



Brussels, 11 December 2019
(OR. en)

15022/19

FISC 492
ECOFIN 1139

COVER NOTE

From: Secretary-General of the European Commission,
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 3 December 2019

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of
the European Union

No. Cion doc.: SWD(2019) 429 final

Subject: COMMISSION STAFF WORKING DOCUMENT Fiscalis 2020 Programme
- Progress Report 2018

Delegations will find attached document SWD(2019) 429 final.

Encl.: SWD(2019) 429 final



Brussels, 3.12.2019
SWD(2019) 429 final

COMMISSION STAFF WORKING DOCUMENT

Fiscalis 2020 Programme - Progress Report 2018

Contents

1.	ACRONYMS AND ABBREVIATIONS	4
2.	EXECUTIVE SUMMARY	6
3.	INTRODUCTION	8
3.1	Fiscalis 2020 in a nutshell	8
3.2	The Performance Measurement Framework	9
4.	PROGRAMME YEAR 2018 – BASIC PARAMETERS	12
4.1	Introduction	12
4.2	Budget	12
4.3	Participants in joint actions (excluding expert teams)	13
4.4	Joint actions (other than expert teams): proposals and actions	14
5.	PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES	17
5.1	Cross-cut indicators of collaboration robustness between programme stakeholders	17
5.2	Objective 1: to implement, improve, operate and support the European Information Systems for taxation	19
5.3	Objective 2: to support administrative cooperation activities	27
5.4	Objective 3: to reinforce skills and competences of taxation officials	33
5.5	Objective 4: to enhance the understanding and implementation of Union law in the field of taxation	35
5.6	Objective 5: to support the improvement of administrative procedures and the sharing of good administrative practices	37
6.	PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME	40
6.1	Introduction	40
6.2	Part 1 – To support the fight against tax fraud, tax evasion and aggressive tax planning - Case Study	40
6.3	Part 2 – To support the implementation of Union law in the field of taxation by securing exchange of information via the European Information Systems building - Case Study	41
6.4	Part 3 – To support the implementation of Union law in the field of taxation by supporting administrative cooperation - Case Study	44
7.	RESULTS OF THE MID-TERM EVALUATION OF FISCALIS 2020, RECOMMENDATIONS AND ACTIONS TO REMEDY WEAKNESSES	47
8.	COMMISSION PROPOSALS FOR FUTURE FISCALIS PROGRAMME	49

9.	CONCLUSIONS	50
	ANNEX 1 - PRODUCTION STATUS OF THE TAXATION IT APPLICATIONS AND TRANS-EUROPEAN SYSTEMS	52

1. ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

Abbreviation	Meaning
AEOI	Automatic Exchange of Information
AES	Automated Export System
AFF	Action Follow up Form
AFF WV	Action Follow up Form for Working Visits
ART	Activity Reporting Tool
AWP	Annual Work Programme
BPM	Business Process Modelling
CACT	Committee on Administrative Cooperation for (Direct) Taxation
CIS/FIDE	Customs Information System / Customs Files Identification Database
CCN-CSI	Common Communications Network - Common Systems Interface
CLO	Central Liaison Office
COPIS	System for Protection of Intellectual Property Rights (Counterfeiting and Piracy)
CRMS	Customs Risk Management System
DAC2	Directive 2014/107/EU amending Directive 2011/16/EU
DT	Direct Taxation
EAF	Event Assessment Form
EC	European Commission
ECAS	European Commission Authentication System
ECNTC	European Communication Network for taxation and customs
eFCA	e-Forms Central Application
EIS	European Information Systems
EMCS	Excise Movement Control System
ERP	Enterprise Resources Planning
ESDEN	European Statistical Data Exchange Network
ET	Expert team
EUIPO	European Intellectual Property Office
EUROSTAT	European Statistical Office of the European Union
FPG	Fiscalis Project Group
F2020	Fiscalis 2020 programme
ITEG	Indirect Tax Expert Group
JA	Joint action
MANITC	Managed IT Collaboration
MFF	Multiannual Financial Framework
MLC	Multi-Lateral Controls
MOSS	Mini-One-Stop-Shop
MSA	Member State Administration
MSW	Member State Warning
N/A	Not available
NEA	National Excise Application
PAOE	Presences in administrative offices / participation in administrative enquiries
PDA	Partially Denatured Alcohol
PICS	Programmes Information and Collaboration Space
PMF	Performance Measurement Framework
SAF-T	Standard Audit File for Tax Purposes
SEED-on-Europa	System for Exchange of Excise data on Europa website
SLA	Service Level Agreement
SPEED	Single Portal for Entry or Exit of Data
TEDB	Taxes in Europe Database
TIN	Taxation Identification Number

TSS	Taxation Statistic System
TOD	Turnover Data
VAT	Value Added Tax
VIES	VAT Information Exchange System
VOeS	VAT on eServices Scheme
VoW	VIES-on-the-Web

2. EXECUTIVE SUMMARY

At EU level, the fight against tax fraud, tax evasion and aggressive tax planning, and the implementation of Union law in the field of taxation, are materialised by setting-up IT systems and other mechanisms of cooperation, which are implemented to a large extent through the Fiscalis 2020 programme.

1. IT systems

The **European Information Systems (EIS)** supported by the programme interconnect tax authorities and allow information to be exchanged rapidly and by secure electronic means. In addition, the EIS enable the use of a common format that can be recognized by all Member States and thus facilitate the coexistence of 28 taxation systems in the Union.

The information exchange is enabled by a closed and secure **Common Communication Network/Common Systems Interface (CCN/CSI)** – one of the main outcomes of the programme. In the 2014-2018 period, the CCN/CSI had the required high availability and the number of exchanged messages on the network has been rising: 2,7 billion (2014), 3,2 billion (2015), 4,5 billion (2016), 4,8 billion (2017) and almost 5,8 billion (2018). If we look at only messages exchanged on the taxation systems on the network, the numbers are also indicating a rise: 2,2 billion (2014), 2,8 billion (2015), 4 billion (2016), 4,2 billion (2017) and 5,2 billion (2018). At the end of 2018, there were a total of 27 European Information Systems and related applications in operation for taxation. The high volume of information channelled via CCN/CSI and the other tax related IT systems (e.g. VIES, EMCS) shows that the programme is a solid and robust enabler for the information exchange amongst tax (and customs) authorities.

The use of IT tools, such as the CCN/CSI platform, or the systems that the platform supports – e.g. **Excise Movement Control System, VAT Information Exchange System, VAT Refund, System for Exchange of Excise data on Europa website, e-forms and DAC automatic exchange of information** – builds towards the development of a tax e-administration by limiting the resource-extensive paper-based procedures both for indirect and direct taxation. For example, due to VAT Information Exchange System (VIES), economic operators no longer have to use the intermediary national administration to validate the VAT numbers of their trading partners, directly reducing the lead-time and the administrative burden and compliance costs for traders and national administrations. Furthermore, the **Mini One Stop Shop (MOSS)** system was deployed in 2014 according to legal provisions, and a second release has been completed in 2018. This system contributes to reducing the administrative burden on tax administrations and compliance costs for those taxpayers active in the telecommunications, broadcasting and electronic services and established within the Union as it allows fulfilling their VAT obligations in a single place of compliance instead of in each country of the economic activity. By the end of 2018, the number of economic operators registered to the MOSS was more than 13 900.

2. Joint actions

The tax officials exchange views and best practices to fight against tax fraud, tax evasion and aggressive tax planning, and to implement Union law in the taxation field, mainly via the joint actions organised under the programme. Accelerated exchange of information between VAT anti-fraud units was supported via **Eurofisc**¹. The programme also finances **Multilateral Controls** actions (MLC), coordinated controls of the tax liability of one or more related taxable persons, organised by two or more Member States with common or complementary interests. During 2018, 182 multilateral controls were carried out under the auspices of the programme. Another type of activities focused on securing an effective methodological, financial and organisational set-up for the **Presences in the Administrative Offices and Participation in Administrative Enquiries (PAOE)**. PAOEs consist in one Member State requesting to be present in another Member States' offices and/or during administrative enquiries carried out in the territory of the requested Member State. In addition to being present, Member States' officials may interview individuals and examine records during administrative enquiries – but under the condition that this is permitted under the legislation of the requested Member State. There were 86 PAOE activities organised during 2018, exhibiting an upward trend since the launch of the programme.

In the area of direct taxation, the programme funded different activities to support the **automatic exchanges of information (AEOI)** under the Council Directive 2011/16/EU on Administrative Cooperation in the field of

¹ Network for the swift exchange of targeted information between Member States to enhance multilateral administrative cooperation in combating organised VAT fraud and especially VAT carousel fraud. Eurofisc legal base is under Chapter X of Council Regulation EU No.904/2010 on administrative co-operation and combating fraud in the field of VAT.

taxation (DAC1) and its subsequent revisions². The implementation of DAC2 and the technical developments were supported under the programmes in 2016, 2017 and 2018 by an **expert team**, a new tool from the programme tool-box supporting enhanced operational collaboration. The expert team worked on IT modules, technical tools for enabling the start of exchange in 2017, and some additional modules, e.g. statistical module to be used in 2018. All the IT modules were finally shared with all interested Member States.

Another expert team that developed its activities in 2018 was in the area of Managed IT Collaboration in taxation (MANITC 2), grouping Member States' resources to strategically manage **IT collaboration** initiatives in the field of taxation for the implementation of IT systems. In the area of excise duties, two new expert teams were launched in 2018 to create a mobile application for EMCS controls, and to develop an excise duty calculator. Also in 2018 another expert team was created to group Member States' resources to assist the Commission in the development of the **Transaction Network Analysis (TNA)** software, a custom built software to facilitate information exchange and data analysis within the Eurofisc network.

3. Training

Regarding training and human competency building, Fiscalis 2020 continued to support throughout 2018 a coherent implementation and application of tax policies (VAT competency/tax compliance building). This happened specifically through the realisation of a major technical up-grading and content-updating project of the **EU VAT eLearning programme** (composed of 12 VAT process-specific eLearning modules in 17 EU languages, a total of 204 modules) that makes this EU competency building training material fit for use by the national public and private sector across the EU for the years to come. In addition, the development of an **EU TAX Competency Framework** was started in early 2018. By the end of 2018 an EU-wide survey on Human Capacity Building Maturity in national tax administrations was performed and draft versions of common tax values, operational competencies, functional domains in taxation and tax career paths elaborated. This is a project that will continue in 2019 for fine-tuning and consultation with national tax administrations.

² In 2015, first automatic exchange of information on 2014 took place on non-financial items (e.g. income for employment) under the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC1). The second revision of the Directive (DAC2) provided for the automatic exchange of tax information on financial items on 2016 as of 2017; Fiscalis financed in 2014 and 2015 the definition of the technical and functional specifications. Taking into account the international context around this initiative (namely, the Foreign Account Tax Compliance Act - FATCA and the OECD CRS global standard), the developments registered under the programme in this area had a strong international resonance. The third revision of the directive (DAC3) provided for the automatic exchange of information on tax rulings and advance pricing arrangement as of 2017. The fourth revision (DAC4) provided for automatic exchanges of country-by-country reporting as of 2018, while the fifth revision (DAC5) for access to mechanisms, procedures, documents and information as regards beneficial ownership. The sixth revision (DAC6) introduced the first automatic exchange of cross-border arrangement as of July 2020.

3. INTRODUCTION

3.1 Fiscalis 2020 in a nutshell

The EU Regulation 1286/2013 established the multiannual action programme Fiscalis 2020 for the period 2014-2020 with the aim 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. Total budget foreseen for this programme period is 223.4 million euros. The programme represents a continuation of the earlier generations of programmes Fiscalis 2007³ and Fiscalis 2013⁴, which have significantly contributed to facilitating and enhancing cooperation between tax authorities within the Union.

Figure 1: Fiscalis 2020 programme objectives

The Fiscalis 2020 specific objective:

➤ 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.

The Fiscalis 2020 operational objectives:

- to implement, improve, operate and support the European Information Systems for taxation;
- to support the improvement of administrative procedures and the sharing of good administrative practices
- to support administrative cooperation activities;
- to reinforce the skills and competence of tax officials;
- to enhance the understanding and implementation of Union law in the field of taxation;

There are three types of activities that are organised under the programme:

- **European Information Systems (EIS) building** - these IT systems and the IT capacity building are indispensable for the cooperation among taxation authorities. The programme covers the cost of acquisition, development, installation, maintenance and day-to-day operation of the Union components of EIS.
- **Joint actions (JA)** - bringing together officials from the participating countries - these are most commonly project groups, working visits, workshops and seminars. The programme covers the cost of organisation and participation in these activities.

Types of 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

³ OJ L 341, 17.12.2002, p. 1

⁴ OJ L 330, 15.12.2007, p. 1

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 of the Fiscalis 2020 regulation, provided that the necessity for such other activity is duly justified.
- **Human Capacity Building** - training materials and electronic learning modules play a vital part in developing the human competency component of the tax authorities in the EU. The programme covers the development cost of the common training materials, including electronic training modules.

The Commission and the participating countries (EU Member States and countries recognised as candidates or potential candidates for EU membership having concluded international agreements for their participation in the Fiscalis 2020 programme⁵) establish jointly the annual priorities of the programme by adopting each year the Annual Work Programme. The implementation of the programme is under direct management by the Commission, meaning that it is centrally managed by DG TAXUD. It is implemented financially on the basis of grant agreements with the participating countries (joint actions), and procurements (mostly for European Information Systems, studies, and common training activities).

3.2 The Performance Measurement Framework

Article 16 of the Fiscalis 2020 regulation stipulates that the Commission shall monitor the implementation of the programme and actions under it on the basis of indicators and make the outcome of such monitoring public.

The final evaluation of the Fiscalis 2013 programme equally made the recommendation that "the Commission, in close cooperation with the Member States, should set up a results-based monitoring and evaluation (M&E) system for the Fiscalis programme".

In order to achieve this purpose, the Commission established in 2014 a Performance Measurement Framework (PMF) to be implemented with the start of the new programme. The PMF is based on the intervention logic (see Figure 4), which describes the logical step-by-step link between the wider problems and needs addressed by the programme and the programme's objectives, inputs, activities, outputs, results and impacts.

The PMF relies both on the quantitative (indicators) and qualitative (reporting and interpretation) data for assessing the progress achieved.

The indicators can be divided into two categories:

Output and result indicators – these are first and second order effects that can be directly attributed to the programme. Outputs refer to those effects (most often tangible products) achieved immediately after implementing an activity, while the results look at the mid-term effects or the difference made on the ground thanks to the outputs. Both types of indicators are collected annually, reflected in the Progress Report and are linked to the operational objectives of the programme.

Impact indicators – they indicate the long-term effects of the programme by measuring its contribution to the broader policy areas, where programme activities are only one of the contributing factors. They mostly rely on the use of existing external indicators (not collected by PMF surveys) and are mainly assessed as part of evaluations, such as the one carried out in 2018 and the one foreseen in 2021 for the Fiscalis

⁵ 34 participating countries: 28 Member States, Albania, Bosnia and Herzegovina, Republic of North Macedonia, Montenegro, Republic of Serbia, and Turkey.

programme (mid-term and final evaluations, as required by Article 18 of Regulation 1294/2013). They are linked to the higher-level specific objectives of the programme and the policies it supports.

The PMF uses both its own data collection tools and the data gathered externally. The PMF's own data collection tools gather feedback from programme stakeholders and are summarised in the table below. The external data is collected either by other organisations at a global level or inside DG TAXUD of the Commission.

Figure 2: PMF data collection tools

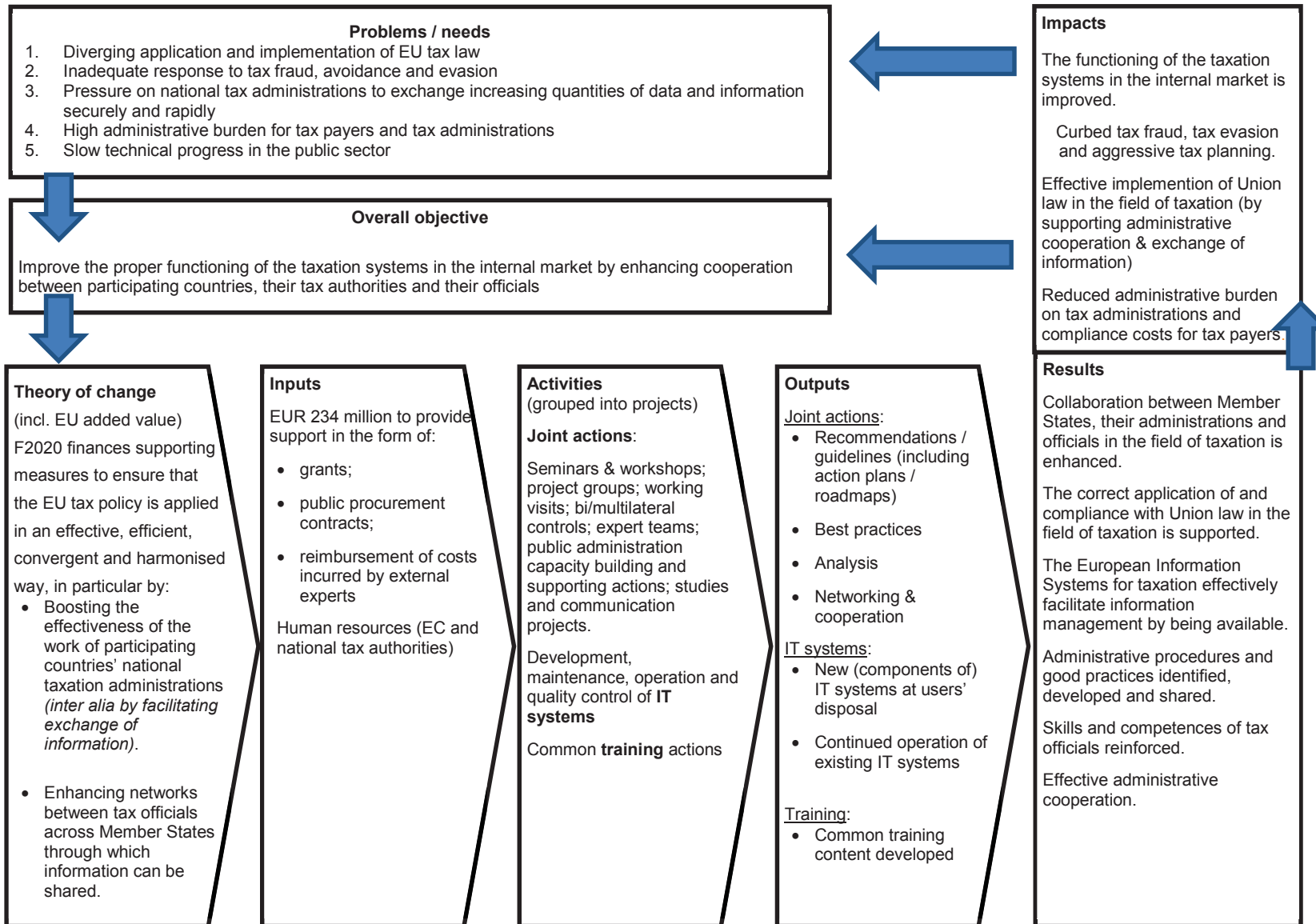
Tool	When is the data submitted?	Who is submitting the data?
Action Reporting Tool (ART) - Proposal form	At the beginning of each activity	Action managers
Action Follow up Form (AFF)	In February, one form per action or one form each year for multi-annual actions	Action managers
Action Follow up Form for working visits	Within three months after the end of the working visit	Participants to the working visit
Event Assessment Form (EAF)	Three months after the end of an event or yearly in case of project groups or similar activities longer than 1 year	Participants to an event or members of a project group or similar activities
Programme Poll	Every 18 months – to be launched in: <ul style="list-style-type: none"> • Mid-2015, beginning 2017, mid-2018, end 2019 	The Programme Poll is addressed to all tax officials in the participating countries

The PMF follows the annual reporting cycle. It takes into consideration a calendar year of activities initiated or organised under the programme. The drafting of the Progress Report starts in the following year once the data collection process is finalised. Following data analysis and consultation with stakeholders, it is published during the following year. The Progress Report represents a summary of the main output and result indicators and gives an assessment of the overall progress achieved.

The mid-term evaluation (in 2019⁶) and the final evaluation (in 2021) of the programme make full use of the available Progress Reports and report on the impacts of the programme's intervention.

⁶ <https://publications.europa.eu/en/publication-detail/-/publication/abf11482-33f8-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-search>

Figure 3: Intervention logic of the Fiscalis 2020 programme



4. PROGRAMME YEAR 2018 – BASIC PARAMETERS

4.1 Introduction

2018 was the fifth year of activities under the Fiscalis 2020 programme and represented a continuity of many actions of 2017. The numbers of European Information Systems (and their availability), actions, events and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. Such strong demand has been also confirmed by the conclusions of the mid-term evaluation of the programme.

As is standard for the programme, the vast majority of funding in 2018 went into the development and operation of European Information Systems (approx. 75% on average), followed by the organisation of the joint actions (18%) and the training activities (7%). There were no significant changes to the budget levels, notwithstanding a slight increase in committed expenses dedicated to joint actions and expert teams, together with a slight decrease on EIS.

The most popular action type, in terms of number of activities, remain working visits, followed by multilateral controls placed second and presences in the offices and participation in administrative enquiries (PAOE) as third, followed by project groups and workshops. The situation with regard to the number of participants is somewhat reversed with the project groups being the largest activity type in terms of participation, followed by workshops and multilateral controls.

Finally, while all participating countries have used the programme in 2018, the levels of their participation remain varied and in line with the voluntary nature of participation in the programme activities.

4.2 Budget

The overview in Figure 4 below summarises the programme funding according to the six main activity types. In order to make the table more meaningful, the budgetary information from previous years has been added. In particular for expert teams, it should be taken into account that this new type of joint actions was launched for the first time in 2016 and that accordingly there was no budget allocation for them before that year. Regarding training activities, there were no commitments in 2017 as the contracts signed in previous years were of a multiannual nature and the activities funded in 2017 were funded from these contracts.

Figure 4: Committed expenses per budgetary year and main action categories under the programme, in euros⁷

	2014	2015	2016	2017	2018
European Information Systems	23,053,874	24,691,254	23,244,421	24,824,594	22,375,306
Joint actions (other than expert teams and studies)	4,555,000	4,230,000	4,300,000	4,540,000	4,912,500
Joint Actions - expert teams	-	-	988,040	519,915	899,585
Training	908,585	600,003	1,205,600	-	1,352,000
Studies	2,184,539	1,375,690	1,640,916	1,898,800	1,867,658
External experts	75,000	70,000	70,000	70,000	70,000
TOTAL⁸	30,776,999	30,966,94	31,448,978	31,853,309	31,477,049
AWP	30,777,000	31,025,000	31,449,000	31,809,000	32,043,000

⁷ The table compares committed amounts since the launch of the programme, as the actual expenses are not finalised for all the previous years. Budgetary year X covers from 01/04/X to 31/03/X+1

⁸ It is to be noted that the total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in the Fiscalis 2020 programme.

EU Annual Budget	30,777,000	31,025,000	31,449,000	31,809,000	32,043,000
Amount MFF	30,777,000	31,025,000	31,449,000	31,809,000	32,043,000

In the last four years, the committed expenses on joint actions (organised under the grant agreements) have increased year after year in line with the increase in the number of participants and actions. The amounts dedicated to fund expert teams also rose in 2018, following a decrease in 2017.

It is worth recalling that the expenses for joint actions are difficult to forecast in advance, given that actions and events are triggered by constantly evolving business needs. For this reason, the anticipated (committed) expense can differ to a smaller or larger percentage from actual expenses incurred in a given year on joint actions.

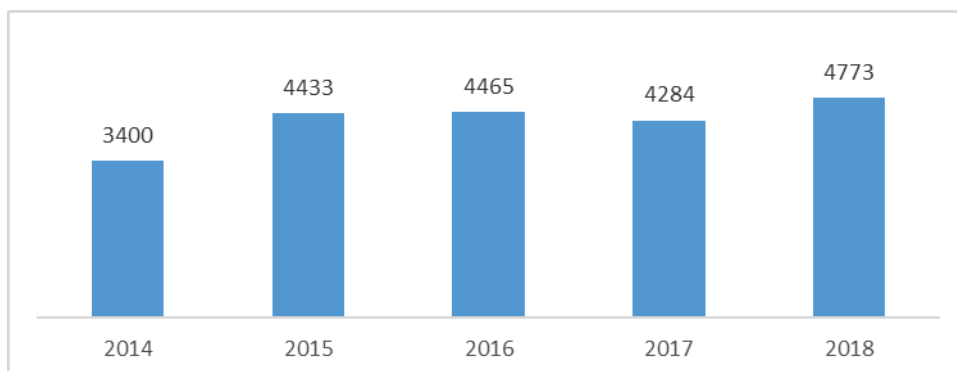
The programme also finances the conduct of studies, data collection and comparative analyses in taxation issues. Some of the initiatives launched in 2018 related to:

- Evaluation of the administrative cooperation tools under Regulation 904/2010. The evaluation supported the legal initiative proposing new means of cooperation in the field of e-commerce by examining to which extent the above-mentioned Regulation met the overall objectives of contributing to a closer cooperation between Member States, of avoiding budget losses, of fighting VAT fraud and of preserving the principles of fair taxation.
- Study and Reports on the VAT Gap in the EU-28 Member States (see case study under section 6.2)
- Evaluation of Directive 2008/118/EC concerning the general arrangements for excise duties. Two separate evaluation studies have been carried out: an evaluation of current arrangements for movements of excise goods released for consumption (it focused on Chapter V of the Directive) and an evaluation of current arrangements for holding and moving of excise goods under suspension arrangements (concerning Chapters I to IV).

4.3 Participants in joint actions (excluding expert teams)

The number of total participants increased considerably during 2018 (11%), from 4284 to 4773 participants.

Figure 5: Evolution in the number of participants⁹ in joint actions under Fiscalis 2020

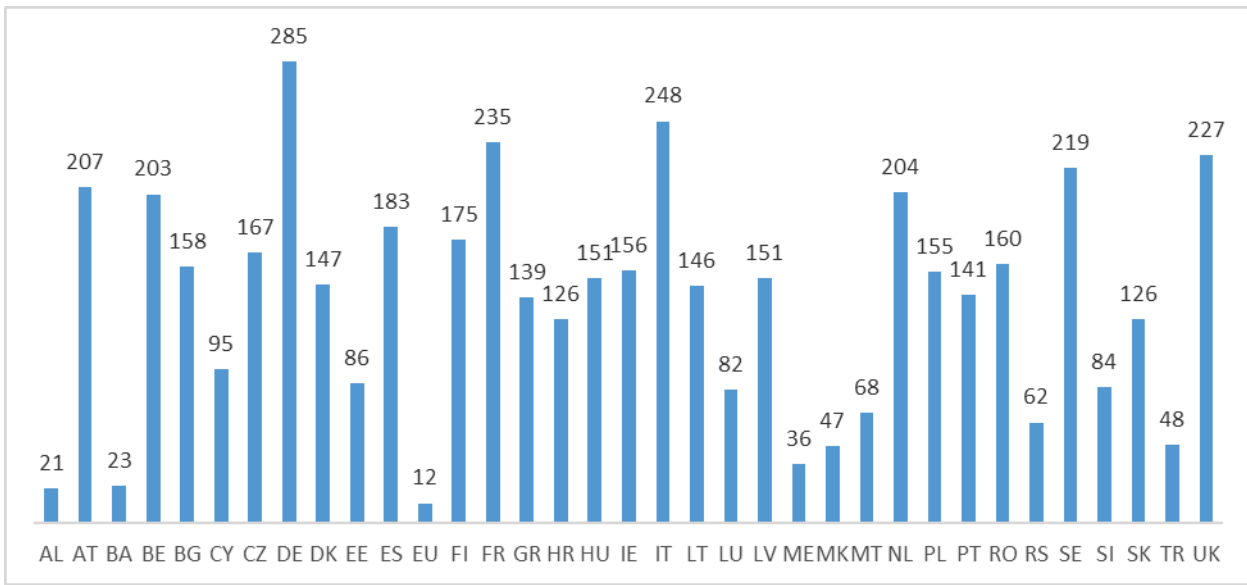


It is important to stress that participation in programme activities is voluntary and is influenced by a number of factors, such as the business need for organising activities, the trend of moving away from physical meetings towards online collaboration, as well as the individual national administration's capacity and interest in participation.

⁹ This is the number of total participants (which measures all instances of participation in activities and allows the same people to have taken part in multiple activities).

If we look at the distribution of participants by country, we can see that all the countries are making use of the programme, but that some countries, considering the size of their administration, do so more than others. This is in line with the voluntary nature of participation in the programme activities, where the number of participants from a given country depends partly on the level of interest and activity shown by the country's administration in using the potential of the programme. By comparison with the previous year's figures, we noticed in 2018 a big increase in the participation of Serbia (226%), Turkey (182%) and Greece (83%), together with a remarkable decrease rate in the participation of Denmark (17%) and The Netherlands (15%).

Figure 6: Overview of participants per country in 2018¹⁰



4.4 Joint actions (other than expert teams): proposals and actions

To set up an activity under the programme, one of the programme teams (participating country or the EC) has to submit a proposal with information on the background, objective, expected results, participants and financial cost involved. This proposal is then evaluated by TAXUD and Member States are consulted. If confirmed, usually a single joint action is implemented. However, one proposal may also cover multiple joint action activities, as in the case of multilateral controls. Each activity (action) is approved for a certain period during which the associated work, including meetings, take place. This period is only restricted by the programme's overall timeframe and is detached from calendar or budgetary years.

¹⁰ The participants marked as EU represent external experts who come outside national administrations and who may be invited to contribute to selected activities organised under the programme wherever this is essential for the achievement of the programme objectives.
Candidate and Potential Candidate Countries abbreviations: AL (Albania), BA (Bosnia-Herzegovina), ME (Montenegro), MK (Rep. North Macedonia), RS (Rep. Serbia), TR (Turkey).

Figure 7: overview of activity types and number of participants per activity type¹¹



In 2018, 675 joint actions were operational (ongoing). This figure represents an increase of 2.3% by comparison with 2017 (660 actions). Some of these actions were launched as new proposals in 2018, while some continued from the earlier programme years. If we look at their distribution, we can see from the two figures above that, as in previous years, the most popular action type remains working visits, followed by multilateral controls placed second and PAOE as distant third, followed by project groups. The new type of joint action introduced under the Fiscalis 2020 programme – Presences in the offices and participation in administrative enquiries (PAOE) – deserves special mention, as it continues to be increasingly used, moving from 60 actions in 2017 to 86 in 2018.

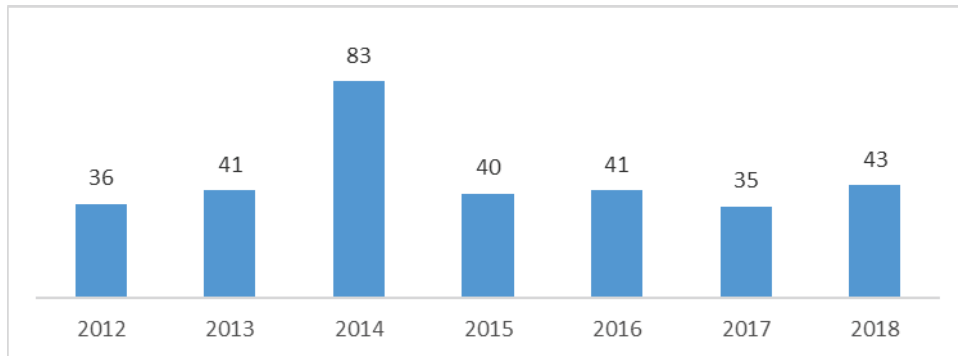
The situation with regard to the number of participants is somewhat reversed with the project groups being the largest activity type in terms of participation, followed by workshops and multilateral controls. This is explained by the fact that project groups are very often long-term / multiannual activities, under which several events are organised every year and also by the fact that project groups normally address a larger audience than working visits or multilateral controls. In comparative terms, the activities with the biggest increase in terms of participants were workshops (105%) and working visits (92%).

If we want to look at the evolution of new proposals over time (Figure 8), we first need to exclude the working visits in order to get a comparative number¹². We can observe an exceptionally high number of

¹¹ The number of actions per activity type takes into account the actions that remained open during a given year. It may be the case that, if an action is initiated only towards the end of the year, the events to which participants are invited take only place during the following year. Occasionally, this may lead to a low number of participants by comparison with the number of actions for a specific type of joint actions for a given year (e.g. working visits for 2017).

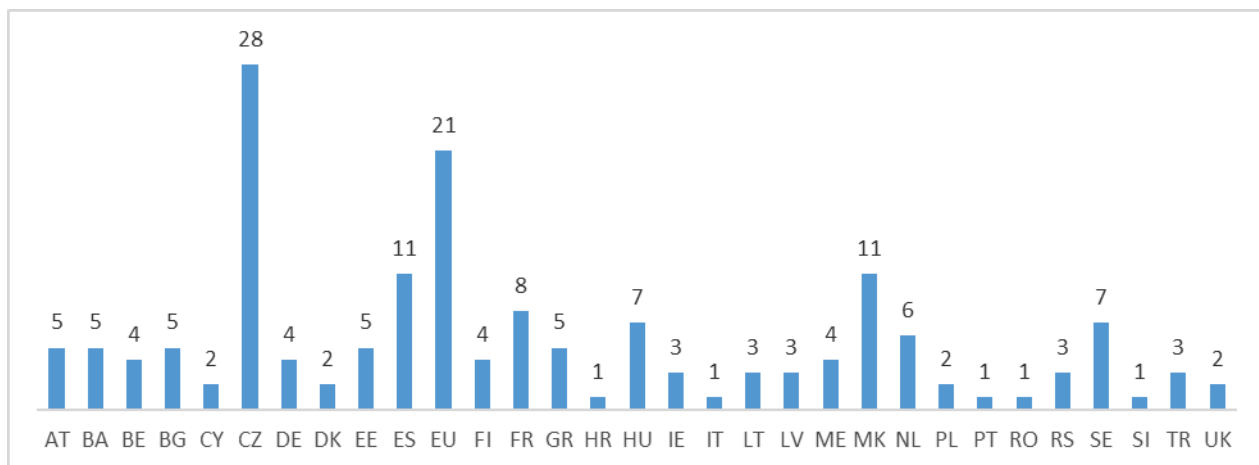
proposals in 2014, as it was the year of transition to the new programme and all proposals for ongoing activities had to be re-launched. In 2015-2017, we can observe a return to a standard number of proposals treated during a year. During 2018, 43 new proposals were approved, which represents an increase of 18% by comparison with the previous year.

Figure 8: Number of new proposals approved under the programme (without working visits)



At the level of the initiating teams, as expected, most of the proposals for joint actions were submitted by DG TAXUD units (marked EU in Figure 9). The national programme teams mostly submitted proposals for working visits, and here too we can observe in the figure below the difference among the administrations in the level to which they pro-actively utilise the programme. By comparison with the figures of 2017, we notice a considerable increase in the involvement of the Czech Republic (12 new proposals), France and Spain (7 new proposals each).

Figure 9: Overview of proposals under the programme per initiating country in 2018



¹² This is because in the period before 2014 all the working visits were covered by a single proposal, while under the Fiscalis 2020 programme each business case for a working visit is treated as a separate proposal (thus increasing their number by a significant margin). Comparing the proposals in this way, outside working visits, we can see that their number was steady in the period 2011-2013.

5. PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES

5.1 Cross-cut indicators of collaboration robustness between programme stakeholders

The first section of the Performance Measurement Framework contains a number of programme-wide indicators measuring awareness, networking, the use of outputs, and the achievement of results by the joint actions.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JA (that sought to enhance collaboration between participating countries, their administrations and officials in the field of taxation) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF (excl. Working Visits)	2,65 (2014)	>3	2,65	3,25	3,11	3,11	3,67
	AFF Working Visits	3,62 (2014)	>3	3,62	3,34	3,37	3,65	3,45

Firstly, in this section we take a general look at the achievement of results as reported by the action managers. In the case of most project groups, the action managers are DG TAXUD policy experts, while for the working visits these are national tax officials. The level of achievement of results is evaluated against the anticipated results on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action. The level of achievement is impacted both by internal factors (if an activity lasts for several years, the results cannot be fully achieved immediately) and by external factors (such as political, business or technological developments). It is therefore advisable to set realistic targets for the achievement of results. In the case of most joint actions, such a target has been set at 3 or higher (3 corresponding to "results achieved to a large extent"). When we compare the obtained indicators for 2018 against the targets and the values in the preceding years, we can see that joint actions have been performing very well (3,67), achieving their results almost to a full extent. The results for working visits are also very positive over the last years, despite minor fluctuations, and especially high for 2018 (3,45), indicating that the participants are highly satisfied with the business value obtained.

Indicator	Source	Baseline (2011 Poll)	Target	2014	2015	2016	2017	2018
Extent to which the target audience is aware of the programme	Prog. Poll	66,1%	>75%	54%	No poll results	59%	No poll results	48%

Raising awareness about the programme and its potential among the target audience is an important precondition to fulfilling the programme's objectives. The awareness is measured through the Programme Poll, which is distributed in all the tax administrations of the participating countries every 18 months. The Poll is distributed among both participants and non-participants of the programme, since its goal is to measure awareness among the whole of the target audience.

The third Programmes Poll took place in mid-2018, gathering replies from 5784 officials working in 33 participating countries. We can observe that approx. 48% of all tax officials in Europe are aware of the Fiscalis 2020 programme, which represents a decrease in the awareness rate of 11 percentage points compared to the previous poll results. All the results measured since the launch of the programme are below the target and the baseline.

In order to raise awareness, DG TAXUD defined in 2016 a new communication strategy for the Fiscalis 2020 programme, which included the use of new communication tools and channels, as well as a common effort between the EU and national programme teams in the distribution of information on the programme to the

potential beneficiaries. During 2017, based on the communication strategy for the programme, TAXUD identified and started to implement several actions: preparation of an animation video highlighting the benefits of the new joint action tool of expert teams, updating existing guidance on programme tools (expert team guide, project group guide, working visit guide). Also in 2017, TAXUD launched a programme newsletter which informs national administrations, minimum twice per year, on highlights under the programme. A network meeting took place where participants had the occasion to get to know their counterparts in other administrations, get an update on programme management issues and discuss the Annual Work Programme. One of the conclusions of the mid-term evaluation also focused on the need to spread awareness of the programme; DG TAXUD is working on remedial actions to address the recommendation, which will include the possibility to create a programme **visual identity** easily recognisable and use it for programme branding and marketing tools. The results of these changes in terms of increased awareness will be measured in the next programme poll.

Indicator	Source	Baseline (2013)	Target	2014	2015	2016	2017	2018
Degree of networking generated by programme activities Q1: Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing)	EAF ¹³	Q1: 79%	Q1: >90%	Q1: 95,15%	Q1: 96,66%	Q1: 97%	Q1: 96,9%	Q1: 95,17%
Q2: Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing)	EAF	Q2: 75%	Q2: >80%	Q2: 68%	Q2: 72,8%	Q2: 69%	Q2: 74,75%	Q2: 62,17%

The collaboration between tax officials is a key sustainable success factor for implementing taxation policy in Europe. This **networking** improves the understanding and the implementation of the tax law in the area of fight against tax fraud, tax evasion and aggressive tax planning. It ensures the exchange of best practices and knowledge and creates the framework for joining efforts when IT solutions are developed.

Indeed, the feedback from participants in joint actions collected under the Performance Measurement Framework shows that the collaboration robustness between programme participants overall remains at high levels, despite a drop of the lasting networking effect in 2018. In 2014, 95.15% of the responding participants declared that the programme provided a good opportunity for them to expand their network of (and contacts with) officials abroad; a slightly better result was reached in 2018 (95,17%). Additionally, in the same period, the number of respondents who declared that they have been in contact for work purposes with the officials they met during programme activities after the activities averaged at around 70% during 2014-2016, rising to 74,75 % in 2017 and dropping to 62,17% in 2018¹⁴.

Indicator	Source	Baseline (2014)	Target	2014	2015	2016	2017	2018
Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations	AFF	Q1: 48%	Q1: >60%	Q1: 48%	Q1: 63,5%	Q1: 63%	Q1: 56,2%	Q1: 71,5%

¹³ Data source changed from Programme Poll to EAF in order to improve data availability for years without poll.

¹⁴ The decrease in the long lasting network effect rate may be result of an unclear understanding of the different possibilities to "be in contact", which more often includes collaborative tools beyond the traditional contacts (such as physical meetings or direct phone calls). Additional explanations will be included in the EAF for the future years.

Indicator	Source	Baseline (2014)	Target	2014	2015	2016	2017	2018
Q 1 (AFF): Were the outputs of the action shared in national administrations? (percentage agreeing)								
Q 2 (EAF): Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)	EAF	Q2: 96%	Q2: >90%	Q2: 96,4%	Q2: 94,8%	Q2: 95,8%	Q2: 92,7%	Q2: 94,25%

The levels of sharing of the **programme outputs** reached in 2018 is the highest value for the time being (71,5%), above target, showing that the outputs of the joint actions are increasingly being shared in national administrations more intensely. In addition, the knowledge acquired from joint actions was informally spread by participants among colleagues to a very high extent (94,25%), above the set target of 90%.

The sections below provide an analysis of the performance under the different operational objectives. It should be taken into account that, when referring to the number of joint actions, the figure includes the actions launched in previous years and continued their activities in 2018, together with the newly launched ones. When counting the number of actions that are operational in a year under a specific objective, it should also be taken into account that the indicator only counts the actions for which the objective in question was chosen as primary objective; this is done so to avoid counting twice the same action under different objectives.

5.2 Objective 1: to implement, improve, operate and support the European Information Systems for taxation

At EU level, the fight against tax fraud, tax evasion and aggressive tax planning, and the implementation of Union law in the field of taxation, are mainly conducted by setting-up IT systems and other mechanisms of cooperation. These IT systems allow tax administrations to exchange information by electronic means.

The great majority of the programme funding (approx. 75%) is spent on the **European Information Systems (EIS)**, which are indispensable for interconnecting the tax authorities effectively and for ensuring cooperation amongst them. The list of the existing EIS is included in the Annex of the Fiscalis 2020 Regulation.

The EIS supported by the programme interconnect tax authorities and allow information to be exchanged rapidly and by secure electronic means. In addition, the EIS enable the use of a common format that can be recognized by all Member States and thus facilitate the coexistence of 28 taxation systems in the Union.

The information exchange is enabled by a closed and **secure Common Communication Network/Common Systems Interface (CCN/CSI)** – one of the main outcomes of the programme. In the 2014-2018 period, the CCN/CSI had the required high availability and the number of exchanged messages on the network has been rising over time.

This section provides information on the key performance indicators for EIS, together with detailed technical information on different IT aspects, such as continuity, deployment and development. In addition, joint actions carried out under Fiscalis 2020 in relation to IT systems are also covered. Annex 1 of this report provides specific information on the status of the IT projects in the taxation area in 2018.

I – Overview of taxation IT systems in 2018

During 2018, DG TAXUD continued operating an important portfolio of IT systems (27 in total by the end of the year), supporting participating countries in their exchanges of information, and also supporting legal and physical persons in their trade relations.

The use of IT tools, such as the CCN/CSI platform, or the systems that the platform supports – e.g. Excise Movement Control System, VAT Information Exchange System, VAT Refund, System for Exchange of

Excise data on Europa website, e-forms and DAC automatic exchange of information – builds towards the development of a tax e-administration. Such IT tools reduce resource-extensive paper-based procedures. For example, due to VIES, economic operators no longer have to use the intermediary national administration to validate the VAT numbers of their trading partners, directly reducing the lead-time and the administrative burden and compliance costs for traders and national administrations. Furthermore, the Mini One Stop Shop (MOSS) system has been deployed according to legal provisions, and a second release has been completed in 2018. This system contributes to reducing the administrative burden on tax administrations and compliance costs for those taxpayers active in the telecommunications, broadcasting and electronic services and established within the Union, as it allows fulfilling their VAT obligations in a single place of compliance instead of in each country of their economic activity.

II - Key performance indicators for EIS

F2020 output indicators – New IT systems	2016	2017	2018
Number of IT projects in the research phase (PP)	12	14	15
Number of IT projects in the development phase (P)	10	8	4
Number of new IT systems in operation (PROD)	1	3	4
Ratio of IT projects in status "green" ¹⁵	95%	82 % (18/22)	94 % ¹⁶
F2020 output indicators – Existing IT systems	2016	2017	2018
Number of European Information Systems in operation, as per Annex 1 of the Fiscalis 2020 Regulation	22	25	27
Number of modifications on IT systems in operation following: a) business requests	Excise 37 Other Taxes in total 264	Excise 23 Direct Taxes 104 VAT 57 Recovery 8 Other 205	Excise 37 Direct Taxes 70 VAT 53 Recovery 10 Other 208
b) corrections	Excise 102 Other taxes in total 344	Excise 199 Direct Taxes 264 VAT 170 Recovery 21 Other 312	Excise 72 Direct Taxes 129 VAT 85 Recovery 17 Other 268
Number of occurrences where the service desk is not joinable (Member States)	None	None	None
Percentage of service calls answered on time (Member States)	100%	99,45%	97,33%
F2020 result indicators – European Information Systems	2016	2017	2018
Availability of CCN (% of time)	99,98%	99,984 %	99,967 %
Availability of VIES-on-the-Web (% of time)	99,97%	99,93 ¹⁷ %	99,99 %

¹⁵ Projects that are progressing in line with the requirements, time and budget limitations set-up.

¹⁶ TNA and DAC6 delayed.

Availability of EMCS (% of time)	99,54%	99,61%.	99,56%.
Volume of data exchanged on CCN (Customs and Taxation)	5,54 Terabytes	22,89 Terabytes	29,08 Terabytes
Number of messages on CCN Network (Customs and Taxation)	4 547 M messages	4 348 M messages	5 789 M messages

II - IT Continuity

The core outcomes of the Fiscalis 2020 programme are the European Information Systems, which allow the electronic exchange of tax-related information between Member States. Ensuring the business and IT systems' continuity is a major responsibility under the programme since disruptions in the operation of the European Tax IT systems would affect national administrations, citizens and businesses across the entire EU and hamper the functioning of the internal market. All the centralised IT systems, as well as their underlying infrastructure (CCN/CSI) – developed, managed and maintained by the Commission - were available in the 2014-2018 period as scheduled, with more than 99% of the time meeting the expected targets.

In particular for 2018:

- The underlying network Common Communication Network/Common System Interface (CCN/CSI) was running continuously without interruptions.
- Systems critical for the functioning of the internal market, like the VAT Information Exchange System (VIES) and the VAT identification number database (VIES-on-the-WEB) were running without major interruptions, with the highest availability rate since the launch of the programme (99,99%).

III - Direct Taxation Systems

Of particular relevance in 2018 have been the results regarding **mandatory automatic exchange of information (AEOI)** under Directive 2011/16/EU on Administrative Cooperation in the field of taxation (DAC1) and its subsequent revisions¹⁸. In December 2018 DG TAXUD published a report on the first experiences of AEOI, which confirmed that the automatic exchanges have started relatively well, from the perspective of the common IT framework. All Member States have actively built and accommodated their IT systems that are linked to the common EU solutions, and all Member States have started secured automatic exchanges of the planned exchanges of information on:

- income from employment, pensions, directors fees, income and assets from immovable property and life insurance (commonly known as DAC1),
- income and assets on financial accounts (DAC2), as well as
- advance tax rulings and advance pricing arrangements (DAC3).
- country-by-country reporting of multinational enterprise groups (DAC4)

¹⁷ For the month of January where the application suffered from a severe disruption of service, the availability was 99.58% or a total of about 3 hours of cumulative downtime over the month.

¹⁸ In 2015, first automatic exchanges of information on 2015 took place on non-financial items (e.g. income for employment) under the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC1). The second revision of the Directive (DAC2) provided for the automatic exchange of tax information on financial items on 2016 as of 2017; Fiscalis financed in 2014 and 2015 the definition of the tool. Taking into account the international context around this initiative (namely, the Foreign Account Tax Compliance Act - FATCA and the OECD global standard), the developments registered under the programme in this area had a strong international resonance. The third revision of the directive (DAC3) provided for the automatic exchange of information on tax rulings and advance pricing arrangement. The fourth revision (DAC4) provided for automatic exchange of country-by-country reporting, while the fifth revision (DAC5) for access to mechanisms, procedures, documents and information as regards beneficial ownership. The sixth revision (DAC6) introduced the first automatic exchange of cross-border arrangement as of July 2020.

While the IT framework still continues to be expanded for the automatic exchange of information of cross-border tax advantage arrangements (DAC6), DG TAXUD will continue to monitor the quality and timeliness of the data exchanges, and if possible, will provide support for the Member States in their efforts to enhance the use of the AEOI data received from other Member States. Further details can be found on the case study included in section 6.4.

In addition to the IT systems put in place in relation to the automated exchanges of information, the implementation and the technical developments of some DAC2 modules were supported under the programme by an expert team, a type of joint actions allowing enhanced operational cooperation among the Member States. The DAC2 expert team was launched in September 2016 and ended its activities in May 2018.

Main achievements in 2018:

- e-Forms Central Application (eFCA): the launch for the start of operations took place on 03/12/2018 while the cut over date was on 31/12/2018.
- AEOI-DAC2: validation Module v1.1.6 was made available to Member States' administrations in Q1 2018, as well as Statistical Module v1.2.
- AEOI-DAC3: 2nd Release v2.0.4-hf1 was deployed in Production on 25/04/2018 and AEOI DAC3 v2.0.4-dp3 was installed on 29/06/2018.
- AEOI-DAC4: all Member States' administrations exchanged information as from July 2018¹⁹. One version of DAC4 Test Reference Package (v1.0.7) was uploaded in Conformance environment on 21/02/2018 and another one (v.1.0.8) on 24/04/2018.
- AEOI DAC4 Validation Module v1.1.1 was made available to Member States' administrations in August 2018 and Validation Module v1.1.2 in October 2018.

IV - Indirect Taxation Systems

The **Excise Movement and Control System (EMCS)** is a computerised system for monitoring the movement of excise goods under duty suspension within the EU. It records, in real-time, the movement between authorised consignors and consignees, of alcohol, tobacco, and energy products for which excise duties have still to be paid. More than 100 000 economic operators currently use the system, and it is a crucial tool for information exchange and cooperation between Member States.

Under EMCS, a movement of excise goods is documented at every stage through an electronic Administrative Document (eAD):

- The eAD is issued by the original consignor, containing information on the consignment and the planned movement within the EU.
- The eAD is validated in the Member State of dispatch. A European register of operators (SEED) is used to check the excise numbers of the consignor and consignee.
- The eAD is electronically transmitted by the Member State of dispatch to the Member State of destination.
- The Member State of destination forwards the eAD to the consignee
- The consignee submits a "report of receipt" once he/she has received the excise goods. This report should mention any anomalies, such as shortages or excesses in the consignment.
- The report of receipt is sent to the consignor who can then discharge the movement and recover the financial guarantees they had to make for the excise products.

SEED (System of Exchange of Excise Data) is a register of economic operators, part of which traders can consult online, to see whether a given excise number is valid and what categories of goods the operator in question is authorised to trade. It is a core component of the EMCS, as it allows Member States' administrations to validate authorisations of traders before giving them permission to move any excise goods under duty suspension.

¹⁹ The majority of Member States' administrations (with only four exceptions) exchanged messages by the legal milestone of 30/06/2018.

Operational statistics of EMCS and its impact on enhancing administrative cooperation activities is analysed in section 5.3.

Also during 2018, a new expert team was launched to create a mobile application for excise movement controls (m-EMCS); see details under section VI- “Member States joint actions in the area of IT”.

VIES (VAT Information Exchange System) on-the-web is an electronic mean of validating VAT-identification numbers of economic operators registered in the European Union for cross border transactions on goods or services. Thanks to VIES-on-the-web, economic operators no longer have to use the intermediary national administration to validate the VAT numbers of their trading partners, directly reducing the lead-time, the administrative burden and compliance costs for the traders and the national administrations. In 2015, 872 million validations took place with the tool, taking generally less than a second each. The final evaluation of Fiscalis 2013 assumed that each of them had to be dealt with by a 5 minutes phone call. Extrapolating this estimate, VIES-on-the-web reduced administrative burden on the side of national administrations by an estimated EUR 888 million and compliance costs for economic operators by a similar amount. At the beginning of 2017, the number of VIES-on-the-web validations were more than 1260 million and this figure was further increased during 2018, up to 1860 million messages (47.3% higher). In 2018, VIES on-the-web messages accounted for 63.46% of the total messages exchanged in the different VIES systems (Registry, Turnover Data and Member State Warning in addition to VIES on-the-web).

Operational statistics of VIES and its impact on enhancing administrative cooperation activities is analysed in section 5.3.

The **Mini One Stop Shop (MOSS)** system was deployed in 2014 according to legal provisions. This system contributes to reducing the administrative burden on tax administrations and compliance costs for those taxpayers active in the telecommunications, broadcasting and electronic services and established or identified for VAT in the Union as it allows them fulfilling their VAT obligations in a single place of compliance instead of in each country of the economic activity. In 2015, the first operational year of the system, approx. 12 000 economic operators registered to the Mini One Stop Shop. At the beginning of 2017, the number raised up to 13 522 operators registered and by the end of 2018 the number of registered traders for the Union scheme was 12 935 while for the non-Union scheme the number of registered traders was 1 033 (a total number of 13 968 registrations).

Main achievements in 2018:

- All Member States’ administrations deployed their MOSS 2.0 release in Production.
- The Electronic Forms Central Application (eFCA) for VAT e-forms version v1.10-hfi was deployed in Conformance on 20/06/2018 in order to be used by Member States’ administrations.
- In relation to excise duties, EMCS Phase 3.3 has been successfully rolled out in Production during the year. The new Master Plan was approved in February, thus launching all the specification and development activities for phase 3.4. During the year, specifications have been approved by Member States’ administrations and work has been started on preparation of the central systems.
- The SEED release V.11.0 HF3, which incorporates CCN security improvements, was deployed in Production on 09/08/2018.
- On 15/02/2018 EMCS Phase 3.2 was successfully migrated to EMCS Phase 3.3 .
- In relation to excise systems, preparation for Brexit related activities begun in April 2018 by discussing the necessary requests for change and launching the development of necessary changes for the no deal Brexit scenario.
- As of 14/12/2018, the SEED-on-Europa provides web services that enable the validation of up to 10 numbers in the same request and offer the same response information (service similar to EORI validation).
- During 2018, DG TAXUD tested, with the EMCS Proof of Concept (PoC), a complex scenario using a permissioned consortium blockchain.

V – Other IT systems

Blockchain is one of the potentially foundational technologies identified by the Commission to enable the Digital Single Market. After having started the Blockchain@TAXUD initiative in 2017, DG TAXUD evaluated further if this technology was suited for taxation (or customs) in collaboration with other Commission services. In the excise domain, DG TAXUD tested, with the EMCS Proof of Concept (PoC), a complex

scenario using a permissioned consortium blockchain. It was completed in 2018 and is illustrated in a video available in YouTube "[Blockchain in the excise domain video](#)"²⁰. See also case study under section 6.3

On Recovery forms, following the development of prototypes and the development of the final version of the Electronic Forms Central Application Recovery form during 2017, the e-Forms Recovery version v2.7.2 were published to all Member States in Q1 2018.

VI - Member States joint actions in the area of IT²¹

There were 11 joint actions in total organised under objective 1 (EIS) during 2018²², mostly project groups, working visits and workshops. A number of **project groups** continued from earlier years, these included the IT Collaboration Catalyst Group, the IT Infrastructure group, a project group on the implementation of VAT e-commerce package and the IT systems trainings project group. A new project group was launched during 2018 on Blockchain and Distributed Ledger Technology for taxation and custom IT systems. Also on blockchain, a **workshop** was organised in May 2018 (Malta), with 108 participants from 32 EU Member States and Candidate Countries, as well as representatives of DG TAXUD, DG DIGIT and DG CONNECT (see case study under section 6.3).

A **working visit** was launched between Italy and Austria with the aim to share knowledge and best practices in relation to developing risk models with modern IT and Data and Analytics techniques. Another of the joint actions in the area of EIS was a **multilateral control (MLC) on trade in luxury cars**, for which two meetings were organised during 2018 with 38 participants.

Expert teams represent a recent tool from the Fiscalis 2020 programme toolbox supporting enhanced operational collaboration, either on a geographic or on a thematic basis. This tool allows willing Member States to bring their cooperation to a next dimension of European integration at the policy implementation level. The expert team approach allows taxation experts of Member States to have in depth cooperation on operational issues, which go beyond the traditional means of cooperation to realise the pre-identified objectives of a common long-term project.

In 2018, the **DAC2** expert team, launched in 2016, continued its activities until May. This expert team was set up to support the collaborative implementation of the Information Systems required to enforce compliance with Council Directive 2014/107/EU (DAC2). This directive amends Directive 2011/16/EU on Administrative Cooperation in the field of taxation (DAC) with a view to introducing additional categories which are subject to automatic exchange of information, in line with those set out in the Common Reporting Standard (CRS) developed by the OECD, thereby minimising costs and administrative burdens both for tax administrations and for economic operators. This expert team was set up with the participation of 6 Member States (MT-NL-SE-RO-UK-PT) and was within the scope of the IT Collaboration initiative. This IT collaboration work follows on from the success of two other initiatives, namely FPG 053 - Implementation of Statistics for Automatic Exchange of Information, and FPG 052 - Development of an Enhanced Testing Framework. A number of EU Member States have participated in these two pilot projects, which delivered tangible outcomes. The scope of the DAC2 expert team was to realise and implement a number of software modules aimed to be integrated in the national domain of the Member States to help them perform the exchanges foreseen under the DAC2 and the OECD CRS exchanges. Most of the objectives and milestones were achieved: in particular, the DAC2 expert team successfully produced six modules, including the architecture and technical design, which were then used by 15 MS.

²⁰ <https://www.youtube.com/watch?v=qsmo7VOqATI&feature=youtu.be>

²¹ Training activities in the area of IT are covered in Section 5.4 – Objective 3: to reinforce skills and competences of taxation officials.

²² There has been a decrease in the number of actions organised in this area by comparison with 2017 (21 actions). However when counting the number of actions that are operational in a year under a specific objective, it should be taken into account that the indicator only counts the actions for which the objective in question was chosen as primary objective. This is done to avoid counting twice the same action under different objectives. However, for many actions objective 1 was selected as secondary objective. We should also take into account that, while earlier years had more action in total and more actions specifically addressing concrete issues, in the last years many actions were to a greater extent organised in broader projects, covering themes rather than specific interventions. These projects are usually multiannual rather than annual, as the actions, as the actions and processes they cover stretch over time. This may lead to less new initiative and in a decrease in the total number of actions for a specific year.

In 2018, four new expert teams were launched in the area of IT (Managed IT Collaboration III, TNA, Mobile application for EMCS Controls and Excise Duty Calculator development), which will continue their activities during 2019.

- **Managed IT Collaboration (MANITC III)** expert team: its predecessor, MANITC II, ran for 12 months, ending in September 2018. MANITC III was launched in October 2018 and lasting until September 2019. The objective of this expert team is to group Member States' resources to strategically manage IT collaboration initiatives in the field of taxation. Such structured approach would also support the activities of FPG/037 "IT Collaboration Catalyst Group" to consolidate and enhance its frameworks to increase the number of new IT Collaboration opportunities and successfully conducted IT collaboration projects.

This support requires a more focused and dedicated approach, which cannot be ensured by a Fiscalis Project Group, i.e. the **Catalyst group**, hence the need to set up an expert team. Collaboration in a general sense is characterised by a common objective, pooled resources in a formal structure and balanced ownership. In the context of "IT Collaboration", the overall objective is the implementation of IT systems, e.g. the development of IT software, IT solutions (design, specifications etc.), IT components (architecture, platforms etc.) or other things that support an IT solution (e.g. testing).

Participating countries: RO-IE-IT-LV-MT-HU-BE-FR-PT-FI
Duration: 12 months

More information on the MANTIC developments is provided in a case study under section 6.3.

- **TNA** expert team: the objective is to group EU Member States' (MS) resources to assist the Commission in the development of Transaction Network Analysis (TNA) software. TNA is a custom built software to facilitate information exchange and data analysis within Eurofisc network, whose core software is to be developed by the Commission. The expert team will perform development tasks that require access to Eurofisc operational data. Those tasks include the development of algorithms to be applied to Eurofisc operational data. In addition, the expert team will perform testing of TNA software when access to operational data is needed, as well as such tasks as user management, usage supervision and user support.

The expected result of the TNA expert team is (1) the initial set of algorithms that will be used by TNA, (2) test of TNA using operational data have been executed in accordance with testing scenarios, (3) TNA is operational.

The expert team will work under the guidance received from Eurofisc Working Field 6 where strategic business decision regarding TNA will be taken. The expert team is accountable and will report to the Eurofisc Working Field 6 and to DG TAXUD.

Participating countries: BE-AT-FR-HU-IT-ES-NL
Duration: 18 months.

- **Mobile application for EMCS Controls (m-EMCS)** expert team: its objective is to provide administration officers with a mobile solution allowing them to consult an electronic administrative document (e-AD) and, when applicable, generate a control report during a road control or any other control activity that occurs outside of their office: this will allow, for example, during a road control, officers to consult an e-AD, check its content against the goods on the truck and, if any irregularity found, to report it immediately, using the same instrument that will be able to build a control report based on the e-AD, store it and disseminate it.

The development of such solution requires a focused and dedicated approach, which cannot be ensured by a Fiscalis project group, hence the need to set up an expert team.

During past months, a group of Member States, as part of the expert team for Managed IT collaboration (MANITC II), has prepared this implementation plan and specifications. The project proposal has thereby been presented informally in some IT collaboration meetings and workshops. To sum up, a mobile app could be a valuable tool for all Member States and could also increase efficiency and functioning of whole EMCS.

Participating countries: BE-LV-PT-IT
Duration: 32 months.

- **Excise Duty Calculator (EDC)** expert team: the objective of this expert team is to provide traders and tax administration officers with a tool to automatically calculate excise duty for goods in movements under duty suspension in the EU. This will allow, for example, an operator to know the amount of tax for a specific excise product in another Member State by entering the minimal inputs and obtaining automatically the result without any need of manual calculation or documentation research.

During past months, a group of Member States has worked first in a Fiscalis Project Group FPG/072 proposed by France, and later as part of the expert team for Managed IT collaboration (MANITC II) to initiate the development of such Excise Duty Calculator, which automatically counts out the excise duty related to the EMCS movements in EU.

This project idea has already been presented informally in some IT collaboration meetings and workshops, in particularly during FPG/057 “Automatic management of guarantees for movements of excise goods under duty suspension” (chaired by Italy), where a first prototype of an excise calculator has been developed with limited capabilities but highlighting its big potential.

The development of the Excise Duty Calculator, however, requires a more focused and dedicated approach, which cannot be further ensured by a Fiscalis project group or as part of another expert team.

Participating countries: FR-IT-BE-PT
Duration: 36 months.

The stakeholders’ assessment of the IT related joint actions was very positive in 2018 and well above target levels. It is particularly remarkable that all action managers provided the maximum score (4 = fully achieved) to the level of achievement of results from joint actions organised during the year.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to contribute to the availability, reliability and/or quality of (specific) Union components of EIS) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF (excl. Working Visits)	2,54 (2014)	>3	2,54	3,44	3,54	3,545	4
Participants' views on the extent to which a JA (that sought to contribute to the availability, reliability and/or quality of (specific) Union components of EIS) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	EAF	91,21% (2014)	>80%	91,21%	97,52%	94,75%	97,05%	97,68%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	92,56% (2014)	>80%	92,56%	95,87%	92,78%	96,37%	93,49%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	97,3% (2014)	>80%	97,3%	99,17%	98,36%	99,32%	98,14%

5.3 Objective 2: to support administrative cooperation activities

Under this objective, we look at the different activities that supported administrative cooperation between national tax authorities. Administrative cooperation is of vital importance as no single Member State can manage its internal taxation system without receiving information from other Member States. Administrative cooperation is facilitated by both joint actions and the use of the European Information Systems.

In total, there were 331 **joint actions** organised under this objective, 13% more than in 2017 (288 actions). The most numerous actions, similarly to previous years, were multilateral controls (179), followed by PAOE (86), administrative cooperation activities (24), working visits (15), workshops (14) and project groups (13). The assessment of action managers indicates that business owners are satisfied with the overall progress, with an average result of 3,71 (scale from 0 to 4) showing that the results are assessed as largely/fully achieved. Participants' feedback on the 'achievement of results', 'usefulness' and 'met expectations' have been also very since the launch of the programme, with values throughout the period well above baselines and targets.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to enhance administrative cooperation) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	2,77 (2014)	> 3	2,77	3,18	3,06	3,05	3,71
Participants' views on the extent to which a JA (that sought to enhance administrative cooperation) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent')	EAF	87,6% (2014)	> 80%	87,6%	93,13%	93,48%	96,12%	96,58%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	86,2% (2014)	> 80%	86,2%	93,13%	93,03%	95,03%	94,48%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	95,3% (2014)	> 80%	95,3%	93,13%	96,63%	98,76%	98,68%

The most numerous joint actions were the **multilateral controls (MLCs)**. Multilateral control means a co-ordinated control of the tax liability of one or more related taxable persons, organised by two or more participating countries, which include at least one Member State and which have common or complementary interests. The Fiscalis 2020 programme supports MLCs by providing an organisational, methodological and financial framework for their implementation by having preparatory and follow-up meetings under the programme, which allow coordinating the actual audits that are carried out by national officials on their own territory. According to the results of the mid-term evaluation of the programme, MLCs are one of the most popular action types (over 3 800 officials took part in them in 2014–2018), which provide ample evidence that practical administrative cooperation not only takes place, but that it is also effective. Multilateral controls have consistently led to recovered revenue and increased compliance.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of MLCs organised	ART	76 (2014)	Grow	76	113	131	161	179
Number of Member States participating in MLCs	ART	23 (2014)	Grow	23	27	28	27	28

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of Member States initiating MLCs	ART	16 (2014)	Grow	16	19	20	17	16
Degree to which results were achieved, as assessed by the MLC coordinator	AFF	2,78 (2014)	>3	2,78	3,08	2,70	2,71	3,42

In 2018, 28 Member States participated in such multilateral controls. At the same time, 16 Member States initiated MLCs. Both figures remain similar to those of previous year.

The action managers of the multilateral controls that took place in 2018 have expressed a higher assessment (3.42) than in 2017 (2,71), regarding the level of achievement of results, which is the higher so far since the launch of the programme and above target.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of presences in the offices and participation in administrative enquiries	ART	49 (2015)	Grow or stable	0	49	40	60	86

As opposed to multilateral controls, which were included in the previous generations of the programme, the Fiscalis 2020 programme introduced a new category of joint actions aimed at supporting administrative cooperation. This new category of joint actions refers to the **presences in the offices and participation in administrative enquiries (PAOE)**. In practice, this means that the tax inspectors from one Member State can be present in another Member State when colleagues from this other Member State carry out their duties in administrative offices or during administrative enquiries. This can be extremely useful, in particular where there are indications of irregularities or large-scale cross-border fraud in one or more Member States; in cases whose complexity makes the presence of officials desirable; or in cases for which the prescription period is due to expire and where the presence of officials can speed up the enquiry. There were 86 such actions ongoing in 2018, representing a remarkable increase of 43% by comparison with 2017 figures²³. Similarly to previous years, Finland, Germany, UK, Latvia and The Netherlands launched most actions.

To provide some practical examples, Finland has launched different PAOE joint actions to visit Estonia to investigate establishment cases in Finland. Many Estonian companies have business activities in Finland and PAOE actions support the gathering of information to clarify whether an Estonian company has a permanent establishment in Finland. In addition, related VAT issues were also addressed. Finland has successfully used PAOE activities in the past with other Member States. The model used in 2018 was 2 tax experts, 2 tax auditors and one coordinator. Similarly, Spanish authorities initiated a PAOE to Austria on mutual assistance on tax recovery. Other example of PAOE during 2018 cover different topics such as transfer pricing or insurance premium tax.

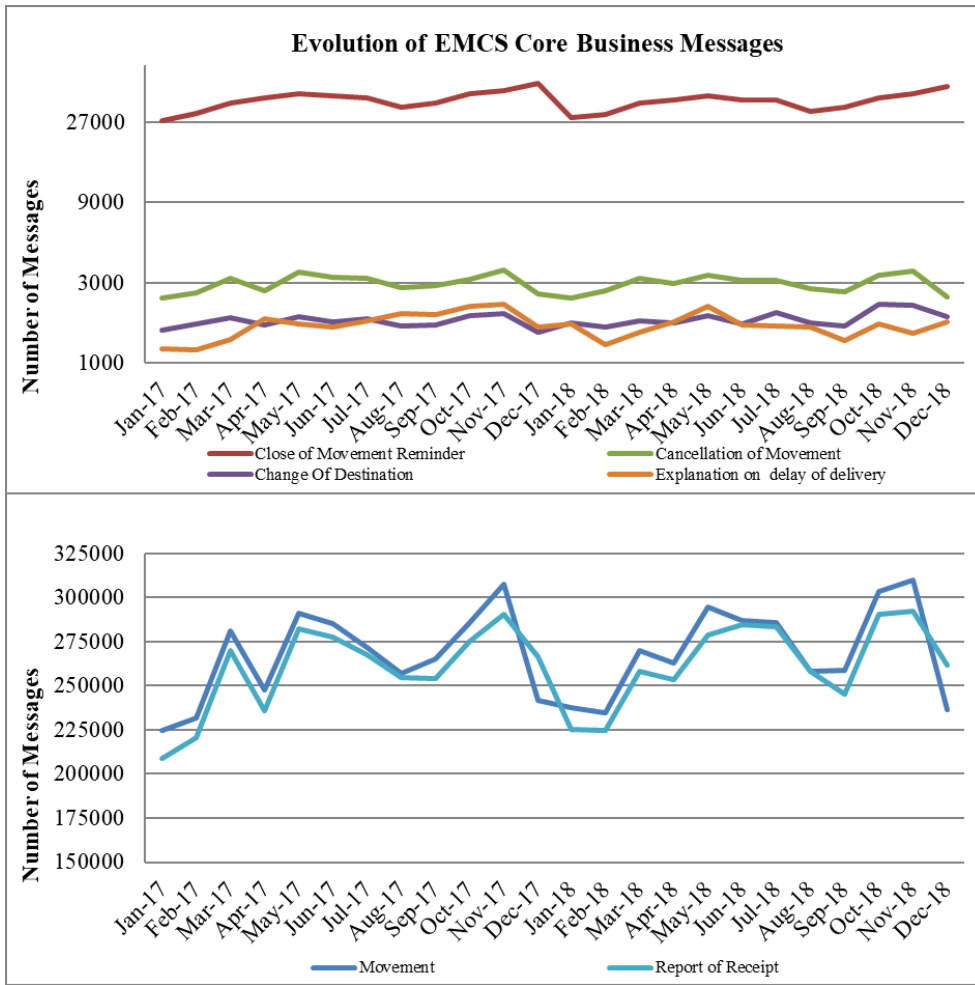
Another important way of enhancing the administrative cooperation between tax authorities is through the **Excise Movement and Control System (EMCS)** - a computerised system for monitoring the movement of excise goods under duty suspension in the EU. It records, in real-time, the movement of alcohol, tobacco, and energy products for which excise duties have still to be paid.

At the level of indicators, if we compare the operational statistics from 2017 and 2018 we can observe the following:

- Figure 10 shows an improvement in the number of EMCS Phase 3 Core Business Messages. In short, the following graph indicates that 6 902 858 EMCS Core Business Messages were processed during 2018 (on average 575 238 per month) under control of the EMCS system. The number was increased by 1,29% compared to 2017. The highest number of messages (649 654) was observed in November 2018.

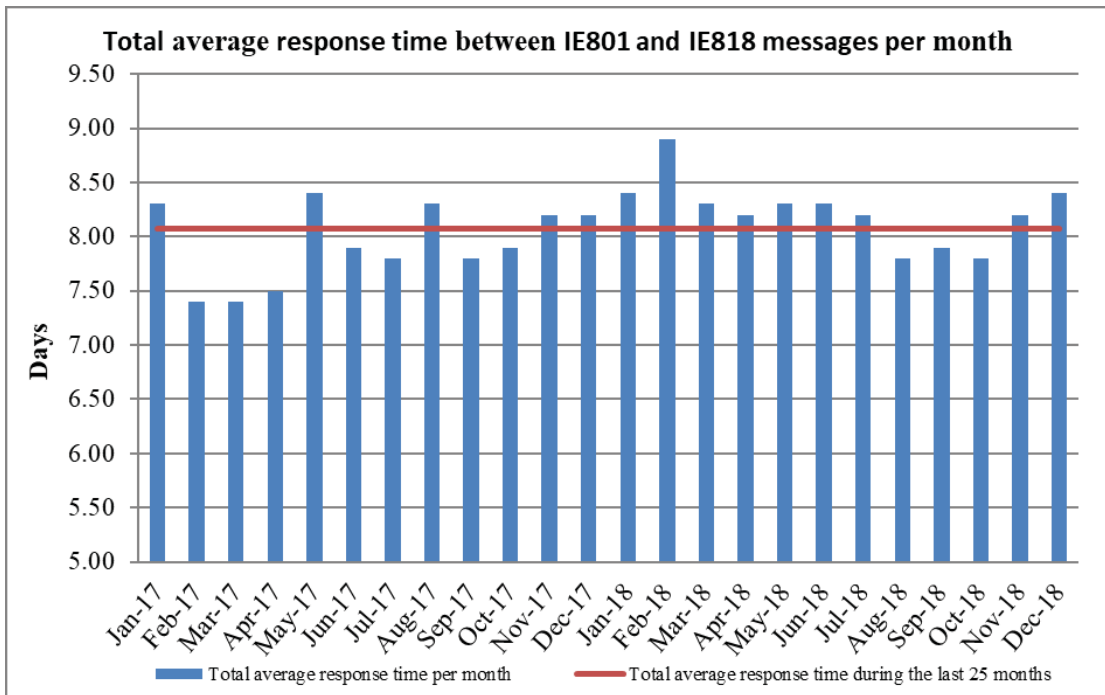
²³ This increase is not only caused by a high number of PAOE initiatives during 2018, but also by the fact that it was decided to create specific ART codes for each of the companies covered.

Figure 10: Evolution in the Number of EMCS Core Business Messages (2017 – 2018)



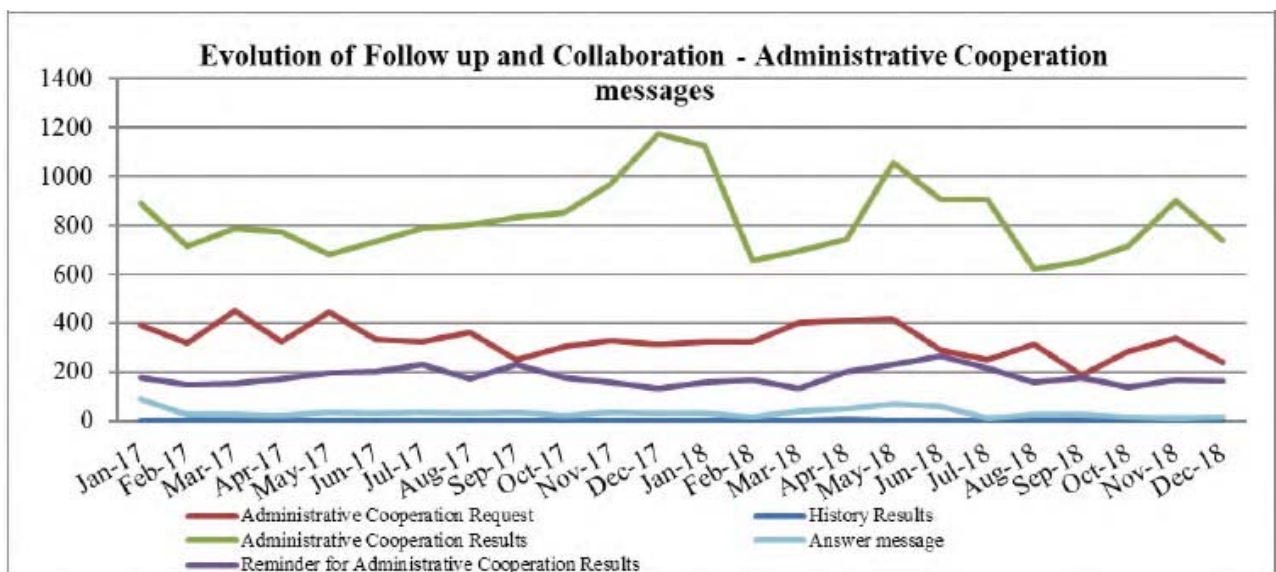
- Figure 11 shows the total average response time between the submission of movements and their corresponding Report of Receipts. The selection of the movements that are taken into consideration for the average response time is based on the submission time of the Report of Receipt. The total average response time during the last twenty-four (24) months is 8,08 days. The total average response time was stable during 2018 with an average monthly value of 8,23 days.

Figure 11: Total Average Response time (2017 – 2018)



- Figure 12 shows the trend on the number of EMCS Follow-up and Collaboration Messages during 2017 and 2018. These requests are used to request information about movements and / or individual traders, as well as access to archived messages held in another Member State. During 2017, the usage of the Administrative Cooperation Request messages decreased by 9,75% compared to 2016. During 2018 we can observe a slight improvement in the decreasing trend, as the usage of the Administrative Cooperation Requests messages was decreased by 8,87% compared to 2017.

Figure 12: Evolution of EMCS Follow-up and Collaboration Messages – Administrative cooperation messages (2017 – 2018)



In the area of **e-Forms exchanged** (number of messages exchanged by national tax authorities via the taxation mailboxes on CCN), the numbers of these messages for direct taxation remained largely the same. In the figure below, the purpose of the different CCN/Mail3 mailboxes is:

- MUTASSIST: mailbox used for the exchange of forms between Member States in the field of Direct Taxation
- DIRECT TAXATION: Exchange of information concerning the Savings Directive

Figure 13a: CCN/Mail3 – exchanges per quarter (Q1/2017 - Q4/2018) for direct taxation



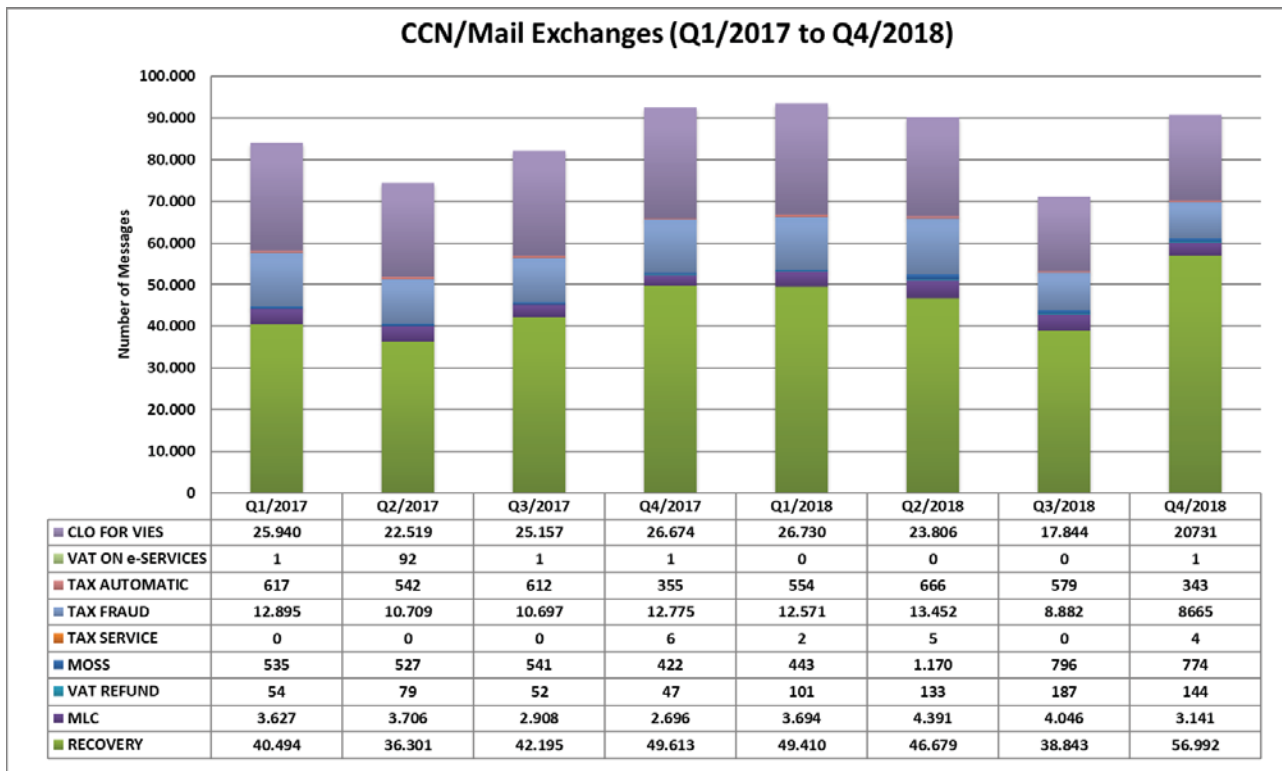
Figure 13b shows the usage of CCN/Mail3 for indirect taxation, in particular regarding:

- CLO FOR VIES: Central Liaison Office for VAT Information Exchange System
- VAT ON e-SERVICES: Exchange of the information related to VAT on e-Services
- MLC: Exchange of information for VAT-related Multi-Lateral Controls
- MOSS: Exchange of information related to MOSS
- RECOVERY: Exchange of Recovery e-Forms and related information
- TAX AUTOMATIC: Automatic exchanges and Structured Automatic exchanges (Information on non-established traders, new means of transport, distance selling not subject to VAT)
- TAX FRAUD: Exchange of e-Forms related to specific cases of suspected fraud. Mailbox used by the EUROFISC
- TAX SERVICE: Exchange of VAT Algorithms and other IT related information
- VAT REFUND: Exchange of information related to VAT Refund

The number of messages exchanged via the taxation mailboxes was slightly increased by 3.06% (344 407 in 2018 compared to 334 190 messages in 2017). Recovery e-Forms messages account for 55,73% of the total messages exchanged via the taxation mailboxes during 2018.

According to figures shown in Figures 13a and 13b, it is observed that there is no specific trend or a recognizable pattern regarding the way that messages fluctuate over time.

Figure 13b: CCN/Mail3 – Exchanges per quarter (Q1/2017 – Q4/2018) for indirect taxation



When it comes to the **VAT Information Exchange Systems (VIES)**, the table below shows an increase on the total number of various types of VIES messages, i.e. Registry, Turnover Data (TOD), and Member State Warning (MSW), by comparison with 2017. The total number of VIES messages (VoW messages included) was almost 2 929 million in 2018, which means that an increase of 33,06% (or 727 million messages) is observed compared to the 2 201 million messages in 2017. The increase was mainly due to the higher number of MSW messages (423 million in 2017 compared to 495 million in 2018).

The table below shows the evolution over the last two years of VIES Messages per quarter, in millions.

Type of Messages	Q1'2017	Q2'2017	Q3'2017	Q4'2017	Q1'2018	Q2'2018	Q3'2018	Q4'2018
Registry Messages	99,9	106,5	106,4	113,4	119,1	111,4	117,6	136,6
TOD Messages	28,1	20,4	20,0	21,6	27,7	22,4	19,0	20,9
MSW Messages	98,2	117,6	94,4	113,4	138,2	125,9	112,7	118,7
VoW Messages ⁴	278,2	327,0	299,8	356,9	402,2	408,8	521,3	526,8
Total Number	504,4	571,5	520,5	605,2	687,3	668,5	770,6	803,0

In the table, the type of messages relate to:

- Registry Messages: the trader VAT number is checked against the construction rule of the destination Member State
- TOD Messages: each Member State must collect on a monthly basis (or less frequently) the recapitulative statements issued by intra-community suppliers on its territory. The monthly recapitulative statement of a given supplier corresponds to the total value of his supplies to each of

his purchasers in any other Member State, together with their intra-community VAT identification numbers

- MSW: after reception of an enquiry from a MSA-A, the MSA-B may reply with a Member State warning message notifying the MSA-A that the enquiry cannot be satisfied. The message includes the type of the enquiry it replies to.

5.4 Objective 3: to reinforce skills and competences of taxation officials

Under this objective, we are measuring indicators related to the use of the different types of training activities provided under the programme: the e-Learning courses and the IT trainings for European Information Systems. There are also other types of activities with a learning dimension organised under the programme, such as seminars, workshops and working visits. However, they are assessed in relation to their primary business objective and reported on in other chapters.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value	2018
Number of EU eLearning modules produced ²⁴	EC	6 (2013)	Grow or stable	6	6	18	36 ²⁵	192 ²⁶
Number of EU eLearning modules used by participating countries (combined number of all modules used in each country)	EC	60 (2014)	Grow	60	62	170	123	165
Number of tax officials trained by using EU common training material	EC	4 862 (2013)	Grow or stable compared to baseline	4 171	5188	4421	32 908	15739
Number of times publically available EU eLearning modules were downloaded from Europa.eu website	EC	3609 (2014)	Grow or stable compared to baseline	4 332	3416	18 456	8 592	6772
Average training quality score by tax officials	EC	67 (2015) ²⁷	>70	73	67	70,8	75,1	77,3

The Fiscalis 2020 programme finances the development of **eLearning courses** on topics of common interest in collaboration with tax administrations and representatives of trade. Such courses support the implementation of EU legislation and ensure the dissemination of good taxation practices throughout the European Union.

²⁴ This indicator counts the modules as English (master version) and further localised versions in EU languages as requested by participating countries, as the resources needed to develop each localised version request approx. 60% of the resources spend for the original English version.

²⁵ The indication of '36 eLearning developments' in 2017 relates to re-development and updating of the EU VAT FRAUD course (in 12 languages) and the production of further national language versions of the EU VAT EU eLearning programme.

²⁶ The indication of 192 eLearning modules produced in 2018 relates to the technical migration of the complete VAT eLearning Programme (12 modules) and the migration as well of the languages versions of each modules (available in 16 languages).

In total, the number of officials trained has slightly decreased, but still to be considered a good number given that there were not new releases of modules. The new technically migrated VAT Programme was appreciated with a 34% of increase in the eLearning modules used in national administrations. The training quality score of the EU Tax eLearning portfolio is on average 77.3 out of 100, or 'very good'. It means an increase of almost 2 points compared with results from 2017, and with some VAT modules going up to 81 points.

Traders and the public, who can download EU Tax eLearning courses freely from EUROPA, downloaded EU Tax eLearning courses in total 6 772 times and reported 120 183 trainees on the EU tax courses. This represents a considerable increase compared to 2017 with its 20 867 tax trainees that is mainly due to the quick responsiveness of the private sector to the release of the new migrated EU VAT eLearning Programme.

In 2018, in particular the technically migrated VAT EU eLearning programme consisting of 12 eLearning modules (VAT Introduction, VAT Territory, VAT Taxable Person, VAT Transaction, VAT Place of Taxable Transactions, VAT Digital Services and MOSS, VAT Chargeable Event and Taxable Amount, VAT rates, VAT Exemptions, VAT Right to Deduct, VAT Refund and VAT Obligations) was extensively used by national administrations and economic operators (95.515 trainees in the private sector and 13 756 tax officials trained in national administrations). In the different modules, the quality scores are similar in content, methodology and technology. The previous year the technology aspects were the ones ranking lower for the whole programme and it can be seen that during 2018, these aspects are equally appreciated in all the modules. The effort put in the technical update of the modules to a new authoring tool has been appreciated and reflected in the scores of the users.

In 2018, there were also 21 **IT training sessions** organised by DG TAXUD for national tax officials on how to use various European tax and excise IT Systems, such as CCN CSI, CCN2, EMCS and eFCA. Although there was a decrease in the number of training events organised by comparison with 2017 and related number of tax officials trained, the trainings received very positive feedback from the participants in terms of their usefulness and meeting the participants' expectations. The decrease in the number of physical IT training sessions organised should be read in conjunction with the increase of the number of EU eLearning modules produced during 2018 (from 36 in 2017 to 192 in 2018).

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of IT training sessions organised for given systems / components (e.g. VAT refund, EMCS, VIES, MOSS)	ART	12 (2014)	Grow or stable compared to baseline	12	21	36	23	21
Number of tax officials trained in IT trainings	ART	106 (2014)	Grow or stable compared to baseline	106	136	225	324	226
Percentage of tax officials who found that the IT training met their expectations	EAF	87,32% (2014)	>80%	87,32%	93%	95%	95,86%	94,96%
Percentage of tax officials who found the IT training to be useful	EAF	95,77% (2014)	>80%	95,77%	98%	98%	97,52%	96,64%

5.5 Objective 4: to enhance the understanding and implementation of Union law in the field of taxation

There were 39 **joint actions** operational under this objective in 2018, 4 more than in 2017 although still below the baseline (46). Due to the historical oscillations of the number of actions, it is unclear for the time being whether the trend in this indicator might be linked to a systematic decrease of activity. Next year's measurement will be able to shed more light on this issue.

Out of the 39 joint actions, 21 were working visits, with Czech Republic, Bosnia-Herzegovina and Turkey being highly involved as the sending administrations.

Six project groups were equally active during the year under this objective. Four of them were launched during the year, dealing with methodologies to assess the revenue impact of the CIT reforms, the Implementation of Art. 10 of the Directive on Dispute Resolution Mechanisms, tax cooperation with third countries and OLAF/Europol exchanges of information under Regulation 904/2010. The project groups on partially denatured alcohol and on classification and inclusion of (new) products in the scope of excisable tobacco products continued their activities from previous years.

Ten workshops were organised during the year covering different areas, such as e-commerce, Anti-Tax Avoidance Directive (ATAD), UK withdrawal (VAT and excise aspects) or VAT split payment. Also the Strategic Dialogue for the heads of tax administrations "Looking towards 2025" took place in June 2018 (Thessaloniki) with the aim to identify key challenges between tax administrations and exchanging views together with the Commission on how to tackle common problems and find the way to set up a new form of strategic and cooperative dialogue among Member States. Presentations and discussions supported mutual understanding and led to projects to better allocate resources.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Extent to which JAs (that sought to enhance the understanding and implementation of Union law in the field of taxation) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	2,66 (2014)	>3	2,66	2,87	3,75	3,75	3
Participants' views on the extent to which a JA (that sought to enhance the understanding and implementation of Union law in the field of taxation) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent')	EAF	93,47% (2014)	>80%	93,47%	91,62%	85,36%	85,5%	88,99%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	94,5% (2014)	>80%	94,5%	92,67%	86,58%	84,74%	88,04%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	100% (2014)	>80%	100%	100%	97,56%	97,97%	98,09%
Number of actions (JAs) that have	ART ²⁸	46	Grow or	46	71	50	35	39

²⁸ Excluding working visits and expert teams.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
supported or facilitated to enhance the understanding and implementation of Union law in the field of taxation		(2014)	stable compared to baseline					
Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA (under this objective)	AFF ²⁹	2014: 0 (R) 0 (G) 15 (O)	On average at least one output per action	0 (R) 0 (G) 15 (O)	11 (R) 0 (G) 6 (O)	0 (R) 1 (G) 5 (O)	1 (R) 0 (G) 8 (O)	0 (R) 0 (G) 6 (O)

The Union Law and Policy Application and Implementation Index provides a comprehensive overview of the performance of the joint actions organised under this objective. The main indicator relates to the level of achievement of expected results, as they were identified prior to the activity and later evaluated by their action managers. The obtained value of 3 indicates a slight decrease from 2017 but keeps the overall improving tendency initiated in 2016 by comparison with baseline and the first two years of the programme. The value for 2018 in any case remains above target level and indicates that the action managers are satisfied with the progress obtained within their groups. Such a positive assessment is also confirmed by the participants to joint actions, who have expressed very high levels of satisfaction with the activities in terms of 'meeting their expectations' 88,04% (86,58% in 2017). The number of officials participating to these activities who found them to be professionally 'useful' or 'very useful' has increased in 2018 together with the number of participants for which the intended results were achieved to a fully/large extent (more than 98% for both indicators).

The output indicators included in this group relate to the number of recommendations, guidelines and other types of outputs produced by the joint actions organised under this objective. There has been a significant fluctuation in this indicator between the three years, both positive and negative. It is worth clarifying that the recommendations and guidelines are counted here individually, rather than by the number of documents containing them. Under 'other outputs', we count studies, reports, measures, presentations and other reported types of outputs. Fluctuations in these indicators, however, need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on the business need and the type of the subject matter addressed by the programme action. With these considerations in mind, it is difficult to set concrete targets for this indicator. For this reason, the initial target at the launch of the programme in 2014 was to have annual increase/stability in the score. A possible approach to a more concrete target could be to rather set a minimum target of at least one output per action in a given year. Such a target would demonstrate that on average all programme activities produce outputs. With 6 outputs produced in 2018, we can see that the target has not been achieved, although there is a slight increase from results in the previous year. It should be noticed that, for the time being, the data available on the number of recommendations and guidelines are included in replies to the AFF (Action Follow-up Form), and therefore dependent on the number of replies. DG TAXUD has launched during 2019 a new feature in PICS allowing a more complete data collection in this regard (recommendations/guidelines) which will help to improve the measurement of the Union law and policy application index as from next year.

²⁹ Excluding working visits and expert teams.

5.6 Objective 5: to support the improvement of administrative procedures and the sharing of good administrative practices

The improvement of administrative procedures and the sharing of good administrative practices take place at several levels in the programme. It is mainly achieved through joint actions, the European Information Systems and the online collaboration platform PICS.

The number of **joint actions** under this objective, with 273 joint actions operational in 2018, remains at a very similar level to those of 2016 and 2017, well above baseline. Again, the vast majority of actions organised were working visits (226), with the Czech Republic, Hungary, Germany, Italy, Spain and Portugal being particularly proactive as sending organisations.

16 workshops were organised during the year, being the second type of joint actions with the higher number of ongoing activities. These workshops dealt, amongst others, with collaborative advanced analytics for automated exchanges of information, transfer pricing and withholding tax and residence issues.

21 project groups were active during 2018 under this objective. Nine of them were launched during the year, focusing on topics such as compliance risk management in tax administrations, advanced analytics, information exchange from digital/platform economy for taxation purposes or data governance. The project groups on partially denatured alcohol and on classification and inclusion of (new) products in the scope of excisable tobacco products continued their activities from previous years. There was also a new project group dedicated to strategic dialogue and cooperation among Heads of tax administrations of the EU (TADEUS), which followed the kick-off meeting in June 2018 (Thessaloniki) and that enables high-level cooperation on a regular basis.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of actions under the programme organised in this area	ART	105 (2014)	Stable or grow compared to baseline	105	225	251	284	273
Extent to which JAs (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) have achieved their result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF	2,36 (2014)	> 3	2,36	3,58	3,16	3,15	3,3
Participants' views on the extent to which a JA (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	EAF	95,26% (2014)	>80%	95,26%	96,12%	90,14%	94,16%	97,95%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	93,15% (2014)	>80%	93,15%	94,66%	92,25%	93,51%	92,21%

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	96,8% (2014)	>80%	96,8%	99,03%	97,88%	97,4%	97,95%
Number of guidelines (G) and recommendations (R) issued by participating countries in their national administrations following programme activities (under this objective)	EAF	2014: 63 (G) 134 (R)	On average at least one output per action	63 (G) 134 (R)	34 (G) 79 (R)	36 (G) 69 (R)	83 (G) 154 (R)	31 (G) 88 (R)
Number of best practices / administrative procedures (AP) developed/shared (under this objective)	AFF ³⁰	17 (2014)		17	7	11	19	13

At the level of achievement of results of these joint actions, the action managers have given a very high grade (3,3) from a fork between 0 to 4 (fully achieved). On the participants' side, we can see that their perception of the achievement of results (93% replied "fully" and "to a large extent"), the fulfilment of expectations (92,21%) and their perceived usefulness (97,95%) of the programme activities organised under this objective remained at high levels, similarly to those of previous years.

Following the considerable increase in the number of outputs (guidelines and recommendations) issued by participating countries in their national administrations during 2017 (237), the figures in 2018 (119) are similar to those of 2015 and 2016. As previously explained, fluctuations in these indicators need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on the business need and the subject addressed by the programme action.

In the case of working practices / administrative procedures developed under this objective, the numbers have returned to similar levels of 2016 after the high increase of 2017.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Percentage of participants that disseminated a working practice/administrative procedure/guideline developed/shared with the support of the programme in their national administration (under this objective)	EAF	96,7% (2014)	>90%	96,70%	94%	95,77%	94,81%	94,25%
Percentage of participants which declare that an administrative procedure/working practice/guideline developed/shared under the programme led to a change in their national administration's working practices (under this objective)	EAF	76,31% (2014)	>70%	76,31%	70,8%	76%	73,87%	85,57%

³⁰ Excluding working visits and expert teams

Besides measuring the number of outputs, we also look at their dissemination and use in the national administrations. The dissemination of programme outputs by the participants is high, with similar levels to 2017: more than 94% of the participants declaring to have distributed programme outputs nationally. We also asked the participants whether these outputs have led to any change in the national administrations' working practices, and here 85% answered positively, citing one or more of the following changes in the national administrations: increased knowledge of colleagues, improved working practices/administrative procedures and improved tools.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018
Number of face to face meetings (total for the programme)	ART	443 (2013)	Grow or stable compared to baseline	265	551	552	563	556
Number of on-line collaboration groups (PICS) (total for the platform)	EC	110 (2013)	Grow	199	261	301	277	340
Number of downloaded files from PICS (total for the platform)	EC	13564 (2013)	Grow or stable compared to baseline	73 200	116 538	96 062	104 941	92 500
Number of uploaded files on PICS (total for the platform)	EC	3445 (2013)	Grow or stable compared to baseline	5521	11 177	7 807	7 184	7 887

In the area of **online collaboration**, we are looking at the use of the Programme Information and Collaboration Space (PICS). This platform is used by many DG TAXUD and national customs officials to facilitate the running of joint actions, but also for other, non-programme related collaboration needs and knowledge sharing in communities of practice. We can see that the total number of online collaboration groups on the platform continued to rise from 199 groups at the beginning of the programme to the current 340 groups, with a slight decrease in 2017. In relation to the number of new users that signed up to PICS, there is a clear trend since 2014, with an annual increase of approx. 1000 new users (in particular for 2018, there were 1 245, while in 2017 there were 1 182). In terms of file sharing, after a significant increase in 2015, the download numbers came down in the following years with some fluctuations (decreased in 2016 and 2018, but still above target). In parallel, the number of uploaded files have also suffered fluctuations and seem to have stabilised around 7 000 (also above target).

In addition to on line collaboration, Fiscalis 2020 programme also funded 556 face-to-face meetings during the year.

6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

6.1 Introduction

The Annual Work Programme (AWP) is a strategic, organisational and budgetary frame for the setting up of individual actions to be financed by the Fiscalis 2020 programme. The Fiscalis 2020 Committee provides its formal opinion on the AWP before its adoption by the Commission.

The core part of the AWP consists of several projects, which are grouped in function of the Fiscalis 2020 programme's specific objective area to which they will mainly contribute. All activities under the programme are organised to support the achievement of the objectives of these projects. The list of AWP projects is drawn up by DG TAXUD and the participating countries by taking into consideration the EU's policy priorities in the area of taxation.

In the chapter below, we have included one case study for each relevant part of the specific objectives of the programme (4 AWP projects in total), with additional information on their work and outcomes during 2018. This information was provided by the action managers who organised some of the activities under those projects.

6.2 Part 1 – To support the fight against tax fraud, tax evasion and aggressive tax planning - Case Study

Title of the AWP Project:
VAT gap study (under AWP project: VAT)
Description of the project:
VAT is one of the main sources of revenue for the EU Member States. A part of Member States' VAT revenues is used as own resources for the EU budget. The project aims to carry out a yearly study on the VAT Gap in all EU Member States (including revisions for at least the previous 5 years period). The study also covers other aspects, such as the VAT policy Gap (capturing the effects of applying multiple rates), and its components: rate gap (VAT liability loss due the application of reduced rates) and exemption gap (VAT loss due implementation of exemptions) for the same period.
Expected results:
1. The study containing the yearly VAT gap figures per Member State, including revisions of the figures for previous years on the basis of a consistent and robust methodology. 2. Annual meeting with Member States' experts to (a) present the draft VAT Gap Study; and (b) to discuss bilaterally, fine-tune and conciliate the underlying figures of the national accounts.
Actions initiated under the programme:
The programme funded the contract to carry out a study on the VAT Gap in all EU Member States for 2017 and an update for 2016. A dedicated annual meeting with Member States' experts facilitated the annual update of the VAT gap study and ensured they are duly informed about the methodology and the figures, and that they have the opportunity to provide comments.

Summary of main outcomes:
<p>The VAT Gap Study was published in September 2018. It is a follow-up to the five reports published between 2013 and 2017. The Study presented the new VAT Gap estimates for 2017, as well as updated estimates for the period 2012-2016. In addition to the analysis of the Compliance Gap (the difference between the potential VAT given the policy framework and the actual VAT collected), the report examined also the application of multiple rates or the so-called Policy Gap in 2016, as well as the contribution that reduced rates and exemptions made to the theoretical VAT revenue losses. It contained moreover an econometric analysis of VAT Gap determinants, which is a novelty introduced in comparison with previous years.</p> <p>During the meeting held in May 2018, the contractor, the Commission services together with the Member States experts discussed and refined the methodology and the preliminary estimates for the 2017 VAT gap based on the national accounts.</p> <p>Member States considered the econometric analysis an interesting and useful novelty.</p>

6.3 Part 2 – To support the implementation of Union law in the field of taxation by securing exchange of information via the European Information Systems building - Case Study

Title of the AWP Project:
Blockchain (under AWP project: Development, operation and maintenance of and horizontal support to European Information Systems)
Description of the project:
<p>In the last couple of years, TAXUD started to explore the viability of blockchain as a new systems design pattern, for transforming trans-European-Systems to a blockchain enabled data-sharing platform, by using the example of monitoring the movements of excise goods under duty suspension (EMCS). In parallel, TAXUD also started exploring some promising candidate use cases in Customs, e.g. eATA proof of concept charter.</p> <p><u>Blockchain for EMCS</u> (Excise Movement and Control System)</p> <p>This project started in Q2/2017 and ended in Q2/2018. Its aim was two-folded:</p> <p>a) a study to assess whether a blockchain-based implementation would be beneficial for a complex distributed trans-European system like EMCS³¹; in particular, the study covers three scenarios, to demonstrate possible interactions between actors and blockchain, and roles for the blockchain in the execution of the business workflow:</p> <ol style="list-style-type: none"> 1. A pure "Government-to-Government" scenario, where blockchain is used for peer-to-peer data sharing between MSA's only; Traders are not joining the blockchain but keep using the EMCS interfaces provided by their MSA as they do today 2. A "Trade Digitisation" scenario, where blockchain is used for data sharing between (all) Economic Operators and MSA's - i.e. representing the scenario with the most extended blockchain ecosystem 3. A "hybrid" scenario, where some Traders join the blockchain, while other keep using the

³¹ The study assumed the hypothetical case of an implementation from scratch and did not include any migration from the current operational implementation of EMCS to a blockchain-based one.

EMCS interfaces provided by their MSA as they do today

b) a proof of concept for a blockchain-based limited implementation of EMCS' scope³².

Blockchain for eATA (electronic Admission Temporaire/Temporary Admission customs procedure) proof-of-concept

Since early 2017, DG TAXUD has been engaged in an exploratory activity to study the potential applicability of blockchain technology in both the customs and taxation domains. In the field of customs, this exploration has focused on the “notarization service” whereby a blockchain platform could be used as a third party for holding information generated by supply chain stakeholders. One document of particular interest was the ATA Carnet (ATA is an acronym of the French and English terms “Admission Temporaire/Temporary Admission”)³³.

In June 2017, a partnership between DG TAXUD and the International Chamber of Commerce World Chambers Federation (ICC WCF) was established whereby DG TAXUD launched a proof-of-concept (PoC) project to see whether an application based on the blockchain could interface with ICC’s Mercury II³⁴ solution in order to add an extra layer of trust to the process.

Key requirements that would justify the use of blockchain technology are met. Indeed, blockchain provides better solution compared to other systems when multiple stakeholders need to have access to the same data, and there is mistrust between those stakeholders in using each other’s data.

Expected results:

Blockchain for EMCS (Excise Movement and Control System)

- qualitative and quantitative cost-benefit analysis of a blockchain-based implementation of EMCS
- proof of the feasibility of implementing EMCS' basic features on blockchain

Blockchain for eATA

Based on the learnings in the “Blockchain@TAXUD” thread of activities, DG TAXUD started an extended PoC to assess the potential of the technology for the secure dissemination of economic operators’ registry information.

Actions initiated under the programme:

Blockchain for EMCS (Excise Movement and Control System)

- feasibility study
- IT proof of concept
- presentation of the project and outcomes to all MS in Indirect Taxation Expert Group meetings, in Excise Computerisation Working Party meetings and in the workshop in Malta (see below).

In May 2018, TAXUD organised a Fiscalis and Customs 2020 workshop (FWS/108) in Malta where 108 participants from 32 EU Member States and Candidate Countries (participating countries), as well as representatives of DG DIGIT and DG CONNECT, met for two days to discuss the challenges and

³² Submission of an electronic Administrative Document and processing of a Report of Receipt.

³³ The ATA carnet is an international customs document used in 87 countries and territories that mainly permits the duty free temporary admission of most goods for up to one year normally. It eliminates the need for a customs declaration at border points and the lodging of a guarantee, bond or cash deposit in the country of temporary importation. It can be used for a trip covering more than one country and include numerous exits and re-entries in the country of origin during the period of validity of the document. Each country in the system has a single guaranteeing body approved by national customs authorities and the International Chamber of Commerce World Chambers Federation (ICC WCF). A national guaranteeing association (NGA) is entitled to issue carnets and to authorize local chambers on the national territory to deliver them on its behalf. Processing fees apply as well as a surety bond which will be returned if the carnet has been used correctly.

³⁴ ICC WCF is currently implementing a system which replicates the paper ATA Carnet procedures using a digital solution called “Mercury II.” The solution, based on “traditional” technology with a centralized database, is hosted by ICC in Paris, France, and will be mainly used to register the Carnets and their movements as they are certified by Customs offices along the goods’ journey.

opportunities that blockchain and Distributed Ledger Technology (DLT) opens in the fields of customs and taxation.

TAXUD proposed this workshop to share the know-how and experience on blockchain and distributed ledger technology and to discuss next steps for the use of the technology, firstly as an alternative to existing IT communication means and design approaches and second as possible enabler to new business opportunities and approaches.

Summary of main outcomes:

Blockchain for EMCS (Excise Movement and Control System)

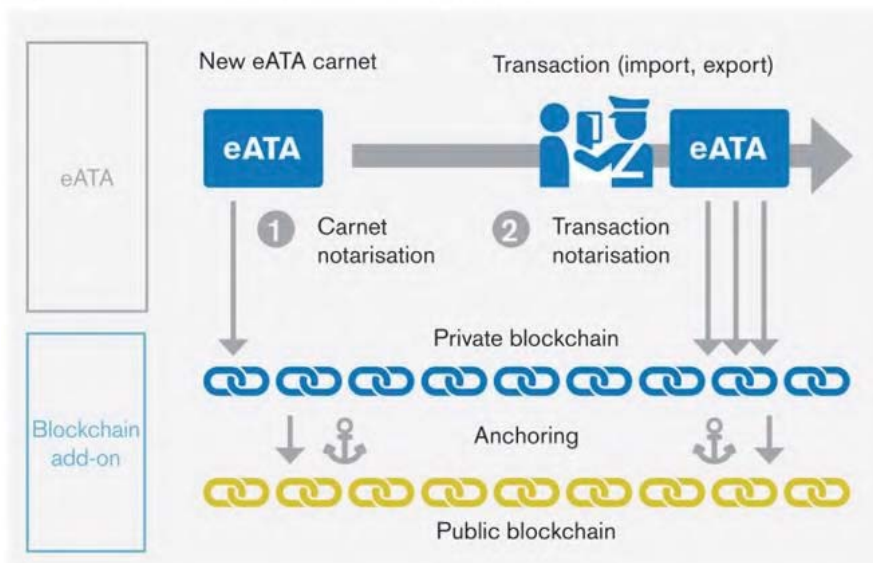
- outcome very positive: very high implementation and operations IT cost savings for Member States Administrations and DG TAXUD; technical feasibility proven for EMCS' basic features;
- further investigations required for complex features such as IT security and the interface with Economic Operators as well as for a potential (long-term) migration from EMCS' current implementation to blockchain.

The workshop in Malta was a great opportunity for sharing knowledge and experience on blockchain and distributed ledger technology among all the participating countries, with several MS presenting their findings. The participants suggested discussing next steps for the use of the technology, firstly as an alternative to existing IT communication means and design approaches and second as possible enabler to new business opportunities and approaches.

Blockchain for eATA

The PoC project reached a successful conclusion in mid-2018, and has demonstrated that distributed ledger technology (the Ethereum test network in this case) could be used to ensure the integrity and traceability of Carnets and transactions on a private blockchain platform combined with periodic anchoring through public blockchain, effectively achieving independent notarization as shown in the figure below. The distinction between public and private blockchain is related to who is allowed to participate in the network, execute the "consensus protocol" and maintain the shared ledger.

Figure 2: Notarisation of carnets and transaction



The following World Customs Organisation news article provides an extensive description on the PoC project and its results: <https://mag.wcoomd.org/magazine/wco-news-87/digitization-ata-carnets/>

6.4 Part 3 – To support the implementation of Union law in the field of taxation by supporting administrative cooperation - Case Study

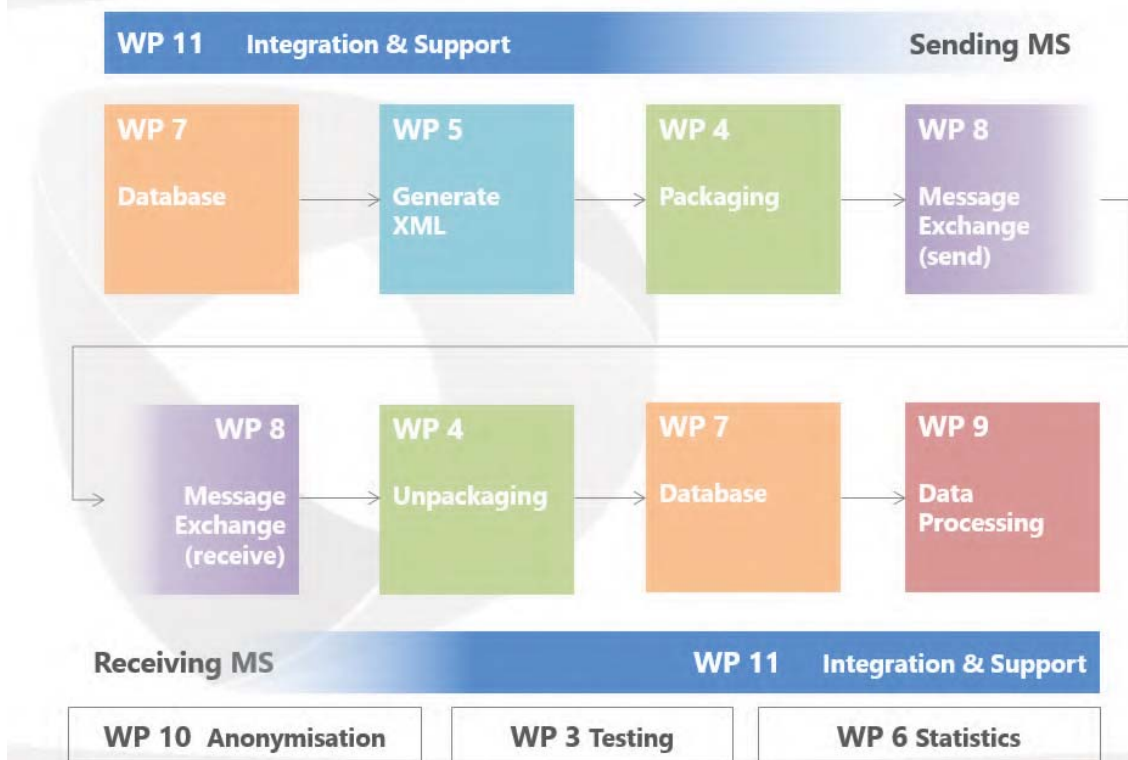
Title of the AWP Project:
AEOI-DAC2 expert team (under AWP project: Administrative cooperation between Member States and with third countries- horizontal actions).
Description of the project:
<p>The expert team was set up to support the collaborative implementation of the Information Systems required to enforce compliance with the Council Directive 2014/107/EU, i.e. automatic exchange of information reported by financial institutions to their national tax authorities about accounts owned, and income received to that account, by taxpayers non-resident in that country.</p> <p>The Fiscalis Project Group FPG/063 drafted the plan for forming the expert team. The plan had high-level details of each Module and suggested the timeframes to reflect: the modules required for exchange were meant to be available by April 2017, and the testing to be completed by September 2017. Other Modules (Statistics/Data Processing) were to be delivered later. In FPG/063, seventeen (17) Member States participated to the initiative. All 17 participants contributed to the planning effort, including the specification of requirements and work packages.</p> <p>However, the number of active Member States decreased to six (6) Member States, which started in the expert team. Malta was in the project lead. The work was launched in September 2016 with an ambitious list of modules, to be completed in 20 months. During the project the participation of the six original Member States experts was reduced due to different reasons, and most work ended up done by IT experts of Malta. Main modules were delivered within the schedule planned. Malta continued to support the development of the modules until end of November 2018.</p>
Expected results:
<p>The scope of the expert team was to realise and implement several software modules aimed to be integrated in the national domain of Member States to help them perform the exchanges foreseen under the Directive 2014/107/EU to take place for the first time by end of September 2017. The modules were to be developed in a manner to make them re-usable for future similar international exchanges, and to be shared with all Member States.</p> <p>The project was planned to be performed in following “work packages”:</p> <p>Work Package 1 ‘Project Management’: to coordinate and execute the project from managerial and organizational perspectives.</p> <p>Work Package 2 ‘Architecture, Technical Design & Environment’: to align the development work with agreed best practices and create development and testing environments.</p> <p>Work Package 3 ‘Testing’: to define and execute testing of DAC2 modules.</p> <p>Work Package 4 ‘Packaging’: to create the module for packaging and encrypting data.</p> <p>Work Package 5 ‘Generate XML Message’: to create XML-messages from the database.</p> <p>Work Package 6 ‘Statistics’: to deliver all the necessary software for generating the statistics.</p> <p>Work Package 7 ‘Database’: to deliver a tool to realize the DAC2 information storage into a common relational database based on the common schema for DAC2/CRS.</p> <p>Work Package 8 ‘Message Exchange’: originally the requirements were aimed at consolidating a message tracker across the various Tax Directives and Regulations. However, this was then scaled down due to MS withdrawal and resources unavailability, so a set of basic requirements was delivered to outline the traceability requirements.</p> <p>Work Package 9 ‘Data Processing’: to analyse further the data quality of the information being</p>

exchanged

Work Package 10 'Anonymization': to realize the anonymization of sensitive data (e.g. personal data) to allow the use of production-like set of data in a testing context.

Work Package 11 'Integration and Support': the implementation plan provides for integration (or related guidance) of the modules in one single application and for supporting the applications for a period of three months after the work of the expert team is concluded.

WP 2 Architecture and Technical Design



Actions initiated under the programme:

The deliverables were produced according to the Implementation Plan without major deviations and under Regarding budget. The software modules to be used in the preparation and the sending or reception of the messages to be exchanged (Database WP7, XML Message Generation WP5, Message Packaging WP4), were delivered according to the schedule by April 2017 to allow all the Member States to integrate, test and install those modules in their production environment.

Regarding the other modules, the deliverance of most of them was achieved, after re-scoping and re-scheduling. For "Data Processing/Analysis" module WP9 the work was interrupted, as Member States did not support JRC with enough data for test analysis. Under WP10 work commercial and open source "Anonymisation" products were identified, but none of them was taken into use, as Member States participating in testing used finally their own tools to anonymise the data for testing purposes.

Summary of main outcomes:

The project was expected to produce the following outcomes:

- Software modules that deliver the specified functionalities, packaged as binaries and source code;
- Documentation about the design phase and about the implementation of each module.

The key modules that were required to exchange information in line with the Directive and the generation of Statistics as per regulation were delivered on time to the expert team and its users. In view of lack of resources, the scope of the other modules was reviewed to pragmatically deliver the main objectives. The software was successfully delivered for expert team members and other two

Member State users that were participating testing, and final versions were shared along with the documentation, with the all Member States.

The overall design of the modules was done in IT collaboration, which can be considered showing clear potential of the IT Collaboration initiative. The design is a critical phase of a software project and its achievement in collaboration is a major milestone of the project. It was considered the most successful IT collaboration activity during the project.

According to a survey done by TAXUD on February 2019, 15 Member States confirmed they have used DAC2 modules or specifications. Of these 15 Member States, 11 MS have used the actual DAC2 modules. This is quite good a percentage of use of the deliverables. Especially as it was clear from the beginning that the tight time schedule of the DAC2 IT project was problematic for many Member States that then decided to build up their own solutions. The tight project schedule was caused by a long FPG preparatory phase and late start of the expert team work, and it has been recognised as a point to be improved in the future.

7. RESULTS OF THE MID-TERM EVALUATION OF FISCALIS 2020, RECOMMENDATIONS AND ACTIONS TO REMEDY WEAKNESSES

In accordance with Article 18 of the Fiscalis 2020 Regulation, DG TAXUD conducted a mid-term evaluation of the programme supported by a study prepared by an external contractor. The main objective of this evaluation has been to assess the programme's performance since the launch of the programme in 2014 until 2017, including strengths and weaknesses of activities; the continued relevance of problems and needs and the programme's efficiency and value for money.

The study by the contractors was finalised at the end of 2018 and is available online, on the Publication Office of the EU³⁵. This study supported the Commission Report on the mid-term evaluation of Fiscalis 2020 addressed to the European Parliament and the Council³⁶, which was adopted on 07/02/2019.

The provisional conclusions of the mid-term evaluation exercise that were anticipated in the 2017 Annual Progress Report has been confirmed by the final version of the study and the Commission Report:

- **RELEVANCE:**

The findings of the evaluation validate the relevance of the Fiscalis 2020 specific objectives by identifying clear needs for secure and rapid exchanges of information, cooperation between tax administrations and enhancement of administrative capacity. These needs stem from the growing scope of EU law and initiatives, cross-border nature of problems and 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. Thus, the programme's role in fostering convergence of approaches, administrative procedures and rules is highly relevant.

- **EFFECTIVENESS:**

Through its three main types of activities (joint actions, European Information Systems and training), the programme has been effective in reinforcing 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 in the service of implementing EU tax law and fighting tax evasion, fraud and aggressive tax planning in an increasingly mobile Europe. Evidence of this was most compelling in the field of indirect taxation (particularly VAT and excise) where the EU competence is strongest, and the level of programme activity is correspondingly high.

- **EFFICIENCY:**

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 European Commission and in participating countries' administrations. While the programme's benefits cannot be monetised, holding up the findings on effectiveness alongside spending data and the positive findings on operational efficiency makes a strong case that the programme overall is cost effective. The joint actions, European Information Systems 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 function more effectively. Economic operators have also benefited indirectly, through better administration of tax policy, as well as from the direct use of certain IT systems and e-learning modules.

- **COHERENCE:**

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, which ensures the alignment of the various levels of the intervention logic, from the general, specific and operational objectives, to the priorities and activities. With regard to the programme's external

³⁵ <https://publications.europa.eu/en/publication-detail/-/publication/abf11482-33f8-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-search>

³⁶ [COM/2019/579](#)

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 countries is overall positive, with robust evidence of active participation, and possibilities to engage these even further.

- **EU ADDED VALUE:**

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 2020 also supported the creation of a framework for the exchange of information through 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 the evaluation to conclude that continued support through funding of the programme is relevant and advantageous from the perspective of EU added value.

The recommendations proposed by the evaluators concern operational aspects targeting incremental improvements to the programmes' operations and functioning. They relate to four main areas:

- **Programming and design:** make more practical use of the Annual Work Programme projects and consider multi-annual programming; designate long-term, platform-like joint actions; refine strategy for development and promotion of eLearning modules (investigate ways to improve the technological platform for the delivering them and improve the procedures for its translation, localisation and updates).
- **Implementation:** optimise the procedures and resources for the implementation of joint actions, so that the workload for available human resources and administrative burdens on different actors are appropriate; increase coordination with other EU programmes (both in terms of operational coordination with the Fiscalis programme and establishing a forum for working with other COM DGs).
- **Monitoring and reporting:** streamline the monitoring system so it meets actual needs while reducing administrative burdens, including launching a study to refine and reduce the number of monitoring indicators.
- **Communication:** communicate more actively about the possibilities of the programme, with national coordinators and other officials taking a more active role in finding out about and spreading awareness of the programme; increase senior-level buy-in and political will among national administrations to boost participation and engagement.

DG TAXUD, together with national tax authorities, has drafted an action plan to address the recommendations. The implementation of the recommendations will be regularly monitored. The final assessment of the follow-up of recommendations will be provided at the time of the final evaluation of Customs and Fiscalis 2020 programmes.

8. COMMISSION PROPOSALS FOR FUTURE FISCALIS PROGRAMME

The Commission's proposal for a Regulation establishing the “Fiscalis programme for cooperation in the field of taxation”³⁷ was adopted on 08/06/2018 and forms part of the Multiannual Financial Framework (MFF) for the years 2021-2027.

The proposed programme builds largely on the acquis of the previous and on-going programmes which has shown a strong EU added value, particularly in improving the proper functioning of the internal market's taxation systems by helping participating countries, their tax authorities and their officials to work together in the fight against tax fraud, tax evasion and aggressive tax planning. The programme will provide the funds to support actions in view of improving the operation of tax policy, including administrative cooperation and support to tax authorities. The proposed financial envelope is € 270 million for the period 2021–2027.

The main programme objectives remain similar to those of the previous programme, aiming to provide a framework for actions which supports the Single market, fosters Union competitiveness and fair competition and protects the financial and economic interests of the Union and its Member States.

Despite good progress achieved in the past few years, the Union and the national tax authorities still suffer from insufficient capacity and insufficient cooperation – both within the EU and with third countries – to carry out effectively and efficiently their missions. They need to provide quick and joint responses to emerging problems such as tax fraud, tax evasion and tax avoidance, digitalisation and new business models, while at the same time preventing unnecessary administrative burden for citizens and businesses in cross-border transactions. These trends raise continuously new challenges for the functioning and performance of national tax authorities. They call for better and innovative ways to carry out their core task i.e. collecting taxes which directly feed the national and indirectly the Union budget. The Commission therefore proposes to maintain and enhance the Fiscalis programme comprising means and a budget that will support tax policy and tax authorities through:

- Administrative and information technology (IT) capacity building activities;
- Operational cooperation at expert level bringing together officials from participating countries allowing for the exchange of good practices and knowledge;
- Human competency building.

In addition to offering continuity and ensuring that the progress achieved so far will be further enhanced, the proposal is also in line with the Commission agenda to ensure a fair and efficient tax system in the Union with a view, inter alia, to protect Member States' tax authorities' ability to collect taxes. Many of the initiatives adopted in that framework aim at increasing tax transparency and enhancing administrative cooperation through exchange of relevant tax information. The proposed Fiscalis programme will provide the budgetary and other means to support and implement these regulatory interventions while at the same time reinforcing their efficiency by adopting a more strategic approach towards the achievement of the above objectives through more structure collaboration and project based approach. Important features of this administrative cooperation are the relevant European electronic systems, which concretely enable Member States' tax authorities to exchange information. Similarly, the other efficiency driver introduced with the new programme is the focus on innovation – the programme will reserve funds and will ensure that a minimum set of actions are linked to innovative initiatives, in particular proof-of-concepts, pilots and prototyping.

The negotiation of the legal proposal with the EU co-legislators started in autumn 2018 with parallel discussions at Council level (Working Party for Tax Questions) and the European Parliament (Committee level – ECON). Both institutions were generally supportive of the proposal. The good cooperation and constructive discussions allowed the two co-legislators to reach and endorse a partial agreement (common understanding) on the text of the proposal. The agreement is partial as it does not cover the entirety of the text, as some of the provisions are linked to the general MFF negotiations such as the programme budget. Negotiations are expected to resume once the Member States agree on the overall MFF and provide the Council with a mandate on all elements of the proposal that are currently set aside.

³⁷ COM(2018)443

9. CONCLUSIONS

During 2018 the number of IT systems (and related availability) and the number of events and participants remained at high levels. The high quantity of deliverables under the programme is the result of a high demand from stakeholders. This aspect has been confirmed by the conclusions of the mid-term evaluation of the programme, which has highlighted an universal agreement among the stakeholders consulted that the programme is needed to facilitate secure and rapid exchanges of information, cooperation between tax administrations and enhancement of administrative capacity. There were no significant changes to the budget levels of previous years, with the exception of some fluctuations on the budget allocated to expert teams (increase of 73% in 2018 by comparison to 2017 due to the four new expert teams launched during the year)

In terms of **performance measurement**, 2018 was the fifth year for which a number of indicators could be collected. The indicators obtained under the framework in 2018 give an overall positive assessment, showing that the programme was on course to fulfilling its objectives. The sampled projects from the Annual Work Programme 2018 support this positive assessment with clear examples of the programme's intervention. The results of the mid-term evaluation exercise are in line with this assessment.

In terms of budget distribution, the **European Information Systems** continue to absorb the major part of the programme's expenditure, covering the development, maintenance, operation and quality control of Union components of the existing systems and the development of new systems established under Union law, with a view to interconnecting tax authorities efficiently both in direct and indirect taxation fields.

During 2018, DG TAXUD continued operating an important portfolio of IT systems (27 in total by the end of the year), supporting participating countries in their exchanges of information, and also supporting legal and physical persons in their trade relations. The use of IT tools, such as the CCN/CSI platform, or the systems that the platform supports (e.g. Excise Movement Control System, VAT Information Exchange System, VAT Refund, System for Exchange of Excise data on Europa website, e-forms and DAC automatic exchange of information) builds towards the development of a tax e-administration. They limit the resource-extensive paper-based procedures. For example, the **Mini One Stop Shop** (MOSS) system deployed in 2014 according to legal provisions, and a second release has been completed in 2018. This system contributes to reducing the administrative burden on tax administrations and compliance costs for taxpayers: for those taxpayers active in the telecommunications, broadcasting and electronic services and established within the Union as it allows fulfilling their VAT obligations in a single place of compliance instead of in each country of the economic activity.

The availability of key taxation systems already in place and of the **IT network** on which they operate - the CCN/CSI (common communication network/common systems interface in the area of customs and taxation), remained at very high levels, above 99%. The level of the use made of the European Information Systems remained pretty much stable in comparison with previous years (5.9 billion messages exchanged over the network, with a volume of 7.3 Terabytes).

The programme's **joint actions** (project groups, seminars, workshops, working visits, multilateral controls, expert teams, and capacity building activities) allow that national tax administrations work together, exchange experiences and share information. It also enhances the administrative capacity of participating countries. Indeed, the feedback from participants in joint actions collected under the Performance Measurement Framework shows that the collaboration robustness between programme stakeholders is progressing in the desired direction. The conclusions of the mid-term evaluation also highlighted that Fiscalis has been effective in reinforcing cooperation between tax authorities in the EU Member States and other participating countries.

The two **expert teams** that were created for taxation in 2016 produced their outputs in 2017/2018 (on IT collaboration and exchange of information). The DAC2 expert team supported national tax authorities in the implementation of Council Directive 2014/107/EU, which imposes on Member States an automatic exchange of financial information by collaboratively designing and developing some national software modules of DAC2. This allowed Member States to save costs on the phase of the development lifecycle and to ensure a cross-border orientation. The objective of the expert team on IT Collaboration (MANITC) was to group Member States resources to strategically manage IT Collaboration initiatives in the field of taxation for the implementation of IT systems. Based on the results of MANITC, two additional expert teams were launched to foster the IT collaboration in the taxation area (MANITC 2 in 2017 and MANITC 3 in 2018) in continuation

of the predecessor MANITC 1 objectives. In the area of excise duties, two new expert teams were launched in 2018 to create a mobile application for EMCS controls, and to develop an excise duty calculator. Also in 2018 another expert team was created to group Member States' resources to assist the Commission in the development of the Transaction Network Analysis (TNA) software, a custom built software to facilitate information exchange and data analysis within the Eurofisc network.

In the area of **EU training**, the significant 2018 increase of tax professionals trained on EU Tax eLearning modules demonstrates the added value of the Fiscalis 2020 Programme's EU Training activity area. With the use of EU Tax eLearning modules by national administrations having increased in 2018 by 34% compared to the year before and in view of further 120.183 private sector professionals having been trained on EU Tax Learning modules, the impact radius of EU training increased significantly in 2018. Further to having put in place in 2017 a new common strategic Action Plan for EU customs & tax training & staff development for 2017 - 2020, researching the usefulness of innovative training delivery methods for national administrations, such as Interactive EU eBooks for training purposes and EU Training webinars (piloted in 2017 mainly on customs topics) led to positive results and promises resource and efficiency gains in common training, skills & knowledge development of tax staff for the years to come.

The key **observations** that can be deduced from the analysis of the performance measurement framework indicators in 2018 are as follows:

- Continued **strong demand** for programme support.
- High level of **achievement of results** of the joint actions is reported by the **action managers**.
- Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national tax officials who participated in them. In particular, **joint actions under objective 1** (European Information Systems) got the **maximum score** on the extent to which they had achieved their intended result(s).
- **Low awareness rate**, as shown by the results of the programme polls and by the conclusions of the mid-term evaluation.
- The European Information Systems are **regularly operated** and resistant to **increased volume of data traffic**.
- New EIS developments are largely taking place in line with the planning thanks to the support of the programme. The systems are regularly maintained and updated and the user support and training are functioning properly.
- **Increase in the number of eLearning modules used by national administrations** and complete technical migration of training modules.

ANNEX 1 - PRODUCTION STATUS OF THE TAXATION IT APPLICATIONS AND TRANS-EUROPEAN SYSTEMS

The following convention “**RAG**” is used to represent the production status of the taxation applications:

Legend	RAG status
Denotes that all the elements of the application are proceeding fine and the application were up and running during the reported period.	OK
Denotes that some elements of the application were causing concerns at some time during the reported period.	NOK
The application in production was down and affects the users at some time during the reported period.	Down

IT system in operation		Q1	Q2	Q3	Q4
Direct Taxation systems and applications					
	AEOI – DAC1 (CI161)	OK	OK	OK	OK
	AEOI – DAC2 (CI202)	OK	OK	OK	OK
	AEOI – DAC3 (CI203)	OK	OK	OK	OK
	AEOI – DAC4 (CI204)		OK	OK	OK
	AEOI – EU CTS (CI206)	OK	OK	OK	OK
	AEOI – EU FATCA (CI207)	OK	OK	OK	OK
	TIN on the Web (CI084)	OK	OK	OK	OK
	eForms – Direct Taxation (CI162)	OK	OK	OK	OK
	Taxes in Europe database - TEDBv2 (CI090)	OK	OK	OK	OK
Indirect Taxation systems and applications					
	VIIES (CI078)	OK	OK	OK	OK
	VIIES-on-the-Web (CI079)	OK	OK	OK	OK
	Mini One-Stop Shop (MOSS) (CI100)	OK	OK	OK	OK
	VAT refund (CI081)	OK	OK	OK	OK
	eForms – VAT (CI162)	OK	OK	OK	OK
	Taxation Information and Communication –	OK	OK	OK	OK

Recovery systems and applications					
	eForms – Recovery (CI162)	OK	OK	OK	OK
Excise systems and applications					
	EMCS Core business (CI119)	OK	OK	OK	OK
	EMCS Administrative cooperation (CI121)	OK	OK	OK	OK
	SEED (CI144)	OK	NOK ³⁸	OK	OK
	CS/MISE (CI148)	OK	OK	OK	OK
	EMCS converter (CI164)	OK	OK	OK	OK
	EMCS Test application (CI157)	OK	OK	OK	OK
Common systems and applications					
	Self-Service Testing System – SSTS (CI087)	OK	OK	OK	OK
	Taxation Statistical System (TSS) (CI086)	OK	OK	OK	OK
	CTA (CI011)	OK	OK	OK	OK

³⁸ The application was running at a very low rate and resulting in rejecting many messages due to an abnormal amount of messages send by one Member State to the SEED queue. The application needed around 5 days to process them.