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**Fiscalis 2020 Programme - Progress Report 2017**



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**Management of programmes and EU Training**

**FISCALIS 2020 PROGRAMME**

**2017 PROGRESS REPORT**

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## 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 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
DT	Direct Taxation
EAF	Event Assessment Form
EC	European Commission
ECAS	European Commission Authentication System
ECNTC	European Communication Network for taxation and customs
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

2017 was the fourth year of activities under the Fiscalis 2020 programme and in many ways similar to 2016. The numbers of proposals, events and participants remained at high levels, testifying to a strong demand from business owners and national administrations for programme activities. As is standard for the programme, the vast majority of funding in 2017 went into the development and operation of European Information Systems, followed by the organisation of the joint actions, studies, and the training activities. There were no significant changes to the budget levels, notwithstanding the committed expenses introduced in 2016 and that remained in the budget for 2017, dedicated to the new type of joint actions - the expert teams.

In terms of **performance measurement**, 2017 was the fourth year for which a number of indicators could be collected. The indicators obtained under the framework in 2017 give an overall positive assessment, both from the business data perspective and from the feedback obtained from the action managers and the participants to the activities. Similar to previous years, the indicators suggest that during the year the programme was on course to fulfilling its objectives and that it played an important role in facilitating the implementation and development of tax policy through its European Information Systems (EIS), joint actions and human competency building. Such overall assessment has been confirmed by the results of the Mid-Term Evaluation of the programme (see section 7).

The vast majority of the programme budget continues to be spent on the **European Information Systems**, which are common IT systems of critical importance for interconnecting the tax authorities effectively, allowing the exchange of information in the framework of fight against tax fraud, tax evasion and aggressive tax planning, both for direct and indirect taxation. A system for the automatic exchange of financial account information, as regards accounts that persons may hold in Member States in which they are not resident, entered in production in September 2017 (DAC2). In addition, a secure central repository allowing to record and share between the Member States the tax rulings issued by the EU tax administrations, has been put in production as of September 2017 (DAC3). Also during 2017 a system for the automatic exchange of information on multinational enterprise groups as regards the global allocation of their income, economic activity and taxes paid among countries, had its specifications approved by the Member States (DAC4). In the area of VAT, a more comprehensive message to the users in case of invalid verification of a VAT number via the VIES-on-the-Web was deployed in December 2017 addressing a recommendation of the Ombudsman. Regarding cooperation with international organisations, a facility allowing exchange of information with third countries has been put in production in September 2017 in the field of direct taxation by bridging CCN/CSI with the relevant OECD platform.

Besides developing new systems, the programme supports the taxation systems already in place and the highly secured dedicated **IT network** on which they operate - the CCN/CSI (common communication network/common systems interface in the area of customs and taxation). In 2017, 4,320 billion messages were exchanged over the network, with a volume of 5.57 Terabytes. At the same time, the network and the key taxation systems maintained high availability rates and provided reliable helpdesk functionality to national tax administrations.

Collaboration between tax officials is a key success factor for implementing tax policy in Europe. This collaboration improves the understanding and the implementation of tax law in the area of fight against tax fraud, tax evasion, aggressive tax planning and administrative cooperation. The programme's **joint actions** (project groups, seminars, workshops, working visits, multilateral controls, presences in the offices and participation in administrative enquiries and capacity building activities) ensure the exchange of best practices and knowledge and create the framework for joint efforts. 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. In the 2014-2017 period, more than 95% of the responding participants declared that the programme provided them with a good opportunity to expand their network of (and contacts with) officials abroad. 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 ended averaged at around 84%.

**Expert Teams** (ET) represent a new tool from the programme toolbox supporting enhanced operational collaboration. They allow willing Member States to bring their cooperation to a next dimension of European integration at the policy implementation level. The Expert Teams approach allows tax 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. The two Expert Teams that were created for taxation in 2016 in the area of IT collaboration and automatic exchange of information (Managed IT Collaboration and DAC2), became fully operational and produced their main outputs during 2017. The DAC2 Expert Team supported Member States in the implementation of Council Directive 2014/107/EU, which imposes through Art. 8(3a) an automatic exchange of financial information (such as account numbers, beneficiary's name, account balance or gross amount of interests paid) by collaboratively designing and developing some national software modules. 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 Managed 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, e.g. the development of IT software, IT solutions (design, specifications etc.), IT components (Architecture, platforms etc.) or other features that support an IT solution (e.g. testing). The Managed IT Collaboration Expert Team had a duration of 12 months, ending in September 2017. A new Expert Team (MANITC II) was launched in October 2017 to continue the work in the same area.

In relation to **training and human competency building**, Fiscalis 2020 supported in 2017 the uniform implementation and application of tax policies (VAT competency/tax compliance building) specifically through the production of a series of national language versions of the EU VAT knowledge-building eLearning programme (2016 programme of 12 learning modules), the re-development and updating of the EU VAT Fraud course and more, all leading to a significant increase of the national use of EU Tax eLearning modules, with 32.908 national tax officials trained on EU eLearning courses (compared to 4.421 in 2016). This represents an increase of national administrations' use of EU tax eLearning courses of 87% compared to 2016. A common strategic Action Plan for EU taxation and customs training & staff development was put in place in 2017, suited to provide commonly agreed EU training direction for the years 2017 – 2020 (joint Customs 2020/Fiscalis 2020 training measure).

The key **observations** that can be deduced from the analysis of the Performance Measurement Framework indicators in 2017 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.**
- **Increased degree of networking among programme participants.**
- **European Information Systems regularly operated and resistant to increased volume of data traffic.**
- **New key European Information Systems entered into operation in 2017.**
- **Successful operational development of the Expert Team tool.**
- **Significant increase of national use of EU Tax eLearning modules (87% increase) and a common multi-annual Action Plan for EU Customs Training & Development (2017 – 2020) in place.**



### 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 2007 and Fiscalis 2013, 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:

**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 to 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 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.

**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.

**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 programme<sup>1</sup>) decide jointly on 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

The 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 those foreseen in 2018 and 2021 for the Fiscalis programme (Mid-Term and Final Evaluation, 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

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<sup>1</sup> 34 participating countries: 28 Member States, Albania, Bosnia and Herzegovina, The former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey.

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?
<b>Action Reporting Tool (ART) - Proposal form</b>	At the beginning of each activity	Action managers
<b>Action Follow up Form (AFF)</b>	In February, one form per action or one form each year for multi-annual actions	Action managers
<b>Action Follow up Form for working visits</b>	Within three months after the end of the working visit	Participants to the working visit
<b>Event Assessment Form (EAF)</b>	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
<b>Programme Poll</b>	Every 18 months – to be launched in: <ul style="list-style-type: none"> <li>• Mid-2015, beginning 2017, mid-2018, end 2019</li> </ul>	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.

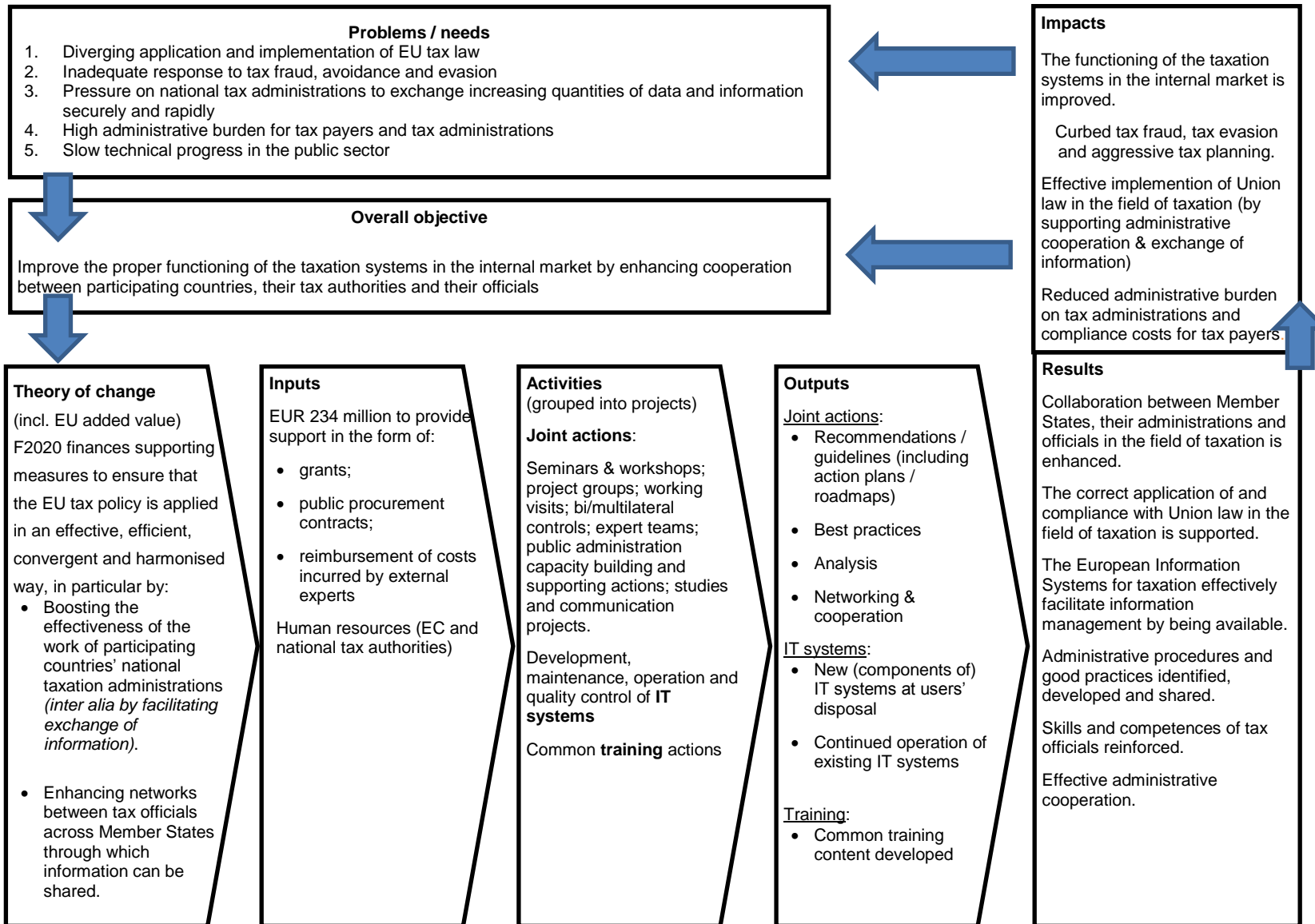
The Mid-Term Evaluation (in 2018) and the final evaluation (in 2021) of the programme will make full use of the available Progress Reports and in addition report on the progress in relation to the impact indicators.

In relation to the implementation of the PMF, it has to be highlighted that during 2017 there was a remarkable increase in the response rate of participants, increasing from 29% in 2016 to 41% in 2017. The main reason for this increase in the response rate is the new automatic notification system put in place in ART at the beginning of the year. This notification is sent to all participants 60 days after the event finalisation and contains the link to EAF in the webpage of EUSurvey.

**Figure 3: Response rate**

	2015	2016	2017
<b>Rate of replies from participants to the event assessment form (EAF)</b>	29%	27%	41%

**Figure 4: Intervention logic of the Fiscalis 2020 programme**



## 4. PROGRAMME YEAR 2017 – BASIC PARAMETERS

### 4.1 Introduction

2017 was the fourth year of activities under the Fiscalis 2020 programme and represented a continuity of many actions of 2016. 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.

There were no significant changes to the budget levels, notwithstanding the committed expenses introduced in 2016 and that remained in the budget for 2017, dedicated to the new type of joint actions - the Expert Teams.

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

Finally, while all participating countries have used the programme in 2017, 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 5 below summarises the programme funding according to the five main activity types. In order to make the table more meaningful, the budgetary information for the previous years has been added.

**Figure 5: Committed<sup>2</sup> expenses per year and main action categories under the programme**

	2014	2015	2016	2017
<b>EIS</b>	€23,053,874.72	€24,691,254.51	€23,244,421.81	€22,347,000.00
<b>Joint actions (excl. Expert Teams and studies)</b>	€4,630,000.00	€4,300,000.00	€4,370,000.00	€4,200,000.00
<b>Expert teams (pilot projects)</b>			€988,040.00	€650,000.00
<b>Training</b>	€908,585.18	€600,003.24	€1,205,600.00	€1,242,000.00
<b>Studies</b>	€2,184,539.26	€1,375,690.06	€1,640,916.81	€3,300,000.00
<b>TOTAL</b>	€30,776,999.16	€30,966,947.81	€31,448,978.62	€31,739,000.00
<b>AWP</b>	€30,777,000.00	€31,025,000.00	€31,449,000.00	€31,809,000.00
<b>EU Annual Budget</b>	€30,777,000.00	€31,025,000.00	€31,449,000.00	€31,809,000.00
<b>Amount MFF</b>	€30,777,000.00	€31,025,000.00	€31,449,000.00	€31,809,000.00

As is standard for the programme, the vast majority of funding in 2016 went into the development and operation of European Information Systems, followed by the organisation of the joint actions, studies and the training activities. In the last two years, the committed expenses on joint actions (organised under the grant agreements) would have stayed largely unchanged compared to the previous year had it not been for the new type of joint actions – Expert Teams. Expert Teams belong to joint actions, but due to their specific nature are shown separately in the table. It is worth recalling that the expenses for joint actions are difficult

<sup>2</sup> The table compares committed amounts for the last four years, since the actual expenses are not finalised for all the years.

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.

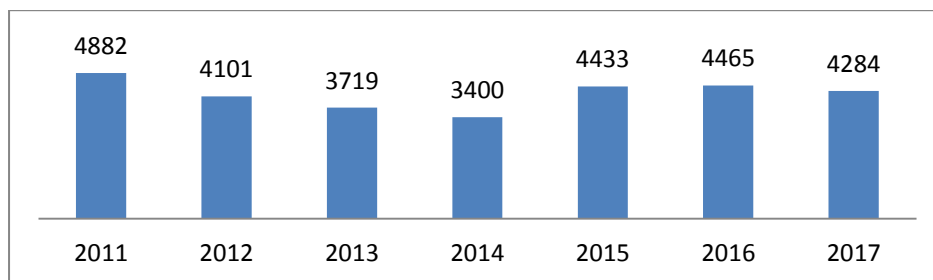
The programme also finances the conduct by external contractors of studies, data collection and comparative analyses in taxation issues. During 2017 a series of important studies were launched, increasing the budget commitments from €1.6M in the previous year to €3.3M. Some of the initiatives launched in 2017 related to:

- Study supporting the Mid-Term Evaluation of the Fiscalis 2020 programme.
- Evaluation of VAT invoicing rules, including electronic invoicing.
- Study and Reports on the VAT Gap in the EU-28 Member States.
- Evaluation of the excise duty rates applied to manufactured tobacco of Council Directive 2011/64/EU.
- First assessment of the procedure for VAT refund under Directive 2008/9/EC.

### 4.3 Participants

The number of total participants (which measures all instances of participation in activities and allows for the same people having taken part in multiple activities) remained at a high level, above 4200, after a continued rise since the launch of the programme.

**Figure 6: Number of participants<sup>3</sup> in joint actions per year under the Fiscalis 2013 and Fiscalis 2020 programmes**



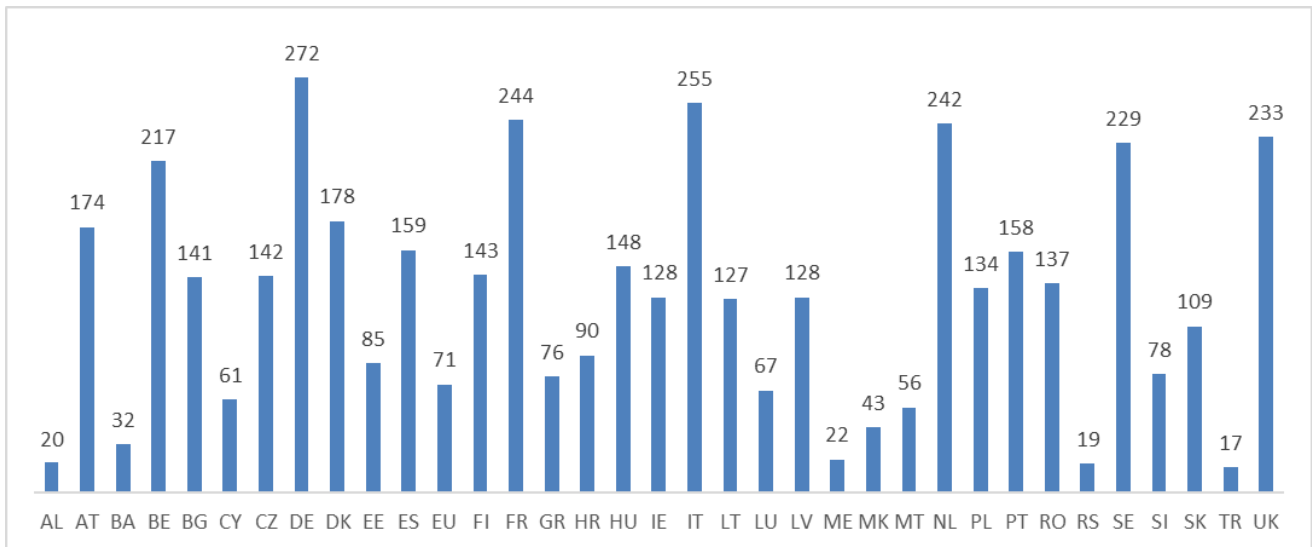
It is important to stress that participation to programme activities is voluntary and is influenced by a number of factors, such as: the business need for organising activities, the trend of moving away from physical meetings towards online collaboration, as well as the individual national administration's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

If we look at the distribution of participants by country, we can see that all the countries are utilizing the programme, but that some countries, considering the size of their administration, do so more than others. This is especially true in the case of working visits, which the participating countries initiate and organise autonomously.

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<sup>3</sup> 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).

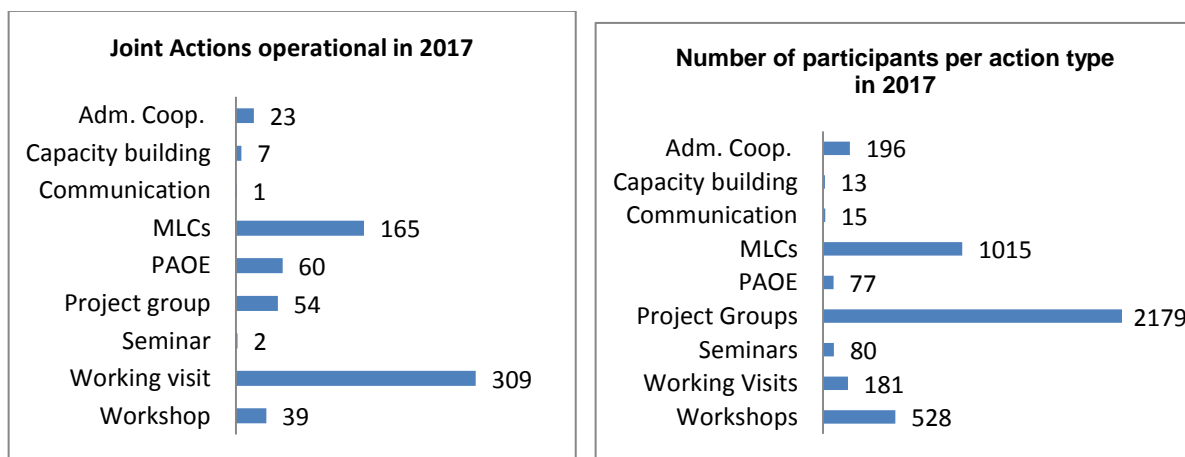
**Figure 7: Overview of participants per country in 2017<sup>4</sup>**



#### 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.

**Figure 8: Number of participants per action type in 2017 and the number of operational joint actions under Fiscalis 2020 in 2017<sup>5</sup>**



<sup>4</sup> 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. Macedonia), RS (Serbia), TR (Turkey).

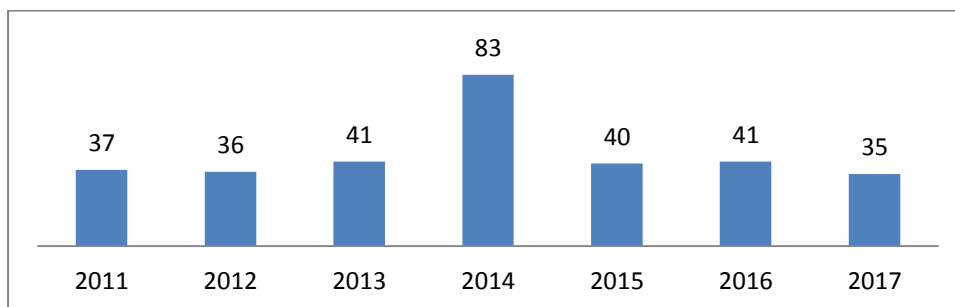
<sup>5</sup> Administrative cooperation actions included in the charts refer to selection meetings in which the participating countries meet to explore the usefulness of initiating PAOE / MLC actions in a certain area.

In 2017, 660 joint actions were operational (ongoing). The number was stable (644 in 2016 and 710 in 2015). Some of these actions were launched as new proposals in 2017, while some continued from the earlier programme years. If we look at their distribution, we can see from the two figures above that the most popular action type remains working visits, followed by multilateral controls placed second and PAOE as distant third, followed closely 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) - is already widely used, with 60 operational actions in 2017 (there were 48 in 2016 and 49 in 2015). 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 multilateral controls and workshops. The increase of multilateral controls over the years (604 MLCs in 2014, 672 in 2015, 817 in 2016), reaching more than 1000 participants in 2017 is to be highlighted.

During the year, an important groundwork was made for the introduction of another new type of joint actions - the Expert Teams. This is a new collaboration tool, which aims at achieving more efficiently and quickly the intended results with an increased degree of commitment, collaboration and EU funding. Expert Teams are especially important for large and complex projects that require an intensive level of cooperation and increased funding support. In 2016, two Expert Teams in the area of IT (DAC2 and MANITC) were launched under the Fiscalis 2020 programme, which continued their activities during 2017. In addition, MANITC II, the successor expert team of Managed IT Collaboration, was also initiated in 2017 (more about them in sections 5.2 and 6.3).

If we want to look at the evolution of new proposals over time (Figure 9), we first need to exclude the working visits in order to get a comparative number<sup>6</sup>. Comparing the proposals in this way, outside working visits, we can see that their number was steady in the period 2011-2013. 2014 as the year of transition to the new programme meant that all proposals for ongoing activities had to be re-launched, which led to the great increase in the number of proposals treated in the year. In 2015-2017, we can observe a return to a standard year of activities under the programme.

**Figure 9: Number of new proposals approved under the programme (without working visits)**

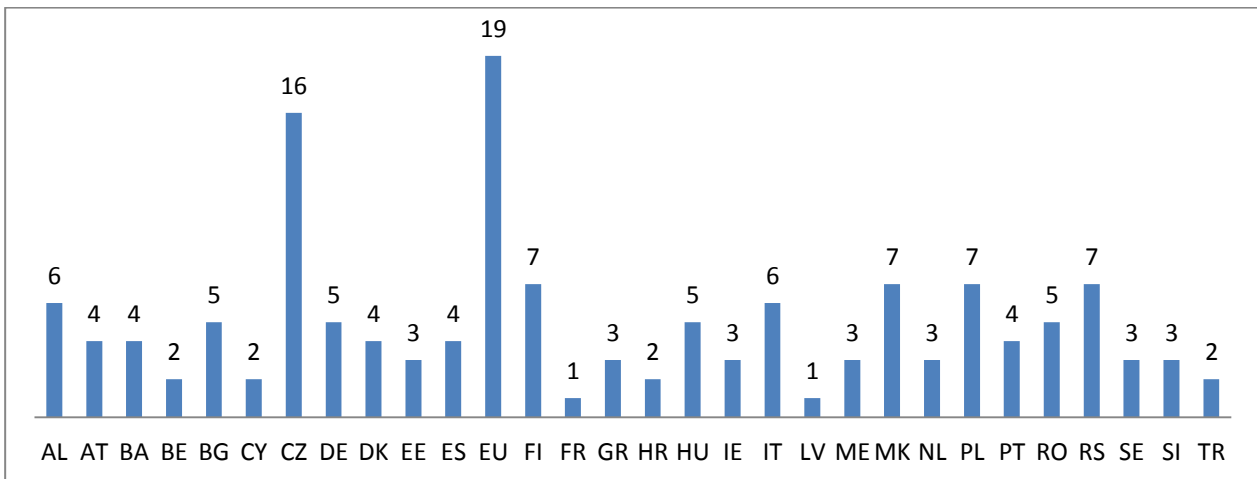


At the level of the initiating teams, as expected, most of the proposals for joint actions (other than working visits) were submitted by DG TAXUD units (marked EU in Figure 10). The national programme teams mostly submitted proposals for working visits, and here too we can observe in Figure 10 the difference among the administrations in the level to which they pro-actively utilise the programme.

<sup>6</sup> 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).



Figure 10: Overview of proposals under the programme per initiating country in 2017



## 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 value	2015 value	2016 value	2017 value
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
	AFF Working Visits	3.62 (2014)	>3	3.62	3.34	3.37	3.65

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 on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action against the anticipated results. 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 could be set at 3 or higher (3 corresponding to "results achieved to a large extent"). When we compare the obtained indicators for 2017 against the targets and the values in the preceding years, we can see that overall joint actions have been performing well (3.11), achieving their results to a large extent, regardless of minor fluctuations between the years. The results for working visits were even higher (3.65), indicating that these participants are highly satisfied with the business value obtained.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which the target audience is aware of the programme	Prog. Poll	F2013 Programme Poll (2011) 66.1%	>75%	53.89%	No poll results	59%	No poll results

**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 second Programme Poll took place in January 2017 and around 3000 tax officials from 30 programme countries participated. As the poll measures awareness and networking in the period between the two polls, the results of the January 2017 poll can be included as the measurement for 2016<sup>7</sup>. As a reminder, 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.

We can observe that 59% of all tax officials in Europe are aware of the Fiscalis 2020 programme, which represents a rise in the awareness of 5% compared to the poll results for 2014. The Progress Report 2014

<sup>7</sup> The results of the third programme poll (launched mid-2018) will be used in the annual progress report of 2018.

recommended to TAXUD to take actions aimed at raising awareness among general tax audience. A communication policy towards the national stakeholders was identified as a potentially beneficial action in this respect: accordingly, in 2016, TAXUD defined a new communication strategy for the Fiscalis 2020 programme, which includes 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 Fiscalis 2020 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, Multilateral Control guide, and implementation guidance). In 2017, TAXUD launched a programme newsletter, which informs national administrations on highlights in the programme community. 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. The 2018 Programme Poll will show if the activities have helped to raise awareness on the programme in the participating countries.

Indicator	Source	Baseline (2011 poll)	Target	2014 value	2015 value	2016 value	2017 value
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)	Prog. Poll	Q1: 79%	Q1: >80%	Q1: 95.15%	No poll results	Q1: 97%	No poll results
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: >90%	Q2: 68%	Q2: 72.8%	Q2: 69%	Q2: 74.75%

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 is progressing in the desired direction. In 2014, approx. 95% 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 slight better result was reached in 2016 (97%). 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. Despite being below the established target, the value reached in 2017 is very close to the baseline and shows an improvement of more than 5 percentage points in comparison with 2016.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations  Q 1 (AFF): Were the outputs of the action shared in national administrations? (percentage agreeing)	AFF	Q1: 48% (2014)	Q1: >60%	Q1: 48%	Q1: 63.5%	Q1: 62.94%	Q1: 56.15%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Q 2 (EAF): Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)	EAF	Q2: 96% (Prog. Poll F2013)	Q2: >90%	Q2: 96.4%	Q2: 94.8%	Q2: 95.8%	Q2: 92.62%

The levels of sharing of the **programme outputs** (such as recommendations, guidelines, studies etc.) dropped in 2016 and 2017 to 56%, following a big rise in 2015. This value is above the baseline but below the established target (60%), showing that the outputs of the joint actions could and should be shared in national administrations more intensely. However, the knowledge acquired from joint actions is informally spread by participants among colleagues to a high extent (92.62%), above the set target of 90%.

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

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

At EU level, the fight against tax fraud, tax evasion and aggressive tax planning is materialised by setting-up IT systems and other mechanisms of cooperation. These IT systems allow tax administrations to exchange information by electronic means. 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 2014-2017 period, the CCN/CSI has the required high availability and the number of exchanged messages on the network has been rising over time.

The European Information Systems supported by Fiscalis 2020 interconnect tax authorities and thus facilitate the coexistence of 28 taxation systems in the Union. In the observed period, they allowed information to be exchanged rapidly and in a common format that can be recognized by all Member States. At the end of 2017, there were 25 European Information Systems in operation.

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 2017.

### I - Key performance indicators for EIS

F2020 output indicators – New IT systems	Year 2016	Year 2017
Number of IT projects in the research phase (PP)	12	14
Number of IT projects in the development phase (P)	10	8
Number of new IT systems in operation	1	3 (EU-CTS, DAC2, DAC3)
Ratio of IT projects in status "green" <sup>8</sup>	95%	82 % (18/22)
F2020 output indicators – Existing IT systems	Year 2016	Year 2017
Number of European Information Systems in operation, as per Annex 1 of the Fiscalis 2020 Regulation	22	25
Number of modifications on IT systems in operation following:	Excise 37 Other Taxes in total 264	Excise 23 Direct Taxes 104

<sup>8</sup> Projects that are progressing in line with the requirements, time and budget limitations set-up.

a) business requests		VAT 57 Recovery 8 Other 205
b) corrections	Excise 102 Other taxes in total 344	Excise 199 Direct Taxes 264 VAT 170 Recovery 21 Other 312
Number of occurrences where the service desk is not joinable (Member States)	None	None
Percentage of service calls answered on time (Member States)	100%	99.45%
<b>F2020 result indicators – European Information Systems</b>	<b>Year 2016</b>	<b>Year 2017</b>
Availability of CCN (% of time)	99.98%	99.89 % of time
Availability of VIES-on-the-Web (% of time)	99.97%	99.93 <sup>9</sup> % of time on average
Availability of EMCS (% of time)	99.54%	99.61%.
Volume of data exchanged on CCN (Customs and Taxation)	5,54 Terabytes	5,57 Terabytes
Number of messages on CCN Network (Customs and Taxation)	4,54 billion	4,320 billion

## II - IT Continuity

The core outcomes of 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 internal market. All the centralised IT systems, as well as the underlying infrastructure (CCN/CSI) – developed, managed and maintained by the Commission - were available in the 2014-2017 period as scheduled, with more than 99% of the time meeting the expected targets.

In particular for 2017:

- 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 number database (VIES-on-the-WEB) were running without major interruptions. VIES on the WEB did suffer in January from significant perturbations of service for few days, which gave rise to significant corrections of the infrastructure later in the year to avoid their reoccurrence.

## III - Direct Taxation Systems

### Information box 1

In relation with the administrative cooperation activities, in particular in the area of direct taxation, in 2015 first automatic exchanges of information 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**)

<sup>9</sup> 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.

provides for the automatic exchange of tax information on financial items as of 2017. The programme financed in 2015 and 2016 the definition of the tool. Taking into account the international context around this initiative (namely, the US Foreign Account Tax Compliance Act - FATCA and OECD global standard), the developments registered under the programme in this area had a strong international resonance. The third revision of the directive (**DAC3**, transposition deadline 31/12/2016) provides for the automatic exchange of information on tax rulings and advance pricing arrangement. The fourth revision (**DAC4**, transposition deadline 4/6/2017) provides for the automatic exchange of information on country-by-country reporting by multinationals, while the fifth revision (**DAC5**, transposition deadline 31/12/2017) provides for access by tax authorities to mechanisms, procedures, documents and information as regards beneficial ownership. In addition to the IT systems put in place in relation to the automated exchanges of information (see below), the implementation and the technical developments of some DAC2 modules were supported under the programmes in 2016 and 2017 by an Expert Team, a new tool from the programme tool-box supporting enhanced operational collaboration (see section VI).

#### Main achievements in 2017:

- DAC2, a system for the automatic exchange of financial account information as regards account that persons may hold in a Member States in which they are not resident, entered successfully in production in September.
- The DAC3, a secure central repository allowing to record and share between the Member States the tax rulings issued by the EU tax administrations, has been put in production in September.
- The DAC4 specifications were approved by the Member States. DAC 4 is a system for the automatic exchange of information on multinational enterprise (MNE) groups as regards the global allocation of their income, economic activity and taxes paid among countries.
- The latest version of Automatic exchange of information-DAC1 Validation Module v1.3.0 was made available to Member States after 05/05/2017.
- The latest version of Automatic exchange of information-DAC2 Validation Module v1.1.4 was made available to Member States on 11/09/2017.
- The latest version of Automatic exchange of information-DAC3 (v1.1.13) was deployed in production on 21/12/2017.
- The Automatic exchange of information- DAC4 Validation Module v1.0.1 was made available to Member States on 21/12/2017 as well as the test reference package, which is required for the Common Testing Application.
- The EU-Common Transmission System has been put successfully in production in September. EU-Common Transmission System is a SPEED2 based platform allowing smooth and easy exchange of information with third countries in the field of direct taxation.
- The EU-Taxpayer Identification Number feasibility study has been finalised in Q2/2017.
- Tax Identification Number on the web v1.7.3 (Taxpayer Identification Number Algorithms) was deployed in production on 29/06/2017.
- Development of eFCA DT (Direct Taxation) started during the year and application will be delivered in iterations.

#### IV - Indirect Taxation Systems

##### Information box 2

**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 increased by 72% (almost 1500 million validations).

The **Mini One Stop Shop** 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 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.

The **Excise Movement and Control System (EMCS)** is 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. More than 100 000 economic operators currently use the system, and it is a crucial tool for information exchange and cooperation between Member States.

#### Main achievements in 2017:

- The new version of VIES on-the-web (VoW v5.3.0) was deployed with success on 21/12/2017. It implemented the Ombudsman recommendation for a more comprehensive message to the users in case of invalid verification of VAT number.
- The development of Mini One Stop Shop Test Reference Package and supporting tools for the Conformance Testing (Test Data Converter Tool) was in progress at the end of reporting period.
- The development of the Electronic Forms Central Application (eFCA) for VAT e-forms continued during the reporting period, with the delivery of specifications and prototypes. It was followed by the development of the final version of eFCA VAT, which was in progress during the reporting period.
- In relation to excise duties, the updated SEED (System of Exchange of Excise Data) for EMCS version 3.3 was successfully deployed, including the integration of business statistics. SEED 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. The use of EMCS and its impact on enhancing administrative cooperation activities is analysed in section 5.3.

#### V – Other IT systems

##### Main achievements in 2017:

- Research was initiated in 2017 for the impact of the **blockchain technology** in trans-European systems and reached very promising results by putting in place an active collaboration with the Commission's Joint Research Centre. In 2018, the activity continues to deepen TAXUD's capacity to use this innovative technology and establish a common approach with the Member States. The key conclusions of the initial steps are that blockchain can substantially simplify business while, although implying an increase of common costs usually borne by the Commission, it allows for substantial reduction of costs at EU level.

- Recovery form: the development of prototypes was completed during the reporting period and the development of the final version of the Electronic Forms Central Application Recovery form version was in progress at the end of 2017.

## VI - Member States joint actions in the area of IT

There were 21 joint actions organised in relation to the EIS during 2017, 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, Central Application for VAT e-Forms Group, Central Application for Recovery e-Forms Group and the Solution for calculation of Excise Duty in EU Group. One new project group was launched during 2017 on the implementation of VAT e-commerce package, including discussions of the IT implementation of the 2021 place of supply rules (EU, non-EU and import schemes). This project group will continue its activities in the years to come.

During 2017, the series of Mini One Stop Shop technical workshops continued.

In 2016, two **Expert Teams** were launched in the area of IT (DAC2 and Managed IT Collaboration), which continued their activities during 2017. The Expert Team on Managed IT Collaboration (MANITC I) ran for 12 months, ending in September 2017. Its successor, (MANITC II), was launched in October 2017 and lasted until September 2018. More information on these Expert Teams is provided in section 6.3 – case study.

Expert Teams represent a recent tool from the Fiscalis 2020 programme toolbox supporting enhanced operational collaboration, either on a regional 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 teams 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.

- DAC2 Expert Team: 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 as part of the scope of FISCALIS Project Group FPG 063 and is 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 is 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. They will be developed in a way that will allow their use to be adapted to future similar international exchanges.

Participating countries: MT-NL-SE-RO-UK-PT

- Managed IT Collaboration (MANITC I) Expert Team: 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.

Taking into account the budget constraints faced by public administrations, opinions are converging to a consensus that the traditional way of developing similar functionalities 28 times is a waste of public funds. Furthermore, such an approach does not keep up with the challenging rate of developments of existing Taxation IT systems that need to support the business needs coming both from a dynamic international scenario and from national developments.

Working in a more synchronised, coordinated and collaborative way with other Member States allows European tax administrations not only to save money and time but also to increase the quality



of their IT solutions. IT Collaboration further promotes reusability and interoperability of IT systems. Investing in implementing IT systems in a more coordinated and collaborative way is expected to reduce the cost, complexity and time needed to develop and maintain Member States' taxation IT systems.

Participating countries: IE-FI-MT-HU-IT-PT-RO

More information on the 2017 developments of these expert teams is provided in section 6.3 – case study.

The stakeholders' assessment of the IT related joint actions was very positive in 2017 and well above target levels:

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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
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%
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%
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%

### 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 288 **joint actions** organised under this objective, 32 more than in 2016. The most numerous actions were multilateral controls (161), followed by PAOE (60), administrative cooperation activities (23), working visits (22), project groups (15) and workshops (7). The assessment of action managers indicates that business owners are satisfied with the overall progress, which remains above the target levels. Participants' feedback on the 'achievement of results', 'usefulness' and 'met expectations' have been quite high since the launch of the programme, and has further increased in 2017 for the three sub-indicators compared to previous year.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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
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%
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%
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%

The most numerous joint actions were the **multilateral controls (MLCs)**. Multilateral control means a coordinated 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.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of Member States participating in MLC's	ART	23 (2014)	Grow	23	27	28	27
Number of Member States initiating MLCs	ART	16 (2014)	Grow	16	19	20	17
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

In 2017, 27 Member States participated in such multilateral controls, which is one less than in 2016. At the same time, 17 Member States initiated MLCs.

The action managers of the multilateral controls that took place in 2017 have expressed a similar assessment (2.71) than in 2016, regarding the level of achievement of results (2.70), which is lower than the same value measured in 2015 (3.08). Most action managers explained the low score by the fact that the controls had not been finalised at the time of completing the evaluation form.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of presences in the offices and participation in administrative enquiries	ART	49 (2015)	Grow or stable	0	49	40	42

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 60 such actions launched in 2017, representing an increase of 25% since 2016. Most actions were launched by Finland, Germany, UK and Latvia.

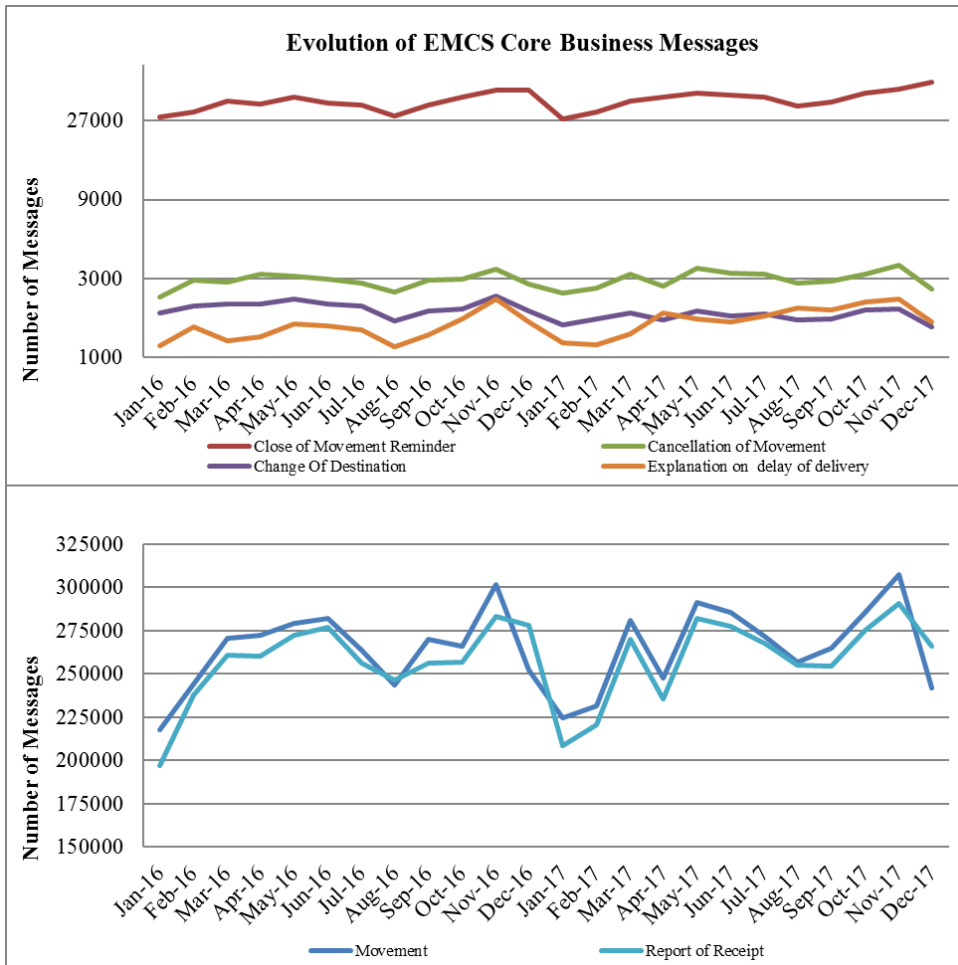
Finland has launched PAOE joint actions to visit Latvia to investigate different establishment cases. Many Latvian companies have a lot of business activities in Finland (very often the owners and/or the management are Finns). The common question is whether the company has a permanent establishment in Finland, but the main problem is how to collect information for the decision making process. Finland has successfully used a new PAOE model with Estonia in 2016 (PAOEs for many companies at the same time, working in pairs (one permanent establishment expert plus one auditor)) and Finland decided to use the same, very effective model with Latvia. Similarly, the DE tax administration launched PAOE visits to their Italian, Austrian and Czech colleagues, covering different topics.

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. More than 100 000 economic operators currently use the system, and it is a crucial tool for information exchange and cooperation between Member States.

At the level of indicators, if we compare the operational statistics from 2016 and 2017 we can observe the following:

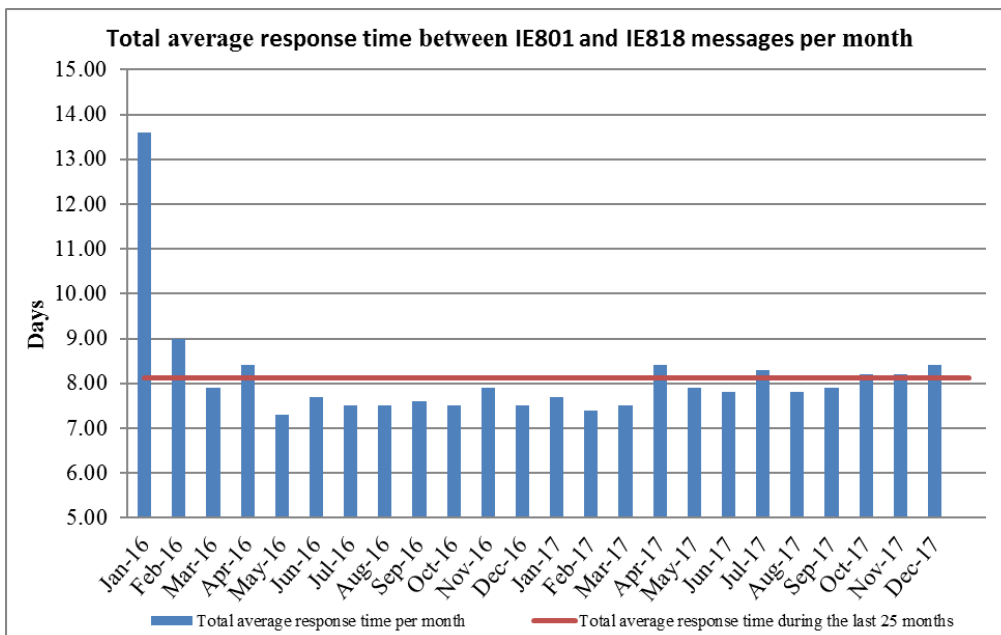
- Improvement in the number of EMCS Phase 3 Core Business Messages in 2016 and 2017: in short, the following graph indicates that 6.815.013 EMCS Core Business Messages were processed during 2017 (on average 567.918 per month) under control of the EMCS system. The number increased by 1.09% compared to 2016.

**Figure 11: Evolution in the Number of EMCS Core Business Messages (2016 – 2017)**



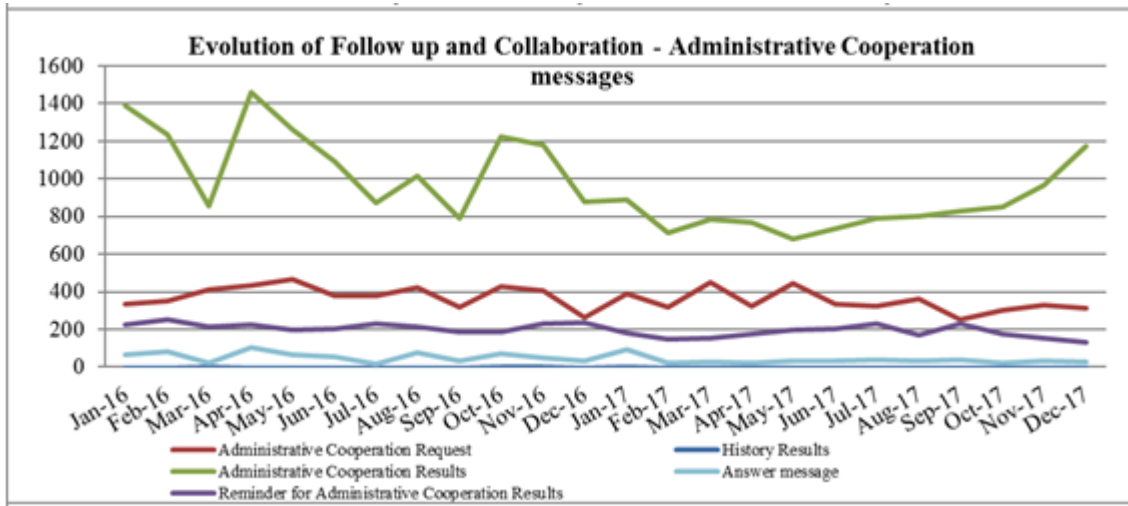
- Improvement in the total average response time between the submission of movements and their corresponding Report of Receipts: the figure below shows that the total average response time during the last twenty-four months is 8.08 days. The total average response time was stable during 2017 with an average monthly value 7.96 days.

**Figure 12: Total Average Response time (2016 – 2017)**



- Improvement in the number of EMCS Follow-up and Collaboration Messages during 2017:
  - The usage of the Control Report messages increased by 58.60% compared to 2016.
  - The usage of the Administrative Cooperation Request messages decreased by 9.75% compared to 2016. 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.
  - The usage of the Movement Verification Request messages increased by 98.86% compared to 2016.

**Figure 13: Evolution of EMCS Follow-up and Collaboration Messages – Administrative cooperation messages (2016 – 2017)**



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, while there were fluctuations in the numbers of recovery messages (up by 15%) and VAT messages (down by 17%). Similar fluctuations are equally true for other types of taxation mailboxes (Multi-Lateral Controls, Mini-One-Stop-Shop, Fraud, System for Exchange of Excise data, etc.), where it is observed that there is no specific trend or a recognizable pattern regarding the way that messages fluctuate over time.

Regarding the usage of CCN mail service (Mail3), the number of messages exchanged via the taxation mailboxes was slightly decreased by 1.71% (334.190 in 2017 compared to 335.902 messages in 2016). Recovery e-Forms messages account for 50.45% of the total messages exchanged via the taxation mailboxes during 2017. According to figures showed in Figures 14a and 14b, it is observed that there is no specific trend or a recognizable pattern regarding the way that messages fluctuate over time.

**Figure 14a: CCN/Mail3 – exchanges per quarter (Q1/2016 - Q4/2017) for direct taxation**

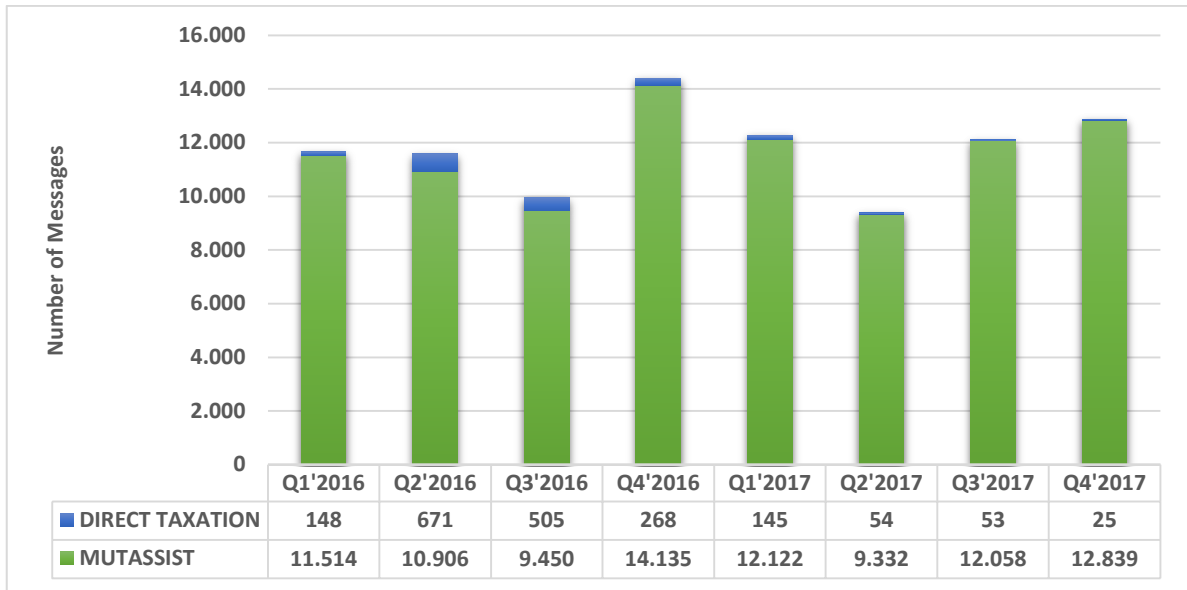
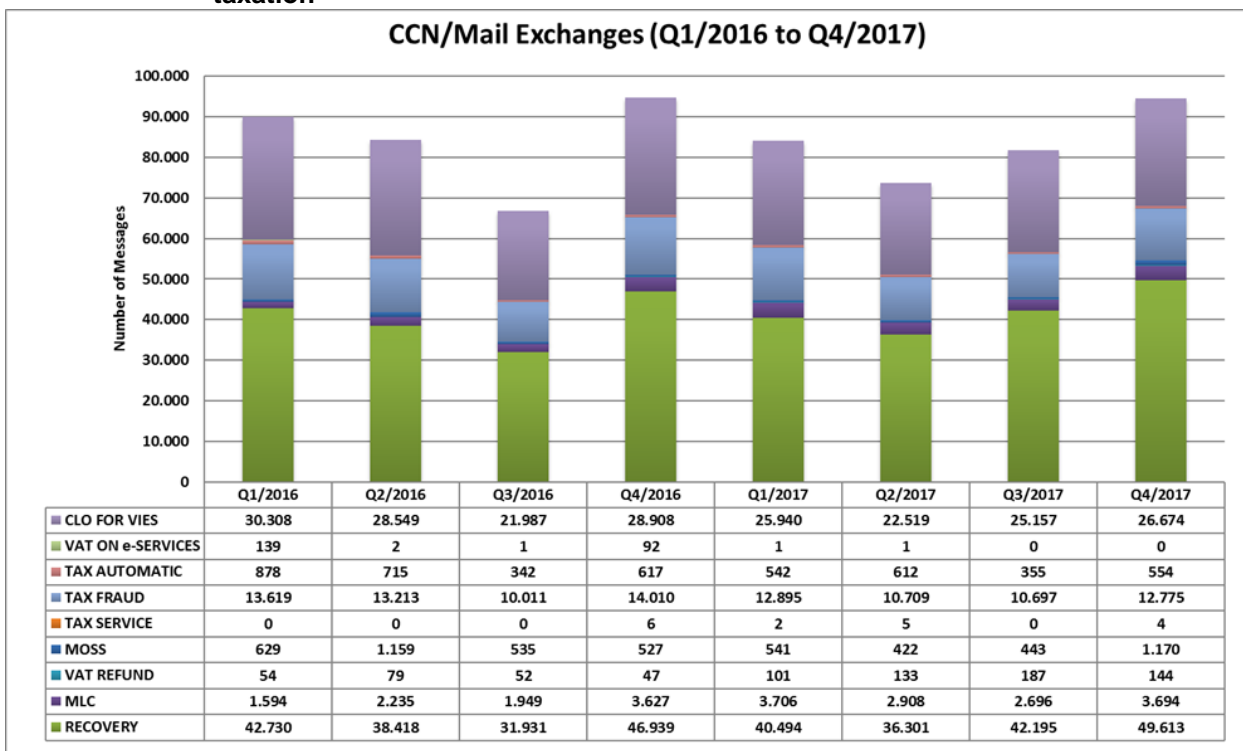


Figure 14b: CCN/Mail3 – Exchanges per quarter (Q1/2016 – Q4/2017)<sup>10</sup> for indirect taxation



When it comes to the **VAT Information Exchange Systems (VIES)**, the total number of messages was almost 2.201 million in 2017, which represents a slight increase of 0.72% (or 15.7 million messages) compared to the 2.185 million messages in 2016. The difference was mainly due to the increase of Registry messages (85.5 million messages). The table below shows the evolution over the last two years of VIES Messages per quarter, in millions.

<sup>10</sup> 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; TAX SERVICE: Exchange of VAT Algorithms and other IT related information; VAT REFUND: Exchange of information related to VAT Refund.

Type of Messages	Q1'2016	Q2'2016	Q3'2016	Q4'2016	Q1'2017	Q2'2017	Q3'2017	Q4'2017
Registry messages	81,9	81,5	87,7	89,6	99,9	106,5	106,4	113,4
Turnover data messages	26,6	20,7	18,9	20,3	28,1	20,4	20,0	21,6
MS warning messages	71,5	120,9	146,8	199,0	98,2	117,6	94,4	113,4
Vies on the Web messages	216,5	284,4	326,6	393,0	278,2	327,0	299,8	356,9
<b>Total</b>	<b>396,4</b>	<b>507,5</b>	<b>580,0</b>	<b>701,9</b>	<b>504,4</b>	<b>571,5</b>	<b>520,5</b>	<b>605,2</b>

#### 5.4 Objective 3: to reinforce skills and competencies 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
Number of EU eLearning modules produced <sup>11</sup>	EC	6 (2013)	Grow or stable	6	6	18	36 <sup>12</sup>
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
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
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
Average training quality score by tax officials	EC	67 (2015) <sup>13</sup>	>70	73	67	70.8	75.1

<sup>11</sup> 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.

<sup>12</sup> 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. During 2017, a specific focus was put in developing localised language versions of existing eLearning modules on specific request of participating countries.

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.

In total, a **highly increased number of 32.908 officers** have been trained using EU Tax eLearning courses in 2017 (compared to 4.421 officers in 2016), which represents an **overall increase of 87%** (in numbers of trainees) of EU Taxation eLearning courses. The training quality score of the EU Tax eLearning portfolio is on average 75.1 out of 100, or 'very good'.

Traders and the public, who can download EU Tax eLearning courses freely from EUROPA, downloaded EU Tax eLearning courses in total 8.592 times and reported 20.865 trainees on the EU tax courses. This represents a considerable decline compared to 2016 with its 18.456 downloads and 228.150 tax trainees, that is mainly due to the quick responsiveness of the private sector to the release of the new EU VAT eLearning Programme in 2016 (whilst the public sector use reaction to it can be situated in 2017).

In 2017, in particular the VAT EU eLearning programme (2016 release) 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 to **train 28.832 of their tax officials**. Further 2.513 national officials were trained on the EU VAT Fraud Prevention eLearning course, which represents a 50% increase of course usage for this specific course compared to 2016.

In addition, a Fiscalis 2020-cofounded European Parliament Pilot Project on digital tax education for young Europeans (TAXEDU)<sup>14</sup> was realised in 2017, with a first 'EU tax educational portal for young Europeans' going public on 7/11/2017 in 22 EU languages, equipped with a multitude of commonly developed digital tax educational material (264 educational videos, 8 eLearning courses), an immersive 3-levelled tax educational game (TAXLANDIA) and further extensive support material for educators. Portal use monitoring measures reported for the month of December 2017 about 22.300 TAXEDU portal visitors and more than 7.800 Facebook followers. This 2017 initiative targeted the establishment of a positive tax attitude amongst today's youth and on a long run an informed next generation of taxpayers (tax compliance project). Further Fiscalis 2020 EU Training support is planned for 2018 and 2019 to support national administrations with their tax educational programmes for young people and pursuing the overall aim of bringing tax education into national school curricula.



In 2017, there were also 23 **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 and EMCS. Although there was a decrease in the number of training events organised by comparison with 2016, the total number of tax officials trained increased from 225 in 2016 to 324 in 2017. The trainings received very positive feedback from the participants in terms of their usefulness and meeting the participants' expectations.

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<sup>14</sup> TAXEDU portal access: [https://europa.eu/taxedu/home\\_en](https://europa.eu/taxedu/home_en)



Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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
Number of tax officials trained in IT trainings	ART	106 (2014)	Grow or stable compared to baseline	106	136	225	324
Percentage of tax officials who found that the IT training met their expectations	EAF	87.32% (2014)	>80%	87.32%	93%	95%	95.86%
Percentage of tax officials who found the IT training to be useful	EAF	95.77% (2014)	>80%	95.77%	98%	98%	97.52%

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

There were 35 **joint actions** operational under this objective in 2017, 15 less than in 2016 and below the baseline (46). Due to the historical oscillations of the number of actions, it is unclear for the time being whether this figure might be linked to a systematic decrease of activity under this objective. Next year's measurement will be able to shed more light on this issue.

Out of the 35 joint actions, 23 were working visits, with Czech Republic, Italy, Slovakia and Germany being particularly active as the sending administrations. Six workshops were organised during the year on a number of issues: on the scope of application of Articles 14(1)(b) and (c) of Directive 2003/96/EC, namely taxation and tax exemption of fuel used in aviation and maritime sectors; on tax law judges in cooperation with the Association of European Administrative Judges; on the special scheme for small enterprises under the VAT Directive and on success factors for a fair taxation of the digital economy.

Four project groups were equally active during the year under this objective. Three of them continued their activities from previous years on partially denatured alcohol, on classification and inclusion of (new) products in the scope of excisable tobacco products and on a new fiscal marker for gasoil and kerosene. During 2017, a new project groups was launched on excise and customs cooperation – application of Art. 329 UCC IA for excise goods

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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
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	EAF	93.47% (2014)	>80%	93.47%	91.62%	85.36%	85.5%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
(percentage of those who replied 'fully' or 'to large extent')							
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%
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%
Number of actions (JAs) that have supported or facilitated to enhance the understanding and implementation of Union law in the field of taxation	ART (excl. Working Visits and Expert Teams)	46 (2014)	Grow or stable compared to baseline	46	71	50	35
Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA (under this objective)	AFF (excl. Working Visits and Expert Teams)	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)

*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 3.75 in the last two years (up from 2.87 in 2015) indicates that the action managers are satisfied with the progress obtained within their groups in 2017. Such a positive assessment is also confirmed by the participants to joint actions, who have also expressed very high levels of satisfaction with the activities in terms of 'meeting their expectations' (85.5%), after a big decrease in 2016 when compared to 2015 level; it is to be noted that results remained always above target level. The number of officials participating to these activities who found them to be professionally 'useful' or 'very useful' has increased in 2017 (close to 98%).

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. Concretely, for 2017, this would mean, that there are at least over 35 outputs produced for all joint actions. With 9 outputs produced in 2017, 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 is in the process of improving the data collection in this regard (recommendations/guidelines) via extended use of PICS.

## 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 done through joint actions, European Information Systems and the online collaboration platform PICS.

As was the case in 2016, we can see a slight increase in the number of **joint actions** under this objective, with 284 JA's operational in 2017 (compared to 251 in 2016 and 225 in 2015). Again, the vast majority of actions organised were working visits (247), with the Czech Republic, Hungary, Germany, Italy, Spain and Portugal being particularly proactive as sending organisations. 14 workshops were organised during the year on a number of issues including transfer pricing, profit allocation in terms of intangible assets, collaborative economy & tax compliance, raising awareness of excise fraud in the alcohol sector, amongst others.

Three new project groups were launched during the year in different domains: Presence of customs and tax on social media networks, Identifying new and innovative methods to measure outcomes in tax administration, and Update of Compliance Risk Management Guide for Tax Administrations.

In 2017 there was a considerable increase in the number of outputs (guidelines and recommendations) issued by participating countries in their national administrations following Fiscalis activities under this objective (105 outputs in 2016 and 237 outputs in 2017). However, 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.

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
Number of actions under the programme organised in this area	ART	105 (2014)	Stable or grow compared to baseline	105	225	251	284
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
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%

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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%
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%
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)
Number of working practices/administrative procedures (AP) developed/shared (under this objective)	AFF (excl. Working Visits)	17 (2014)		17 (AP)	7(AP)	11(AP)	19(AP)

At the level of achievement of results of these joint actions, the action managers have given high grade, above the target level of 3 (corresponding to "results were achieved to a large extent"). Similarly, on the participants' side, we can see that their perception of the achievement of results, as well as their perceived usefulness and met expectations by the programme activities organised under this objective remained high (94,16%) and increased 4% since last year, well above the target level of 80%. The indicators measuring the number of recommendations and guidelines increased considerably in 2017, with more than 230 of such outputs.

In the case of working practices / administrative procedures developed under this objective, the numbers have considerably increased since last year, from 11 to 19. When we look at all the outputs together (recommendations, guidelines and administrative procedures), we can see that they exceed the number of actions organised under this objective, meeting target levels (average of one output per organised action).

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value
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%
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%	73,37%

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 (up by 2%) with almost 95% 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 73.37% 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 value	2015 value	2016 value	2017 value
Number of face to face meetings (total for the programme)	ART	443 (2013)	Grow or stable compared to baseline	265	551	552	563
Number of on-line collaboration groups (PICS) (total for the platform)	EC	110 (2013)	Grow	199	261	301	277
No of downloaded files from PICS (total for the platform)	EC	13564 (2013)	Grow or stable compared to baseline	73200	116538	96062	104 941
No of uploaded files on PICS (total for the platform)	EC	3445 (2013)	Grow or stable compared to baseline	5521	11177	7807	7 184

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 tax officials to facilitate the running of joint actions, but also for other, non-programme related collaboration needs. We can see that the total number of online collaboration groups (both customs and tax) on the platform continued to rise since 2014, with a slight decrease of 7% 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 2017, there were 1182). In terms of file uploads, after a significant increase in 2015, the numbers came down in 2016 and started to recover in 2017 (number of downloaded files increased from 96 000 to 105 000), the numbers being always significantly higher than the baseline and the 2014 values.

## 6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

### 6.1 Introduction

The Annual Work Programme (AWP) is a strategic 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 objective of the programme (4 AWP projects in total), with additional information on their work and outcomes during 2017. 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:
The fight against tax fraud, tax evasion and aggressive tax planning – Excise Duties
Description of the project:
Excise fraud is a growing issue costing Member States billions in un-collected taxes and, in certain cases, threatening the EU citizens' health and environment. Excise goods are particularly lucrative for organized crime groups due to potentially enormous profits that can be earned with fraud. Despite Member States having tools to monitor the movement of certain types of excise goods, excise fraud is still a major problem. The reason is that the tools can be abused and certain categories of products, which could be put to excisable use, are not moved under those tools. In addition, there is a different level of interest among different Member States towards excise fraud as different levels of taxation exist and, as a result, different perceptions of the problem. In addition, there are substantial differences in control practices and processes for granting authorisations among Member States. Therefore, there is room for improvement in gathering good practice and providing guidance on what is the essence of the problem and how it could be dealt with.
Expected results:
<ul style="list-style-type: none"> <li>- Identify schemes and trends of tax fraud and the appropriate solutions to tackle these challenges in excise domain;</li> <li>- Raise awareness of excise fraud related issues by providing educational materials to Member States;</li> <li>- Undertake study on the possible extension of data collection on excise traders and on movements, particularly looking at the experiences of Eurofisc in the field of VAT; and CIS (Customs Information System), FIDE (Customs Files Identification Database), Surveillance 2 and Customs Risk Management System (CRMS) IT systems in field of customs controls, with a view to providing Member States with the means to identify potential fraud.</li> </ul>
Actions initiated under the programme:
<ul style="list-style-type: none"> <li>• Fiscalis Project Group (019) on Risk awareness in the field of international trade and movements of Excise goods;</li> <li>• Fiscalis Workshop (089) on raising awareness of excise fraud in the alcohol sector;</li> <li>• Implementation of an EMCS "multiple criteria query" feature, which allows a Member State excise IT application to query another Member State's excise movement database based on dates, types of products, traders, etc. The capacity to query each other's excise movements'</li> </ul>

database can help Member States detect suspicious movements, unlawful traders or fraud patterns.

Summary of main outcomes:

Fiscalis project group 019 produced two documents:

- guidelines on fighting fraud with alcohol products that summarises main “modi operandi”, ways to spot fraud, audit traders and tools available to responsible administrations to cooperate and exchange information;
- report with recommendations addressed towards Member States and the Commission aiming to improve Member States ability to fight excise fraud.

One of the recommendations of the FPG 019 was to create a network of excise experts for exchange of good practices. This was realised by the Commission creating a dedicated online PICS group “Network of excise experts” through which relevant materials such as reports from project groups, workshops and other events are shared.

Another follow-up to the recommendations of the FPG019 was the Fiscalis Workshop 089 on raising awareness of excise fraud in the alcohol sector that was held in 2017 in Calais, France. The purpose of the Workshop was to exchange good practices, create business contacts for people working in the field and to promote the guidelines produced by FPG019. 56 participants from 25 countries took part in the Workshop. Materials gathered during the Workshop were shared with wider audience through PICS group “Network of excise experts”.

**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:

IT Collaboration

Description of the project:

Currently, the tax EIS are too often developed in isolation both from a geographical and reusability perspective. This approach impairs the capacity of IT to deliver efficiently in years to come. Closer collaboration across taxation domains and across Member States is expected to merge requirements and expertise and thereby significantly increase cost-effectiveness of tax EIS. A managed IT collaboration will allow increasing the number of IT activities shared between the Member States as well as increasing the number of reusable components across the taxation silos. This will reduce the costs for IT implementation, deployment and operation in the Member States while offering increased agility in responding to the EU policy expectation.

The Commission will continue to promote and facilitate Member States in triggering and executing IT collaboration initiatives in a managed way, and will continue to support the set up and management of new joint actions, i.e. project groups, workshops and Expert Teams, to make IT collaboration effective and efficient.

Expected results:

- Support efficient and effective IT collaboration initiatives coming from the Member States in the context of the EU tax policy needs and in line with principles of effectiveness and efficiency;
- Further develop the IT collaboration strategy, the lifecycle of the IT collaborative domain, the master plan, the IT valuation methodology for IT collaboration activities, the IT collaboration communication plan, and complete the IT architecture;
- Deliver and coordinate main IT collaboration activities possibly via an expert team;
- Assess the extension of IT collaboration to the operational aspects;

- Enhance the use of the IT collaboration platform.
Actions initiated under the programme:
<p>Project groups:</p> <ul style="list-style-type: none"> <li>▪ FPG/037 IT Collaboration Catalyst Group</li> <li>▪ FPG/072 PG_Solution for calculation of Excise Duty in EU</li> <li>▪ FPG/068 Project Group on the technical implementation of the VAT exemption of supplies of goods exported in the personal luggage of travellers (hereafter 'VAT refund to travellers')</li> </ul> <p>Expert Teams:</p> <ul style="list-style-type: none"> <li>▪ Expert Team of Managed IT Collaboration (MANITC I)</li> <li>▪ Expert Team of Managed IT Collaboration (MANITC II)</li> <li>▪ Expert Team of AEOI DAC2 modules</li> </ul>
Summary of main outcomes:
<p>. The main outcomes of the IT Collaboration project during 2017:</p> <ul style="list-style-type: none"> <li>- The Catalyst project group has enlarged to 37 representatives from 22 Member States, and represents the main platform in charge of the strategy and governance of IT Collaboration in Taxation. The group has continued to promote collaborative initiatives among the Member States and has focused on progressing high potential project proposals and identifying new ideas for collaboration.</li> <li>- The project group on the Solution for Calculation of Excise Duty in EU has successfully completed its mandate and delivered the business case document.</li> <li>- A new dedicated Fiscalis project group on the technical implementation of the VAT exemption of supplies of goods exported in the personal luggage of travellers has started its activities.</li> <li>- The Expert Team of Managed IT Collaboration (MANITC I) successfully completed its deliverables related to the support and coordination of the IT collaboration activities.</li> <li>- A second Expert Team (MANITC II) started on October, continuing the activities of the previous Expert Team.</li> <li>- Two new collaborative projects have started their activities in the form of work-packages of the MANITC II Expert Team: the Inception &amp; Elaboration of Excise Mobile Apps project, and the Inception &amp; Elaboration of Excise Calculator project.</li> <li>- The AEOI DAC2 Expert Team successfully delivered the Architecture and Technical Design, and the main DAC2 modules: Packaging, Generate XML Message, Statistics, Database, and Integration modules.</li> </ul>

#### 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:
Administrative cooperation between Member States and Third Countries – exchange of information
Description of the project:
<p>The Commission supports administrative cooperation between Member States by empowering them with the tools they need, such as top quality and highly secure IT channels of communication, while making sure they use them at their fullest.</p> <p>In direct taxation, the EU needs more and more to cooperate also with Third Countries, taking into account the massive mobility of taxpayers and tax bases, well beyond the EU borders. Plenty of work relevant to this project happens at the global level (key example, implementation of the OECD's project on Base Erosion and Profit Shifting, BEPS).</p>
Expected results:



Enhanced cross-border tax compliance within the EU and internationally via more and better (more secure, quicker) exchange of information, through IT tools but also by other means (cross-border control activities).
<b>Actions initiated under the programme:</b>
<p>Provide Member States with the practical tools and instruments they need, such as electronic formats for exchange of information and secure channels of communication.</p> <p>Improve the existing instruments for exchange of information and develop new ones according to the evolution of the legislation, and promote the most effective use of practical IT tools.</p> <p>In the field of direct taxation, administrative cooperation with third countries is also important and many initiatives are taken on the international scene, e.g. the Common Reporting Standard (on the automatic exchange of financial account information) or BEPS. The Commission will assist the Member States in the proper and timely implementation of these actions in the EU.</p> <p>In the field of indirect taxation, the report from the Commission concerning administrative cooperation and combating fraud in the field of VAT (COM (2014) 71)<sup>67</sup> highlighted that an approach coordinated at EU level to establish administrative cooperation with third countries in the area of VAT would be a response to the diverging manner in which the Member States arrange their contacts with third countries at present.</p> <p>Fiscalis workshop (FWS/103) to boost the use of cross-border tax officers' presences and controls (PAOE).</p>
<b>Summary of main outcomes:</b>
<p>Some of the main outcomes related to be above mentioned actions can be summarised as follows (see also section 5.2, points II and III for more specific information on IT projects related to administrative cooperation and exchange of information):</p> <ul style="list-style-type: none"> <li>• A secure central repository allowing to record and share between the Member States the rulings made by the EU tax administrations, has been put in production as of September 2017 (DAC3).</li> <li>• A system for the automatic exchange of financial account information, as regards accounts that persons may hold in Member States in which they are not resident, entered in production in September 2017 (DAC2).</li> <li>• A system for the automatic exchange of information on multinational enterprise groups as regards the global allocation of their income, economic activity and taxes paid among countries, had its specifications approved by the Member States (DAC4).</li> <li>• A facility allowing exchange of information with third countries in the field of direct taxation by bridging CCN/CSI with the relevant OECD platform has been put in production in September 2017.</li> <li>• The development of the Electronic Forms Central Application (eFCA) for VAT e-forms continued during the reporting period.</li> <li>• The development of the Electronic Forms Central Application for Direct Taxation (eFCA-DT) continued during the reporting period.</li> <li>• In relation to excise duties, the updated SEED (System of Exchange of Excise Data) for EMCS was successfully deployed, including the integration of business statistics. The Project Group FPG/066 launched in 2016 continued its work during 2017 on the development of a Central Application for VAT e-forms.</li> <li>• With the final goal of improving the effectiveness of PAOE, translating into faster organisation of the PAOE and better outcome, the workshop allowed a pool of experts in the field to start working on improving different aspects of the presences, such as communication of results, how to choose cases worth a PAOE and how to operationalise them. This work also included starting to review different templates useful to manage PAOE, which is expected to be completed by the end of 2018.</li> </ul>

**6.5 Part 4 – To support the implementation of Union law and legislation - Case Study**

Title of the AWP Project:
Consistent implementation of Union law in the field of VAT
Description of the project:
<p>The Commission supports a consistent understanding and implementation of the EU VAT legislation (i.e. Council Directive 2006/112/EC on the common system of value added tax ("VAT Directive"), and its implementing provisions) and case law of the Court of Justice of the European Union.</p> <p>In its Action Plan on VAT of 7 April 2016, the Commission presented measures to modernise VAT in the EU. It is the first step towards a single EU VAT area that is equipped to tackle fraud, to support business and help the digital economy and e-commerce. It is therefore important to achieve the objective of improving the Union VAT system by implementing the actions envisaged under that action plan.</p> <p>It is also needed to provide for a dialogue between Member States and stakeholders on each of the actions pursued with a view to implement the action plan which includes the following key elements:</p> <ul style="list-style-type: none"> <li>• A future definitive EU VAT system for cross-border trade to reduce opportunities for fraud;</li> <li>• Immediate measures to tackle VAT fraud under the current rules;</li> <li>• More autonomy for Member States to choose their own rates policy;</li> <li>• Support for e-commerce and SMEs.</li> </ul> <p>Due to the political urgency of the implementation of the different key elements of the VAT action plan – which meant in practice that work on a number of legislative proposals had to be conducted in parallel – it was decided by the responsible service to focus F2020 programme activities during 2017 on the review of the special scheme for small enterprises laid down in Articles 281 ff. of the VAT Directive.</p> <p>The currently applicable rules on the special scheme for small enterprises under the VAT Directive 2006/112/EC are very complex, diverse across the EU, and create substantial compliance burden for small enterprises and administrative costs for tax administrations. In addition, they are not compatible with the evolution of the VAT system towards taxation at destination and with the Single Market perspective. A review of the rules is therefore needed. Simplification measures relating to VAT obligations of SMEs should be aligned to some extent and the opening of the exemption to suppliers from other Member States should be considered.</p>
Expected results:
Establish a dialogue between Member States and business, VAT practitioners and academics, which could help to (i) strengthen the evidence of the problems with the existing system and (ii) fine-tune the options for review of the special scheme for small enterprises.
Actions initiated under the programme:
<p>FWS/083/002 (Wroclaw, Poland, 20-22 March 2017) – Workshop on the "Review of the special scheme for small enterprises under the VAT Directive 2006/112/EC".</p> <p>The Workshop was organised with more than 90 participants, mainly representatives of the Member States in the Group on the Future of VAT (GFV); members of the VAT Expert Group (VEG) comprising business organisations, VAT practitioners, and academics; and Commission representatives.</p>
Summary of main outcomes:
<p>The mix of different stakeholders resulted in lively discussions and a number of valuable key messages feeding into the drafting of the legislative proposal that the Commission adopted on 18 January 2018 (COM(2018) 21 final) and that is currently under discussion in Council.</p> <p>The outcome of the workshop greatly contributed to balancing the legislative proposal, which was well received by both Member States and businesses.</p>

## 7. MID-TERM EVALUATION

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 is 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 main conclusions of the Mid-Term Evaluation exercise can be summarised as follows:

- **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 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.

## 8. CONCLUSIONS

During 2017 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 preliminary 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 .

In terms of **performance measurement**, 2017 was the fourth year for which a number of indicators could be collected. The indicators obtained under the framework in 2017 give an overall positive assessment, showing that the programme was on course to fulfilling its objectives. The sampled projects from the Annual Work Programme 2017 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.

In particular during 2017, two new systems entered in production in the area of direct taxation: for the automatic exchange of financial account information, as regards accounts that persons may hold in Member States in which they are not resident (DAC2), and a secure central repository allowing to record and share between the Member States the tax rulings made by the EU tax administrations (DAC3). In addition, specifications were approved by Member States for the automatic exchange of information on multinational enterprise groups as regards the global allocation of their income, economic activity and taxes paid among countries (DAC4). Also in the area of direct taxation, a facility allowing exchange of information with Third Countries has been put in production in September 2017 by bridging CCN/CSI with the relevant OECD platform. Regarding indirect taxation, a more comprehensive message to the users in case of invalid verification of VAT number via the VIES-on-the-Web was deployed in December 2017.

The availability of key taxation systems already in place and of the network on which they operate (CCN/CSI) 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 (4,320 billion messages exchanged over the network, with a volume of 5,57 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 in the area of IT collaboration and automatic exchange of information (Managed IT Collaboration and DAC2), became fully operational and produced their main outputs during 2017. The DAC2 Expert Team supported Member States in the implementation of Council Directive 2014/107/EU, which imposes an automatic exchange of financial information, by collaboratively designing and developing some software modules. 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 was to group Member States' resources to strategically manage IT collaboration initiatives in the field of taxation for the implementation of IT systems, e.g. the development of IT software, IT solutions (design, specifications etc.), IT components or other features that support an IT solution. The Managed IT Collaboration Expert team had a duration of 12 months, ending in September 2017. A new Expert Team was launched in October 2017 to continue the work on the same area.

In the area of **EU training**, the significant 2017 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 2017 by 87% compared to the year before (and in view of further 20.865 private sector professionals having been trained on EU Tax

Learning modules), the impact radius of EU training increased significantly in 2017, whilst still not having reached its full potential. 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 2017 are as follows:

- **Continued strong demand for programme support.** This can be seen in the high levels of the number of proposals, organised events and participation levels. These levels are overall high and similar to 2016 numbers.
- **High level of achievement of results of the joint actions is reported by the action managers.** The measured level of 3.11 corresponds to "results achieved to a large extent", which is the case for all joint actions. This indicates that, as in previous years, the business owners see the value of the programme for achieving the policy objectives. It is to be highlighted that the reported level of achievement of results is particularly high for working visits, and that it increased from 3.37 in 2016 to 3.65 in 2017.
- **Very positive assessment of the achieved results of the joint actions, their usefulness and met expectations by national tax officials who participated in them.** The values remain high and above targets, as in previous years, with minor fluctuations over the years for some of the operational objectives. This shows that the programme participants find that the programme activities correspond to their stated objectives and are professionally useful to them.
- **Increase in the degree of networking among programme participants.** The lasting networking averaged at around 70% during 2014-2016, rising to 74.75 % in 2017, facilitating the exchange of best practices and better functioning of the national taxation systems.
- **The European Information Systems are regularly operated and resistant to increased volume of data traffic.** The volume of data traffic on European Information Systems increased in 2017, while the performance and availability remained very high.
- **There were key new European Information Systems that entered into operation in 2017** and new 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.
- **Successful operational development of the Expert Team tool.** The two Expert Teams that were created for taxation in 2016 in the area of IT collaboration and automatic exchange of information (Managed IT Collaboration and DAC2), became fully operational and produced their main outputs during 2017. The expert team of Managed IT Collaboration had a duration of 12 months, ending in September 2017. A new expert team was launched in October 2017 to continue the work on the same area.
- **Significant increase of trained tax officials and in new training modules (in particular in form of national language versions).** In total, 32.908 officers have been trained using EU tax eLearning courses in 2017 and further 8.717 downloads from TAXUD's public EUROPA site reported 20.865 private sector trainees.

## 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
<b>Direct Taxation systems and applications</b>					
	Taxation On Savings – EUSD1 (CI083)	OK	OK	OK	N/A <sup>15</sup>
	AEOI – DAC1 (CI161)	OK	OK	OK	OK
	AEOI – DAC2 (CI202)	N/A <sup>16</sup>	N/A	OK	OK
	AEOI – DAC3 (CI203)	N/A <sup>17</sup>	OK	OK	OK
	AEOI – EU CTS (CI206)	N/A <sup>18</sup>	N/A	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
<b>Indirect Taxation systems and applications</b>					
	VIIES (CI078)	OK	OK	OK	OK
	VIIES-on-the-Web (CI079)	NOK <sup>19</sup>	NOK <sup>20</sup>	OK	OK
	Mini One-Stop Shop (MOSS) (CI100)	NOK <sup>21</sup>	NOK <sup>19</sup>	OK	OK
	VoeS (CI080)	OK	OK	OK	OK
	VAT refund (CI081)	OK	OK	OK	OK
	eForms – VAT (CI162)	OK	OK	OK	OK
	Taxation Information and Communication – TIC (CI088)	OK	OK	OK	OK
<b>Recovery systems and applications</b>					

<sup>15</sup> Tax on Savings has been phased out in September with the entry in production of DAC2.

<sup>16</sup> DAC2 entered in production in September.

<sup>17</sup> DAC3 entered in production in June.

<sup>18</sup> EU CTS entered in production in September.

<sup>19</sup> A severe disruption of service took place in January, from 23/01 AM until 25/01 affecting the service to the public. While the service was never completely down, the performance during peak working hours was such that it was effectively unworkable for the public.

<sup>20</sup> Unavailabilities occurred in May.

<sup>21</sup> Issues in the quality of data. While the system was working well for the vast majority of Member States, there were outstanding issues in Q1/Q2 involving 5 Member States in the exchanges of information.

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