



Brussels, 23.12.2020
SWD(2020) 402 final

COMMISSION STAFF WORKING DOCUMENT

Fiscalis 2020 Programme Progress Report 2019

Contents

1.	ACRONYMS AND ABBREVIATIONS	2
2.	EXECUTIVE SUMMARY	3
2.1.	IT systems	3
2.2.	Joint actions	4
2.3.	Training and human competency	5
3.	INTRODUCTION	6
3.1	Fiscalis 2020 in a nutshell	6
3.2	The Performance Measurement Framework	7
3.3	Mid-term evaluation of the programme	8
4.	PROGRAMME YEAR 2019 – BASIC PARAMETERS (ON BUDGET AND JOINT ACTIONS)	10
4.1	Budget	10
4.2	Participants in joint actions (excluding expert teams)	11
5.	PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES	15
5.1	Cross-cut indicators of collaboration robustness between programme stakeholders	15
5.2	Objective 1: implement, improve, operate and support the European Information Systems for taxation	17
5.3	Objective 2: support administrative cooperation activities	25
5.4	Objective 3: reinforce skills and competences of taxation officials	32
5.5	Objective 4: enhance the understanding and implementation of Union law in the field of taxation	34
5.6	Objective 5: support the improvement of administrative procedures and the sharing of good administrative practices	36
6.	PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME	41
	ANNEX 1 - PRODUCTION STATUS OF THE TAXATION IT APPLICATIONS AND TRANS-EUROPEAN SYSTEMS	50

1. ACRONYMS AND ABBREVIATIONS

The following acronyms are used in this document:

Abbreviation	Meaning
AEOI	Automatic Exchange of Information
AFF	Action Follow up Form
ART	Activity Reporting Tool
AWP	Annual Work Programme
CCN/CSI	Common Communications Network - Common Systems Interface
DAC	Directive on Administrative Cooperation
EAF	Event Assessment Form
eFCA	e-Forms Central Application
EIS	European Information Systems
EMCS	Excise Movement Control System
ET	Expert team
FPG	Fiscalis Project Group
F2020	Fiscalis 2020 programme
JA	Joint Action
MANITC	Managed IT Collaboration
MFF	Multiannual Financial Framework
MLC	Multilateral Controls
MOSS	Mini-One-Stop-Shop
MSW	Member State Warning
N/A	Not available
PAOE	Presences in administrative offices / participation in administrative enquiries
PICS	Programmes Information and Collaboration Space
PMF	Performance Measurement Framework
SEED	System for Exchange of Excise Data
TEDB	Taxes in Europe Database
TIN	Taxation Identification Number
TSS	Taxation Statistical System
TOD	Turnover Data
VAT	Value Added Tax
ToW	TIN-on-the-Web
VIES	VAT Information Exchange System
VoW	VIES-on-the-Web

2. EXECUTIVE SUMMARY

At EU level, the fight against tax fraud, tax evasion and aggressive tax planning, and the implementation of Union law in the field of taxation, are materialised by setting-up IT systems and other mechanisms of cooperation, which are implemented to a large extent through the Fiscalis 2020 programme. The vast majority of the programme funding is devoted to the implementation, improvement, operation and support to the European Information Systems for taxation. The remaining part is used for funding the organisation of joint actions (the cooperation and collaboration side) and the training activities.

2019 was the sixth year of activities under the Fiscalis 2020 programme and represented a continuity of many actions of 2018. 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 programme¹.

The key observations that can be deduced from the analysis of the Performance Measurement Framework indicators in 2019, supported by some of the conclusions of the mid-term evaluation of the programme, are as follows:

- Continued **strong demand** for programme support.
- The European Information Systems are **regularly operated** and resistant to **increased volume of data traffic**.
- New European Information Systems 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.
- Major work was done to have the tax IT systems ready for a **withdrawal of the UK** from the EU.
- Increased support from the programme, by means of **expert teams**, on different aspects of IT collaboration.
- Very positive assessment of the **achieved results** of the joint actions, their **usefulness** and met **expectations** by national tax officials who participated in them.
- Increase in the degree of **networking** among programme participants.
- **Low awareness rate**, as shown by the results of the programme polls and by the conclusions of the mid-term evaluation.
- **Remarkable increase in the number of officials trained by using EU common training material** (242%), showing the great impact of the redeveloped and updated VAT Programme for the administrations.

2.1. IT systems

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

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. The network registered over 6 902 million messages exchanged during the period January 2019 to December 2019, compared to 5 790 million messages exchanged during 2018 (19.2% growth of number of messages). In terms of traffic, the CCN Network registered around 32.23 TB during the period January 2019 to December 2019, compared to around 29.08 TB during 2018 (10.8% increase of traffic volume).

¹ <https://op.europa.eu/en/publication-detail/-/publication/c9c68539-33f7-11e9-8d04-01aa75ed71a1/language-en/format-PDF/source-search>

The high volume of information channelled via CCN/CSI and the other tax related IT systems (e.g. **VAT Information Exchange System - VIES, Excise Movement Control System - EMCS**) shows that the programme is a solid and robust enabler for the information exchange amongst tax (and customs) authorities, moving towards a tax e-administration.

At the end of 2019, there were a total of 27 European Information Systems and related applications in operation for taxation. During 2019, the programme continued to support the operation of all these taxation European Information Systems and also supported further IT developments.

The **Mini One Stop Shop (MOSS)** system contributes to reducing the administrative burden on tax administrations and compliance costs for those taxpayers active in the telecommunications, broadcasting and electronic services and established within the Union, as it allows fulfilling their VAT obligations in a single place of compliance instead of in each country of the economic activity. As a result, the system will allow companies that sell goods online to their customers to deal with their VAT obligations in the EU through one easy-to-use online portal in their own Member State and their own language. Without MOSS, VAT registration would be required in each Member State into which they want to sell – a situation cited by companies as one of the biggest barriers for small businesses trading cross-border. MOSS will be extended to cover all cross border supplies of goods and services and will cover in addition low value goods sold to consumers and imported into the EU as of 1 July 2021. With the **VAT Information Exchange System (VIES)**, tax administrations exchange monthly data of Intra-community supplies, while with **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 and the administrative burden and compliance costs for traders and national administrations. VIES-on-the-Web was updated in 2019 in preparation for a potential withdrawal of the UK in a no-deal scenario. Similarly, there was another release regarding the **Tax Identification Number (TIN) on the Web (ToW)** to respond to an eventual no-deal Brexit.

During 2019, the IT system to support the automatic exchanges of information between Member States in the context of the Council Directive on **Administrative Cooperation² (DAC)** in the field of direct taxation had two major developments regarding DAC6: the standard electronic formats for exchange of information and a central directory that enables the reporting of cross-border reportable arrangements.

In 2019, DG TAXUD also continued the exploration of the blockchain³ to evaluate the operational and governance aspects of this technology.

2.2. Joint actions

Tax officials exchange views and best practices to fight against tax fraud, tax evasion and aggressive tax planning, and to implement Union law in the taxation field, mainly via the joint actions organised under the programme. By building trust between Member States' tax authorities, the programme supports the fight against fraud at EU level.

In the area of direct taxation, the programme funded different activities to support the **Automatic Exchange of Information (AEOI)** under the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC1) and its subsequent revisions. The last of these revisions (**DAC6**, transposition deadline was 31 December 2019) provides for reporting of potentially aggressive cross-border tax planning schemes.

Accelerated exchange of information between VAT anti-fraud units continued to be supported via **Eurofisc**, a network for the swift exchange of targeted information between Member States to enhance multilateral administrative cooperation in combating organised VAT fraud and especially VAT carousel fraud. During 2019, there were 7 project groups relating to Eurofisc. The programme also finances simultaneous controls (**multilateral controls** or MLC actions), coordinated controls of the tax liability of one or more related taxable persons, organised by two or more Member States with common or complementary interests. During 2019, 198 multilateral controls were operational under the programme auspices, exhibiting an upward trend since the launch of the programme. There were 80 **Presences in the Administrative Offices and Participation in Administrative Enquiries (PAOE)** activities organised during 2019. PAOEs consist in one Member State requesting to be present in another Member States' offices and/or during administrative enquiries carried out in the territory of the requested Member State. In addition to being present, Member States' officials may interview individuals and examine records during administrative enquiries – but under the condition that this is permitted under the legislation of the requested Member State.

² Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (DAC1) and its subsequent revisions. In particular, the sixth revision (DAC6) introduced the first automatic exchange of cross-border arrangement as of July 2020.

³ A system in which a record of transactions made in bitcoin or another cryptocurrency are maintained across several computers that are linked in a peer-to-peer network.

During 2019, four **expert teams** were operational in the taxation area. The **Managed IT Collaboration** (MANITC III and IV) continued to promote, support and coordinate Member States collaborative initiatives in IT area. In addition, two expert teams started to develop IT applications amongst Member States in parallel: the expert team for **Excise Duty Calculator** (EDC), and the expert team for **Mobile Application on Excise Movement and Control System** (m-EMCS). Finally, the **Transaction Network Analysis** expert team (TNA) was created to group Member States' resources to assist the Commission in the development of the Transaction Network Analysis software, a custom built tool to facilitate information exchange and data analysis within the Eurofisc network, in order to enhance Eurofisc capability to use VIES and Eurofisc data to build links among known risky traders and detect fraudsters.

As regards cooperation with public administrations at EU level, DG TAXUD co-chairs and organises meetings of the **Heads of Tax Administration Summit (TADEUS)**, funded by the Fiscalis programme. In the TADEUS meeting that took place in September 2019 (Helsinki), the Heads of Tax Administration endorsed the findings of the 'Digital and data' project – about possible tax reporting requirements for the sharing and gig economy.

2.3. Training and human competency

Fiscalis 2020 continued to support throughout 2019 a coherent implementation and application of tax policies (VAT competency/tax compliance building). This happened specifically through the realisation of a content-updating project of the **EU VAT eLearning programme** (composed of 12 VAT process-specific eLearning modules in 17 EU languages, a total of 204 modules) to make the courses Brexit compliant and a technical and content update of the EMCS courses, that makes this EU competency building training material fit for use by the national public and private sector across the EU for the years to come.

In 2018 an EU-wide survey on Human Capacity Building Maturity in national tax administrations was performed and resulted by end 2019 in the availability of the **first common EU TAX Competency Framework (TaxCompEU)**, that provides national tax administrations with a common reference standard for optimal staff performance, based on identified common tax values, operational tax competencies, professional and management competencies and tax career paths. Implementation in national tax administrations' HR structures will be further accompanied and supported as of 2020.

3. INTRODUCTION

3.1 Fiscalis 2020 in a nutshell

The EU Regulation 1286/2013 established the multiannual action programme Fiscalis 2020 for the period from 2014 to 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 EUR 223.4 million. The programme represents a continuation of the earlier generations of programmes Fiscalis 2007⁴ and Fiscalis 2013⁵, which have significantly contributed to facilitating and enhancing cooperation between tax authorities within the Union.

Figure 1: Fiscalis 2020 programme objectives

The Fiscalis 2020 specific objective:

➤ The specific objective of the programme shall be to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

The Fiscalis 2020 operational objectives:

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

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

- **European Information Systems 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 European Information Systems.
- **Joint actions (JA)** - bringing together officials from the participating countries - these are most commonly project groups, working visits, workshops and seminars. The programme covers the cost of organisation and participation in these activities.

Types of joint actions:

- (i) seminars and workshops;
- (ii) project groups, generally composed of a limited number of countries, operational during a limited period of time to pursue a predefined objective with a precisely described outcome;
- (iii) bilateral or multilateral controls and other activities provided for in Union law on administrative cooperation, organised by two or more participating countries, which include at least two Member States;
- (iv) working visits organised by the participating countries or another country to enable officials to acquire or increase their expertise or knowledge in tax matters;
- (v) expert teams, namely structured forms of cooperation, with a non-permanent character, pooling expertise to perform tasks in specific domains, in particular in the European

⁴ OJ L 341, 17.12.2002, p. 1

⁵ OJ L 330, 15.12.2007, p.1

Information Systems, possibly with the support of online collaboration services, administrative assistance and infrastructure and equipment facilities;

- (vi) public administration capacity-building and supporting actions;
 - (vii) studies;
 - (viii) communication projects;
 - (ix) any other activity in support of the overall, specific and operational objectives and priorities set out in Articles 5 and 6 of the Fiscalis 2020 regulation, provided that the necessity for such other activity is duly justified.
- **Human Capacity Building** - training materials and electronic learning modules play a vital part in developing the human competency component of the tax authorities in the EU. The programme covers the development cost of the common training materials, including electronic training modules.

The Commission and the participating countries (EU Member States and countries recognised as candidates or potential candidates for EU membership having concluded international agreements for their participation in the Fiscalis 2020 programme⁶) establish jointly the annual priorities of the programme by adopting each year the AWP. The implementation of the programme is under direct management by the Commission, meaning that it is centrally managed by DG TAXUD. It is implemented financially on the basis of grant agreements with the participating countries (joint actions), and procurements (mostly for European Information Systems, studies, and common training activities).

3.2 The Performance Measurement Framework

Article 16 of the Fiscalis 2020 regulation stipulates that the Commission shall monitor the implementation of the programme and actions under it on the basis of indicators and make the outcome of such monitoring public. The final evaluation of the Fiscalis 2013 programme⁷ 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 3), which describes the logical step-by-step link between the wider problems and needs addressed by the programme and the programme's objectives, inputs, activities, outputs, results and impacts. The PMF relies both on the quantitative (indicators) and qualitative (reporting and interpretation) data for assessing the progress achieved.

The indicators can be divided into two categories:

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

Impact indicators – they indicate the long-term effects of the programme by measuring its contribution to the broader policy areas, where programme activities are only one of the contributing factors. They mostly rely on the use of existing external indicators (not collected by PMF surveys) and are mainly assessed as part of evaluations, such as the one carried out in 2018 and the one foreseen in 2021 for the Fiscalis programme (mid-term and final evaluations, as required by Article 18 of Regulation 1294/2013). They are linked to the higher-level specific objectives of the programme and the policies it supports.

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

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

⁷ https://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/common/publications/studies/fiscalis2013_final_evaluation.pdf

Figure 2: PMF data collection tools

Tool	When is the data submitted?	Who is submitting the data?
Action Reporting Tool (ART) - Proposal form	At the beginning of each activity	Action managers
Action Follow up Form (AFF)	In February, one form per action or one form each year for multi-annual actions	Action managers
Action Follow up Form for working visits		Participants to the working visit
Event Assessment Form (EAF)	60 days after the end of an event or yearly in case of project groups or similar activities longer than 1 year	Participants to an event or members of a project group or similar activities
Programme Poll	Every 18 months – to be launched in: <ul style="list-style-type: none"> • Mid-2015, • beginning 2017 • mid-2018 • end 2019 	The Programme Poll is addressed to all customs 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 Annual 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 Annual Progress Reports represent a summary of the main output and result indicators and gives an assessment of the overall progress achieved during the year.

The mid-term evaluation (in 2018) and the final evaluation (in 2021) of the programme make full use of the available Annual Progress Reports and report on the impacts of the programme’s intervention.

3.3 Mid-term evaluation of the programme

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

The study by the contractors was finalised at the end of 2018 and is available online, on the Publication Office of the EU⁸. This study supported the **Commission Report** on the mid-term evaluation of Fiscalis 2020 addressed to the European Parliament and the Council⁹, which was adopted on 07/02/2019.

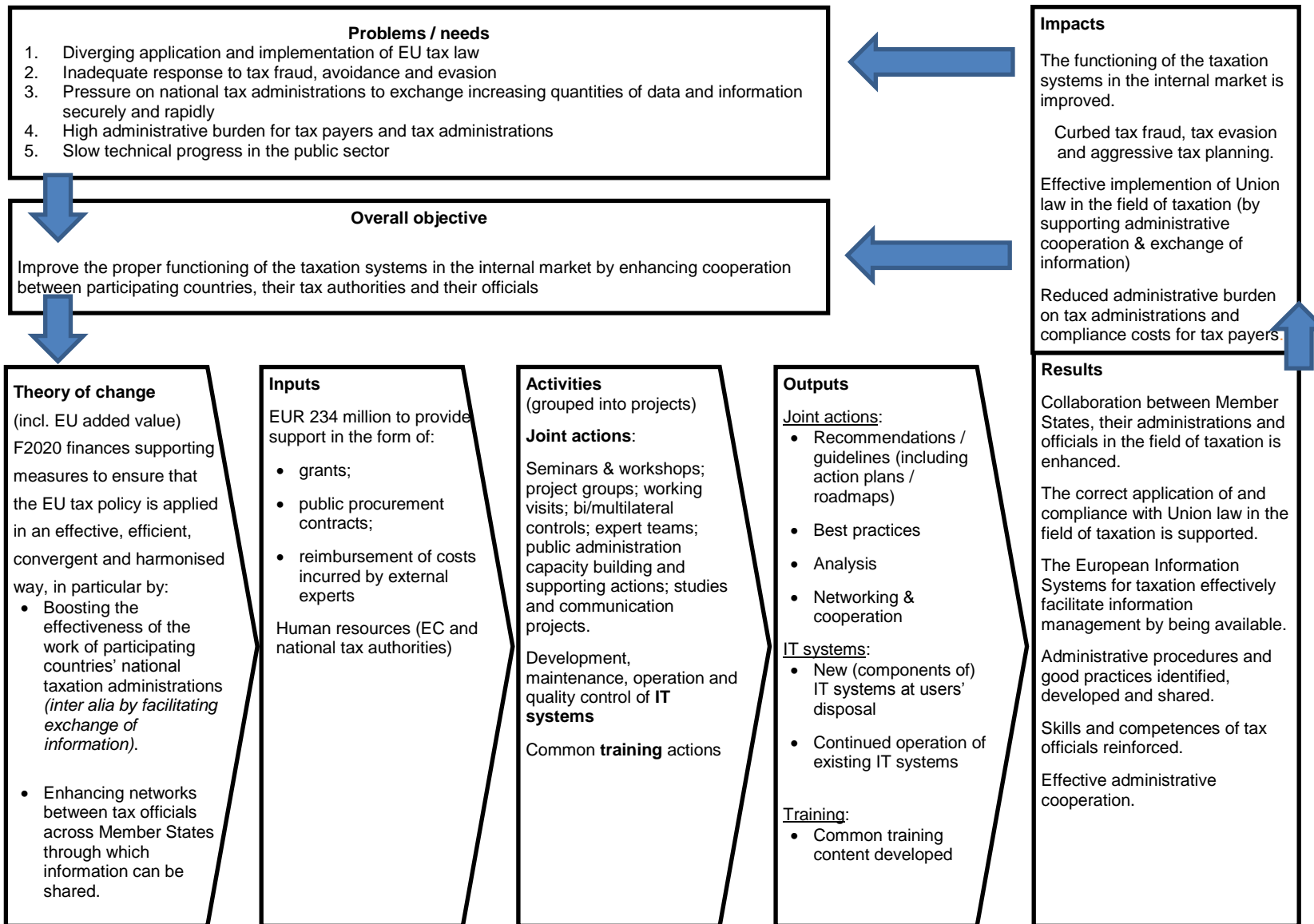
DG TAXUD, together with national customs authorities, adopted in 2019 an **action plan** to address the recommendations. The implementation of the recommendations will be regularly monitored (first follow-up exercise will be done in Q4 of 2020). The final assessment of the follow-up of recommendations will be provided at the time of the final evaluations of Customs and Fiscalis 2020 programmes.

Following one of the recommendations of the mid-term evaluation, DG TAXUD launched in 2019 an external study to review the PMF. The study’s aim is to reassess the current set of indicators, simplify them and fit the monitoring results better to decision-making needs. The study also addressed the European Court of Auditors recommendation to set appropriate reporting arrangements and indicators both on the overall level of implementation and on individual IT projects. The study is planned to finalise in October 2020.

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

⁹ [COM/2019/579](https://eur-lex.europa.eu/eli/reg/2019/579)

Figure 3: Intervention logic of the Fiscalis 2020 programme



4. PROGRAMME YEAR 2019 – BASIC PARAMETERS (on budget and joint actions)

4.1 Budget

The overview in Figure 4 below summarises the programme funding according to the six main activity types. In order to make the table more meaningful, budgetary information from previous years has been added.

Figure 4: Committed expenses per budgetary year and main action categories under the programme, in euros¹⁰

	2014	2015	2016	2017	2018	2019
European Information Systems	23 053 874	24 691 254	23 244 421	24 824 594	22 375 306	24 768 693
Joint actions (other than expert teams and studies)	4 555 000	4 230 000	4 300 000	4 540 000	4 912 500	5 576 400
Joint Actions - expert teams	-	-	988 040	519 915	899 585	330 000
Training	908 585	600 003	1 205 600	-	1 352 000	1 374 000
Studies and communication	2 184 539	1 375 690	1 640 916	1 898 800	1 867 658	520 372
External experts	75 000	70 000	70 000	70 000	70 000	-
TOTAL¹¹	30 776 999	30 966 94	31 448 978	31 853 309	31 477 049	32 569 465
AWP	30 777 000	31 025 000	31 449 000	31 809 000	32 043 000	32 570 000
EU Annual Budget	30 777 000	31 025 000	31 449 000	31 809 000	32 043 000	32 570 000
Amount MFF	30 777 000	31 025 000	31 449 000	31 809 000	32 043 000	32 570 000

As is standard for the programme, the vast majority of funding in 2019 went into the development and operation of European Information Systems (76% of the budget), followed by the organisation of the joint actions (19.8%), and the training activities (4.2%).

The Commission undertakes IT capacity building activities through contracts following public procurement. The expenditure dedicated to IT systems has remained quite stable over the last years¹².

In the last five years, the committed expenses on joint actions (organised under grant agreements) have increased year after year in line with the increase in the number of participants and actions. It is worth recalling that the expenses for joint actions are difficult to forecast in advance, given that actions and events are triggered by constantly evolving business needs. For this reason, the planned expenses that appear in the AWP can differ to a smaller or larger percentage from actual commitments in a given year on joint actions.

The amounts dedicated to expert teams have been oscillating since 2016, when the first expert teams were launched. In 2017 and 2019 there was a decrease of the budgetary commitments, which does not mean a lower level of activity as the expert teams created in the previous years (when the budget was committed) continued to work in subsequent year(s) given the multiannuality nature of this type of activity.

Regarding training activities, there were no commitments in 2017 as the contracts signed in previous years were of a multiannual nature and the activities funded in 2017 were funded from these contracts. The amount committed in 2019 remained at a similar level to that of 2018.

During 2019 there were no commitments to finance the participation of external experts in the programme, as reimbursements to external experts were covered with available commitments from previous years.

The programme also finances the conduct of studies, data collection and comparative analyses in taxation issues. Some of the initiatives finalised during the year were the following:

¹⁰ The table compares committed amounts since the launch of the programme, as the actual expenses are not finalised for all the previous years. Budgetary year X covers from 01/04/X to 31/03/X+1

¹¹ It is to be noted that the total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in the Fiscalis 2020 programme.

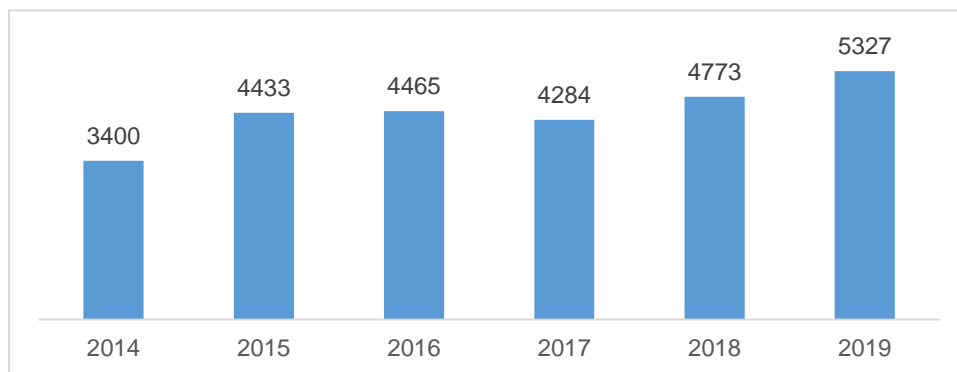
¹² It should be noticed that the specific contracts are usually shared with the Customs 2020 programme.

- In September 2019, the Commission published the evaluation of the Energy Taxation Directive (ETD), which lays down rules for the taxation of energy products used as motor or heating fuels and for electricity. The evaluation pointed out that the high divergence in national energy tax rates is not in line with other policy instruments and can lead to fragmentation of the internal market, a problem exacerbated by the widespread use of optional tax exemptions.
- Also in September 2019, the Commission published the Study and Report on the VAT Gap in the 28 EU Member States. According to the study, which contains new estimates of the VAT Gap for 2017, EU Member States are still losing over EUR 137 billion in revenues. The VAT Gap decreased in 25 Member States and increased in three. Individual performances across Member States still vary significantly. This substantial VAT Gap again highlights the need for a comprehensive reform of the EU VAT rules, as proposed by the Commission back in 2017.

4.2 Participants in joint actions (excluding expert teams)

The number of total participants has increased considerably during 2019, reaching 5 327, with 554 more participants than in 2018 (increase of 11.6 %).

Figure 5: Evolution in the number of participants¹³ in joint actions under Fiscalis 2020

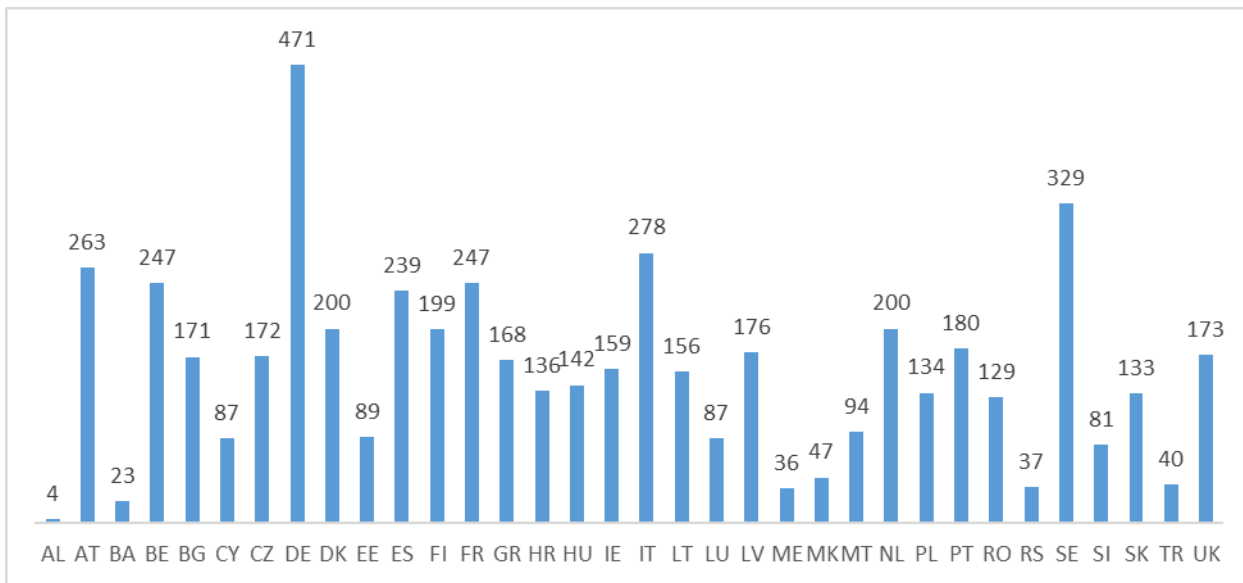


It is important to stress that participation in programme activities is voluntary and is influenced by a number of factors, such as the business need for organising activities, the trend of moving away from physical meetings towards online collaboration, as well as the individual national administration's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

If we look at the distribution of participants by country, we can see that all the countries are making use of the programme, but that some countries, considering the size of their administration, do so more than others. This is in line with the voluntary nature of participation in the programme activities, where the number of participants from a given country depends partly on the level of interest and activity shown by the country's administration in using the potential of the programme. In absolute terms, the countries that had a higher number of participants during 2019 were Germany (471), Sweden (329) and Italy (278). In comparative terms to the previous year, we noticed in 2019 a big increase in the participation of Germany (65%) and Sweden (50%); together with a remarkable decrease rate in the participation of Albania (80%) and Serbia (40%).

¹³ 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 6: Overview of participants per country in 2019¹⁴¹⁵



4.3 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 DG 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.

In 2019, the total number of **operational joint actions** (i.e. the ones that were launched in previous years and continued their activities in 2019, together with the newly launched actions) was 647. This figure represents a decrease of 4.1% by comparison with 2018 (675 actions). When analysing this figure we should take into account that in the last years many actions were to a greater extent organised in broader projects covering themes rather than specific interventions. Content-wise, the projects are usually multi-annual rather than annual, as the actions and processes they stretch over more than one year. This may lead to less new initiatives and in a decrease in the total number of ongoing actions (and new proposals) for a specific year.

We can see from the two figures below that, as in previous years, the most popular action type remains working visits, followed by multilateral controls placed second and PAOE as distant third, followed by project groups. It is worth mentioning that the new type of working visits ("host initiated working visits") appears in the 2019 overview, showing 1 operational activity during the year.

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. This is explained by the fact that project groups are very often long-term / multiannual activities, under which several events are organised every year and also by the fact that project groups normally address a larger audience than working visits or multilateral controls.¹⁶

In comparative terms, we can notice in 2019 a very high increase in the number of participants in project groups (from 1 810 to 2 672, i.e. 47% increase) and multilateral controls (from 982 to 1 139, i.e. 16%

¹⁴ The participants marked as EU represent external experts who come outside national administrations and who may be invited to contribute to selected activities organised under the programme wherever this is essential for the achievement of the programme objectives.

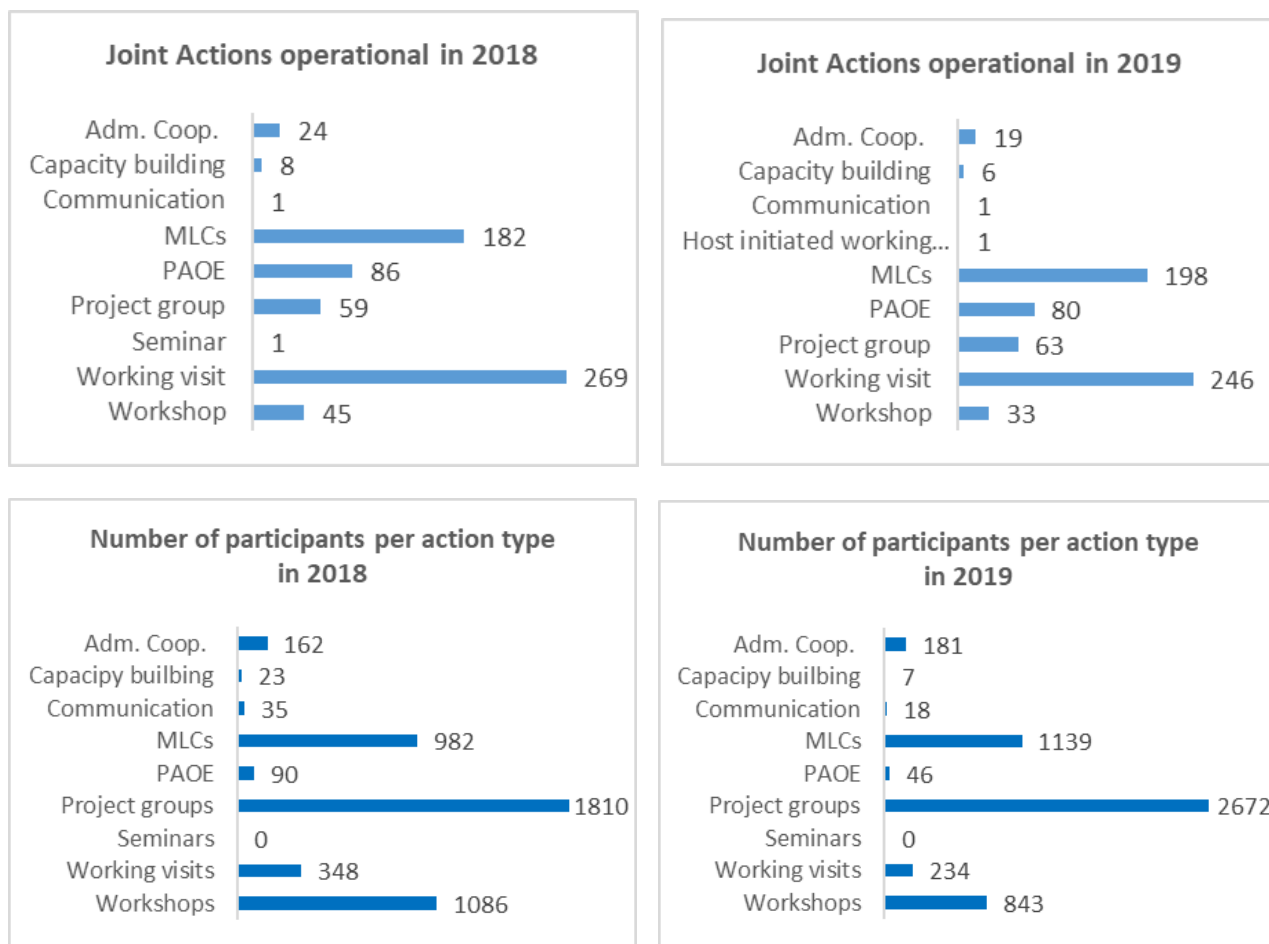
Candidate and Potential Candidate Countries abbreviations: AL (Albania), BA (Bosnia-Herzegovina), ME (Montenegro), MK (Rep. North Macedonia), RS (Rep. Serbia), TR (Turkey).

¹⁵ The 2019 number of participants for BA, ME and MK were not available at the time of drafting this report. The figures from 2018 has been used instead.

¹⁶ Actions are always created before events under that action and its participants are added as last step. This time gap explains that the number of participants is lower for Host initiated working visits and PAOE than the number of those operational actions.

increase). On the contrary, there was a decrease in the number of participants in capacity building activities (from 23 to 7, i.e. 69% decrease) and PAOE (from 90 to 46, i.e. 49% decrease).

Figure 7: overview of activity types and number of participants¹⁷ per activity type

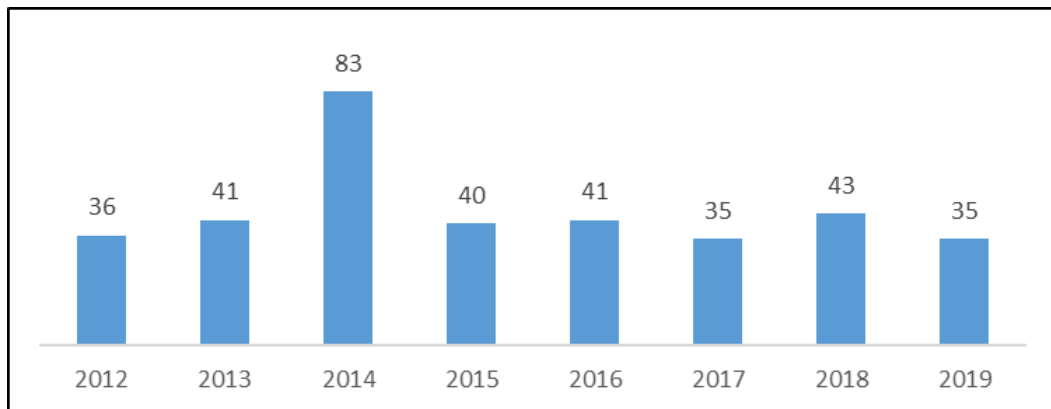


If we want to look at the evolution of **new proposals** over time (Figure 8), we first need to exclude the working visits in order to get a comparative number¹⁸. We can observe an exceptionally high number of proposals in 2014, as it was the year of transition to the new programme and all proposals for ongoing activities had to be re-launched. From 2015 to 2018, we can observe a return to a standard number of proposals treated during a year. During 2019, 35 new proposals were approved, which represents a decrease of 8 proposals by comparison with the previous year. As previously explained, during the last year actions were to a greater extent organised in broader projects covering themes rather than specific interventions, which may lead to a decrease in the number of proposals and activities.

¹⁷ The graph on number of participants per action type does not cover participants not registered in ART.

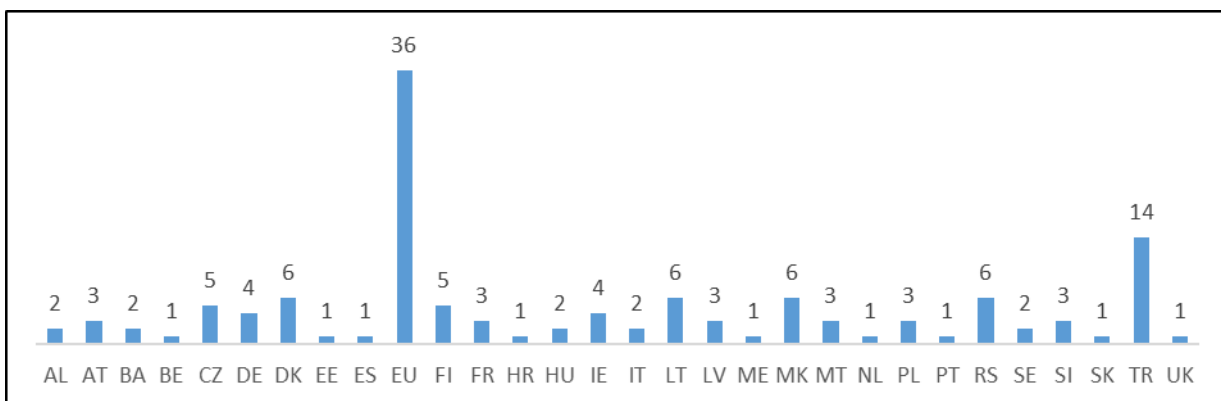
¹⁸ This is because in the period before 2014 all the working visits were covered by a single proposal, while under the Fiscalis 2020 programme each business case for a working visit is treated as a separate proposal (thus increasing their number by a significant margin). Comparing the proposals in this way, outside working visits, we can see that their number was steady in the period 2011-2013.

Figure 8: Number of new proposals approved during 2019 (without working visits)



At the level of the initiating teams, as expected, most of the proposals for joint actions were submitted by DG TAXUD units (marked EU in Figure 9). The national programme teams mostly submitted proposals for working visits, and here too we can observe in the figure below the difference among the administrations in the level to which they pro-actively utilise the programme. By comparison with the figures of 2018, we notice a considerable involvement of Turkey (14 new proposals), Serbia, North Macedonia, Lithuania and Denmark (6 new proposals each).

Figure 9: Overview of new proposals per initiating country in 2019 (including working visits)



5. PROGRESS IN RELATION TO THE OPERATIONAL OBJECTIVES

5.1 Cross-cut indicators of collaboration robustness between programme stakeholders

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

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Extent to which JA (that sought to enhance collaboration between participating countries, their administrations and officials in the field of taxation) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	AFF (excl. Working Visits)	2.65 (2014)	>3	2.65	3.25	3.11	3.11	3.67	3.19
	AFF Working Visits	3.62 (2014)	>3	3.62	3.34	3.37	3.65	3.45	3.53

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. For the other types of actions, the actions managers are indistinctly coming from the Commission or national administrations. The level of achievement of results is evaluated against the anticipated results on a scale from 0 (not achieved) to 4 (fully achieved) at the end of the action. The level of achievement is impacted both by internal factors (if an activity lasts for several years, the results cannot be fully achieved immediately) and by external factors (such as political, business or technological developments). It is therefore advisable to set realistic targets for the achievement of results. In the case of most joint actions, such a target has been set at 3 or higher (3 corresponding to "results achieved to a large extent"). When we compare the obtained indicators for 2019 against the targets and the values in the preceding years, we can see that joint actions have been performing above target (3.19), although with a decrease of approx. half a point when compared with 2018 value. The feedback provided by action managers specifically for working visits (which follow an independent survey) has been very positive over the last years, despite minor fluctuations, and is especially high for 2019 (3.53), indicating that the participants are broadly satisfied with the business value obtained.

Indicator	Source	Baseline (2011 Poll)	Target	Mid 2015	End 2016	Mid 2018	End 2019
Extent to which the target audience is aware of the programme	Prog. Poll	66%	>75%	54%	59%	48%	45%

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

The fourth Programme Poll took place at the end of 2019, gathering replies from 3 948 officials working in 29 participating countries. We can observe that approx. 45% of all tax officials in Europe are aware of the Fiscalis 2020 programme, which represents a decrease of 3 percentage points compared to the poll results for 2018. The awareness in previous polls had also always been below the baseline (66%) and target (75%). In order to raise awareness, DG TAXUD defined in 2016 a new communication strategy for the Fiscalis 2020 programme, which included the use of new communication tools and channels, as well as a common effort between the EU and national programme teams in the distribution of information on the programme to the potential beneficiaries. In line with the annual action plan, several communication actions took place in 2019:

- A meeting for newcomers in the programme management community aiming to familiarise them with programme basics and to integrate them into the network of national programme coordinators

- A network meeting for national programme coordinators where these had the occasion to deepen contacts with their counterparts in other administrations, get an update on programme management and implementation of the current and the new programmes
- A network meeting for national working visit coordinators with the objectives to strengthen the network and to involve coordinators in the reflection on a smooth transition towards the new programmes
- Several newsletters summarising programme highlights were published
- A member of the CPMT gave a presentation on the programmes in the meeting of the European Communication Network for Customs and Taxation
- In addition, a pilot project was launched to introduce knowledge sharing within the Customs and Fiscalis 2020 programmes to increase the awareness of all national officials and not only those participating in programme events.

Indicator: Degree of networking generated by programme activities	Source	Baseline (2013)	Target	2014	2015	2016	2017	2018	2019
Q1: Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing)	EAF ¹⁹	79.0%	>90.0%	95.2%	96.7%	97.0%	96.9%	95.2%	96.2%
Q2: Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing)	EAF	75.0%	>80.0%	68.0%	72.8%	69.0%	74.8%	62.2%	69.6% ²⁰

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

Indeed, the feedback from participants in joint actions collected under the Performance Measurement Framework shows that the collaboration robustness between programme participants overall remains at high levels. Regarding the **degree of networking generated by the programme**, the rates reached since the launch of the programme have been above target. In particular for 2019, 96.2% of the responding participants declared that the programme provided a good opportunity for them to expand their network of (and contacts with) officials abroad; a slightly better result than the one reached in 2018 (95.2%). 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 (**long-lasting networking**) averaged at around 70% from 2014 to 2016, rising to 74.8 % in 2017 and dropping to 62.2% in 2018. This low level of long-lasting networking, which has always been below target, may be result of an unclear understanding of the different possibilities to “be in contact”, which more often includes collaborative tools beyond the traditional contacts (such as physical meetings or direct phone calls). Additional explanations were included in the EAF for 2019, which resulted in a slight improvement of this indicator (69.6%).

¹⁹ Data source changed from Programme Poll to EAF in order to improve data availability for years without poll.

²⁰ The lasting networking measurement in this report for 2019 (69.6) differs in 0.6 percentage points to the measurement on the 2019 Annual Activity Report of DG TAXUD (69%) and on the Programme Statement. This is due to the fact that the measurement for the Annual Activity Report is preliminary (it takes place in February, when data is still not complete; data collection ends in March).

Indicator: Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations	Source	Baseline (2014)	Target	2014	2015	2016	2017	2018	2019
Q 1 (AFF): Were the outputs of the action shared in national administrations? (percentage agreeing)	AFF	48.0%	>60.0%	48.0%	63.5%	63.0%	56.2%	71.5%	52.0%
Q 2 (EAF): Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)	EAF	96.0%	>90%	96.4%	94.8%	95.8%	92.7%	94.3%	94.7%

The levels of **sharing the programme outputs** (such as recommendations, guidelines, studies, etc.), as reported by action managers through the Action Follow-up Form, increased in 2015 and 2016, but in 2017 dropped below target. Following a high increase in 2018, the result dropped again in 2019 (52.0%), meaning that action managers reported that the outputs of their actions were less shared in the national administrations than in previous years. This decrease does not seem to affect the levels of sharing as reported by the participants through the Event Assessment Forms: the knowledge acquired from joint actions was informally spread by participants among colleagues to a very high extent (94.7%), above the set target of 90.0%.

N.B. Sections 5.2 to 5.6 below provide an analysis of the performance under the different operational objectives. It should be taken into account that, when referring to the number of joint actions, the figure includes the actions launched in previous years and continued their activities in 2018, together with the newly launched ones. When counting the number of actions that are operational in a year under a specific objective, it should also be taken into account that the indicator only counts the actions for which the objective in question was chosen as primary objective; this is done so to avoid counting twice the same action under different objectives.

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

At EU level, the fight against tax fraud, tax evasion and aggressive tax planning, and the implementation of Union law in the field of taxation, are mainly conducted by setting-up IT systems and other mechanisms of cooperation. These IT systems (**EIS**) allow tax administrations to exchange information by electronic means. The great majority of the programme funding (approx. 75%) is spent on the development, acquisition, installation, maintenance and day-to-day operations of the Union components of these EIS. The list of the existing EIS is included in the Annex of the Fiscalis 2020 Regulation.

The EIS supported by the programme interconnect tax authorities effectively and enable information to be exchanged rapidly and by secure electronic means, supporting cooperation amongst them. In addition, the EIS allows the use of a common format that can be recognised by all Member States and thus facilitate the coexistence of the different national taxation systems in the Union.

The information exchange is enabled by a closed and secure **CCN/CSI** – one of the main outcomes of the programme. From 2014 to 2019, the CCN/CSI had high availability and the number of exchanged messages on the network has been rising over time.

This section provides information on the key performance indicators for EIS, together with detailed technical information on different IT aspects, such as continuity, deployment and development. Joint actions carried out to support the EIS are also covered (point VI). Annex 1 of this report provides specific information on the status of the IT projects in the taxation area in 2019.

Operational statistics of key EIS for taxation and its impact on enhancing administrative cooperation activities are analysed in section 5.3.

I – Overview of taxation IT systems in 2019

During 2019, DG TAXUD continued operating an important portfolio of IT systems (27 in total by the end of the year), supporting participating countries in their exchanges of information and also supporting legal and physical persons in their trade relations.

In the context of modernising the taxation IT systems and/or expanding the scope of tax exchanges with other partners, the 2019 key achievements in terms of system deployment and development have been:

a) Direct taxation systems:

- In the area of direct taxation, the programme funded different activities to support the automatic exchanges of information under the Council Directive 2011/16/EU on administrative cooperation in the field of taxation (DAC1) and its subsequent revisions²¹. The last of these revisions (DAC6, transposition deadline 31 December 2019) provides for reporting of potentially aggressive cross-border tax planning schemes. During 2019 there were two major developments regarding **DAC6**: the standard electronic formats for exchange of information and a central directory that enables the reporting of cross-border reportable arrangements. For further details on the DAC6 system, see case study in section 6.2.
- **TIN (Taxation Identification Number)-on-the-web**: the Brexit release was deployed in production in March to respond to a potential withdrawal of the UK in a no-deal scenario.

b) Indirect taxation systems:

- The **VAT Information Exchange System (VIES)-on-the-Web** was updated in 2019 in preparation for a potential withdrawal of the UK in a no-deal scenario. Similarly, there was another release regarding the VIES on the Web to respond to an eventual no-deal Brexit.
- The **Mini One Stop Shop (MOSS)** was being extended during 2019 to comply with the new measures needed to simplify VAT rules for sales of goods online. As a result, the portal allows companies that sell goods online to their customers to deal with their VAT obligations in the EU through one easy-to-use online portal in their own Member State and their own language. Without MOSS, VAT registration would be required in each Member State into which they want to sell, a situation cited by companies as one of the biggest barriers for small businesses trading cross-border.

c) Other:

- In 2019, DG TAXUD continued the exploration of the **Blockchain** to evaluate the operational and governance aspects of this technology.

II - Key performance indicators for European Information Systems

F2020 output indicators – New IT systems	2017	2018	2019 ²²
Number of IT projects in the research phase (PP)	14	15	1 ²³
Number of IT projects in the development phase (P)	8	4	1 ²⁴

²¹ Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (DAC1) and its subsequent revisions:

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

²² The figures reported for 2017 and 2018 in research phase included all projects not in development or production phase, i.e. including dormant ones such as Country profiles, Tobacco Track and trace, etc. The criteria was changed in 2019 and only those projects in PP were counted.

²³ CESOP

²⁴ e-Commerce

Number of new IT systems in operation (PROD)	3	4	3 ²⁵
Ratio of IT projects in status "green" ²⁶	82%	94%	100%
F2020 output indicators – Existing IT systems	2017	2018	2019
Number of European Information Systems in operation, as per Annex 1 of the Fiscalis 2020 Regulation	25	27	27
Number of modifications on IT systems in operation following:	Excise 23 Direct Taxes 104 VAT 57 Recovery 8 Other 205	Excise 37 Direct Taxes 70 VAT 53 Recovery 10 Other 208	Excise 29 Direct Taxes 98 VAT 173 Recovery 0 Other 618
a) business requests			
b) corrections	Excise 199 Direct Taxes 264 VAT 170 Recovery 21 Other 312	Excise 72 Direct Taxes 129 VAT 85 Recovery 17 Other 268	Excise 50 Direct Taxes 134 VAT 120 Recovery 0 Other 397
Number of occurrences where the service desk is not joinable (Member States)	None	None	None
Percentage of service calls answered on time (Member States)	99.45%	97.33%	95.91%
F2020 result indicators – European Information Systems	2017	2018	2019
Availability of CCN (% of time)	99.98%	99.97%	99.47%
Availability of VIES-on-the-Web (% of time)	99.93% ²⁷	99.99%	99.98%
Availability of EMCS (% of time)	99.61%.	99.56%.	99.62%
Volume of data exchanged on CCN (Customs and Taxation)	22.89 Terabytes	29.08 Terabytes	32.23 Terabytes
Number of messages on CCN Network (Customs and Taxation)	4 348 million messages	5 789 million messages	6 902 million messages

II - IT Continuity

Ensuring the business and IT systems' continuity is a major responsibility under the programme since disruptions in the operation of the European tax IT systems would affect national administrations, citizens and businesses across the entire EU and hamper the functioning of the internal market. All the centralised IT systems, as well as their underlying infrastructure (CCN/CSI) – developed, managed and maintained by the Commission - were available from 2014 to 2019 more than 99% of the time meeting the expected targets.

In particular for 2019:

²⁵ TNA, eFCA, DAC6

²⁶ Projects that are progressing in line with the requirements, time and budget limitations set-up.

²⁷ 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.

- CCN/CSI, the underlying infrastructure supporting both taxation and customs IT systems, was available from 2014 to 2019 more than 99% of the time during working hours. Specifically during 2019, the availability of this platform was 99.47%, which represents 0.51 percentage points less than in 2018 and slightly below target (99.90%). The figure of 2019 availability rate reflects planned, agreed unavailabilities to deploy new CCN releases and new applications on the platform, as per the MASP-C Revision 2019, endorsed by the Customs Policy Group in December 2019. This was well communicated in advance to all stakeholders, including national customs and tax authorities, which did not face any negative impact.
- Systems critical for the functioning of the internal market, like the VAT Information Exchange System (VIES) and the VIES-on-the-WEB application were running without major interruptions, with a very high availability rate (99.84%).
- Another key system, the EMCS, had an availability of 99.62%, slightly above the rate of 2018.

III - Direct Taxation Systems

Main developments in 2019:

- **DAC6 release:** the IT framework for automatic exchanges of information was expanded for information of cross-border tax advantage arrangements. According to the Directive 2011/16/EU, the Commission adopted the following practical arrangements within the legal milestone of 31 December 2019:
 - Standard forms (including linguistic arrangements)
 - A secure Member State central directory

Background DAC information:

The Fiscalis programme has funded over the years different activities to support the mandatory AEOI under the Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (DAC1) and its subsequent revisions.

In December 2018 DG TAXUD published a report on the first experiences of AEOI, which confirmed that the automatic exchanges have started relatively well, from the perspective of the common IT framework. All Member States have actively built and accommodated their IT systems that are linked to the common EU solutions, and all Member States have started secured automatic exchanges of the planned exchanges of information on:

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

The last of these revisions (DAC6) provides for reporting of potentially aggressive cross-border tax planning schemes. For further details on the DAC6 see case study in section 6.2

DG TAXUD will continue to monitor the quality and timeliness of the data exchanges, and if possible, will provide support for the Member States in their efforts to enhance the use of the AEOI data received from other Member States.

- **e-Forms Central Application (eFCA):** v1.3.4 was deployed in production on 31 January 2019, fulfilling the business milestone which was for 01 February 2019. A more advanced version (v1.4.4 dp2) was deployed in production on 14 October 2019. Finally, the latest updated versions (v1.5.0 and v1.5.1-dp1) were deployed in production on 5 December 2019.

The last Member State administration entered into eFCA operations on 1 August 2019.

Background e-Forms information:

The eFCA is a common application to support the exchange of information between Member States in taxation different domains in the context of the administrative cooperation. It is operational since 2014 and supports the exchange of information between Member States for VAT, recovery and direct taxation through a central portal. eFCA has led to significant improvements in maintenance and usability of the electronic forms.

- **TIN-on-the-web (ToW):** v1.9.0 Brexit release was deployed in Production on 12 March 2019, in order to be ready for enabling the Brexit no deal scenario features of the application.

Another version of ToW for Brexit (v1.10.1) was deployed in Production on 31 October 2019.

Background ToW information:

Tax Identification Number on the web (ToW) is a system to provide a web-enabled interface allowing end-users to verify Taxes Identification Number (TIN) via the Internet for any Member States. It is operational since 2012.

IV - Indirect Taxation Systems

Main developments in 2019:

- **VIIES-on-the-Web:** Brexit releases followed the business decision on whether Brexit configuration should be enabled in production environment. In total, four VIIES-on-the-web releases were delivered and tested with Brexit configuration.

Background VIIES information:

VIIES (VAT Information Exchange System) on-the-web is an electronic means of validating VAT-identification numbers of economic operators registered in the European Union for cross border transactions on goods or services. Thanks to VIIES-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. At the beginning of 2017, the number of VIIES-on-the-web validations were more than 1260 million and this figure was further increased during 2018, up to 1 860 million messages (47.3% higher). In 2018, VIIES on-the-web messages accounted for 63.46% of the total messages exchanged in the different VIIES systems (Registry, Turnover Data and Member State Warning in addition to VIIES on-the-web).

- The development and the transition activities on the Member States administrations side for the **VIIES Call-off stocks** scope, were initiated during 2019. The Functional Specifications were made available to Member States in March. The VIIES Call-off stocks Conformance Testing Campaign started in September.
- **The migration of VAT Refund domain** into Conformance Testing Application took place on 4 April 2019, achieving one more milestone for the project.
- The latest version of the **e-Forms Central Application (eFCA) VTA Domain** was deployed in production on 26 March 2019, five days earlier than the business milestone, which was set on 1 April

2019. National tax administrations officially start their operations on 10 April 2019 (including Norway), while the last administrations entered into eFCA VTA Domain production on 1 August 2019.

- **SEED (System of Exchange of Excise Data)**: two official Conformance Testing campaigns were launched for the Brexit no-deal scenario. In February, CA SEED stress tests were performed. Namely, EU27 Member State administrations were invited to perform two retrievals of the UK test data simultaneously from Central SEED Database in Conformance.
- Also in the area of excise systems, the expert team m-EMCS continued working during 2019 to create a **mobile application for excise movement controls** (for further details on m-EMCS expert team, see section VI- “Member States joint actions in the area of IT”).

Background EMCS/SEED information:

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

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

- The **Transaction Network Analysis (TNA)** Operational Team started using TNA in productions in May 2019, focusing on Data Process. The Beta release for the Member States' users officially opened to users in October. Last version of TNA was deployed in production in December.

Background TNA information:

The **Transaction Network Analysis (TNA)** is a custom built software to facilitate information exchange and data analysis within Eurofisc network, whose core software was developed by the Commission.

This new electronic tool is expected to detect VAT fraud at an early stage: TNA is an automated data mining tool that interconnects Member States' tax IT platforms; in this way, cross-border transaction information can be quickly and easily accessed, and suspicious VAT fraud can be reported nearly in real time.

Besides closer cooperation between the EU's network of anti-fraud experts (“Eurofisc”), when analysing information on carousel VAT fraud, TNA also boosts cooperation and information exchange between national tax officials. Eurofisc officials can now cross-check information against criminal records, databases, and information held by Europol and OLAF.

The TNA was supported by the work of a Fiscalis expert team. See further details on the **TNA expert team** under section VI - Member States joint actions in the area of IT.

V – Other IT systems

Blockchain is one of the potentially foundational technologies identified by the Commission to enable the Digital Single Market. After having started the Blockchain@TAXUD initiative in 2017, DG TAXUD evaluated

further if this technology was suited for taxation (and customs) in collaboration with other Commission services. Following a Proof of Concept launched at the end of 2018 involving 8 Member States, DG TAXUD organised a training during the first quarter of 2019 regarding the deployment step. Later in the year, a network involving 3 nodes from the participating Member States was successfully deployed.

VI - Member States joint actions in the area of IT

There was an increase in the number of joint actions organised during 2019 under the objective “Implement, improve, operate and support the European Information Systems for taxation”. This figure represents an increase of 81% by comparison with 2018 (11 joint actions). These joint actions were mostly project groups, working visits and workshops. In addition, different trainings activities in the area of IT were organised (see Section 5.4 dedicated to the reinforced skills and competences of tax officials).

A number of **project groups** continued from earlier years. These included the IT Collaboration Catalyst Group, the IT Infrastructure group, a project group on Blockchain technology and the IT systems trainings project group. The project group on **Implementation of VAT e-commerce package** continued its work on modernising VAT for cross-border B2C (business to consumer) e-Commerce with a view at simplifying the obligations for traders not established in the Member State of consumption. In particular, the project group focuses on the extension to all cross-border B2C transactions (goods and services) with big IT impacts: from the Mini One Stop Shop (MOSS) to the One Stop Shop (OSS).

Different new project groups were launched during 2019:

- **Direct Taxation Data Analysis Tool on AEOI**: the aim of the project is to build a data analysis tool to support efficient use of DAC data in order to ensure tax compliance in cross-border situations, and to reveal tax evasion or tax fraud.
- **Data Quality Community on AEOI**: the objective of this project group was to make an assessment of the quality of AEOI data by all countries on a common, comparable basis, which will be used to identify sources of low quality data. On such quantitative basis, corrective actions can be taken at national level. The expected business outcome on the medium-term is a global improvement of quality of AEOI data collected from domestic sources and thereafter being exchanged between national tax administrations, and hence a higher chance to detect fraudulent activities.
- **Data Protection Compliance Network** (project group common to both Customs and Fiscalis programmes): the project group aims at exchanging knowledge and experience between data protection experts in Member States and in the Commission and at identifying problem areas, discuss options and provide solutions for issues emerging during the data protection compliance activities.

Five **working visits** were organised regarding EIS for taxation, involving seven Member States and covering aspects such as data analytics, new audit techniques, behavioural insights and transfer pricing methods.

Three **workshops** took place during 2019 in the EIS area. One of them, which took place in October (Brussels), brought together 22 participants to discuss about data protection compliance of the trans-European IT systems for taxation.

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

In 2019, one new expert team was launched in the area of IT (Managed IT Collaboration 4), which will extend its activities during 2020. The three existing expert teams (TNA, Mobile application for EMCS Controls and Excise Duty Calculator development), continued with their work in 2019:

- **Managed IT Collaboration (MANITC 3)** expert team finished its activities in September 2019 and renewed in October under the grant agreement of **MANITC 4**. The team runs for 18 months, ending in March 2021. The objective of this expert team for MANITC is to pool EU Member States resources to strategically and efficiently manage IT Collaboration initiatives in the field of taxation. In the context of “**IT Collaboration**” the overall objective is the joint implementation of IT systems, e.g. the development and knowledge sharing of IT software, IT solutions, IT components or other things that

support an IT solution. The suggested structured approach to IT collaboration aims for maximum ownership of Member States. By supporting not only the activities of **FPG/037 IT Collaboration Catalyst Group** but also Member States actively involved in IT Collaborative projects, MANITC aims to increase the number of new IT Collaboration projects towards the common vision of making the approach the new standard way of doing IT in the taxation area.

Participating countries: Romania, Ireland, Italy, Latvia, Hungary, Portugal, Finland

Duration: 18 months.

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

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

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

Participating countries: Belgium, Austria, France, Hungary, Italy, Spain, the Netherlands

Duration: 18 months.

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

The development of such solution required a focused and dedicated approach, which cannot be ensured by a Fiscalis project group, hence the need to set up an expert team. A group of Member States, as part of the expert team for MANITC II, prepared the expert team's implementation plan and specifications.

Participating countries: Belgium, Latvia, Portugal, Italy

Duration: 32 months.

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

A group of Member States worked first in a Fiscalis Project Group FPG/072 proposed by France, and later as part of the expert team for MANITC II to initiate the development of such Excise Duty Calculator.

Participating countries: France, Italy, Belgium, Portugal

Duration: 36 months.

The stakeholders' assessment of the IT related joint actions was in general terms very positive in 2019 and well above target levels. There is however a big decrease in the indicator measuring the level of achievement of results as reported by action managers: from 4 in 2018 (maximum score) to 2.8 in 2019. The reason for such a drop are two multilateral controls for which the level was reported as 0 for very concrete reasons²⁸. If we disregard these two replies to the Action Follow-up Form, the value of the indicator becomes 3.5 (above target and similar to previous years). The specific Action Follow-up Form for working visits shows the same level of achievement of results (3.5) regarding working visits organised in relation to EIS.

Participants' feedback on 'fulfilled results', 'met expectations' and 'usefulness' continues to be very positive for events organised under this objective, with rates similar to previous years and well above targets.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
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)	>3.00	2.54	3.44	3.54	3.55	4.00	2.80
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	91.2% (2014)	>80.0%	91.2%	97.5%	94.8%	97.1%	97.7%	95.8%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	92.6% (2014)	>80.0%	92.6%	95.9%	92.8%	96.4%	93.5%	95.1%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	97.3% (2014)	>80.0%	97.3%	99.2%	98.4%	99.3%	98.1%	99.0%

5.3 Objective 2: 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

²⁸ In one of the Multilateral Controls, the action manager reported that the lack of results were "Because the case is not yet closed and the facts of the case still have to be clarified". It was also reported that the support received by the programme support team and the host country were satisfactory. In the other Multilateral Control, the action manager reported that the results were not achievement at the time of reporting (i.e. March 2020) as the kick off meeting was postponed to April 2020, i.e. there was still nothing to report on.

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.

Joint actions linked to support administrative cooperation represented the biggest number of joint actions under the programme in 2019: there were in total 346 **joint actions** organised under this objective, 15 more than in 2018. The most numerous actions were multilateral controls (192), followed by PAOE (80), working visits (27), project groups and administrative cooperation activities (19 each) and workshops (9). The assessment of action managers indicates that business owners are satisfied with the overall progress, with an average result of 3.18 (scale from 0 to 4) showing that the results are assessed as largely/fully achieved. The specific Action Follow-up Form for working visits shows even a higher level of achievement of results (4, the maximum) regarding working visits organised in relation to support administrative cooperation activities. Participants' feedback on the 'achievement of results', 'usefulness' and 'met expectations' have been also very since the launch of the programme, with values throughout the period well above baselines and targets.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
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)	> 3.00	2.77	3.18	3.06	3.05	3.71	3.18
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)	>80.0%	87.6%	93.1%	93.4%	96.1%	96.6%	92.1%
Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	86.2% (2014)	> 80%	86.2%	93.13%	93.03%	95.03%	94.48%	91.83%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	95.3% (2014)	> 80%	95.3%	93.13%	96.63%	98.76%	98.68%	96.78%

The most numerous joint actions were **MLCs**. Multilateral control means a co-ordinated control of the tax liability of one or more related taxable persons, organised by two or more participating countries, which include at least one Member State and which have common or complementary interests. The Fiscalis 2020 programme supports MLCs by providing an organisational, methodological and financial framework for their implementation by having preparatory and follow-up meetings under the programme, which allow coordinating the actual audits that are carried out by national officials on their own territory. According to the results of the mid-term evaluation of the programme, MLCs are one of the most popular action types, with over 5 000 officials taking part in them in 2014-2019 (of which 1140 in the last year). Multilateral controls have consistently led to recovered revenue and increased compliance, which provides ample evidence that practical administrative cooperation not only takes place, but that it is also effective.

Indicator ²⁹	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Total number of MLCs operational	ART	76 (2014)	Grow	76	113	131	161	179	198

²⁹ This indicator comprises MLCs organised under all operational objectives of the programme.

Indicator ²⁹	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of Member States participating in MLCs	ART	23 (2014)	Grow	23	27	28	27	28	27
Number of Member States initiating MLCs	ART	16 (2014)	Grow	16	19	20	17	13	8
Degree to which results were achieved, as assessed by the MLC coordinator	AFF	2.78 (2014)	>3.00	2.78	3.08	2.70	2.71	3.42	2.40

In 2019, we can notice a decrease in the number of Member States that initiated MLCs. This fact did not seem to have any impact in the number of MLCs conducted (increase by comparison with 2018) or in the number of Member States that participated in the MLCs (overall stable).

For further details on MLCs, please see the case study on section 6.4.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of presences in the offices and participation in administrative enquiries	ART	49 (2015)	Grow or stable	0	49	40	60	86	80

The Fiscalis 2020 programme introduced a new category of joint actions aimed at supporting administrative cooperation, 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 80 ongoing PAOE activities in 2019, which represents a slight decrease from the previous year. When comparing the data with those of 2018 we should take into account that the high number of PAOE in 2018 was not only caused by a high number of PAOE initiatives during the year, but also by the fact that it was decided to create specific ART codes for each of the companies covered.

Finland, Latvia and the UK launched most actions. In particular, Finland launched in 2019 different PAOE to investigate permanent establishments in its country. For instance, Finnish tax officials visit The Netherlands to investigate a Dutch company that sells cut flowers and plants to Finnish customers (online or directly from the company's special built lorries when these lorries were coming to Finland). Therefore, a permanent establishment could likely be determined to exist in Finland. The company in question, despite being VAT registered for years in Finland, had an outstanding tax debt of more than one million € to the Finnish Tax Administration. Other example of PAOEs during 2018 cover different topics such as transfer pricing, missing traders, constructions workers or online betting.

Operative interventions in the form of multilateral controls and PAOEs are of great importance when pursuing international tax fraud, evasion and avoidance in an increasingly globalised world. The legal, methodological and practical framework, as well as the financial support from the programme, enable administrations to conduct cross-border investigations and controls, and build cases in cooperation with each other. There is a strong sense of these actions being based on a clear necessity for EU intervention (mainly, in order to provide the legal framework for exchanges) and a focus on operative solutions to problems, according to the conclusions of the Mid-term Evaluation of the Fiscalis 2020 programme.

Amongst the project groups, 7 were dedicated to different aspects of Eurofisc, a network of national EU Member States' analysts working in different areas of fraud risk. It was set up in 2010 to improve the capacity of Member States to combat organised VAT fraud, especially carousel fraud. Eurofisc allows Member States to exchange early warnings on businesses suspected of being involved in carousel fraud. The first of the project groups organised under Fiscalis 2020 relates to the practical functioning and operation of the Eurofisc Group as well as the work to be carried out within the different working fields. There are in addition 6 project groups, one for each of the working fields of Eurofisc: missing trader intracommunity

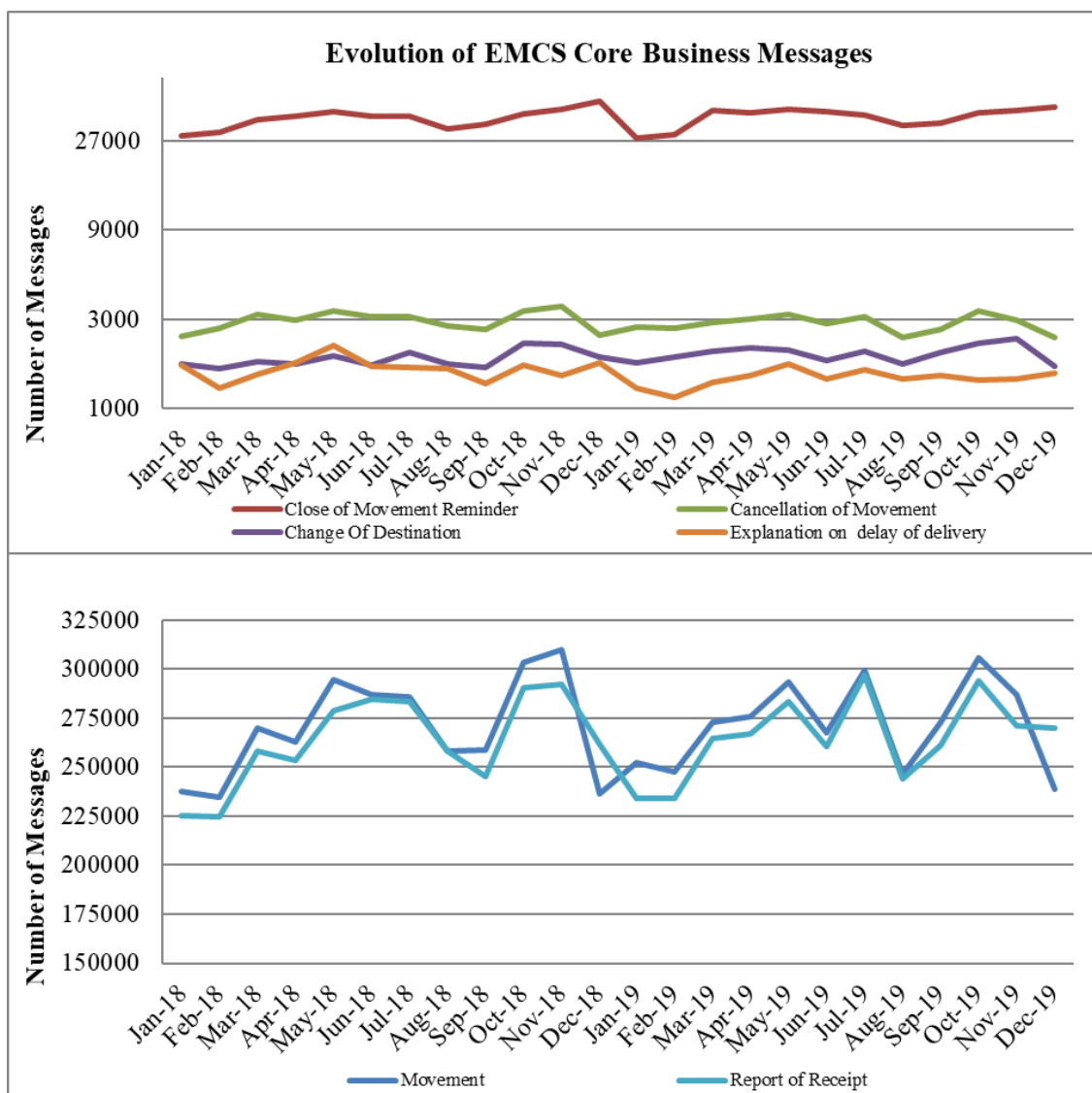
fraud; cars-boats-planes; customs procedures and VAT fraud in intracommunity trade; VAT fraud observatory; control of e-commerce and TNA (Transaction Network Analysis). In addition to the above-mentioned existing project groups, a new project group was launched in 2019 dealing with Eurofisc governance.

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

At the level of usage performance, if we compare the operational statistics from 2018 and 2019 we can observe the following:

- Figure 10 shows an improvement in the number of EMCS Phase 3 Core Business Messages. In short, the following graph indicates that 6 951 852 EMCS Core Business Messages were processed during 2019 (on average 265 180 per month) under control of the EMCS system. The number increased by 0.71% compared to 2018. The highest number of messages (649 654) was observed in November 2018.

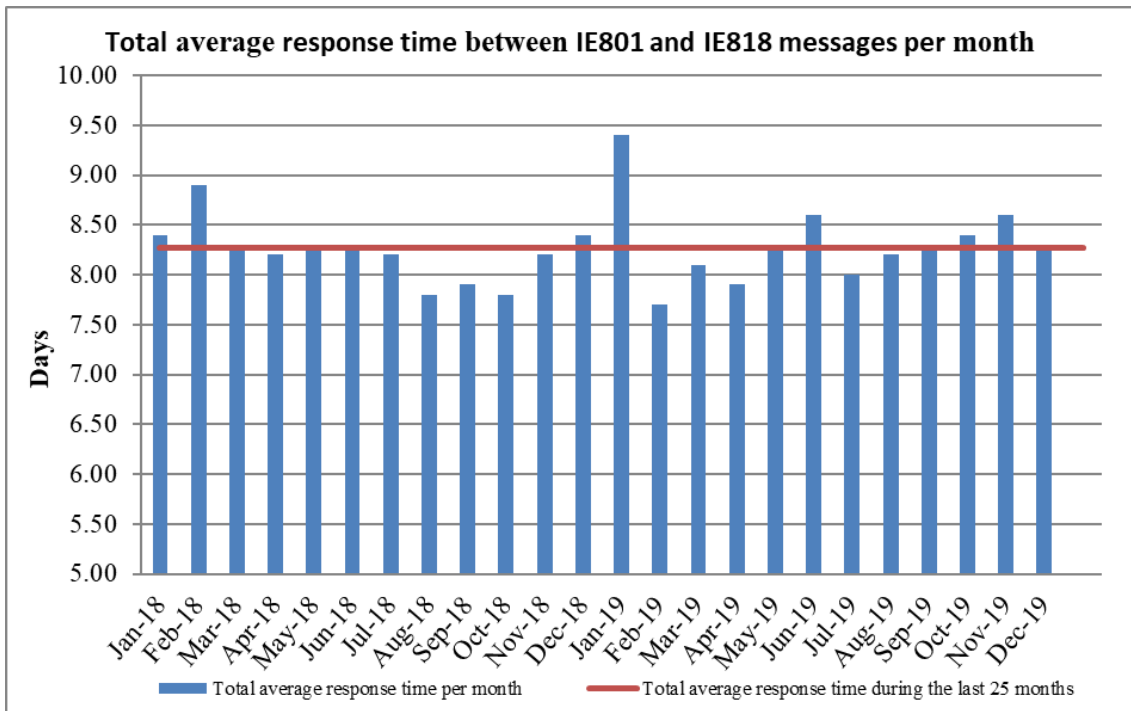
Figure 10: Evolution in the Number of EMCS Core Business Messages (2018 – 2019)



- Figure 11 shows the total average response time between the submission of movements and their corresponding Report of Receipts. The selection of the movements that are taken into consideration for the average response time is based on the submission time of the Report of Receipt. The total

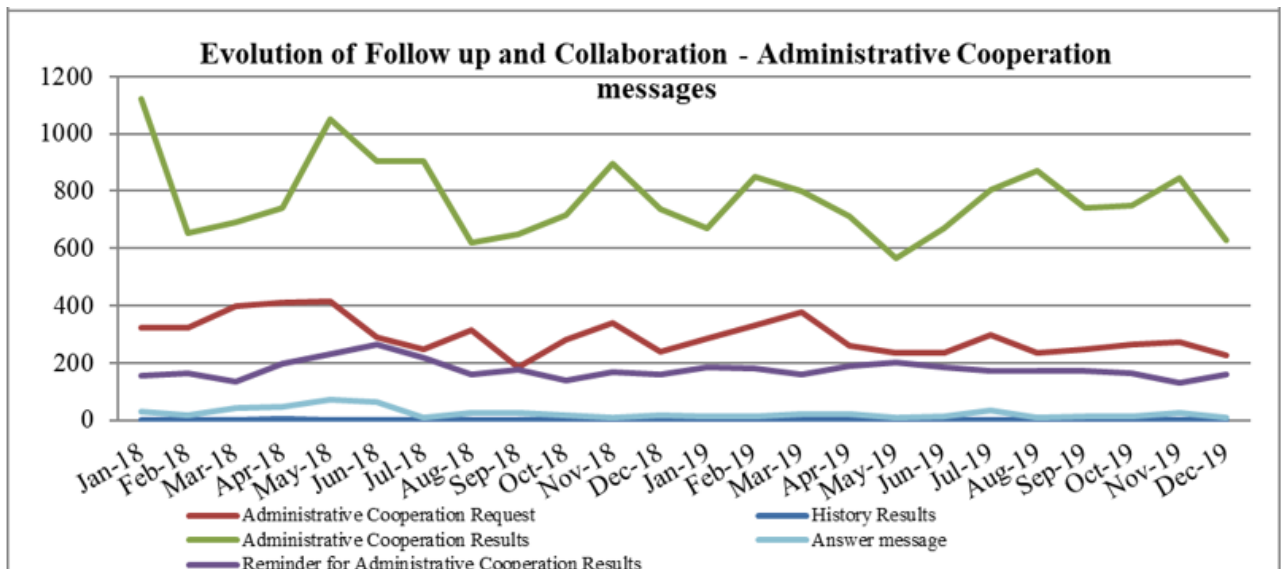
average response time during the last 24 months is 8.27 days. The total average response time was stable during 2019 with an average monthly value of 8.32 days.

Figure 11: Total Average Response time (2018– 2019)



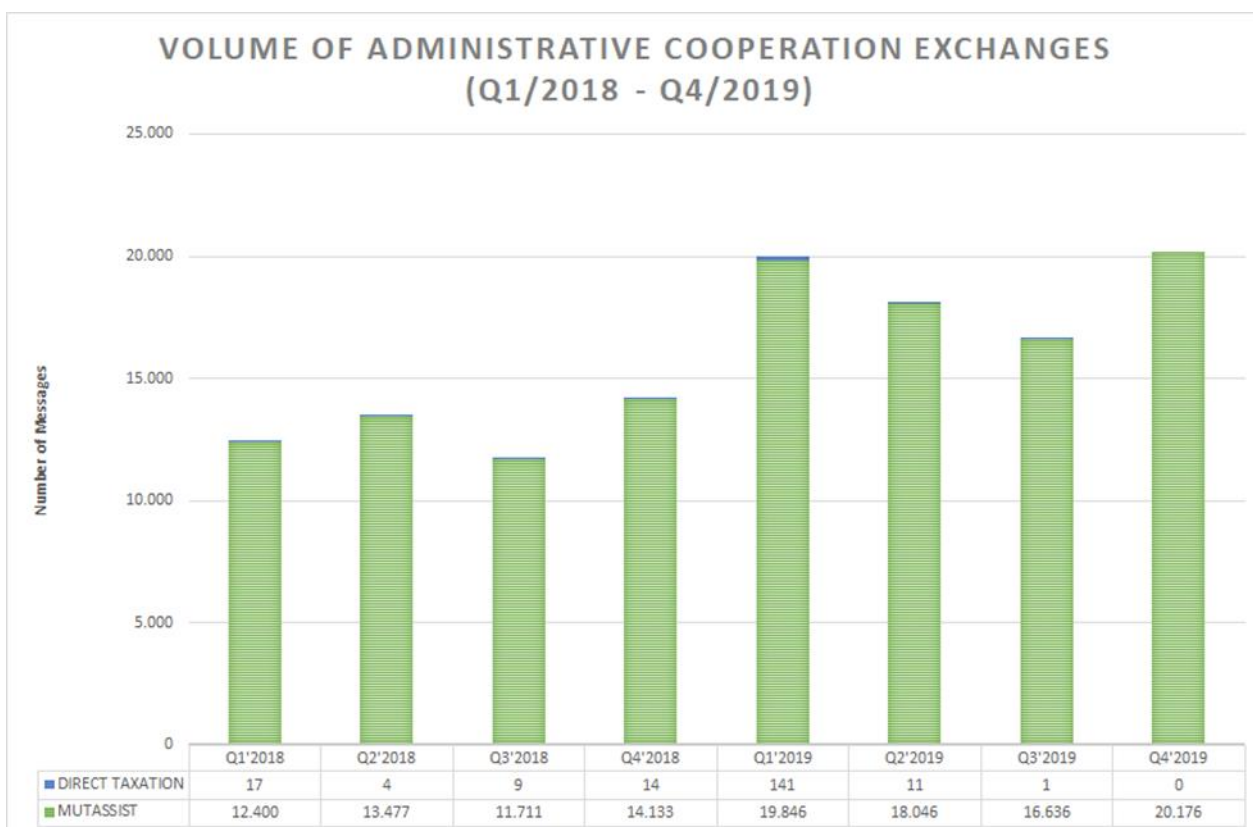
- Figure 12 shows the trend on the number of EMCS Follow-up and Collaboration Messages during 2018 and 2019. These requests are used to request information about movements and / or individual traders, as well as access to archived messages held in another Member State. During 2017, the usage of the Administrative Cooperation Request messages decreased by 9.75% compared to 2016. The usage of the Administrative Cooperation Request messages decreased by 13.15% compared to 2018.

Figure 12: Evolution of EMCS Follow-up and Collaboration Messages – Administrative cooperation messages (2018 – 2019)



- 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 in 2019 increased 44% by comparison with 2018. Figure 13a below provides further details regarding:
 - MUTASSIST: mailbox used for the exchange of forms between Member States in the field of Direct Taxation under DAC.
 - DIRECT TAXATION: Exchange of information concerning the Savings Directive

Figure 13a: CCN/Mail3 – exchanges per quarter (Q1/2018 - Q4/2019) for direct taxation

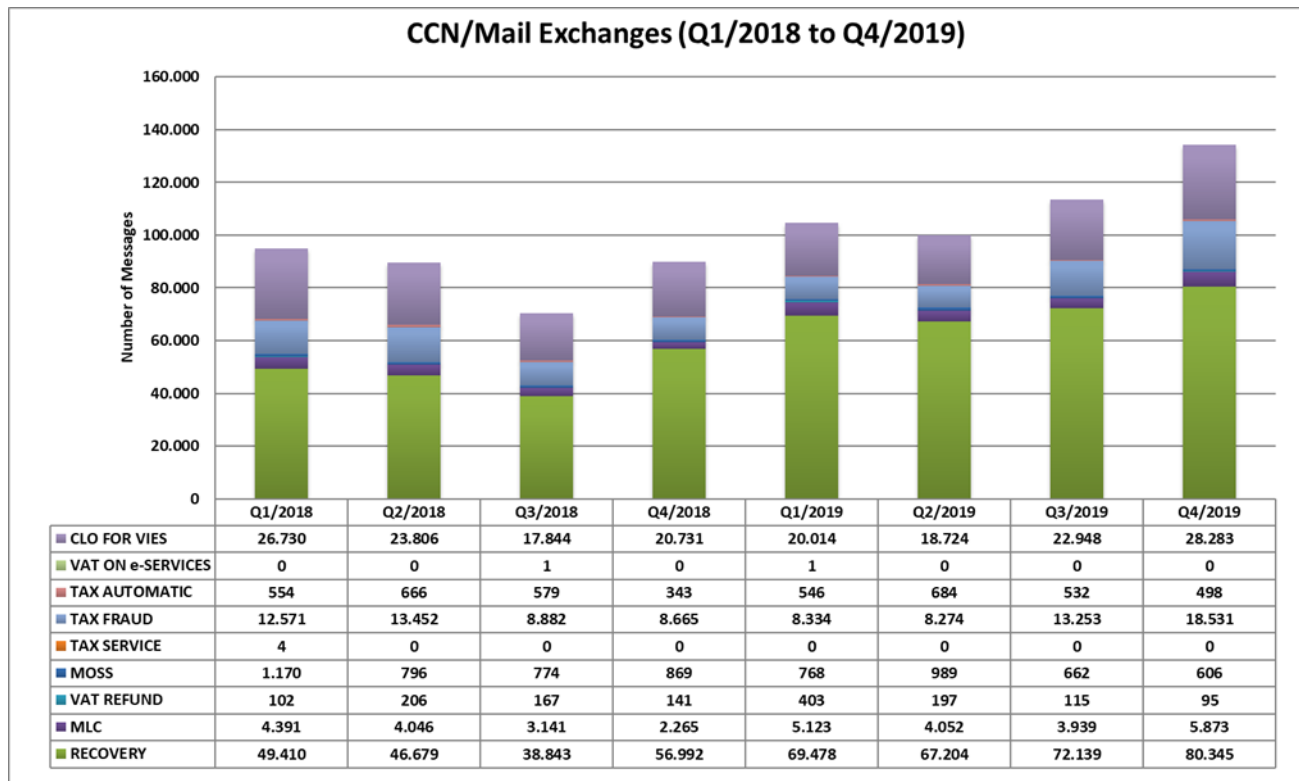


- Figure 13b below shows the usage of CCN/Mail3 for indirect taxation, in particular regarding:
 - CLO FOR VIES: Central Liaison Office for VAT Information Exchange System
 - VAT ON e-SERVICES: Exchange of the information related to VAT on e-Services
 - MLC: Exchange of information for VAT-related Multi-Lateral Controls
 - MOSS: Exchange of information related to MOSS
 - RECOVERY: Exchange of Recovery e-Forms and related information
 - TAX AUTOMATIC: Automatic exchanges and Structured Automatic exchanges (Information on non-established traders, new means of transport, distance selling not subject to VAT)
 - TAX FRAUD: Exchange of e-Forms related to specific cases of suspected fraud. Mailbox used by EUROFISC
 - TAX SERVICE: Exchange of VAT Algorithms and other IT related information
 - VAT REFUND: Exchange of information related to VAT Refund

The number of messages exchanged via these mailboxes was decreased by 31.49% (452 868 in 2019 compared to 344 407 messages in 2018). Recovery e-Forms messages account for 63.85% of the total messages exchanged via the Taxation mailboxes during 2019.

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

Figure 13b: CCN/Mail3 – Exchanges per quarter (Q1/2018 – Q4/2019) for indirect taxation



- When it comes to the **VAT Information Exchange Systems (VIES)**, the table below shows an increase on the total number of various types of VIES messages, i.e. Registry, Turnover Data (TOD), and Member State Warning (MSW), by comparison with the previous year. The total number of VIES messages (VIES on the Web messages included) was almost 2 098 million in 2019, meaning that an increase of 239 million messages representing 12.87% is observed compared to the 1 859 million messages in 2018.

Table on the evolution over the last two years of VIES Messages per quarter, in millions.

Type of Messages	Q1'2018	Q2'2018	Q3'2018	Q4'2018	Q1'2019	Q2'2019	Q3'2019	Q4'2019
Registry Messages	119.1	111.4	117.6	136.6	158.3	220.3	142.8	152.1
TOD Messages	27.7	22.4	19.0	20.9	23.6	26.3	18.4	23.4
MSW Messages	138.2	125.9	112.7	118.7	120.2	88.5	70.2	133.9
VoW Messages ³⁰	402.2	408.8	521.3	526.8	439.2	452.9	533.2	673.2
Total Number	687.3	668.5	770.6	803.0	741.3	788.0	764.6	982.6

³⁰ This number is not the actual traffic Member State Administrations are experiencing, since the number from blocked IP addresses is also included. The number is generated from TSS in consolidated mode and no distinction is possible at the moment.

In the table, the types of messages relate to:

- Registry Messages: the trader VAT number is checked against the construction rule of the destination Member State
- TOD Messages: each Member State must collect on a monthly basis (or less frequently) the recapitulative statements issued by intra-community suppliers on its territory. The monthly recapitulative statement of a given supplier corresponds to the total value of his supplies to each of his purchasers in any other Member State, together with their intra-community VAT identification numbers
- MSW: after reception of an enquiry from a Member State Administration-A, the Member State Administration-B may reply with a Member State warning message notifying the Member State Administration-A that the enquiry cannot be satisfied. The message includes the type of the enquiry it replies to.

5.4 Objective 3: reinforce skills and competences of taxation officials

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

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value	2018	2019
Number of EU eLearning modules produced ³¹	EC	6 (2013)	Grow or stable	6	6	18	36 ³²	192 ³³	210 ³⁴
Number of EU eLearning modules used by participating countries (combined number of all modules used in each country)	EC	60 (2014)	Grow	60	62	170	123	165	182
Number of tax officials trained by using EU common training material	EC	4 862 (2013)	Grow or stable compared to baseline	4 171	5 188	4 421	32 908	15 739	53 845
Number of times publically available EU eLearning	EC	3 609 (2014)	Grow or stable	4 332	3 416	18 456	8 592	6 772	7 344

³¹ 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.

³² 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.

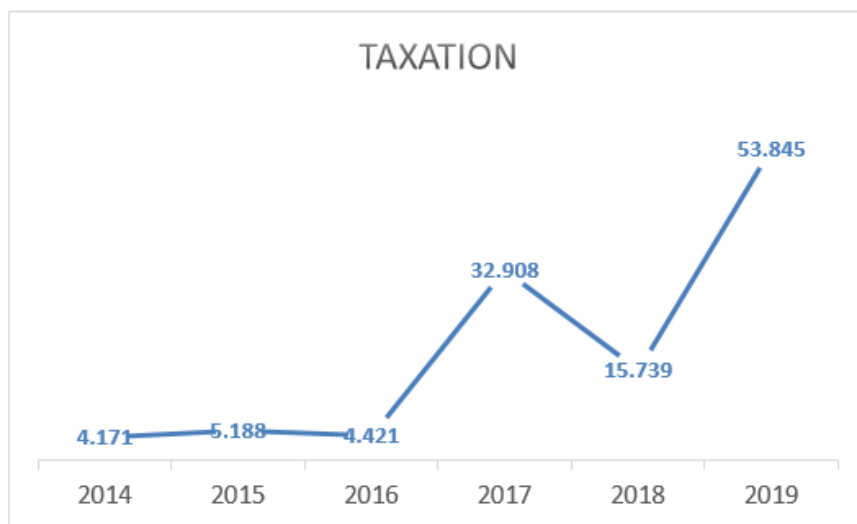
³³ The indication of 192 eLearning modules produced in 2018 relates to the technical migration of the complete VAT eLearning Programme (12 modules) and the migration as well of the languages versions of each modules (available in 16 languages).

³⁴ The indication of 210 eLearning modules produced in 2019 relates to the Brexit compliant update of the complete VAT eLearning Programme (12 modules) and the languages versions of each module (available in 17 languages) and the content and technical update of 2 EMCS modules (EMCS Core module and 5 modules of EMCS Business Programme).

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value	2017 value	2018	2019
modules were downloaded from Europa.eu website			compared to baseline						
Average training quality score by tax officials	EC	67.0 (2015) ³⁵	>70.0	73.0	67.0	70.8	75.1	77.3	73.0

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, the number of officials trained has increased, showing the great impact of the redeveloped and updated VAT Programme for the administrations. The training quality score of the EU Tax eLearning portfolio, regarding technology, content and methodology is on average 73 points out of 100 (50-75 means “good” and 75-100 means “very good”) demonstrating a good appreciation.



Evolution of number of Tax trainees in national administrations

Traders and the public, who can download EU Tax eLearning courses freely from EUROPA website, downloaded EU Tax eLearning courses in total 7 344 times and reported 63 112 trainees on the EU tax courses. This represents a considerable number given that the EU VAT eLearning programme and other courses have been already in the portfolio for a few years.

In 2019, in particular the EU VAT eLearning programme consisting of 12 eLearning modules (VAT Introduction, VAT Territory, VAT Taxable Person, VAT Transaction, VAT Place of Taxable Transactions, VAT Digital Services and MOSS, VAT Chargeable Event and Taxable Amount, VAT Rates, VAT Exemptions, VAT Right to Deduct, VAT Refund and VAT Obligations) was extensively used by national administrations and economic operators. In the different modules, the quality scores are similar in content, methodology and technology. The technology used is highly appreciated this year. The effort for making the eLearning courses compatible with different work environments and available in different devices and the easiness in using the modules have been appreciated by the users.

In 2018 an EU-wide survey on Human Capacity Building Maturity in national tax administrations was performed and resulted by end 2019 in the availability of the **first common EU TAX Competency Framework (TaxCompEU)**, that provides national tax administrations with a common reference standard for

optimal staff performance, based on identified common tax values, operational tax competencies, professional and management competencies and tax career paths. Implementation in national tax administrations' HR structures will be further accompanied and supported as of 2020. For further details on the EU Tax Competency Framework (TaxCompEU), see case study in section 6.5.

Specifically in the **area of IT**³⁶, during 2019 there were 28 training sessions organised by DG TAXUD for national tax officials on how to use various European tax and excise IT Systems, such as CCN CSI, CCN2, EMCS, recovery e-Forms Central Application and TNA. This number represents an increase of 33% over the previous year. The same increase rate (33%) applied to the number of participants. These IT training sessions received very positive feedback from the participants in terms of their usefulness and meeting the participants' expectations, very well above target.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of IT training sessions organised for given systems / components (e.g. VAT refund, EMCS, VIES, MOSS)	ART	12 (2014)	Grow or stable compared to baseline	12	21	36	23	21	28
Number of tax officials trained in IT trainings	ART	106 (2014)	Grow or stable compared to baseline	106	136	225	324	226	301
Percentage of tax officials who found that the IT training met their expectations (percentage of those who replied 'fully' or 'to large extent')	EAF	87.3% (2014)	>80.0%	87.3%	93.0%	95.0%	95.9%	95.0%	96.3%
Percentage of tax officials who found the IT training to be useful (percentage of those who replied 'very useful' or 'useful')	EAF	95.8% (2014)	>80.0%	95.8%	98.0%	98.0%	97.5%	96.6%	97.6%

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

There were 43 **joint actions** operational under this objective in 2019, 4 more than in 2018 although still below the baseline (46). When looking at the number of actions, we should take into account that, while earlier years had more actions in total, and more actions specifically addressing concrete issues, in the last years many actions were to a greater extent organised in broader projects covering themes rather than specific interventions. Content-wise, the projects are usually multi-annual rather than annual, as the actions and processes they cover stretch over more than one year. This may lead to less new initiatives and in a decrease in the total number of actions for a specific year.

Out of the 43 joint actions, 25 were **working visits**, with Czech Republic, Bosnia-Herzegovina and Serbia being highly involved as the sending administrations.

Nine **project groups** were equally active during the year under this objective. Four of them were launched in 2019, dealing with the classification and taxation of (new) tobacco products, the provisions for small and

³⁶ Training sessions in the area of IT are organised in the form of Project Groups.

medium producers of alcohol beverages, losses due to the nature of the goods and the European network of national promoters to support tax education for young people. The already existing project groups on methodologies to assess the revenue impact of the Corporate Income Tax reforms, the Implementation of Art. 10 of the Directive on Dispute Resolution Mechanisms, tax cooperation with third countries and OLAF/Europol exchanges of information under Regulation 904/2010 (Eurofisc).

Eight **workshops** were organised during the year covering different areas. Regarding VAT, a series of workshops took place on VAT case-law, VAT split payment, transaction-based VAT reporting as means of fraud proofing the definitive VAT system and VAT in the digital age. Two workshops were organised regarding the UK withdrawal of the EU (one on VAT related matters and the other on excise taxation). The joint workshop Fiscalis2020-Customs2020 "**Preparation of Explanatory Notes on the VAT e-commerce Directive³⁷**" was organised in September 2019, in Madrid (Spain). Article 4 of this Directive stipulates that Member States shall adopt and publish, by 31 December 2020, the laws, regulations and administrative provisions necessary to comply with all new rules contained in the VAT e-Commerce package, which will enter into force on January 2021. These rules target distance sales of goods both within the EU and for small parcels being imported into the EU and sold to final consumers within the EU. They also entail provisions for making marketplaces deemed suppliers under certain conditions. After the adoption of the legislation, discussions with Member States were conducted to obtain a common understanding of the implementing rules (workshop held in Malta in 2018). Given the complexity of the subject matter, it became important in 2019 to prepare Explanatory Notes in cooperation with Member States and businesses by means of a workshop.

Union Law and Policy Application and Implementation Index

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
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)	>3.00	2.66	2.87	3.75	3.75	3.00	3.20
Participants' views on the extent to which a JA (that sought to enhance the understanding and implementation of Union law in the field of taxation) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent')	EAF	93.5% (2014)	>80.0 %	93.5%	91.6%	85.4%	85.5%	89.0%	96.6%
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)	>80.0 %	94.5%	92.7%	86.6%	84.7%	88.0%	94.9%
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	100.0% (2014)	>80.0 %	100.0 %	100.0 %	97.6%	98.0%	98.1%	99.2%

³⁷ Council Directive (EU) 2017/2455 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods, adopted on 5 December 2017.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of actions (JAs) that have supported or facilitated to enhance the understanding and implementation of Union law in the field of taxation	ART ³⁸	46 (2014)	Grow or stable compared to baseline	46	71	50	35	39	43
Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a JA (under this objective)	AFF ³⁹	2014: 0 (R) 0 (G) 15 (O)	On average at least one output per action	0 (R) 0 (G) 15 (O)	11 (R) 0 (G) 6 (O)	0 (R) 1 (G) 5 (O)	1 (R) 0 (G) 8 (O)	0 (R) 0 (G) 6 (O)	0 (R) 0 (G) 6 (O)

The Union Law and Policy Application and Implementation Index provides a comprehensive overview of the performance of the joint actions organised under this objective. The main indicator relates to the level of achievement of expected results, as they were identified prior to the activity and later evaluated by their action managers. The obtained value of 3.2 (on a range between 0 and 4) indicates that the action managers are satisfied with the progress obtained by the activities organised. This figure represents a slight improvement from 2018 and keeps the overall tendency initiated in 2016 by comparison with baseline and the first two years of the programme. The feedback provided by action managers specifically for working visits (which follow an independent survey) supports this positive assessment, with a value of 3.3 regarding the achievement of results.

Such a positive assessment is also confirmed by participants to joint actions, who have expressed very high levels of satisfaction with the activities in terms of 'meeting their expectations' 94.9% (more than 6 percentage points than in 2018). The number of officials participating to these activities who found them to be professionally 'useful' or 'very useful' has also increased in 2019, together with the number of participants for which the intended results were achieved to a fully/large extent (96.6%, the highest result since the launch of the programme).

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. 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. There has been a significant fluctuation in this indicator between the three years, both positive and negative. Fluctuations in these indicators, however, need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on the business need and the type of the subject matter addressed by the programme action. With these considerations in mind, it is difficult to set concrete targets for this indicator. For this reason, the initial target at the launch of the programme in 2014 was to have annual increase/stability in the score. A possible approach to a more concrete target could be to rather set a minimum target of at least one output per action in a given year. Such a target would demonstrate that on average all programme activities produce outputs. With 6 outputs produced in 2019, we can see that the target has not yet been achieved, and that there is stability in the results if we compare it with previous years.

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

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

³⁸ Excluding working visits and expert teams.

³⁹ Excluding working visits and expert teams.

The number of **joint actions** under this objective, with 208 joint actions operational in 2019, was above baseline but still decreasing since the peak number reached in 2017. As was the case under other operational objectives, we should take into account that, while earlier years had more actions in total, and more actions specifically addressing concrete issues, in the last years many actions were to a greater extent organised in broader projects covering themes rather than specific interventions. Content-wise, the projects are usually multi-annual rather than annual, as the actions and processes they cover stretch over more than one year. This may lead to less new initiatives and in a decrease in the total number of actions for a specific year.

By far, the vast majority of actions organised were **working visits** (171), with the Czech Republic, Portugal and Spain being particularly proactive as sending organisations. There were also nine **workshops** organised during 2019. These workshops dealt, amongst others, with withholding tax, risk management for IT taxation systems, tax residence issues and tax representatives for VAT.

16 project groups were active during 2019 under this objective. All of them continued their activities from previous years, focusing on topics such as compliance risk management in tax administrations, data governance and information exchange from digital/platform economy for taxation purposes or data analytics. The project group dedicated to the **Strategic dialogue and cooperation among Heads of tax administrations of the EU (TADEUS)**, launched in 2018, continued its activities during 2019. TADEUS is a cooperation network for the EU Member States' heads of tax administrations and the Commission. This new form of cooperation at senior management level allows to better address common challenges faced by EU countries in today's era of globalisation and digitalisation. For instance, TADEUS endorsed in September 2019 the findings of the 'Digital and data' project – about possible tax reporting requirements for the sharing and gig economy. For further details on TADEUS, see case study in section 6.3.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of actions under the programme organised in this area	ART	105 (2014)	Stable or grow comp. to baseline	105	225	251	284	273	208
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)	> 3.00	2.36	3.58	3.16	3.15	3,30	3.55
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	95.3% (2014)	>80.0%	95.3%	96.1%	90.1%	94.2%	98.0%	94.7%
Participants' views on the extent to which an event met	EAF	93.2% (2014)	>80.0%	93.2%	94.7%	92.3%	93.5%	92.2%	92.8%

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
their expectations (percentage of those who replied 'fully' or 'to large extent')									
Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	EAF	96.8% (2014)	>80.0%	96.8%	99.0%	97.9%	97.4%	98.0%	98.1%
Number of guidelines (G) and recommendations (R) issued by participating countries in their national administrations following programme activities (under this objective)	EAF	2014: 63 (G) 134 (R)	On average at least one output per action	63 (G) 134 (R)	34 (G) 79 (R)	36 (G) 69 (R)	83 (G) 154 (R)	31 (G) 88 (R)	65 (G) 101 (R)
Number of best practices / administrative procedures (AP) developed/shared	AFF ⁴⁰	17 (2014)		17	7	11	19	13	9

At the level of achievement of results of joint actions under this objective, the action managers have given a very high grade (3.55) from a range between 0 and 4. The feedback provided by action managers specifically for working visits (which follow an independent survey) supports this positive assessment, with a value of 3.61 on the achievement of results.

On the participants' side, we can see that their perception of the achievement of results (94.7% replied "fully" and "to a large extent"), the fulfilment of expectations (92.8%) and their perceived usefulness (98.1%) of the programme activities organised under this objective remained at high levels, with slight fluctuations when compared with the values of 2018.

The number of outputs (guidelines and recommendations) issued by participating countries in their national administrations during 2019 (166), represent a considerable increase from 2018 (119). As previously explained, fluctuations in these indicators need to be interpreted carefully, as not every recommendation or guideline is equally important. Furthermore, the number of outputs depends largely on the business need and the subject addressed by the programme action. In the case of working practices / administrative procedures developed, the number continues to decrease after the peak reached in 2017.

⁴⁰ Excluding working visits and expert teams

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
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)	>90.0%	96.7%	94.0%	95.8%	94.8%	94.3%	94.7%
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	76.3% (2014)	>70.0%	76.3%	70.8%	76.0%	73.9%	85.6%	84.7%

Besides measuring the number of outputs, we also look at their dissemination and use in the national administrations. The dissemination of programme outputs by the participants is high, with similar levels to 2018: more than 94% of the participants declaring to have distributed programme outputs nationally. We also asked the participants whether these outputs have led to any change in the national administrations' working practices, and here more than 84% answered positively, citing one or more of the following changes in the national administrations: increased knowledge of colleagues, improved working practices/administrative procedures and improved tools.

Indicator	Source	Baseline	Target	2014	2015	2016	2017	2018	2019
Number of face to face meetings (total for the programme)	ART	443 (2013)	Grow or stable compared to baseline	265	551	552	563	556	590
Number of on-line collaboration groups (PICS) (total for the platform)	EC	110 (2013)	Grow	199	261	301	277	340	348
Number of downloaded files from PICS (total for the platform)	EC	13 564 (2013)	Grow or stable compared to baseline	73 200	116 538	96 062	104 941	92 500	160 648
Number of uploaded files on PICS (total for the platform)	EC	3 445 (2013)	Grow or stable compared to baseline	5 521	11 177	7 807	7 184	7 887	9 455

In the area of **online collaboration**, we are looking at the use of the Programme Information and Collaboration Space (PICS). This platform is used by many DG TAXUD and national customs officials to facilitate the running of joint actions, but also for other, non-programme related collaboration needs and knowledge sharing in communities of practice. We can see that the total number of online collaboration groups on the platform remained overall stable in 2019 (348 groups in total). 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. 1 000

new users (in particular for 2019, there were 1 237 new users). In terms of file sharing, both the number of downloaded and uploaded files increased considerably during 2019: 73.6% more of downloaded files and 19.8% more of uploaded files.

In addition to online collaboration, Fiscalis 2020 programme also funded 590 face-to-face meetings during the year (6% more than in 2018).

6. PROGRESS IN RELATION TO THE ANNUAL WORK PROGRAMME

6.1 Introduction

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

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

In the sections below, we have included four AWP projects corresponding to different specific objectives of the programme, with additional information on their work and achievement during 2019. The selected projects are representative of the type of AWP projects initiated under each part of the specific objective. The summaries of projects have been provided by the action managers and highlight the main actions and their results.

6.2 AWP project – Development, operation and maintenance of and horizontal support to European Information Systems

Title of the case study:
DAC6: Trans-European System to support the exchange of information under Directive 2018/822/EU
Description:
<p>Implementation of Trans-European Systems (TES) to support the exchange of information between the Member States in the context of the Council Directive on Administrative Cooperation (DAC) in the field of direct taxation. In particular for DAC6 according to the Directive, Commission will adopt the following practical arrangements:</p> <ol style="list-style-type: none">1. Standard forms (including linguistic arrangements) that must be adopted by 30/6/20192. A secure Member State central directory that must be developed by 31/12/2019 <p>Further information is available in the Europa Website⁴¹.</p> <p>The Commission supports administrative cooperation between Member States by providing reliable and secure IT communication channels as well as any other IT solution needed for the exchange of information between the Member States as well as between the Member States and third countries.</p> <p>Furthermore, the Commission is monitoring the systematic and proper usage by the MSs of the provided IT channels and solutions.</p>
Expected results:
<p>Provide Member States with the solutions and infrastructure needed for administrative cooperation, such as electronic formats for exchange of information and secure channels of communication.</p> <p>Improve the existing solutions for exchange of information and develop new ones according to the evolution of the legislation, and promote the most effective use of the IT solutions.</p>

⁴¹ https://ec.europa.eu/taxation_customs/business/tax-cooperation-control/administrative-cooperation/enhanced-administrative-cooperation-field-direct-taxation_en

As a result enhanced cross-border tax compliance within the EU and internationally should be achieved via more and better (more secure and quicker) exchange of information.
Actions initiated under the programme:
During the reporting period, the Commission initiated and completed the development of the first release of DAC6 Central Directory (DAC6 v1.0) that will enable as of 2020 the reporting of cross-border reportable arrangements. The implementation of DAC6 CD, mandated by the Council's Directive 2018/822/EU of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements, aims to improve the functioning of the Internal Market by discouraging the use of aggressive cross-border tax-planning arrangements.
Summary of main outcomes:
The main outcomes related to be above mentioned actions can be summarised as follows: <ul style="list-style-type: none"> • First version of DAC6 XML schema⁴², that provides an electronic format to encode arrangements in accordance to the provisions of the DAC6 Directive, provided to the Member States according to the deadline imposed by the DAC6 Directive (30/6/2019). • First version of DAC6 CD (v1.1.0) released in production according to the deadline imposed by the DAC6 Directive (31 December 2019).

6.3 AWP project – Well-functioning tax administrations in programme participating countries

Title of the case study:
Strategic dialogue and cooperation among Heads of Tax Administration of EU (TADEUS)
Description:
<p>Tax administrations across the Union face similar challenges. TADEUS is the Tax Administration EU Summit, which was set up in 2018 for allowing a strategic dialogue among the Heads of tax administration in the EU Member States. TADEUS will contribute to the identification, development and uptake of the best possible responses to shared issues at tax administration level. Ultimately, the cooperation within TADEUS will bring benefits for each administration through improving their functioning and performance.</p> <p>The cooperation among the Heads of tax administration in the EU aims primarily to:</p> <ul style="list-style-type: none"> • Facilitate the implementation of Union Law and improve compliance with it; • Facilitate EU coordinated positions among national tax administrations in international fora; • Issue recommendation for policy makers at national or Union level for issues related to challenges identified by tax administrations; • Establish a strategic umbrella to guide the work of existing and future Fiscalis and other common activities. <p>TADEUS fosters a project-based approach with dedicated task forces with a strong focus on delivering tangible results that support the work of all tax administrations within the European Union. Targeted actions and projects that are established have to respond to the priorities jointly identified by the Heads</p>

⁴² used to describe and validate the structure and the content of related datasets

<p>such as tax compliance, digital reform, the implementation of EU tax law or the resources management. The Heads of tax administration set up a multi-annual plan for their cooperation, which summarises the strategic themes and works as a basis for launching new projects.</p> <p>The cooperation within the TADEUS framework takes place on a regular basis through various settings, such as plenary meetings and deputies meetings. A small and agile steering group also contributes to prepare and follow-up on the plenary meetings. The plenary meetings of TADEUS take place once per year and reunite the Heads of tax administration. The Commission (through DG TAXUD) equally participates in TADEUS and provides substantial organisational support to it.</p>
<p>Expected results:</p>
<p>TADEUS is expected to generate a number of important results:</p> <ul style="list-style-type: none"> • Improve tax administration under all its facets (administrative procedures, processes, structure, tools and skills); • Enhance administrative capacity and cooperation; • Harness the collective strength of tax administrations across the EU. <p>Outputs of the various actions and projects are expected to be taken up by the tax administrations at national level. TADEUS Heads, being directly informed of the outcomes, are in the best position to ensure that they are implemented and leading to changes at the operational level within their respective tax administrations. Ultimately, the performance of national tax administrations is expected to improve and benefit from the cooperation at all levels.</p>
<p>Actions initiated under the programme:</p>
<p>Project Group FPG/096 - Strategic dialogue and cooperation among Heads of Tax Administration of EU (TADEUS).</p> <p>Since its start in 2018, TADEUS allowed the Heads to meet already 3 times and to decide on launching a number of relevant common projects:</p> <ul style="list-style-type: none"> • The <i>Digital and data project</i> (FPF/097) which already delivered its final report in 2019. Project results have been endorsed by TADEUS and served as basis for a new Commission initiative proposing EU wide harmonised reporting obligations for digital platforms on taxpayers who earn money/revenues through them; this will allow the national tax administrations to better ensure tax fairness at national and EU level. • The <i>Trust and compliance project</i> (FPG/098) which will deliver by the end of 2020 a set of guidelines on engaging taxpayers and ensuring tax compliance; those guidelines will allow bringing important risk management decisions closer to senior management level in the national tax administrations. • The <i>HR management readiness and agility model project</i> (FPG/104) which created an assessment framework and the possibility to act on improving the HR management practice at tax administration level based on common and up to date standards; • The <i>Eurofisc strategy and governance</i> (FPG/117) which has the purpose to propose, before the end of 2020, a multi-annual strategy for Eurofisc with objectives set by the Heads of tax administrations and a roadmap for a new governance for Eurofisc, including the assessment of its requirements; such overhaul became necessary in view of the increased competences and tasks attributed to EUROFISC for dealing with VAT fraud. • The <i>Measuring the performance of administrative cooperation</i> (FPG/119) which aims at improving the identification of business results stemming from the use of administration cooperation; the new insights will feed taking the adequate decisions on what needs to be improved at national and or EU level for increasing the performance of the administrative cooperation among the EU Member States in the field of both direct and indirect taxes; • The <i>Multi-annual strategic plan for IT projects in the field of taxation</i> (MASP-T), which is less

of a project and more of a management tool. MASP-T - developed in the course of 2020 - will ensure a better coordination of European IT projects deriving from Union legislation. It will provide a consolidated overview of all the running European IT projects including milestones as well as a reporting scheme. Providing such an overview to the Heads of the tax administrations will help them taking the right decisions on national resources for ensuring swift and timely implementation and thus meeting the legal deadlines. TADEUS therefore agreed to ensure the governance of MASP-T.

Besides launching and acting upon its own projects, TADEUS is also key for disseminating information, providing support for the current implementation of EU tax policy and legislation. Bringing the outcomes of Fiscalis activities carried out at expert level to the level of TADEUS is crucial for ensuring the uptake of their jointly produced outputs (guidelines and good practices) at national level.

Summary of main outcomes:

In just two years since its creation, TADEUS developed towards a reliable framework for strategic cooperation among the Heads of the tax administrations in the EU Member States. It has done so by mobilising the necessary resources and expertise for contributing to those projects that were identified as responding to the main priorities and challenges of national tax administrations within the EU. The Commission equally invested into ensuring coordination and the smooth functioning of TADEUS. The main outcome of this period is that it offered a *proof of concept* for the new framework of cooperation at strategic level among the Heads of tax administration.

The value added of TADEUS lies in its approach to setting up and steering projects. The direct involvement of the tax administrations' senior managers ensures ownership, steering over key strategic choices, sufficient resources and strict deadlines supervision. Equally, TADEUS helps with disseminating the project results and with securing the future implementation of recommendations.

Finally, TADEUS has a special relation with the Fiscalis programme as a whole. Fiscalis provides financial resources for TADEUS while TADEUS contributes to the general objectives of the FISCALIS programme in three ways:

- by initiating new projects of high strategic interest under Fiscalis;
- by keeping track of ongoing activities and, eventually, providing resources and participation in FISCALIS activities at national level;
- by ensuring follow up in order to increase the effectiveness of cooperation activities finalised under FISCALIS.

6.4 AWP project – Means of administrative cooperation other than exchange of information

Title of the case study:

Simultaneous control under the Council Directive 2011/16 for taxes, carried out as an MLC within the scope of FISCALIS.

Description:

In the period from 2017 to 2019 a simultaneous control was performed on a multinational enterprise (MNE), active in the production and sales of consumer electronics. The main scope of the simultaneous control was on the transfer pricing between the various entities within the enterprise.

The MNE originates from, and has its head office established outside the EU. For sales support and marketing the company is operating with local subsidiaries in a number of Member States of the EU. These subsidiaries have entered into a contract with the head office, on the basis of which their remuneration for the work done is set at less than 1% of the revenue generated in their country. The Member States involved in the MLC concluded during the selection procedures that, given the activities in the local operating subsidiaries that seem to take place at a first glance, this 1% appeared to be a rather low remuneration.

When setting up the MLC it was decided to start the project with a limited number of six Member States to keep the management at its highest standard. Also it was considered important that a number of large economies of the EU should take part. This was done to safeguard that the MNE would take the situation serious and would more or less be pushed into working together with the Member States in a compliant approach.

Expected results:

The expected outcome of the MLC was to gain knowledge on the transfer pricing principles that are used within the MNE. Based on that knowledge national administrations could assess the correct allocation of the profits of the MNE and assess if the right amount of taxes were paid at the right place.

Next to solving the potential problems for the audit period the aim of the MLC project was to see if national administrations could discuss a future solution to avoid the same problems from occurring again.

Actions initiated under the programme: MLC/XXX⁴³

During the MLC the involved Member States worked closely together in finding the facts and preparing a final position. During the MLC representatives of the MNE joined the meeting of the Member States a number of times to give insight and explanation about their transfer pricing documentation and about the facts that were found by the auditors.

Based on the supplied transfer pricing documentation and the facts that were found during the MLC the involved Member States concluded that the remuneration for the local support companies was not in line with the actual services they supplied. The audit teams concluded that 3% of the revenue as a profit for the local companies would give a fair result. Given the worldwide revenue of the MNE this would have a huge impact on their profit allocation.

In order to prevent that all 6 involved Member States would bilaterally have to negotiate with the MNE about the outcome of the MLC it was decided to approach the MNE on a centralized basis. A team of 3 persons was appointed to negotiate on behalf of the 6 involved Member States on the basis of a mandate that was given to them.

During the negotiations the appointed team of colleagues managed to close a deal with the MNE for the past within the mandate that was given to them. Based on the outcome of the MLC the individual Member States started a procedure with the MNE to settle the future years in advance pricing agreements to avoid future problems on the same topic.

⁴³ The financial code of the action initiated under the programme has been anonymised as the concerned company could be identified through the code.

Summary of main outcomes:
<p>The most important elements on the outcome of the MLC are:</p> <ul style="list-style-type: none"> - The MNE realized that its transfer pricing approach was not accepted by a number of Member States and not just one individual country. Having large economies involved in the process certainly had its impact. - The involved Member States have been able to adjust the combined tax base with EUR 3.1 billion. This has resulted in an additional tax payment of more than EUR 782 million in the combined countries - All involved Member States have started procedures with the MNE to enter into an advance pricing agreement for the future. This will give guarantees to the MNE and the Member States. <p>Although the MNE was confronted with a substantial amount of additional taxes to be payed, the company has expressed that the combined approach of the MLC is much more effective and appreciated a lot by the MNE to reduce the burden of work involved. By this approach it was able to close a deal with a number of Member States on its transfer pricing approach within a reasonable time limit. Also the starting up of advance pricing agreement procedures with all involved Member States was appreciated a lot to create guarantees for the future period.</p>

6.5 AWP project – Training and competency building

Title of the case study:
<p>EU Tax Competency Framework (TaxCompEU) (Initiative 1 of the EU Learning & Development Action Plan for Customs and Taxation (2017-2020)⁴⁴)</p>
Description:
<p>The rapidly changing global economy and technological environment means that EU tax administrations need to adapt their human resource policies and their staff profiles to acquire new competences. To ensure tax compliance, tax administrations need to diversify their expertise and use their workforce in smarter ways. Equally, tax administrations need to be attractive employers and offer challenging, flexible working conditions to face the global competition for talent.</p> <p>To offer a structured solution to these challenges, the EU Member States and the European Commission/DG TAXUD decided to collaborate in 2019 to create TaxCompEU, an EU competency framework for the tax profession.</p> <p>In a nutshell, TaxCompEU provides national tax administrations with a standardised approach towards training and performance development for tax professionals, connecting all HR processes under a uniform, tax-specific, competency-based methodology and toolset.</p>

⁴⁴ EU Learning & Development Action Plan for Customs and Taxation (2017 – 2020) - SWD (2017) 34 final



The EU CFW for Tax vision

Devise a capacity building framework placed at the **core** of EU Human Resources Management, acting as our **common language** to people training and performance management, rendering **knowledge, high delivery of standards and transparency**.



Expected results:

Common elaboration of a standardised approach to HR management for EU tax administrations, that comprises a set of methodologies and tools **designed specifically for the Tax discipline**, placing **tax-specific competency areas at the core of HR management** for all tax organisations and their professionals and as such, constituting a **performance management and staff development blueprint** for improved and harmonised performance of tax employees across the EU (= TaxCompEU).

Actions initiated under the programme:

Based on the positive example in the customs area (Customs 2020 supported), **the Commission/DG TAXUD worked together with 11 EU Member States⁴⁵ to develop the EU competency framework for tax, TaxCompEU**

TaxCompEU was developed collaboratively in 2019 (under Fiscalis 2020)

- **by MS**: Fiscalis 2020 Project Group composed of 13 tax training and HR experts of 11 MS (Austria, France, Ireland, Greece, Poland, Hungary, Italy, Latvia, Lithuania, Slovenia, Spain) on behalf of all EU MS
- and the **Commission/TAXUD (E3)**
- supported by **external HRM/Change management consultants (FWC BTRAIN-3)**.

TaxCompEU is since end 2019 available for use by national tax administrations in all EU languages.

Summary of main outcomes:

This EU Tax Competency Framework, a product of the Fiscalis 2020 programme, is ready for use by EU Member States' tax administration in 21 EU official languages since the beginning of this year (with

⁴⁵ TaxCompEU PG participating MS : AT, IT, IE, FR, GR, HU, PL, LV, LT, SI and ES

its EN master version already available since end-September 2019).

TaxCompEU provides a ‘tool box’ for competency-based HR management and Capacity Building (CB) in national tax administrations and incorporates four main tools (Figure 1).



Figure 1 - Tools included in the EU competency framework for tax

The framework is specifically designed to **support European tax administrations** in further aligning their staff policies with business needs, e.g. when defining job requirements and preparing the recruitment process. The EU competency framework for tax supports EU Member States with a concept to connect the main HR processes under a consistent, tax-specific, competency-based methodology and toolset.

Overall, TaxCompEU is an excellent window of opportunity for tax administrations in the EU Member States to begin **modernising their HR processes using state-of-the-art competency management techniques and tools**. The value added of this tool is that it integrates answers to most of the upcoming challenges into the role mapping, role descriptions and competency profiles for the EU tax administrations' staff.

Through targeted, competency-based HR processes, the competency framework contributes in particular:

- to recruit staff equipped with the right knowledge and skills set for the tasks they have to perform,
- to train staff throughout their whole work life and
- to provide data for fact-based strategic workforce planning in national tax administrations.



TaxCompEU supports in particular the targeted development of staff competencies relevant to a tax professionals' future modern work context, like 'Digital Literacy', 'Technological Ability' and 'Working Virtually', 'Coping with stress', 'Interpersonal Relations', 'Oral Communication' and 'English as Foreign Language', but also competency areas like 'International Tax Affairs', 'Exchange of Information', 'Taxpayer Service Processing', 'Taxation of New Emerging Businesses' and 'Digital Economy'.

Used at national level, TaxCompEU facilitates the identification and statistical documentation of workforce and performance strengths and gaps; in consequence it enables the strategic management of Tax Administrations to proactively mitigate the risks related to pending retirement waves, as well as make future financial projections and arrive at strategic decisions regarding tailored competency-based recruiting and filling knowledge and skills gaps precisely in line with national needs/needs forecasts.

TaxCompEU is **developed for voluntary use** by national tax administrations. Full or partial incorporation of TaxCompEU into national HR practices is a voluntary process, depending on the needs and challenges that each Member State currently faces. The common framework and relevant toolbox offer extensive flexibility to adapt to national requirements.

In view of its benefits, more than half of the EU tax administrations indicated that they already plan to implement the EU Tax Competency framework, while others are considering doing so. Fiscalis 2020 will in the years to come offer the provision of **expert consultant support** for national implementation processes (upon request of a MS).

For more detailed information about the TaxCompEU or to get access to the TaxCompEU tool set in all national EU languages, please consult EUROPA: https://ec.europa.eu/taxation_customs/eu-training/taxcompeu-eu-competency-framework-taxation_en .

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

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

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

IT system in operation	Q1	Q2	Q3	Q4
Direct Taxation systems and applications				
AEOI – DAC1 (CI161)	OK	OK	OK	OK
AEOI – DAC2 (CI202)	OK	OK	OK	OK
AEOI – DAC3 (CI203)	OK	OK	OK	OK
AEOI – DAC4 (CI204)	OK	OK	OK	OK
AEOI – EU CTS (CI206)	OK	OK	OK	OK
AEOI – EU FATCA (CI207)	OK	OK	OK	OK
TIN on the Web (CI084)	OK	OK	OK	OK
eFCA – Direct Taxation (CI162)	OK	OK	OK	OK
Taxes in Europe database - TEDBv2 (CI090)	OK	OK	OK	OK
Indirect Taxation systems and applications				
VIES (CI078)	OK	OK	OK	OK
VIES-on-the-Web (CI079)	OK	OK	OK	OK
Mini One-Stop Shop (MOSS) (CI100)	OK	OK	OK	OK
VAT refund (CI081)	OK	OK	OK	OK
eForms – VAT (CI162)	OK	OK	OK	OK
Taxation Information and Communication – TIC	OK	OK	OK	OK
Recovery systems and applications				
eForms – Recovery (CI162)	OK	OK	OK	OK
Excise systems and applications				
EMCS Core business (CI119)	OK	OK	OK	OK
EMCS Administrative cooperation (CI121)	OK	OK	OK	OK
SEED (CI144)	OK	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
<i>Common systems and applications</i>					
	Self-Service Testing System – SSTS (CI087)	OK	OK	OK	OK
	Taxation Statistical System (TSS) (CI086)	OK	OK	OK	OK
	CTA (CI011)	OK	OK	OK	OK