COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

Community Programmes Customs 2013 and Fiscalis 2013

{SEC(2005) 423}
TABLE OF CONTENTS

1. Background ........................................................................................................................................ 4
   1.1. Customs ........................................................................................................................................ 4
   1.2. Indirect taxation .............................................................................................................................. 4
       1.2.1. VAT ........................................................................................................................................ 4
       1.2.2. Excise duties ............................................................................................................................ 5
   1.3. Direct taxation ............................................................................................................................... 5
   1.4. Financial perspectives ..................................................................................................................... 5

2. The present programmes .................................................................................................................... 5
   2.1. The backbone of the Trans-European computerised networks ....................................................... 6
   2.2. Trans-European computerised networks for customs ..................................................................... 6
   2.3. Trans-European computerised networks for taxation ...................................................................... 6
   2.4. Joint actions .................................................................................................................................. 6

3. Policy challenges to be addressed by the successor programmes ...................................................... 7
   3.1. Customs ......................................................................................................................................... 7
   3.2. Taxation ......................................................................................................................................... 8

4. Implementation Challenges for the Successor Programmes ............................................................... 9
   4.1. Trans European computerised networks ....................................................................................... 9
   4.2. The strategic importance of the trans-European computerised networks ..................................... 9
   4.3. Joint Actions .................................................................................................................................. 9
   4.4. Common Training Tools ............................................................................................................... 10
   4.5. Candidate countries, Western Balkan Countries, European Neighbourhood Policy and Third Countries................................................................. 10

5. Budget ................................................................................................................................................. 10

6. Conclusion .......................................................................................................................................... 11

1. NAME OF THE PROPOSAL : ................................................................................................................. 14
2. ABM / ABB FRAMEWORK .................................................................................................................. 14
3. BUDGET LINES .................................................................................................................................... 14
4. SUMMARY OF RESOURCES ............................................................................................................... 15
1. **BACKGROUND**

When the Internal Market was created in 1993 the most visible change was the abolition of border controls between the EU Member States making the free movement of goods and services possible. Intra-Community trade in goods is now worth around EUR 1 500 billion per year and has almost doubled since the internal borders were removed.

Customs and tax administrations play a crucial role in the Community in maintaining and developing the internal market, applying controls at the external frontier and protecting the Community's financial and other interests. The customs and tax programmes are essential in this work and, without them, Europe's commerce would be severely disrupted, its competitiveness weakened and the safety and security of its citizens threatened. In the face of new challenges and ongoing change, enhancements and developments, especially in the field of IT, are unavoidable. This communication sets out a coherent strategy to provide a response to these challenges through the future EU customs and tax programmes.

This Communication on the Customs 2013 and Fiscalis 2013 Community programmes that are expected to run during the 2007–2013 period, pre-empts the Commission proposal for the successor programmes Customs 2013 and Fiscalis 2013 pending the outcome of the intermediate evaluations.

1.1. **Customs**

Today's customs must ensure the smooth flow of external trade on the one hand while applying effective controls on the international supply chain in order to:

– ensure the safety and security of the citizens of the EU;

– facilitate legitimate trade while protecting the Community from unfair and illegal trade;

– increase the competitiveness of European business via modern working methods supported by an easily accessible electronic customs environment;

– protect the financial interests of the EU and its Member States;

– manage the external border as a project of mutual interest for the European Union and its neighbours;

– cooperate nationally and internationally to combat fraud and promote legitimate trade.

1.2. **Indirect taxation**

1.2.1. **VAT**

As a direct consequence of the abolition of controls at the internal frontiers of the Community, tax administrations are required to exchange information to ensure that taxable persons are properly accounting for VAT. The principles of the internal market, particularly

---

that of the free movement of goods have created greater interdependence between tax administrations. This interdependence arises in two ways. Firstly, tax administrations are dependent on one another for the electronic information which flows through the VAT Information Exchange System (VIES), and which provides the information necessary for the tax administrations to ensure that the VAT arising from the trade in goods between Member States is correctly accounted for. Secondly, tax administrations must cooperate closely to ensure that they identify fraudulent traders quickly and deal with them to prevent any distortion of competition in the single market.

1.2.2. Excise duties

The destination principle enshrined in EU excise law has complicated the administration of the excise system and has required administrative systems to physically monitor the movement of excise products between Member States.

1.3. Direct taxation

Direct taxes also have an impact on the functioning of the common market. Taxation policies must therefore clearly take into account important Union objectives, such as further deepening and supporting the functioning of the single market and promoting growth and employment while at the same time protecting tax bases against harmful tax competition and tax fraud as well as making life easier for legitimate business.

1.4. Financial perspectives

By ensuring the smooth functioning of the Internal Market, the Fiscalis and Customs programmes will contribute to the broader objective of sustainable economic growth set out in the Commission Communication on the financial perspectives 2007-2013. The second Commission Communication on these perspectives explicitly refers to the Fiscalis and Customs programmes as one of the practical measures required. The programmes fall into subheading 1a – Competitiveness for growth and employment.

2. The present programmes

The Customs 2007 programme aims to guarantee the effective functioning of the internal market in the field of customs while the Fiscalis 2003–2007 programme aims to improve the operation of taxation systems in the internal market.

The interim evaluation for both programmes which started at the beginning of 2005, and the impact assessment will provide further material for supporting the successor programmes. Their recommendations will be incorporated in the proposals for the successor programmes, which are planned to be submitted for adoption in early 2006.

---

4 Information on the budget is provided in Annex 1.
2.1. The backbone of the Trans-European computerised networks

The backbone for the electronic exchange of information is the secure network CCN/CSI (Common Communication Network/Common System Interface) used by customs and tax administrations and financed under both programmes. Via CCN/CSI, national and Community records are made available in a highly secure way at a European wide level. Some 180 million messages were handled by CCN/CSI in 2004.

Most of the Community databases (EBTI, TQS, ECICS\(^7\)) and some of the national information records are available for consultation via Internet through a portal setup on the EUROPA web site and called DDS (Data Dissemination System). More than 34 million queries were made in 2004.

2.2. Trans-European computerised networks for customs

In the field of customs, the New Computerised Transit System (NCTS) assures the transmission of the customs transit declaration of goods simultaneously with and prior to the physical transport of the goods. It increases the capacity of customs both to ensure correct customs control of these movements and to reduce operators’ costs. In 2004, more than 5,5 million international transit movements were recorded. The Common Community Tariff system (TARIC) provides information vital for the correct and uniform application of tariff legislation to external trade by all Member States. Some 27 million queries were made in 2004.

With the launching of the electronic customs initiative the first steps have been taken on the road to a paperless customs environment.

2.3. Trans-European computerised networks for taxation

The VAT Information Exchange System (VIES) brings together national VAT databases. Its primary purpose is to allow the exchange of information between Member States regarding exempt intra-Community supplies of goods, thereby allowing the tax administrations to correctly control the taxation of supplies of goods in the single market. In 2004, 80 million messages were exchanged through VIES.

The Commission is also developing the Excise Movement Control System (EMCS)\(^8\) project establishing an IT system to monitor the movement of excise products under suspension of excise duty. Meanwhile, a number of intermediate systems allowing for the exchange of data on excisable goods, warehouses and traders in excise goods have been put in place and are constantly updated and improved.

2.4. Joint actions

Experience with the organisation of activities for officials is longstanding and has its roots in the predecessors of Customs and Fiscalis programmes, launched in 1991.

\(^7\) EBTI: European Binding Tariff Information; TQS: Tariff Quota and Surveillance System; ECICS: European Customs Inventory of Chemical Substances.

These joint actions have proved to be extremely useful for developing and disseminating best administrative practice, confidence building and for stimulating and developing cooperation between national administrations.

3. **POLICY CHALLENGES TO BE ADDRESSED BY THE SUCCESSOR PROGRAMMES**

3.1. **Customs**

**Common implementation of Community customs law is essential in order to avoid distortions of the market.** In terms of the globalisation of trade, customs activities must be consistent with the aim of ensuring that the European Union remains competitive. Customs must therefore ensure the smooth flow of trade whilst applying the necessary checks for risks that external trade might present to security, health, safety and the economic interests of the Union.

**Customs has a unique position in relation to the new challenge of securing the supply chain.** Having control over all aspects of international movements, customs has an overview of all the players, within the EU, at the physical external frontier and in third countries. With the burden of controlling the Community's external land frontier falling disproportionately on the newer Member States, it is also important to consider the possibility of financial support for joint operations in order to improve the consistency of controls.

**Effective control can only be achieved through the use of common risk management.** Risk management must be incorporated into all aspects of customs work, including IT systems and must also be constantly monitored and developed. For risk management and profiling to be effective, there is a need to ensure rapid exchange of information between customs control points as well as with other agencies.

**In order to avoid serious distortions of trade and threats to the Community’s security, continued efforts will be needed to ensure that controls are implemented effectively at every point of the Community’s customs territory.** This will require operational actions specifically targeted at setting and monitoring control standards and ensuring that national customs administrations have adequate means to achieve these objectives. The development and implementation of new working practices, strengthened cooperation, and systematic sharing of common practice, supported by measurement, monitoring and reporting will be a prerequisite to meet new threats to security and safety and to guarantee a high standard of effective customs controls. Actions in this area will also contribute to meeting the expectations of the different stakeholders, particularly in the reduction of compliance costs for economic operators. It is also important to ensure complementarity between the activities in the field of customs, as financed under the Customs 2013 Programme, and activities in the field of control of people at the external borders including those of the External Border Agency.

---

Counterfeiting and piracy causes huge economic damage and, since customs is the major interceptor of such goods, it is essential that this is combated in an efficient way. This will include improvements to risk indicators in the field.

In order to follow these priority issues, and recognising the trend towards e-government, it is necessary to modernise customs legislation and to radically simplify it. Legislation alone will not be sufficient and there is a pressing need to develop new integrated systems or reshape existing ones. The programme will be the only way to make the electronic customs initiative\textsuperscript{10} fully operational. From an IT point of view, it will allow the transmission of customs declarations between customs offices in different Member States, together with the possibility of the interchange of information with existing databases. This will not only improve the risk management of imported and exported goods, but also customs clearance where the customs office of entry or exit is in a Member State other than that of the customs office of import or export.

3.2. Taxation

The Commission believes that the main priority for tax policy is addressing the concerns of individuals and businesses operating within the Internal Market by focusing on the elimination of tax obstacles to all forms of cross-border economic activity. In addition it has been evident that other issues that adversely affect the functioning of the market also need to be addressed, in particular the fight against harmful tax competition and tax fraud.

In recent times all of the legal instruments for cooperation in the fields of VAT, excise and direct taxation and recovery have been reinforced. These legal instruments have further strengthened the consolidation of a well developed and efficient administrative cooperation structure which is underpinned by the Fiscalis programme. The successor programme should build upon the work of the current programmes and aim at better understanding and implementation of Community law, improved cooperation, continued improvement of administrative procedures for administrations and taxpayers, dissemination of good administrative practice and the fight against fraud.

The exchange of information between administrations plays an important role in solving a number of difficult issues, such as enabling the effective taxation of savings income. Similarly, in the VAT and excise fields, the exchange of information solution is being seen as almost a precondition for further progress. Examples of this philosophy in the VAT field include the Commission proposal\textsuperscript{11} for a one-stop shop for businesses trading in more than one Member State and the proposal to change the place of supply of services. In the future, it is more and more likely that an IT solution will be seen as a first resort.

The growing need to improve transparency and the effective exchange of information is not limited to the Member States or the immediate neighbours of the EU. In the active promotion of sound practices, as outlined in the Commission's Communication\textsuperscript{12} on preventing and combating corporate and financial malpractice, the Fiscalis programme could also prove to be a useful tool in support of reform in the so-called cooperative tax havens and, more generally, EU partners. The lessons which have been learned from recent high-profile

fraud cases have convinced the Commission that a more widespread use of administrative cooperation is necessary so as to avoid the manipulation of the rules by unscrupulous businesses.

4. IMPLEMENTATION CHALLENGES FOR THE SUCCESSOR PROGRAMMES

4.1. Trans European computerised networks

During the last years, the Trans-European computerised networks became of strategic importance for the operational activities of European customs and tax administrations. The huge success of CCN/CSI and the tax and customs IT systems has resulted in a tremendous increase in use of these systems, which has caused a doubling of capacity on an annual basis. The traffic generated by the 10 new Member States is only part of the reason for this increase, since the surge is primarily the result of more intensive use of the systems to facilitate trade, to control the main bulk of cross-border transactions and to fight fraud. It is expected that tax and customs officials will make even greater use of the systems in the coming years.

The more intensive use of the systems will require further upgrading of the CCN system and it is expected that security arrangements will need to be reviewed and improved in the very near future.

The progressive build-up of centralised operations and management of these trans-European computerised networks will also be of major importance and impact. As well as the increased efficiency which would result from the use of a single system rather than the multiplication of national systems which exist today, this would result in major savings at a national level.

4.2. The strategic importance of the trans-European computerised networks

If the European computerised customs network were unavailable, the old paper system would have to be used. This would provoke serious delays in the movement of goods, which economic operators are no longer willing to accept. The unavailability or malfunctioning of these systems would also have a considerable adverse impact on business through the incorrect application of the tariff and the customs code, and traffic blockages at the borders, quickly leading to damaging consequences to trade.

Similarly, the unavailability or malfunctioning of the VIES system would jeopardise VAT controls and pave the way for large-scale fraud such as carousel fraud.

4.3. Joint Actions

The Lisbon Strategy emphasises that the work on the Internal Market is shifting from law making towards practical implementation by Member States of the different measures on a daily basis. Joint actions addressed this issue from the start and have become a key instrument of the Commission and Member States to foster a unique cooperation culture between the Member States. There is a need to ensure the active participation of Member States because of the knowledge and the expertise they have in many areas, to further strengthen mutual assistance and to expand cooperation to officials working outside headquarters.

In order to make efficient use of the resources available in the Community, a range of possibilities will need to be explored, including sharing equipment between Member States,
exchanging know-how on the deployment and use of equipment and financial support for the purchase of equipment.

### 4.4. Common Training Tools

Common training is an essential element in ensuring a uniform approach to Member States' actions. The work on the development of common training tools and the use of e-learning tools must continue and a new impetus must be given to the distribution of the outcomes and results of activities. In addition to these, and especially in the field of customs, further consideration must be given to the provision of common training in core areas at European level.

### 4.5. Candidate countries, Western Balkan Countries, European Neighbourhood Policy and Third Countries

In both the Customs 2013 and Fiscalis 2013 programmes, there will be an external component financed by the Pre-Accession Instrument under heading 4 of the Financial Perspectives 2007-2013. Specific arrangements will be agreed with the RELEX Directorates-General for the programming and implementation of the funds involved.

**With regard to security, international cooperation** based on common standards and mutual recognition of control results is the only way to efficiently reduce the burden on legitimate traders. Such cooperation is therefore **a priority task** under a new programme.

The programmes will provide **assistance to candidate countries** and may provide assistance to the partner countries of the European Neighbourhood Policy and other third countries. In the field of customs, it is important to take initiatives that will align the working practices of our neighbours and trading partners with Community legislation and strengthen their administrative and operational capacity, for example in terms of controls on prohibited, dangerous and illegal goods. Within the tax field it is important to help these countries strengthen their administrative capacity to be able to cooperate in particular to fight cross-border tax frauds. Interconnectivity with our computerised systems has to be established for customs and tax administrations of candidate countries before the date of accession. Interconnectivity may also be envisaged for customs and tax administrations of other neighbouring countries, on a case by case basis according to the needs.

### 5. Budget

The budgets proposed for the programmes show a significant increase over a six year period, namely from EUR 157,435 million to EUR 323,8 million for the Customs programme and from EUR 67,25 million to EUR 175,30 million for the Fiscalis programme. The rise is mainly due to the development of new computerised systems to support the new business and legislative initiatives in the customs and taxation area that are expected in the near future.

In the customs area it is envisaged that EUR 77 million is required to operate and evolve the existing TRANSIT and Tariff systems\(^\text{13}\). The Customs 2013 budget includes EUR 104,5 million over six years to carry out the electronic customs project which is currently being

\[\text{\textsuperscript{13}}\text{ Transit EUR 41 million and Tariff EUR 36 million.}\]
drafted. Systems required for managing initiatives related to the security aspects of customs policy, are estimated to require EUR 38.7 million.

In the Customs 2013 programme an amount of EUR 46 million is budgeted to finance joint actions. The budget has been increased from 2007 to 2008 as it is expected that the external border policy will result in a surge of activities with non-EU countries, especially neighbouring countries. Finally the Customs programme foresees an amount of EUR 11.4 million over six years to support the development of common training tools in support of the customs policy objectives mentioned earlier. The common training initiatives will continue the initiatives developed under the current programme.

In the tax area EUR 30.3 million will be required to operate and evolve the VIES system. As from 2009, the Fiscalis 2013 programme will incorporate the EMCS system. It is estimated that over six years EUR 19.5 million is needed for EMCS. Finally, an amount of EUR 37 million has been budgeted to support new policy initiatives in the tax area like the VIES II system, the one-stop shop facility for traders and new initiatives for the exchange of information. The joint actions on taxation are budgeted at EUR 39 million. The Fiscalis programme will also support the development of common training tools. This initiative is new and is expected to start at the beginning of the new programme in connection with the new legal initiatives. An amount of EUR 3.3 million is budgeted.

Finally, both successor programmes include a significant higher amount for the CCN system: EUR 46.2 million for each programme as compared to EUR 18.5 million in each of the present programmes. This sharp increase has been budgeted to support the current trend of doubling capacity every year. This reality is confirmed by the continuous need for interoperability and the level of availability required. Indeed, the IT systems financed by the programmes need to be available increasingly on a permanent basis, 24 hours a day and 7 days a week. To attain this level of availability an exponential increase in the budget is required as this involves setting up fall-back architectures and associated services.

Currently, the Customs programme only finances first-pillar activities. As it is impossible to confine customs actions to a specific pillar activity, the future programme should allow for co-financing from first and third pillar programmes.

6. Conclusion

The Customs and Fiscalis programmes 2007 are improving cooperation between customs and tax administrations and their officials and are establishing trans-European computerised networks required to meet the customs control obligations within the internal market and to maintain taxation of goods and services in accordance with national and Community tax legislation within this market. The programmes play a key role in the smooth functioning of the internal market and the management of the EU’s external border, and as such contribute to the realisation of the Commission’s 2005–2009 objectives and the Lisbon Strategy. Therefore, the Commission proposes to have two successor programmes, Fiscalis 2013 and Customs

---

14 The joint actions of the internal budget line will finance the participation of Member States in these activities. Participation by third countries will be financed from the external budget line.
2013 inserted in the Financial Perspectives 2007–2013 and to finance the EMCS project from Fiscalis 2013 as from 2009\textsuperscript{15}.

The renewal of the programmes is essential for the competitiveness of European trade, the collection and protection of Community revenues and the safety and security of the EU citizens. The enormous volume of customs declarations, coupled with the demands for facilitation of legitimate commerce and the expectations of stakeholders regarding the protection of their interests, can only be met with the actions which are supported by the Customs programme. The Community element of the IT systems is crucial: improving controls and increasing trade facilitation requires electronic exchange of data between economic operators and customs, the rapid provision of high-risk information to customs posts and the key actors having access to up-to-the-minute customs information. The single market demands equivalent treatment throughout the Community and the Customs programme make an essential contribution to the prevention of divergent practice by customs in their application of Community legislation. Furthermore, without the programme customs would find it much more difficult to apply effective controls with reasonable compliance costs for business. The discontinuation of the Customs programme would put at risk European competitiveness, security and employment and adversely impact on the perception of the EU as a single entity in international discussions.

If the current Fiscalis programme were to be interrupted, the functioning of the single market would be put in jeopardy, because of the role of the programme in financing the VAT Information Exchange System (VIES) as well as several key excise systems. The VIES system currently provides information to Member States so that they can undertake control of intra-Community tax transactions in an EU without internal borders and at the same time it makes it easier for business to trade in the internal market. Without this electronic exchange of information, Member States would have to find another methodology for VAT controls, and this would be a step backward in terms of burdens on businesses. Furthermore, it is essential to foster and develop administrative cooperation between tax administrations, and the Fiscalis programme is ideally placed to do this.

\textsuperscript{15} The successor programmes will run from 1 January 2008 to 31 December 2013.
Annex 1

Budget of Customs 2007, Fiscalis 2007 and EMCS

The development and maintenance of the Trans-European Computerised Networks for the exchange of information consume the largest part of the budget. The remainder is spent on activities for improving cooperation between officials. After the May 2004 enlargement, the Customs programme budget was increased from €133 million to €165 million and the Fiscalis budget from €44 million to €67 million. EMCS has a total budget of €35 million.

Customs 2007 Programme Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Budget Line</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint Actions</td>
<td>3.180.000</td>
<td>6.220.000</td>
<td>7.830.000</td>
<td>7.890.000</td>
<td>7.795.000</td>
<td>32.915.000</td>
</tr>
<tr>
<td>IT Actions</td>
<td>16.965.000</td>
<td>22.230.000</td>
<td>27.230.000</td>
<td>26.680.000</td>
<td>27.160.000</td>
<td>120.265.000</td>
</tr>
<tr>
<td>Total</td>
<td>24.200.000</td>
<td>28.450.000</td>
<td>35.060.000</td>
<td>34.570.000</td>
<td>39.495.000</td>
<td>157.235.000</td>
</tr>
<tr>
<td><strong>External Budget Line</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.500.000</td>
<td>1.550.000</td>
<td>1.700.000</td>
<td>1.755.000</td>
<td>1.810.000</td>
<td>8.315.000</td>
</tr>
</tbody>
</table>

Fiscalis 2003 – 2007 Programme Budget

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Joint Actions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>2.750.000</td>
<td>4.600.000</td>
<td>4.850.000</td>
<td>5.850.000</td>
<td>6.350.000</td>
<td>24.400.000</td>
</tr>
<tr>
<td><strong>IT Actions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>6.600.000</td>
<td>8.350.000</td>
<td>9.750.000</td>
<td>9.150.000</td>
<td>9.000.000</td>
<td>42.850.000</td>
</tr>
<tr>
<td>Total</td>
<td>9.350.000</td>
<td>12.950.000</td>
<td>14.600.000</td>
<td>15.000.000</td>
<td>15.350.000</td>
<td>67.250.000</td>
</tr>
</tbody>
</table>

EMCS Budget

A small amount of the total EMCS budget is used for Joint Action type activities.

<table>
<thead>
<tr>
<th>Year</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>3.000.000</td>
<td>5.500.000</td>
<td>5.400.000</td>
<td>8.300.000</td>
<td>7.300.000</td>
<td>5.500.000</td>
<td>35.000.000</td>
</tr>
</tbody>
</table>
ANNEX 2
SIMPLIFIED LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:


2. ABM / ABB FRAMEWORK

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

1404 Customs Policy

3. BUDGET LINES

1.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B..A lines)) including headings:

- 14040X Customs 2013 programme
- 1401040X Customs 2013 programme – Expenditure on administrative management
- The final budgetary structure will be decided at a later stage.

1.2. Duration of the action and of the financial impact:

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

1.3. Budgetary characteristics:

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Type of expenditure</th>
<th>New</th>
<th>EFTA contribution</th>
<th>Contributions from applicant countries</th>
<th>Heading in financial perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>14040X</td>
<td>Non-comp</td>
<td>Diff(^{16})</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td>1401040X</td>
<td>Non-comp</td>
<td>Diff(^{17})</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>

\(^{16}\) Differentiated appropriations.

\(^{17}\) Differentiated appropriations.
4. SUMMARY OF RESOURCES

1.4. Financial Resources

1.4.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

**EUR million (to 3 decimal places)**

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>Section no.</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014-2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational expenditure</strong></td>
<td>8.1 a</td>
<td>46.500</td>
<td>51.000</td>
<td>54.650</td>
<td>55.900</td>
<td>57.200</td>
<td>58.550</td>
<td>323.800</td>
<td></td>
</tr>
<tr>
<td><strong>Payment Appropriations (PA)</strong></td>
<td>b</td>
<td>16.575</td>
<td>38.250</td>
<td>51.035</td>
<td>54.300</td>
<td>56.140</td>
<td>57.425</td>
<td>50.075</td>
<td>323.800</td>
</tr>
</tbody>
</table>

**Administrative expenditure within reference amount**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical &amp; administrative assistance (NDA)</td>
<td>8.2.4 c</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
</tr>
</tbody>
</table>

**TOTAL REFERENCE AMOUNT**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment Appropriations</td>
<td>a+c</td>
<td>46.500</td>
<td>51.000</td>
<td>54.650</td>
<td>55.900</td>
<td>57.200</td>
<td>58.550</td>
<td>323.800</td>
</tr>
<tr>
<td>Payment Appropriations</td>
<td>b+c</td>
<td>16.575</td>
<td>38.250</td>
<td>51.035</td>
<td>54.300</td>
<td>56.140</td>
<td>57.425</td>
<td>50.075</td>
</tr>
</tbody>
</table>

**Administrative expenditure not included in reference amount**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Human resources and associated expenditure (NDA)</td>
<td>8.2.5 d</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
</tr>
<tr>
<td>Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)</td>
<td>8.2.6 e</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
</tr>
</tbody>
</table>

---

18 Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.
19 Expenditure within article xx 01 04 of Title xx.
20 The administrative expenditure line anticipates the possible externalisation of activities under the programme. Budgetary figures will only be available after the completion in 2006 of a feasibility study on the topic.
21 Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.
Total indicative financial cost of intervention

<table>
<thead>
<tr>
<th></th>
<th>TOTAL CA including cost of Human Resources</th>
<th>a+c</th>
<th>d+</th>
<th>e</th>
<th>46.500</th>
<th>51.000</th>
<th>54.650</th>
<th>55.900</th>
<th>57.200</th>
<th>58.550</th>
<th>323.800</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL PA including cost of Human Resources</td>
<td>b+c</td>
<td>d+</td>
<td>e</td>
<td>16.575</td>
<td>38.250</td>
<td>51.035</td>
<td>54.300</td>
<td>56.140</td>
<td>57.425</td>
<td>50.075</td>
</tr>
</tbody>
</table>

Co-financing details

N.A.

1.4.2. Compatibility with Financial Programming

x Proposal is compatible with existing financial programming.

This Communication is compatible with the proposition of the Commission for the Financial Perspectives 2007-2013 (COM (2004)101 final of 10.2.2004 and COM(2004)487 final of 14.7.2004. It falls into the subheading 1a – Competitiveness for growth and employment. External actions relating to this programme will be financed by the budget lines for the Pre-accession instrument (Heading 4 of Financial Perspectives)

1.4.3. Financial impact on Revenue

x Proposal has no financial implications on revenue

2. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

2.1. Need to be met in the short or long term

See explanatory memorandum (Communication)

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

See explanatory memorandum (Communication)

2.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Objectives and expected results
The programmes work at two levels: Joint Actions and IT Systems. Joint Actions consist of Joint Action Activities for officials and Common Training Tools while IT systems concern the trans-European networks.

At annual working level the objectives and expected results will be laid down in more detail in a regularly updated action plan.

**Indicators**

- Levels of performance of the information systems
- Indicators to be further determined in the ex-ante evaluation

2.4. Method of Implementation (indicative)

Show below the method(s)\(^{22}\) chosen for the implementation of the action.

**X Centralised Management**

**X Directly by the Commission**

MONITORING AND EVALUATION

2.5. Monitoring system

Each year the Commission shall submit to the Management Committee a follow-up report setting out the progress of all the programme's activities in terms of implementation and results in relation to the annual action plan.

The administrations shall send the Commission all the information necessary for follow-up reports to be drawn up as efficiently as possible.

2.6. Evaluation

2.6.1. Impact assessment

An impact assessment will be carried out, more details will be included in the financial fiche of the Decision proposal. As the new programme is a continuation of the Customs 2007 programme, the impact assessment will be based on the results of the Customs 2007 Interim Evaluation.

2.6.2. Measures taken following an intermediate evaluation (lessons learned from similar experiences in the past)

The financial fiche of the Decision proposal will have a description of the key findings and an explanation if and how the lessons learned from the

---

\(^{22}\) If more than one method is indicated please provide additional details in the "Relevant comments" section of this point.
currently ongoing Customs Interim Evaluation have been integrated into the proposal.

2.6.3. Terms and frequency of future evaluation

Mid-term and final evaluations of the programme shall be carried out under the Commission's responsibility using the follow-up reports and the reports drawn up by the participating countries.

— the mid-term evaluation shall focus on the programme's efficiency and effectiveness in respect to implementation and initial results, as well as on the relevance of its initial objectives;

— the final evaluation shall assess the effectiveness and efficiency of the programme's activities.

The Commission shall present to the European Parliament and the Council:

(a) by 31 December 2010, a mid-term evaluation report on the programme's effectiveness, efficiency and relevance, and a communication on the desirability of continuing the programme, accompanied, where relevant, by a suitable proposal;

(b) by 30 September 2014, a final evaluation report on the programme's effectiveness and efficiency.
3. DETAILS OF RESOURCES

3.1. Objectives of the proposal in terms of their financial cost

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

<table>
<thead>
<tr>
<th>(Headings of Objectives, actions and outputs should be provided)</th>
<th>Year 2008</th>
<th>Year 2009</th>
<th>Year 2010</th>
<th>Year 2011</th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total cost</td>
<td>Total cost</td>
<td>Total cost</td>
<td>Total cost</td>
<td>Total cost</td>
<td>Total cost</td>
<td></td>
</tr>
<tr>
<td><strong>OPERATIONAL OBJECTIVE No.1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1: Joint Actions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Joint Actions</td>
<td>7.500</td>
<td>7.500</td>
<td>7.700</td>
<td>7.700</td>
<td>7.800</td>
<td>7.800</td>
<td>46.000</td>
</tr>
<tr>
<td>- Common Training Tools</td>
<td>1.500</td>
<td>1.500</td>
<td>1.750</td>
<td>2.000</td>
<td>2.200</td>
<td>2.450</td>
<td>11.400</td>
</tr>
<tr>
<td>**Action 2: IT Actions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CCN CSI</td>
<td>7.000</td>
<td>7.500</td>
<td>7.700</td>
<td>8.000</td>
<td>8.000</td>
<td>8.000</td>
<td>46.200</td>
</tr>
<tr>
<td>- Transit</td>
<td>7.500</td>
<td>7.500</td>
<td>7.000</td>
<td>7.000</td>
<td>6.000</td>
<td>6.000</td>
<td>41.000</td>
</tr>
<tr>
<td>- Tariff</td>
<td>6.000</td>
<td>6.000</td>
<td>6.000</td>
<td>6.000</td>
<td>6.000</td>
<td>6.000</td>
<td>36.000</td>
</tr>
<tr>
<td>- Security Aspects for Customs (electronic customs)</td>
<td>5.000</td>
<td>6.000</td>
<td>6.500</td>
<td>7.200</td>
<td>7.200</td>
<td>6.800</td>
<td>38.700</td>
</tr>
<tr>
<td>- Electronic customs</td>
<td>12.000</td>
<td>15.000</td>
<td>18.000</td>
<td>18.000</td>
<td>20.000</td>
<td>21.500</td>
<td>104.500</td>
</tr>
<tr>
<td><strong>TOTAL COST</strong></td>
<td>46.500</td>
<td>51.000</td>
<td>54.650</td>
<td>55.900</td>
<td>57.200</td>
<td>58.550</td>
<td>323.800</td>
</tr>
</tbody>
</table>

23 As described under Section 5.3.
ANNEX 3

SIMPLIFIED LEGISLATIVE FINANCIAL STATEMENT

4. NAME OF THE PROPOSAL:


5. ABM / ABB FRAMEWORK

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

1405 Taxation Policy

6. BUDGET LINES

6.1. Budget lines (operational lines and related technical and administrative assistance lines (ex- B..A lines)) including headings:

- 14050X Fiscalis 2013 programme
- 1401040X Fiscalis 2013 programme – Expenditure on administrative management
- The final budgetary structure will be decided at a later stage.

6.2. Duration of the action and of the financial impact:

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

6.3. Budgetary characteristics (add rows if necessary):

<table>
<thead>
<tr>
<th>Budget line</th>
<th>Type of expenditure</th>
<th>New</th>
<th>EFTA contribution</th>
<th>Contributions from applicant countries</th>
<th>Heading in financial perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>14050X</td>
<td>Non-comp</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>1a</td>
</tr>
<tr>
<td></td>
<td>Diff(^{24})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1401040X</td>
<td>Non-comp</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>1a</td>
</tr>
<tr>
<td>X</td>
<td>Diff(^{25})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{24}\) Differentiated appropriations.
\(^{25}\) Differentiated appropriations.
7. SUMMARY OF RESOURCES

7.1. Financial Resources

7.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>Section no.</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014-2015</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational expenditure</strong>&lt;sup&gt;26&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Appropriations (CA)</td>
<td>8.1 a</td>
<td>22.900</td>
<td>27.450</td>
<td>30.300</td>
<td>31.100</td>
<td>31.100</td>
<td>32.450</td>
<td></td>
<td>175.300</td>
</tr>
<tr>
<td>Payment Appropriations (PA)</td>
<td>b</td>
<td>9.520</td>
<td>20.065</td>
<td>27.120</td>
<td>29.825</td>
<td>30.900</td>
<td>31.465</td>
<td>26.405</td>
<td>175.300</td>
</tr>
<tr>
<td><strong>Administrative expenditure within reference amount</strong>&lt;sup&gt;27&lt;/sup&gt;&lt;sup&gt;28&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical &amp; administrative assistance (NDA)</td>
<td>8.2.4 c</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REFERENCE AMOUNT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Appropriations</td>
<td>a+c</td>
<td>22.900</td>
<td>27.450</td>
<td>30.300</td>
<td>31.100</td>
<td>31.100</td>
<td>32.450</td>
<td></td>
<td>175.300</td>
</tr>
<tr>
<td>Payment Appropriations</td>
<td>b+c</td>
<td>9.520</td>
<td>20.065</td>
<td>27.120</td>
<td>29.825</td>
<td>30.900</td>
<td>31.465</td>
<td>26.405</td>
<td>175.300</td>
</tr>
<tr>
<td><strong>Administrative expenditure not included in reference amount</strong>&lt;sup&gt;29&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human resources and associated expenditure (NDA)</td>
<td>8.2.5 d</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td></td>
</tr>
<tr>
<td>Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)</td>
<td>8.2.6 e</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td>p.m.</td>
<td></td>
</tr>
</tbody>
</table>

Total indicative financial cost of intervention

---

<sup>26</sup> Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

<sup>27</sup> Expenditure within article xx 01 04 of Title xx.

<sup>28</sup> The administrative expenditure line anticipates the possible externalisation of activities under the programme. Budgetary figures will only be available after the completion in 2006 of a feasibility study on the topic.

<sup>29</sup> Expenditure within chapter xx 01 other than articles xx 01 04 or xx 01 05.
| TOTAL CA including cost of Human Resources | a+c +d+ \( e \) | 22.900 | 27.450 | 30.300 | 31.100 | 32.450 | 175.300 |
| TOTAL PA including cost of Human Resources | b+c +d+ \( e \) | 9.520 | 20.065 | 27.120 | 29.825 | 30.900 | 31.465 | 26.405 | 175.300 |

Co-financing details

n.a

7.1.2. Compatibility with Financial Programming

x Proposal is compatible with existing financial programming.

This Communication is compatible with the proposition of the Commission for the Financial Perspectives 2007-2013 (COM (2004)101 final of 10.2.2004 and COM(2004)487 final of 14.7.2004. It falls into the subheading 1a – Competitiveness for growth and employment. External actions relating to this programme will be financed by the budget lines for the Pre-accession instrument (Heading 4 of Financial Perspectives)

7.1.3. Financial impact on Revenue

x Proposal has no financial implications on revenue

8. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

8.1. Need to be met in the short or long term

See explanatory memorandum (Communication)

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

See explanatory memorandum (Communication)
8.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Objectives and expected results

The programmes work at two levels: Joint Actions and IT Systems. Joint Actions consist of Joint Action Activities for officials and Common Training Tools while IT systems concern the trans-European networks.

At annual working level the objectives and expected results will be laid down in more detail in a regularly updated action plan.

Indicators

- Levels of performance of the information systems
- Indicators to be further determined in the ex-ante evaluation

8.4. Method of Implementation (indicative)

Show below the method(s)\textsuperscript{30} chosen for the implementation of the action.

\textit{X Centralised Management}

\textit{Directly by the Commission}

MONITORING AND EVALUATION

8.5. Monitoring system

Each year the Commission shall submit to the Management Committee a follow-up report setting out the progress of all the programme's activities in terms of implementation and results in relation to the annual action plan.

The administrations shall send the Commission all the information necessary for follow-up reports to be drawn up as efficiently as possible.

8.6. Evaluation

8.6.1. Impact assessment

An impact assessment will be carried out, more details will be included in the financial fiche of the Decision proposal. As the new programme is a continuation of the Fiscalis 2007 programme, the impact assessment will be based on the results of the Fiscalis 2007 Interim Evaluation.

\textsuperscript{30} If more than one method is indicated please provide additional details in the "Relevant comments" section of this point.
8.6.2. Measures taken following an intermediate evaluation (lessons learned from similar experiences in the past)

The financial fiche of the Decision proposal will have a description of the key findings and an explanation if and how the lessons learned from the currently ongoing Fiscalis Interim Evaluation have been integrated into the proposal.

8.6.3. Terms and frequency of future evaluation

Mid-term and final evaluations of the programme shall be carried out under the Commission's responsibility using the follow-up reports and the reports drawn up by the participating countries.

— the mid-term evaluation shall focus on the programme's efficiency and effectiveness in respect to implementation and initial results, as well as the relevance of its initial objectives;

— the final evaluation shall assess the effectiveness and efficiency of the programme's activities.

The Commission shall present to the European Parliament and the Council:

(a) by 31 December 2010, a mid-term evaluation report on the programme's effectiveness, efficiency and relevance and a communication on the desirability of continuing the programme, accompanied, where relevant, by a suitable proposal;

(b) by 30 September 2014, a final evaluation report on the programme's effectiveness and efficiency.
9. DETAILS OF RESOURCES

9.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

<table>
<thead>
<tr>
<th>(Headings of Objectives, actions and outputs should be provided)</th>
<th>Year 2008</th>
<th>Year 2009</th>
<th>Year 2010</th>
<th>Year 2011</th>
<th>Year 2012</th>
<th>Year 2013</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATIONAL OBJECTIVE No.1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action 1 – Joint Actions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Common Training Tools</td>
<td>400</td>
<td>450</td>
<td>600</td>
<td>600</td>
<td>600</td>
<td>650</td>
<td>3.300</td>
</tr>
<tr>
<td>Action 2 – IT Actions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- CCN CSI</td>
<td>7.000</td>
<td>7.500</td>
<td>7.700</td>
<td>8.000</td>
<td>8.000</td>
<td>8.000</td>
<td>46.200</td>
</tr>
<tr>
<td>- Taxation Systems (VIES)</td>
<td>5.000</td>
<td>5.000</td>
<td>5.000</td>
<td>5.000</td>
<td>5.000</td>
<td>5.300</td>
<td>30.300</td>
</tr>
<tr>
<td>- Excise Systems (EMCS)</td>
<td>3.000</td>
<td>4.500</td>
<td>4.000</td>
<td>4.000</td>
<td>4.000</td>
<td>4.000</td>
<td>19.500</td>
</tr>
<tr>
<td>- New IT Development s</td>
<td>4.000</td>
<td>5.000</td>
<td>6.000</td>
<td>7.000</td>
<td>7.000</td>
<td>8.000</td>
<td>37.000</td>
</tr>
<tr>
<td>TOTAL COST</td>
<td>22.900</td>
<td>27.450</td>
<td>30.300</td>
<td>31.100</td>
<td>31.100</td>
<td>32.450</td>
<td>175.300</td>
</tr>
</tbody>
</table>

31 As described under Section 5.3.