regulation, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission for the management of the Programme.

#### *Article 11* *Types of intervention*

1. The Commission shall implement the programme in accordance with the Financial Regulation.
2. Union financial support for activities provided for in Article 6 shall take the form of:
  - (a) grants;
  - (b) public procurement contracts;
  - (c) reimbursement of costs incurred by external experts referred to in Article 3 (3)
3. The co-financing rate for grants shall be up to 100 % of the eligible costs where the latter are travel and accommodation costs, costs linked to organisation of events and daily allowances. That rate shall apply to all eligible actions with the exception of expert teams. For this category of eligible actions, the annual work programmes will specify the applicable co-financing rate when these actions require the awarding of grants.

*Article 12*  
*Protection of the financial interests of the Union*

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks and inspections, over all grant beneficiaries, contractors and subcontractors who have received Union funds.
3. The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities<sup>33</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the European Union in connection with a grant agreement or grant decision or a contract concerning Union funding.
4. Without prejudice to paragraphs 1,2 and 3, Framework Agreements, Association Council Decisions or similar Agreements with third countries and international organisations and grant agreements and grant decisions and contracts resulting from the implementation of this Regulation shall empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.

**Chapter IV**  
**Implementing powers**

*Article 13*  
*Work Programme*

1. The Commission shall implement the Programme by means of an annual work programme for each sector of the Programme, including the priorities for the Programme, the breakdown of the budget and the evaluation criteria for the grants for actions. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 14(2) and with the Financial Regulation
2. For the customs sector, in preparing the annual work programme, the Commission shall take into account the common approach regarding the customs policy which shall continuously be adapted to new developments in partnership between the

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<sup>33</sup> OJ L 292, 15.11.1996, p. 2.

Commission and the Member States in the Customs Policy Group, composed of the heads of Customs administrations from the Commission and the Member States or their representatives.

The Commission shall keep the Customs Policy Group regularly informed of measures relating to the implementation of the customs sector of the programme.

*Article 14*  
*Committee procedure*

1. The Commission shall be assisted by a FISCUS Committee. The Committee may meet in two separate formations, one dealing with aspects concerning the customs sector and the other with those concerning the taxation sector of the Programme. The Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

**Chapter V**  
**Monitoring and Evaluation**

*Article 15*  
*Monitoring of Programme actions*

1. The Commission shall, in cooperation with the participating countries, monitor the Programme and its actions in order to follow the implementation of actions carried out.
2. A set of key performance indicators set out in Article 5(2) shall be used, inter alia, to measure the effects and impacts of the Programme. They shall be measured against pre-defined baselines reflecting the situation before implementation.

*Article 16*  
*Evaluation*

1. The Commission shall ensure a midterm and final evaluation of the Programme, focusing on pertinent evaluation questions and in time to be integrated into the decision making process. The results shall be integrated into decisions on possible renewal, modification or suspension of subsequent programmes. An independent external evaluator shall carry out these evaluations.
2. The Commission shall establish a mid-term evaluation report on the achievement of the objectives of the Programme actions, the efficiency of the use of resources and the European added value of the Programme no later than mid 2018. This report shall additionally address the simplification, the continued relevance of the objectives, as

well as the contribution of the Programme to the Union priorities of smart, sustainable and inclusive growth.

3. The Commission shall establish a final evaluation report on long term impact and the sustainability of effects of the Programme no later than end 2021.
4. The participating countries shall provide, on request of the Commission, all data and information relevant for the purpose of contributing to the mid term and final evaluation reports of the Commission.

## **Chapter VI**

### **Final Provisions**

#### *Article 17* *Repeal*

Decisions No 1482/2007/EC and No 624/2007/EC are repealed with effect from 1 January 2014.

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

#### *Article 18* *Entry into force*

This Regulation 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 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## **ANNEX**

### **I. Operational objectives of the Programme**

The operational objectives for implementation and monitoring of one or more of the specific objectives provided for in Article 5 shall be the following:

1. To set up actions enhancing common understanding and implementation of Union law on customs and taxation
2. To support and facilitate joint operational customs and tax activities
3. To develop and maintain European information systems for customs and taxation
4. To reinforce skills and competencies in customs and taxation for customs and tax officials and external experts
5. To support the development of an e-administration for customs and tax authorities and external stakeholders
6. To set up actions relating to customs and taxation involving third countries and external experts
7. To support the identification and sharing of best practices
8. To set up expert teams to perform specific operational tasks together

## **II. European Information Systems and their Union components**

Referred to in Article 6(d)

1. The common European Information Systems are the following:
  - (a) the common communications network/common systems interface (CCN/CSI), CCN mail3, the CSI bridge, the http bridge, CCN LDAP and related tools, CCN web portal, CCN monitoring;
  - (b) supporting systems, in particular the application configuration tool for CCN, tool for automated supply management (TASMAN), the activity reporting tool (ART2), Taxud electronic management of project online (TEMPO), service management tool (SMT), the user management system (UM), the BPM system, the availability dashboard and AvDB, IT service management portal, directory and user access management,
  - (c) Customs and Tax programme' information and communication space (PICS)
2. The European Information Systems specific for customs are the following
  - (a) the customs movement systems, in particular the (New) Computerised Transit System ((N)CTS), NCTS TIR for Russia, the Export Control System (ECS) and the Import Control system (ICS). The following applications/components are supporting these systems: the system to exchange data with third countries (SPEED bridge), the SPEED Edifact Converter Node (SPEED-ECN), the Standard SPEED Test Application (SSTA), the Standard Transit Test Application (STTA), the Transit Test Application (TTA), the Central Services/Reference Data (CSRD), the Central Services/Management Information System (CS/MIS);
  - (b) the Community Risk Management System (CRMS) covering the Risk Information Forms (RIF) and the Common Profiles CPCA functional domains;
  - (c) the Economic Operators System (EOS) covering the Economic Operator Registration and Identification (EORI), the Authorised Economic Operators (AEO), the Regular Shipping Services (RSS) and the mutual recognition with partner countries functional domains. The Generic Web Service is a support component for this system;
  - (d) the tariff system (TARIC3) which is a reference data system for other applications such as the quota management system (QUOTA2),, the surveillance management and monitoring system (SURV2), the European Binding Tariff Information system (EBTI3) the European Customs Inventory of Chemical Substances (ECICS2). The Combined Nomenclature (CN) and the suspensions (Suspensions) applications are managing legal information with a direct link to the tariff system;

- (e) the applications for control purposes, in particular the Specimen Management System (SMS) and the Information System for Processing Procedures (ISPP);
- (f) the anti-COunterfeit and anti-PIracy System (COPIS);
- (g) the Data Dissemination System (DDS2) managing all information which is accessible to the public via Internet.
- (h) the Anti-Fraud Information System (AFIS)

3. The European Information Systems specific for taxation are the following:

- (a) the VAT related systems, in particular, the VAT information exchange system (VIES) and the VAT refund, including the VIES initial application, the VIES monitoring tool, the Taxation statistical system, VIES-on-the-web, VIES-on-the-web configuration tool, the VIES and VAT refund test tools, the VAT number algorithms, the VAT exchange of eforms, VAT on e-Services (VoeS); VoeS test tool, VAT eforms test tool
- (b) recovery related systems, in particular eforms for recovery of claims, eforms for uniform instrument permitting enforcement (UIPE) and for uniform notification form (UNF)
- (c) direct taxation related systems, in particular taxation on savings system, taxation on saving test tool, eforms for direct taxation, tax identification number TIN-on-the-web, the exchanges related to the Article 8 of Directive 2011/16/EU and associated test tools
- (d) other taxation related systems, in particular, the taxes in Europe database (TEDB), CCN/Mail to OECD countries
- (e) the excise systems, in particular the system for exchange of excise data (SEED), the Excise Movement and Control System (EMCS), MVS eforms, test application (TA)
- (f) other central systems, in particular, the member states communication and information application (MSCIA), the self-service testing system (SSTS), taxation related statistics system, the central application for web forms, the central services / management information system for Excise (CS/MISE)

4. The Union components of the European information systems are:

- (a) IT assets such as the hardware, the software and the network connections of the systems including the associated data infrastructure;
- (b) IT services necessary to support the development, the maintenance, the improvement and the operation of the systems;

- (c) and any other elements which, for reasons of efficiency, security and rationalisation, are identified by the Commission as common to participating countries.



## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management method(s) envisaged

### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. Summary of estimated impact on expenditure
  - 3.2.2. Estimated impact on operational appropriations
  - 3.2.3. Estimated impact on appropriations of an administrative nature
  - 3.2.4. Compatibility with the current multiannual financial framework
  - 3.2.5. Third-party participation in financing
- 3.3. Estimated impact on revenue

## LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council establishing an action programme for customs and taxation in the European Union for the period 2014-2020 (FISCUS) and repealing Decisions N°1482/2007/EC and N°624/2007/EC.

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>34</sup>

1404 Customs Policy

1405 Taxation Policy

#### 1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>35</sup>

☒ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objectives

##### 1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

The proposed FISCUS programme will contribute to the **Europe 2020 Strategy** for smart, sustainable and inclusive growth<sup>36</sup> by (1) strengthening the functioning of the Single Market, (2) providing a framework to support activities enhancing productivity of the public sector and (3) pushing technical progress and innovation in national and European customs and tax administrations.

##### Taxation part

The programme will in particular support the **flagship** initiative on the digital agenda for Europe<sup>37</sup>, the flagship initiative on the Innovation Union<sup>38</sup> and the flagship initiative on an industrial policy for the globalisation era<sup>39</sup>. It will support the national tax administrations to become fully-fledged e-tax administrations and equally contributing to the reduction of the administrative burden on taxpayers, by making the implementation of Union tax legislation smarter.

<sup>34</sup> ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

<sup>35</sup> As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

<sup>36</sup> COM(2010) 2020 final of 3 March 2010: A strategy for smart, sustainable and inclusive growth.

<sup>37</sup> COM(2010) 245 Final/2, A Digital Agenda for Europe.

<sup>38</sup> COM(2010) 546 of 6 October 2010, European 2020 Flagship Initiative Innovation Union.

<sup>39</sup> COM(2010) 614, European 2020 Flagship Initiative Integrated Industrial Policy.

The programme will also support the **Single Market Act**<sup>40</sup> in particular some key areas for taxation policy emphasised in this legal act and those concerning diminishing the burden on taxpayers. The upcoming policy initiatives which the programme will support and help implement, such as the proposed Energy Tax Directive, new VAT strategy, and Common Consolidated Corporate Tax Base for companies and those concerning the removal of cross-border tax obstacles for citizens, will, when adopted, contribute substantially to achieving objectives of the Single Market Act.

### Customs Part

The Customs Union is fundamental to the **Internal Market**. The borderless Internal Market for goods requires goods originating from third countries to comply with formalities and other requirements upon entry or when released into circulation; after this, they can move around freely within the external borders of the EU. Customs supports the development of fair, competitive Internal Market conditions by uniform application of common rules and regulations. It supports growth and innovation within the Internal Market for instance by enforcing intellectual property rights (IPR) at the border (see also the **European anti-counterfeiting and anti-piracy plan**<sup>41</sup> and the **new strategy for IPR in the Single Market** as recently adopted by the Commission). Responses to a recent public consultation<sup>42</sup> on the future of the Internal Market suggest high expectations among industry federations regarding further EU action against counterfeiting and piracy. Customs has a fundamental role in effective enforcement of IPR, as confirmed by statistics on IPR customs activities.<sup>43</sup> In addition the programme will support a large variety of policy measures in the framework of the Customs Union. For instance, the protection of the **financial interests** of the EU and Member States through the collection of duties and various fees and taxes on trade, and collaborative efforts to fight fraud. In 2010, approximately 12.3% (15.7 billion euro) of the EU budget corresponded to traditional own resources.<sup>44</sup> The Customs Union is **the** operational arm of EU **Trade Policy**, implementing bilateral and multilateral trade agreements, collecting duties, and applying trade measures (such as rules of origin), embargoes and other restrictions. The discussion paper **Trade, Growth and World Affairs: Trade policy as a core component of the EU's 2020 Strategy**<sup>45</sup> published in November 2010, highlights the agenda for international customs cooperation in the framework of bilateral agreements and in the World Customs Organization. It emphasises that efficient customs procedures reduce compliance costs for traders, facilitate legitimate trade, and help to address rising security, safety and IPR risks.

The role of the Customs Union in contributing to **internal security** of the EU has become increasingly prominent, and will continue to grow, as reflected in the action plan for the

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<sup>40</sup> COM(2011) 0206 final.

<sup>41</sup> Adopted by Council in 2008 (2008/C 253/01).

<sup>42</sup> SEC(2011) 467 final, 13.4.2011. Overview of responses to the public consultation on the Communication "Towards a Single Market Act".

<sup>43</sup> [http://ec.europa.eu/taxation\\_customs/resources/documents/customs/customs\\_controls/counterfeit\\_piracy/statistics/statistics\\_2010.pdf](http://ec.europa.eu/taxation_customs/resources/documents/customs/customs_controls/counterfeit_piracy/statistics/statistics_2010.pdf).

<sup>44</sup> Directorate General for Budget, Thematic Report on the customs control strategy in the Member States — Control of traditional own resources, p3.

<sup>45</sup> COM (2010)612, Trade, Growth and World Affairs, page 12.

**Internal Security Strategy<sup>46</sup>** and in the **Stockholm Programme Action Plan.<sup>47</sup>** Furthermore, customs action and cooperation between customs, police and other enforcement authorities contribute to global security objectives such as the fight against money laundering, organised cross-border crime, and terrorism.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

**Specific objectives and ABM/ABB activity(ies) concerned**

The ABB activities concerned are Customs Policy (1404) and Taxation Policy (1405). The specific objectives of the programme will be the following:

- (1) to support the preparation, coherent application and effective implementation of Union law in the fields of customs and taxation
- (2) to contribute to the efficient functioning of customs and tax authorities by improving their administrative capacity and reducing the administrative burden
- (3) to prevent fraud and tax evasion and to enhance competitiveness, safety and security by enhancing cooperation with international organisations, other governmental authorities, third countries, economic operators and their organisations
- (4) to strengthen the competitiveness of European businesses through the facilitation of trade and the reduction of compliance costs
- (5) to protect the financial and economic interests of the European Union and its Member States through the fight against fraud and tax evasion
- (6) to support customs in protecting citizens and the economy in terms of safety and security, and in protecting the environment

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<sup>46</sup> COM(2010) 673 final, Brussels, 22.11.2010, Communication from the Commission to the European Parliament and the Council — the EU Internal Security Strategy in Action: Five steps towards a more secure Europe.

<sup>47</sup> COM(2010) 171 final, Brussels, 20.4.2010, Communication From the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Delivering an area of freedom, security and justice for Europe's citizens — Action Plan Implementing the Stockholm Programme.

#### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

From Customs point of view, Member States, by transferring their powers to the EU – the Customs Union being an exclusive competence of the EU – ipso facto agreed that actions in the customs area will be **better applied at EU level**. However, the EU legal framework in itself does not ensure proper functioning of the Customs Union. Flanking support measures as provided by the Customs Programme are required to ensure that EU customs legislation is applied in a convergent and harmonised way, so that treatment of traders, fraud prevention, and legal obligations do not vary.

Moreover, many of the activities in the customs area are of a cross-border nature, involving and affecting all **27 Member States** and therefore they cannot be effectively and efficiently delivered by individual Member States. EU action is needed to underpin the European dimension of customs work, to avoid Internal Market distortions and to support the effective protection of the EU borders.

Solidarity and responsibility sharing are the principles underlying funding for the Customs Union. Situations where the need for effective measures exceeds the ability of particular Member States to supply them are detrimental to the union as a whole. EU intervention is required to preserve the **EU public good** where EU demand (e.g. for security) cannot be adequately serviced by the supply of particular Member States. In such cases, EU action translates into jointly **funding** technical capacity building to meet the demand for effective control despite the limited supply capability of specific Member States.

The proposed programme aims to improve cooperation between tax administrations and provide mechanisms and means for improving such cooperation as well as the necessary funding to achieve these objectives. As such the programme will not, when implemented by the Commission, result in a further harmonisation of national tax systems but it will allow the reduction of negative effects related to the co-existence of 27 different tax systems, such as fraud, distortions of competition, administrative burden for administrations and businesses, tax shopping, etc. The proposed measure is therefore a clear Internal Market support measure as it will allow the improvement of the functioning of the various tax systems within the Internal Market

Whereas it is the Member States' responsibility to manage the operation of national tax systems, it is clear from the challenges identified in the impact assessment of the proposal that increased administrative cooperation between tax authorities –to an even greater degree than is currently the case - is necessary. Cooperation across the EU enables tax authorities to develop synergies, avoid duplication and exchange good practice in all fields related to taxation such as business engineering, IT, international cooperation, etc. The support to taxation cooperation by the current Fiscalis 2013 programme has demonstrated its merits, and this experience will be very valuable to respond to the future challenges in particular the outdated technological architecture, difficulties in working together on an operational level with regard to specific tasks, unequal financial means to support the activities of tax authorities and difficulties in establishing structural collaboration with the main stakeholders of the tax authorities.

#### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

Monitoring of the programme's activities will be carried out in order to ensure that the rules and procedures for the implementation of the programme have been applied properly and to verify if the programme is successful in achieving its objectives. A monitoring framework will be put in place, including: an intervention logic, a comprehensive set of indicators, measurement methods, a data collection plan, a clear and structured reporting and monitoring process and midterm and final evaluations.

The performance of the programme will be measured using a coherent set of performance, impact, result and output indicators linked to the general, specific and operational objectives of the programme and building the link with the Commission Management Plan. The detailed list of impact, result and output indicators is available in the Impact Assessments of the relevant programmes. DG TAXUD has identified targets for some operational objectives of the programme. For some others though this is not yet feasible at this point in time. The targets of those operational objectives will be identified before the start of the 2020 programme by DG TAXUD and presented to the Programme Committee for endorsement in the framework of the Annual Work Programme procedure.

The **general objective** will be measured as the evolution of the view of all relevant programme stakeholders regarding the contribution of the programme towards the support for the functioning of the Customs Union and the strengthening of the internal market by improving the operation of the taxation systems and will have as **target** that the view of stakeholders regarding the contribution of the programme towards this objective should stabilise or evolve positively

The indicators that will measure the **specific objectives** are indicated in Article 5(2) of the proposal.

## 1.5. Grounds for the proposal/initiative

### 1.5.1. Requirement(s) to be met in the short or long term

The proposal contributes to the Europe 2020 strategy and the implementation of various other Union legislations as elaborated under chapter 1.4.1

### 1.5.2. Added value of EU involvement

It is more beneficial to initiate actions at the Union level than at the level of 27 Member States as described in detail in chapter 3.2 of the explanatory memorandum.

### 1.5.3. Lessons learned from similar experiences in the past

From an economic point of view, action at EU level is much more efficient. The backbone of the customs and taxation cooperation is a highly secured dedicated communication network which is operational since the first customs and tax cooperation programmes in the early 90's. It interconnects national customs and tax administrations in approximately 5.000 connection points. This common **IT network** ensures that every national administration only needs to connect once to this common infrastructure to be able to exchange any kind of information. If such an infrastructure were not available Member States would have to link 26 times to the national systems of each of the other Member States.

Other cornerstones of the programme are activities that bring customs respectively taxation officials together with the purpose of exchanging best practices, to learn from each other,

analyse a problem or draft a guide, for instance. If Member States would have had to learn from each other by developing their own activities outside the programme umbrella, they would all have developed their own set of tools and ways of work. Synergies between activities would have been lost and common activities would not have been implemented systematically at the level of 27 Member States. It is much more efficient to have, with the support of the programme, the Commission acting as **activity broker** between the participating countries.

Another important value added is one of an intangible nature. The programme has been instrumental in creating a sense of common interest, stimulating mutual trust and generating a **cooperation spirit** between Member States and Member States and the Commission in the area of customs and taxation.

#### 1.5.4. *Coherence and possible synergy with other relevant instruments*

One of the policy scenarios worked out for the customs area foresees to financially support Member States' customs authorities for acquiring equipment and build up their technical capacity. Rather than working out a financing scheme for this purpose under the FISCUS programme, Member States may call on other programmes, including Regional Structural Funds for supporting this need.

The Midterm evaluation of the DG HOME programmes on Prevention of and Fight against Crime (ISEC) and Prevention, Preparedness and Consequence Management of Terrorism & other Security Related Risks (CIPS)<sup>48</sup> considers the Customs and Fiscalis programme management model "offers the most promising prospects for improving the management of ISEC/CIPS as it allows to promptly and flexibly respond to operational needs".<sup>49</sup>

The backbone for trans-European IT systems is the **CCN/CSI network**, also being used by OLAF for the exchange (and storage) of information on irregularities and fraud. For this purpose both DGs benefit from economies of scale.

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<sup>48</sup> COM(2005) 124 of 6 April 2005 has a budget of 745 million euro in the 2007-2013 financial framework.

<sup>49</sup> Economisti Associati, Evaluation of "Prevention and Fight against Crime" and "Prevention, preparedness and consequence management of terrorism and other security related risks" Programs, 2 December 2010, p. 89.

## 1.6. Duration and financial impact

☒ Proposal/initiative of **limited duration**

- ☐ Proposal/initiative in effect from 01/01/2014 to 31/12/2020
- ☐ Financial impact 2014 to 2023 (from 2021 to 2023 only for payment appropriations)

☐ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) envisaged<sup>50</sup>

☒ **Centralised direct management** by the Commission

☐ **Centralised indirect management** with the delegation of implementation tasks to:

- ☐ executive agencies
- ☐ bodies set up by the Communities<sup>51</sup>
- ☐ national public-sector bodies/bodies with public-service mission
- ☐ persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

☐ **Shared management** with the Member States

☐ **Decentralised management** with third countries

☐ **Joint management** with international organisations (*to be specified*)

*If more than one management mode is indicated, please provide details in the "Comments" section.*

Comments

/

<sup>50</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

<sup>51</sup> As referred to in Article 185 of the Financial Regulation.

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

*Specify frequency and conditions.*

**Monitoring of the programme's activities** will be carried out in order to ensure that the rules and procedures for the implementation of the programme have been applied properly (audit function). The proposals for joint action activities are monitored on a permanent basis through an online database, Activity Reporting Tool (ART), which contains the proposals and their corresponding activities. The same tool allows the beneficiaries of the grants issued under the programme, namely the Member States customs/tax administrations, to report online the expenses financed from the grant to participate in the joint action activities. Annually Member States have to send a financial report to the Commission which using the Activity Reporting Tool.

For the IT and Training Capacity Building activities that are financed through procurement, the standard reporting and monitoring rules apply.

The programme will be evaluated twice. The results of the midterm **evaluation** will be available by mid-2018 and those of the final evaluation of the programme towards the end of 2021. Member States, as main beneficiaries of the programme will do an important part of the data collection either by providing information at the level of the individual tools (mainly through ART) or on the wider impact of the programme (either by participating in perception measuring exercises or through the issuing of reports).

Up to now, evaluation exercises of the existing programmes, predominantly addressed primary stakeholders of the programme, namely customs/tax authorities and their experts which are the target audience of the programme. Considering the importance of consulting also stakeholders that are external to the programme (i.e. economic operators) on the impacts the programme has on them and to what extent they benefit for instance from better cooperation between customs/tax administrations, this dimension of indirect impacts will be included in future programme evaluations.

### 2.2. Management and control system

#### 2.2.1. Risk(s) identified

The potential risks for the implementation of the programme are related to:

- Implementation of the grant agreement signed with the consortium of the Member States and Candidate Countries. The level of risk is considered low, since the beneficiaries are public administrations of the participating countries

Implementation of the procurement contracts concluded under the umbrella of the programme. Examples of risks would be :

- Member States declare expenses for an activity that is not approved under the programme
- Member States declare twice the same expenses

- Non-respect of procurement rules
- Payment of an invoice for a non-existing deliverable

#### 2.2.2. *Control method(s) envisaged*

The **main elements** of the control strategy applied are:

##### For procurement contracts:

The control procedures for procurement defined in the Financial Regulation are applied. Any procurement contract is established following the established procedure of verification by the services of the Commission for 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. Detailed terms of reference are drafted and form the basis of each specific contract. The acceptance process follows strictly the TAXUD TEMPO methodology: deliverables are reviewed, amended if necessary and finally explicitly accepted (or rejected). No invoice can be paid without an "acceptance letter".

##### Technical verification for procurement

DG TAXUD performs controls of deliverables and supervises operations and services carried out by contractors. It also conducts quality and security audits of their contractors on a regular basis. Quality audits verify the compliance of the contractors' actual processes against the rules and procedures defined in their quality plans. Security audits focus on the specific processes, procedures and set-up.

##### For grants

The grant agreement signed by the beneficiaries of the programme (customs administrations in Member States and Candidate Countries) defines conditions applying to the financing of activities resorting under the grant, including a chapter on control methods. All participating administrations engaged themselves to respect Commission's financial and administrative rules on expenses.

The activities for which grant beneficiaries can finance participation from the grants are identified in an online database (ART – Activity Reporting Tool). The Member States report their spending in the same database which has a number of built in controls to reduce errors. For instance, Member States can only report expenses for activities to which they were invited and can only do so once. In addition to the controls that are built-in in the reporting system, DG TAXUD performs paper controls and on the spot checks on a sample basis. This control strategy allows keeping the administrative burden on the grant beneficiaries as limited as possible and proportionate to the budget allocated and risks perceived.

In addition to the above controls, DG TAXUD performs the traditional financial controls:

##### Ex-ante verification of commitments:

All commitments in DG TAXUD are verified by the head of the HR and Finances Unit. Consequently, 100% of the committed amounts are covered by the ex-ante verification.

This procedure gives a high level of assurance as to the legality and regularity of transactions.

Ex-ante verification of payments:

At least one payment (from all categories of expenditures) per week is randomly selected for ex-ante verification performed by the head of the HR and Finances Unit. There is no target concerning the coverage, as the purpose of this verification is to check payments "randomly" in order to verify that all payments were prepared in line with the requirements. The remaining payments are processed according to the rules in force on a daily basis.

Declarations of the AOSD:

All the Authorising Officers by Sub-Delegations sign declarations supporting the Annual Activity Report for the year concerned. These declarations cover the operations under the programme. The AOSD declare that the operations connected with the implementation of the budget have been executed in accordance with the principles of the sound financial management, that the management and control systems in place provided satisfactory assurance concerning the legality and regularity of the transactions and that the risks associated to these operations have been properly identified, reported and that mitigating actions have been implemented.

The controls established enable DG TAXUD to have sufficient assurance of the quality and regularity of the expenditure and reduce the risk of non-compliance. The depth of the assessment reaches level three<sup>52</sup> for Joint Actions and level four<sup>53</sup> for the procurement contracts. The above control strategy measures reduce the potential risks virtually to zero and it reaches all beneficiaries. Any additional measures for further risk reduction would result in disproportionate high costs and are therefore not envisaged. DG TAXUD considers there are no variations between the present and current programme from control point of view and will apply the same control strategy for the 2020 programme. The costs entailed to implement the above control strategy are limited to 2,60 % of the budget and is expected to remain at the same ratio.

**The programme control strategy is deemed efficient to limit the risk of non-compliance to virtually zero and proportionate with the risks entailed.**

### 2.3. Measures to prevent fraud and irregularities

*Specify existing or envisaged prevention and protection measures.*

In addition to the application of all regulatory control mechanisms, the DG will devise an anti-fraud strategy in line with the Commission's new anti-fraud strategy (CAFS) adopted on 24 June 2011 in order to ensure *inter alia* that its internal anti-fraud related controls are fully aligned with the CAFS and that its fraud risk management approach is geared to identify fraud risk areas and adequate responses. Where necessary, networking groups and adequate IT tools dedicated to analysing fraud cases related to the FISCUS Programme will be set up.

<sup>52</sup>

Depth of controls – level three: control with reference to fully independent corroborative information

<sup>53</sup>

Depth of controls – level four: control with reference to and including access to the underlying documentation that is available at the stage of the process in question.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line                  | Type of expenditure                  | Contribution                         |                                        |                      |                                                                     |
|--------------------------------------------|------------------------------|--------------------------------------|--------------------------------------|----------------------------------------|----------------------|---------------------------------------------------------------------|
|                                            | Number<br>[Description.....] | Diff./non-diff.<br>( <sup>54</sup> ) | from EFTA <sup>55</sup><br>countries | from candidate countries <sup>56</sup> | from third countries | within the meaning of Article 18(1)(aa) of the Financial Regulation |
|                                            |                              |                                      |                                      |                                        |                      |                                                                     |

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

| Heading of multiannual financial framework | Budget line                                                      | Type of expenditure | Contribution        |                          |                      |                                                                     |
|--------------------------------------------|------------------------------------------------------------------|---------------------|---------------------|--------------------------|----------------------|---------------------------------------------------------------------|
|                                            | Number<br>[Heading.....]                                         | Diff./non-diff.     | from EFTA countries | from candidate countries | from third countries | within the meaning of Article 18(1)(aa) of the Financial Regulation |
| 1                                          | 14.04.03 – FISCUS (Customs Sector)                               | Diff.               | NO                  | YES                      | NO                   | NO                                                                  |
| 1                                          | 14.04.04 – FISCUS (Taxation Sector)                              | Diff.               | NO                  | YES                      | NO                   | NO                                                                  |
| 1                                          | 14.01.04.05<br>FISCUS – Expenditure on administrative management | Non-diff            | NO                  | NO                       | NO                   | NO                                                                  |

<sup>54</sup> Diff. = Differentiated appropriations / Non-diff. = Non-Differentiated Appropriations

<sup>55</sup> EFTA: European Free Trade Association.

<sup>56</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

### 3.2. Estimated impact on expenditure<sup>57</sup>

#### 3.2.1. Summary of estimated impact on expenditure

The costs related to the possible introduction of a new European IT system, should this be required, implementing the proposal on the Financial Transaction Tax (FTT), are not included in the budget of the FISCUS programme, considering the early stage of the process for the FTT proposal.

EUR million (to 3 decimal places)

|                                                    |          |                            |
|----------------------------------------------------|----------|----------------------------|
| <b>Heading of multiannual financial framework:</b> | <b>1</b> | Smart and Inclusive Growth |
|----------------------------------------------------|----------|----------------------------|

| DG: TAXUD                                                                                                   |             |      | Year<br>2014 | Year<br>2015 | Year<br>2016 | Year<br>2017 | Year<br>2018 | Year<br>2019 | Year<br>2020 | Year<br>2021-<br>2023 | TOTAL          |
|-------------------------------------------------------------------------------------------------------------|-------------|------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|----------------|
| • Operational appropriations                                                                                |             |      |              |              |              |              |              |              |              |                       |                |
| 14.0403                                                                                                     | Commitments | (1)  | 71.300       | 73.400       | 75.500       | 77.600       | 79.800       | 82.100       | 84.300       |                       | <b>544.000</b> |
|                                                                                                             | Payments    | (2)  | 14.260       | 46.765       | 62.390       | 67.740       | 69.650       | 71.625       | 73.645       | 137.925               | <b>544.000</b> |
| 14.0404                                                                                                     | Commitments | (1a) | 33.100       | 33.100       | 33.100       | 33.200       | 33.200       | 33.200       | 33.300       |                       | <b>232.200</b> |
|                                                                                                             | Payments    | (2a) | 9.268        | 24.163       | 27.473       | 29.818       | 29.863       | 29.873       | 29.908       | 51.834                | <b>232.200</b> |
| Appropriations of an administrative nature financed from the envelope for specific programmes <sup>58</sup> |             |      |              |              |              |              |              |              |              |                       |                |

<sup>57</sup> Expenditure is expressed in current prices.

<sup>58</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

|                                              |             |                 |                |                |                |                |                |                |                |                |                |
|----------------------------------------------|-------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 14.010405                                    |             | (3)             | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          |                | <b>1.400</b>   |
| <b>TOTAL appropriations<br/>for DG TAXUD</b> | Commitments | =1+1(a)<br>) +3 | <b>104.600</b> | <b>106.700</b> | <b>108.800</b> | <b>111.000</b> | <b>113.200</b> | <b>115.500</b> | <b>117.800</b> |                | <b>777.600</b> |
|                                              | Payments    | =2+2(a)<br>) +3 | <b>23.728</b>  | <b>71.128</b>  | <b>90.063</b>  | <b>97.758</b>  | <b>99.713</b>  | <b>101.698</b> | <b>103.753</b> | <b>189.759</b> | <b>777.600</b> |

|                                                                                                          |             |       |                |                |                |                |                |                |                |                |                |
|----------------------------------------------------------------------------------------------------------|-------------|-------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| • TOTAL operational appropriations                                                                       | Commitments | (4)   | 104.400        | 106.500        | 108.600        | 110.800        | 113.000        | 115.300        | 117.600        |                | <b>776.200</b> |
|                                                                                                          | Payments    | (5)   | 23.528         | 70.928         | 89.863         | 97.558         | 99.513         | 101.498        | 103.553        | 189.759        | <b>776.200</b> |
| • TOTAL appropriations of an administrative nature<br>financed from the envelope for specific programmes |             | (6)   | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          | 0.200          |                | <b>1.400</b>   |
| <b>TOTAL appropriations<br/>under HEADING 1<br/>of the multiannual financial framework</b>               | Commitments | =4+ 6 | <b>104.600</b> | <b>106.700</b> | <b>108.800</b> | <b>111.000</b> | <b>113.200</b> | <b>115.500</b> | <b>117.800</b> |                | <b>777.600</b> |
|                                                                                                          | Payments    | =5+ 6 | <b>23.728</b>  | <b>71.128</b>  | <b>90.063</b>  | <b>97.758</b>  | <b>99.713</b>  | <b>101.698</b> | <b>103.753</b> | <b>189.759</b> | <b>777.600</b> |

|                                                    |          |                                |
|----------------------------------------------------|----------|--------------------------------|
| <b>Heading of multiannual financial framework:</b> | <b>5</b> | " Administrative expenditure " |
|----------------------------------------------------|----------|--------------------------------|

EUR million (to 3 decimal places)

|                                                                                    |                                      | Year<br>2014  | Year<br>2015  | Year<br>2016  | Year<br>2017  | Year<br>2018  | Year<br>2019  | Year<br>2020  | <b>TOTAL</b>   |
|------------------------------------------------------------------------------------|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>DG: TAXUD</b>                                                                   |                                      |               |               |               |               |               |               |               |                |
| • Human resources                                                                  |                                      | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | <b>105.483</b> |
| • Other administrative expenditure                                                 |                                      | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | <b>4.270</b>   |
| <b>TOTAL DG TAXUD</b>                                                              |                                      | 15.679        | 15.679        | 15.679        | 15.679        | 15.679        | 15.679        | 15.679        | <b>109.753</b> |
| <b>TOTAL appropriations under HEADING 5 of the multiannual financial framework</b> | (Total commitments = Total payments) | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>109.753</b> |

|                                                                                          |             | Year<br>2014 | Year<br>2015 | Year<br>2016 | Year<br>2017 | Year<br>2018 | Year<br>2019 | Year<br>2020 | Year<br>2021-<br>2023 | <b>TOTAL</b>   |
|------------------------------------------------------------------------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------------------|----------------|
| <b>TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework</b> | Commitments | 120.279      | 122.379      | 124.479      | 126.679      | 128.879      | 131.179      | 133.479      |                       | <b>887.353</b> |
|                                                                                          | Payments    | 39.407       | 86.807       | 105.742      | 113.437      | 115.392      | 117.377      | 119.432      | 189.759               | <b>887.353</b> |

- X The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to 3 decimal places)

| Indicate objectives and outputs<br><br>↓                                                                                                                                                                                              |                              |                            | 2014              |        | 2015              |        | 2016              |        | 2017              |        | 2018              |        | 2019              |        | 2020              |        | TO                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------------|
|                                                                                                                                                                                                                                       | OUTPUTS                      |                            |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                         |
|                                                                                                                                                                                                                                       | Type of output <sup>59</sup> | Average cost of the output | Number of outputs | Cost   | Number of outputs | Cost   | Number of outputs | Cost   | Number of outputs | Cost   | Number of outputs | Cost   | Number of outputs | Cost   | Number of outputs | Cost   | Total number of outputs |
| General Objective: To strengthen the internal market by improving the customs union and the taxation systems through cooperation between participating countries, their customs and tax administration officials and external experts |                              |                            |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                         |
| Customs Sector                                                                                                                                                                                                                        |                              |                            |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                         |
| IT Capacity Building                                                                                                                                                                                                                  | Number of IT Contracts       |                            | Around 30         | 57.000 |                   | 59.100 |                   | 61.200 |                   | 63.300 |                   | 65.500 |                   | 67.800 |                   | 70.000 |                         |
| Joint Actions                                                                                                                                                                                                                         | Number of events organised   |                            | Around 450        | 11.500 |                   | 11.500 |                   | 11.500 |                   | 11.500 |                   | 11.500 |                   | 11.500 |                   | 11.500 |                         |
| Human Capacity Building                                                                                                                                                                                                               | Number of trainings          |                            | Tbc               | 2.800  |                   | 2.800  |                   | 2.800  |                   | 2.800  |                   | 2.800  |                   | 2.800  |                   | 2.800  |                         |
| Sub-total for the Customs sector                                                                                                                                                                                                      |                              |                            |                   | 71.300 |                   | 73.400 |                   | 75.500 |                   | 77.600 |                   | 79.800 |                   | 82.100 |                   | 84.300 |                         |
| Taxation Sector                                                                                                                                                                                                                       |                              |                            |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                   |        |                         |

<sup>59</sup>

Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

| Indicate objectives and outputs<br><br>↓ |                              |                            | 2014              |                | 2015              |                | 2016              |                | 2017              |                | 2018              |                | 2019              |                | 2020              |                | TOTAL                   |
|------------------------------------------|------------------------------|----------------------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------|----------------|-------------------------|
|                                          | OUTPUTS                      |                            |                   |                |                   |                |                   |                |                   |                |                   |                |                   |                |                   |                |                         |
|                                          | Type of output <sup>59</sup> | Average cost of the output | Number of outputs | Cost           | Number of outputs | Cost           | Number of outputs | Cost           | Number of outputs | Cost           | Number of outputs | Cost           | Number of outputs | Cost           | Number of outputs | Cost           | Total number of outputs |
| IT Capacity Building                     | Number of IT contracts       |                            | Around 20         | 23.300         |                   | 23.300         |                   | 23.300         |                   | 23.300         |                   | 23.300         |                   | 23.300         |                   | 23.300         |                         |
| Joint Actions                            | Number of events organised   |                            | Around 260        | 8.500          |                   | 8.500          |                   | 8.500          |                   | 8.500          |                   | 8.500          |                   | 8.500          |                   | 8.500          |                         |
| Human Capacity Building                  | Number of trainings          |                            | Tbc               | 1.300          |                   | 1.300          |                   | 1.300          |                   | 1.400          |                   | 1.400          |                   | 1.400          |                   | 1500           |                         |
| Subtotal for the taxation sector         |                              |                            |                   | 33.100         |                   | 33.100         |                   | 33.100         |                   | 33.200         |                   | 33.200         |                   | 33.200         |                   | 33.300         |                         |
| <b>TOTAL COST</b>                        |                              |                            |                   | <b>104.400</b> |                   | <b>106.500</b> |                   | <b>108.600</b> |                   | <b>110.800</b> |                   | <b>113.000</b> |                   | <b>115.300</b> |                   | <b>117.600</b> |                         |

### 3.2.2. Estimated impact on appropriations of an administrative nature

#### 3.2.2.1. Summary

- X The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

|  | Year<br>2014 | Year<br>2015 | Year<br>2016 | Year<br>2017 | Year<br>2018 | Year<br>2019 | Year<br>2020 | <b>TOTAL</b> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

|                                                                          |               |               |               |               |               |               |               |                |
|--------------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>HEADING 5<br/>of the multiannual<br/>financial framework</b>          |               |               |               |               |               |               |               |                |
| Human resources                                                          | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | 15.069        | <b>105.483</b> |
| Other administrative<br>expenditure                                      | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | 0.610         | <b>4.270</b>   |
| <b>Subtotal HEADING 5<br/>of the multiannual<br/>financial framework</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>109.753</b> |

|                                                                                      |             |             |             |             |             |             |             |             |
|--------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Outside HEADING 5<sup>60</sup><br/>of the multiannual<br/>financial framework</b> |             |             |             |             |             |             |             |             |
| Human resources                                                                      | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        |
| Other expenditure<br>of an administrative<br>nature                                  | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        | p.m.        |
| <b>Subtotal<br/>outside HEADING 5<br/>of the multiannual<br/>financial framework</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> | <b>p.m.</b> |

|              |               |               |               |               |               |               |               |                |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>TOTAL</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>15.679</b> | <b>109.753</b> |
|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|

<sup>60</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

### 3.2.2.2. Estimated requirements of human resources

- X The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full amounts (or at most to one decimal place)*

|                                                                              | Year<br>2014                    | Year<br>2015 | Year<br>2016 | Year<br>2017 | Year<br>2018 | Year<br>2019 | Year<br>2020 |
|------------------------------------------------------------------------------|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>• Establishment plan posts (officials and temporary agents)</b>           |                                 |              |              |              |              |              |              |
| 14 01 01 01 (Headquarters and Commission's Representation Offices)           | 97                              | 97           | 97           | 97           | 97           | 97           | 97           |
| 14 01 01 02 (Delegations)                                                    | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| 14 01 05 01 (Indirect research)                                              | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| 10 01 05 01 (Direct research)                                                | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| <b>• External personnel (in Full Time Equivalent unit: FTE)<sup>61</sup></b> |                                 |              |              |              |              |              |              |
| 14 01 02 01 (CA, INT, TA, SNE from the "global envelope")                    | 26                              | 26           | 26           | 26           | 26           | 26           | 26           |
| 14 01 02 02 (CA, INT, JED, LA and SNE in the delegations)                    | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| 14 01 04 05 <sup>62</sup>                                                    | - at Headquarters <sup>63</sup> | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
|                                                                              | - in delegations                | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| 14 01 05 02 (CA, INT, SNE - Indirect research)                               | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| 10 01 05 02 (CA, INT, SNE - Direct research)                                 | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| Other budget lines (specify)                                                 | p.m.                            | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         | p.m.         |
| <b>TOTAL</b>                                                                 | <b>123</b>                      | <b>123</b>   | <b>123</b>   | <b>123</b>   | <b>123</b>   | <b>123</b>   | <b>123</b>   |

14 is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

|                                |                                                                                                                                                                                       |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Officials and temporary agents | Programme management activities, stricto sensu <sup>64</sup> , and programme implementation activities such as studies, development, maintenance and operation of European IT systems |
| External personnel             | Assistance to programme implementation activities such as studies, development, maintenance and operation of European IT systems                                                      |

<sup>61</sup> CA= Contract Agent; INT= agency staff ("Intérimaire"); JED= "Jeune Expert en Délégation" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert;

<sup>62</sup> Under the ceiling for external personnel from operational appropriations (former "BA" lines).

<sup>63</sup> Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

<sup>64</sup> The number of posts involved in programme management activities strictu sensu is limited to 18.

3.2.3. *Compatibility with the current multiannual financial framework*

- X Proposal/initiative is compatible the current multiannual financial framework.

3.2.4. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties

Estimated impact on revenue

- X Proposal/initiative has no financial impact on revenue.