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Delegations will find attached document COM(2019) 59 final.

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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Mid-term evaluation of the Fiscalis 2020 programme**

{SWD(2019) 15 final}

## 1. BACKGROUND

[Regulation \(EU\) No 1286/2013](#)<sup>1</sup> established the Fiscalis 2020 programme as a multiannual action programme to improve how taxation systems work in the EU. In accordance with Article 17(1) and (2), an external study was commissioned to support the mid-term evaluation of the programme. Its results are presented in the attached staff working document and constitute the basis for this report.

The purpose of the mid-term evaluation was to assess the Fiscalis 2020 programme since its launch on 1 January 2014 up to the halfway point of its implementation (31 December 2017). The evaluation took into account the programme's full range of funded activities and stakeholders.

The current report aims to chart the progress made in the achievement of the programme's objectives, the efficiency of resource usage and the added value of the programme at EU level. The report also addresses the simplification and continued relevance of the objectives as well as how the programme has contributed to the EU's priorities of smart, sustainable and inclusive growth.

## 2. RELEVANCE

The Fiscalis 2020 programme builds upon previous versions of the programme, which has been in place for over 25 years. It allows for coherent implementation of EU law in the field of taxation in light of current challenges by ensuring the exchange of information, supporting administrative cooperation and enhancing the administrative capacity of tax authorities. There are 34 countries that currently participate in the programme: 28 EU Member States and 6 candidate and potential candidate countries<sup>2</sup>.

The programme has been around too long for most stakeholders to meaningfully consider the situation before its launch. The common IT systems, i.e. European Information Systems, which take up around 75 % of the programme's available funds, have long been an integral part of the national and EU taxation landscapes. There is consensus among **national tax administrations** that the Fiscalis 2020 programme is both necessary and relevant and that it corresponds to real needs and concerns. The programme actions are appreciated and generally correspond to the needs of administrations. In particular, networking and exchanging ideas are highly valued and seen as key aspects of all programme activities. The need for and relevance of most European Information Systems is self-evident; in many cases they define the possibility for the essential exchange of information according to EU law. Supporting activities like IT training sessions are also highly appreciated by stakeholders.

Looking towards the underlying need for systems to exchange information, systems like the Mini-One-Stop-Shop address the need for an efficient exchange of information for the proper functioning of the single market. This also addresses the need to create systems that reduce the resources required by administrations and the administrative burden on taxpayers. For example, stakeholders point out that the Mini-One-Stop-Shop was developed specifically to enable new VAT legislation to be implemented without creating further administrative

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<sup>1</sup> Regulation (EU) No 1286/2013 of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC

<sup>2</sup> Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

burdens. The costs for developing this system came to an average of EUR 2.5 million per Member State. On the benefit side, the system distributes more than EUR 3 billion in VAT revenues on an annual basis, with an increase of around 15 % each year. The majority of EU countries have a net income from the Mini-One-Stop-Shop.

Without such a Fiscalis activity, which has created major channels for the exchange of information, there would surely be a need to find corresponding solutions to address the existing needs and problems. Furthermore, it is uncertain if such systems could in fact be implemented without a common framework for coordination or a funding source like Fiscalis.

While national tax administrations are the main beneficiaries of the Fiscalis programme, many **economic operators** are also involved as users of some European Information Systems and training modules, and sometimes as participants in specific joint actions. Simplified procedures as well as the equal and predictable application of EU law are important for both economic operators as well as for tax administrations. There are many activities in the programme that address these areas of concern. Overall, the Fiscalis programme is relevant for economic operators because its priorities and activities match the underlying needs of businesses and address the specific problems they face.

Among the **general public**, there is little evidence of direct awareness of the programme or its impact. Indirectly, the programme does address problems that are highly relevant to European citizens and where EU action is considered necessary. In particular, the programme improves the lives of European citizens by supporting the correct and effective understanding and enforcement of tax legislation across the participating countries. Recent revelations in the form of the ‘Panama papers’ have influenced how citizens perceive tax matters and have put the topic high on the agenda. Topics such as combating tax fraud, tax evasion and aggressive tax planning as well as ensuring the fair and equal application of tax legislation have become increasingly relevant in the eyes of European citizens and communities.

### 3. EFFECTIVENESS

The specific objectives of Fiscalis 2020 include supporting the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of EU law in the field of taxation. This is done by ensuring the exchange of information, by supporting administrative cooperation and by enhancing the administrative capacity of participating countries to help reduce the administrative burden on tax authorities and the compliance costs for taxpayers.

The role of the European Information Systems is cross-cutting. There are currently 25 common IT systems in operation, covering a range of cross-border issues on direct taxation and indirect taxation as well as supporting architecture and applications. Since information sharing is a means to achieving the other objectives, most importantly related to the fight against tax fraud, evasion and aggressive tax planning and the implementation of EU law, the European Information Systems have contributed strongly to all the objectives. Many of the systems are also available to economic operators, allowing them to submit and obtain information more easily and therefore lighten the burden of reporting obligations.

On **supporting the fight against tax fraud, tax evasion and aggressive tax planning**, the available evidence shows that the existing information sharing tools and collaboration forums can make a significant contribution to the objective. The evidence reveals not only a growing use of common IT systems as a whole, but also compelling stories that explain how they simplify the day-to-day work of administrations. Contributions have been strongest in fighting tax fraud/evasion in the domains of VAT and excise (for European Information

Systems such as the Mini-One-Stop-Shop, VAT Refund, the Excise Movement and Control System, eForms or VAT Information Exchange System). Contributions were not as strong for the smaller number of IT systems that deal with direct taxation (such as the Tax Identification Number on the Europa portal or the Data Dissemination System); these have a smaller scope, with proportionately less awareness, participation or lower use levels.

On **supporting the implementation of Union law in the field of taxation** by securing the exchange of information, the programme has played a crucial role in helping Member States communicate with each other in a secure and efficient manner in areas of mutual interest, and has therefore enhanced collaboration between them. This aspect of the objective accounts for a large proportion of the projects prioritised by means of the annual work programmes, with the evaluation noting particular success in supporting the exchange of information and collaboration necessary as part of VAT and excise legislation.

On **supporting administrative cooperation between tax authorities**, this has mostly taken the form of joint actions, albeit involving an array of topics and action types. The programme has played an integral role in strengthening cooperation between tax authorities in the Member States and other participating countries. Evidence of this is most compelling in the field of indirect taxation (in particular VAT and excise), where EU competence is strongest and the level of programme activity is correspondingly high. Direct administrative cooperation in the form of multilateral controls and participation in administrative enquiries is also categorised under this objective. As one of the most popular action types (over 3 000 officials took part in them in 2014-2017), multilateral controls provide ample evidence that practical administrative cooperation not only takes place, but that it is also effective. Combined with a coordination group, which helps to align working practices and build trust, multilateral controls have consistently led to recovered revenue and increased compliance.

Discrepancies across countries and gaps in knowledge, in addition to the ever-changing tax policy context, create a need for the programme **to support capacity building among national administrations**. This has taken place in the form of several types of joint actions as well as dedicated technical assistance measures provided by the European Commission. The eLearning modules developed by the programme also aim to build up the capacity of participating officials.

#### **4. EFFICIENCY**

The Fiscalis 2020 programme's budget is EUR 223 million, with EUR 124 million committed in 2014-2017 (representing 56 % of the total available budget). Fiscalis is a directly managed programme, with the Commission responsible for managing and coordinating it. Activities are financed mostly through grants (especially the joint actions) and procurement (especially the European Information Systems and technical development of the eLearning modules).

The largest part of the Fiscalis budget supports the development, operation and maintenance of the **European Information Systems**, which account for 74.7 % of the committed budget. Concrete benefits provided by the IT systems are difficult to quantify, let alone monetise. The data do not allow to distinguish between most of the different systems so that costs could be compared with proven effectiveness. However, one of the main findings of the evaluation is that the horizontal architecture and systems associated with indirect taxation, such as the VAT Information Exchange System, the Excise Movement and Control System and the Mini-One-Stop-Shop, received the most positive assessments and often lead to substantial savings for tax administrations and economic operators.

**Joint actions** under the Fiscalis 2020 programme totalled 15.3 % of the committed budget over the first 4 years of the programme. They provide national officials with a platform and funding to set up meetings on issues of common interest and are therefore at their core about fostering collaboration. This collaboration involves exchanging ideas and practical experiences, exploring difficult topics, new technological trends, business solutions and IT approaches, aligning one's understanding of legislation and practices or encouraging shifts in national policies. Available data for the first 4 years of the programme show that a large number of individuals (the vast majority of whom are tax officials) take part in the programme each year, with fairly stable numbers and in line with historical trends. As with the previous funding period, there have been around 4 000 individual participations per year during the current programme. Their cost structures vary only slightly between the different types of actions supported (from project groups, working visits, workshops and seminars to multilateral controls and others). The average cost per participant per action for all types of joint actions (except expert teams) is around EUR 875, which is in line with similar programmes.

**Training activities** under the Fiscalis 2020 programme totalled 3.2 %<sup>3</sup> of the committed budget up to now. Because the development costs of training modules are largely a one-off investment, their efficiency and value for money increases with each additional participant as this broader reach takes place at little, if any, additional cost. The steady growth in national tax officials who have taken part in the training modules and downloads from the public domain show that there is a need, and Fiscalis 2020 training material fills that gap. The flagship product under this programme component is the VAT eLearning package, which consists of 12 courses. Overall, around 46 700 tax officials have been trained in 2014-2017 thanks to Fiscalis 2020. The eLearning modules have also been downloaded 34 950 times from the EUROPA website mostly by professional associations or multinationals. Based on the estimations provided by those who have downloaded the modules from the EUROPA site, the Fiscalis-sponsored training modules have reached a potential group of 420 000 trainees.

Although **simplification** as such is not one of the Fiscalis 2020 programme's objectives, the programme does provide support to other initiatives that are designed to simplify and modernise the European taxation landscape. The IT architecture that supports information exchange between tax authorities (i.e. the Common Communication Network and the different types of eForms) actively helps to simplify procedures and therefore reduces the time needed to process requests.

Some efficiency gains have also been achieved in terms of **synergies** between the Fiscalis 2020 and Customs 2020 programmes. While the policy areas for the two programmes differ, they share a similar focus in enabling administrations to cooperate and exchange information. These similarities have offered opportunities for synergies in terms of both administrative arrangements and joint work, including cross-fertilisation and joint funding of shared components such as IT systems and similar approaches to human capacity building and training. Most of the potential synergies have been seen at central programme management level and integrated IT systems. Given the closely aligned management of the programmes, areas for potential synergies and the exchange of information have been identified in relation to the development of European Information Systems, with the Multi-Annual Strategic Plan for Customs European Information Systems offering a baseline for developing and implementing a corresponding Multi-Annual Strategic Plan for taxation.

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<sup>3</sup> The remaining 6.8 % of committed expenses were used for studies to support analysis and further preparatory work.

On the content of the two programmes, one noticeable exception is in the area of excise duties, where competence is often shared between national tax and customs administrations and where the two programmes have provided explicit support on identifying fields that are of common interest and working together to avoid excise-related fraud.

## 5. COHERENCE

The programme is **internally coherent**, with a high level of consistency between the intervention logic, programme objectives, annual work programme priorities and projects. The programme's design is objective-driven, which means that all actions under the programme must refer to the objectives outlined in Regulation (EU) No 1286/2013. The programme actions are determined in accordance with the general, specific and operational objectives and the most appropriate method of implementation.

In terms of **external coherence**, there is strong alignment between the programme and the Europe 2020 strategy as evidenced by relevant actions and activities. Thanks to its activities, the programme supports implementation of EU tax policy, in particular the fight against tax fraud, tax evasion and aggressive tax planning. This in turn helps limit the distortions to competition and disruptions to the single market, which can arise from interaction between the tax systems of the 28 Member States.

The involvement of candidate and potential candidate countries is positive in general, with strong evidence of active participation. So far, the six non-EU countries that are involved in the programme have participated in the joint actions of the programme and have even used some of the IT systems where they have had permission to do so. However, there is scope and room to engage them even further.

The one area where there seems to be a lack of strong external coherence is in complementarities with other EU initiatives besides the Customs 2020 programme. While the nature of the programme's objectives and activities suggests potential synergies with a number of other programmes and projects, only two examples of practical coordination have been identified: one with the Structural Reform Support Programme and the second with the TAXEDU pilot project financed by the European Parliament. This highlights the fact that there exist opportunities that are currently not used enough. There is therefore a need for further coordination efforts between the different Commission departments and also other institutions to fully use the potential of existing programmes.

## 6. EU ADDED VALUE

The Fiscalis 2020 programme and the different types of activities funded offer added value to the work of national tax administrations and economic operators by generating clear **efficiency gains and economies of scale**.

The **European Information Systems** supported by the Fiscalis programme have led to substantial — albeit hard to quantify — cost savings for national administrations in the form of reduced IT spending and human resources compared to a scenario without EU action. Centrally developed systems are cheaper to develop and implement than 28 individual national systems and also avoid costs relating to interoperability between countries. Where systems are split between EU and national components, the programme ensures interconnectivity and efficient coexistence between the IT systems. By allowing the Member States to work together in areas of mutual interest, IT collaboration also offers the potential to generate economies of scale. The main purpose of IT collaboration is to implement common

IT systems (development of the software, IT solutions and components as well as testing) by pooling resources in a formal way and with balanced ownership between the Commission and the Member States.

**Joint actions**, especially workshops, working visits and project groups, contribute to the exchange of information and experiences, provide opportunities for networking and improve the understanding of common problems and solutions beyond what would otherwise have been possible. It is also worth noting the role of expert teams, which are a new feature of the programme and whose structure allows for enhanced collaboration among Member States on complex projects with a high degree of commitment among participants. They are considered by most Member States to be an interesting and useful way of aligning and coordinating their work, especially on IT solutions. Consultation and networking with colleagues from other countries by means of joint actions were considered as complementary to initiatives at national level, helping to build relationships and trust as well as support the sharing of experience and knowledge. Common training activities have also helped save time and money for the administrations in certain countries thanks to the joint development and provision of training, which otherwise would not have been available.

Clear interplay between national and EU action has also been identified within the scope of the programme. There was consensus among national programme coordinators consulted that Fiscalis provides the possibility for action above and beyond what participating countries could achieve on their own. This ranges from activities such as administrative cooperation — where programme action enhances national processes — to providing arenas for learning and coordination in the implementation of EU law (in the case of candidate and potential candidate countries, alignment with the EU *acquis*).

The **sustainability** of results and outputs of the programme is generally high. This includes more intangible benefits (such as enhanced networking and relationships) and tangible outputs (including tools, methods, etc.), in particular in relation to improved human capacity in national administrations. Nonetheless, there was unanimity among stakeholders consulted about the **importance of continuing the programme in the future**. This is most relevant to ensure the sustainability of the European Information Systems supported by the programme, and to avoid the potential negative impact that reduced or discontinued funding would have on these IT systems. Overall, the evaluation finds that maintaining support for established IT systems is necessary to secure the information exchange architecture that has been created as well as the many platforms that encompass central, Commission-run components.

## 7. CONCLUSIONS

The findings of the evaluation validate the **relevance** of the Fiscalis-specific objectives by identifying clear needs for the secure and rapid exchange of information, cooperation between tax administrations and enhancement of administrative capacity. These needs stem from the growing scope of EU law and initiatives, the cross-border nature of problems and the persistent need for convergence between countries. There has been universal agreement among the stakeholders consulted that the programme is needed to facilitate this exchange and cooperation, and that ambitious EU policies would not be possible without such support. As a result, the programme's role in fostering the convergence of approaches, administrative procedures and rules is highly relevant.

Thanks to its three main types of activities (European Information Systems, joint actions and training), the programme has been **effective** in strengthening cooperation between tax

authorities in the EU Member States and other participating countries. The programme has provided the framework and technological means necessary to work together and share information on implementing EU tax law and fighting tax evasion, fraud and aggressive tax planning in an increasingly mobile Europe. Evidence of this is most compelling in the field of indirect taxation (in particular VAT and excise) where EU competence is strongest and the level of programme activity is correspondingly high.

The programme's overall structure and processes for taking decisions and setting priorities are time-tested and broadly appropriate in the eyes of stakeholders both in the Commission and in participating country administrations. While its benefits cannot be monetised, comparing the findings on effectiveness alongside spending data and the positive findings on operational **efficiency** makes a strong case that the programme is cost effective in general. The European Information Systems, joint actions and training activities clearly generate value for the EU and national tax administrations by helping them to pool resources (and thereby generate economies of scale), increase revenue collection and compliance and operate more effectively. Economic operators have also benefited indirectly thanks to better administration of tax policy as well as from the direct use of certain IT systems and eLearning modules.

There is strong internal **coherence** between the various levels and components of the Fiscalis programme. This is the result of several factors, including an objective-driven design that ensures alignment of the various levels of intervention logic — from the general, specific and operational objectives to the priorities and activities. With regard to the programme's external coherence, there is strong alignment between the programme and the Europe 2020 strategy as evidenced by the relevant actions and activities supported by the programme. The involvement of candidate and potential candidate countries is positive in general, with strong evidence of active participation and possibilities to engage these even further.

The programme has been effective in providing solutions for problems with a clear EU dimension. In particular, the programme adds value by providing a forum for discussion, exchange of experiences and networking between Member States that would not be possible without Commission support. Fiscalis has also helped to create a framework for the exchange of information thanks to a variety of IT systems and activities. These lead to both tangible and intangible benefits of scale and coordination. The clear EU component and the fact that the same results would be difficult or impossible to achieve without the programme to support them — in particular in terms of necessary maintenance of European Information Systems — also leads to the conclusion that continued support through programme funding is relevant and advantageous from the perspective of **EU added value**.