

Opinion of the European Economic and Social Committee on the '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 2014-20 (FISCUS) and repealing Decisions No 1482/2007/EC and No 624/2007/EC'

COM(2011) 706 final — 2011/0341 (COD)

(2012/C 143/11)

Rapporteur: **Mr Bryan CASSIDY**

On 20 and 14 December 2011 respectively, the Council and the European Parliament decided to consult the European Economic and Social Committee, under Articles 33 and 114 of the Treaty on the Functioning of the European Union, on the

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 No 1482/2007/EC and No 624/2007/EC

COM(2011) 706 final – 2011/0341 (COD).

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 2 February 2012.

At its 478th plenary session, held on 22 and 23 February (meeting of 22 February), the European Economic and Social Committee adopted the following opinion by 231 votes to 3 with 11 abstentions.

1. Conclusions and recommendations

1.1 The EESC supports the FISCUS proposal in general terms. It would, however, stress the following:

- It must be ensured that national customs and tax administrations are sufficiently equipped to answer the challenges of the next decade.
- An up to date and efficient IT system must be provided for the taxation and customs sectors. This would include such elements as the Modernised Customs Code (MCC).
- The Committee would like to see more detailed assessments of the impact on the EU and Member States governments' budgets.
- The budget summary for FISCUS compared with present activities shows an increase in the total budget for both the taxation and the customs area of 9%. The planned budget for the customs sector is EUR 479 622 792 (that for the taxation sector being EUR 23 692 892). This represents an increase of 13% for the customs sector and a decrease of 1% for the taxation sector.

1.2 The Committee is aware of differing views among Member States within the Council working parties. It believes that it is important for the Commission to be able to demonstrate that Member States will make substantial savings in the FISCUS budget compared with the arrangements for present activities. The Committee believes that there could well be difficulties for the Commission in obtaining Parliamentary

approval for increases in spending under the EU budget without information on compensatory savings in Member State budgets.

1.3 The Committee recalls its comment in its opinion "Action programme for customs" ⁽¹⁾ in which it urged more active integration of customs practices in line with the objectives of the Lisbon Strategy, stressing that more active integration of this sort should be achieved without integrating the customs administration themselves.

1.4 An essential part of the new programme is to improve training and the efficacy of training for Member States officials ⁽²⁾.

2. Introduction and background

2.1 EU customs and taxation policy makes a substantial contribution in helping to raise revenues for the EU and Member States' budgets every year. In addition, these policies deliver considerable benefits to EU citizens and business, whether it is through blocking unsafe or illegal imports, facilitating smooth trade and a strong Internal Market, or cutting compliance costs and red tape for cross-border companies.

2.2 The proposal for a Regulation (COM(2011) 706 final) marks an important step forward in the effort, started many years ago, to rationalise and coordinate the action of Member States aimed at protecting their financial interests and those of the Union: in 2010, customs duties and related fees accounted for 12.3% of the EU budget. The next Multiannual Financial

⁽¹⁾ OJ C 324, 30.12.2006, p. 78, point 1.3.

⁽²⁾ This point was made in point 1.2 of EESC opinion "Improving the operation of taxation systems in the internal market (Fiscalis 2013)" OJ C 93, 27.4.2007, p. 1.

Framework 2014-20, adopted by the Commission in June 2011, proposes among other things a **new generation of Customs and Fiscalis programmes**. These two programmes have developed over the years along two separate, although parallel, paths, the last ones being **Customs 2013** and **Fiscalis 2013**. They are now coupled in a **single programme (FISCUS)**: a real innovation in the Commission's strategy.

2.3 FISCUS is not only the result of a "simplification policy", to use the Commission's own words, but it is the recognition of the vital importance of "**cooperation between customs and tax authorities and other parties concerned**". The main positive aspect of such a programme is the **importance given to the human factor**: customs and tax cooperation is "clustered around *human networking and competency building*"⁽³⁾; technical and IT capacity building is of course necessary, but the human factor is of primary importance: a feature well appreciated by the EESC.

2.4 The Commission FISCUS project envisages a programme running for seven years from 1 January 2014. The **financial envelope** covering the costs of the programme for its entire duration (2014-2020) is of EUR 777 600 000 in current prices: it is a substantial amount, whose consistency with the objectives is difficult to appreciate. The programme provides financial support for *nine different types* of **common joint actions**, giving support to either grants, or public procurement contracts, or reimbursement of costs incurred by external experts.

2.5 Most of the costs refer to training of officials and IT common initiatives, but the allocation can also cover "**expenses pertaining to preparatory, monitoring, control, audit and evaluation activities**"⁽⁴⁾; the EESC understands that this implies special care in supervising the implementation of the **common joint actions**, but hopes that equal attention will be devoted to the implementation of **national actions**, to avoid lack of uniformity.

2.6 The **specific objectives** of the action programme are the same as the past and current programmes; the EESC has already made comments and there would be no point in repeating them, were it not for a subject which has been repeatedly evoked, apparently without response so far: a **regular cross-exchange of information between the customs and tax authorities** as a means to *discover* fraud and/or tax evasion⁽⁵⁾.

2.7 The first cluster, the human networking, should allow for the **exchange of good practices and operational knowledge**: this is not new, since the same issue has been evoked – even

using exactly the same words – in most if not all the previous programmes. Past actions have not always been fully successful, for many reasons – main ones being language difficulties and different experiences or background of the participants. The new thrust towards cooperation between different administrations, as provided by FISCUS, should encourage the exchange of experiences and the emergence of high-level professionals: something the EU should support.

2.8 In the words of the Commission, the second cluster "*enables the programme to fund cutting-edge IT infrastructure and systems that allow customs and tax administrations in the Union to evolve to a fully-fledged e-administration*"⁽⁶⁾. Again, such an issue has been evoked, in more or less the same terms, in the past programmes. Here the results have been less than satisfactory, due to the different levels of IT technologies among Member States, but also – and unfortunately quite often – to the unwillingness of some (or many) Member States to change their methods or equipment.

2.9 The unwillingness of MS to cooperate is the main stumbling block in the process of constructing a solid **European fiscal network**: it is certainly not limited to IT technologies, but it is most clearly evident in this field. The EESC has criticised such an attitude in many of its opinions on EU fiscal initiatives⁽⁷⁾; it hopes that the current crisis will have demonstrated that no country can isolate itself from events having a world-wide bearing, and that cooperation is the only answer.

2.10 During 2011 a contractor analysed, after consulting trade representatives, the mid-term results of the two separate programmes, Fiscalis 2013 and Customs 2013. Another contractor carried out a study on the possible framework of the future FISCUS programme. The mid-term results did not show any notable obstacle, nor did they suggest any special action to correct unwanted events.

2.11 FISCUS merges the current two separate programmes for taxation and customs into one, thereby meeting the Commission's simplification and cost-cutting goals without compromising activities in these individual areas.

2.12 The new regulation replaces Decision No 1482/2007/EC which established a Community programme to improve the operations of taxation systems in the Internal Market (Fiscalis 2013). Decision No 624/2007/EC established an action programme for customs in the Community (Customs 2013). Both of these decisions will therefore be repealed.

⁽³⁾ COM(2011) 706 final, p. 2 - point 1 - 3rd paragraph.

⁽⁴⁾ COM(2011) 706 final, p. 21 - Article 10(2).

⁽⁵⁾ EESC opinions "*Combating VAT fraud*"; OJ C 347, 18.12.2010, p. 73 and "*Promoting good governance in tax matters*", OJ C 255, 22.9.2010, p. 61.

⁽⁶⁾ COM(2011) 706 final, p. 2 - point 1 - 3rd paragraph.

⁽⁷⁾ EESC opinions "*Combating VAT fraud*", OJ C 347, 18.12.2010, p. 73; "*Promoting good governance in tax matters*", OJ C 255, 22.9.2010, p. 61; "*Tax evasion linked to import*", OJ C 277, 17.11.2009, p. 112; "*Recovery of tax claims*", OJ C 317, 23.12.2009, p. 120 and "*Administrative cooperation in the field of taxation*", OJ C 317, 23.12.2009, p. 120.

2.13 The Commission has carried out wide consultation exercises in the **Customs sector** and in the **Fiscalis sector**. Both exercises produced a list of problems which are shown in the Commission Staff Working Paper- Impact Assessment, Part I (Customs) and Part II (Fiscalis) ⁽⁸⁾.

2.14 The Commission has carried out an impact assessment in advance of the new programme which makes clear that a high level of uncertainty persists concerning the European Information Systems and the exchange of information linked with future policy evolutions. Some of these are referred to in the EESC opinion "Action programme for customs" ⁽⁹⁾. The improvements required to improve the operation of the Fiscalis programme were described in detail in the EESC opinion "Improving the operation of taxation systems in the internal market (Fiscalis 2013)" ⁽¹⁰⁾.

2.15 The EESC agrees, in principle, with the measures proposed by the Commission; it wants to point out, however, that the issue of cooperation between different agencies, both at national and European level, is a sort of leitmotiv in many EU issues. Progress in this field is normally slow and difficult, for many reasons, the main one being the lack of enthusiasm of national authorities.

2.16 The EESC approves the Commission proposal for an enhanced cooperation between customs and fiscal authorities. However, this should be just the beginning of an action which the EESC has suggested in many occasions before ⁽¹¹⁾, an organised cooperation between all agencies, national or European ones, involved in the fight against financial fraud or crime: money laundering, organized crime, terrorism, smuggling, etc.

Brussels, 22 February 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

⁽⁸⁾ Commission Staff Working Paper - Impact Assessment, SEC(2011) 1318 final.

⁽⁹⁾ OJ C 324, 30.12.2006, p. 78.

⁽¹⁰⁾ OJ C 93, 27.4.2007 p. 1.

⁽¹¹⁾ EESC opinions "Combating VAT fraud", OJ C 347, 18.12.2010, p. 73; "Promoting good governance in tax matters", OJ C 255, 22.9.2010, p. 61; "Tax evasion linked to import", OJ C 277, 17.11.2009, p. 112; "Recovery of tax claims", OJ C 317, 23.12.2009, p. 120 and "Administrative cooperation in the field of taxation", OJ C 317, 23.12.2009, p. 120.