MID-TERM EVALUATION OF THE FISCALIS 2020 PROGRAMME

Executive summary

PREPARED BY:

Submitted in November 2018. Specific Contract No 6 under Framework Service Contract TAXUD/2015/CC/132

FOR THE EUROPEAN COMMISSION

European Commission, B-1049 Brussels
Directorate-General for Taxation and Customs Union
Directorate D — Direct taxation, tax coordination, economic analysis and evaluation
Unit D.4 — Economic analysis, evaluation and impact assessment support
E-mail: TAXUD-EVAL-IA@ec.europa.eu

LEGAL NOTICE

More information on the European Union is available on the Internet (http://www.europa.eu).
Luxembourg: Publications Office of the European Union, 2018

ISBN: 978-92-79-98774-8
doi: 10.2778/699188

Executive summary

The programme

The Fiscalis 2020 programme (hereinafter "Fiscalis") is the EU's **on-going cooperation programme in the field of taxation**. It runs from 1 January 2014 until 31 December 2020 and gives national tax administrations a framework to cooperate and exchange information and expertise. Fiscalis is governed by Regulation (EU) No 1286/2013,[1] and aims to contribute to the coherent implementation of EU law in the field of taxation by securing the exchange of information and supporting administrative cooperation and enhancing the administrative capacity of tax authorities. The programme places additional emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning, in line with the EU tax priorities. There are currently 34 countries that participate in the programme (the 28 EU Member States and six candidate and potential candidate countries). While tax administrations are the programme's main target audience, economic operators are an important secondary audience that participates in certain activities as well as benefiting from others indirectly.

The programme has a budget of about EUR 223m for the 2014-2020 period and supports three types of actions to achieve its aims,[2] namely:

(a) **European Information Systems (74% of funding so far)**: IT systems to facilitate the exchange of information and access to common data;

(b) **Joint actions (16.5% of funding so far)**: meetings of tax officials and other stakeholders in various formats to enhance the exchange of knowledge and experiences between the tax authorities of the participating countries; and

(c) **Common training activities (3.5% of funding so far)**: e-learning modules and other training to support the professional skills and knowledge related to taxation.

The Directorate-General for Taxation and Customs Union (DG TAXUD) of the **European Commission manages Fiscalis 2020 centrally**, with the assistance of the Fiscalis 2020 Committee, composed of delegates from each Member State. Programme coordinators in each country help manage the involvement of their officials and carry out other organisational functions, with additional support within their administrations as necessary. Annual Work Programmes define priorities and implementing measures for each year, as well as thematically linked sets of activities called 'projects'.

The evaluation

A mid-term evaluation of the programme was carried out in 2017-2018. As defined in the Regulation, the purpose of the evaluation was to **assess performance so far** in terms of the criteria defined in the Better Regulation Guidelines (relevance, effectiveness, efficiency, coherence and EU added value) and to **make recommendations** for future improvement. In this way, the evaluation served both accountability and learning purposes.

The breadth and diversity of the programme's activities posed an important methodological challenge, in that it would not have been possible within the available resources and

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

[2] Just over 6% of funding so far has also been allocated to other expenses, such as procurement for studies and communication activities.

timeframe to cover all activities in the detail needed to draw robust conclusions. Moreover, much of the programme's support plays a contributing role alongside other factors (such as the action of national administrations) that is difficult to assess without in-depth qualitative research. For this reason, the evaluation was split into three complementary elements:

- A **programme assessment** that covered the entire programme to the extent possible based on an in-depth review of monitoring data (which covered financial, implementation and performance aspects) and other documentary sources, written questionnaires for national tax authorities and interviews with managers and users of the programme from the Commission and national administrations.
- **Thematic case studies** that examined in much more detail seven of the projects defined as priority areas in the Annual Work Programmes. These helped the evaluation understand whether and how Fiscalis is contributing to increased collaboration, the work of national administrations and the development and implementation of new processes, procedures and policies. The case studies were based mainly on interviews in seven participating countries with tax and other officials, in addition to a review of relevant documentation and scoping interviews with DG TAXUD. The fieldwork sample included the Czech Republic, Germany Italy, Latvia, Portugal, Serbia and Sweden.
- A **survey of economic operators** that sought to gather their views as taxpayers and users of certain IT systems and e-learning modules.

Overall the evaluation was **able to collect extensive and meaningful data that allow for confidence in the results**. However, it also encountered some challenges. These were mitigated to the extent possible, with any limitations given due consideration.

Key findings and conclusions

The next paragraphs present the evaluation's key findings and conclusions across each of the five criteria. These show that Fiscalis is a successful and firmly established programme that regularly takes stock of its performance and improves over time. It provides invaluable support to administrations and (as a secondary target group) economic operators, in turn supporting the fight against tax evasion, tax fraud and aggressive tax planning. While there is room for improvement, this amounts to tweaks to a programme that is on the whole relevant, working well and adding value.

Relevance

At root, relevance refers to the *need* for an initiative. In other words, if there was no Fiscalis programme, would someone need to invent it? The evaluation explored this in terms of the needs of national tax administrations, economic operators and citizens as a whole.

At a general level, the **findings were very positive**. The programme's specific objective is "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 the exchange of information, supporting administrative cooperation and, where necessary and appropriate, 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 growing political salience and cross-border nature of tax fraud, tax evasion and aggressive tax planning testify to the relevance of this objective. In order to tackle these issues **tax administrations voiced a need for support in the areas where the programme is active**. These include providing the means to exchange information securely and rapidly, cooperate with counterparts in other countries and enhance administrative capacity. There was also a widespread view that ambitious EU tax policies would not be possible to agree or implement without programme support. Overall, its priorities and mix of activity types were also found to be appropriate, although some stakeholders questioned whether the programme should narrow its scope and focus.

The economic operators targeted directly by the programme fell mainly into niche areas, such as businesses dealing with cross-border VAT. Though awareness seemed limited, **feedback was very positive from those benefiting** from activities such as e-learning modules, indicating the programme filled a gap. Among the general public, the programme addresses problems which are important for citizens, such as the fight against tax evasion and tax fraud.

Effectiveness

Effectiveness in evaluation terms refers to whether an intervention 'worked', regarding both its implementation and performance at different levels. For Fiscalis, we examined this from three perspectives. Most important given the focus of the programme was the ability of supported activities to reinforce cooperation and information-sharing between tax authorities. The evaluation also considered use and benefits among economic operators as a secondary audience, and finally tied this together with an assessment of the programme's contribution to its overall objective.

By providing a framework and the technological means needed to work together, **Fiscalis has played an integral role in reinforcing cooperation** between tax authorities in the EU Member States and other participating countries. 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. Each type of activity contributed in unique ways to increased cooperation across the policy cycle, from fostering early brainstorming and reflection to supporting practical implementation of policies and concrete operations, as well capacity- and knowledge-building.

The **different types of activities are not only effective on the whole, but also complementary**, with joint actions frequently being used to discuss and develop IT systems and training sessions and e-learning modules helping administrations to implement and use them. The increased trust and alignment of working methods engendered through the joint actions also gives administrations the confidence they need to pursue ambitious IT initiatives and use them to share sensitive tax information.

Despite the diversity of the activities, the evaluation observed **common success factors** relating to links to concrete policy initiatives, senior-level buy-in and good project management. These were generally present in high degrees, though there were some exceptions in areas where the perceived case for EU action was weaker (as with some platform-like joint actions where limited EU competence or lack of buy-in dampened participation) or where operational details could be improved.

As a secondary target group, **economic operators are expected to benefit** directly as participants in some joint actions and users of some supported IT systems in fields like VAT and excise or e-learning modules. While evidence was too limited to reach a firm conclusion, indications were encouraging, showing positive feedback on IT systems and increasing use of e-learning modules. Indirectly, the general success of the programme should also help economic operators (especially small- and medium-sized enterprises) by putting in place lighter and increasingly electronic procedures, thus facilitating trade.

Going up the causal chain, the programme's specific objective is too broad and affected by too many factors for us to make straightforward attributions. Different aspects of it are also overlapping and mutually reinforcing (e.g. the implementation of EU tax law depends in part on the exchange of information between administrations). Nonetheless, the evaluation

identified strong contributions in several areas, especially those with a strong EU competence and / or incentive to collaborate. Added together, these contributions supported the fight against tax fraud, tax evasion and aggressive tax planning. Contributions were less pronounced in areas with limited EU competence, or where high existing capacity reduced incentives to participate in certain collaboration fora, pointing to a need to focus on areas with more widely perceived needs. Similarly, the effectiveness of some otherwise successful activities was reduced by low awareness and uptake in some countries.

Efficiency

Efficiency was assessed in terms of both operational efficiency of implementation and overall cost-effectiveness, i.e. benefits achieved in relation to costs. Regarding the former, the foundation was Fiscalis' **long-standing success and proven ability to get better over time**, with gradual refinements to improve how it works. For the current period, new features (such as structuring annual priorities into thematically linked 'projects', new tools for monitoring and information-sharing, and increased synergies with the similarly-organised Customs 2020 programme) contributed to a high degree of efficiency that **allows the programme to operate with relatively few resources**. Criticism was minor and mainly related to efforts for continuous improvement. For example, the new monitoring system was a big step forward, but was considered too complicated and burdensome to function as an aid to decision-making. Similarly, a new tool for information-sharing between joint action participants fulfilled important functions but was not user-friendly enough to realise its potential.

Regarding benefits for costs, 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**, despite it being impossible to distil the findings into a number. In their different ways, the joint actions, IT systems and training activities clearly generate value for the EU and 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. By supporting the internal market, the programme should also increase trade by making it easier to deal with e.g. VAT across borders. By this logic, the assessment of cost-effectiveness follows the presentation on effectiveness above. In other words, the most cost-effective activities were often those that displayed key success factors, such as clear EU policy links. Indeed, while these were usually present, the large amount of money at stake highlights the importance of ensuring the relevance of given activities and a critical mass of participation in / use of them, as well as weighing up costs against expected benefits.

Coherence

Coherence has both an internal dimension, related to how well the programme's many parts fit together, and an external dimension, related to its alignment with other EU policies and programmes. Both were judged positively. **Strong internal coherence was attributed to Fiscalis' objective-driven design**, which ensures the alignment of its different components (though there is scope to increase awareness of the programme structure) and mutually reinforcing aims of the various objectives and activities. The examination of **external coherence found good alignment with the Europe 2020 strategy**, while the involvement of candidate countries supported policies related to their accession. The evaluation also found synergies with other EU policies, though **more coordination with other European Commission Directorates-General** is needed for these to materialise in practice (rather than existing just in theory).

EU added value

The concept of EU added value refers to the extent to which an initiative generates benefits over and above what would have resulted from interventions at local, regional or national level. In the case of Fiscalis, this was considered in terms of contributions to policy objectives and reduced administrative costs and burdens, complementing the activities and policies of the Member States and making achievements that are sustainable (i.e. long-lasting and not dependent on future EU support). The evaluation drew positive conclusions in each of these areas. By supporting, in the service of EU law and policy, fora for all kinds of exchange between administrations, **Fiscalis provides solutions for problems with a clear EU dimension**. These lead to **benefits from economies of scale and improving coordination** that would be difficult or impossible to achieve without the programme. The benefits were also found to be **long-lasting, though to a large extent dependent on future funding**, especially regarding maintenance of the IT systems that administrations rely on every day.

Recommendations

It follows from the above that **the Fiscalis programme should be continued** in order to consolidate the achievements made so far and to address established needs. The recommendations below offer some ideas that could be used to improve the programme in the future, both during the current funding period and later on and for stakeholders at different levels.

No	Recommendation	Responsible	Timeframe
	Programming and design		
1	Make more practical use of the Annual Work Programme projects and consider multi-annual programming. In the short term this could mean more discussion of the projects, while in the longer-term multi-annual programming would help increase coordination.	European Commission	Short-term and next funding period
2	Designate long-term, platform-like joint actions as such, so that appropriate criteria can be defined for funding applications and monitoring of such actions.	European Commission	Next funding period
3	Refine strategy for development and promotion of e-learning modules, so that the training programme addresses identified needs.	European Commission and national administrations	Short-term and next funding period
4	Investigate ways to improve the technological platform for the delivery of e-learning modules, based both on solutions on the market and best practices and synergies from other Commission services and initiatives.	European Commission and national administrations	Short-term and next funding period
5	Improve the procedures for the translation, localisation and updates to e-learning modules. This could lead to quicker localisations and updates, and solutions that are more tailored to the needs of individual countries.	European Commission and national administrations	Short-term and next funding period
	Implementation		
6	Increase coordination with other EU programmes, both in terms of operational coordination with the Customs programme and establishing a forum for working with other Commission Directorates-General	European Commission	Short-term and next funding period
7	Optimise the procedures and resources for the implementation of joint actions, so that the workload for available human resources and administrative burdens on different actors are appropriate.	European Commission and national administrations	Short-term and next funding period
	Monitoring and reporting		

8	Streamline the monitoring system so it meets actual needs while reducing administrative burdens. This could include both quick fixes like simplified forms and a study to refine and reduce the number of monitoring indicators.	European Commission	Short-term and next funding period
9	Develop a more coherent approach to assessing programme performance to reduce burdens and lead to more purposeful reports.	European Commission	Next funding period
10	Improve reporting and information-sharing tools, so that these can be made more user-friendly while still meeting demands for security and functionality.	European Commission	Next funding period
Communication			
11	Increase senior-level buy-in and political will among national administrations to boost participation and engagement.	National administrations	Short-term and next funding period
12	Communicate more actively about the possibilities of the programme, with national coordinators and other officials taking a more active role in finding out about and spreading awareness of the programme.	National administrations	Short-term and next funding period
13	Review strategy for dealing with economic operators and citizens, with a view to arriving at a common understanding of whether and to what extent actors beyond administrations should be targeted.	European Commission and national administrations	Short-term and next funding period

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
  via EU Bookshop (http://bookshop.europa.eu);

- more than one copy or posters/maps:
  from the European Union's representations (http://ec.europa.eu/represent_en.htm);
  from the delegations in non-EU countries
  (http://eeas.europa.eu/delegations/index_en.htm);
  by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm)
  or calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

  (*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions:

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

KP-02-19-013-EN-N

Publications Office

doi: 10.2778/699188