



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 22 November 2013

16321/13

**Interinstitutional File:
2011/0341B (COD)**

**CODEC 2612
FISC 221
PE 544**

INFORMATION NOTE

from: General Secretariat
to: Permanent Representatives Committee / Council
Subject: Proposal for a Regulation of the European Parliament and of the Council
establishing an action programme for taxation in the European Union for the
period 2014-2020 (Fiscalis 2020) and repealing Decision N° 1482/2007/EC
– Outcome of the European Parliament's first reading
(Strasbourg, 18 to 21 November 2013)

I. INTRODUCTION

The Committee on Economic and Monetary Affairs initially submitted 37 amendments to the proposal for a Regulation.

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure¹, a number of informal contacts then took place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

¹ OJ C 145, 30.6.2007, p.5

In this context, the Committee submitted an additional compromise amendment (amendment 39 - amendment 38 having been cancelled). This amendment had been agreed during the informal contacts referred to above. It was intended to supersede - rather than to complement - the other amendments.

II. VOTE

When it voted on 21 November 2013, the plenary adopted the compromise amendment 39. The Commission's proposal as thus amended constitutes the Parliament's first-reading position, which is contained in its legislative resolution as set out in the Annex hereto¹.

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

¹ The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in *bold and italics*. The symbol "■" indicates deleted text.

Action programme for customs and taxation ***I

European Parliament legislative resolution of 21 November 2013 on the amended proposal for a regulation of the European Parliament and of the Council establishing an action programme for taxation in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No°1482/2007/EC (COM(2012)0465 – C7-0242/2012 – 2011/0341B(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the amended Commission proposal to Parliament and the Council (COM(2012)0465),
 - having regard to Article 294(2) and Articles 114, 197 and 212 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0242/2012),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the undertaking given by the Council representative by letter of 28 May 2013 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Economic and Social Committee of 22 February 2012¹,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Budgets (A7-0399/2012),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

¹ OJ C 143, 22.5.2012, p. 48.

P7_TC1-COD(2011)0341B

Position of the European Parliament adopted at first reading on 21 November 2013 with a view to the adoption of Regulation (EU) No .../2013 of the European Parliament and of the Council 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

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 114 *and* 197 thereof,

Having regard to the proposal from the European Commission,

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

Having regard to the opinion of the European Economic and Social Committee¹,

Acting in accordance with the ordinary legislative procedure²,

¹ OJ C 143, 22.5.2012, p. 48 and OJ C 11, 15.1.2013, p. 84.

² Position of the European Parliament of 21 November 2013.

Whereas:

- (1) The multi-annual action programme for taxation which applied before 2014 has significantly contributed to facilitating and enhancing cooperation between tax authorities within the Union. The added value of that programme, including *to the protection of the financial interests of Member States of the Union and of taxpayers*, has been recognised by the tax administrations of the participating countries. The challenges identified for the next decade cannot be tackled if Member States do not look beyond the borders of their administrative territories or cooperate intensively with their counterparts. The Fiscalis programme, implemented by the Commission *in cooperation with the participating countries*, offers Member States a Union framework within which to develop those cooperation activities, and which is more cost-effective than if each Member State were to set up individual cooperation frameworks on a bilateral or multilateral basis. It is therefore appropriate to ensure the continuation of that programme by establishing a new programme in the same area.
- (2) *The programme established under this Regulation, "Fiscalis 2020", and its success are vital in the present economic situation and should support cooperation in fiscal matters.*

- (3) The activities under Fiscalis 2020, namely the European information systems as defined in this Regulation (European Information Systems), the joint actions for **■** officials *of tax authorities* and the common training initiatives, are expected to contribute to the realisation of the Europe 2020 Strategy for smart, sustainable and inclusive growth *by strengthening the functioning of the internal market, providing a framework within which to support activities enhancing the administrative capacity of tax authorities and advancing technical progress and innovation*. In providing a framework for activities which strive for more efficient tax authorities, strengthen the competitiveness of businesses, promote employment and contribute to the protection of the **■** financial and economic interests *of the Member States of the Union and of taxpayers*, Fiscalis 2020 will actively strengthen the functioning of the taxation systems in the internal market, *while contributing to the gradual elimination of existing barriers and distortions within the internal market*.
- (4) The scope of Fiscalis 2020 should be brought into line with current needs so as to *focus on* all taxes harmonised at Union level and *other taxes in so far as they are relevant for the internal market and for administrative cooperation between the Member States*.

- (5) To support the process of accession and association by third countries, Fiscalis 2020 should be open to the participation of acceding and candidate countries and to potential candidate countries and partner countries of the European Neighbourhood Policy if certain conditions are fulfilled ***and their participation supports only activities under Fiscalis 2020 which are aimed at fighting against tax fraud and tax evasion, and addressing aggressive tax planning***. Considering the increasing level of interconnection of the world economy, Fiscalis 2020 ***should continue*** to provide for the possibility ***of inviting*** external experts ***to contribute to activities under Fiscalis 2020***. ***External experts***, such as representatives of governmental authorities, economic operators and their ***organisations*** or representatives of international organisations ***should be invited only where their contribution is considered to be essential for achieving the objectives of Fiscalis 2020***.
- (6) The objectives ***and priorities*** of Fiscalis 2020 take into account the problems and challenges identified for taxation in the next decade. Fiscalis 2020 should continue to play a role in vital areas such as the coherent implementation of Union law ***in the field of taxation, securing the exchange of information and supporting*** administrative cooperation ***and*** enhancing the administrative capacity of tax authorities. Given the problem dynamics of new challenges identified, additional emphasis should be put on ***supporting the fight against*** tax fraud, ***tax evasion and aggressive tax planning***. ***Emphasis should also be placed on*** reducing ***the*** administrative burden ***for tax authorities and the compliance costs for tax payers and preventing instances of double taxation***.

- (7) *At an operational level, Fiscalis 2020 should implement, operate and support the European Information Systems and administrative cooperation activities, reinforce the skills and competences of tax officials, enhance the understanding and implementation of Union law in the field of taxation, and support the improvement of administrative procedures and the sharing and dissemination of good administrative practices. Those objectives should be pursued with an emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning.*
- (8) *The programme tools which applied before Fiscalis 2020 should be supplemented in order to respond adequately to challenges awaiting tax authorities in the next decade and to remain in line with developments in Union law. Fiscalis 2020 should cover bilateral or multilateral controls and other forms of administrative cooperation as established in the relevant Union law on administrative cooperation; expert teams; public administration capacity–building actions providing specific and specialised coaching in the field of taxation to Member States facing particular and exceptional circumstances that justify such targeted actions; and, where necessary, studies and common communication activities in order to support the implementation of Union law in the field of taxation.*

- (9) The European Information Systems play a vital role in ***interconnecting tax authorities and thus in*** reinforcing the taxation systems within the Union and should therefore continue to be financed ***and improved*** under Fiscalis 2020. In addition, it should be made possible to include in Fiscalis 2020 new tax-related information systems established under Union law. The European Information Systems should, where appropriate, be based on shared development models and IT architecture .
- (10) ***In the context of improving administrative cooperation more widely and supportig the fight against tax fraud, tax evasion and aggressive tax planning, it may be useful for*** the Union to conclude agreements ■ with ■ third countries in order to allow those countries to use the Union components of the European Information Systems to support a ***secure exchange*** of information between them and the Member States in the framework of bilateral tax agreements.
- (11) ***Common training activities*** should also be carried out under Fiscalis 2020. ***Fiscalis 2020 should continue to support participating countries in strengthening professional skills and knowledge relating to taxation*** through enhanced ***jointly developed training content*** that targets tax officials and economic operators. To that end, the current common training approach of the ***Fiscalis 2020***, which was mainly based on central eLearning development, should develop into a multi-faceted training support programme for the Union.

- (12) Fiscalis 2020 should cover a period of seven years to align its duration with that of the multiannual financial framework laid down in Council Regulation (EU) No .../2013^{1*}.
- (13) This Regulation lays down a financial envelope for the entire duration of Fiscalis 2020 which is to constitute the prime reference amount, within the meaning of Point 17 of the Interinstitutional Agreement of ... 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management^{2**}, for the European Parliament and the Council during the annual budgetary procedure.
- (14) In line with the Commission's commitment, set out in its Communication on the Budget Review of 2010, to coherence and simplification of funding programmes, resources should be shared with other Union funding instruments if the envisaged activities under Fiscalis 2020 pursue objectives which are common to various funding instruments, excluding however double financing.

¹ Council Regulation (EU) No .../2013 of ...2013 laying down the multiannual financial framework for the year 2014-2020 (OJ L ...).

* OJ: Please insert, in the recital and footnote 1, the number, date of adoption and publication reference of the Regulation as contained in document ST 11791/13.

² OJ C ...

** OJ: Please insert the date of adoption and publication reference of the IIA as contained in document ST 11838/13.

- (15) The measures necessary for the financial implementation of this Regulation should be adopted in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council¹, and with Commission Delegated Regulation (EU) No 1268/2012².
- (16) *Participating countries should bear the cost of national elements of Fiscalis 2020 which would include, inter alia, the non-Union components of the European Information Systems, and any training which is not part of the common training initiatives.*
- (17) *Considering the importance of full participation of participating countries in joint actions, a co-financing rate of 100 % of the eligible costs in respect of travel and accommodation costs, costs linked to organisation of events and daily allowances is possible where it is necessary to achieve fully the objectives of Fiscalis 2020.*

¹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

² Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

- (18) The financial interests of the Union should be protected through appropriate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, unduly paid or incorrectly used and, where appropriate, penalties.
- (19) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in respect of the establishment of annual work programmes. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹.

¹ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

- (20) Since the objective of this Regulation, namely establishing a multi-annual programme to improve the operation of the taxation systems in the internal market, cannot be sufficiently achieved by the Member States as they cannot efficiently perform the cooperation and coordination necessary to achieve that objective, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.
- (21) The Commission should be assisted by the Fiscalis 2020 Committee for the implementation of Fiscalis 2020.

(22) *To facilitate the evaluation of Fiscalis 2020, a proper framework for monitoring the results achieved by Fiscalis 2020 should be put in place from the very beginning. The Commission, together with participating countries, should establish adjustable indicators and set pre-defined baselines for monitoring the results of activities under Fiscalis 2020. A mid-term evaluation looking at the achievement of the objectives of Fiscalis 2020, its efficiency and its added value at the European level should be carried out. A final evaluation should, in addition, deal with the long-term impact and the sustainability effects of Fiscalis 2020. Full transparency with regular reporting on monitoring and with the submission of evaluation reports to the European Parliament and to the Council should be ensured.*

(23) Directive 95/46/EC of the European Parliament and of the Council¹ governs the processing of personal data carried out in the Member States in the context of this Regulation and under the supervision of the Member States competent authorities, in particular the public independent authorities designated by the Member States. Regulation (EC) No 45/2001 of the European Parliament and of the Council² governs the processing of personal data carried out by Commission within the framework of this Regulation and under the supervision of the European Data Protection Supervisor. Any exchange or transmission of information by competent authorities should be in accordance with the rules on the transfer of personal data as laid down in Directive 95/46/EC and any exchange or transmission of information by the Commission should be in accordance with the rules on the transfer of personal data as laid down in Regulation (EC) No 45/2001.

¹ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (OJ L 281, 23.11.1995, p. 31).

² Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.1.2001, p. 1).

(24) This Regulation replaces Decision No 1482/2007/EC of the European Parliament and of the Council¹. That Decision should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

¹ Decision No 1482/2007/EC of the European Parliament and of the Council of 11 December 2007 establishing a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2013) and repealing Decision No 2235/2002/EC (OJ L 330, 15.12.2007, p. 1).

Chapter I

General provisions

Article 1

Subject matter

1. A multi-annual action programme "Fiscalis 2020" ("the programme") is hereby established to improve the operation of the taxation systems in the internal market **and to support cooperation in relation thereto**.
2. The programme shall cover the period 1 January 2014 to 31 December 2020.

Article 2

Definitions

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

- (1) "tax authorities" means the **public authorities and other bodies in the participating countries which are** responsible for **administering taxation or tax-related activities**;

- (2) "external experts" means:
- (a) representatives of governmental authorities, including those from countries not participating in the programme pursuant to Article 3(2);
 - (b) economic operators and organisations representing economic operators;
 - (c) representatives of international and other relevant organisations;
- (3) "taxation" means the following:
- (a) value added tax provided for in Council Directive 2006/112/EC¹;
 - (b) excise duties on alcohol provided for in Council Directive 92/83/EEC²;
 - (c) excise duties on tobacco products provided for in Council Directive 2011/64/EU³;

¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

² Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages (OJ L 316, 31.10.1992, p. 21).

³ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (OJ L 176, 5.7.2011, p. 24).

- (d) taxes on energy products and electricity provided for in Council Directive 2003/96/EC¹;
 - (e) other taxes falling within the scope of Article 2(1)(a) of Council Directive 2010/24/EU² *in so far as they are relevant for the internal market and for administrative cooperation between the Member States*;
- (4) *"bilateral or multilateral controls" means the coordinated checking of the tax liability of one or more related taxable persons organised by two or more participating countries with common or complementary interests, which include at least two Member States.*

Article 3

Participation in the programme

1. Participating countries shall be the Member States and the countries referred to in paragraph 2, provided the conditions set out in that paragraph are met.

¹ Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L 283, 31.10.2003, p. 51).

² Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84, 31.3.2010, p. 1).

2. The programme shall be open to participation by any of the following countries:
- (a) acceding countries, candidate countries and potential candidate countries benefiting from a pre-accession strategy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, Association Council decisions or similar agreements;
 - (b) partner countries of the European Neighbourhood Policy provided that those countries have reached a sufficient level of approximation of the relevant legislation and administrative methods to those of the Union.

The partner countries referred to in point (b) of the first subparagraph shall participate in the programme in accordance with provisions to be determined with those countries following the establishment of framework agreements concerning their participation in Union programmes.

Their participation shall support only activities under the programme which are aimed at fighting tax fraud and tax evasion and addressing aggressive tax planning.

Article 4

Participation in activities under the programme

External experts may be invited to **contribute to** selected activities organised under the programme wherever **essential** for the achievement of the objectives referred to in Articles 5 **and** 6. The external experts shall be selected by the Commission **together with the participating countries**, on the basis of their skills, experience and knowledge relevant to the specific activities, **taking into account any potential conflict of interest, and striking a balance between business representatives and other civil society experts. A list of selected external experts shall be made public and shall be regularly updated.**

Article 5

Overall objective and specific objective

1. The **overall** objective of the programme shall be to **improve the proper functioning of the taxation systems in** the internal market **by enhancing cooperation between participating countries, their tax authorities and their officials.**

2. The specific objective of the programme shall be to *support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.*
3. The achievement of the objectives referred to in this Article shall be measured on the basis, *in particular*, of the following:
 - (a) the availability of, *and full access* to, the common communication network for the European Information Systems;
 - (b) the feedback from *participating countries on the results of* actions under the programme ■ .

Article 6

Operational objectives and priorities of the programme

1. The *operational objectives and* priorities of the programme shall be the following:
 - (a) *to implement, improve, operate and support the European Information Systems for taxation;*
 - (b) *to support administrative cooperation activities;*
 - (c) *to reinforce the skills and competence of tax officials;*
 - (d) *to enhance the understanding and implementation of Union law in the field of taxation;*
 - (e) *to support the improvement of administrative procedures and the sharing of good administrative practices.*

- I**
2. *The objectives and priorities referred to in paragraph 1 shall be pursued with a particular emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning.*

Chapter II

Eligible actions

Article 7

Eligible actions

- I.** The programme shall provide, under the conditions set out in the annual work programme referred to in Article 14, financial support for the following:
- (a) joint actions:
 - (i) seminars and workshops;
 - (ii) project groups, generally composed of a limited number of countries, operational during a limited period of time to pursue a predefined objective with a precisely described outcome;
 - (iii) ***bilateral or*** multilateral controls ■ and other activities provided for in Union law on administrative cooperation, organised by two or more participating countries, which include at least ***two*** Member ***States***;

- (iv) working visits organised by the participating countries or another country to enable officials to acquire or increase their expertise or knowledge in tax matters;
- (v) expert teams, namely structured forms of cooperation, with a non-permanent **■** character, pooling expertise to perform tasks in specific domains, *in particular in the European Information Systems*, possibly with the support of online collaboration services, administrative assistance and infrastructure and equipment facilities;
- (vi) public administration capacity-building and supporting actions;
- (vii) studies;
- (viii) communication projects;
- (ix) any other activity in support of the *overall*, specific *and operational* objectives *and priorities* set out in Articles 5 and 6, *provided that the necessity for such other activity is duly justified*;

- (b) ***European Information Systems*** building: the development, maintenance, operation and quality control of Union components of the European Information Systems set out in point A of the Annex and new European Information Systems established under Union law, ***with a view to interconnecting tax authorities efficiently***;
- (c) ***common training activities: jointly developed*** training actions to support the necessary professional skills and knowledge relating to taxation.

Working visits referred to in point (a)(iv) of the first subparagraph shall not exceed one month. For working visits organised within third countries, only travel and subsistence (accommodation and daily allowance) costs shall be eligible under the programme.

Expert teams referred to in point (a)(v) of the first subparagraph shall be organised by the Commission in cooperation with the participating countries and, unless duly justified, shall not exceed one year.

2. ***The resources for the eligible actions referred to in this Article shall be allocated in a balanced manner and in proportion to the real needs of those actions.***
3. ***When evaluating the programme, the Commission shall assess the need for introducing budgetary ceilings for the various eligible actions.***

Article 8

Specific implementation provisions for joint actions

1. ***Participation in joint actions referred to in point (a) of the first subparagraph of Article 7(1) shall be on a voluntary basis.***
2. Participating countries shall ensure that officials with an appropriate profile and qualifications, ***including language skills***, are nominated to participate in the joint actions.
3. Participating countries shall, ***where appropriate***, take the necessary measures ***to raise*** awareness ***of the joint*** actions and ***to ensure that*** use is made of the outputs generated.

Article 9
Specific implementation provisions
for the European Information Systems

1. The Commission and the participating countries shall ensure that the European Information Systems referred to in point A of the Annex are developed, operated and appropriately maintained.
2. The Commission shall coordinate, in cooperation with the participating countries, those aspects of the establishment and functioning of the Union and non-Union components of the European Information Systems referred to in **point A** of the Annex which are necessary to ensure their operability, interconnectivity and continuous improvement.
3. The use of the Union components of the European Information Systems referred to in point A of the Annex by non-participating countries shall be subject to agreements with those countries to be concluded in accordance with Article 218 of the Treaty on the Functioning of the European Union.

Article 10

Specific implementation provisions for common training activities

1. *Participation in common training activities referred to in point (c) of the first subparagraph of Article 7(1) shall be on a voluntary basis.*
2. *Participating countries shall ensure that officials with an appropriate profile and qualifications, including language skills, are nominated to participate in the common training activities.*
3. Participating countries shall integrate, where appropriate, jointly developed training content, including e-learning modules, training programmes and commonly agreed training standards into their national training programmes.

I

Chapter III

Financial framework

Article 11

Financial framework

1. The financial envelope for the implementation of the programme shall be EUR 223 366 000 in current prices.

2. The financial allocation for the programme may also cover expenses pertaining to preparatory, monitoring, checking, audit and evaluation activities which are required ***on a regular basis*** for the management of the programme and the achievement of its objectives; in particular, studies, meetings of experts, information and communication ***activities*** related to the objectives laid down in this Regulation, expenses linked to IT networks focusing on information processing and exchange, together with all other technical and administrative assistance expenses incurred by the Commission for the management of the programme.

The share of administrative expenditure shall, in general, not exceed 5 % of the overall cost of the programme.

Article 12

Types of intervention

1. The Commission shall implement the programme in accordance with Regulation (EU, Euratom) No 966/2012.
2. Union financial support for activities provided for in Article 7 shall take the form of:
 - (a) grants;
 - (b) public procurement contracts;
 - (c) the reimbursement of costs incurred by external experts referred to in Article 4.
3. The co-financing rate for grants shall be up to 100 % of the eligible costs in the case of travel and accommodation costs, costs linked to the organisation of events and daily allowances.

That rate shall apply to all eligible actions with the exception of expert teams referred to in point (a)(v) of the first subparagraph of Article 7(1). The applicable co-financing rate for expert teams, where those actions require the awarding of grants, shall be set out in the annual work programmes.

4. *The Union components of the European Information Systems shall be financed by the programme. Participating countries shall, in particular, bear the costs of the acquisition, development, installation, maintenance and day-to-day operation of the non-Union components of the European Information Systems.*

Article 13

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures to ensure that, where actions financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities by effective checks and, if irregularities are detected, by the recovery of the amounts unduly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on the spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds under this Regulation.
3. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council¹ and Council Regulation (Euratom, EC) No 2185/96² with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under this Regulation.

¹ Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-fraud Office (OLAF) (OJ L 136, 31.5.1999, p. 1).

² Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

Chapter IV

Implementing powers

Article 14

Work programme

In order to implement the programme, the Commission shall, by means of implementing acts, adopt annual work programmes, which shall set out the objectives pursued, the expected results, the method of implementation and their total amount. They shall also contain a description of the actions to be financed, an indication of the amount allocated to each action type and an indicative implementation timetable. The annual work programmes shall include for grants the priorities, the essential evaluation criteria and the maximum rate of co-financing. Those implementing acts shall be ***based on the results of previous years and shall be*** adopted in accordance with the examination procedure referred to in Article 15(2).

Article 15

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Chapter V

Monitoring and evaluation

Article 16

Monitoring of actions under the programme

1. The Commission shall, in cooperation with the participating countries, monitor the programme and actions under it **■**.
2. *The Commission and participating countries shall establish qualitative and quantitative indicators and, where necessary, add new indicators during the course of the programme. The indicators shall be used to measure the effects of the programme against pre-defined baselines.*
3. *The Commission shall make public the outcome of the monitoring referred to in paragraph 1 and the indicators referred to in paragraph 2.*
4. *The outcome of the monitoring shall be used for the evaluation of the programme in accordance with Article 17.*

Article 17

Evaluation and review

1. The Commission shall *submit to the European Parliament and to the Council* mid-term and final evaluation reports *regarding* the matters referred to in paragraphs 2 and 3. The results of those evaluations shall be integrated into decisions on possible renewal, modification or suspension of the programme for subsequent periods. Those evaluations shall be carried out by an independent external evaluator.
2. The Commission shall, by 30 June 2018, draw up a mid-term evaluation report on the achievement of the objectives of the actions under the programme, the efficiency of the use of resources and the added value at the European level of the programme. That report shall, additionally, address the simplification and the continued relevance of the objectives, as well as the contribution of the programme to the Union priorities of smart, sustainable and inclusive growth.
3. The Commission shall, by 31 December 2021, draw up a final evaluation report on the matters referred to in paragraph 2, and on the long-term impact and the sustainability of effects of the programme.

4. Upon request from the Commission, the participating countries shall provide it with all *available* data and information relevant for the purpose of contributing to its mid-term and final evaluation reports.

Chapter VI

Final provisions

Article 18

Repeal

Decision No 1482/2007/EC is repealed with effect from 1 January 2014.

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

Article 19
Entry into force

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

It shall apply from 1 January 2014.

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

Done at ...,

For the European Parliament
The President

For the Council
The President

ANNEX

EUROPEAN INFORMATION SYSTEMS AND THEIR UNION COMPONENTS

A. The European Information Systems are the following:

- (1) the common communications network / common systems interface (CCN/CSI – CCN2), CCN mail3, the CSI bridge, the http bridge, CCN LDAP and related tools, CCN web portal, CCN monitoring;
- (2) supporting systems, in particular the application configuration tool for CCN, the activity reporting tool (ART2), Taxud electronic management of project online (TEMPO), service management tool (SMT), the user management system (UM), the BPM system, the availability dashboard and AvDB, IT service management portal, directory and user access management;
- (3) Programmes information and communication space (PICS);

- (4) the VAT-related systems, in particular, the VAT information exchange system (VIES) and the VAT refund, including the VIES initial application, the VIES monitoring tool, the Taxation statistical system, VIES-on-the-web, VIES-on-the-web configuration tool, the VIES and VAT refund test tools, the VAT number algorithms, the VAT exchange of e-forms, VAT on e-Services (VoeS); VoeS test tool, VAT e-forms test tool, *mini one-stop-shop (MoSS)*;
- (5) recovery-related systems, in particular eforms for recovery of claims, eforms for uniform instrument permitting enforcement (UIPE) and for uniform notification form (UNF);
- (6) direct taxation-related systems, in particular taxation on savings system, taxation on savings test tool, e-forms for direct taxation, tax identification number TIN-on-the-web, the exchanges related to the Article 8 of Council Directive 2011/16/EU¹ and associated test tools;
- (7) other taxation-related systems, in particular, the Taxes in Europe database (TEDB);

¹ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.3.2011, p. 1).

- (8) the excise systems, in particular the system for exchange of excise data (SEED), the Excise Movement and Control System (EMCS), MVS eforms, test application (TA);
- (9) other central systems, in particular, the Member States' Taxation Information and Communication system (TIC), the self-service testing system (SSTS), taxation-related statistics system, the central application for web forms, the central services / management information system for Excise (CS/MISE).

B. The Union components of the European Information Systems are:

- (1) IT assets such as the hardware, the software and the network connections of the systems, including the associated data infrastructure;
- (2) IT services necessary to support the development, the maintenance, the improvement and the operation of the systems; and
- (3) any other elements which, for reasons of efficiency, security and rationalisation, are identified by the Commission as common to participating countries.