



MID-TERM EVALUATION OF THE FISCALIS 2020 PROGRAMME

FINAL REPORT



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Abbreviations and acronyms

ART	Activity Reporting Tool
CCN	Common Communication Network
CIRCABC	Communication and Information Resource Centre for Administrations, Businesses and Citizens
CTA	Conformance Testing Application
DAC	Directive on Administrative Cooperation
DG	Directorate-General
DG ECFIN	Directorate-General for Economic and Financial Affairs
DG GROWTH	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG HOME	Directorate-General for Migration and Home Affairs
DG TAXUD	Directorate-General for Taxation and Customs Union
eFDT	Electronic forms for direct taxes
EU	European Union
EMCS	Excise Movement and Control System
F2020	Fiscalis 2020 programme
IOTA	Intra-European Organisation of Tax Administrations
IT	Information technology
ITSM	IT Service Management Portal
MANITC	Managed IT collaboration expert team
MASP	Multi-Annual Strategic Plan
NB	Nota bene
OECD	Organisation for Economic Cooperation and Development
OLAF	European Anti-Fraud Office
PAOE	Presence in administrative offices / participation in administrative enquiries
PICS	Programmes Information and Collaboration Space
SEED	System for Exchange of Excise Data
SME	Small- and medium-sized enterprise
TEDB	Taxes in Europe Database
TIC	Taxation Information and Communication
TIN	Taxpayer Identification Number
VAT	Value Added Tax
VIES	VAT Information Exchange System

EXECUTIVE SUMMARY

The programme

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

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

- (a) **European Information Systems (74% of funding so far)**: IT systems to facilitate the exchange of information and access to common data;
- (b) **Joint actions (16.5% of funding so far)**: meetings of tax officials and other stakeholders in various formats to enhance the exchange of knowledge and experiences between the tax authorities of the participating countries; and
- (c) **Common training activities (3.5% of funding so far)**: e-learning modules and other training to support the professional skills and knowledge related to taxation.

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

The evaluation

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

The breadth and diversity of the programme’s activities posed an important methodological challenge, in that it would not have been possible within the available resources and timeframe to cover all activities in the detail needed to draw robust conclusions. Moreover, much of the programme’s support plays a contributing role alongside other factors (such as the action of national administrations) that is difficult

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

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

to assess without in-depth qualitative research. For this reason, the evaluation was split into three complementary elements:

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

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

Key findings and conclusions

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

Relevance

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

At a general level, the **findings were very positive**. The programme's specific objective is "to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring the exchange of information, supporting administrative cooperation and, where necessary and appropriate, enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers." The growing political salience and cross-border nature of tax fraud, tax evasion and aggressive tax planning testify to the relevance of this objective. In order to tackle these issues **tax administrations voiced a need for support in the areas where the programme is active**. These include providing the means to exchange information securely and rapidly, cooperate with counterparts in other countries and enhance administrative capacity. There was also a widespread view that ambitious EU tax policies would not be possible to agree or implement without programme support. Overall, its priorities and mix of activity types were also found to

be appropriate, although some stakeholders questioned whether the programme should narrow its scope and focus.

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

Effectiveness

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

By providing a framework and the technological means needed to work together, **Fiscalis has played an integral role in reinforcing cooperation** between tax authorities in the EU Member States and other participating countries. Evidence of this was most compelling in the field of indirect taxation (particularly VAT and excise), where the EU competence is strongest, and the level of programme activity is correspondingly high. Each type of activity contributed in unique ways to increased cooperation across the policy cycle, from fostering early brainstorming and reflection to supporting practical implementation of policies and concrete operations, as well capacity- and knowledge-building.

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

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

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

Going up the causal chain, the programme's specific objective is too broad and affected by too many factors for us to make straightforward attributions. Different aspects of it are also overlapping and mutually reinforcing (e.g. the implementation of EU tax law depends in part on the exchange of information between administrations). Nonetheless, the evaluation **identified strong contributions in several areas, especially those with a strong EU competence and / or incentive to collaborate**. Added together,

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

Efficiency

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

Regarding benefits for costs, holding up the findings on effectiveness alongside spending data and the positive findings on operational efficiency makes a **strong case that the programme overall is cost effective**, despite it being impossible to distil the findings into a number. In their different ways, the joint actions, IT systems and training activities clearly generate value for the EU and tax administrations, by helping them to pool resources (and thereby generate economies of scale), increase revenue collection and compliance and function more effectively. Economic operators have also benefited indirectly (through better administration of tax policy), as well as from the direct use of certain IT systems and e-learning modules. By supporting the internal market, the programme should also increase trade by making it easier to deal with e.g. VAT across borders. By this logic, the assessment of cost-effectiveness follows the presentation on effectiveness above. In other words, the most cost-effective activities were often those that displayed key success factors, such as clear EU policy links. Indeed, while these were usually present, the large amount of money at stake highlights the importance of ensuring the relevance of given activities and a critical mass of participation in / use of them, as well as weighing up costs against expected benefits.

Coherence

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

EU added value

The concept of EU added value refers to the extent to which an initiative generates benefits over and above what would have resulted from interventions at local, regional

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

Recommendations

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

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

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

1. INTRODUCTION AND READING GUIDE

This revised draft final report is the last of four main deliverables to be submitted to the Directorate-General for Taxation and Customs Union of the European Commission (DG TAXUD) by Oxford Research, Coffey, Economisti Associati and wedoIT as part of the mid-term evaluation of the Fiscalis 2020 programme.

The purpose of the report is to present the results of the evaluation, most importantly answers to a series of evaluation questions, conclusions and recommendations for the future. The report was revised based on feedback on a first version from an inter-service steering group set up to oversee the evaluation a validation workshop with key stakeholders.

Aside from this introduction, the report has three main chapters:

- Chapter 2 presents the background to the evaluation, including an overview of the Fiscalis 2020 programme, purpose and scope of the evaluation and approach followed.
- Chapters 3 to 10 present the evaluation findings in the form of answers to eight evaluation questions spread across the criteria of relevance, effectiveness, efficiency, coherence and EU added value.
- Chapter 11 ties the report together with overall conclusions and recommendations for the future.

The main chapters are then followed by a set of annexes with detailed case study reports and findings from the other surveys and questionnaires that have been employed.

2. BACKGROUND

This chapter provides a brief overview of the Fiscalis 2020 programme, summarises the purpose and scope of the evaluation and presents the approach and methodology followed. It also includes a discussion on the validity and limitations of the findings.

2.1. Overview of the Fiscalis 2020 programme

2.1.1. Policy context

The Fiscalis 2020 multiannual action programme is one of the **principal measures to support the implementation of European Union (EU) taxation policy**. It provides a framework to improve the proper functioning of the taxation systems in the internal market through enhanced cooperation between participating countries, their tax authorities and officials. Building on prior initiatives entitled Matthaeus-Tax (established in 1993), there have been successive editions of the programme: the first Fiscalis programme (1998-2002), the second Fiscalis programme (2003-2007) and the third Fiscalis programme (2008-2013). The ensuing sub-sections briefly describe the underlying context and the programme itself.

EU tax policy

Tax policy is complex. Not only is taxation important for establishing a relationship between a state and its citizens, a functioning tax system is also a prerequisite for economic growth. Therefore, the social, economic, fiscal, financial and political implications of taxation policy are of central importance to Member States, in relation to both funding public expenditure, guiding social and fiscal policy, and using taxation to **provide incentives and promote macro-economic stability**.

Since the establishment of the Common Market associated with the Treaty of Rome in 1957, which gradually liberalised intra-community trade by elimination of quotas and lowering of customs barriers between Member States, the **inter-connectedness of citizens, businesses and capital** within Europe has increased greatly, culminating in the creation of the Single Market in 1993. The existence of a shared market has led to a raft of customs and taxation policy on an EU-level. Such policies are key to the relationship between the Member States and the EU, ensuring the proper and efficient functioning of the internal market and minimising distortion to competition and trade, as well as the risk of fraud and tax evasion.

However, in line with the **subsidiarity principle** of the EU it is recognised that "there should only be action at EU level where action by individual Member States could not provide an effective solution".³ The European Court of Justice and the European Commission highlight that with respect to EU rules, Member States are free to apply any domestic tax system appropriate for their individual economies but that under a framework of national tax sovereignty it is recognised that a **certain level of harmonisation and coordination of taxation policy between Member States is beneficial and necessary** within certain fields (to ensure that the single market works as intended).

Within the **indirect tax** field, a certain degree of harmonisation is required as disparities between national indirect tax systems can obstruct the free movement of goods and services and thereby lead to distorted competition within the market. Under Article 113

³ COM (2001) 260: Communication from the Commission to the Council, the European Parliament and the Economic and Social Committee Tax policy in the European Union - Priorities for the years ahead.

(*Treaty on the Functioning of the European Union*⁴), this concerns, for example, turnover taxes, excise duties and other forms of indirect taxation.

In the field of **direct taxation** cooperation and co-ordination are required to remove obstacles to the free movement of citizens, services and capital and disruptions to competition owing to discrepancies between national tax systems with due regards to the sovereignty of Member States and in line with the principles of subsidiarity and proportionality.⁵

As such, **EU taxation policy, aimed at limited harmonisation of indirect tax and coordination of direct taxation**, contributes to the efficient functioning of the internal market by means of both creating incentives and removing obstacles. Additionally, EU tax policy also makes a substantial contribution to the fight against tax fraud and tax evasion, also central for maintaining the proper functioning of the internal market, and requiring a high degree of cooperation between national agencies and authorities. This is especially important given that the Member States differ considerably with regards to preferences towards taxation, tax processes and financial infrastructure. The combating of tax evasion and tax fraud has, as of the financial crisis, gained increased importance in the EU's efforts to ensure the proper functioning of the single market.

2.1.2. EU tax cooperation programmes 1993-2013

EU efforts to **ensure the proper functioning of the internal market** through taxation policy have included a series of cooperation programmes to improve the operation of taxation systems. These have been established to develop tools, activities and processes of cooperation and dissemination of knowledge and best practice between national tax administrations. The **Matthaeus-Tax programme of 1993** was the first of these programmes. It recognised the necessity of stimulating "intensive and ongoing cooperation at all levels in the indirect taxation administrations to ensure that they work together to complete the internal market"⁶ and sought to increase and improve cooperation between taxation administrations through vocational training of relevant officials. This programme initiated the development of a cooperative framework in which participating Member States could develop cooperative activities in a more cost-effective and efficient way compared to individual cooperation frameworks on a bilateral or multilateral basis.

The Matthaeus-Tax programme was later followed by **four Fiscalis programmes** (Fiscalis 1998 up through the current Fiscalis 2020). These have had an increasing focus on joint community action, information sharing, administrative cooperation and technical solutions, aimed at the general objective of improving the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and officials. Over time, these programmes have significantly contributed to facilitating and enhancing cooperation between tax authorities within the EU.⁷

The **Fiscalis 2013** programme covered the period 1 January 2008 to 31 December 2013. Over EUR 156m was allocated to the programme, which counted as participants the EU28 Member States and three candidate or potential candidate countries. It primarily addressed three specific tax areas (VAT and excise duties, taxes on income

⁴ Article 113 *Treaty on the Functioning of the European Union* (ex Article 93 TEC) O.J. C 115/47 of 9.5.2008

⁵ Article 115 *Treaty on the Functioning of the European Union* (ex Article 94 TEC)

⁶ 93/588/EEC - Council Decision of 29 October 1993 on the adoption of a programme of Community action on the subject of the vocational training of indirect taxation officials (Matthaeus-Tax)

⁷ Regulation (EU) No 1286/2013 of the European Parliament and of the Council establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.

and capital, and taxes on insurance premiums) through a series of initiatives defined on a yearly basis through Annual Work Programmes.

These consisted of **three main types of activities**, namely communication and information systems to enable the electronic exchange of information between administrations (accounting for nearly 75% of the programme budget), joint actions to bring together officials from tax administrations to collaborate, create expertise and share information and best practices (accounting for about 22% of the budget and comprised of multilateral controls, seminars and project groups, working visits and training activities) and common training tools to offer training to tax officials and economic operators (accounting for about 3% of the programme budget).

The **evaluation of the programme**⁸ concluded that Fiscalis 2013 enabled administrations to improve their ability to monitor and control the flow of intra-EU trade and related tax, which contributed considerably to the fight against fraud, and that the joint actions conducted under the programme played an important role in permitting participating countries to share ideas and network. It also provided a forum to discuss EU legislation, helping to ensure a more uniform understanding and effective implementation. The programme was assessed to be complementary to existing national and bilateral initiatives, and instrumental in supporting national initiatives and priorities, creating substantial value added for the EU.

2.1.3. The Fiscalis 2020 programme

Overview

Fiscalis 2020 is the EU's **on-going spending programme in the field of taxation**. It enables national tax administrations to cooperate and exchange information and expertise. The programme is governed by Regulation (EU) No 1286/2013 of the European Parliament and of the Council. It aims to contribute to the coherent implementation of EU law in the field of taxation in light of current challenges by securing the exchange of information and supporting administrative cooperation and enhancing the administrative capacity of tax authorities. This programme places additional emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning, in line with the current direction of the EU taxation policy.

Fiscalis 2020 builds on previous programmes to cover the period 1 January 2014 – 31 December 2020. It has a **total budget just over EUR 223m⁹ which is a 40% increase compared to the previous period**. The **primary beneficiaries are the tax administrations of the Member States**. Participation is also open to the acceding, candidate and potential candidate countries, and (under certain conditions) countries in the European Neighbourhood Policy. All EU28 take part in the programme, in addition to six countries, which are the former Yugoslav Republic of Macedonia and Turkey (since 2014); Albania, Bosnia and Herzegovina, Montenegro and Serbia (since 2015).

Programme objectives and activities

According to Regulation (EU) No 1286/2013, the **overall objective** of Fiscalis 2020 is "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".¹⁰ Its **specific objective** is to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring the exchange of information, supporting administrative cooperation and, where necessary and appropriate, enhancing the administrative capacity of participating

⁸ Final Evaluation of the Fiscalis 2013 programme, Ramboll Management Consulting, 2014.

⁹ Art. 11 (1) Regulation (EU) 1286/2013.

¹⁰ See Fiscalis website, url: http://ec.europa.eu/taxation_customs/fiscalis-programme/essentials-fiscalis-2020_en

countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

Against this backdrop, the programme has **five operational objectives** and priorities which shall be pursued with emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning:

- to implement, improve, operate and support the European Information Systems for taxation;
- 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;
- to support the improvement of administrative procedures and the sharing of good administrative practices.

The programme is **objective-driven**, meaning that all actions under the programme must refer to the objective and priorities outlined in the programme Regulation and the resulting Annual Work Programme. To achieve the objectives, the programme funds three types of actions:

- (a) **European Information Systems:** IT systems to facilitate the exchange of information and access to common data;
- (b) **Joint actions:** meetings of tax officials and other stakeholders in various formats to enhance the exchange of knowledge and experiences between the tax authorities of the participating countries; and
- (c) **Common training activities:** e-learning modules and other training to support the professional skills and knowledge related to taxation.

As such, Fiscalis 2020 responds to the **continuous need to improve the administrative cooperation** in taxation in line with previous programmes and initiatives. Still, the new programme represents a shift in focus compared to previous programmes in primarily two aspects. First, this programme has a clearer focus on **growth**, with a view to enabling tax authorities to adapt to the rapid growth in cross-border activities and to achieve the objectives of EU fiscal policy. Secondly, the programme also has an increasing focus on combatting tax fraud, evasion and aggressive tax planning. Both these aspects are in line with the **Europe 2020 Strategy for smart, sustainable and inclusive growth** by strengthening the functioning of the Single Market, supporting activities for enhancing the administrative capacity of tax authorities and advancing technical progress and innovation.

Programme management

The **Commission manages Fiscalis 2020 centrally**, with the assistance of the Fiscalis 2020 Committee, composed of delegates from each Member State. Programme coordinators in each country help manage the involvement of their officials and carry out other organisational functions, with additional support within their administrations as necessary. Annual Work Programmes define the implementing measures to be put in place each year, and specify the priorities and areas in which activities are to be carried out.

Implementation so far

Table 1 indicates committed expenses for different action categories and types for the programme for the years 2014-2017. As stipulated in the Regulation establishing the programme, **most funding is dedicated to the development and operation of the**

European Information Systems, followed by the joint actions¹¹ and training. Some funding is also allocated to procurement for studies.

Table 1: Committed expenses per year and main action categories

Action	2014	2015	2016	2017	Total 2014-2017
Joint actions	€ 4 630 000	€ 4 300 000	€ 4 370 000	€ 4 200 000	€ 17 500 000
Expert teams	n/a	n/a	€ 988 040	€ 650 000	€ 1 638 040
Training	€ 908 585	€ 600 003	€ 1 205 600	€ 1 242 000	€ 3 956 188
IT	€ 23 053 875	€ 24 691 255	€ 23 244 422	€ 22 347 000	€ 93 336 552
Other (studies)	€ 2 184 539	€ 1 375 690	€ 1 640 917	€ 3 300 000	€ 8 501 146
TOTAL	€ 30 777 000	€ 30 966 948	€ 31 449 000	€ 31 739 000	€ 124 931 926

Source: Fiscalis Annual Progress Reports

Performance Measurement Framework

To facilitate the evaluation of Fiscalis 2020, Article 16 of the Fiscalis 2020 regulation states that the Commission shall monitor the implementation of the programme and actions under it based on indicators, and establishes a framework for monitoring the results achieved by the programme. This framework takes the form of the **results-oriented monitoring system** for the Fiscalis 2020 programme, which defines a series of indicators (see full list in Annex A.3) and was introduced with the start of the programme.

2.2. Purpose and scope of the evaluation

The **purpose** of the mid-term evaluation is rooted in the Regulation establishing the programme and described in the terms of reference as having several elements. These are to assess:

- How well the programme has performed since its start in 2014 and whether its existence continues to be justified.
- The strengths and weaknesses of the different activities supported, and put these in the context of the resources deployed.
- The continued relevance of the problems identified in the impact assessment carried out prior to the programme's establishment.
- The programme's efficiency and value for money, especially in light of the IT systems that constitute around 75% of the programme budget.
- The Performance Measurement Framework that was put in place to monitor the programme in 2014.
- Any unintended / unexpected effects of the programme and its activities.
- The implementation and follow-up of recommendations made for previous evaluations.

The evaluation is also intended to make recommendations for future improvement. In this way, the evaluation serves **both accountability and learning purposes**.

The **scope of the evaluation is broad**. It takes into account the programme's full range of funded and management activities, stakeholders (including the Commission services, tax administrations, economic operators and citizens as a whole) and

¹¹ Expert teams are a new type of joint action that have a separate budget line because they involve co-funding from the Member States.

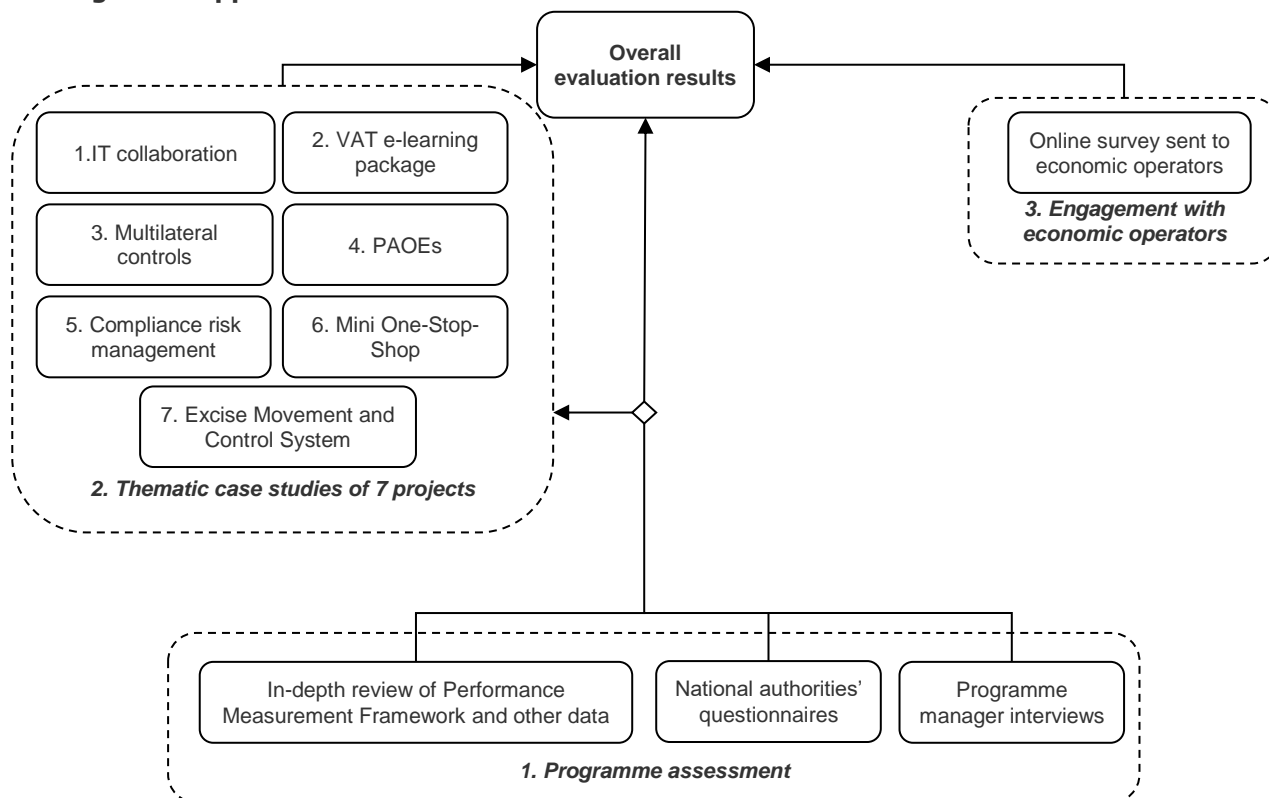
participating countries (including candidate countries). Since it would have been impossible to cover all aspects of the programme in the amount of detail needed to make meaningful inferences, we were invited to propose a methodology focusing to some extent on samples. The temporal scope of the evaluation runs from the programme’s establishment in 2014 until early 2018 (taking account the availability of relevant data).

Finally, given the **coordinated management and similar activities between Fiscalis 2020 and the Customs 2020 programme**, the evaluation team (which was responsible for both evaluations) was asked to pursue common approaches were possible, exploit synergies and avoid overlaps.

2.3. Approach and methodology

In order to respond to the requirements outlined above and provide a useful contribution to evidence-based policy-making, the evaluation used a methodology comprised of three distinct pillars, namely a programme assessment, thematic case studies and survey for engagement with economic operators. Taken together, these allowed us to examine the Fiscalis 2020 programme from different angles and levels of detail, as well as engaging with different groups of stakeholders. The pillars have been sequenced so that the earlier parts could shape, inform and validate the later data collection and analysis. The diagram below depicts these pillars and how they fit together, and is followed by a brief summary of the research methods they entailed.

Figure 1: Approach to the evaluation



1. The **programme assessment** served to collect and analyse data on the programme as a whole. This focused on what the programme is doing in terms of both implementation and performance towards objectives and themes, in addition to identifying issues that helped refine the methodology for the case studies that took place later. This assessment was comprised of three main methods.

- a) **In-depth review of Performance Measurement Framework and other data:** wherever possible we informed the evaluation using documentary sources including programming documentation, studies, reports and

evaluations, and, most importantly, data from the framework. This represents a major effort for the programme management team to address previous criticism about the scarcity of reliable and comparable monitoring data. For the first time, the framework put in place a set of standardised indicators and defined tools for reporting on them that has made it easier to gauge progress at all levels of the causal chain. It also provides for a yearly overview of progress in relation to the Annual Work Programmes. This allowed us to maximise the use of documentary evidence and devote more time-consuming primary data collection to exploring issues higher up the causal chain, where the use of such standardised tools provides less meaningful insight about the contribution of the programmes. Given the newness of the framework, we also examined its own performance so far, in terms of such issues as robustness, completeness of data and usefulness. It should be noted that throughout the report we drew on financial and implementation data from several sources, most importantly Annual Work Programmes, Annual Progress Reports, and DG TAXUD's Activity Reporting Tool. While this allowed us to perform analyses at the required level of detail, small discrepancies in the data from different sources mean that not all figures presented in the report match.

- b) **National authorities' questionnaire** (see Annexes A.4 and A.5): two written questionnaires (one general questionnaire on joint actions, training and programme management, the other on IT systems) were distributed to the relevant authorities from participating countries in order to gather quantitative and qualitative information that is available neither from the Performance Measurement Framework and tools used to feed into it nor other evaluation methods. The questionnaires were sent to national coordinators, who were asked to elicit feedback from their administrations and provide a single response for each questionnaire and country. Response rates for the general questionnaire were very good, with completed questionnaires returned by 30 of 34 participating countries. Likely owing to consultation fatigue, we received only 14 of a possible 28¹² responses to the IT-focused questionnaire, despite mitigating measures such as extending the deadline and individual follow-up messages.

Programme manager interviews: a set of interviews with managers and users from the Commission (21 interviews) and national administrations (8 national coordinators) allowed us to collect experiences, opinions, perceptions and suggestions regarding a range of issues that would be difficult to obtain using other means. These included matters such as responsiveness of the programme to emerging needs and priorities, organisational and governance structures and processes, the implementation of the Performance Measurement Framework, and such issues as change in programme performance over time, and barriers to the success of the programme. There was also a special focus on the IT systems used for programme and financial management, and to exchange information related to funded activities (i.e. the Activity Reporting Tool (ART) and Programmes Information and Collaboration Space (PICS)).

2. **Thematic case studies of Annual Work Programme projects** (see Annex B): since the programme in large part supports administrations in carrying out functions required by EU and national legislation and boosting capacity, its benefits are hard to quantify. This means that mere counting was not enough to understand whether and how it is contributing to the work of national administrations, and the development and implementation of new processes, procedures and policies. For this, we conducted in-depth qualitative research in the form of seven case studies, each focused on a theme linked to the Annual Work Programme projects that were defined as priorities in given years. This builds on previous evaluations, which did

¹² Since only EU Member States can use the majority of IT systems, it was only distributed to the 28 Member States rather than all Fiscalis 2020 participating countries.

not examine in detail how the annual process for setting priorities or given programme outputs (such as the recommendations and guidelines produced in joint actions, or availability of specific IT systems) actually benefit administrations and other stakeholders. Based on a review of Annual Work Programme projects, we selected a set of particularly salient themes that are listed in the diagram above. For each theme we looked in detail at the actions involved, with a specific focus on seven countries (namely the Czech Republic, Germany Italy, Latvia, Portugal, Serbia and Sweden). The research drew on a review of relevant documentation and face-to-face interviews with relevant stakeholders within national administrations in the selected countries (interviews conducted with 87 stakeholders within national administrations). This led to mini theory-based evaluation reports exploring what makes given aspects of the programme more and less useful, especially given the resources concerned.

- 3. Engagement with economic operators** (see Annex A.6): while economic operators are not the programme's main beneficiaries, their views are important as taxpayers and users of certain IT systems and e-learning modules. An open public consultation was initially foreseen to gather the opinions from economic operators and citizens more broadly. However, a decision was taken within the Commission to group together questions relating to a wide range of spending programmes into a single public consultation. Since this did not include any questions related to Fiscalis, we instead carried out a short online survey of economic operators for this purpose. The survey included a range of questions on the relevance of the programme's objectives and activities and respondents' experiences with several publicly available IT systems and e-learning modules. The survey was promoted through DG TAXUD's newsletter and direct mailings to trade organisations in all Member States. However, it was not possible to post links to the survey directly on the websites of the services that were being asked about. Given the niche users of many of these services and a general feeling of consultation fatigue, the survey only received 43 responses. While not ideal, the survey still provided some useful insight from an otherwise difficult-to-reach group.

2.3.1. Validity and limitations

The evaluation encountered a number of challenges which led us to take certain decisions regarding the approach and posed some limitations on the results. The following points describe the challenges, mitigating action taken and impacts on the evaluation:

- **Nature of the programme:** the programme supports a range of (policy, legislative, operational and IT) processes and systems. These in turn contribute to objectives at various levels, but often in indirect ways, alongside other factors such as the administrative capacity and priorities of national administrations, and prevailing economic and trading conditions. This made it difficult at outcome level and close to impossible at impact levels to attribute change to the programme in any quantifiable way. In-depth qualitative research, especially from the case studies, allowed us to mitigate this to a certain extent by examining the likely contribution of the programme's activities across a wide range of areas.
- **Data availability and timing:** the Performance Measurement Framework helped to alleviate some of the monitoring weaknesses identified during previous evaluations, providing more and better data to assess programme implementation and performance (especially at activity and output levels). However, this data was also patchy in places, and was of limited usefulness at results and impact levels. The timing of the evaluation was such that at the time of writing annual reports were only available for the first three years of the programmes' implementation, making it difficult to establish and examine trends. The combined effect of these issues is that relevant data were not available for some of the indicators defined in the evaluation questions matrix (see Annex A.2). We made some changes to

the indicators and sources to deal with this, which are explained in the introduction sections that precede the answer to each evaluation question.

- **Reliance on samples:** the large number of funded activities, the timeframe and limited resources meant we could not cover every aspect of the programme in detail. Instead, we had to rely on a relatively high-level assessment of the programme's general features and achievements, combined with more in-depth examination of samples of Annual Work Programme projects, funded actions and stakeholders. By conducting fieldwork in a fairly large and diverse sample of countries and triangulating from several research methods, we were able to broaden the evidence base enough to make generalisable inferences with confidence. Nonetheless, we cannot be absolutely certain that the findings are representative.
- **Stakeholder response rates:** much of the methodology depended on stakeholder feedback, including written questionnaires, surveys, and interviews. While response rates for the general questionnaire for national authorities and interview requests in most fieldwork countries were very good, we had trouble getting responses to the IT-focused questionnaire and economic operator survey, as well as securing interviewees in one of the countries visited for fieldwork (Germany). We also had trouble arranging interviews with several stakeholders at Commission level. This owes mostly to the other studies with similar scope and timeframe, such as an ex ante evaluation for the next funding period. To mitigate the effects, we spent a lot of time on promotion and coordination to boost response rates. We also attempted to use the results of these other studies when available and focus our data collection on different groups and individuals. This strategy was largely successful, but we nonetheless miss the insight that would have come from better response rates and suffered from some delays during the evaluation.
- **Stakeholder and researcher bias:** similarly, the stakeholders who engaged with the evaluation all had their own priorities, leading to potential biases in the opinions and views. In-depth stakeholder analyses early in the evaluation process, a diverse evaluation team (including an expert board and with a leadership split across two companies) and a robust process for triangulating the findings served to identify such biases early in the research process and mitigate their risks.

3. EVALUATION QUESTION 1: RELEVANCE

Evaluation question 1: Do the different objectives of the programme (in the Regulation and in its work programmes) correspond to the needs of the national tax administrations, economic operators and citizens?

3.1. Introduction

At root, relevance refers to the *need* for an initiative. In other words, if there was no Fiscalis programme, would someone need to invent it? Examining relevance is critical because if a programme is not relevant (not doing the right thing) then evaluating how well (effectively) or efficiently this is being implemented has no real value. Evaluation question 1 gives us a framework to explore the existence (or lack) of such a need. Such needs ultimately concern the functioning of taxation systems within the internal market. As articulated in the programme Regulation (e.g. Article 5. Section 3.b.) and the agreed methodology of the evaluation, this question is addressed by examining needs mainly from the perspective of the **tax administrations who are the main beneficiaries** of the programme, with economic operators and citizens as a whole being secondary target audiences whose needs should also be considered.

As a starting point, we recognise that assessing the underlying need for Fiscalis is **inherently difficult**, since the programme (in its several iterations) has been around too long (some 20 years, with cooperation in e.g. VAT and training going back even further) for most stakeholders to meaningfully consider the problems faced before it was there. Moreover, the objectives, priorities and individual activities have evolved along with changes to EU tax policy, practice and technological change (e.g. the opportunities of increasing digitisation). This makes it hard to separate the relevance of the programme from the policies it supports, and means that in theory these should be well aligned. To test the assumption that the programme does correspond to various needs, we investigated these issues using interviews, monitoring data and programme reporting, the questionnaires for programme coordinators and economic operators, as well as secondary sources for evidence of continued problems in the areas addressed by the programme. The analysis is divided into three sub-questions, one each for national administrations, economic operators and citizens as a whole.

The majority of our efforts under relevance are devoted to **validating** needs among **administrations** related to the **exchange of information, other forms of administrative cooperation, and administrative capacity**. The question also aims to explore underlying needs of administrations linked to the higher-level goals of well-functioning taxation systems within the internal market, with a view to understanding ways in which the programme addresses those needs. Due to the broad scope of the programme objectives, as well as the above-mentioned inter-linkages between the evolution of tax policy and Fiscalis itself, the relevance of the programme objectives is difficult to assess directly except at a high level of abstraction. Following this, and the structure of the evaluation as laid out in the evaluation questions (see Annex A.2) the analysis is based on triangulation of several related indicators of relevance. For national administrations, these include (1) the perceived general need for EU intervention in issues within the scope of the programme, (2) the relevance of the Annual Work Programmes vis-à-vis the needs of administrations, (3) the relevance of programme activities, (4) evidence of any unaddressed needs for national administrations, and (5) administrations' awareness of and interest in participating in the programme.

For **economic operators and citizens as a whole**, we took a similar conceptual approach but limited the analysis to the aspects of the programme that relate to them directly. This means looking at needs related to the costs of complying with EU tax legislation and doing business in the internal market and comparing them to the issues

dealt with in the IT systems and training modules on offer to the public. Monitoring data, second-hand evidence from interviews (e.g. with national officials responsible for IT systems used by economic operators) and existing documentation were the main ways of collecting evidence on this group. A targeted survey also engaged with economic operators directly, though low response rates limited the usefulness of this tool.¹³

Thus, the evaluation focused on **validating** the underlying need for the programme by collecting evidence on **several indicators and proxies for relevance**. These are mainly related to the practical support the programme provides, and the extent to which this **corresponds** to needs of the target group as well as underlying needs in the wider EU tax policy context. This validating approach was adopted rather than trying to postulate a priori needs in order to compare these with the orientation, objectives and efforts of programme. Such an approach, while theoretically appealing, would encounter problems both in identifying needs which are at the same time within the scope of the programme to address but independent of the programme and its previous impact, as well as in assessing the relevance of actual programme efforts in a wider tax policy context.

3.2. Needs of national tax administrations

3.2.1. Perceived need for exchange of information, cooperation between national tax administrations, and improvement of administrative procedures

The Impact Assessment supporting the current Fiscalis programme¹⁴ noted that the effective, uniform and efficient application of EU law is essential for the functioning of tax systems, the protection of national financial interests and for reducing burdens on administrations and taxpayers. It also identified several drivers and related problems related to this which could be addressed by an action programme such as Fiscalis. These are presented in the table below.

¹³ Data from the general public consultation being implemented by the Secretariat General of the Commission, while collecting feedback from economic operators and citizens, did not ask questions related to the issues at stake for the programme and hence was not possible to thoroughly integrate in the evaluation. Some highly indicative results have been covered in the section concerning citizens as a whole. These are very cautiously interpreted.

¹⁴ Impact Assessment establishing an action programme for customs and taxation in the European Union for the period 2014 – 2020, Commission staff working paper, SEC (2011) 1317 Final.

Table 2: Underlying drivers and problems identified in the Impact Assessment for Fiscalis 2020

Drivers	Problems
D1) Fragmented and changing tax landscape. Co-existence of 27 ¹⁵ national tax legislations together with the EU tax legislation requiring cooperation and coordination.	P1) Diverging application and implementation of EU tax law. <i>(Driven by D1 and D3a.)</i>
D2) Tax fraud, evasion and avoidance.	P2) Inadequate response to tax fraud, avoidance and evasion. <i>(Driven by D2, D3a and D5.)</i>
D3a) Functioning of the internal market.	P3) Pressure on national tax administrations to exchange increasing quantities of data and information securely and rapidly. <i>(Driven by D3a and D3b.)</i>
D3b) Increasing trade flows and capital mobility within the internal market.	
D4) Resource constraints of tax administrations	P4) High administrative burden for taxpayers and tax administrations.
D5) Globalisation. Increased trade flows, capital mobility and changed trade patterns with third countries, in particular eEconomy.	P5) Slower technical progress in the public sector. <i>(Driven by D6.)</i>
D6) Modernisation of the working methods of the tax administration.	5

Source: Impact Assessment establishing an action programme for customs and taxation in the European Union for the period 2014 – 2020, Commission staff working paper, SEC (2011) 1317 Final, p. 10.

The findings of the evaluation largely confirm the analysis from the impact assessment and show that, at the general level, the programme is both **necessary and relevant**. There is a consensus among national administrations that the programme corresponds to **real needs** related to the application of tax legislation, and desired convergence in areas such as VAT and excise duties. The major issues dealt with within the scope of the programme reflect the work and priorities of participating countries. In fact, consistently reported feedback is that the programme is (in some areas) so deeply integrated with working practices that imagining a “world without Fiscalis” is very difficult.

More specifically, the needs addressed reflect those identified within the initial Impact Assessment. For example, regarding **Problem 1**, most interview respondents – with experience across the range of programme action – point out that Fiscalis corresponds to **current issues within taxation** and helps them **keep up to date** and informed of European developments. This corresponds to underlying drivers and needs of promoting a more uniform application of EU law, as well as modernising working methods. Exchange of experience on a wide variety of working practices is, at the general level, highlighted by national coordinators and case study interview respondents. Such exchange between tax officials, enabled by the programme, is seen as essential to support the **uniform understanding and implementation of legislation**, which in turn is seen as a core aspect of the programme.

Regarding **Problem 2**, and the underlying trend of an **ever more globalised environment of tax fraud**, this is seen as an important issue by national interview respondents. It is addressed e.g. through the programme’s efforts to facilitate

¹⁵ At the time of writing the impact assessment, Croatia was not yet a member of the European Union.

collaboration between tax authorities. The evaluation turned up several examples of this, such as the case studies on multilateral controls and Presence in administrative offices / participation in administrative enquiries (PAOEs). Programme actions within this field are identified in case study data as important for the possibility to build cross-border cases and fight international fraud schemes, which are key issues for the national administrations in an era of increased mobility of capital. European Information Systems reviewed, such as the case study on the Excise Movement Control System, also point to these as important building blocks for working pre-emptively and efficiently to address issues of international fraud. The underlying need in this field is evidenced by the overarching sentiment, expressed in case study interviews, that such systems need to be expanded to address fraud and information exchange in further areas (e.g. other goods types).

As for **Problem 3**, the need to **exchange information**, it is hard for many respondents to consider an alternate scenario where Fiscalis did not support such exchange, as programme and national efforts are closely interwoven within several fields, e.g. excise. This can be interpreted as evidencing close alignment between national priorities and programme efforts. Looking towards the **underlying need** for exchange of information, systems like the Mini One-Stop-Shop can be seen to address the necessity of efficient exchange of information for the **proper functioning of the internal market**. In addition, the information exchange architecture provided by Fiscalis underpins the specific European Information Systems and allows **secure** exchange within a wide variety of taxation areas. Without the programme, which has enabled major channels for exchange of information including the European Information Systems, there would most certainly be a **need to find corresponding solutions** to address these needs and problems. Further, it is **uncertain if such systems could in fact be implemented without a common arena for coordination**, as well as a source for funding, like Fiscalis.

The European Information Systems supported by the programme also address the need to create systems which **reduce the resources required by administrations** and the **administrative burden on taxpayers**. These correspond to **Problem 4** identified in the Impact Assessment. Case study interviews point out that e.g. the Mini One-Stop-Shop was developed specifically to enable the implementation of new VAT legislation without creating further administrative burdens. Various databases and information services supported by the programme, and accessible to administrations and / or taxpayers, also further this goal.

Finally, through the various examples above, and specifically relating to support for the European Information Systems, Fiscalis facilitates the adoption of new information sharing technology and digital working practices. In addition to other needs, this addresses **Problem 5**, and the general need for tax administrations to keep up with technological developments and the new possibilities they provide.

3.2.2. Relevance of Annual Work Programme priorities for national tax administrations

As stated in the programme regulation (Article 14), the Commission shall develop Annual Work Programmes for Fiscalis. These each contain a number of annual projects, categorised by the objectives they seek to contribute to.

Considering the actual projects and their structure, earlier years (2014 and 2015) had more projects in total (26), and more projects specifically addressing concrete issues, while the projects in 2016 and 2017 were fewer (17-19) and usually covered themes rather than specific interventions. Content-wise, however, the projects are usually multi-annual rather than annual, as the actions and processes they cover stretch over more than one year. This is reflected in recurring projects year to year, and the narrower projects in earlier years being subsumed in the broader themes of later programmes.

The evaluation found that the Annual Work Programmes do indeed cover the needs of national administrations and allow them to engage in relevant objectives and activities. They correspond to the underlying issues the programme seeks to address, and the problems faced as identified in the Impact Assessment (detailed above), by covering a wide range of activities and interventions. Reviewing data from the activity reporting tool shows that actions often have secondary projects (that is, they are considered to belong to more than one project), and sometimes similar actions are sorted under different projects.

At the same time, interviews show that the **broad scope and flexibility** of the Annual Work Programmes allows administrations to fit the priorities and activities which they consider needful into the programme. Following this, the interviewees were positive of the Annual Work Programmes and programme priorities. In fact, it is noteworthy that it is not the setting of correct priorities per se, but the **possibility to pick and choose** within the framework of the Annual Work Programmes, based on more specific national needs, which is highlighted as a strength by several national administrations.

In light of the above, the actual projects as such (that is, which topics are covered by the projects and how they are defined) have not been thoroughly covered by the evaluation's analysis of programme relevance. Rather, the relevance and need for action has been addressed at the levels of over-arching needs and priorities (as covered above) and concrete actions and interventions (as explored below).

Considering the **process** for setting the Annual Work Programme priorities, national administrations are integrated and given the opportunity to make their voices heard. In particular, the written consultations on the draft Work Programmes were mentioned as a means for administrations to ensure that their needs are considered. A strong majority of administrations which responded to the national administration questionnaire agreed that the process for defining the programme's priorities takes into account their administration's needs. Although, the respondents were not overwhelmingly positive (compared to several other questions regarding the programme and its management, with more positive responses): five strongly agreed, 18 agreed, six remained neutral and one disagreed. This is an overall positive response, but shows room for further improvement. In addition, there were mentions in the questionnaire that it would be beneficial to have more time to properly consult internally within administrations.

In sum, the Annual Work Programme process and priority setting for the programme are **functional** and to a great extent **cover the needs of the participating countries**. The **relevance of the Annual Work Programme as a practical tool** for guiding the programme seems less certain. However, the catch-all approach of the Work Programmes can be seen as reflecting the breadth of issues Fiscalis needs to cover, and given the positive views on this from the national administrations, more focused or tougher priority-setting in the Annual Work Programme is not necessarily something to strive for.

3.2.3. Relevance of programme activities for national tax administrations

As stated in the introduction (see section 3.1), validating the relevance of programme activities is one component of the evaluation of the programme relevance as a whole. The evaluation has therefore explored the relevance of programme activities within the three major types funded, being joint actions, European Information Systems, and training. This draws in particular on the case studies of specific themes, to allow for more in-depth analysis of particular activities.

The different types of activities are all potentially relevant depending on the circumstances and needs in particular cases. This sub-question has tried to view activities both from the perspective of which wider problems they seek to address (e.g. if an information system is indeed necessary and relevant for the programme to implement or support, including related activities to enable such a system), and the

relevance of concrete activities in terms of perceived necessity and value of that particular activity.

Overall, the **relevance of programme activities is high**, and it is evident that activities have developed in tandem with participating countries' priorities and over a series of iterations of the programme.

The questionnaire to national administrations shows that, in general, **actions for networking and exchange of ideas** were valued highly for providing opportunities to meet, discuss, learn from each other, and exchange ideas on concrete problems. This is further supported by an over-arching theme in all interviews (with programme managers and coordinators, tax officials, and others) of such interactions being of either **primary importance**, or an **important secondary aspect**, of virtually all actions and interventions, across all three main activity types (joint actions, European Information Systems, and training).

Firstly, as for **joint actions**, case studies concerning risk management, PAOEs, multilateral controls and IT collaboration give evidence of the differing needs these address, and the variety of intervention mechanisms. A general point from many sources is the importance of **common problems** among participating countries, **focused exchanges on concrete practices and solutions**, and the **active participation of expert officials**, in order for joint actions to be relevant and provide value. The four joint action types mainly explored in the case studies illustrate this point:

- **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 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.
- The new joint action of **expert teams** has been used to implement the programme's projects within Member State-driven IT collaboration. While focusing on practical (IT) solutions, there are sometimes differing needs in participating countries, limiting the scope of relevance to a sub-set of countries, and there have also been some early troubles with keeping up the active engagement of relevant expert officials. However, while such projects still show some teething troubles in their execution, the relevance of expert teams is demonstrated by the fact that most Member States find them an **interesting way of collaborating** which they are **keen on testing further**.
- Within the work on **compliance risk management**, differing contexts and starting points for countries create a challenge when it comes to pursuing actions in which all countries wish to participate and where all participants find the actions relevant to their work. However, the recurring theme of the underlying **importance of networking** and **informal learning** is still evident, even when actions are less focused (in terms of problem identified, solutions shared, and participating officials' area of expertise).

Secondly, regarding the work to **develop and manage the European Information Systems**, these are considered core to the Fiscalis programme among key interview respondents such as national coordinators and case study interviewees. Their relevance is often self-evident, as they usually **provide a new solution** to a **perceived problem otherwise inadequately addressed**.

The relevance of the **problems addressed** by the information systems is high within all systems explored, including the ones covered by case studies (the Excise Movement

Control System (EMCS) and Mini One-Stop-Shop). These are necessary to (particularly in the case of the EMCS) provide adequate possibilities for efficient exchange of information on goods and taxes paid or due, in order to ensure the functioning of the internal market and support the free flow of trade. They also (as in the case for especially the Mini One-Stop-Shop) support EU law and enable / ease the implementation of new legislation while reducing the administrative burden of new regulation. In addition, most interviewees have seen **little or no overlap / redundancy** between efforts to develop European Information Systems, and existing systems. While major new systems have replaced pre-existing systems and functions, they have done so in order to also add new functionalities. This also **justifies and validates the relevance of core activities** related to the setting up and / or continued operation of the systems, such as the development of specifications, IT development and update activities, and the maintenance of architecture and infrastructure required for central components and the safe exchange of information.

Concerning **supporting / implementing activities** for the European Information Systems, such as coordination meetings, training, exchange of best practices for implementation, etc., these are all considered highly necessary. A contributing factor to their relevance is the fact that they most often gather participants with similar experience and areas of responsibility, thus enabling fruitful exchanges.

For the third major activity type, **training**, the reviewed activities show differing relevance for differing participating countries, as well as depending on the specific intervention. The development of e-learning modules (see the specific case study on this) has not been embraced by all countries, as some show a lack of interest in new training material within the field, and some are sceptical about the e-learning format as such. While training activities are **highly relevant to a sub-set of participating countries**, some also noted a need to **intensify the needs-uptake from both national and local administrations**, as well as from other stakeholders. The uptake of, and coordination with, participating countries' needs and priorities may be an area for improvement for the training activities in general.

As to the wider relevance of training activities, it is evident that several countries lack training material on the issues addressed by developed e-learning modules. National coordinators have also expressed the need for the programme in general to help ensure uniform application of EU law and boost understanding of both legal and practical issues for some participating countries. This indicates that an **underlying need** exists for strengthening the understanding of EU law and supporting administrative capacity through human competency development in general.

3.2.4. Perceived needs that are not addressed in the programme objectives, Annual Work Programmes and activities

Overall, **the programme covers the needs of national administrations in general terms**, and the objectives, priorities and activities are relevant in relation to the administrations' requirements. Possible adjustments were mentioned by respondents within a variety of actions, e.g. increasing and / or reviewing the grants for expert teams, setting up webinars / online training on emerging tax topics, providing further support for joint collaboration on developing IT systems, and other such operational improvements. Some of these are discussed in the respective case studies on different program activities.

On a more strategic level, the possibility to further **engage high-level national tax officials** is an important area for consideration, through increased activities such as high-level seminars and meetings (e.g. further meetings for national Directors / Director-Generals). This would serve the double function of (a) increasing visibility and awareness of the programme, and (b) allowing for discussions which can serve both to focus and to anchor programme priorities, leading to an even better match between programme and national efforts. The engagement of high-level officials is at its core an

issue for national administrations to address, but the programme may also play a role by supporting and prioritising initiatives and actions relevant for such officials in dialogue with national administrations.

While not an *unaddressed* need as such, the **expansion and further development of major European Information Systems** is an important issue to continue to explore. Both the European Information Systems reviewed in the case studies – EMCS and Mini One-Stop-Shop – were seen by many respondents as having further untapped potential. Especially the **widening of the scope** of these European Information Systems (already comprehensive solutions for their respective focus areas) was highlighted, e.g. extending the systems to cover additional product types. At the same time, the complexity of such continued development was acknowledged, as well as differing Member State priorities within common IT systems.

There is also the possibility for further participation in the programme of **candidate countries**, and for actions addressing their particular needs. Candidate countries, while recognising and understanding that the focus of the programme is on the collaboration of Member States, emphasised the relevance and need for deepening and adapting the possibilities for their participation in the programme, and the value of this for both themselves and the EU community. This need is mainly twofold:

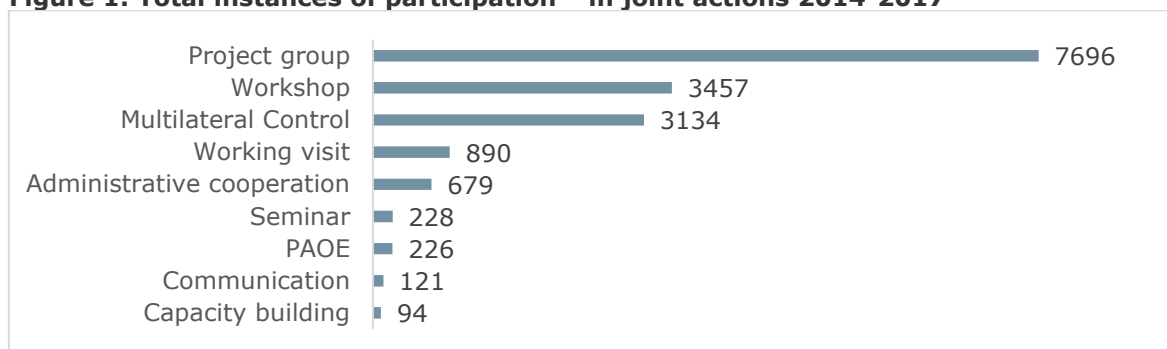
- Firstly, increasing the awareness and / or possibility for participation in activities such as workshops, seminars, etc., in order for candidate countries to learn and develop their work within a range of tax issues. There is already the possibility for candidate countries to participate in a number of such activities, but exclusion from several parts of the programme – on relevant grounds of confidentiality, non-applicability due to not participating in information exchanges, etc. – seems to have created a fragmented and only partial understanding of the programme which articulates itself in a perceived lack of relevant avenues for engagement.
- Secondly, enabling and supporting the development of IT systems necessary for future accession, such as support for setting up IT development road-maps, preparatory knowledge-sharing on system specifications and implementation, and the like.

The relevance and value of setting up specific project groups for candidate countries to address these needs were mentioned by several candidate country respondents.

3.2.5. Levels of participation, awareness and interest from national tax administrations in actively engaging in the programme

Before assessing the levels of interest of participating countries in engaging with the programme, it is useful to have an understanding of the picture of total participation in the programme's joint actions. The figure below shows the total number of instances of participation (number of times someone participated in an action, meaning a single person may register many instances of participation), cumulative for 2014-2017, and split over the different types of joint actions.

Project groups represent by far the largest number of instances of participation of taxation officials in the programme. This is mainly due to the repeated nature of these types of joint actions, where individuals who participate often attend several meetings over time, sometimes lasting the whole funding period. In comparison, the nature of other joint actions, such as working visits, is that they typically involve just a few officials. Workshops and multilateral controls also register a high number of instances of participation, due to both a high number of actions (especially for multilateral controls) and many instances of participation per action.

Figure 1: Total instances of participation¹⁶ in joint actions 2014-2017

Source: ART data provided by DG TAXUD. Note that data on participation in expert teams was not available.

Performance Measurement Framework indicators reviewed point to **relatively low levels of awareness of the programme** among tax administrations of participating countries (including both participants and non-participants). At the same time, the **will and interest to actively participate in the programme is by all accounts high**, looking both to qualitative and quantitative data. The relevance of the programme activities thus seems satisfactory from an interest and participation perspective, and lack of knowledge and / or engagement for the most part indicate room for further reaching out to potential beneficiaries.

Programme awareness is measured among tax administrations of participating countries and includes both participants and non-participants.¹⁷ The latest measurement (conducted in January 2017) registered an increase in the levels of awareness of the programme among tax officials (from 54% in 2014 to 59% in 2016). Despite the increase, the results are below the 2011 baseline (66%) and the target (>75%). The launch of a new communication strategy for the programme in 2016 is expected positively impact levels of awareness.

Concerning participation, the main Performance Measurement Framework impact indicator for this, the ratio of the number of tax officials participating in the programme relative to the total number of tax officials (by Member State), has not been available to the evaluation team.¹⁸

Looking to other evidence, the main indication is that participation in the programme is continuously high. Detailed participation data gives an **overall positive view of participation** in joint actions (please see extended analysis of joint action participation under section 4.2). Looking to registered participation in programme actions over the years, for the joint actions these **show a generally upward trend**. A total of 4481 instances of participation were registered in 2016, which is slightly higher than for 2015 (4317), and the highest recorded since 2011 (during the previous programme). 2017 has however seen slightly fewer instances of participation registered in the latest data (4017). If we assume that the perception of relevance of the programme is in part reflected in the participation of taxation officials in various joint actions, we can see that the programme felt to be broadly needed.

National administrations also report **making efforts to identify and engage relevant participants** for invitations and events, and there is little evidence from interviews or

¹⁶ The figures reflect total instances of participation, that is, the amount of times someone from a participating country participated in an action.

¹⁷ Designated as Performance Measurement Framework indicator "0.1" in the evaluation inception report: Extent to which the target audience is aware of the programme.

¹⁸ Designated as Performance Measurement Framework indicator "11.1" in the evaluation inception report. This indicator, together with several of the other impact indicators in the Performance Measurement Framework, has not been available to the evaluation. See further discussion under section 7.3.

other sources that the administrations are skipping activities or limiting their engagement at the general level.

Comparing **committed and actual expenses** for joint actions, around 14% of committed funds go unused. This is roughly half the disparity reported in the Fiscalis 2013 evaluation final report (31.3%), indicating an **interest in making use of joint action funds available**.

The **new action types** introduced under the programme, expert teams and PAOEs, have seen some use, but national administrations still show lack of awareness and / or participation in these. According to the questionnaire to national administrations, only 9 (out of 28 responding) administrations reported to have taken part in the expert teams, with Commission sources showing 13 countries have in fact participated. Only a slight majority (18 out of 30) of the questionnaire respondents reported having made use of PAOEs. Given that those who have made use of PAOEs have found them very useful, lack of participation reasonably reflects **a lack of awareness and familiarity**. For the expert teams, these are specifically designed to allow a sub-set of administrations to cooperate on joint priorities, and so, lack of participation is most likely due both to **limited awareness** and to the **time needed for the new activity to gain traction** and generate an interest in participating.

Concerning training, looking firstly to that provided by the IT units in relation to the European Information Systems (and therefore distinct from the general training activities of the programme), the number of officials trained is increasing and is above the baseline (225 in 2016 and 324 in 2017, compared to 106 at the 2014 baseline). These actions are also considered important to attend according to many respondents interviewed, to support the implementation and use of the European Information Systems. This illustrates the will to participate in joint training sessions, especially in the context of focused topics where interactions between officials concern concrete and practical matters.

Finally (as is further developed in the corresponding case study), there are some concerns regarding the **participation and use of the joint e-learning modules** developed as part of the programme's training activities. Looking to the new VAT modules and VAT e-learning programme, only seven or eight Member States have so far fully integrated the new modules into their national training programme. The in-depth case study also paints a somewhat mixed picture concerning active engagement of national administrations in using e-learning.

However, the total number of instances of tax officials trained has increased sharply with the launch of the new VAT programme, based on the latest monitoring data. Instances of officials trained have gone from a baseline of 4 862 (2013) through a somewhat steady development (4 171 in 2014, 5188 in 2015 and 4421 in 2016), to a **jump to 32 908 in 2017**. This is partly due to the new VAT programme seeing over 2 000 officials trained for each module, **multiplied by the twelve modules included**. To try to approximate the number of **unique officials** going through the VAT programme, considered as a package, we can consider the twelve modules as a single entity. We then use **only the number of training sessions for the introductory module** as a **proxy** for the number of unique officials going through the whole VAT e-learning package (2 566 in 2017). But even then, the total number of trainees/instances of usage of e-learning modules is 9 375 for 2017, roughly double the annual numbers for the period 2013-2016. This reflects **sharp increases in the use of several modules**, including the new VAT programme as a whole, other (separate and/or older) VAT modules, and the module on eFDT (electronic forms for direct taxes), the latter going from a hundred or fewer uses per year to 1 320 in 2017.

Overall, monitoring data shows a significant positive development in 2017 alone concerning participation in e-learning. At the same time, evidence from the in-depth case study on the topic is not congruent with this picture. The case study analysis (also

using qualitative data) points to interest and use of the e-learning modules by tax officials being possible issues where further consideration is necessary in order to understand and improve the relevance of the programme's training activities. As a final note, it must be remembered that e-learning modules are only one part of Fiscalis' training activities, and a relatively small proportion of total programme spending.

3.3. Needs of economic operators

As equal and predictable application of EU law, as well as simplified procedures, can be assumed to be important for economic operators (in addition to tax administrations), there are many activities within the programme which **address the underlying needs of economic operators**. In this broader sense, the needs of economic operators converge with the needs of national administrations, in areas such as the maintenance of the functioning of the inner market, reducing fraud and other market distorting practices, etc. Exploring the needs of economic operators in this broader sense lies outside the scope and methodology of the evaluation, as it would constitute a study of economic and societal needs in the area of taxation in itself, shifting focus from the programme's support to tax administrations and the application of EU taxation law.

However, in addition to the national administrations who are the main beneficiaries of the Fiscalis programme, many economic operators are also directly involved as users of some IT systems and training modules, and sometimes as participants in specific joint actions. This section thus focuses on the relevance of aspects of Fiscalis which **more directly engages economic operators**, and validating the necessity of these, while also touching upon the underlying needs of economic operators relating to the programme as a whole.

3.3.1. Perceived needs related to aspects of the programme aimed at economic operators

Looking to actions directed partly or fully at addressing the needs of economic operators, the main **direct mechanism** through which the programme addresses such needs (i.e. where economic operators are themselves a target group for intervention) is through the participation of economic operators in European Information Systems supported by the programme. These are at many times used by economic operators, even when the same operators are not aware of the involvement of Fiscalis in the creation or support for the systems. As an example, the Mini One-Stop-Shop, that is based on common EU technical specifications and is accessible for businesses through national front-ends, was created explicitly with the **administrative burdens of businesses** in mind. **Developing trends** within cross-border provision of electronic services, as well as **new EU legislation** on VAT, led to a need for EU action in order to not negatively affect the competitiveness of European businesses. In a similar vein, other systems and services (like the provision and / or validation of VAT information) support economic operators when dealing with taxation issues within the EU and the single market, and / or with third countries.

Second-hand information from interviews with tax officials also relate the interest of businesses and business associations in increasing **convergence in administrative practices** and **creating tools and procedures** which **reduce compliance costs and administrative complexity**. At the same time, case study interviewees, as well as other interviewees and documentary sources, have revealed little structured evidence (e.g. from monitoring) on the direct engagement and views of economic operators in relation to Fiscalis and its activities. This shows a possible need to engage further with businesses, and in more structured ways, in order to explore and validate needs, relevance and priorities.

The relevance of the programme for economic operators was also considered through a survey of such operators conducted. However, the few responses to the survey (43) mean that all results must be interpreted with great care. Looking to those results in general terms there was **consensus among respondents** regarding the **relevance of**

issues addressed by the Fiscalis 2020 programme. All respondents (43) agreed that double taxation and distortion of competition are important issues facing society, with roughly half (20) agreeing to a great extent. There was even greater agreement on the importance of issues of tax fraud, tax evasion and aggressive tax planning, with almost two thirds of respondents (27 of 43) regarding this as an issue which is important "to a great extent". Collaboration at the EU level, involving EU Member States and other countries, in this area was considered central – 34 out of 42 respondents agreed to this "to a great extent".

Despite the efforts of Fiscalis to simplify tax matters involving more than one EU Member State, respondents considered this to be less simple than when only one Member State is involved, with a slight majority (24 of 43) thinking it "much less simple". Only a few respondents (five) thought it is as simple. Language issues, difficulty in finding the right information, different legal requirements etc. were mentioned as factors complicating tax matters involving more than one EU Member State. This points to **a need according to economic operators for action within the scope of Fiscalis.**

In total, the overall **relevance to economic operators of EU action within the scope of the programme seems undeniable.** At the same time, there is room to further explore and validate these needs, perhaps at the level of national administrations.

3.3.2. Perceived needs that are not addressed by the programme objectives, Annual Work Programmes and activities

Overall, **programme objectives and priorities were deemed relevant by economic operators** answering the survey. However, when asked about information the EU should provide and / or prompted to give further comments, respondents to the economic operator survey highlighted a number of areas for further improvement in terms of **information consolidation and provision.** Some of the specific issues brought up were:

- Improvements to the VAT Information Exchange System (VIES; addressing issues when there has been a change in a company's name, form or VAT status, as well as sometimes indicating only whether a business has a valid VAT number) and the System for Exchange of Excise Data (SEED; providing full information and address for a warehouse keeper rather than redirecting enquiries to national tax administrations).
- Website information on tax matters and related legislation should be provided in English throughout the EU Member States, and not only the local language.
- Suggestions of an EU database / web-portal providing extensive and up-to-date VAT information for all Member States (such as rates, VAT registration data, invoicing requirements, VAT recovery, VAT return format and guidance, etc.), as providing such information to local and foreign tax payers is central to facilitate compliance.
- Relating to the above, improving the EU website to facilitate finding relevant and up-to-date information about e.g. local tax legislation, key differences between regimes, relevant case law and the managing of disputes. Search functionality (facilitating access to information) could also be improved.

As suggested above, the main mechanism through which the programme directly affects economic operators is through the European Information Systems, and business interests have expressed an interest in further streamlining and consolidating administrative procedures. Thus, in a broader perspective, the **expansion of certain European Information Systems** may be the most important avenue for the programme to further address the needs for economic operators (although, such expansion depends on coordination and decisions outside the scope of the programme).

Several respondents have mentioned the great leap forward it would mean, for example, to go forward with expanding the Mini One-Stop-Shop to cover more product types. However, the corresponding case study on the EMCS produced diverging accounts on the enthusiasm among economic operators to expand the system. While this does not necessarily reflect lack of an **underlying need for expansion of systems for the proper functioning of the single market**, it does suggest that economic operators should continue to be consulted, if only to ensure any expansion does not lead to disproportionate increases in administrative burden.

3.3.3. Level of interest of Economic Operators in programme activities

As stated above, the survey of economic operators had few respondents and results must be interpreted with caution. With this in mind, looking to survey results covering programme awareness, **only half of the respondents were aware of the existence of Fiscalis** prior to responding to the survey. Concerning the specific services on offer, **awareness of these among survey respondents was overall low**, with roughly three quarters responding "I have no opinion" on all questions relating to the Taxpayer Information Number (TIN), SEED and Taxation Information and Communication (TIC) services. Regarding e-learning modules, roughly half of respondents had no opinion on these, indicating a somewhat higher but still quite low awareness. VIES was the only system where a clear majority of respondents could provide input, with about a quarter of respondents not having any opinion.

At the same time, **higher awareness is not to be expected** among the survey target group, given that (a) economic operators are not the main target of the programme, (b) their participation is mediated through the public services and activities on offer, (c) these services are often offered through a national front-end, and (d) even those who engage with services directly available from e.g. the Europa website can be assumed to only concern themselves with specific systems directed at their particular tax issues. Accordingly, judging the above results as a low level of awareness would not be warranted, in particular when also considering the questionable representativeness of replies. However, the low usage of the e-learning modules (as well as the average impressions of these, reported in one of the evaluation case studies) may be of particular interest, as these modules could be useful for a wider audience regardless of their particular business activities.

Looking to other sources of information, the Performance Measurement Framework and Annual Progress Reports show **growing figures for key indicators** such as number of registered economic operators in Mini One-Stop-Shop, number of messages for VAT refund and VIES-on-the-web, and number of consultations for SEED-on-Europa and the Taxes in Europe Database (TEDB). The case study on Mini One-Stop-Shop also indicates **interest among economic operators** in this new system and its usefulness and further potential. Meanwhile, the case study on EMCS points out that the engagement of economic operators for the system, while theoretically high given possible reductions in administrative burden, is not always evident among consulted stake-holders (with anecdotal evidence of some businesses appreciating the system, but some not encouraging an expansion). In total, looking to evidence from the European Information Systems monitoring and interviews, the **overall impression is positive concerning the participation of economic operators**.

For publicly available e-learning modules, these saw a great jump in 2016 in terms of number of downloads from the europa.eu website (from levels in the mid-3 000s, to over 18 000). This follows the release of the new package of VAT modules, and in 2017, downloads dropped back to (the still high figure of) 8 592. The long-term interest is difficult to assess, and the 2017 EU e-learning survey report highlights the fact that downloads for public courses tends to spike in the months after release and then drop down again. The increase is nonetheless an interesting development, indicating **interest in VAT e-learning among economic operators** and other public target groups. Further, the e-learning report estimates number of training sessions (instances of use)

associated with the downloads. Based on self-reported dissemination by downloaders (and Commission estimates where such reporting is absent) the modules led to some 228 000 training sessions in the peak of 2016, dropping back to 21 000 in 2017.

Turning to participation in programme activities by economic operators, up until mid-2018 there have been 187 external participations in the programme. However, the programme activity reporting tool does not differentiate between different types of external participants (e.g. businesses, academics, suppliers). This data is thus difficult to interpret, given the unknown nature of the participants. However, the low numbers (no matter their actual distribution) illustrate that it is not mainly through activity participation that economic operators interact with the programme.

In total, the interest and activity by economic operators seems higher than a first glance at survey results may suggest. Looking to the total evidence base, **interest in EU-wide publicly available taxation services and information is overall high among economic operators**, warranting the role in the programme of activity and actions directed at these. While not surprising, some indications of lower levels of awareness may suggest a need for further communications and information activity.

3.4. Needs of citizens as a whole

Citizens are a **secondary target audience of the Fiscalis programme**. Although they are not direct beneficiaries of programme activities, they are concerned by and have a right to be informed about the programme. In particular, the programme contributes to the lives of citizens by supporting correct and effective understanding and enforcement of tax legislation across the participating countries. Combatting fraud, tax evasion and aggressive tax planning has increased in relevance to maintain the integrity of the internal market, as well as to ensure the fair and equal application of tax legislation in the eyes of citizens and communities. Given the indirect effect of the programme on citizens, this sub-question does not address programme relevance through participation indicators or direct comments. Rather, the analysis is based on the underlying need for coordination and cooperation within the field of taxation from citizens' perspective.

As previously stated, the **public consultation** conducted at the same time as this evaluation ("EU funds in the area of investment, research & innovation, SMEs and single market") – a channel through which the views of citizens as a whole could be researched – was reframed as a broad exercise covering a wide number of topics. As referenced in the Fiscalis post-2020 ex-ante evaluation, 4052 respondents provided feedback in the public consultation, but only six reported that they have experience with the Fiscalis 2020 programme, and only 47 comments referred to taxation. This very limited number show partly the small role of Fiscalis in the wider consultation, but may also be evidence of the indirect, technical, and sometimes anonymous role of Fiscalis in the European taxation environment (from the perspective of citizens and the public at large).

However, the underlying relevance of Fiscalis efforts is evidenced from a Special Eurobarometer Report of the European Parliament, on EU citizens' perceptions and expectations regarding EU action, conducted in April 2016.¹⁹ This shows that fighting tax fraud is a high priority in which citizens' in general feel the EU should take further action. **The issue of fighting tax fraud was ranked third among EU actions for both insufficiency of action today and desire for more intervention.** 66% of respondents considered action insufficient at the time of the survey, and **75% wanted the EU to intervene more to fight tax fraud**, with only 5% wanting the EU to intervene less.

¹⁹ Special Eurobarometer of the European Parliament, Europeans in 2016: Perceptions and expectations, fight against terrorism and radicalisation, Public Opinion Monitoring Unit, European Parliamentary Research Service, 2016 (PE 570423 – June 2016)

The study itself highlights the context of recent revelations in the form of the so called "Panama papers", which may influence the perceptions of citizens. This and similar global stories of **tax evasion, fraud, and aggressive tax planning** (among businesses and private individuals), are a further indication of citizens' views of the **continued relevance for further international and European coordination in the field of taxation**.

3.5. Answers to the sub-questions and conclusions

3.5.1. Needs of national tax administrations

The Fiscalis 2020 programme is, at a general level, both necessary and relevant to national administrations, and there is a consensus among these that the programme corresponds to real needs and concerns.

The programme corresponds well to the **general underlying drivers and problems** identified in the preparatory impact assessment, and these in turn are validated as corresponding to the needs of national administrations at the general level.

Awareness of the programme can be improved through further outreach, but **interest and will to participate are high**. In addition, the Annual Work Programme provides a framework for **prioritising the most pressing issues** without sacrificing the **flexibility to tailor actions to administrations' demands**. It is however unclear whether the project structure of the Annual Work Programmes contributes to focusing and strategically prioritising actions.

The **actions of the programme** are appreciated and generally correspond to the demands of administrations. In particular, networking and exchange of ideas are highly valued and seen as important aspects of all programme activities. The need for and relevance of most European Information Systems is self-evident, as they in many cases define the possibility for essential exchange of information according to EU law. Supporting activities like training sessions on IT are also universally appreciated. Meanwhile, the need among participating countries for the e-learning modules depends on national circumstances.

Regarding **needs that the programme has not fully met**, some stakeholders engaged in the evaluation mentioned that more high-level meetings could increase buy-in within the senior leadership of national administrations. Others wish for expansion / additional development of the European Information Systems, and ways of including candidate countries more in the programme.

3.5.2. Needs of economic operators

Overall, the Fiscalis programme is relevant for economic operators, as its priorities and activities match the underlying needs of businesses and address the concrete problems they face.

Importantly, this is because the programme addresses some of the **issues economic operators face** related to cross-border trade, in terms of the need for smooth and efficient systems for exchange and relay of information, clear and accessible information on regulations etc., and administrative procedures and processes which do not result in unnecessary compliance costs due to complexity or lack of coordination.

Economic operators have in turn **shown interest in the tools, solutions and services supported by the programme**, especially the European Information Systems, which are the natural conduit through which programme efforts come to benefit businesses.

The main channel to further address the needs of economic operators thus seems to be the **continued expansion and refinement** of coordinated taxation schemes and

systems for exchange of information. Some concrete issues concerning existing systems have also been brought up.

3.5.3. Needs of citizens as a whole

For citizens as a whole, the fight against tax fraud, tax evasion and aggressive tax planning is a high priority, evidencing an underlying need for programme actions even when these affect citizens only indirectly.

Although the indirect effect of the programme on citizens makes relevance hard to gauge from the perspective of actions and interventions, and direct feedback is scarce, the problems the programme addresses corresponds well to perceived needs among citizens.

3.5.4. Conclusions

At the general level, the findings **validate the relevance of the Fiscalis specific objective by identifying clear needs** for secure and rapid exchange of information, cooperation between tax administrations, and enhancement of administrative capacity. In line with the problems and societal drivers identified in the programme's preparatory Impact Assessment, these needs stem from the **growing scope of EU law and initiatives, cross-border nature of problems and persistent need for convergence between countries**. There has been universal agreement among stakeholders that the programme is **needed to facilitate this exchange and cooperation**, and that ambitious policies would not be possible to agree and implement without such support. Thus, the programme's role in fostering convergence of approaches, administrative procedures and rules is highly relevant.

The programme also successfully addresses the **perceived needs** of national administrations in participating countries. There is overall **alignment between programme activities and administrations' needs**, but some evidence that Annual Work Programme priorities and projects would need to be more focused and limited if they are to serve as strategic guidance for Fiscalis. The **mix of instruments** (including new ones) all have relevant applications and address a broad scope of underlying needs. They are thus all relevant in the right circumstances.

The **issues the programme addresses and specific activities also correspond to the needs of secondary audiences**, namely certain economic operators and citizens as a whole. However, more efforts could be made to raise the awareness of and involve these audiences, especially the economic operators directly targeted by programme activities.

Among the general public, there is little evidence on the direct awareness or impact of the programme. Indirectly, the programme addresses problems which are highly relevant to citizens, and where EU action is considered necessary.

4. EVALUATION QUESTION 2: EFFECTIVENESS – COOPERATION AND INFORMATION-SHARING

Evaluation Question 2: To what extent has the programme reinforced cooperation and improved information-sharing between tax authorities of participating countries?

4.1. Introduction

The Fiscalis 2020 programme is essentially 'about' making it easier for participating country tax authorities to work together and share information with each other. This is clear from the programme's intervention logic (see Annex A.1), which shows improved collaboration between tax authorities as a key element of all five operational objectives. These should in turn contribute to the policy-level specific objective related to the implementation of EU tax law, the fight against tax fraud, evasion and aggressive tax planning and enhanced administrative capacity.

The purpose of this section is to **assess whether the first part of the logic holds true** across the different supported actions, and to identify factors and conditions that make it more or less likely. The ensuing pages look separately at the programme's main types of activities, namely joint actions, European Information Systems and human capacity-building activities. For each of these, we use findings from the programme assessment (based on monitoring data and questionnaires) to get a general sense of performance. The in-depth case studies then provide more insight about what this really means in practice.

4.2. Joint actions

4.2.1. Introduction

Joint actions provide national officials with a platform and funding for physical meetings on issues of common interest and are thus at their core about **fostering collaboration**. It follows that the success of joint actions relies on their ability to do this, regardless of the form or content of specific actions.²⁰ Having established in the previous chapter (on relevance) that there is a lot of interest and participation in joint actions (especially project groups, workshops and multilateral controls), this section examines their achievements in more detail.

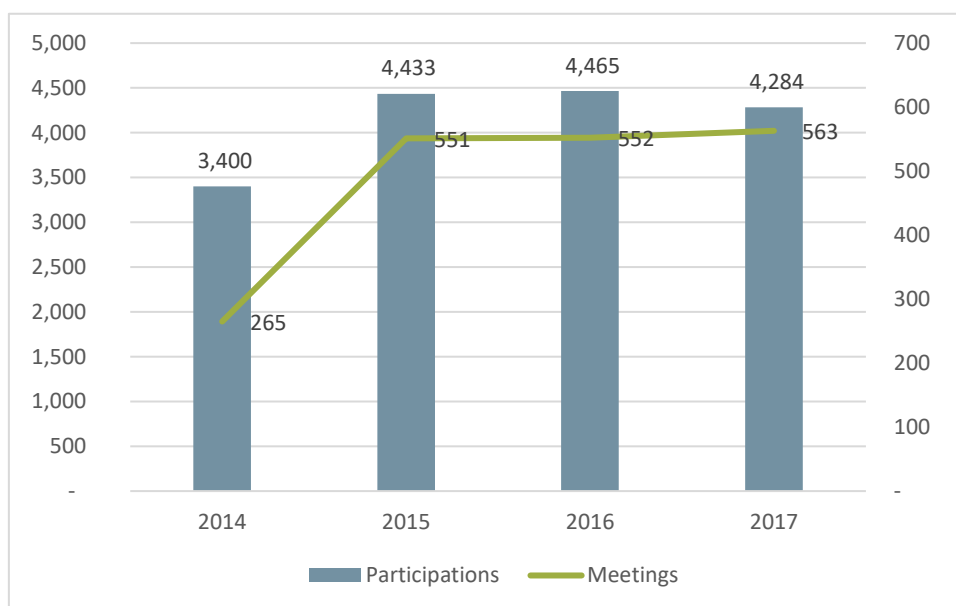
The monitoring data gave us a start and was particularly useful for gauging levels of participation and satisfaction for the different actions. For multilateral controls, which have fairly standardised outputs and results, the data also helped to assess the extent to which these were realised. Data on other indicators regarding the production and use of various programme outputs has also been collected, but is of limited usefulness given the diversity of the actions and erratic nature of the figures. To shed light on these issues, we have relied more on analyses based on feedback from participants and other stakeholders, and the in-depth case studies. These methods also helped us understand whether and to what extent the joint actions have made it easier and cheaper for administrations to collaborate, and to unearth any unexpected results.

²⁰ While we note that only one of the programme's operational objectives (support administrative cooperation activities, listed as the main operational objective for 42% of joint actions as of late 2017) explicitly refers to cooperation, the joint actions by definition involve national officials working together. For this reason, we focus on all joint actions in this section.

4.2.2. Level of participation

A pre-requisite for the joint actions to be able to boost collaboration among national administrations is for officials to actually take part in them. Available data²¹ for the first four years of the programme's operation show that **a large number of individuals (the vast majority of whom are tax officials) participate in the programme each year, at levels that are fairly stable and in line with historical trends.** As with the previous funding period, there have been around 550 physical meetings and 4 000 individual participations²² per year during the current programme; lower numbers in 2014 are explained by administrative issues that mean only April-December are counted for that year).

Figure 2: Joint actions participations and meetings



Source: ART data and Annual Progress Reports

Given that participation is strongly linked to administrations' collaboration needs, other things being equal we would expect gradual rises alongside some fluctuation in line with the policy cycle. While the stable figures at first seem to contradict this. However, there are also important contextual factors to consider, as electronic communications reduce to some extent the need for physical meetings, and austerity in national administrations has lowered headcounts and increased individual workloads. While we cannot measure the precise effects of these factors, taking them into account **leads us to make a positive assessment of overall participation levels.** Interviews with national coordinators confirmed this by emphasising the continued popularity and perceived usefulness of the joint actions (see discussion in the next sub-section).

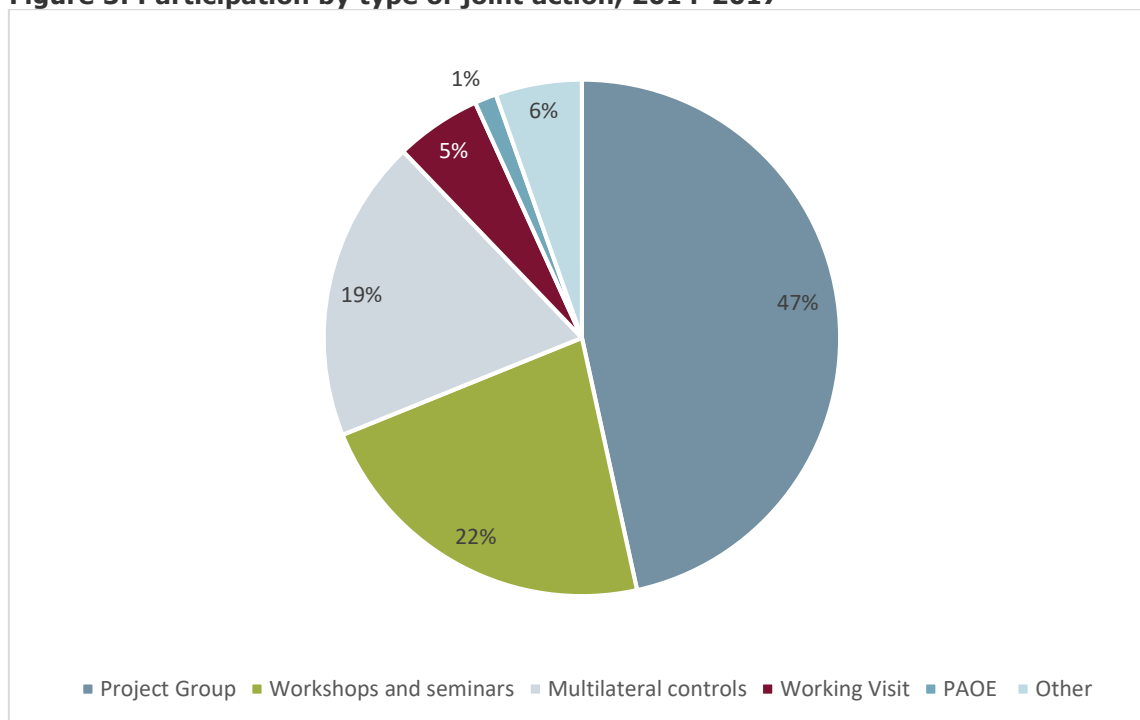
Looking at the data per type of joint action shows that **project groups are by far the most important, accounting for nearly half of participation.** As shown in the table below, these are followed by workshops, multilateral controls and working visits, while the other types of actions involved far fewer participations. The data are broadly consistent across the Member States, though (as discussed later in this section) participation in multilateral controls is concentrated in a relatively small number of

²¹ It should be noted that there are some minor discrepancies between monitoring data provided by DG TAXUD and the figures presented in Annual Progress Reports. These are not big enough to change overall trends but explain some small differences in the figures presented in different parts of the report.

²² Since the data count individuals who participated in more than one joint action event (e.g. two meetings of a project group) separately, we refer to 'participations' rather than the number of individuals who have participated in the joint actions.

Member States. The figures reflect the versatility of projects groups and workshops, as well as the practical usefulness of multilateral controls.

Figure 3: Participation by type of joint action, 2014-2017²³



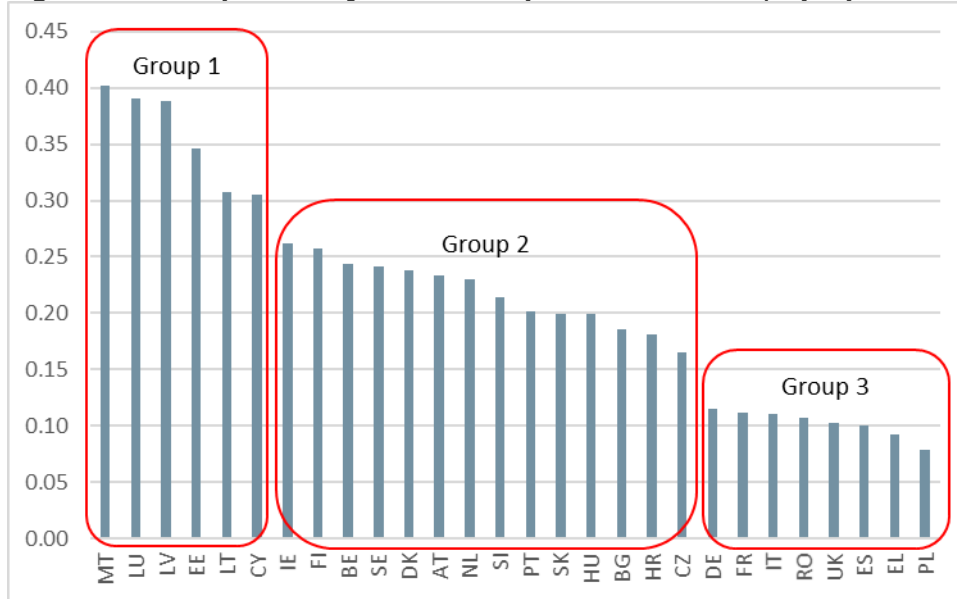
Source: ART data.

To understand whether the different Member States²⁴ have been involved in the joint actions more or less than would be expected, we also examined **participation by country**. Ideally, we would have compared the data to the size of each country's tax administration, to see which countries have participated most per capita. Since such data were not available, we instead performed a "degressively proportional" analysis, which is depicted in the diagram below.²⁵

²³ The actions listed as 'other' are described in the monitoring data as administrative cooperation, communication and capacity building actions. However, these types of action are not referred to in the rest of the programme literature or known to national officials, indicating some confusion in the classification of actions. Expert teams are also not listed, due to the specificities of their co-funding structure.

²⁴ Since the monitoring data only showed two participations each from the candidate countries, we did not include them in this detailed analysis.

²⁵ Such an analysis provides a fairly simple way to consider population while taking into account that the differences in the sizes of administrations do not track population exactly. Instead, larger countries would be expected to have relatively few officials compared to population, because of the need for all countries to have certain functions and some economies of scale in larger countries. So, while Germany (population 82.8m) would be expected to have more tax officials than Luxembourg (population 590,000), it would not be expected to have 142 times more. The degressively proportional analysis predicts instead that Germany would have around 12 times more tax officials than Luxembourg. This is obviously a simplification, but it helps us define a frame of reference for examining participation by the joint actions by country.

Figure 4: Participation in joint actions per Member State, by square root of population

Source: ART data and population figures from Eurostat

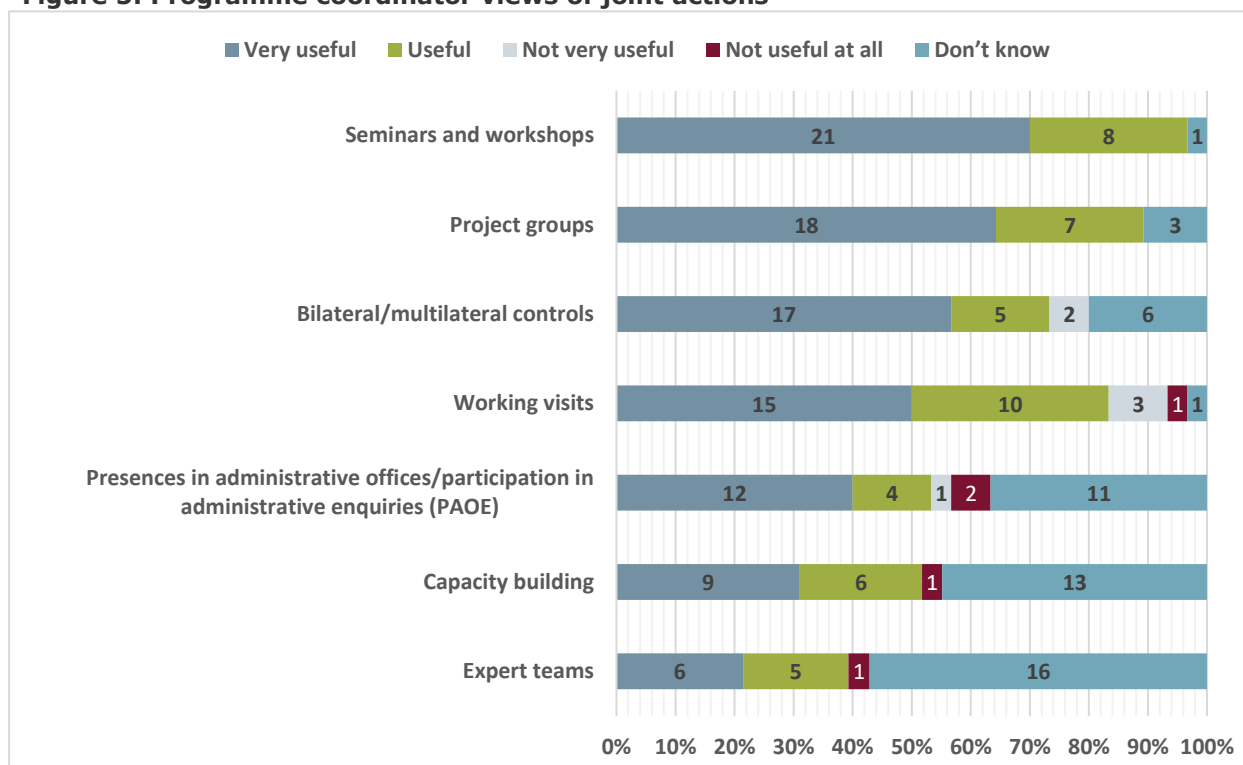
The analysis shows that most Member States participate at fairly high rates, and that they fall roughly into three groups. Six small countries, most likely due to the relatively large size of their tax administrations compared to population, participate in joint actions to a very great extent. A further 14 countries fall into a second group that also participates to a high degree. However, eight countries participate considerably less than the others. While these are mostly comprised of large countries, they also include smaller Member States such as Romania and Greece, indicating these countries may be having trouble making officials available to participate.

The overall trend also matches findings from the case studies, which (with exceptions such as Italy) showed a reluctance among some larger countries to participate, especially in areas where the case for collaboration was not backed by concrete EU policy imperatives. National initiatives were given priority in these areas, while perceptions of high levels of capacity that meant the need to work with and learn from colleagues from other countries were not felt as strongly.

In summary, participation in the joint actions can be judged positively. Levels of participation have held steady despite contextual changes that would be expected to dampen demand for physical meetings, while the split across types of joint actions seems reasonable. Aside from project groups, multilateral controls stick out as particularly popular. We also observed good levels of participation across most Member States, although certain large countries and a few smaller ones participate considerably less than would be expected, indicating a need for action to involve them more in the programme.

4.2.3. General perceptions

The monitoring data and national authorities' questionnaire both make clear that **perceptions of the joint actions are generally very favourable**. For example, the monitoring data shows that regardless of the type of joint action and operational objective, action participants have in an overwhelming over 90% of cases claimed that actions met their expectations, achieved intended results and were useful. Responses from programme coordinators to the evaluation questionnaire were also very positive. Nearly all of them were satisfied with opportunities made available through the mix of joint action types. As depicted in the chart below, they gave positive ratings to the different types of joint actions, albeit showing limited awareness and / or experiences of the two new actions (expert teams and PAOEs).

Figure 5: Programme coordinator views of joint actions ²⁶

The number of responses varied between 28 and 30

The questionnaire gave coordinators an opportunity to provide further comments on the joint actions. As has been noted in previous evaluations, several **'intangible' benefits cut across all types of actions**. Such benefits include helping officials to work together, build trust, develop networks and share knowledge, experience and best practices. Rather than 'by-products' of the programme, these are seen as invaluable for achieving the programme's higher-level aims (as explained in more detail below in the section on outputs and results).

Coordinators also pointed to several **general areas for improvement**. Some of these (on such issues as the provision of documents) related to organisational issues and are discussed in section 7 on efficiency). Others dealt more with the substance of the actions and are worth mentioning here. For example, the lack of published outputs and deliverables was seen to let some actions peter out instead of gaining momentum for follow-up action. The scope of some actions was considered too broad for the time available, leading to superficial discussions and / or outputs of insufficient quality. Given the urgency with which some tax questions need to be answered, one coordinator wondered if tweaks were possible that would allow actions, particularly working visits, multilateral controls and PAOEs, to be arranged at short(er) notice. There were also requests for periodic high-level meetings at EU or regional level to improve the coherence of the programme and help Member States to see the big picture in terms of achievements, priorities and goals. This was echoed by candidate countries, who pointed to a disconnect from the programme and each other and suggested a dedicated project group where they could share experiences.

The table below elaborates on additional strengths and areas for improvement that related to specific types of actions, again as observed from the questionnaire and interviews with programme managers:

²⁶ Capacity building actions have been left out of the figure and ensuing because respondents had low awareness of these actions and seemed to confuse them with human capacity building activities such as the training modules. The low number of these actions also meant they did not come up in any of the case studies.

Table 3: Key features of the joint actions

Action type	Strengths	Areas for improvement
Seminars and workshops	<ul style="list-style-type: none"> • Create unique opportunities for exchange in a group setting and compare strategies and methodologies between countries • Provide space for networking, building contacts and reinforcing relationships with other Member State administrations • Gather more expertise (including from external stakeholders such as the Organisation for Economic Cooperation and Development (OECD) and the Intra-European Organisation of Tax Administrations (IOTA)) than would be possible in a national setting • Ensure common understanding and interpretation of EU legislation 	<ul style="list-style-type: none"> • Workshops on more theoretical or general matters were not viewed as favourably as ones with concrete, practical themes. • Candidate countries consistently asked to be invited to more seminars and workshops.
Project groups	<ul style="list-style-type: none"> • Allow for in-depth and ongoing group work on specific issues and policy areas • Develop concrete solutions to common problems across range of policy and practical areas (for which there are many examples) • Strengthen networks and working relationships through continuous communication • Pool knowledge and experience between Member States and the European Commission 	<ul style="list-style-type: none"> • The usefulness of project groups relies on the expertise and engagement of participants. Some project groups were undermined because Member State did not send the most appropriate officials, or allow for enough time to engage outside of official meetings. • Short summary reports at the end of project groups could avoid the risk of knowledge getting lost.
Multilateral controls	<ul style="list-style-type: none"> • Practical framework that makes collaboration on cross-border tax cases possible (officials pointed out that it would otherwise be difficult to get support for such work) • Focus on achieving concrete, often measurable results in terms of recovered tax revenue and improved compliance • Forum for staying updated on fraud trends and practices and ways of fighting them 	<ul style="list-style-type: none"> • Language issues (particularly low levels of English) were seen as a barrier for some officials to conducting multilateral controls beyond neighbouring countries where links are already strong.
Working visits	<ul style="list-style-type: none"> • Provide opportunity for focused exploration of (ideally narrowly defined) topics of mutual interest • Gain inspiration from host country that can be adapted to national circumstances • Useful for candidate countries to learn about EU legislation and national implementation and Member State working practices 	<ul style="list-style-type: none"> • The usefulness of visits was related to the level of effort put into defining a topic and engaging with the work. Some visits were seen as too unfocussed, thereby failing to add much value.

PAOEs	<ul style="list-style-type: none"> • Quick and unique way for gathering information from another Member State for ongoing cases or audits • Build relationships with counterparts from other Member States for future collaboration 	<ul style="list-style-type: none"> • Awareness and use of PAOEs still low despite satisfaction of countries that have used them, indicating a need for more communication efforts. • Some Member States did not know why applications had been rejected, further showing that of this action are poorly understood
Expert teams	<ul style="list-style-type: none"> • Unique forum for bottom-up collaboration on topics of mutual interest. • Limited size could potentially make group work quicker and more efficient 	<ul style="list-style-type: none"> • Only a third of Member States have taken part so far, due both to limited awareness and the time needed for the new model to gain traction • Co-funding model and format are still new, leading to some teething problems that have undermined performance so far

To sum up, the **joint actions are highly utilised and appreciated tools** that between them offer the Member States and other participating countries a mix of formats that meet their practical needs. Criticism focused on making incremental improvements rather than fundamental changes, while the introduction of two new action types has boosted the programme's potential. These findings are very positive. To better understand the practical difference that the actions really make to administrations, the next section uses findings from the in-depth case studies to elaborate on the bigger picture.

4.2.4. Outputs and results

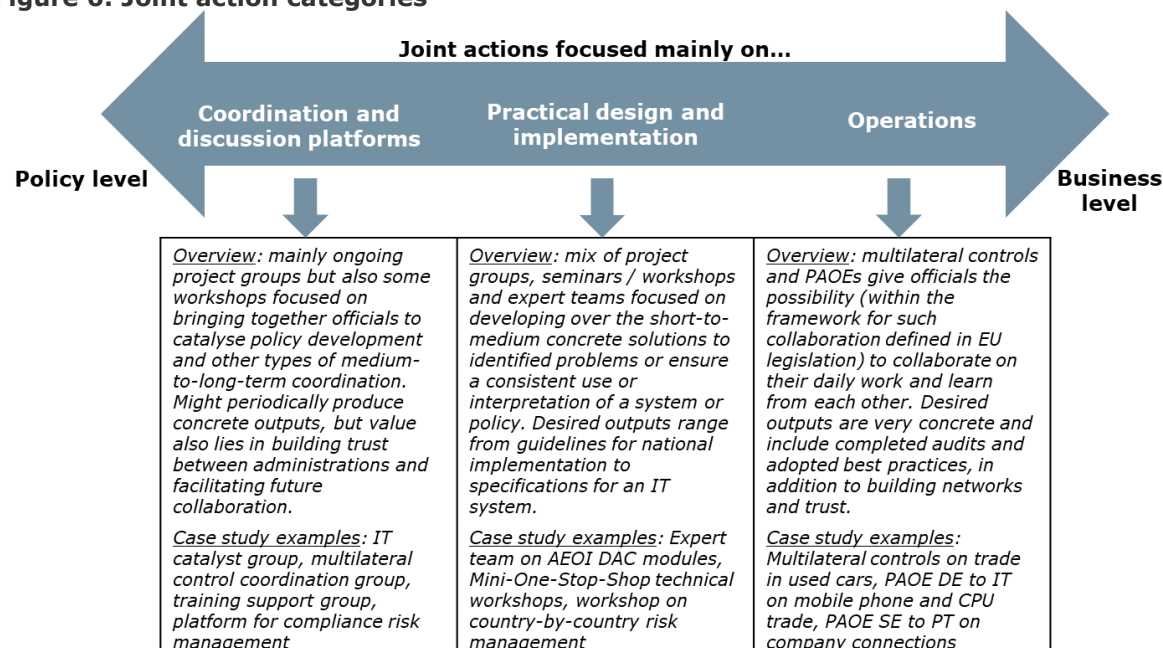
Moving higher up the causal chain, the joint actions' diversity has traditionally made them **difficult to evaluate systematically**. By defining a short list of output types that would be recorded for all actions, the Performance Measurement Framework was meant to address this problem. Regular monitoring forms are used to record data on the outputs generated in given joint actions. The outputs listed include guidelines, recommendations, studies and best practices / administrative procedures, as well as an 'other' choice, with a target that each action should lead to at least one 'output'.

Unfortunately, for a few reasons the **data generated are not extremely meaningful**.²⁷ The categories are open to interpretation and there are big differences in what 'output' means in practice depending on the circumstances. Nearly all actions would in theory involve some sharing of best practices, while arguably important outputs, such as completed audits for multilateral controls or the long-term coordination work of project groups, are not easily captured in the system.

Instead, the analysis **splits the joint actions into categories related to their underlying purpose**, then uses examples (mainly) from the case studies to assess their typical project cycle and define factors of success. The actions can be thought of as falling into three broad categories along a kind of spectrum, as depicted in the diagram below. This obviously simplifies reality to a certain extent, and some actions would certainly spill across categories. Nonetheless, it provides a useful framework for the examination of each category.

²⁷ See full discussion of the Performance Measurement Framework in section 7.3.

Figure 6: Joint action categories



Source: evaluation team

The case studies allowed us to identify several **success factors that applied across the different action categories**. These can be broadly defined as good project management practices and include such factors as clear links to EU tax policy, feasibility of progress (given the political context), clearly defined scope and objectives, involvement and buy-in from the right people, strong project management and constructive engagement from the DG TAXUD and the Member States. The presence (or absence) of these factors was found to influence given actions in positive (or negative) ways. However, looking at the action categories in more detail shows that certain factors seem more important, or harder to foster, in certain circumstances. The ensuing paragraphs discuss each of the categories in turn, using examples from the case studies to highlight the most crucial aspects.

Actions comprised of ongoing coordination and discussion platforms

Rather than working on a specific 'project', many project groups are quasi-permanent and serve as standing platforms for coordination at various levels. **There are around 20 such groups**, each of which deals with specific aspects of tax policy or collaboration and meets regularly on an ongoing basis.²⁸ Nearly all of the case study themes involved at least one such project group, and while they sometimes generated important tangible outputs and results (e.g. guidelines for conducting multilateral controls), a lot of their achievements were not readily captured in the monitoring system. In part this is because many such achievements relate to networking, which is hard to record and measure systematically. It is also because these platforms often act as catalysts, creating the conditions for the generation of more concrete outputs in other fora.

The case studies provide examples both of successful and less successful actions of this category:

- **IT catalyst group (case study on IT collaboration)**: this project group grew out of an IT collaboration group in the previous programme and a workshop from 2014 to provide the Member States with a platform to discuss, initiate and coordinate IT projects and activities in a structured way. Interviewees explained

²⁸ Since data on platforms are not recorded separately from other project groups, we estimated their number by filtering out all project groups that had convened nine or more meetings between the 2014 and end 2016, then screened the remaining groups by title.

that a crucial benefit of the catalyst group is that it brings together key IT and policy officials from different countries and thereby gives them a chance to learn about each other's perspectives, current projects and longer-term aims. This reportedly builds trust, paving the way for gradual convergence and the launch of specific IT projects (such as the modules for the automatic exchange of information). Interviewees felt the confidence and knowledge of each other's ways of working needed to pursue such projects would not have been possible without the catalyst group.

- **Multilateral control coordination group (case study on multilateral controls):** these actions are among the most practical and operations-focused actions carried out through the programme. Member State officials get in touch with each other, establish a common interest, then carry out the bilateral / multilateral controls. However, regular meetings and exchanges in the framework of the coordination group underpin these actions, giving the Member States a platform to share experiences and lessons learned, gradually improving and increasing confidence in and use of the system.
- **Training support group (case study on training):** while individual training modules are typically developed through specific project groups launched for that purpose, the training support group brings together tax (and customs) officials from all Member States in order to discuss and agree priorities and make decisions about future development. This provides a framework for taking forward the discussion on future training and in this way catalyses the development and implementation of actual modules (such as the ones on VAT looked at in-depth for this evaluation).
- **Platform on compliance risk management:** the platform was established under the previous Fiscalis programme and brings together participants from 26 Member States and five candidate countries. Its stated purpose is to build and spread knowledge in this field, keep national administrations updated on the latest literature and research, develop techniques and capabilities and thereby improve risk management practice. To a certain extent this is working, with some Member States expressing positive views and pointing out useful learning that has occurred through the platform. However, others pointed to a lack of engagement from many Member States, especially large ones with the most advanced risk management systems. This reduced the potential for the platform to spread best practices and to pursue more ambitious initiatives, and was attributed to the lack of meaningful EU policy to motivate engagement.

The positive and negative aspects of these examples serve to highlight several factors that are especially important. These include the need for clear EU policy links, which in turn help foster senior-level buy in and getting the right people in the room. For example, the legal framework for collaboration helped bolster engagement in the multilateral controls platform. Similarly, the mutual need for collaboration in the field of excise led to very positive engagement in the platform for coordination of excise and customs procedures in relation to the EMCS.

However, the platform on compliance risk management suffered because, in the absence of an existing or likely EU policy, key Member States saw little need to engage with the process. This stemmed from the perception that measures at national level were sufficient, and hence further discouraging engagement making a move towards more intense collaboration in the near-term implausible. The situation was similar for the training support group, where certain Member States did not see a need to supplement their own training programmes.

On the more practical side, the case studies show that there is a delicate balance to be struck between including as many Member States and as much expertise as possible on the one hand, and facilitating good interactions on the other. This balance was not always found in the actions under review. As an example, the training support group,

which meets around once per year and includes two representatives from each Member State (one from tax, one from customs) was criticised for being too big for constructive discussions. This led to a vicious cycle, whereby some Member States gradually disengaged, making it less likely that decisions on new modules would consider their needs, and thereby undermining uptake of the modules. The IT catalyst group addressed this problem to a certain extent by getting support on technical matters from an expert team of IT experts (called the managed IT collaboration expert team, MANITC). Nonetheless, several stakeholders also thought the IT catalyst group was too big for fruitful discussions.

A related factor was the frequency of meetings. While officials understandably have busy schedules and cannot afford to be overburdened, many interviewees considered annual meetings too rare in a platform ostensibly for debate and decision-making. These rather seemed like informational meetings for the Commission to give updates on progress. While valuable, such conditions led certain officials to disengage and / or send less senior colleagues to attend.

Actions focused on practical design and implementation

Many actions occupy a middle ground, focused on developing and implementing initiatives as kind of 'sub-activities' for those in the category above. This includes the majority of project groups, which were often launched based on decisions taken in the above-described groups, and **correspond to 'projects' in the traditional sense**. They bring together a limited number of officials over the short- to medium-term in order to come up with a solution to an identified problem. Such 'problems' ranged from specific training modules, to IT specifications, to guidelines for how a certain initiative should be implemented. Expert teams (we looked in-depth at the one on the modules related to the automatic exchange of information) could play a similar role, albeit with the Member States playing a bigger leadership (and financial) role. Most workshops also fell into this category and typically came slightly later in the process, as a way to introduce the finished solutions among a bigger audience. Working visits could play a similar role at the level of individual officials, who during their visits learn about practices that could be adapted to their national circumstances as well as fostering networks and relationships.

These actions are by definition more focused on tangible outputs than the category described above, as a few examples from the case studies illustrate.

- **Mini One-Stop-Shop technical workshops (case study on the Mini One-Stop-Shop):** the Mini One-Stop-Shop represented a major step forward in collaboration between the Member States on VAT issues and came with the commensurate need for tax administrations and economic operators to get used to new systems and processes. A series of instructional workshops accompanied the launch of the Mini One-Stop-Shop in order to explain its features, answer questions and ensure that the system would be rolled out smoothly. Feedback indicates that the workshops were largely successful, based on their obvious relevance, instruction by knowledgeable experts and suitable practical format. The workshops can be seen to have contributed to the successful launch of the Mini One-Stop-Shop in the Member States and its high level of uptake so far.
- **Workshop on country-by-country risk management (case study on compliance risk management):** a 2016 workshop on the usefulness of country-by-country reports on transfer pricing brought together participants from six Member States joined the workshop and experts from Australia, the United States and South Africa, as well as experts from the private sector. The purpose of the workshop was to reinforce the skills and competence of tax officials and to let participants share examples of such reports and best practices to guarantee the appropriate and effective use of country-by-country data. As Australia and South Africa had already developed their national legislation to require the reports, the

idea was for Member State representatives to learn and discuss with knowledgeable experts. Participants expressed positive views about the usefulness of the workshop for its networking and learning components and claimed that it helped to implement country-by-country reporting in the Member States involved. However, it is difficult to gauge the wider impact of this exercise in terms of the extent to which the results were taken up in practice.

- **Automatic exchange of information –Directive on Administrative Cooperation modules expert team (case study on IT collaboration²⁹):** the expert team was set up to develop and provide modules to help the Member States to implement provisions of the Directive on Administrative Cooperation relating to the automatic exchange of information. Since all Member States needed to put in place the required information exchanges, the idea was to share the development costs and thereby generate economies of scale and minimise costs. It was also meant to help with the very short implementation timeframe. However, the vast majority of Member States have opted not to use most of the modules produced, preventing the effort invested from realising its full potential. There are several reasons for this, most importantly timing. Since the expert team tool was unfamiliar and untested, most Member States were reluctant to rely on it given the tight deadline for implementation of the provisions. Some Member States also worried about compatibility with legacy systems, and administrative issues relating to contracting. Questions were also raised about the leadership and organisation of the expert team, pointing to the need for strong project management.

Despite these shortcomings, the expert team is not judged as a failure, but rather as a pilot that is helping to lay the ground for more successful IT collaboration in the future. Indeed, most interviewees were quick to mention their enthusiasm for pursuing further such projects in the future and the usefulness of the lessons learned from this first attempt. It was also pointed out that not all Member States need to participate in an IT collaboration project for it to be successful. Rather, a critical mass can be determined in specific cases based on the potential to generate economies of scale and other benefits (such as better information sharing or increased willingness to collaborate).

As is clear from the example actions, a crucial factor in the success of actions in this category is the **perceived need to collaborate among prospective participants**. When this is clear, as with the Mini One-Stop-Shop workshops, interest and engagement is high and other aspects tend to fall into place. In other circumstances, such as for the expert team focused on developing modules for the automatic exchange of information, a number of factors prevented most Member States from participating, making the final output less useful.

Actions focused on concrete operations

Actions in this category related to the **concrete operations of tax authorities** and would thus be expected to generate the most immediate and tangible results. They consist mainly of multilateral controls and PAOEs, for which certain success factors should be in a sense self-regulating. In other words, officials would be unlikely to organise or agree to participate in, say, a multilateral control without a clear rationale or envisaged benefit to doing so. Similarly, practical management of these actions is fairly straightforward due to the small number of participants in each case.

Given this, it is unsurprising that we observed **high levels of enthusiasm for both types of action** among officials with experience of them. Multilateral control

²⁹ While the case study focused on the expert team and resultant modules for the automatic exchange of information, it should also be noted that an earlier project group on automatic exchange of information statistics led to the development of a statistics module that is in use by the majority of Member States and according to DG TAXUD led to substantial savings.

participants were easy to find and consistently pointed to the recovered revenue and increased compliance that the actions led to. While bilateral / multilateral controls could in theory be carried out without the programme, officials explained that the multilateral control framework and funding smoothed the process and helped convince administrative hierarchies that cases were worth pursuing. PAOE participants were similarly positive but rarer and at this stage more focused on working with neighbouring countries (even conducting some de facto PAOEs without programme support for the sake of convenience).

Awareness and understanding of PAOEs still seems limited, which is to a certain extent natural given the newness of these actions. However, the monitoring data shows that **participation is also uneven for multilateral controls**. While 20 Member States had initiated multilateral controls in 2016, just five Member States were responsible for over half (34 of 65) of them. Since the form and content of the actions seem fundamentally sound, this suggests that a crucial success factor is engagement and buy-in from the Commission and Member State administrations, particularly regarding communication. If more efforts were made in this area, uptake of these actions could grow substantially, leading to more day-to-day collaboration between the Member States as well as concrete benefits from better enforcement of tax law.

4.3. European Information Systems

4.3.1. Introduction

To operate effectively within the internal market, Member State tax administrations need to be able to work together, and to do this they need to be able to communicate with each other efficiently and securely. A key assumption of the Fiscalis 2020 programme intervention logic, which was validated in section 3 on relevance, is that such communication depends on a large extent to the availability and use of European Information Systems. This section looks at whether and how the systems are in fact being used and enhancing collaboration between administrations.

The systems cover a range of cross-border issues relating to direct taxation and indirect taxation, as well as supporting architecture and applications. Rather than forming a coherent package, the systems have typically followed policy developments, either being set up to fit the needs of specific EU policies (often the case in indirect taxation) or to facilitate information-sharing in areas where this is deemed useful (often the case in direct taxation). The technical functions and EU role in developing and implementing the systems also vary, with some systems being centralised and others having EU and national components.

In assessing the contribution of the systems to improved collaboration and information sharing, we have **attempted not to dwell on these technical aspects, but rather on the perceived and demonstrated usefulness of the systems and reasons for this**. The approach has three steps. First, monitoring data provide some basic information on the existence and functioning of the systems compared to initial expectations. Then, the programme manager interviews and IT-focused questionnaire for national authorities (see full report in Annex A.5) allows us to gauge the perceived usefulness of the systems. For the purpose of the analysis the systems are grouped into supporting architecture, systems for indirect taxation and systems for direct taxation. This is supplemented with data from the previous evaluation on systems that have not changed much in the meantime. Finally, the case studies allow us to provide more detail on the outputs and results of some systems for indirect taxation (EMCS and Mini One-Stop-Shop) and direct taxation (the modules for the automatic exchange of information) fit into the operations of tax authorities. We refer to technical issues where relevant, but mainly from the angle of the experiences of users and their efforts to communicate.

This **approach offers a pragmatic way of examining the systems** despite the inability to look in equal detail at each of the 22 systems with the resources available

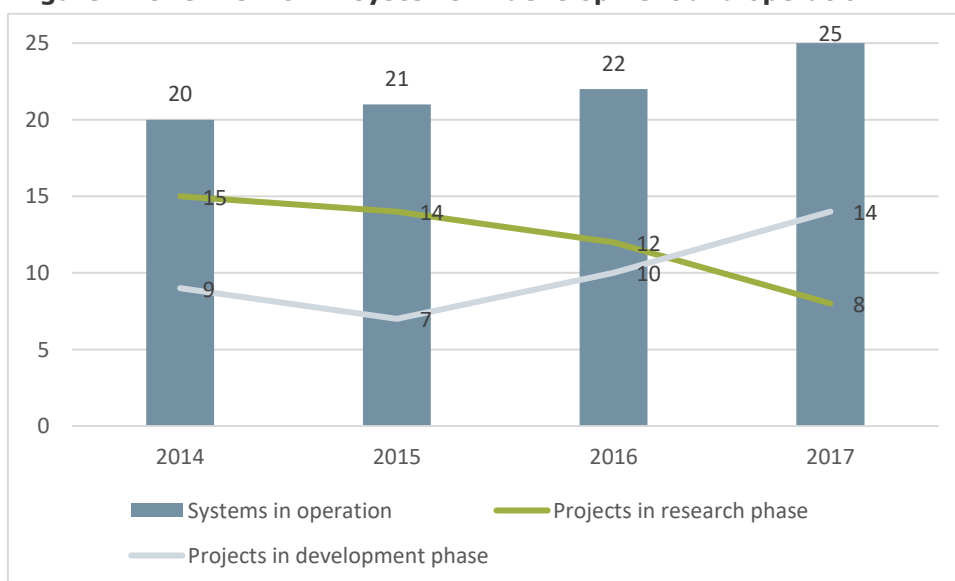
for the evaluation. However, **it also has some limitations** that should be borne in mind. The monitoring data merely tells us that the systems exist and are functioning, rather than giving insight as to their success. Owing to consultation fatigue and the difficulty in pinning suitability specialised officials (especially in countries where the relevant responsibilities were spread across administrations), the IT-focused questionnaire only received 14 responses out of 28 possible ones. This means the results are not as representative as we would have hoped, though very strong trends on most of the questions helped to increase confidence in them. In addition, since the case studies only cover three systems, each of which is unique, it has been difficult to make generalisable findings. Categorising the systems has helped address this to some extent, by allowing us to identify factors and conditions that relate to success. However, we are not able to say with certainty whether these factors and conditions are present for all of the different systems.

4.3.2. Existence and functioning of the systems

The monitoring data, which were corroborated with interviews, give the impression of **systems that are well-functioning and highly reliable**. The Common Communication Network (CCN), which is a crucial tool for administrations to be able to share information securely, was available 99.8% of the time, beating its target of 98% and showing improvement from previous years. This was also the case for other systems where similar data is available, namely VIES-on-the-Web and EMCS, which posted figures over 99.5%, beating targets of 95% and 97%, respectively. The service desk which is available to provide support on Union components of the systems was available at all times, with the percentage of calls answered according to time targets hitting 100%. The number of messages and data exchanged have also been growing steadily, indicating that the Member States continue to use and rely on the systems.

As illustrated in the chart below, the **number and scope of European Information Systems is increasing**. As of the end of 2017, 25 systems were in operation. This corresponds to targets initially set and shows the addition of five systems since the current programme was launched. An ambitious number of systems were also being prepared, with eight in the research phase at end 2017 and 12 in the development phase. All of these projects were reported as on schedule, aside from the ambitious EU TIN system. The delay relates more to policy than political issues, and indeed a project group had been set up to decide on options for the future system.

Figure 7: Overview of IT systems in development and operation



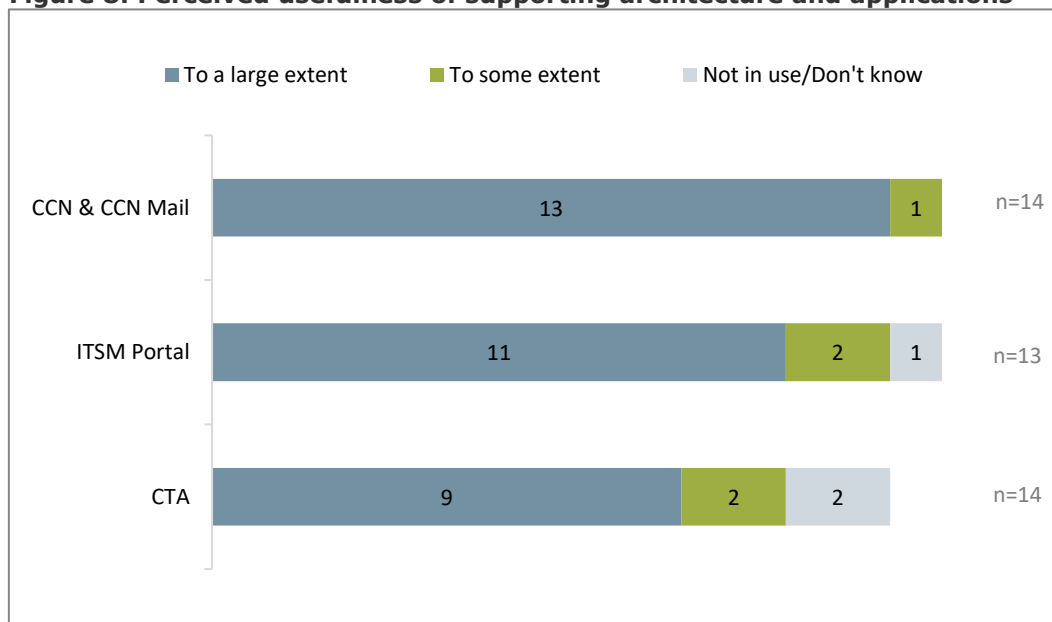
Source: Fiscalis Annual Progress Reports.

4.3.3. Perceived usefulness

The programme manager interviews, IT-focused questionnaire and desk research elaborate on the overview presented above to paint a generally positive, but more nuanced, picture of the systems' performance and contribution to enhanced collaboration between administrations. The data allowed us to identify three main trends.

First, the **supporting architecture and applications were very favourably reviewed**. Most importantly, this included the CCN and CCN Mail, which is a major system that provides a secure platform for the exchange of messages between administrations in the fields of both tax and customs. This underpins the other systems as well as facilitating the exchange of messages for other purposes where security is a concern, such as requests to arrange a multilateral control. It also included the IT Service Management Portal (ITSM), which is a central application for administrations to seek technical support, and the Conformance Testing Application (CTA), which helps the Member States confirm that given software modules are ready to be deployed. This is illustrated in the chart below, which shows that nearly all respondents were favourable towards these three systems.

Figure 8: Perceived usefulness of supporting architecture and applications



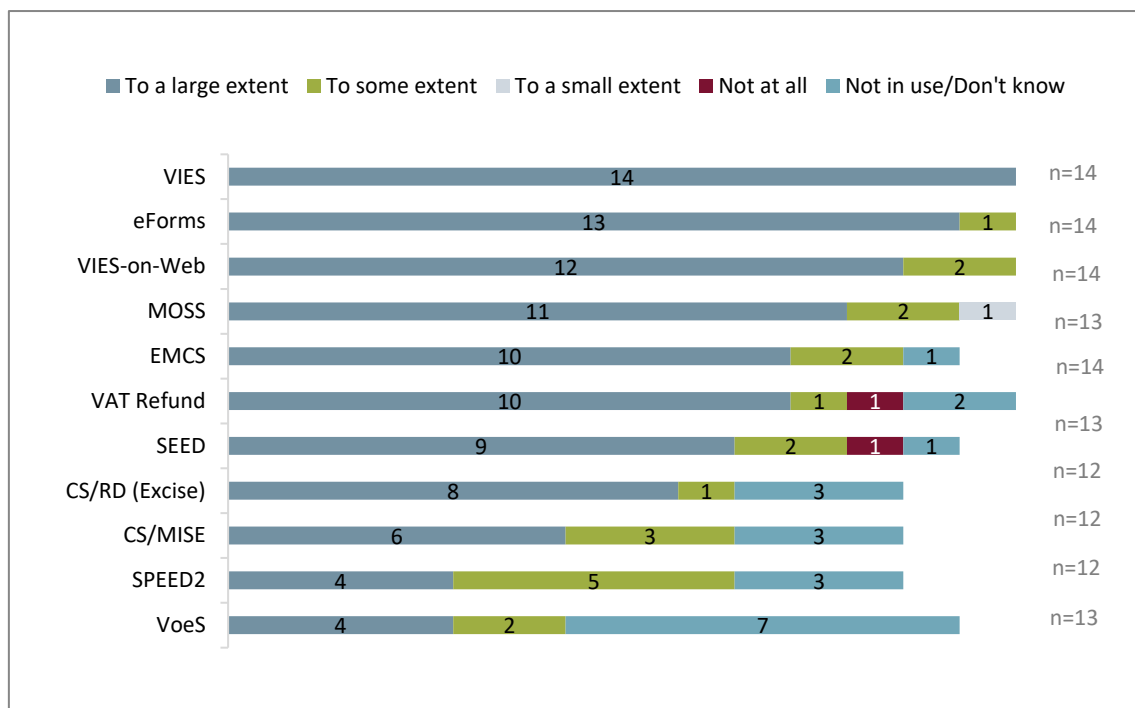
Source: IT-focused questionnaire for national authorities, 14 respondents

Interviews with programme managers helped explain this **favourability towards CCN in particular**. Given the sensitive nature of tax administrations' work, concerns about security have traditionally acted as an important barrier on sharing information between countries. According to national coordinators, CCN has helped to take down this barrier by allaying such concerns and allowing Member State officials to communicate more freely and quickly with each other. Since communication would previously have required slower and more bureaucratic processes, often exchanges simply did not take place. By providing the architecture for data from other systems to be shared safely, CCN also underpins and complements these. Some respondents to the questionnaire pointed out in open text questions that the mail capacity of CCN2 should be improved, but this is in fact being done through the ongoing CCN2 project.

Responses were **similarly positive a number of the systems related to indirect taxation**. These included VIES, which allows the Member States to exchange information within the frame of EU VAT legislation, VIES-on-the-Web, a public system for verifying VAT numbers, the Mini One-Stop-Shop, a new system for registering for, reporting on and paying the VAT for certain services, EMCS, which facilitates the

monitoring of excisable goods under duty suspension, VAT Refund and SEED. The eForms system, which provides standardised forms relating to both indirect and direct taxation, was also perceived as very useful. A few other systems in this area, mostly either new, minor or superseded by other systems, were in less use or not widely known.

Figure 9: Perceived usefulness of indirect taxation systems and eForms



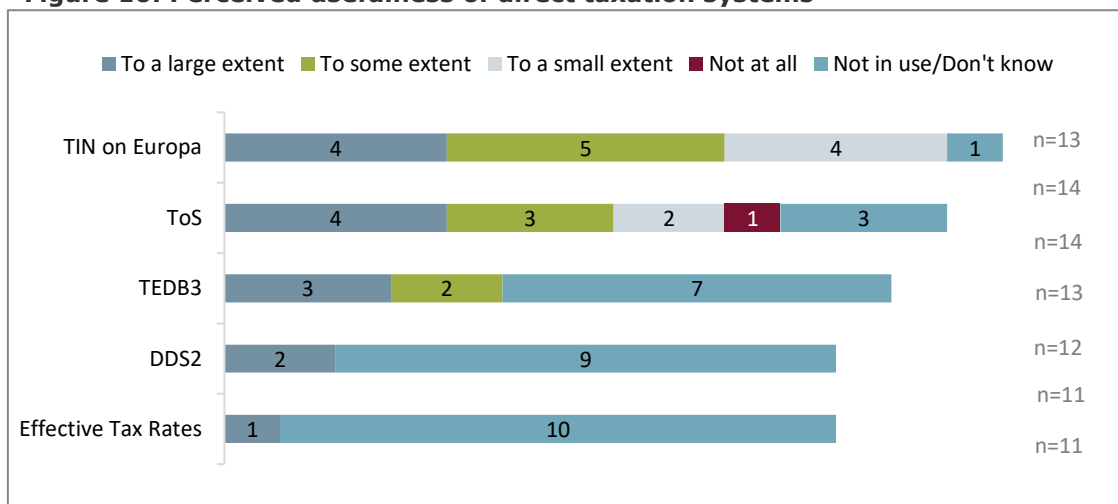
Source: IT-focused questionnaire for national authorities, 12-14 responses per question.

Open response questions **singled out EMCS, eForms, Mini One-Stop-Shop, VAT Refund, VIES-on-the-Web and especially VIES for special praise**. The latter was described as especially important for risk analysis and essential for sharing information about traders that can be used to reveal possible frauds. Indeed, while the present evaluation did not look at this system in depth, the final evaluation of the Fiscalis 2013 programme³⁰ found that by allowing the Member States to match information on cross-border transactions, VIES was crucial in helping them to reduce fraud. Indeed, without the system the evaluation found it would have been impossible to meet the obligations of Council Regulation 904/2010 on administrative cooperation and combatting fraud in VAT.

Criticism of these systems mainly pointed to **areas where refinement is possible** rather than fundamental flaws. These included improving interoperability and standardisation (including with international actors such as the OECD), taking more account of Member State preferences when developing new systems and simplifying manuals and training material.

Perceptions of the **systems for direct taxation differed markedly, with much less use and knowledge** of these systems, at least among the 14 Member States responding to the questionnaire. As shown in the chart below, about a third of respondents were using the Taxpayer Identification Number (TIN) system, which is a publicly available system to verify the syntax of TINs. The systems for actually sharing information on direct taxation were in considerably less use.

³⁰ Final Evaluation of the Fiscalis 2013 programme, Ramboll Management Consulting, 2014.

Figure 10: Perceived usefulness of direct taxation systems

Source: IT-focused questionnaire for national authorities, 11-14 responses per question.

According to interviews with DG TAXUD and the national coordinators, these findings can be explained **mostly be the lack of a strong EU policy framework in the areas concerned**. This creates a situation where many countries are reluctant to provide and share data, in part due to security concerns, which limits the amount data in the systems. Since the usefulness of the systems depends on network effects, the upshot is that the systems do not have enough data to be useful even for the more willing Member States. Indeed, the previous evaluation also had trouble to find evidence of contributions to increased collaboration relating to IT systems for direct taxation.

The feedback serves to highlight a key theme, which is that the **most appreciated systems are those which correspond best to clear policy needs**. Due to its links with the internal market and substantive EU competence for the harmonisation of rules for indirect taxation, the need for collaboration is self-evident in this area, leading to high levels of interest, engagement and investment. In direct taxation, the Member States typically have more concerns about sharing data and, without an EU policy imperative, are less willing to do so. Recent Directives on administrative cooperation are changing this to some extent, leading to a push for IT collaboration. This is explored below based on the case study on the modules developed for the Automatic Exchange of Information, alongside two systems related to indirect taxation, namely the Mini One-Stop-Shop and EMCS.

4.3.4. Outputs and results

The case studies allowed us to look in more depth at three of the IT systems and thereby shed more light on **success factors and ways in which they can increase collaboration and information sharing between the Member States**. The three systems in question are the EMCS, a major, well-established system related to excise (indirect taxation), the Mini One-Stop-Shop, a new system for implementing ambitious VAT legislation (indirect taxation) and the modules for the automatic exchange of information, a pioneering effort in IT collaboration related to the implementation of provisions on the Directive on Administrative Cooperation (direct taxation).

While the context and functionalities of the systems vary significantly, overall **the examples of the EMCS, Mini One-Stop-Shop and modules for the automatic exchange of information serve to illustrate and corroborate the trends outlined above**. As explained in the ensuing paragraphs, the first two of these must invariably be judged as success stories, starting from their clear roots in EU policy and obvious need for collective action to increase collaboration. The modules for the automatic exchange of information also relate to EU policy and a legislative need to share information, but in an area of direct taxation where national systems typically predominate; the decision of whether to participate in the development of and use the

EU modules was optional. Since few Member States are actually using the modules, they cannot be assessed positively in the same way as the others. Nonetheless, the case study provides an early sign that IT collaboration can work and some lessons about how to improve such efforts in future.

Regarding the **EMCS** (see case study overview in box below), the starting point has been a clear case for mutual action. Given the EU's open internal borders, if Member State authorities lack updated and comprehensive data on goods under duty suspension, illicit traders would be able to exploit information gaps to evade excise tax. Before the release of the EMCS during the previous programme administrations faced an unenviable choice: either they had to (implicitly) tolerate high levels of fraud or conduct large numbers of time-consuming controls. Indeed, interviewees described a pre-existing situation with an abundance of both. The **EMCS was seen to revolutionise this dynamic** by allowing administrations to monitor electronically and in real time the movement within the EU of excisable goods under duty suspension, facilitating targeted checks and the management of guarantees.

Reduced fraud and administrative burdens (for Member State officials) and reporting obligations (for legitimate traders) testify to the effectiveness of the system, as does comparison with continued higher levels of fraud relating to some excise-due goods that the EMCS does not cover. Firm belief in the underlying relevance of the system has ensured that it remains a high priority for the Commission and Member States. This in turn has fostered ongoing investment. During the current programme (2014-2016), eight discrete IT projects (worth EUR 1,755,000) have been supported to add new features and modules to the system. It has also facilitated the active and ongoing participation of relevant officials, most importantly through a dedicated Working Party, leading to continuous important incremental improvements during the current programme.

Excise movement and control system (EMCS) case study

Background

The EMCS was developed during the previous Fiscalis programme and is excise's main operation application, in direct use in all Member States and by over 80,000 economic operators. The evaluation case study focused on recent improvements to the system realised through the current Fiscalis programme, as well as the processes for continued support and development of additional modules.

Summary of conclusions

The EMCS is viewed with unanimity among Member States as a highly necessary and appreciated improvement compared to the previous paper-based system.

Development and implementation costs of the EMCS have been significant in several Member States, but the system is expected to lead to substantial long-term cost efficiency for national tax administrations. The value of the EMCS for economic operators is not fully known, but generally a positive impact can be assumed as the EMCS should simplify excise dealings.

The unique nature of the EMCS means it more or less defines the terms for EU excise coordination, as well as customs through activities under the Customs 2020 programme. There is also untapped potential, with possibilities to expand the scope of the EMCS to cover a wider range of goods (indeed, persistently high levels of fraud in goods not covered indicate a need to do this).

The only notable barrier identified with the EMCS is the partial lack of flexibility, with some details of the system not matching real needs, and at the same time being difficult to change.

Overall, the EMCS must be viewed as a continued success in terms of improving the excise environment in Europe. Creating a computerised solution to excise control was and is essential, and it is highly doubtful if the EMCS could have happened (or been as successful) without EU action.

Experiences of the Mini One-Stop-Shop (see case study overview in the box below) are less extensive due to its relative newness (it was released in 2015) and it can still be considered to be in a pilot phase.³¹ Nonetheless, the Mini One-Stop-Shop **is also seen as a successful start to addressing the very clear problem of cross-border VAT**. Since (as a consumption tax), VAT should be paid in the country of consumption, before the existence of the system it was not possible for companies to sell certain products across borders without multiple VAT registrations. This made it hard for the EU and Member States to process payments and returns and collect all due VAT as well as making life difficult for traders, especially small- and medium-sized enterprises (SMEs). The continued existence of these problems is an important barrier to the full realisation of a single market for goods.

³¹ While a European Information System is foreseen during the current and next programme to facilitate compliance with cross-border VAT obligations relating to physical goods, the Mini One-Stop-Shop only covers telecommunications, broadcasting and electronic services.

The Mini One-Stop-Shop represents an important first step in addressing the problems, by allowing registered traders to register in and pay VAT to their home administration, which is then relayed to the Member State where given purchases are made. While the system was described as being challenging to set up and roll out, the fact that it addresses a clear need has ensured the necessary investment and engagement from the EU and Member States (including e.g. staff allocated to dedicated help desks and wide participation in joint actions related to implementation). Numbers of registered traders are growing yearly (from 12 440 in 2015, its first year of operation, to 13 522 in 2016 and 14 099 in 2017). The payments between Member States are also reportedly working well, creating optimism for the future.

Mini One-Stop-Shop case study

Background

The Mini-Sne-Stop-Shop allows companies to supply certain services within the EU without the need to be VAT registered in each country, and can be considered a flagship initiative of the Fiscalis programme. As a new system that addresses highly prioritised issues within the field of VAT information, the evaluation case study provided a chance to assess the system's development and implementation as well as related joint actions.

Summary of conclusions

The specific need for a system like the Mini One-Stop-Shop is apparent and highly topical. Without such a system, there would be a significantly higher administrative burden placed on cross-border suppliers of services, especially SMEs. While already showing positive results, the benefits of VAT cooperation for which the Mini One-Stop-Shop is a "pilot" are expected to further increase later, when its scope is widened to encompass all business-to-consumer transactions (especially physical goods, creating a true One-Stop-Shop).

Results for national tax administrations are overall positive, with easier access to information, possible reductions in VAT fraud, and incoming (and outgoing) VAT through the system shows it is working. While there have been costs incurred by both the Member States and Commission to implement the system, these are balanced through economic benefits. Indeed, the revenues collected and redistributed through the Mini One-Stop-Shop are already significant and increasing on a yearly basis.

The perceptions of economic operators are not monitored by national administrations. However, a previous study evaluating the impact of the Mini One-Stop-Shop estimated that it is likely to achieve reduced administrative burdens and reduced SME costs, making it easier to operate across borders.

Areas for improvement, in terms of partially met needs, include further technical fine-tuning. If mandated by the Member States, the wider issue of ensuring the possibility to audit VAT collected and transferred between Member States through the system could also be an area for further development using Fiscalis support.

At the general level, the coordination and initiative provided by DG TAXUD has been crucial for implementing an innovative pilot scheme like the Mini One-Stop-Shop. Without EU involvement, it seems highly unlikely this could have happened.

The experience of **the modules developed to help implement provisions of the Directive on Administrative Cooperation related to the automatic exchange of information (see case study overview in the box below)** is more nuanced. A starting point is that in the area of direct taxation the case for collaboration is not legal

obligation, but rather expedience and possibilities for economies of scale. In theory, it would be cheaper to develop a given system once and roll it out to all Member States than for each Member State to develop an analogous system. In practice, as confirmed by interviews with DG TAXUD and national officials, not all Member States would be likely to take part in collaboration projects, partly due to political sensitivities and partly due to practical concerns relating to compatibility with legacy systems and obligations to IT contractors. This means that the ceiling for participation in IT collaboration projects, at least at the time of writing, is considerably lower than 28 Member states.

Nonetheless, the three main modules developed to help the Member States implement the Directive (which requires automatic exchanges of information between administrations on financial accounts) are **in use by fewer than five Member States**,³² fewer than initially hoped. A fourth module, which facilitates the collection of statistics, is more widely applied. It should be noted that for these Member States the modules are facilitating the exchanges as expected.

While interviewees initially expected more Member States to make use of the modules, **the execution of such an ambitious and new type of project was destined to be difficult**, and explanatory factors indicate that similar action could be more successful in the future. First, the modules relate to information-sharing in direct taxation, an area where Member State administrations are not used to working together closely. As described in the previous section, European Information Systems for direct taxation have traditionally not been prioritised to the extent as their counterparts for indirect taxation. The joint actions designed to facilitate IT collaboration are also new and untested.

Combined with the importance of implementing the Directive to a tight deadline, most Member States decided to tread carefully, taking a wait-and-see approach rather than relying on IT collaboration to fulfil their obligations. The project also suffered from the teething problems described above in the section on joint actions, most importantly related to timing and project management but also affecting the perceived quality of the modules. Leading from this, **most interviewees were enthusiastic about the potential for IT collaboration and voiced their support for renewed attempts**. The catalyst group and other fora are also helping the Member States to learn more about each other's approaches to IT development and build trust, making it easier to foresee deeper collaboration in the future.

³² Precise figures are not known, since Member States do not need to report to the Commission on whether they use the modules.

IT collaboration case study (focused on the expert team formed to develop modules for the automatic exchange of information related to provisions of the Directive on Administrative Cooperation)

Background

The IT collaboration project realised through Fiscalis entails combined efforts between the Member States and the Commission to develop and implement joint IT solutions. The collaboration, underpinned by a project group called the IT Catalyst group, a forum for regular discussion on joint IT projects, is meant to lead to more efficient and effective IT systems. These should ultimately result in enhanced cooperation between Member States' national tax administrations, contributing to tax policy objectives and furthering the internal market. An evaluation case study focused on an expert team formed to develop modules for the automatic exchange of information related to provisions of the Directive on Administrative Cooperation as an example of one joint IT project.

Summary of conclusions

The IT collaboration project and especially the Catalyst group are much appreciated in terms of networking benefits. Certain aspects of the Catalyst group could be improved to make it more efficient, even if it is emphasised that the main purpose of the group is not to produce concrete outputs, but rather to foster interaction and discussion, and spur the establishment of projects that could be taken up in other fora.

The case of the expert team and development of the automatic exchange modules involved some concerns about the timing and management of the process that in the end led to implementation by only a few Member States. This was mostly due to the modules being delivered close to the deadline for implementation of the relevant provisions, which in turn was mostly related to the scope of the expert team being very ambitious as well as expert teams being a new feature of Fiscalis.

Despite these teething problems, expert teams and IT collaboration more generally are found to have great potential and attract enthusiasm from most Member States interviewed. Benefits related to trust and networking are already being realised, while key potential benefits include enabling the Member States to pool expertise and generate economies of scale in the development of new systems.

4.4. Training

4.4.1. Introduction

In addition to the joint actions and European Information Systems which comprise the vast majority of programme spending, Fiscalis also supports a number of training activities. These include most importantly e-learning modules that are aimed at developing and aligning the competencies of EU tax officials and promoting a common interpretation of EU tax law.³³ The programme covers development costs for the modules and is increasingly sharing responsibility for 'localising' them, i.e. adapting them to national languages and circumstances. Current modules relate to electronic forms for direct taxation, the EMCS and, most importantly, VAT legislation. Most of these are publicly available on the Europa site as well as being disseminated through PICS and some national intranets. The programme also provides IT training courses, which

³³ The modules are also to some extent aimed at helping economic operators comply with EU legislation and navigate various systems and processes. This aspect is discussed separately in section 4 on the use and benefits of the programme by economic operators.

consist of face-to-face sessions to help Member State officials to use the European Information Systems developed through the programme.

To assess the effectiveness of the training activities we first use monitoring data collected by DG TAXUD to provide an overview of general perceptions. Responses to the questionnaire for national authorities and a thematic case study focused on the VAT modules then allow us to explain in more detail the factors behind the decisions of Member States to use the e-learning modules in particular and what this use actually consists of in practical terms. This approach only allows for a general assessment of some of the activities, namely e-learning modules other than the VAT package and IT training sessions. However, focusing on a limited number of modules provided the framework needed to identify success factors and other dynamics that would not have been possible through other means, and is therefore appropriate given the limited resources of the evaluation and need to take a proportionate approach to the analysis.

When reading this section, the **relatively small proportion of the programme budget (3.5% for the period 2014-2017) dedicated to the training activities** should be borne in mind. While the amount of resources at stake are not insignificant, the training activities would not be expected to generate as wide-reaching and profound benefits as the joint actions and European Information Systems described in the foregoing sections.

4.4.2. Overview and general perceptions

The table below presents monitoring data on the usage of and favourability towards the Fiscalis e-learning modules, as informed by a yearly survey run by DG TAXUD. As discussed in section 3 on relevance, the launch of the new VAT programme as well as growing use of an older module on electronic forms for direct taxation has seen a big increase in numbers of officials trained. Indeed, as discussed in section 3 on relevance, we **calculated that the number of trainees of e-learning modules roughly doubled between 2016 and 2017**. While the modules are still only in use in eight Member States (in part due to their newness; the superseded modules were once in use in 20 Member States) this is a positive finding. Regarding user views, the modules are also well-regarded, with favourability increasing and currently over 75% (defined as 'very good').

NB: since the VAT package is comprised of 12 separate e-learning modules, the monitoring data presented in the table should be interpreted with caution. In particular, the number of officials trained adds up figures from each of the 12 modules, presumably counting many officials more than once. In addition, for the sake of simplicity the rows on e-learning modules for VAT and EMCS refer to more than one module, which has in some cases led us to present a range rather than a precise number of Member States using given modules.

Table 4: Programme indicators related to e-learning modules

	2014	2015	2016	2017
Number of EU e-learning modules produced	6	6	18	18
Number of Member States using new e-learning modules on VAT			7-8	8
Number of Member States using superseded e-learning modules on VAT			17-20	3-4
Number of Member States using e-learning modules on EMCS			10-11	4-5
Number of Member States using e-learning module on e-Forms for Direct Taxation			5	3

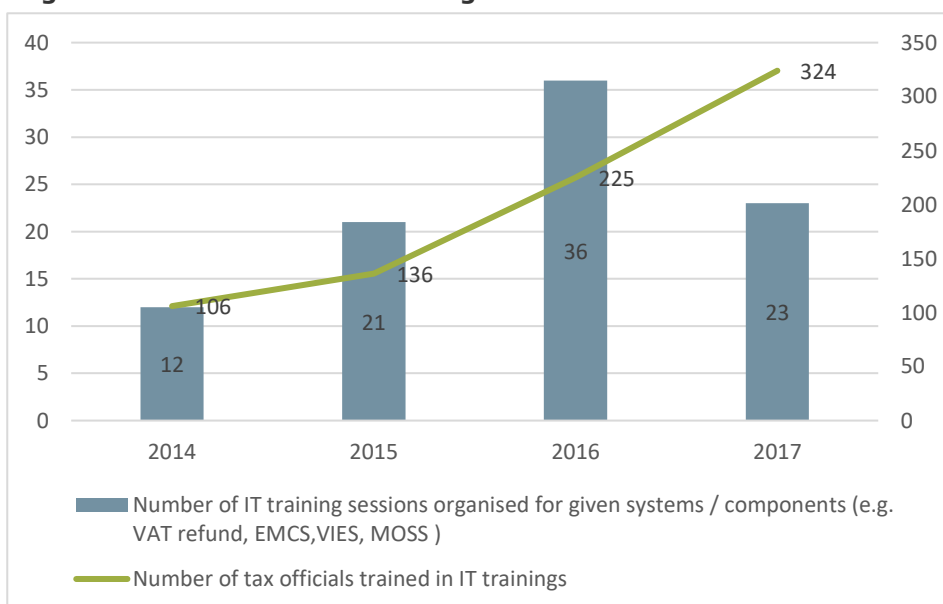
Number of tax officials trained using the e-learning Fiscalis courses	4 171	5 188	4 421	32 908
Average level of satisfaction of training courses by tax officials (on a scale of 100)	73	67	70.8	75.1

Source: e-learning monitoring reports provided by DG TAXUD

An in-depth case study on the VAT e-learning package data also indicates that **use is concentrated in the Member States with fewer training resources and therefore greater needs**. An additional sign of interest in the modules is that the publicly available courses have been downloaded over 35,000 times by a combination of national officials, economic operators, and other interested individuals.

The first years of the programme have also seen **growing numbers of IT training sessions**. During the first four years of the programme, 92 such sessions were organised, training 791 officials to use new or updated systems that were developed with the support of the programme. As shown in the chart below, the number of sessions and officials trained annually have increased steadily in line alongside corresponding IT developments.

Figure 11: Overview of IT training sessions 2014-2016



Source: ART data as presented in Fiscalis Annual Progress Reports

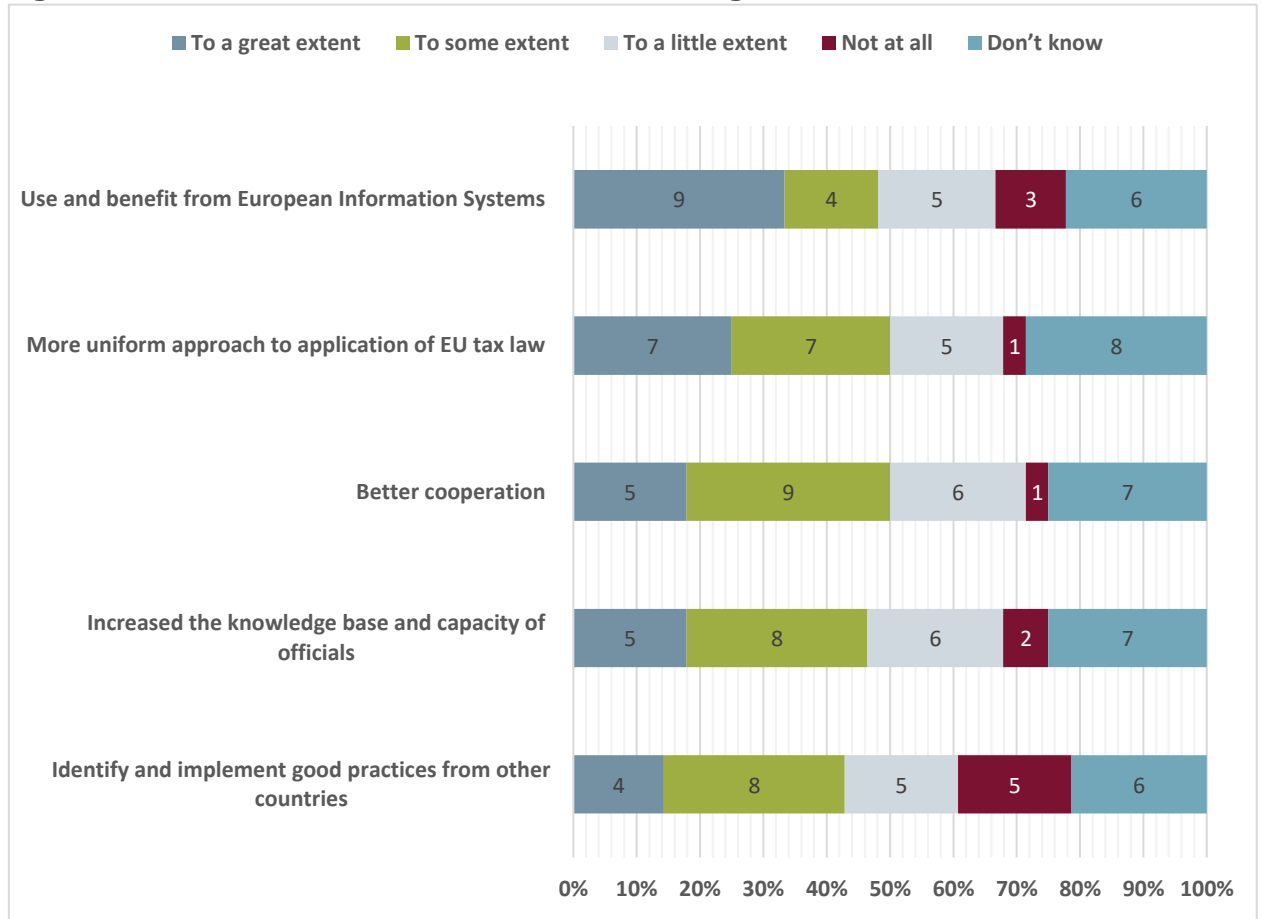
While the number of officials trained adds up only to a small proportion of tax officials, the limited number of users per country and system, as well as the possibility for participants to share the learnings more widely in their administrations, suggest the **scale of activity is broadly appropriate**. This is corroborated by the lack of criticism of the sessions in any of the interviews carried out for the evaluation and satisfaction levels that are high and growing. Fully 95% of participants considering the sessions to meet their expectations and 98% finding the sessions useful (up from 87% and 96% in 2015, respectively), indicating that the **sessions are appreciated by the Member States and helpful for implementing and using the corresponding systems**.

4.4.3. Outputs and results

Since the monitoring data tell us relatively little about how the modules are actually being used in practice, we focused on these aspects in the questionnaire for national authorities and case study on the VAT modules. The **results were moderately positive**. Asked about the benefits of the training modules, at least half of respondents pointed to benefits related to use of the European Information Systems, uniform

interpretation of EU tax law and better cooperation between administrations. In the open response questions some Member States also praised the modules for covering issues (such as VAT fraud) that were not available in the training material produced nationally.

Figure 12: Perceived benefits of the Fiscalis e-learning modules



The number of responses varied between 28 and 29.

The case study fieldwork showed that **some countries indeed see added value from the VAT training modules and have been willing to invest substantial resources** into localisations and making them available to officials. Most of the seven fieldwork countries were using the modules to some extent, whereas two were using them more intensely. Countries using the modules lauded them for providing concise and user-friendly introductions to EU VAT legislation, mainly for new staff. They also appreciated the modules for being short and easy for officials to digest. The ability to look at English and national versions side-by-side was seen as useful for getting up to speed with key terms.

The case study interviews show that decisions to use the modules relate not to their **quality, which was universally reviewed positively, but rather to perceived needs (or lack thereof) and the fit of the modules alongside existing material.** Countries opting not to use the modules pointed mainly to the **existing offer of national training material**, but also to courses offered by e.g. IOTA and the OECD. Interestingly, **some Member States did not use the modules or only did so to a limited extent despite not offering corresponding training on the EU aspects of VAT legislation.** This reveals discrepancies in the level of priority given to these aspects within national hierarchies that are unrelated to the training modules provided through Fiscalis.

Others reported obstacles included language issues and an unwillingness to rely heavily on e-learning as opposed to physically taught courses. This is exacerbated by the fact that few Member States gather feedback on the modules, meaning that perceptions among gatekeepers responsible for taking decisions about training remain subject to pre-existing biases.

In terms of the **practical benefits** of the modules, while evidence is limited it suggested that completing the courses helps trainees to substantially increase their knowledge and understanding of VAT legislation. However, the factors mentioned above mean that it is seen more as a 'nice to have' complement to existing tools rather than an integral component of training curricula.

4.5. Answers to the sub-questions and conclusions

4.5.1. Joint actions

The evaluation finds that the joint actions are supporting collaboration between participating authorities to a large extent. Levels of participation in the joint actions are high, and they provide a menu of options which **can be adapted to fit essentially any needs that require collaboration between tax administrations**. This ranges across the policy cycle from early brainstorming and reflection through practical implementation and concrete operations. It also includes support for the development and implementation of the IT systems that form a large part of the programme budget and which are also crucial for increasing collaboration between administrations. The different benefits that the actions generate in terms of tangible outputs and softer ones such as stronger working relationships and trust between colleagues from different countries are not only individually important but self-reinforcing. For example, administrations that have faith in each other's systems and processes are more likely to pursue ambitious new initiatives together. While success factors varied, links to concrete policy initiatives, senior-level buy-in and good project management were important across the spectrum of different types of actions, and were present in most of the actions observed.

Points of **criticism mainly concern details that if tweaked could make the system work a little better**. Low participation among some (particularly large) countries, combined with limited engagement in areas where the connection to EU policy is relatively weak. Given the importance of network effects for the success of many actions, this shows that the case for collaboration needs to be made more strongly in these areas, alongside efforts to secure enough buy-in from relevant officials and administrations. For the newer types of action, there is a need for better communication and promotion so that officials become aware of these actions and their possible benefits. Monitoring activities could also be adapted to take into account the specificities of certain kinds of action (such as platform-like project groups) whose outputs are not easily captured with the current set of tools. Very low participation among a few Member States and candidate countries points to limited capacity that points to a need for special efforts to involve them more.

4.5.2. European Information Systems

The **European Information Systems have played a crucial role in helping Member States communicate with each other** securely and efficiently on areas of mutual interest and thereby enhance collaboration between them. The evidence reveals not only growing use of the systems as a whole, but powerful stories to explain how they facilitate administrations' day-to-day work. Contributions were most pronounced in the areas of fighting tax fraud / evasion in the areas of VAT and excise.

The systems in general received positive reviews. However, **engagement and enthusiasm were especially evident for the horizontal architecture** (such as CCN) and **systems associated with indirect taxation** (including established major systems such as VIES and EMCS as well as new efforts such as the Mini One-Stop-

Shop), where the need to work together is strongest. The large majority of systems fell into these categories, and they created the conditions for a virtuous circle. This saw initial and ongoing investment and engagement lead to high-quality systems that were continuously improved to meet operational needs.

The underlying case for mutual action was **less pronounced (or at least less perceived) for the smaller number of systems dealing with direct taxation**. These systems were typically less ambitious and had correspondingly lower awareness / participation / use levels.

However, **growing enthusiasm for IT collaboration** demonstrates a shift in this dynamic, with the programme finding ways to add value in areas that traditionally were dealt with purely at national level. By reducing the need for countries to develop systems individually, such collaboration can generate economies of scale and save money against a backdrop of tight budgets and competing priorities.

An in-depth analysis of an early example of IT collaboration (the modules for automatic exchange of information related to the provisions of the Directive on Administrative Cooperation) found that **this has only been partially successful so far**, with only a few Member States actually using the modules developed. Constraints in some countries (such as long-term relationships with IT contractors) also mean that IT collaboration is unlikely to suit all Member States in the near future. Nonetheless, important lessons (about such issues as timing and project management) have been learned and appreciation for IT collaboration fora are growing, showing that the foundation has been laid for future progress.

4.5.3. Training

Incorporating common training material across administrations with different cultures, policy priorities and existing curricula is inherently difficult. The e-learning modules developed through the programme have to a certain extent surmounted these barriers. The quality of the modules is universally appreciated, and where they can fill a gap (e.g. in countries with relatively few training resources) they have been found to **add real value to the knowledge base of officials**. For the growing number of tax officials that have deployed the e-learning modules, this has contributed to the understanding and application of EU law. This is most notable in the field of VAT, which is the subject of a flagship set of 12 modules released in 2015 and currently in use in eight Member States. Face-to-face training courses on the use of European Information Systems for taxation have also been appreciated and facilitate the roll-out and uptake of given systems.

The benefits identified can be judged as adequate given the limited proportion of the programme budget dedicated to training. However, **further benefits in this area are held back by a perceived lack of relevance**. In some cases, this related to the existence of other (mainly national, but also international) training material. However, other countries seemed to differ in their perceived importance of EU aspects of tax legislation (e.g. in the area of VAT). The evidence also showed some lingering concerns about language versions (which are already being solved) and doubts about the potential of e-learning as a tool. Further increasing the use of the e-learning modules would thus require a greater effort to convince national hierarchies of their value and complementarity with existing training prerogatives.

4.5.4. Conclusions

Through its three main types of activities (joint actions, European Information Systems and training), Fiscalis has **played an integral role in reinforcing cooperation between tax authorities in the EU Member States and other participating countries**. The programme has provided the framework and technological means necessary to work together and share information in the service of implementing EU tax law and fighting tax evasion, fraud and aggressive tax planning in an increasingly mobile

Europe. Evidence of this was most compelling in the field of indirect taxation (particularly VAT and excise) where the EU competence is strongest, and the level of programme activity is correspondingly high.

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

Each type of activity also contributed in unique ways to **increased cooperation**. The joint actions provide a menu of options which can be adapted to fit a wide range of collaboration needs, ranging across the policy cycle from early brainstorming and reflection through practical implementation and concrete operations, such as the carrying out of multilateral controls and PAOEs. The IT systems have played a crucial role in helping the Member States to communicate with each other securely and efficiently across many areas of mutual interest, facilitating the day-to-day work of administrations and contributing to the fight against tax fraud and evasion. While the e-learning modules are only in use in some Member States, they have shown to contribute meaningfully to the knowledge base, especially in places with relatively limited resources.

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

5. EVALUATION QUESTION 3: EFFECTIVENESS – BENEFITS FOR ECONOMIC OPERATORS

Evaluation question 3: To what extent have economic operators used and benefited from the programme?

5.1. Introduction

While administrations are the main beneficiaries of the programme and primary focus of this evaluation, economic operators are also involved, as participants in specific joint actions and users of some IT systems (most importantly databases related to VAT and excise, in addition to the Mini One-Stop-Shop) and training modules (most importantly on the VAT Directive). They should also benefit indirectly from many aspects of the programme, through lighter and increasingly electronic procedures and facilitated trade.

We have sought to assess the benefits for economic operators using several sources. Firstly, **monitoring data** give an idea of how many economic operators have accessed some of the IT systems or downloaded training modules. However, due to the split responsibility for managing the different systems that economic operators can use, it was also not possible to get detailed monitoring data on the use of most systems. **Case study interviewees** also provided some insight on the interactions of economic operators with certain programme initiatives in their countries. We also carried out a **survey of economic operators** that was posted online and promoted through trade associations and the DG TAXUD newsletter. Unfortunately, it was not possible to promote the survey using links on the sites of individual services which economic operators would be expected to visit. This led to a low number of responses (43) that was not high enough to allow for any conclusive inferences on e.g. the extent to which certain systems are used, but it does give an idea of perceptions of the systems that respondents were aware of. The limitations mentioned to the sources of data acted as a severe constraint on our ability to answer the question comprehensively, and should be kept in mind when reading the findings.

5.2. Economic operator engagement with the programme

The latest progress report shows that use of the main systems available to economic operators has been steadily increasing. This includes registrations for the Mini One-Stop-Shop, number of VAT refund messages, number of VIES-on-the-web messages and consultations of SEED-on-Europa. An exception was the number of consultations of TEDB, where recent decreases have been attributed to the system's obsolescence; a new version is in preparation.

Many economic operators also make use of the e-learning modules. Although it is difficult to interpret trend data for such a short period, downloads have clearly seen a sharp increase since the publication of the new VAT package, as shown in the table below.³⁴

³⁴ It should be noted that these figures should be interpreted cautiously, among other things because the same individuals would be expected to download more than one of the 12 new VAT modules, which are accounted for separately.

Table 5: Number of downloads for e-learning modules on taxation

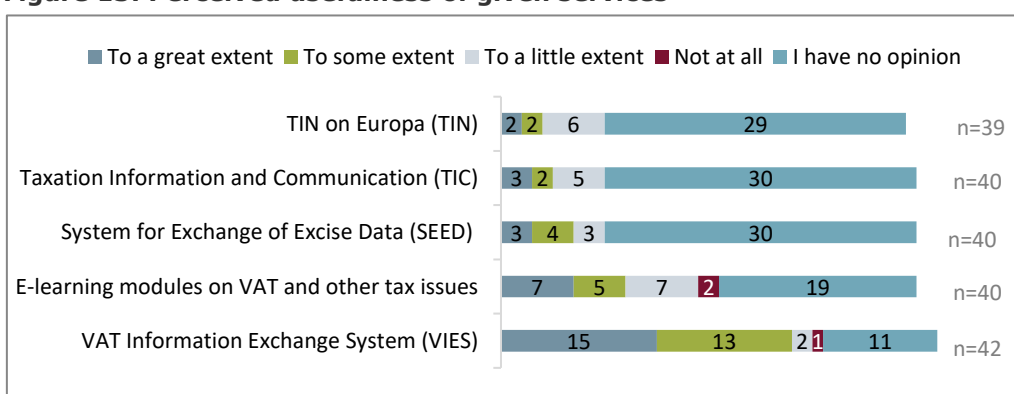
	2014	2015	2016	2017	Total
EMCS	650	439	502	569	2 160
Superseded VAT modules	3 682	2 693	-	-	6 375
New VAT modules	-	284	17 917	8 023	26 224
Total	4 332	3 416	18 419	8 592	34 759

Economic operators such as trade associations are also invited to participate in joint actions where their input is particularly relevant. Monitoring data show that 187 external participants have been financed to take part in joint actions through 2018, though it is not possible to ascertain precisely how many of these are economic operators. The data also do not capture an undefined number of economic operators whose participation was not financed.

5.3. Reported usefulness and benefits

Evidence on the actual usefulness and benefits of these systems for economic operators is scarce. Case study interviewees reported considerable reductions in reporting obligations and trade delays for economic operators since the release of the EMCS during the last programme. The Mini One-Stop-Shop has also been reportedly well received by economic operators, according to interviewees responsible for dealing with queries at national level. More importantly, the benefits of this system for traders, especially SMEs, are expected to increase exponentially during the next programming period, when it is expanded to cover physical (rather than only electronic) goods.

Survey respondents were asked about their experiences of the database functions and e-learning modules. Across the different questions, **respondents were much more aware of VIES and the e-learning modules than the other services** (of which only about a quarter of respondents were available). As shown in the chart below, VIES was singled out as especially useful for nearly three fourths of respondents, while almost half found the e-learning modules useful.

Figure 13: Perceived usefulness of given services

Source: Survey of economic operators.

Similar proportions of economic operators also considered VIES and the e-learning modules to save them time to a great extent or to some extent, and to add value above and beyond the services provided by national tax authorities. Despite these generally encouraging views, respondents also noted possible improvements in terms of the coverage and user-friendliness of the services.

Looking at the **e-learning modules specifically, more insight can be gained from the yearly reports produced by DG TAXUD**, which collate the responses to a survey

all individuals completing the modules are asked to fill out. This shows very high satisfaction scores, with an average of 75.1 (defined as 'very good'). While it is not possible to separate responses from tax officials from economic operators, this nonetheless indicates that economic operators who use the modules are happy with and benefiting from them.

5.4. Conclusions

As a **secondary target group for the programme**, economic operators are expected to benefit as participants in specific joint actions, users of some IT systems (e.g. databases related to VAT and excise, in addition to the Mini One-Stop-Shop) and training modules (most importantly on the VAT Directive). They should also benefit indirectly from many aspects of the programme, as these should foster lighter and increasingly electronic procedures and facilitated trade.

The evaluation did not collect enough evidence from economic operators to reach a firm conclusion on direct benefits. However, **indications from the available data suggest that these are being achieved, at least to some extent**. For example, feedback provided to the national officials dealing with economic operators in the use of given IT systems has been very positive, while DG TAXUD's data on the e-learning modules shows increasing use among economic operators and high levels of satisfaction. Provided that economic operators will continue to be targeted, a priority for the future could be to assess their needs and perceptions more systematically, and thereby ensure the programme adds value for them.

Regarding indirect effects, **many benefits for economic operators are likely to be accrued indirectly**, as administrations use the IT systems and joint actions to improve systems and processes and reduce reporting obligations. The EMCS reportedly ushered in some improvements in this regard, while the Mini One-Stop-Shop is expected to make a big difference for economic operators (especially among SMEs) when its scope is expanded during the next programming period.

6. EVALUATION QUESTION 4: EFFECTIVENESS – CONTRIBUTION TO OBJECTIVES

Evaluation question 4: To what extent has the programme contributed to the achievement of its specific objective?

6.1. Introduction

Leading from the previous sections on specific activity types and stakeholders, this question takes a broader view, putting in context the contributions of different projects and activities of the programme to gauge its success in contributing to its specific objective. This is to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring 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 analysis of this question faces several challenges. Firstly, it is difficult to isolate contributions to the different parts of the objective, which are intertwined and mutually reinforcing. For example, all actions of the programme can be said to support the fight against tax fraud, tax evasion and aggressive tax planning, at least indirectly. This led nearly all respondents to the questionnaire for national authorities to consider that the joint actions would contribute to all the objectives.

Similarly, the EU tax policies which the programme is meant to support also cover all aspects of the specific objective, while the various activities of the programme, collaborative in nature, can all be said to enhance administrative capacity.

Another challenge relates to indirect nature of the programme's contributions. Fiscalis supports a range of (policy, legislative, operational and IT) processes and systems, which in turn feed into (aspects of the) specific objective alongside other factors such as the administrative capacity and priorities of national administrations, and prevailing economic and trading conditions. Due to this, it is difficult at outcome level and close to impossible at impact level to attribute change to the programme in any quantifiable way. Timing is an issue, since many impacts would not be expected to have emerged during the 3-4 years of programme operation for which data is available.

Despite these challenges, the evaluation collected substantial evidence related to the contribution of aspects of the programme to its specific objective. The following pages presents an assessment based on an analysis of this evidence. It is structured according to the five components of the specific objective used in the Annual Work Programmes, with a focus on the 'projects' (i.e. sets of related activities) that are defined as priorities for given years. While it has not been possible to make quantitative estimates about the programme's impact, the assessment nonetheless highlights areas of particular achievement, others where there is room for improvement and provides explanations for these.³⁵

³⁵ These are: (1) Support the fight against tax fraud, tax evasion and aggressive tax planning; (2) Support the implementation of Union law in the field of taxation by securing the exchange of information; (3) Support the implementation of Union law by supporting administrative cooperation; (4) Support the implementation of Union law by enhancing administrative capacity; (5) Support the implementation of Union law.

The analysis entailed a two-step process. First, where useful we used desk research (mainly monitoring data³⁶) to get a sense of how and how much the programme has sought to address issues related to the projects in question. We then draw on the findings to the other effectiveness questions to provide some insight on the nature and scale of contributions that the programme has made / could be expected to make in practice. This approach still has some ambiguities, most importantly regarding the closely related and overlapping nature of the aspects of the objective, and consequence that many activities would be expected to contribute to more than one of them.³⁷

The ensuing sub-sections present a brief overview of the relationship between supported activities and the different aspects of the specific objective and then go through each of them in turn before tying the findings together to draw conclusions about the programme's contribution to its the specific objective as a whole

6.2. Support the fight against tax fraud, tax evasion and aggressive tax planning

Table 6: Annual Work Programme projects under aspect 1 of the specific objective

Projects 2014	Projects 2015	Projects 2016
<ul style="list-style-type: none"> - Trends and schemes of tax fraud, tax evasion and aggressive tax planning - <i>The fight against tax fraud</i> - Tax compliance and risk management - Cooperation between customs and tax (VAT and excise) administrations 	<ul style="list-style-type: none"> - Trends and schemes of tax fraud, tax evasion and aggressive tax planning - The fight against tax fraud - Tax compliance and risk management - <i>Cooperation between customs and tax administrations</i> 	<ul style="list-style-type: none"> - The fight against tax fraud, tax evasion and aggressive tax planning - Risk management - Cooperation between customs and tax administrations

Note: projects in **bold** examined as part of evaluation case study; projects in italics looked at in detail in Annual Progress Report.

Source: Fiscalis Annual Work Programmes 2014-2016.

While the phrasing of this part of the specific objective would potentially capture nearly all activities supported under the programme, in fact the projects are **fairly restricted to areas not directly related to the development or implementation of EU law**. These include specific collaboration fora and tools, as well as working visits related to topics of given projects. The project on tax fraud also includes activities related to Eurofisc, which is a network that uses CCN to share information on VAT fraud. While the data do not allow us to ascertain exactly what proportion of the programme activities fall under these projects, the in-depth description of some of the projects in the Annual Progress Reports, as well as the evaluation case study on compliance risk management, imply that it is relatively small, especially compared to projects involving major IT systems.

The available evidence shows that such **information-sharing and collaboration fora can make a big contribution to the objective**. For example, the previous evaluation found that Eurofisc provided a crucial way for Member States to exchange information on new VAT fraud patterns and thereby curb their use. The 2015 Annual Progress Report also describes notable progress in the coordination of excise and customs procedures, which were achieved through a joint Fiscalis and Customs programme project group on

³⁶ This mainly consisted of output and results indicators. While impact-level indicators could potentially have been useful, only one of these – on the ease of paying taxes – were worth mentioning here, due to lack of data or regular reporting that would have allowed us to identify trends. Issues with the indicators more generally are discussed in section 7.3 on programme management.

³⁷ Indeed, while joint action leaders are asked to define 1-2 aspects of the specific objective that most relate to the programme, the inter-related nature of these and inconsistent practices among action leaders made it impossible to use this for the analysis.

the subject. Over time, more harmonised procedures and raised awareness among administrations are expected to help combat fraud. Based on the assessment of working visits more generally, we can assume that the many funded in the project of VAT fraud have increased collaboration, information-sharing and trust.

However, as described in section 4.1 on the effectiveness of the joint actions, the **platform on compliance risk management has enjoyed only limited success**. While some participants pointed to useful learning from the platform, others felt little progress had been made. This was mostly attributed to a lack of buy-in and engagement from many Member States, especially those with advanced risk management systems whose participation could have most benefited the others. Such Member States perceived little need to share information and practices, and in this sensitive area of largely national competence were not compelled to do so.

Leading from this, the evidence suggests that **projects in this area can make substantial achievements, but that this depends on the perceived needs of Member State administrations and their willingness to take part**. Where success is contingent on the active participation of most or all Member States, it would be important to secure sufficient political buy-in before launching related programme activities. Coordination in VAT and excise provides a positive example of this. The platform on compliance risk management gives a counterexample, showing that the case for collaboration would need to be made more strongly if such activities are to continue.

6.3. Support the implementation of Union law in the field of taxation by securing the exchange of information

Table 7: Annual Work Programme projects under aspect 2 of the specific objective

Projects 2014	Projects 2015	Projects 2016
<ul style="list-style-type: none"> - Development, operation and maintenance of existing European Information Systems - New European Information Systems - Horizontal support to the European Information Systems - Taxation IT architecture and governance (i.e. IT collaboration) 	<ul style="list-style-type: none"> - Development, operation and maintenance of existing European Information Systems - New European Information Systems - Horizontal support to the European Information Systems - IT collaboration 	<ul style="list-style-type: none"> - Development, operation and maintenance of horizontal support to European Information Systems - IT collaboration

*Note: projects in **bold** examined as part of evaluation case study; projects in italics looked at in detail in Annual Progress Report.*

Source: Fiscalis Annual Work Programmes 2014-2016.

The projects supported under this objective relate mainly to the European Information Systems that comprise the vast majority of programme funding and the joint actions to help discuss, develop and implement them. The evaluation reached a positive conclusion on the contribution of the systems to securing the exchange of information, stating that they **have played a crucial role in helping Member States communicate with each other** securely and efficiently in areas of mutual interest and thereby enhance collaboration between them. The evidence reveals not only growing use of the systems as a whole, but powerful stories to explain how they facilitate administrations' day-to-day work. Contributions were most pronounced in the areas of fighting tax fraud / evasion in the areas of VAT and excise. The contribution was seen as less pronounced for the smaller number of systems dealing with direct taxation, which were typically less ambitious, with correspondingly lower awareness / participation / use levels.

The conclusion on IT collaboration (based on an in-depth case study on the modules developed for the automatic exchange of information) that also considered the

descriptions from the 2014-2016 Annual Progress Report, was more nuanced. This found that, **while IT collaboration has only been partly successful so far (given the small number of Member States using the modules developed), there is growing enthusiasm** based on gradually increasing trust and convergence. Over time, especially if the lessons learned through the early experiences are acted on, further collaboration projects seem likely. This would allow the programme to facilitate information sharing while generate economies of scale and save money against a backdrop of tight budgets and competing priorities.

In addition to the contributions mentioned, it should also be noted that **the role of the IT systems is cross-cutting**. Since information-sharing is a means for achieving the other aspects of the objective, most importantly related to the fight against tax fraud, evasion and aggressive tax planning, and the implementation of EU law, the systems have also contributed strongly to these objectives. Moreover, many of the systems are also available to economic operators, allowing them to submit and obtain information more easily and thereby lighten the burden from reporting obligations.³⁸

6.4. Support the implementation of Union law by supporting administrative cooperation

Table 8: Annual Work Programme projects under aspect 3 of the specific objective

Projects 2014	Projects 2015	Projects 2016
<ul style="list-style-type: none"> - Administrative cooperation between Member States - Administrative cooperation matters of Council Directive 2003/48/EC³⁹ – Savings Directive - Multilateral controls - <i>Mutual recovery assistance</i> - National tax collection and recovery 	<ul style="list-style-type: none"> - Administrative cooperation between Member States - Administrative cooperation with third countries - Administrative cooperation matters of Council Directives 2003/48/EC and 2014/48/EU⁴⁰ - Savings Directive - <i>Means of administrative cooperation other than exchange of information: Multilateral controls, presences in administrative offices and participation in administrative enquiries</i> - Mutual recovery assistance and national tax collection and recovery 	<ul style="list-style-type: none"> - Administrative cooperation between Member States and with third countries – horizontal actions - Administrative cooperation between Member States and with third countries – exchange of information - <i>Means of administrative cooperation other than exchange of information</i> - Mutual recovery assistance and national tax collection and recovery

Note: projects in **bold** examined as part of evaluation case study; projects in italics looked at in detail in Annual Progress Report.

Source: Fiscalis Annual Work Programmes 2014-2016.

Fostering administrative cooperation in the field of tax is a priority for EU tax policy and has thus received a lot attention through the programme. As defined in the Annual Work Programme projects, this has mostly taken the form of joint actions, though in a diverse

³⁸ In theory this would translate into change in higher-level indicators, most notably the ease of paying taxes data compiled annually for the World Bank. However, the vast array of issues affecting performance against this indicator, most of which are national, made it impossible to detect any link between trends and activities of the programme. Overall, EU performance on this indicator held steady during the first half of the programme, but with a wide divergence in the performance of individual Member States. For example, the best EU performer in 2018 was Ireland, ranked fourth overall, whereas Italy was the lowest performer, in 112th place. For more information, see the full report at url: <http://www.doingbusiness.org/reports/regional-reports>.

³⁹ Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (OJ L 154/38, 26.6.2003)

⁴⁰ Council Directive 2014/48/EU of 24 March 2014 amending Directive 2003/48/EC on taxation of savings income in the form of interest payments (Official Journal L 111 of 15 April 2014, p.50)

array of topics and action types. Many of these have consisted of project groups and workshops to discuss the details for implementing specific pieces of legislation, in particular the Savings Directive, and Mutual Assistance Directive and recent Directives on Administrative Cooperation. While the evaluation did not look in detail at these actions, section 4.1 on joint actions reached a broadly positive conclusion on joint actions directly related to the implementation of EU law. Based on this, as well as generally positive monitoring data on the achievements of individual workshops, project groups and working visits, it seems reasonable to infer that the majority of these actions have been successful, and contributed meaningfully to the objective.

Direct administrative cooperation, in the form of multilateral controls and PAOEs, is also categorised under this objective. **In-depth case studies were conducted on both of these types of actions, and for the former reached very positive conclusions.** As one of the most popular types of actions (over 3 000 officials had taken part during 2014-2017), multilateral controls provide ample evidence that practical administrative cooperation not only takes place, but is also effective. Combined with a coordination group, which helped to align working practices and build trust, multilateral controls were found to lead consistently to recovered revenue and increased compliance. Moreover, despite the potential incentive for Member States to collaborate without the Fiscalis funding, the programme was seen to provide a framework to smooth the process and convince administrative hierarchies that cross-border cases were worth pursuing.

The only caveat was that **participation was somewhat uneven across countries.** As an example, just five Member States were responsible for half of multilateral controls in 2016. This indicates that the contribution to administrative cooperation is similarly uneven, creating a need to convince more administrations of the potential benefits. PAOEs, which were only introduced for the current programme, have also led to increased cooperation among the administrations that have taken part in them. However, awareness and participation in this new type of action is still relatively limited.

6.5. Support the implementation of Union law by enhancing administrative capacity

Table 9: Annual Work Programme projects under aspect 4 of the specific objective

Projects 2014	Projects 2015	Projects 2016
<ul style="list-style-type: none"> - <i>Technical assistance to tax administrations</i> - Cooperation and sharing best practices on taxation issues in enlargement countries and among the Member States on a regional level - e-Audit capacity of the participating countries - Tax payer information - Cross-border taxation problems within the Union - Withholding tax relief procedures 	<ul style="list-style-type: none"> - Technical assistance to tax administrations - Cooperation and sharing best practices on taxation issues in enlargement countries and among the Member States on regional level - <i>e-Audit capacity of the participating countries</i> - Tax payer information - Cross-border taxation problems within the Union - Withholding tax relief procedures 	<ul style="list-style-type: none"> - Well-functioning tax administrations and tax systems in programme participating countries ensuring delivery growth friendly fiscal consolidation - Technical assistance to tax administrations - Training and competency building

Note: projects in **bold** examined as part of evaluation case study; projects in italics looked at in detail in Annual Progress Report.

Source: Fiscalis Annual Work Programmes 2014-2016.

Discrepancies across countries and gaps in knowledge, in addition to the constantly evolving tax policy context, create a **need for the programme to support capacity building among the national administrations.** This has taken place through several types of joint actions, as well as dedicated technical assistance actions provided by DG

TAXUD. The e-learning modules developed through the programme are also aimed primarily at building the capacity of participating officials.

The findings on joint actions presented in section .4.1 showed that **project groups, workshops and working visits provide very effective ways to increase the capacity** not only of participating individuals, but also of administrations more broadly as lessons are shared. Those countries with fewer resources or lower capacity have especially appreciated the actions. This includes the candidate countries which were the target audience for several of the projects grouped under this category. This shows that the contribution of such actions in many areas has been strong. However, case study research on the risk management platform also suggests that such actions sometimes experience difficulties to secure participation and engagement from the Member States whose perceived capacity is already elevated. This limits not only their potential to gain from the actions, but also undermines the quality of the information shared and discussed.

The programme has also provided **technical assistance to Greece and Cyprus** in collaboration with the Structure Reform Support Service. This was not assessed in detail through the evaluation, but is discussed in some detail in the 2014 Annual Progress Report. While the report does not elaborate on the results achieved over the medium term, the activities were planned and carried out in line with the recommendations of an earlier evaluation, with initial results appearing positive.

Regarding training, the programme has delivered sessions on use of European Information Systems that are extremely highly rated, and developed an extensive programme of e-learning modules. Buoyed by the recent release of a new set of modules on the VAT Directive, use of these has been rising dramatically, albeit in a minority of Member States, while yearly surveys show that tax officials view the e-learning modules favourably. A case study on the VAT modules showed these are currently in use in eight Member States where training resources and / or existing material on European aspects of tax law are limited. In these places, the training modules have been used to boost the capacity of tax officials, contributing to the better use of European Information Systems and understanding and application of EU law. However, to fully realise the potential of such training modules, it would be important to convince more Member States of their usefulness and help them fit better into existing training programmes.

6.6. Support the implementation of Union law

Table 10: Annual Work Programme projects under aspect 5 of the specific objective

Projects 2014	Projects 2015	Projects 2016
<ul style="list-style-type: none"> - Implementation of Council Directive 2008/9/EC⁴¹ – VAT refund rules - Implementation of actions under the Union VAT Strategy - Consistent implementation of Union VAT law - Mini One-Stop-Shop - Collection methods in the framework of the Financial Transaction Tax implementation - Implementation of the Council Directive 92/83/EEC⁴² – Structures of excise duties on alcohol and alcoholic beverages - Implementation of Council Directive 2008/118/EC⁴³ - General arrangements for excise duties - Implementation of the Council Directive 2011/64/EU⁴⁴ – Tobacco tax Directive - Implementation of Council Directive 2003/96/EC⁴⁵ – Energy tax directive 	<ul style="list-style-type: none"> - Implementation of Council Directive 2008/9/EC – VAT refund rules - Implementation of actions under the Union VAT Strategy - Consistent implementation of Union VAT law - Mini One-Stop-Shop - Collection methods in the framework of the Financial Transaction Tax implementation - Implementation of the Council Directive 92/83/EEC – Structures of excise duties on alcohol and alcoholic beverages - Implementation of Council Directive 2008/118/EC⁴⁶ - General arrangements for excise duties - Implementation of the Council Directive 2011/64/EU⁴⁷ – Tobacco tax Directive - Implementation of Council Directive 2003/96/EC⁴⁸ – Energy tax directive - Tax administrations training capacity building 	<ul style="list-style-type: none"> - Consistent implementation of Union law in the field of VAT - Consistent implementation of Union law in the field of excise duties - <i>Consistent implementation of Union law in the field of direct taxes</i> - Implementation or adaption of national taxes subject to present or potential Union legal initiatives, in particular Financial Transaction Taxes and passenger car taxation

Note: projects in **bold** examined as part of evaluation case study; projects in italics looked at in detail in Annual Progress Report.

Source: Fiscalis Annual Work Programmes 2014-2016

Ensuring the **correct and consistent implementation of EU law is a cornerstone of the programme** and as such a large proportion of supported activities have focused on this. Such activities have included not only joint actions but also major IT systems. E-learning modules, though not classified under these projects, would also be expected to play a role, as described above in the discussion on the modules for VAT.

⁴¹ Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (OJ 44/23, 20.2.2008).

⁴² Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages (OJ L 316, 31.10.1992)

⁴³ Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC (OJ L 9/12, 14.1.2009)

⁴⁴ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (codification) (OJ L 176/24, 5.7.2011)

⁴⁵ Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L283/51, 31.10.2003)

⁴⁶ Council Directive 2008/118/EC of 16 December 2008 concerning the general arrangements for excise duty and repealing Directive 92/12/EEC (OJ L 9/12, 14.1.2009)

⁴⁷ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco (codification) (OJ L 176/24, 5.7.2011)

⁴⁸ Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity (OJ L283/51, 31.10.2003)

It was not possible to assess all of the related projects in detail. Nonetheless, the evaluation has generally reached very positive conclusions on activities related to the implementation of EU law. As examples, in-depth case studies related to two of the projects, on the EMCS and Mini One-Stop-Shop systems and surrounding joint actions, provide compelling evidence of the programme's ability to make a contribution in this area.

As discussed in section 4.2 on European Information Systems, by putting in place a computerised solution to excise control, the **EMCS has allowed the Member States to reduce fraud substantially while implementing EU law far more effectively** than was previously possible. Despite its newness, the Mini One-Stop-Shop has already produced meaningful effects, with its scope set to increase during the next programming period to cover physical goods. Moreover, the case study found that **without the Mini One-Stop-Shop (or something like it) this ambitious new VAT legislation would be difficult or impossible to implement**. In addition to supporting administrations in the collection of VAT, the system has the potential to reduce fraud and made it easy for businesses (especially SMEs) to trade across borders.

This leads to a broader point, which is that **EU tax law and support from the programme are closely linked**. Given the importance of support from the programme to implement EU legislation effectively and efficiently, and that expectation that such support is available, it is hard to imagine that ambitious EU tax policies would be politically feasible without the programme. In this sense, Fiscalis can be said to support not only the implementation of existing policies, but also for defining part of the framework in which new policies are conceptualised and developed.

6.7. Conclusions

The evaluation finds that the **programme has made strong contributions in all five aspects of its specific objective**. These contributions have taken many forms and flow from the diversity of both the programme's activities and aims and the policies they support.

Attempts to isolate contributions to the different aspects of the specific objective are fraught given their **overlapping and mutually reinforcing nature**. However, it is possible to make some distinctions. The most important contributions were found in two of these aspects. **Support for the exchange of information** is a cross-cutting issue that encompasses the benefits of the IT systems. These are commensurate with the large proportion of the programme budget they account for and help administrations share information quickly and securely. The IT systems also create the potential for increased gains in future if the IT collaboration project continues to gain momentum. A number of the systems also serve to improve the situation for economic operators by easing reporting obligations and facilitating trade.

The evaluation also found important contributions to the **implementation of Union law**. This aspect of the objective accounts for a large proportion of the projects prioritised through the Annual Work Programmes, with the evaluation noting particular success in supporting the exchange of information and collaboration necessary as part of legislation in VAT and excise. By engendering such collaboration, the programme also makes it easier to conceive of such ambitious policies in the first place.

The evaluation also **identified contributions for the other aspects of the specific objective**. In the field of administrative cooperation, these came through collaboration fora and working visits as well as operational activities such as multilateral controls and PAOEs. These activities added value not only in terms of increased revenue collection and compliance, but by providing a framework for collaboration that would not have taken place otherwise. This positive finding is only slightly tempered because the benefits were unevenly spread across the Member States.

Projects classified under capacity building and supporting the fight against tax fraud, tax evasion and aggressive tax planning⁴⁹ consisted mainly of **training activities and collaboration platforms in areas such as compliance risk management**. While the evaluation identified important contributions related to e.g. the technical assistance provided to Cyprus and Greece in 2014 and the use of e-learning modules in certain Member States, we also noted instances where activities are not realising their full potential. Since many of these activities concern areas with limited EU competence, where participation is not required, this often related to a lack of perceived need and buy-in among Member States whose capacity is already high. Prioritising those areas where widespread engagement could be secured, and / or more effort to convince reluctant Member States to take part, could further increase contributions in these areas.

⁴⁹ As distinct from the fight against tax fraud, tax evasion and aggressive tax planning in general, which is supported through the whole range of programme activity.

7. EVALUATION QUESTION 5: EFFICIENCY – PROGRAMME MANAGEMENT

Evaluation question 5: To what extent have the design and management of the programme been conducive to achieving the desired results?

7.1. Introduction

Evaluation question 5 on internal management, is broken into three sub-questions. The first one looks specifically at the **programme's structure and governance processes**, considering such issues as the appropriateness of the overall programme structure (as a single programme managed by DG TAXUD for the purpose of supporting tax policy) and processes and procedures related to consulting stakeholders, setting annual priorities and taking decisions related to the activities to be supported. We also consider the extent to which the recommendations from the ex post evaluation of Fiscalis 2013 (aside for the one on monitoring, which is dealt with in a dedicated sub-question) have been acted on and to what effect. The main sources of evidence for this part of the analysis are programme documentation and feedback from national administrations and DG TAXUD.

The next sub-question focuses on the **Performance Measurement Framework and its role in improving the management and adaptability of the programme**. While it is clear that the framework has significantly increased the amount of monitoring data compared to previous programmes, here we attempt to gauge the reliability of this data and, more importantly, its actual usefulness in informing decisions about the programme design and implementation. We then weigh this against the burdens placed on programme managers and administrations to collect, manage and report on all the data.

The last management sub-question examines **operational efficiency in terms of the appropriateness of the resources needed to manage the programme**. It also considers such aspects as the grant management process, payments made and the scale of improvements to operational efficiency from recent simplification efforts, such as the improved ART system. The analysis pays particular attention to the realisation of potential synergies (and / or overlap) with Customs 2020, which shares many operational features with the Fiscalis programme.

7.2. Structure and governance processes

7.2.1. Introduction

This section focuses on the overall structure and governance processes of the programme. It seeks to figure out whether these are appropriate and identify areas for potential improvement. As a starting point, we note that the overall structure and processes for managing the programme have not recently changed substantially and have in previous evaluations been judged as broadly appropriate. For this reason, we did not make these a major focus of the evaluation. Instead, we performed a kind of 'check-up' on the overarching structure to ensure that it is still appropriate despite the evolving context. We then **focus on aspects that have changed**, namely through improvements following the recommendations of the previous evaluation and the re-organisation of the Annual Work Programmes into thematic 'projects' that group together activities on related topics.

Aside from an examination of documentation such as the Regulation establishing the programme, Annual Work Programmes and cost data, our main source of evidence is stakeholder feedback. This comes mostly in the form of responses to the questionnaire

for national authorities and interviews with programme managers, both within DG TAXUD and among national coordinators from the participating countries. Where relevant, findings from the case studies are also used to illustrate how the governance and structure affect the supported activities in practice. While we were generally able to obtain and use the sources initially foreseen, cost data on foreseen and actual spending is only available in relation to overall amounts per instrument. This means it has not been possible to examine in detail whether and to what extent costs have corresponded to priorities at the level of the individual projects defined for each year or the needs of given stakeholders.

7.2.2. Overall structure and decision-making processes

Fiscalis is a directly managed programme, which means that the Commission (namely the programme management team situated in DG TAXUD, Unit E3) is responsible for management and coordination. The programme management team also is responsible for adopting Annual Work Programmes that set the details of the activities to be pursued each year. The Fiscalis 2020 committee, comprised of representatives of the Member States and chaired by the Commission, is heavily involved in decision-making through regular formal and informal consultation.

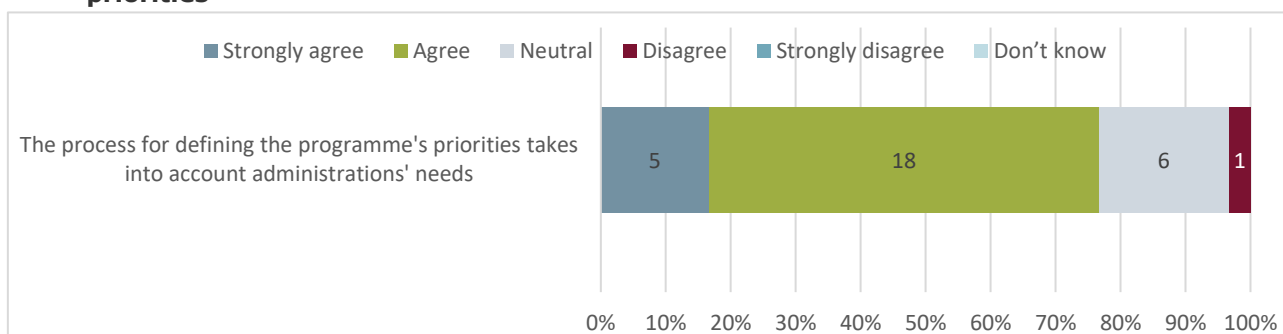
Each country also has one or more national coordinators who oversee participation at national level and act as a bridge between (potential) participants and the management team in DG TAXUD. Activities are financed mostly through grants (especially the joint actions) and procurement (especially the European Information Systems and technical development of the e-learning modules).

With regard to participation in the joint actions, financing comes in the form of a grant which is provided to national administrations at the beginning of each budgetary year on the basis of a grant agreement. Regarding individual joint actions, participating country administrations submit proposals to the programme management team at DG TAXUD, which then checks if the proposal is aligned with yearly priorities and is likely to add value.

As mentioned above, this overall structure has not recently undergone major changes and has previously been assessed as appropriate. DG TAXUD and national representatives who provided feedback for the present evaluation confirmed that this is still the case. More specifically:

- **DG TAXUD programme managers** interviewed considered that Member State involvement in the decision-making process is integral to the functioning of the programme as it gives ownership which in turn leads to greater participation. For programme components that are used mainly at national level, such as some IT systems, open communication lines are especially important for developing the appropriate solutions.
- A majority of **national administrations** responding to the evaluation questionnaire (23 out of 30) agreed that the process for defining programme priorities takes into account their administrations' needs, with five respondents expressing strong agreement with the statement. Many additionally expressed satisfaction with opportunities to provide written feedback on the draft document and were overall satisfied with the level of consultation. There was some criticism, but this can mainly be seen to relate to the many competing needs the programme needs to cover. For example, , one candidate country felt their specific needs could be better considered. A few of the interviewed national coordinators also would like to be consulted earlier in the process if possible. Related to the content of the Annual Work Programmes, some national coordinators thought that these covered too many topics each year, making it difficult to decide which areas they should prioritise.

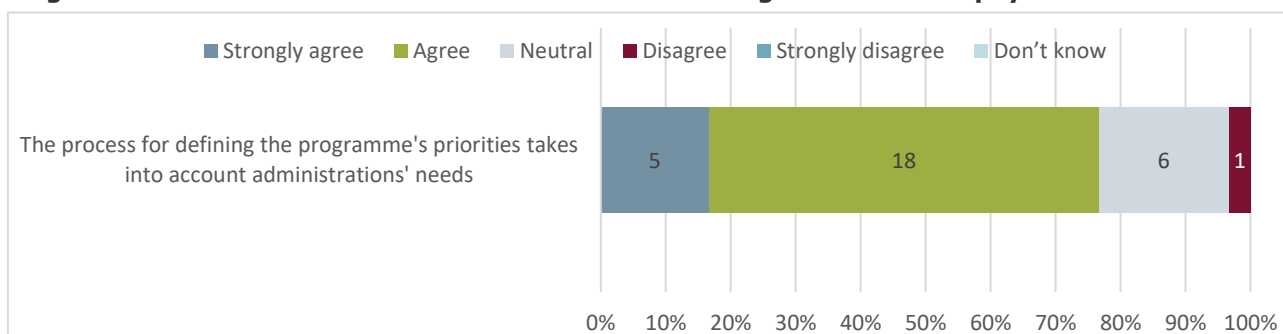
Figure 14: Participation of national administrations in the definition of programme priorities



Source: National authorities' questionnaire, 30 respondents.

Aside from yearly planning, we also asked national administrations about the process for applying and receiving joint action funding. As shown in the chart below, the vast majority of respondents considered funding decisions timely, indicating that the situation is acceptable.

Figure 15: Views of national administrations on funding decisions and payments



Source: National authorities' questionnaire, 29 respondents.

An **examination of the planned and committed expenses** also shows very little deviation between the priorities defined in the Annual Work Programmes and spending on the different types of activities. However, since the Annual Work Programme organises indicative spending at a high level, around types of instruments (e.g. joint action grants, procurement), it is not possible to gauge how the thematic focus of actual activities relate to initial plans.

7.2.3. Changes for the current funding period

Numerous improvements to the structure and processes of the programme were brought in for the current funding period. Several of these relate to recommendations made in the previous evaluation, which was conducted.⁵⁰ The Commission broadly accepted the recommendations by setting up an Action Plan outlining the extent to and ways in which the recommendations would be implemented.

In late 2016, the Commission reported on progress in implementing the Action Plan and the recommendations stemming from it. The report, and subsequent interviews carried out for this evaluation, confirmed that **nearly all the recommendations had been addressed** (though action was still ongoing for those relating to longer-term IT projects). With regard to programme design and management, structure and governance, the main changes included:⁵¹

⁵⁰ Final evaluation of the Fiscalis 2013 programme, Ramboll Management Consulting, 2014.

⁵¹ In addition to the recommendations listed, the Action Plan also mentioned recommendations in areas that are discussed in detail elsewhere in this report. Considerable action had been taken in all of these areas, which include performance measurement and monitoring (see section 7.3), PICS (see section 7.4), IT collaboration and central applications (see section 4.2).

- **Raising awareness:** the first recommendation concerned work to raise awareness of the programme among administrations. Several achievements were noted here, including the publication of annual progress reports, measures at national level to increase awareness and work by unit D4 to disseminate the results of future evaluations. The programme management unit was also in the process of organising two bilateral visits per year to participating countries. Further to this, feedback from DG TAXUD confirmed that a programme communication strategy had also been drafted, leading to the preparation of several communication tools (such as infographics and a video on expert teams) that are intended to spread awareness and raise participation the programme.
- **National coordinators:** in order to clarify coordinators' roles and ensure the availability of sufficient resources, DG TAXUD prepared a programme implementation and management guide that describes the role, while participating countries set up support measures at national level.

Another key change for the current programme relates to the **structure of the Annual Work Programmes**. Instead of simply listing activities under each specific objective, thematically linked activities are now grouped into a number of 'projects'. According to interviews with the programme management team, the purpose of the new structure was to bring more coherence to the programme despite the breadth of issues it addresses and diversity of specific activities. It also seeks to foster more practical connections between related activities, which was previously felt to be lacking.

This represents an important step forward in any attempt to break down silos between actors whose technical skills and concerns may differ (such as IT programmers versus policy officers), but whose concerted action is crucial to the programme's success. Our review of the projects found them to be coherently organised and well-structured. However, we also found that **hardly anyone outside the programme management team in DG TAXUD was aware of the projects or used them to make practical decisions**. This shows that it is still early days for the new structure, and that further effort will still be needed before the projects make a real difference to the programme's implementation.

7.3. Success of the Performance Measurement Framework

7.3.1. Introduction

The Performance Measurement Framework was developed further to a recommendation of the final evaluation of the Fiscalis 2013 programme and a study carried out for that purpose.⁵² It represents an **admirable effort to incorporate performance-based management principles** into and thereby engender the continuous improvement of the programme.

In addition to facilitating performance management and ongoing improvement, the framework aims to increase transparency by making the achievements of the programme more visible and accessible to the public. It is based on an **intervention logic** (see Annex A.1) which describes the linkages and connections between the wider problems addressed by the programme and the programme's objectives, inputs activities outputs, results and impacts. The framework uses both quantitative and qualitative evidence for recording the progress achieved.

There are two categories of quantitative indicators included in the Performance Measurement Framework:

⁵² For more information, see the Study on the Fiscalis 2020 and Customs 2020 Performance Measurement Framework, Coffey and Ramboll, 2014, url: https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/ramboll_c2020_f2020_pmf_final_study_report_28apr2014.pdf.

- (a) **Output and Result indicators:** which refer to the first and second order effect that can be directly attributed to the programme and are achieved immediately following the implementation of an activity, and the mid-term effects following the outputs.
- (b) **Impact Indicators:** which refer to the long-term effects of the programme by measuring its contribution to the broader policy areas linked to the higher-level specific objectives.

For Fiscalis 2020 there are a total of **91 monitoring indicators** of which 71 are output and result indicators and 20 are impact indicators. The framework follows the annual reporting cycle, leading to **Annual Progress Reports** summarising the main outputs and results and the overall progress achieved. Since the different programme activities are intended to work in concert, a selection of case studies in each report also attempts to shed light on performance against projects defined in each annual work programme.

Data on the activities carried out under the programme as well as for the outputs and results indicators are collected using the **tools outlined below**. Practicalities regarding the impact-level indicators are left open in the Performance Measurement Framework, for examination during periodic evaluations such as the present exercise.

Table 11: Performance Measurement Framework data collection tools

Tool	Overview
Proposal form (as reported in Activity Reporting Tool (ART))	Form submitted as part of the proposal process for each joint action that contains a range of information on e.g. start and end dates, objectives, participants and financial data.
Action follow-up form	Questionnaire completed each year by action managers on the outputs and expected results of actions.
Action follow-up form for working visits	Questionnaire completed by participants within three months of the end of working visits on outputs and expected results.
Event assessment form	Questionnaire completed either yearly (for long-term actions) or three months after an event on perceptions and expected results.
Programme poll	Survey carried out every 18 months of all tax officials in participating countries to gather information on awareness, perceptions and experience of the programme.

Source: F2020 Annual Progress Reports.

This section examines the **success of the framework so far and whether it is fit for purpose** in terms of the processes regarding the collection and availability of data, the reliability of that data and the actual usefulness of the system compared to the resources invested to maintain it. Sources include the evaluation team's experience of drawing on the data for the purposes of this evaluation in addition to feedback from stakeholders in the Commission and Member States.

Before presenting the specific findings, it is important to note that **the development of the framework, as a comprehensive tool for monitoring programme performance, is a very positive development**. This responds directly to previous criticism about difficulties in this area and allows for the systematic collection, collation and reporting on programme data that wholly breaks with the past and is a big step in the right direction. Thus, while some of the findings below are critical of specific aspects of the framework, these do not mean to call into question its existence, but rather seek to refine and improve it.

7.3.2. Data quality

The progress reports present data at activity level and for the indicators at output and result levels. These cover the vast majority of expected issues and are vastly more comprehensive than any monitoring conducted of previous iterations of the programme.

Further examination of the raw data confirms that at **activity level** the data is available and correct.

This would be expected given the **factual nature of such data** and its link to financial accounting. Nonetheless, it should be mentioned that certain indicators simplify reality and can be easily misinterpreted. For example, the training indicator on the number of e-learning modules jumps by a factor of three (from six to 18) between 2015 and 2016 due to a technicality, i.e. that a comprehensive but outdated module on VAT was replaced by 12 separate modules.

However, at output and result levels the **Performance Measurement Framework relies mainly on self-reporting from stakeholders, especially regarding the joint actions, and it is here that the data starts to look patchy**. There are two main reasons for this. First, the questionnaires that were put together to inform the framework can only provide meaningful data if they are well designed *and* if respondents engage meaningfully with them. The first part is very difficult, since asking standardised questions about outputs and results of actions that are highly diverse in terms of timeframe, objectives, scope and other issues necessarily simplifies reality. Attempts to streamline these into a limited number of categories has been useful for the purposes of conceptualising the programme but has not helped generate data that is comparable between actions. To give an example mentioned in section 4.1 on joint actions, using the same tools to capture the achievements both of long-term, platform-like project groups and shorter-term, output-focused project groups has not yielded much useful information.

Looking at **specific types of feedback**, the questions in two of the standardised questionnaires (the action follow-up form and event assessment form) relate mainly to subjective or soft issues that nearly all action managers / participants would tend to agree with. Such questions as whether given actions helped increase understanding, provided good networking opportunities, or were considered useful, all of which have positive responses tending towards 100%. Responses to questions on more tangible outputs and results are more nuanced.

Regarding **meaningful engagement from participants**, data from the questionnaires and surveys, in addition to feedback for this evaluation, indicate that the frequency and length of the reporting exercises are turning stakeholders off and leading to diminishing returns. Interviewed national coordinators consistently complained about the effort required from officials to provide feedback. To give a more concrete example, the number of responses for the latest two programme polls declined by a quarter, from 4,100 to around 3,000. Similarly, while response rates for the action follow-up form and event assessment form questionnaires are not presented in the reports, a review of the data shows that a substantial proportion of the questionnaires have been completed superficially, with many unanswered questions. Both of these factors **reduce the relevance of the data. As a major source of data for the Performance Measurement Framework, these problems undermine its potential usefulness** as a management tool.

The framework also includes a **series of 20 impact indicators** to gauge progress at the policy level. However, so many factors other than the programme affect the issues of interest (e.g. tax revenue collection) that making real links between trends and programme performance is impossible. Combined with practical difficulties to obtain the data (we found that only one of the indicators,⁵³ on the ease of paying taxes, is regularly

⁵³ To give more detail, six of the indicators (on the VAT gap, Eurofisc, number of infringement cases, reduction in compliance costs for companies, level of simplification of VAT and other indirect tax legislation, and the ration of administrative costs to tax revenue collection) are sometimes collected as part of other studies, but with uncertain and irregular timeframes. Two of the indicators (on excise and direct tax gaps) are relevant but not easily calculated. The remaining

compiled and publicly available), this calls into question whether it is suitable to include such indicators as part of the Performance Measurement Framework. Instead, it might be more suitable to assess these issues through the monitoring and evaluation of relevant policies. The findings could then be used to frame the context in future evaluations of the programme.

7.3.3. Processes for collecting and reporting on the data

Operational efficiency in terms of the time required for various processes is discussed in section 7.4 below. Here it is worth pointing out that, as mentioned previously, **response rates and the meaningfulness of data provided by participants in the programme activities has been declining**. As confirmed in interviews with national coordinators and the questionnaire for national authorities, this is in large part due to consultation fatigue and what are seen as overly onerous reporting obligations.

Within the DG TAXUD programme management team, **significant time is also required to collect and collate the data and summarise it in Annual Progress Reports**. Members of the programme management team were highly critical of the reporting process, describing it as time-consuming and distracting. Indeed, interviewees described a situation where officials focused so much on collecting data and producing reports that they had no time left to think about how to actually use them. While efficiency gains (e.g. more electronic / automated reporting) could potentially address part of the problem, further simplifying of the Performance Measurement Framework is probably also necessary.

7.3.4. Usefulness of the data generated

In trying to assess the usefulness of the Performance Measurement Framework data, we first note the previously existing situation, where there was no systematic monitoring beyond the activity level. The establishment of the framework has added significant value by instilling a more evidence-based mindset in programme stakeholders and producing a considerable amount of useful data, especially at the activity level. It is extremely useful to have at the fingertips comprehensive information on e.g. how many joint actions of different types have been funded, which countries have participated in them, how many IT systems and e-learning modules are operational and in development, etc.

However, at the outputs and results levels, the problems described above have led to a problematic scenario whereby **little of the output or results data appears to feed into continuous improvement or decision-making**. The impact indicators (which have for the most part not yet been collected or used), as described above, are too numerous, irregularly collected and disconnected from programme performance to be used for regular monitoring exercises, pointing to the need for a smaller set of indicators, potentially collected mainly through evaluation of relevant policies instead for the programme as such.

7.4. Operational efficiency

This sub-question focuses on the management structures and administrative procedures as they relate to the efficient running of the programme. This includes administrative burdens, the amount of resources needed to manage the programme and the cost-saving measures have been implemented during the current funding period.

11 indicators are in fact feasible, but are already captured through Performance Measurement Framework results indicators. These correspond to indicators 11.1, 12.4, 12.5, 12.7, 13.4, 14.1, 14.2, 14.3, 15.1, 15.2 and 16.5 in Annex A.3.

7.4.1. Administrative arrangements and amount of human and financial resources needed to manage the programme

As a starting point, we note that 22 full-time equivalents within DG TAXUD are allocated to the management of both the Fiscalis 2020 and Customs 2020 programmes, with responsibilities defined as follows:

- **10 full-time equivalents in Unit E3** (Management of programmes and EU training), working on the overall management and training aspects
- **10.35 full-time equivalents in Unit E1** (Finances and human resources), focusing on budget management and control tasks
- **1.5 full-time equivalents in Unit E2** (Inter-institutional relations, coordination, communication and strategic planning), working on communication, inter-institutional relations, inter-services consultations, planning and legal
- **0.1 full-time equivalents in IT Units** required for supporting and administering programme tools (PICS and ART).⁵⁴

Given the substantially larger budget and number of joint actions supported by the Customs programme, we assume about 60% (i.e. 12 full-time equivalents) are devoted to this programme, whereas about nine are used for Fiscalis. We could not find examples of other Commission programmes with a comparable mix administrative responsibilities due to its directly managed nature and substantial budget proportion devoted to IT systems. Nonetheless, it is possible to analyse the data in order to figure out how much the programme costs to run. As illustrated in the table below, using standard staff costs from DG Budget of EUR 143 000 for each full-time equivalent, we can estimate that the administrative cost to the Commission of running the programme is around EUR 1.3m per year. Dividing this by the average yearly budget for 2014-2017 shows that the cost of administering the programme is about 4% of the amount of funding. To put this in perspective, the figure is less than the 6% of the total EU budget dedicated to administration.⁵⁵

Table 12: Administrative costs for DG TAXUD

Full-time equivalents	9
Standard annual cost per full-time equivalent	EUR 143 000
Cost per year of administering programme	EUR 1 287 000
Average programme budget (2014-2017)	32 083 750
Cost of administering the programme as proportion of spending	4.1%

Source: Financial and human resources data from DG TAXUD, standard cost from DG Budget

The programme management team has implemented some **measures recently that serve to reduce administrative burdens** for both the Commission and participating countries. One example has been the introduction of unit costs for accommodation expenses, which has resulted in cost and time savings for both the Commission and participating countries. Through the updated version of the Activity Reporting Tool that was put in place for the current period, reporting on participation and dealing with the data has become easier for both sides.

Views of both national administrations and Commission users of the programme suggest that **despite its lean operation the programme is being managed effectively**. Regarding the former, while administrations would not have been expected to express

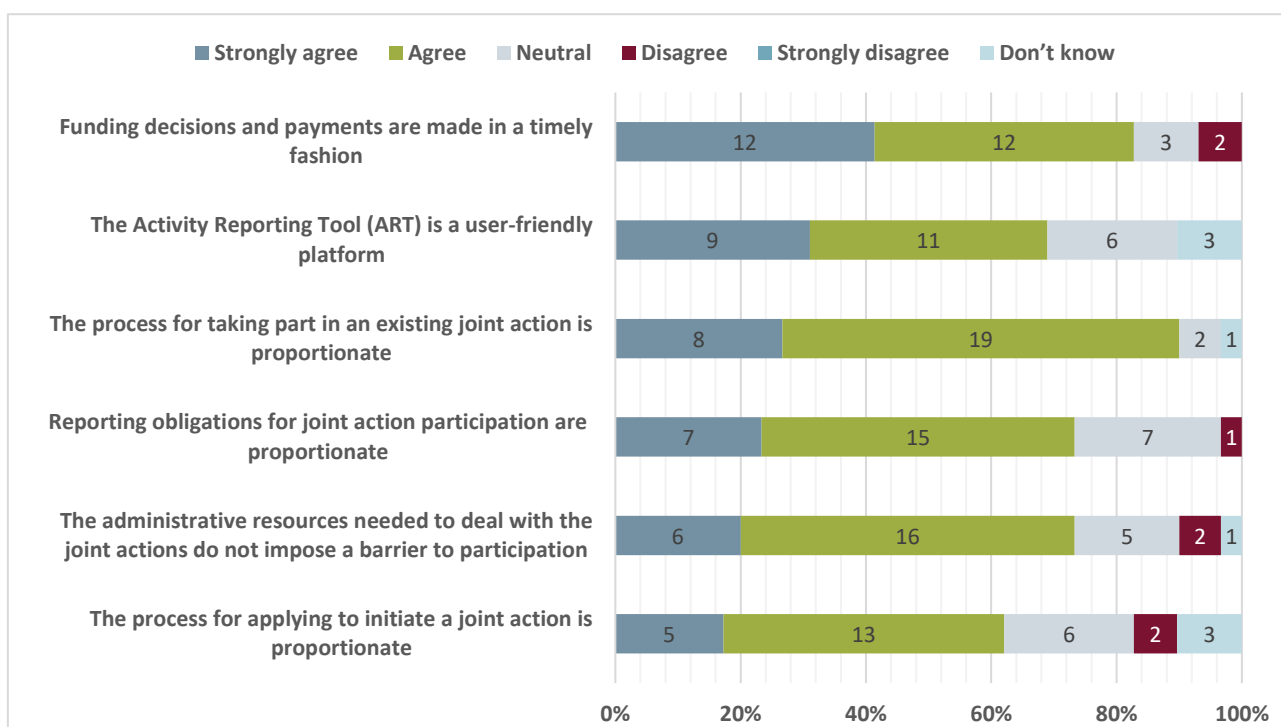
⁵⁴ IT units are users of the programmes, and as such they are not in charge of administering it.

⁵⁵ For more information, see the Commission's budget overview page here: http://ec.europa.eu/budget/explained/myths/myths_en.cfm.

enthusiasm about administrative processes and obligations, the questionnaire showed an overall positive view of the resources needed to coordinate and take part in the programme. This was most pronounced concerning the timeliness of funding decisions. The vast majority of respondents (24 of 29) agreed this was the case, with 12 strongly agreeing. Other aspects (such as whether the process for taking part and reporting obligations for joint actions are proportionate, whether the administrative resources required impose a barrier to participation) were also assessed positively, albeit with far fewer 'strongly agree' responses.

On the **Commission side**, interviewees were satisfied with the role of the Commission programme management team, in particular their competence and responsiveness, and the fact that DG TAXUD is making a big effort to support the functioning of the programme. However, programme participants and coordinators were concerned that the increasing budgets and amount of activities of the programmes (particularly Customs 2020, which is supporting the implementation of the extensive Union Customs Code legislation) were putting pressure on the programme management team that could have negative consequences if additional human resources are not found.

Figure 16: Views of national authorities on resources needed to take part in joint actions



Source: National authorities' questionnaire, 29-30 responses per question

Despite the positive perceptions, when asked to provide additional feedback, there were **concerns in relation to the amount of paperwork required to join, initiate and provide feedback on joint actions** and the limited human resources at national level to adequately respond to requirements. That two participating countries felt the administrative resources needed could pose a barrier to participation, in addition to a further five which were neutral and one that responded 'don't know' is worrying, given that it is especially the countries with limited resources that need programme support. In some cases, this was attributed to the volume of feedback questionnaires. Others also pointed to difficulties with the Activity Reporting Tool, despite positive feedback provided in the multiple-choice questionnaire.

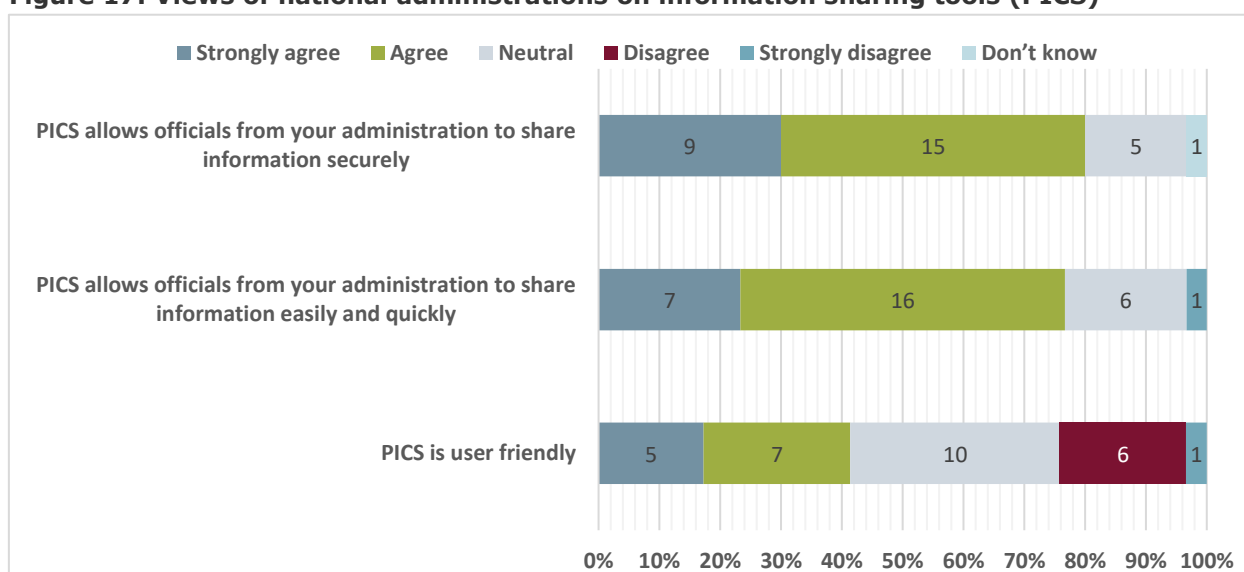
Another operational challenge linked to programme management that national authorities mentioned related to the **timely communication of invitations to events and information sharing with Member States**. This was seen as central to ensure

sufficient time for administrations to carry out their internal procedures (i.e. selection and preparation of participants, and financial and logistical arrangements)

7.4.2. Communication systems and knowledge management

In terms of sharing information easily and quickly, the **Programme Information and Collaboration Space (PICS)**, which is one of the new features of the current programming period, was considered to have improved over time, and to facilitate collaboration between participating countries. In particular, there was consensus among most national administrations surveyed (24 out of 30) that PICS allows officials to share information securely and easily and quickly (23 out of 30). Views on the user-friendliness of the tool were more mixed, with only 12 out of 29 respondents expressing a positive view while ten were neutral and seven gave negative opinions. Given the crucial role PICS has for certain joint actions, more positive opinions would be hoped for.

Figure 17: Views of national administrations on information sharing tools (PICS)

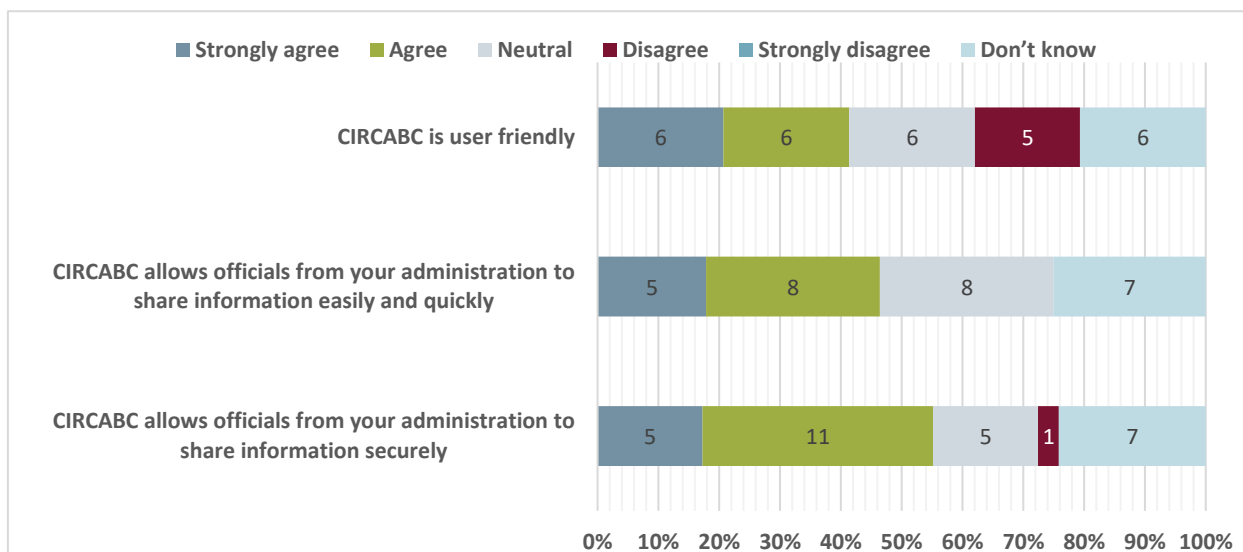


Source: National authorities' questionnaire, 29-30 responses per question

Suggestions from users in national administrations included further efforts to promote the use of PICS as there continue to be officials who do not use the tool or are not familiar with it. Ideas to improve its user-friendliness and navigation were also proposed, including in relation to the user interface, the visual identity, the search function and the information updates on the platform.

Tax administrations were less satisfied with the **Communication and Information Resource Centre (CIRCABC) platform**,⁵⁶ a document management system to exchange information between the Commission and National Administrations, with overall views decidedly mediocre. Fewer than half of respondents expressed positive views about the system, while considerable numbers were unaware of it.

⁵⁶ CIRCABC is a corporate tool developed jointly by DG MARKT (now DG GROWTH), Eurostat and DG DIGIT (with funding from the IDABC Programme) using an open-source software.

Figure 18: Views of national administrations on information sharing tools (CIRCABC)

Source: National authorities' questionnaire, 28-29 responses per question

Open responses pointed that the **system was old fashioned and some of the information was considered to be outdated**. Furthermore, improvements in systemic placement of documents were suggested. In terms of the user-friendliness of the tool, respondents highlighted the difficulty of keeping an overview of all actions, that the interface is not satisfactory, and that the search function does not work correctly.

7.4.3. Efficiency gains through links with other programmes (especially Customs 2020)

The Customs 2020 programme is a DG TAXUD-run programme that is similar to Fiscalis but supports national administrations and other actors in the field of customs rather than tax. It **offers many opportunities for synergies with Fiscalis** in terms of both administrative arrangements and joint working. While the policy area is different, it has a similar focus on enabling cooperation and exchange. Both programmes are managed by the programme management team at DG TAXUD and offer Member States and other participating countries a framework to share information and work together.

Programme managers pointed to significant complementarity between the two programmes. This stems in part from their similar design and structure, as well as their related areas of activity. Both aim for harmonisation in procedures (for customs and tax) among Member States and participating countries, and are implemented via the same main instruments: joint actions, European Information Systems and training. There are **synergies between the two programmes at an operational level**, including cross-fertilisation and joint funding of shared components such as IT systems and similar approaches for human capacity building and training.

In terms of the **IT systems, programme managers noted coordination was taking place** to ensure coherence and avoid duplication of efforts. One key system mentioned is the CCN network, which is the backbone for trans-European IT systems. By allowing users to log both customs and tax procedures, the programmes benefit from economies of scale. Even though CCN is paid for by both programmes, it is managed operationally by one unit. The Multi-Annual Strategic Plan for Customs European Information Systems, which sets down the vision, objectives, strategy and milestones to implement a variety of customs and will serve as a baseline for the development and implementation of an analogous Multi-Annual Strategic Plan for taxation.

Besides IT systems that can operate in a more integrated fashion, there are **opportunities for shared learning**. Joint actions related to training have also been

held with national customs and tax administrations. One such example is the Training Support Group, which operates under the Customs and Fiscalis programmes, and contributes to the development and implementation of the EU Common Training Programmes mandate using strategies from both sides.

Commission **interviewees also suggested investigating ways to improve jointly the technological platform for the delivery of e-learning**, in particular in terms of making it more accessible. In their view, there are too many participating countries which report difficulties in accessing modules due to technical issues and lack of compatibility with national management systems. Suggestions included investigating synergies with other Commission services such as the European Union Agency for Law Enforcement Training or initiatives from other actors such as the World Customs Organisation Learning and Knowledge Community or OECD to assess opportunities for integrating or replacing existing DG TAXUD tools.

One negative development that Commission interviewees mentioned is that **in the past there was more flexibility to draw on funds from both programmes to pursue common activities**, allowing for many of these, but that this will no longer be a possibility in the future. This could reinforce siloed working and undermine some of the synergies described above if a practical solution is not found.

While most potential synergies were seen on a central programme management level or integrated IT systems, rather than relating to the content of the programmes, an **exception was found in the excise area**. According to interviewees, this stems in part from the different split responsibility for excise in different Member States, where it sometimes falls to customs and sometimes to tax authorities. To deal with this considerable coordination was taking place through the two programmes, although some interviewees felt more could be done (such as developing common IT systems) to work together to avoid excise-related fraud.

Regarding **other EU programmes**, the DG TAXUD management plan outlines a series of initiatives that will be implemented to achieve increased IT synergies with other Commission DGs and Agencies, including DG Informatics, DG Migration and Home Affairs and the European Agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA, the European Agency for the operational management of large-scale IT Systems in the area of freedom, security and justice), particularly in the areas of IT infrastructure and network connectivity, internet connectivity, IT security operations centre services and the reuse of software components.

Additional synergies also seemed possible with the Customs 2020 programme. Given the closely aligned management of the programmes, areas for potential synergies and exchange of information were identified in relation to development of European Information System, with the Multi-Annual Strategic Plan for Customs European Information Systems offering a baseline for the development and implementation of an analogous Multi-Annual Strategic Plan for taxation.

7.5. Answers to the sub-questions and conclusions

7.5.1. Structure and governance processes

The programme's overall structure and processes for taking decisions and setting priorities are time-tested and broadly appropriate in the eyes of stakeholders both in DG TAXUD and participating country administrations. While DG TAXUD drives the process, national administrations appreciated and described benefiting from formal and informal consultation. Combined with the flexibility and breadth of the programme, this ensured that Annual Priorities matched perceived needs and allowed desired activities to be financed. The broadly positive findings under relevance and effectiveness also

testify to the suitability of the overall programme design. The processes for joint action grants were also considered appropriate.

While there were some complaints (regarding the timing of consultation and overly broad nature of the programme), these were voiced only by a small minority and are likely inevitable given the diversity of national administrations. Moreover, the programme has shown an ability to improve over time. Several improvements have been made for the current funding period to raise awareness and clarify the role of national coordinators, and structure annual priorities through thematically defined 'projects'. While we found that more effort is still needed to raise awareness of the projects, over time this new structure should help to break down silos and improve the coherence and effectiveness of the programme.

7.5.2. Success of the Performance Measurement Framework

The establishment of the Performance Measurement Framework has added significant value to the programmes by making key information readily available and engendering a more evidence-based approach to programme management. This is especially evident at the activity level, where comprehensive data makes it much easier than in the past to gauge performance across the programme's many activity types and themes.

However, the new system has also led to major reporting and management obligations, using a lot of energy without feeding much into decision making. In part this is because it is not possible to design short, standardised questionnaires that are sophisticated enough to capture meaningful information on the outputs and results of such diverse activities. At impact level, the indicators are too numerous, irregularly collected and disconnected from programme performance to be of much use. This speaks to the need for a simplified version of the framework, with fewer, more meaningful indicators, while data on impact might be more usefully collected as part of evaluations of the policies they relate to.

7.5.3. Operational efficiency

The programme has existed for a long time and clearly benefited from gradual refinements and improvements to the systems and processes used to run it. National authorities as well as users within DG TAXUD and the programme management team itself expressed positive views about these arrangements. The evaluation also noted several small but meaningful improvements to lighten the administrative burden and the exploitation of synergies with the Customs 2020 programme through IT collaboration, shared joint actions and exchange of programme strategies. While such synergies could be developed further, they brought substantial benefits for both programmes. Additional synergies are also being explored with other programmes, especially but not only relating to IT, though these are still in the early stages. On the whole, these factors have contributed to a high level of operational efficiency, evidenced by the relatively few resources needed to administer the programme.

Areas of concern related in part to the challenges of managing a programme with an increasingly large budget without corresponding increases in human resources. Despite acknowledging substantial commitment and efforts from DG TAXUD officials in relation to this, some issues were raised in relation to this at both Commission and national levels. Information-sharing tools such as PICS also did not seem to be realising their full potential.

Additional synergies also seemed possible with the Customs 2020 programme. Given the closely aligned management of the programmes, areas for potential synergies and exchange of information were identified in relation to programming for European Information Systems for Customs, with the Multi-Annual Strategic Plan for Customs European Information Systems offering a baseline for the development and implementation of an analogous the Multi-Annual Strategic Plan for taxation systems.

7.5.4. Conclusions

The design and management of Fiscalis reflect the **programme's long-standing success and ability to get better over time**. While its key features are generally seen as appropriate, they are also being gradually refined to improve the programme's functioning. Such refinements relate not only to design aspects (such as structuring annual priorities into thematically linked groups of activities called 'projects'), but also to tools for monitoring and information-sharing and synergies with the Customs programme. Together, these factors have produced a high degree of efficiency that allows the programme to operate with relatively few resources.

Criticism was minor and in many cases related to efforts for continuous improvement. For example, the Performance Measurement Framework that was put in place for the current funding period represents a big step forward to monitoring the programme, but it is too complicated and burdensome to function as an aid to decision-making. Similarly, the PICS information-sharing tool addresses a clear need for easy and secure information-sharing among joint action participants, but is not yet user-friendly enough to fulfil its stated role. Synergies between Fiscalis and the Customs programme, already considerable, could be further exploited.

8. EVALUATION QUESTION 6: EFFICIENCY – BENEFITS FOR COSTS

Evaluation question 6: To what extent have the programme's resources produced best possible results at the lowest possible costs?

8.1. Introduction

This question focuses on figuring out whether the costs of the Fiscalis programme are proportionate to the benefits it has provided to tax administrations and society. This is examined in terms of separate sub-questions for each of the main types of programme activity, as well as for the programme overall. Conceptually this is fairly straightforward and involves holding up the benefits identified through the effectiveness questions in light of various costs and other possible ways of spending time and money.

However, in practice this is challenging because many of the benefits of the programme are not easily quantified, let alone monetised. To discuss this meaningfully we considered the following two main categories:

1. **Savings and/or increased tax revenue** as an effect of programme activities. This includes such benefits as savings through coordinated activities and economies of scale, more efficient tax administration due to European cooperation, better implementation of EU tax legislation, decreases in compliance costs or administrative burdens for economic operators, and more effective auditing and tax collection thanks to administrative cooperation and sharing of information. Evidence of this comes from both key stakeholders' assessments and reporting (in euros and cents) of e.g. results of auditing procedures enabled by programme activities.
2. **Long-term and/or intangible benefits of programme activities**, which are very important but not easily quantified. This includes capacity building in European tax administrations, strengthened networks between administrations and officials, sharing of best practices, but also long-term impact on prevalence of tax fraud and similar issues.

As a starting point the generally positive findings in the previous section on programme management and operational efficiency should be borne in mind. The analysis then relies mostly on the evidence on effectiveness presented above, held up as appropriate and possible against several kinds of documentary sources, namely:

- Budgetary information for different action types
- Data from the Performance Measurement Framework on joint actions, IT, and training
- Monitoring statistics presented in the Annual Progress Reports

Before presenting the analysis, it is worth briefly setting the scene with an **overview of the committed spending for the first four years of the programme's operation**. As shown in the table below, the European Information Systems account for by far the largest share of spending, followed by joint actions (which include expert teams, although these are accounted for separately) and common training activities. The 'other' spending consists mainly of procurement by DG TAXUD for studies.

Table 13: Committed expenses per year and by main action categories (2014-2017)

Action	2014	2015	2016	2017	Total 2014-2017
Joint actions	€ 4 630 000	€ 4 300 000	€ 4 370 000	€ 4 200 000	€ 17 500 000
Expert teams	n/a	n/a	€ 988 040	€ 650 000	€ 1 638 040
Training	€ 908 585	€ 600 003	€ 1 205 600	€ 1 242 000	€ 3 956 188
IT	€ 23 053 875	€ 24 691 255	€ 23 244 422	€ 22 347 000	€ 93 336 552
Other (studies)	€ 2 184 539	€ 1 375 690	€ 1 640 917	€ 3 300 000	€ 8 501 146
Total	€ 30 777 000	€ 30 966 948	€ 31 449 000	€ 31 739 000	€ 124 931 926

Source: Fiscalis 2020 Annual Progress Reports

8.2. Joint actions

During the years for which data is available,⁵⁷ joint actions comprise around 14% of the programme budget, constituting the second biggest part of the programme after IT systems. As shown in the table below, from the start of the programme until June 2018, this breaks down into nearly 1,000 actions,⁵⁸ at a cost of just over EUR 15,000,000.

Table 14: Spending on joint actions 01.2014 – 06.2018

	Number	Participations	Participations per action	Cost	Costs per action	Cost per participation
Project groups	73	8 119	111	€ 6 849 485	€ 93 829	€ 844
Workshops/ seminars	105	3 920	37	€ 4 457 808	€ 42 455	€ 1 137
Multilateral controls	245	3 259	13	€ 2 061 271	€ 8 413	€ 632
PAOEs	88	230	3	€ 100 581	€ 1 143	€ 437
Working visits	457	938	2	€ 967 688	€ 2 117	€ 1 032
Other ⁵⁹	28	950	34	€ 806 592	€ 28 807	€ 849
Totals / averages	996	17 416	17	€ 15 243 426	€ 15 305	€ 875

Source: ART data provided by DG TAXUD; note that the financial data presented in the table are based on estimates from DG TAXUD that differ slightly from the confirmed figures presented in the Annual Progress Reports. However, since only the estimated figures allowed for comparison between different types of joint action we have used them for analytical purposes.

A few trends are notable from the data. First, project groups and workshops / seminars account for by far the biggest proportions of funding and participations. The repeated meetings of project groups explain their large number of participations, while workshops consist of one-off events. Multilateral controls, PAOEs and working visits bring together small numbers of officials for close collaboration.

Since the principal costs of given actions relate to travel, patterns for this across the different actions can explain most of the discrepancies in cost per participation. For example, workshops involve participants from across Europe travelling to a place that might not be easy (i.e. cheap) to get to. Working visits may last a few days, longer than other actions and entailing additional costs. Since multilateral controls and PAOEs often

⁵⁷ While for most aspects of the programme we have used data from 2014-2017, detailed figures on joint actions were available up to June 2018. These have formed the basis of the analysis in this section.

⁵⁸ Note that we removed several actions that appeared in the project data but did not cite any participants or costs.

⁵⁹ For the purpose of simplicity, we grouped as 'other' a small number of atypical actions categorised as capacity building, administrative cooperation and communications.

involve participants from countries in close geographical proximity, it is unsurprising that the average costs are considerably lower.

Given that section 4.1 judged all types of joint actions as effective in the right circumstances, **nothing about the figures gives any special cause for alarm.** Project groups were singled out for their versatility and ability to add value in a variety of ways, justifying their relatively high budget allocation. However, the relatively high costs of workshops and working visits means that the case for funding individual actions should be considered carefully, as is already done during the application process and with a view to the likelihood that success factors such as senior-level buy in and clear policy links will be present. The cost of platform-like project groups also sticks out as a major cost, highlighting the need for a better system to define goals and monitor the achievements of these actions.

The data also serve to highlight the **cost-effectiveness of multilateral controls and, as they continue to gain momentum, PAOEs.** Both types of action were praised for their direct links to recovered tax revenue as well as improved administrative cooperation. That they are relatively inexpensive is a further testament to their importance for the programme.

A further point (not visible from the table) is that an analysis of **committed and actual expenses for joint actions** shows around 14% of committed funds go unused. This is roughly a **half the disparity** reported in the Fiscalis 2013 evaluation final report (31.3%),⁶⁰ which can be seen as an indication of a more efficient and accurate allocation of funds for joint actions compared to the Fiscalis 2013 programme.

8.3. European Information Systems

European Information Systems have accounted for around 75% of total committed spending for the programme in the years 2014-2016/7. This has been directed towards a number of development projects, the large architectural CCN2 development project, and the support for existing systems within the field of taxation. The latter forms by far the single biggest budget line in the programme, accounting for nearly half of expenditure. These figures are summarised in the table below.

Table 15: Committed expenses on IT systems 2014 - 2017

IT action category	2014	2015	2016	2017	Cumulative 2014-2017
CCN (incl. CCN2)	€ 5 600 000	€ 5 040 000	€ 3 500 000	€ 4 037 000	€ 18 177 000
Development of taxation systems	€ 4 500 000	€ 5 892 000	€ 4 540 000	€ 4 320 000	€ 19 252 000
Support for taxation systems	€ 10 577 000	€ 10 518 000	€ 12 000 000	€ 10 990 000	€ 44 085 000
Quality control for taxation systems	€ 2 800 000	€ 2 000 000	€ 2 100 000	€ 3 000 000	€ 9 900 000
Total	€ 23 477 000	€ 23 450 000	€ 22 140 000	€ 22 347 000	€ 91 414 000

Source: Annual Work Programmes 2014-2017; note that the figures presented in the table were calculated using a different methodology from the overall figures presented in table 13 and add up to a slightly different total.

Unfortunately, the data do not allow us to distinguish between most of the different systems in order to compare costs with demonstrated effectiveness. The importance of and favourability towards the CCN and efforts to ensure its continued relevance are

⁶⁰ Final Evaluation of the Fiscalis 2013 programme, Ramboll Management Consulting, p. 103.

noted in section 4.3, justifying the considerable expenditure on it. It is also worth pointing out some key findings from the angle of value for money, namely:

- That the horizontal architecture and systems associated with indirect taxation, such as the VIES, EMCS and the Mini One-Stop-Shop were the most positively assessed and often lead to savings for tax administrations and economic operators. As an example, one national interview respondent made a rough estimate that the implementation of the EMCS had **reduced the burden on excise officials by a factor of ten**, due to the digitalised environment allowing for much more efficient monitoring. Such systems are also in the majority, implying that overall funding is allocated to the most important areas.
- In terms of functionality, major European Information Systems like EMCS and the Mini One-Stop-Shop have also **been referred to by several interviewees as “revolutionary” in their fields**, leading to completely new possibilities for monitoring, sharing of information, and prevention of fraud. Secondary benefits include new **opportunities for big data analysis** for e.g. compliance risk management. The **expansion of the Mini One-Stop-Shop, which will become operational in 2021** (to cover physical products) is expected to generate especially big benefits for tax collection and the facilitation of trade.
- Most interviewees have **seen little or no overlap/redundancy** between efforts to develop new systems and systems already existing. While some systems have replaced existing systems and functions, they have done so in order to also add new functionalities. Some of the direct taxation-related databases are less widely used, sometimes redundant and hence harder to justify investing in. While we acknowledge that such systems are in the minority, measures could be taken to either increase their use or allocate the funding to other priorities, especially given some of the ambitious projects (such as the full one-stop-shop) foreseen for the next funding period.
- IT collaboration offers the potential to generate significant economies of scale by reducing the need for Member States to develop systems individually. While the small number of Member States using the modules for the automatic exchange of information did not achieve the critical mass⁶¹ needed to provide such value in this way, more uptake and better results would be expected in future, especially if teething problems related to project management and timing are addressed.

8.4. Training

Committed expenses for training (most importantly the e-learning modules) have comprised about 3.5% the programme over the years 2014-2017, making it the smallest of the main activity types. Unfortunately, the benefits of the e-learning modules cannot be quantified. Disaggregated spending data was also not available for the different modules.

However, latest e-learning survey from DG TAXUD does tell us that, in the years 2014-2017, 13,780 tax officials were trained using the e-learning modules (most importantly the 12 new modules on VAT). The publicly available modules were also downloaded 26,233 times by a combination of officials and economic operators. Comparing these figures to costs shows that spending per official / download is very low, at considerably less than EUR 0.01.⁶² It is also noted that 467 officials have been trained to use the European Information Systems through dedicated training sessions, though the exact costs of these were not available to the evaluation team.

⁶¹ The definition of critical mass would depend on the specific case and could be determined using a cost-benefit analysis.

⁶² These figures should nonetheless be interpreted cautiously, since individuals using more than one module (e.g. multiple modules of the VAT package) would be counted more than once.

- Leading from this, the following points give an overview of key ways the training activities have added value for tax administrations and other stakeholders: The e-learning training modules have **clearly generated benefits** for the roughly one third of Member States that are using them and economic operators / citizens downloading the modules from the Europa site. These benefits relate in particular the improved use of the European Information Systems, uniform interpretation of EU tax law and better cooperation between administrations
- Evidence from case studies supports the above, with the **reception for especially the e-learning modules being mixed** among interviewees. Some countries, especially those with limited training resources, were very positive, and convinced that the modules had contributed to cost and time savings for their respective administrations. Others did not really see a need in their country and so did not make use of the modules.
- Barriers to generating value from e-learning modules differed. Three main concerns were:
 - Lack of relevance of the content of the e-learning modules, with **some countries already having sufficient training material**.
 - Lack of **localisation of modules**, and localisation costs being hard to bear for some national administrations. That the Commission is progressively taking on full localisation responsibilities (including translation costs) is a welcome development.
 - Lack of **interest in the e-learning format** as such, with some administrations preferring other models or being unaware of the potential effectiveness of e-learning.
- **Other aspects of human capacity-building were positively assessed** by interviewees, from training sessions dedicated to European Information Systems, webinars to other tools for capacity-building. Some interest was also shown during the case study interviews for the competency framework under development in the field of taxation.
- Respondents to the questionnaire for national authorities had trouble gauging whether training modules had **saved their administrations time and money**, with responses varying widely. It was highlighted by some respondents that since the Fiscalis training modules **do not substitute but complement national training** on EU legislation, costs do not tend to decrease even when the modules are used. At the same time, some stated that they would have to develop alternate training modules without those provided through Fiscalis.
- **Very high satisfaction scores (over 75%, or 'very good' in aggregate)** among national officials and economic operators to a yearly survey on the e-learning modules administered by DG TAXUD indicate these are highly valued among users.

8.5. Conclusions

While we cannot monetise the programme's benefits, holding up the findings on effectiveness alongside spending data and the positive findings on operational efficiency makes a strong case that the programme overall is cost effective. In their different ways, the joint actions, European Information Systems and training activities clearly generate value for the EU and administrations, **by helping them to pool resources (and thereby generate economies of scale), increase revenue collection and compliance and function more effectively**. Economic operators have also benefited indirectly (through better administration of tax policy), as well as from the direct use of certain IT systems and e-learning modules. Further up the causal chain, by supporting the internal market the programme should also increase trade by making it easier to deal with e.g. VAT across borders.

By this logic, **the most cost-effective aspects of the programme have been in those areas with the strongest case for EU action.** Such activities relate to areas anchored in clear EU policy needs and the buy-in from key stakeholders at the senior level that typically accompanies this.

Nonetheless, the **large amount of money at stake highlights the importance of ensuring the relevance of given activities and a critical mass of participation in / use of them.** In most cases these factors appeared self-evident, as shown in the generally positive findings under effectiveness. However, justifying costs should be considered especially for relatively expensive activities such as workshops (within joint actions) and any IT development project, for which cost-benefit analysis can be used to determine feasibility.

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9. EVALUATION QUESTION 7: COHERENCE

Evaluation question 7: To what extent does the programme demonstrate internal and external coherence?

9.1. Introduction

Coherence has both an internal dimension, related to how well the programme's many parts fit together, and an external dimension, related to its alignment with other EU policies and programmes. We address each of these two dimensions in separate sub-questions.

The research mainly relied on a review of documentation for Fiscalis and other initiatives, with the support of interviews and questionnaires with national tax administrations. Feedback from the case studies also contributed to answering this evaluation question, by looking at activities not individually but rather how they work together to achieve common ends.

9.2. Internal coherence

The assessment of internal coherence itself involves several levels. At the conceptual level, the evaluation considered the programme's intervention logic (see Annex A.1) to test the strength of the logical links between the various levels of the causal chain. More practically, the evaluation also assessed the Annual Work Programme priorities and specific activities to see how well they fit with each other and the objectives of the programme. Internal communication and information-sharing channels and tools were also analysed to understand whether these encourage synergies and avoid duplication.

9.2.1. Consistency between intervention logic, programme objectives, and Annual Work Programme priorities and projects

The evidence assessed – including programming and reporting documents, as well as interviews with Commission officials and consultations with national authorities – confirms that there is **consistency between the intervention logic, programme objectives, Annual Work Programme priorities and projects**. However, the **interconnectedness of projects and objectives** makes disentangling these into guiding priorities and principles for programme intervention difficult.

The programme's design is objective-driven, which means that all actions under the programme must refer to the objectives and priorities outlined in Regulation (EU) No 1286/2013 and the resulting Annual Work Programmes. Article 14 of the Regulation establishes the process through which each Annual Work Programme shall implement the objectives of the programme. The programme actions are determined in accordance with the overall, specific and operational objectives, as laid out in Articles 5 and 6.

As outlined in section 7.2 above, national interviewees point to the **flexibility and comprehensiveness of the Annual Work Programme as key strengths**, being able to fit a wide palette of concrete actions. These reflect national priorities within the overarching priorities of the programme.

Each Annual Work Programme (2014-2017) also presents a number of **projects functionally grouped by the specific objective** to which they are mainly expected to contribute. Activities under the programme are in turn organised to support the achievement of the objectives of these projects. The applicability of this multi-layered approach, with the projects and their stated objectives as a guiding tool to ensure an appropriate implementation of the programme intervention logic, seems sensible and,

as discussed in section 3.2, represents a big step forward for the internal coherence of the programme. During previous funding periods, a long list of activities was simply presented, with the links between them unexplained. However, the evaluation also found that the new structure is still being established and communicated among national administrations and DG TAXUD business units, with few stakeholders outside of the programme management team being aware of it or using it to foster more practical links between actions.

Reviewing the joint actions under specific Annual Work Programme projects, highlights the complexity of designating specific and operational objectives for actions. For example, an analysis of actions that have been repeated or renewed in multiple years shows that the designation of project / specific objective / operational objective often changes. This is complicated by the fact that the programme also includes the possibility to assign an action both a primary and secondary Annual Work Programme project, and primary and secondary operational and specific objectives. This was done for around half of joint actions, in a way that seemed haphazard, again showing the difficulty of disentangling the deeply interlinked objectives of the programme, and also making it difficult to use the secondary objectives / projects for the analysis.

Despite the issues mentioned above (in terms of possibility for clear distinctions regarding activities, and the projects and priorities to which they should correspond), the evaluation found significant contributions of the supported activities to all five parts of the specific objective. This is discussed in detail in section 6.

9.2.2. Synergies / duplications at different levels of the programme

The continuity of the programme, in particular the fact that it is the fourth Community action programme for taxation, is a **crucial element to understand how its different components fit together**. An example of the value of the gradual refinement (based in part on periodic evaluations to assess implementation) of the programme in terms of synergies and complementarity is the introduction of expert teams in the current programme. These are able to play a concentrated supporting role for a variety of projects, as evidenced by their relevance according to many interviewees, and ability to feed other platforms with needed expertise and capacity.

Looking to other examples of synergies of different activity types (joint actions, IT systems, training) there are **instances of clear cross-activity support and complementarity**. As an example, the working visits are a type of joint action which – according to various interviews and review of ART data – can be used to support the implementation of a variety of different objectives and projects. This includes sharing of ideas and experience for the implementation of IT systems. Interviewees mentioned the value of working visits to share concrete solutions and review best practices when implementing and making the most use of both established and emerging IT solutions. As another example, technical workshops were held in relation to the development and launch of the Mini One-Stop-Shop, in order to support implementation of the system. As to **duplication** at different levels of the programme, the total body of evidence reviewed suggests this is a **rare occurrence**.

At the same time, the wide variety of activities pursued mean that there are instances where **activities do not tap into or support other projects and processes**. One example from the evaluation case studies is the work done within risk management. Evidence suggests the implementation of activities within this field is weakly linked to other programme activities (as well as EU policy more broadly – see the specific case study report for further information).

Overall, actions reviewed as well as interviews with programme participants and national coordinators suggest **different projects and actions do complement each other**, and work as necessary pieces in the larger puzzle of Fiscalis action. There exists room for further interactions between elements of the programme, which could

especially be promoted through **more awareness of the 'projects' structure** of the Annual Work Programmes. Nonetheless, the breadth of topics covered mean there are natural limits to the degree of convergence and interconnection achievable. Given the complexity and scope of the programme, the synergies observed between different activities seem reasonable.

9.2.3. Strength of internal communication and information-sharing practices

Programme-related communication falls under the responsibility of the programme management team. This management team is directly responsible for creating the main communication tools and running some of the communication channels, including communication inside DG TAXUD, as well as to other stakeholders at EU and national levels within the world of the programme. Communication is important as Commission officials within DG TAXUD are key multipliers of the programme and therefore need the necessary tools and coaching to disseminate information about the programme.

In addition to the programme management team and the central bodies for advising and steering the programme (e.g. the Fiscalis 2020 Committee), there are also a number of **coordinating activities and fora** for different projects and activities. These include Commission expert groups and the programme's project groups with coordinating functions. As an example of the former, the "EMCS Computerisation Working Party" is instrumental in the continuous management and improvement of the EMCS. An example of the latter, the "IT Collaboration Catalyst Group" (partly reviewed in the case study on IT collaboration) works for Member States to get a more coherent view of IT solutions and IT projects.

Given the **multiplicity of groups involved in the management of the programme**, including the management and coordinating bodies presented in the section above, and the numerous projects and activities carried out, the Programme Implementation Guidance recognises the importance of efficient coordination and communication mechanisms and channels between the programme management bodies and with other coordinating bodies. At EU level, coordination and information flow are the responsibility of the programme management team, supported by DG TAXUD officials and senior management, who are in frequent contact with national tax administrations and other relevant stakeholders. At national level, communication is tasked to national programme coordinators and delegates of the Fiscalis 2020 Committee. In this context of multiple programme multipliers (both within DG TAXUD and at national level), **internal communication and information-sharing practices are important** to disseminate harmonised messages and to make use of available communication tools and channels.

Evidence on the quality of communication between the programme management team and the national administrations suggest this for the most part works as intended. There are instances of national coordinators reporting delays in hearing back from their counterparts at the Commission, but the general view of coordinators and other respondents is that communication channels are open and functioning.

Regarding internal communication within DG TAXUD, evidence from interviews indicates this may not be operating as efficiently as possible. In particular, there seems to exist a **distance between those units implementing the IT-related parts of the programme (mainly residing in Directorate B) and the programme management team**. While the programme is central to the functioning of DG TAXUD's IT work, the IT processes are somewhat isolated and better integration and communication with the programme as a whole could probably be achieved.

The **Programme Information and Collaboration Space (PICS)**, which went live for all programme activities in March 2013, is a relatively new feature of the programme. Its main aim is to improve the collaboration between Member States and DG TAXUD by providing online tools that complement and enhance the collaboration organised in the framework of programme activities (which mainly takes place through meetings, calls

or e-mails). It is also used to enhance internal collaboration and for sharing relevant expertise, experience and coordination between the programme management team, national programme coordinators and other stakeholders involved in the management of programme activities.

That being said, as explained in section 7.4 on operational efficiency, stakeholders have reported **numerous issues with the functionality and user-friendliness PICS**. These have undermined its usefulness for coordination and promoting synergies. For example, programme coordinators and other users reported difficulties in **searching and finding information**. The tool works better for consolidated information sharing among well-defined groups. This is for example the case for the multilateral controls, which share a central PICS group where national tax officials and auditors can find the information they need.

However, the system is **not as suitable for facilitating general programme coherence** through cross-activity information sharing, transparency, and dissemination of results. Several programme coordinators and national administrations, through both interviews and the national administration questionnaire, highlighted the lack of functional and easy searching (for e.g. documents) as a problem. Another barrier for national coordinators to properly survey programme activity consists of occasional **difficulties in finding and accessing relevant groups**, as well as **lacking access to groups in general**.

9.3. External coherence

To investigate external coherence, we focused on the programme's envisaged contributions to the Europe 2020 strategy as defined in the Regulation. We also attempted to identify specific examples of synergies between Fiscalis 2020 and the work of other Directorates-General and EU agencies. Last, we investigated involvement of third countries in programme activities, given encouragement in the Fiscalis Regulation to support accession and association by third countries by welcoming their participation.

9.3.1. Consistency of Fiscalis 2020 with the Europe 2020 strategy

Recital (3) of the programme Regulation states that the activities under the Fiscalis programme (including the European Information Systems, the joint actions and the common training initiatives), *"are expected to contribute to the realisation of the Europe 2020 Strategy for smart, sustainable and inclusive growth by strengthening the functioning of the internal market"*.

The achievement of the objectives of the Europe 2020 strategy and the functioning of the EU rely on the EU's Multiannual Financial Framework. The current framework, which runs for the period 2014-2020, is divided into six broad categories of expenditure corresponding to different areas of EU activities.⁶³ The Fiscalis 2020 programme is funded under the framework's heading of Smart and Inclusive Growth. Paraphrasing the Multiannual Financial Framework, the programme contributes to EU tax policy by supporting the functioning of the taxation systems in the Union and in particular the fight against tax fraud, tax evasion and aggressive tax planning, by funding a highly secure communication network allowing **exchange of information** between national tax administrations and by promoting **knowledge-sharing and networking** between officials of the EU countries' tax authorities. This flows into higher-level policy goals. As mentioned in DG TAXUD's Strategic Plan for 2016-2020, a coherent tax strategy and uniform implementation of EU law are needed to limit the distortions to competition (and disruptions to the internal market) which can arise from the interaction of the 28 Member States' tax systems.

⁶³ The six categories of expenditure include: (1) Smart and Inclusive Growth; (2) Sustainable Growth; (3) Security and Citizenship; (4) Global Europe; (5) Administration; and (6) Compensation.

There was broad consensus among national administrations consulted that the **networking component** of the programme is extremely beneficial for their administrations, and the **systems for information-sharing** range from useful to outright defining administrative procedures in their respective areas (as detailed further in several other sections of this report). This shows the correspondence of programme action with the envisaged contribution to higher policy goals as referenced above.

Thus, from both a theoretical and practical stand-point, **programme action in general highly corresponds to the envisaged contribution to the Europe 2020 strategy.**

9.3.2. Examples demonstrating positive contribution of Fiscalis 2020 to other EU initiatives

Recital (14) of the Fiscalis 2020 programme Regulation states that *"resources should be shared with other Union funding instruments if the envisaged activities under the Programme pursue objectives which are common to various funding instruments, excluding however double financing."*⁶⁴

Commission officials and national authorities interviewed agreed that the programme is complementary to other EU initiatives and has a strong potential to contribute to and benefit from them. However, practical links with other programmes appeared underdeveloped. Aside from the many links with the Customs 2020 programme, we **only identified two concrete cases of active coordination with other EU programmes / projects**, the Structural Reform Support Programme, and the Tax Education Portal project.

The **Structural Reform Support Programme**, run by the **Structural Reform Support Service**, provides tailor-made support to EU countries for their institutional, administrative and growth-enhancing reform processes, particularly in Greece and Cyprus. The programme and Fiscalis are complementary, with Fiscalis helping to ensure that EU tax policy is implemented consistently across all EU countries, while the Structural Reform Support Programme focuses on providing specialised technical support. This has led to the establishment of coordination and regular communication to prevent duplication, exchange information, support national coordinators and provide feedback on finalised projects. Coordination between the programmes has reportedly increased the effectiveness of both of their actions in the countries concerned.

The **Tax Education Portal project** is a pilot project aimed at educating and informing children and young adults about tax and related issues such as tax fraud. The project was co-funded by the Fiscalis training budget. The programme's contribution to the project consisted mainly of project group of 22 national managers and experts. This project group aided in its development and roll-out.

While positive examples in themselves, the fact that only the two programmes / projects referenced above have surfaced during the evaluation's research indicates there is further potential for coordination of Fiscalis action with other EU initiatives. Findings from the ex-ante evaluation on a potential successor programme to Fiscalis⁶⁵ and further desk research identified a number of other programmes with potential complementarities with Fiscalis. These included the Single Market programme, Justice, Rights and Values programme, EU anti-fraud programme for the protection of financial interests, Horizon 2020 programme and Hercule, as well as all programmes which run significant electronic systems. Despite this potential, we did not find any evidence of active coordination to exploit this or avoid duplication, highlighting a need for further work in this area.

⁶⁴ Regulation EU (No) 1286/2013

⁶⁵ Commission staff working document, Ex-ante evaluation accompanying the proposal for a Regulation of the European Parliament and of the Council establishing the 'Fiscalis' programme for cooperation in the field of taxation.

9.3.3. Number of third countries participating in the programme and extent of their participation

As stated in recital (5) of the programme Regulation, to “support the process of accession and association by third countries, Fiscalis 2020 should be open to the participation of acceding and candidate countries and to potential candidate countries and partner countries of the European Neighbourhood Policy if certain conditions are fulfilled and their participation supports only activities under Fiscalis 2020 which are aimed at fighting against tax fraud and tax evasion, and addressing aggressive tax planning.” The regulation also opens for the involvement of external experts in the programme, including officials of third countries, representatives of international organisations or economic operators, but “only where their contribution is considered to be essential for achieving the objectives of Fiscalis 2020.”

There are six candidate and potential candidate countries (in this report collectively referred to as “candidate countries” for brevity) participating in Fiscalis 2020: Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey (not participating is the potential candidate country Kosovo). In general, the level of participation varies over countries and years, but there is a **definite interest to participate**. As mentioned in other parts of this report, candidate countries also express the will to **deepen their participation in the programme**.

Reviewing data from the Action Reporting Tool, the evaluation found a sum total of 977 proposals for joint actions submitted during 2014-2017, of which **65 came from candidate countries**. While this may seem low, the figures per candidate country are, on average, in line with several of the less active Member States.

Concerning **specific activities where candidate countries have engaged with the programme**, for **joint actions** the working visits are one of the main tools for candidate countries to participate, as they are able to arrange these of their own account. Out of the 65 proposals for joint actions from candidate countries in 2014-2017, 63 were for working visits (the remaining two were for workshops, initiated by Montenegro). Outside these, candidate countries also receive direct invitations to certain other activities such as workshops (initiated by other countries or the Commission), seminars, etc.

Concerning IT systems, one example of an **IT system providing functionality for non-Member State countries** is the Mini One-Stop-Shop, through its Non-Union Scheme. Out of 13 522 registered traders on the Mini One-Stop-Shop platform as of 2016, 947 were registered for the Non-Union Scheme. In addition, when implementing the system, communications activities were organised for the benefit of non-Member State countries in order to share information on the new regime.

Finally, regarding **Training activities**, these are available to all countries through publicly available modules on the europa.eu website. Candidate countries can also deepen their participation through engagement with the training platform and various activities, though language barriers and limited resources seem to have restricted such participation for many.

Reviewing the above evidence, the evaluation found that the possibilities for candidate countries to participate are, overall, used to a reasonably high extent, with even deeper engagement strived for by some. Candidate countries thus **participate meaningfully** in the programme, and in line with the (limited) participation envisioned in the Regulation.

9.4. Answers to the sub-questions and conclusions

9.4.1. Internal coherence

There is **clear internal consistency in the Fiscalis 2020 programme** in terms of activities and projects designed to work collectively towards its objectives. Findings presented throughout the report highlight many examples of how individual activities work together to increase effectiveness overall. The **continuous character of the programme** is an important factor of success, as it has allowed to assess and consolidate successful features and to adjust aspects in need of improvement.

While classifying the activities has been difficult due to the interrelated nature of the objectives, the new structure of the Annual Work Programmes, which groups related activities into projects, should over time (provided sufficient awareness raising) help to foster synergies and increase coherence further. We also found that duplication between actions was very rare.

Internal communication, under the responsibility of the programme management team, has also functioned well, with procedures and guidance in place to keep relevant actors in the loop without processes becoming too unwieldy. However, there was also some room for improvement concerning information-sharing of the programme, especially between the programme management team and IT units, and in the use of the PICS platform.

9.4.2. External coherence

The evaluation found strong evidence of external coherence underpinned by the programme's consistency with the Europe 2020 strategy, as well as involvement of third countries.

Regarding the former, through its activities the programme contributes to EU tax policy, particularly the fight against tax fraud, tax evasion and aggressive tax planning. This in turn helps limit the distortions to competition (and disruptions to the internal market) which can arise from the interaction of the 28 Member State tax systems.

The latter is realised mainly through the involvement of six candidate countries, which participate meaningfully in the joint actions of the programme and even use some of the IT systems where they have permission to do so.

The one area where strong external coherence seemed lacking was in complementarities with other EU initiatives. While the nature of the programme's objectives and activities suggests potential synergies (and duplications to be avoided) with a number of other programmes and projects, we only found two examples of practical coordination. These were with the Structural Reform Support Programme, run by the Structural Reform Support service, and the Tax Education Portal pilot project. For the former, open lines of communication and a collaborative approach helped maximise the complementarities, increasing the effectiveness of activities under both programmes in Greece and Cyprus. For the latter, Fiscalis contributed through funding as well as its networks with national experts. Other similar opportunities appeared underexploited, speaking to the need for further coordination efforts between DG TAXUD and other Commission Directorates-General.

9.4.3. Conclusions

In conclusion, **there is strong internal coherence between the various levels and components of the Fiscalis programme**. This is the result of several factors, including an **objective-driven design** which ensures the alignment of the various levels of the intervention logic, from the general, specific and operational objectives, to the priorities and activities. Continued refinement and awareness-raising of the newly introduced project structure should enhance this further. At an operational level, the

coordination of the programme as well as its **continuous duration** have contributed to enhancing synergies and avoiding duplications.

With regard to the programme's external coherence, there is **strong alignment between the programme and the Europe 2020 strategy**, both on paper and in reality, as evidenced by relevant actions and activities. **The involvement of candidate countries** is overall positive, with robust evidence of active participation, and possibilities to engage these even further (as detailed in other sections of this report).

In theory, there are clear synergies with other EU initiatives, with some **positive examples** already realised. However, there **continues to be scope for further capitalising on communication and mechanisms for collaboration** with other Commission Directorates-General and complementary EU initiatives, to maximise the contribution of the programme attainable through further coordination.

10. EVALUATION QUESTION 8: EU ADDED VALUE

Evaluation question 8: To what extent does the programme provide EU added value?

10.1. Introduction

This final evaluation question assesses the **EU added value of the Fiscalis programme**, i.e. the extent to which it generated benefits over and above what would have resulted from interventions at local, regional or national level. This has been broken down into three sub-questions relating to contributions to policy objectives and reduced administrative costs and burdens; complementing the activities and policies of the Member States; and sustainability of achievements.

Some of the aspects of the EU added value of the Fiscalis programme are **explored in the answers to other questions** (mostly efficiency and effectiveness), such as contributions to reduced administrative costs for administrations. Given the importance of demonstrating EU added value, these aspects are nonetheless re-examined in the answer to the first sub-question of this chapter.

The complementarity of Fiscalis to other initiatives at national, multilateral and international levels, the value of a common administrative culture, and the long-term sustainability of the outputs achieved if the programme was to be discontinued are addressed in the second two sub-questions. The answers to these draw on specific questions in the participatory methods, including the questionnaires with national authorities and economic operators, and interviews with Commission officials, national programme managers and programme participants conducted as part of the thematic case studies. We also conducted supplementary desk research to gauge complementarity and synergies with other initiatives.

10.2. EU added value through contributions to policy-level objectives and reduced administrative costs and burdens

10.2.1. Efficiency gains, economies of scale reductions in administrative burden and perceived added value generated by the programme

Overall, as developed in detail in the sections on effectiveness and efficiency, **the Fiscalis programme and the different types of activities funded were perceived to have added value** to the work of national tax administrations and economic operators by generating clear efficiency gains and economies of scale. Through its supporting function, the programme has resulted in reductions in administrative costs and burdens which would otherwise not have been achieved, particularly regarding the implementation of EU legislation.

Joint actions

Regarding the several types of **joint actions** available under the programme, national administrations, replying to the questionnaire sent out by the evaluation, were particularly satisfied with the usefulness of **seminars and workshops, project groups and bilateral/multilateral controls**. The main positive elements highlighted by respondents were the exchange of best practice, knowledge and information; opportunities for networking, cooperation and continuous communication; the possibility to enhance the understanding of EU tax legislation and corresponding issues, along with common problems and options for solutions; and, for multilateral controls, the operative results and impacts generated from collaboration. Qualitative evidence from the case studies, national coordinator interviews, as well as comments on the

questionnaire, validate a **strong component of EU added value** of these benefits. Without EU support and coordination, it is doubtful whether the same level of exchange of experience could take place. Fiscalis provides an arena where interactions pertaining to concrete EU tax issues are made possible, often with unique support in the form of Commission participation in a moderating and / or knowledge-sharing function. Looking to operative results of administrative cooperation, achieving these without Fiscalis as a platform and enabler would be much more complex, and in cases perhaps impossible.

Further, even though expert teams were introduced in the current programming period and not all participating countries have yet taken part in this type of action, their potential to generate efficiency gains and economies of scale was highlighted by national tax administrations. The modality involves an intense collaboration mechanism between experts from different participating countries over an extended period. Among its main benefits, national authorities highlighted the possibility to involve Member States with similar interests and challenges to **cooperate in order to avoid duplication of work**. So far, a number of Member States have joined forces specifically for the development of IT systems and modules.

European Information Systems

The IT systems supported by the Fiscalis programme have led to substantial, if hard to quantify, cost savings for national administrations in the form of reduced IT spending and human resources compared to a non-EU action scenario. Centrally developed systems are cheaper to develop and implement than 28 individual national systems, and also avoid costs relating to interoperability between countries. Where systems are split between EU and national components, the programme ensures interconnectivity and efficient coexistence between countries. By allowing the Member States to pool resources in areas of mutual interest, IT collaboration also offers the potential to generate economies of scale. While this has only been done to a limited extent so far, the evaluation found willingness and enthusiasm to explore further projects in future. In addition to being more efficient overall, this could be especially helpful for smaller countries which otherwise would lack, or struggle to find, the funding to develop and implement such systems themselves. In a similar vein, centralised applications and IT collaboration both have the potential to generate economies of scale in the field of IT. Concrete examples of costs savings identified by national authorities who responded to the IT questionnaire are outlined in the table below.

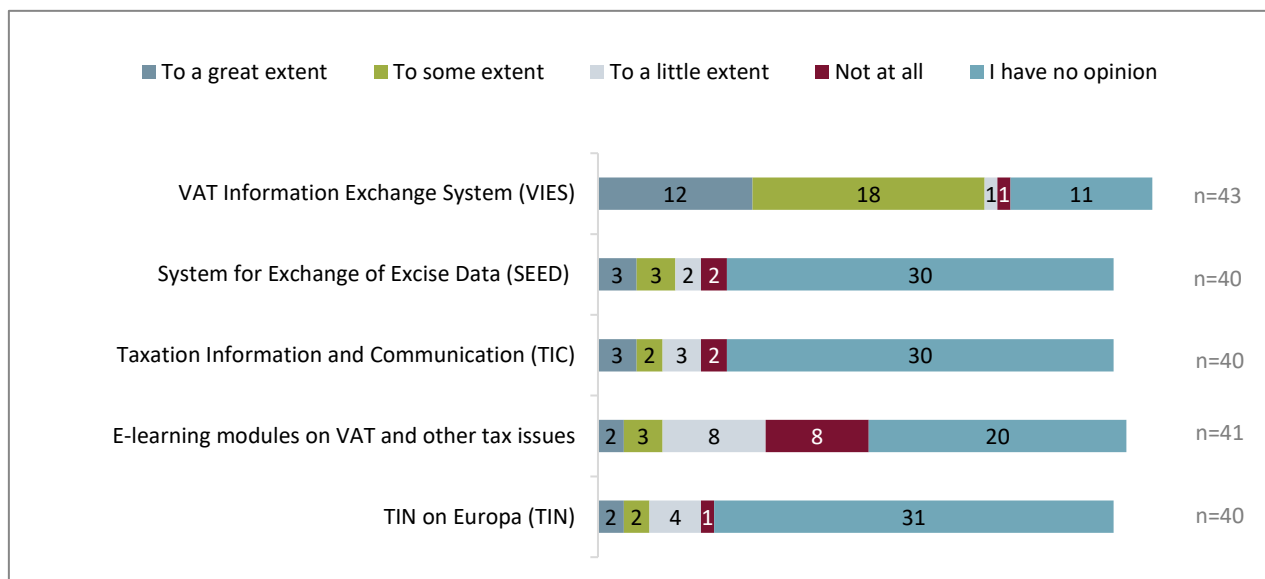
Table 16: Examples of cost savings brought by EU IT systems

System type	Cost savings
IT collaboration*	Automatic exchange of information modules: IT collaboration used in connection with automatic exchange of information and statistics resulting in saved resources for the countries using the modules that were developed. While these only include a few Member States, there is a potential for much more significant gains through additional IT collaboration in the future.
Information exchange architecture	CCN, CCN Mail and eForms: Contributes to a simplification of procedures, and thus to a reduction in time needed to process a request. Results in reduced postal charges.
Indirect taxation systems	EMCS: Has reduced work intensity and personnel needed to monitor excise goods movements.
Other	IT capacity building: Improved understanding and practice / training related to new processes and procedures lead to more efficient execution of tasks and exchange of required data, implementation of new functionalities, etc. All in all, this helps reduce costs and time spent by the national administrations.

Source: Evaluation questionnaire with national authorities – part 2 (IT systems) and interviews. *While not resulting from European Information Systems per se, cost savings from Member State IT collaboration have been included to further illustrate the EU added value of taxation IT collaboration.

Regarding reductions in administrative burden for economic operators, this was surveyed in the questionnaire directed specifically to this target group. The results of the survey question relating to **saving time** through the use of Fiscalis-supported IT systems are presented below.

Figure 19: Time-saving enabled by the Fiscalis services



Source: Evaluation survey with economic operators.

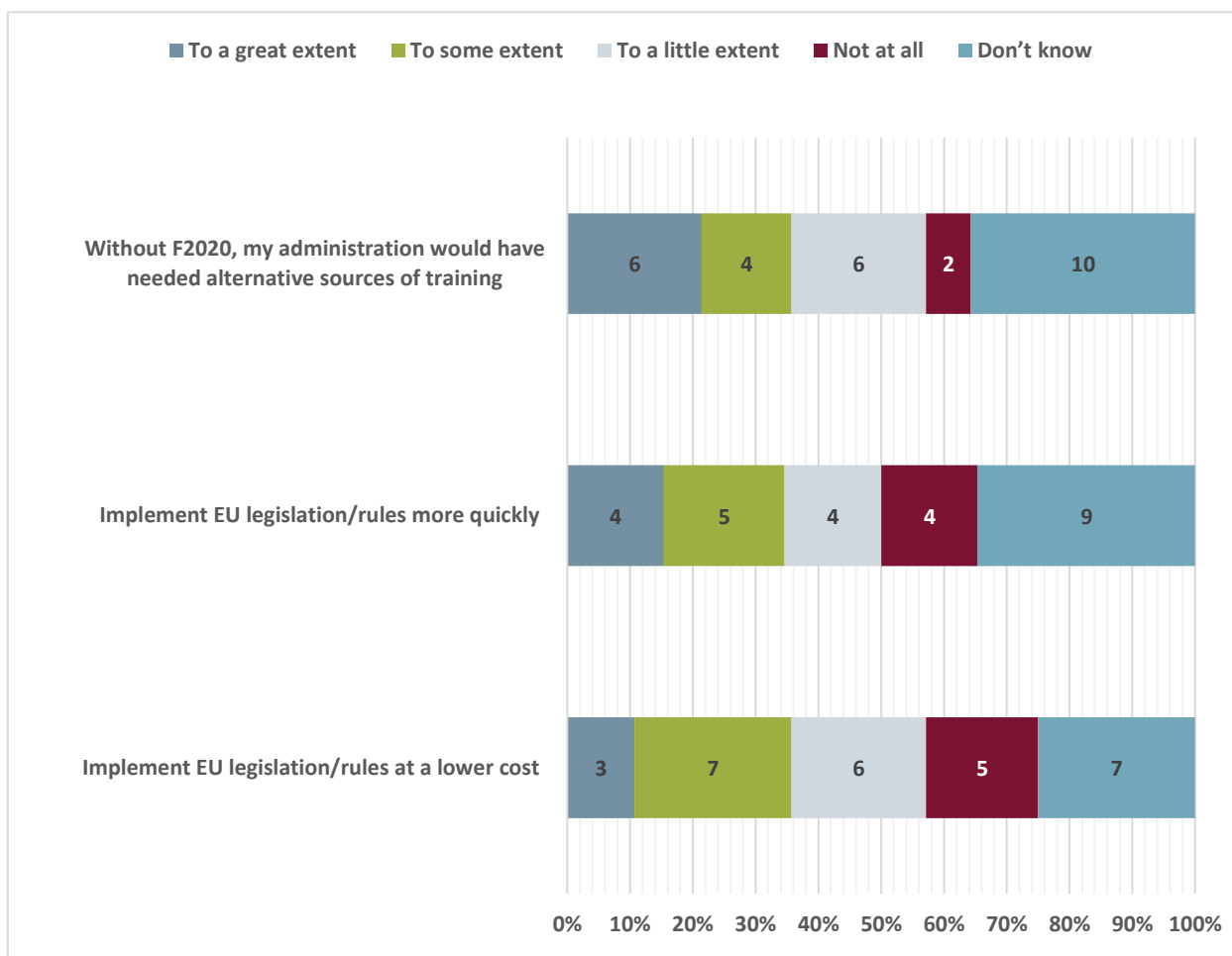
The survey generally showed quite low levels of awareness of the systems mentioned in the questionnaire, with only a quarter of respondents being familiar with SEED, TIN-on-Europa and TIC. Furthermore, the survey provides fewer positive indications on the extent to which these systems had enabled economic operators to save time: About half of respondents providing an estimate said the systems had saved them time to a great or some extent, with the other half replying it had only done this to a little extent or not at all. VIES stands out from the above three, as a service that a clear majority of respondents were familiar with. In addition, among those providing an answer, 30 out of 32 replied that it had saved them time to some or a great extent. Meanwhile, given the very low response rate to the survey, both positive and less-than-positive results should be interpreted with great care.

Common training activities

The programme's common training activities, particularly the e-learning modules that were assessed in depth, were found to save time and money for national administrations, but only for the limited number of participating countries which use them. As shown in the table below, respondents to the questionnaire to national administrations were divided, with some indicating that they were not dependent on these training modules. Others said that the modules provided a good complement to national training, and that they could be more easily shared. The modules were also said to cover some areas (such as VAT fraud) not covered by some national curricula, and to contribute to the national administration's obligation of providing training to its officials.

Furthermore, looking at the distribution of responses, the share of "don't know" responses is high for all the statements. It can also be noted that the response that the modules had "not at all" provided the stated benefits is relatively frequent, especially regarding whether the modules had allowed an administration to "implement EU legislation/rules at a lower cost" and "implement EU legislation more quickly". However, concerning implementing EU legislation at a lower cost, it was highlighted by some respondents that since the Fiscalis training module do not substitute but complement national training on EU legislation, the costs do not tend to decrease.

Figure 20: Savings of time and money resulting from the Fiscalis training modules



Source: Evaluation questionnaire with national authorities.

10.3. Complementarity with activities and policies of the Member States

10.3.1. Synergies between Fiscalis and specific initiatives at national level

There was consensus among national programme coordinators consulted that **Fiscalis provides the possibility for action above and beyond what participating countries could achieve on their own**. Overall, the programme has been effective in attempting to provide solutions to problems and issues for which there is a clear EU dimension.

Interviewees mentioned that, were there no Fiscalis programme, administrations would not be able to collaborate the way that they do today. It was highlighted that without the programme, countries would to a greater extent diverge in their working practices and procedures. The sharing of knowledge was also pointed out as a structurally significant benefit of the programme, providing added value no matter the specific national priorities and needs.

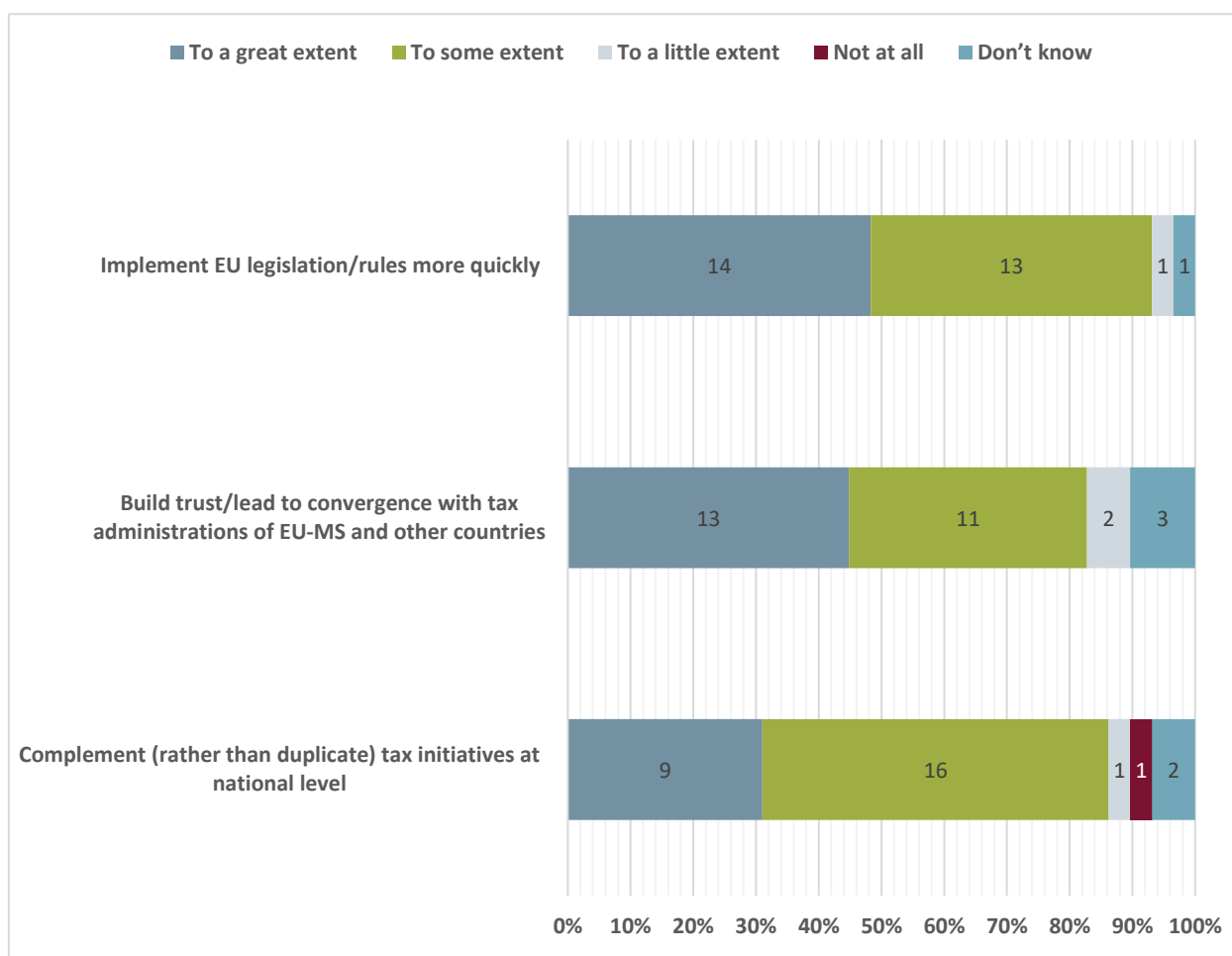
In relation to different actions taken by the programme, investigated as part of the case studies, most of these pointed towards synergies and complementarity of efforts vis-à-vis national activities. As an example, the multilateral controls and PAOEs are indispensable tools to realise the type of administrative cooperation and information-sharing they support. The Fiscalis actions complement and tap into activities at the national level, leading to results which would otherwise not be achievable.

Findings from the questionnaire (see figure on the next page) to national administrations showed broad levels of agreement regarding how **Fiscalis complements (rather than**

duplicates) initiatives at the national level, with 25 out of 29 respondents agreeing with the statement to a great extent or to some extent. Specifically, consultation and networking with colleagues from other countries through the joint actions were considered as complementary to initiatives at national level, helping to build relationships and trust as well as supporting the sharing of experience and knowledge (as already mentioned above).

As to specifically **building of trust**, respondents mentioned that in many cases personal contacts are formed between officials following joint action activities, and participants often continue to work in a bilateral or multilateral frame following the end of an activity. This view was supported by interview data, where several interviewees in different positions and working through different Fiscalis activities highlighted the sustaining contacts created. This is an important added value of the programme, though less visible than the activities themselves.

Concerning the **implementation of EU legislation**, joint actions were said to support both the pre-legislation work, and the following actual implementation of EU legal acts. The opportunity to meet with colleagues from other Member States and discuss legislative changes was especially highlighted. Furthermore, the involvement of the business side in such meetings was mentioned as valuable to provide input on potential problems that need to be taken into account in implementation processes. The dialogue and discussions thus seem to enable a more unitary transposition of EU legislation. It was also mentioned that the joint actions are useful for the candidate countries regarding alignment of national legislation with the EU acquis.

Figure 21: Added value of Fiscalis

Source: Evaluation questionnaire with national authorities.

10.3.2. Agreement among stakeholders that given Fiscalis activities add value compared to other options for collaboration

Evidence collected for the evaluation amount to a wide consensus among national tax administrations that **Fiscalis activities add value compared to other options for collaboration and policy implementation**. In the line of conducting interviews the evaluation queried interviewees as to the presence of other fora for taxation cooperation, and if and how Fiscalis complemented and added value beyond what these could provide.

In general, interviewees within a number of fields mentioned IOTA, the OECD (and to some extent the International Monetary Fund and the World Bank) as other arenas for cooperation. Especially **IOTA** was brought up as a collaboration platform which touches upon many of the same areas as Fiscalis.

The general view was that these other international platforms **by no means substitute Fiscalis** or provide the same type of concrete and close cooperation. However, there were mentions of **overlap within specific intervention areas**. This mainly concerned activities relating to knowledge-sharing within current international taxation issues, such as emerging practices for risk management. Within such areas, there is thus an opportunity for higher degrees of coordinating priorities and activities with the work conducted within other platforms.

10.4. Sustainability of Fiscalis achievements

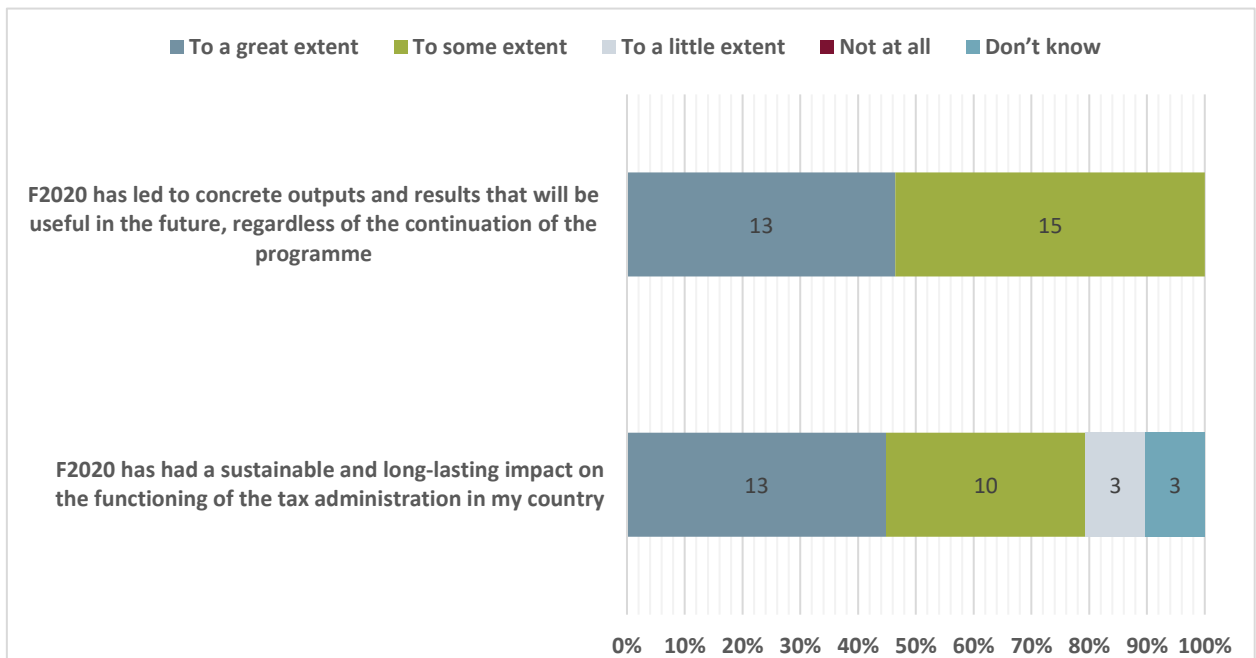
For evaluation purposes, sustainability refers to the lasting benefits of the programme and the extent to which they are dependent on continued funding. In order to apply this

concept to the Fiscalis programme, we firstly considered programme sustainability more generally, concentrating on Fiscalis’ perceived achievements and their durability according national administrations. Secondly, we considered several aspects of the programme should funding be cut or the programme cease to exist, focusing in particular on the survivability of the IT systems.

10.4.1. Level of agreement that administrative cooperation and other achievements of the programme would continue without / with reduced funding

National authorities consulted by the evaluation questionnaire expressed positive views on the sustainability of the Fiscalis programme achievements and results (see figure below). Overall, respondents agreed that **Fiscalis generates sustainable benefits** with long-lasting impact and / or results with the possibility to continue to be useful regardless of the programme’s continuation. **All respondents** thought the programme **generated results of continued usefulness** to some or a great extent. A **great majority** agreed to the **long-lasting impact of the programme** on their administration, with a small number being unsure, and another few who thought that this was true only to little extent.

Figure 22: Future utility of the results of Fiscalis



Source: Evaluation questionnaire with national authorities.

According to the respondents, Fiscalis has managed to create several **concrete outputs and results that are and will be useful also in the future**. Some examples include an effective application and understanding of excise legislation; increased competence of the national administrations; advanced administrative cooperation; IT systems; capacity building activities; an exchange of views, knowledge and expertise; and creation of networks, tools and methods. The Compliance Risk Management Platform was mentioned as valuable, as well as the outcomes resulting from its activities.

Improved capacity, implementation of projects, as well as working visits, were brought up as activities with long-lasting impact. Furthermore, the programme has contributed to an enhancement of administrative cooperation overall. Various activities have had an impact on enhancing and improving functions within the administrations through exchange and gathering of knowledge, procedures, methods, and legislative solutions. Contacts made with other tax officials in EU Member States were also stated to have a sustainable impact, as networks have been created enabling and facilitating dialogue in

the coming years. Finally, Fiscalis training initiatives were mentioned as new ways of learning for a new generation of tax officials.

Interpreting the above results, we see that many of the stated sustainable benefits relate to **administrative capacity and exchange of knowledge and practices**. These can be assumed to survive in the form of human and structural capital within the national tax administrations, as well as concrete outputs such as documented methods and tools where such have been produced. The overall impression is positive, and evidence a high degree of **sustainable learning** from activities, mainly joint actions, which contribute to such results.

10.4.2. Importance of continued funding and survivability of programme achievements

For programme outputs and results to be maintained and improved, respondents **underlined the importance of the programme's continuation**. This in particular related to IT systems and their continued operation. It was highlighted that a majority of the present funding of the union IT systems is covered by the programme budget. Therefore, an interruption of funding would cause immediate problems in sustaining information exchange and other crucial IT system functions. Case study interviews on e.g. the EMCS expressed that it was imperative Fiscalis should continue, mainly from the perspective of supporting the information exchange already in place.

Data on Fiscalis committed expenses for IT (see discussion in section 8.3) show that roughly 77% of resources are dedicated to maintenance and operation of existing IT systems, amounting to some EUR 53 million for the first three years of the programme. The maintenance of CCN alone, which constitutes a vital IT architecture for secure exchange of information, and which underpins many systems, amounts to 12% of committed expenses for IT, or roughly EUR 2-3 million annually. Examining this data in light of interview statements – that development and implementation of valuable IT systems often could not have been funded without the programme – indicates it may be unlikely that funding would be secured for existing systems should Fiscalis discontinue.

In the absence of programme funding the Member States could continue to use the **trans-national** systems by financing maintenance with national funds. These systems were developed nationally and are thus compatible with existing IT landscapes. The **central applications**, however, depend on the Commission for key inputs. Unless a substitute for the Commission could be found to manage these systems, it is unlikely they would be of use for long without a successor programme to Fiscalis 2020.

10.5. Answers to the sub-questions and conclusions

10.5.1. EU added value through contributions to policy-level objectives and reduced administrative costs and burdens

The Fiscalis 2020 programme and the different types of activities funded have **added value to the work of national tax administrations** and economic operators by generating **clear efficiency gains and economies of scale**.

Joint actions, especially seminars and workshops, working visits and project groups, contribute to the exchange of information and experience, provide opportunities for networking, and enhance the understanding of common problems and solutions, **beyond what would otherwise have been possible**. Programme support in the area of European Information Systems is considered to have **saved costs** for national administrations. Common **training activities** have also helped save time and money for the administrations in certain countries through joint development and provision of training which otherwise would not have been available.

10.5.2. Complementarity with activities and policies of the Member States

Clear complementarity between national and EU action has been identified within the scope of the programme. There was consensus among national programme coordinators consulted that **Fiscalis provides the possibility for action above and beyond what participating countries could achieve on their own**. This ranges from activities like administrative cooperation – where programme action augments national processes – to providing supporting arenas for learning and coordination in the implementation of EU law (or, for candidate countries, alignment with the EU acquis).

In addition, other **international tax initiatives** like IOTA are **no substitute for Fiscalis** and the deepened collaboration enabled by the programme. However, in certain fields (e.g. risk management) similar efforts as those in Fiscalis exist, and **further coordination** to avoid duplication may be called for.

10.5.3. Sustainability of Fiscalis achievements

The **sustainability** of results and outputs of the programme is generally high. This includes more intangible benefits (such as enhanced networking and relationships) and tangible outputs (including tools, methods, etc.), and in particular in relation to **improved human capacity** (in many forms) in national administrations.

Nonetheless, there was unanimity among stakeholders consulted about the **importance of the continuation of the programme** in the future. This is not least true to ensure the **sustainability of the European Information Systems** supported by the programme, and to avoid the potential negative impact that reduced or discontinued funding would have on these IT systems. Overall, the evaluation finds that **maintaining support for established IT systems is necessary**, to secure the information exchange architecture created, as well as the many platforms encompassing central, Commission-run components.

10.5.4. Conclusions

Overall, the programme has been effective in **providing solutions for problems with a clear EU dimension**. In particular, the programme **adds value** by providing a forum for discussion, exchange of experiences and networking between Member States that would not be possible without Commission support, as well as providing an otherwise highly unlikely framework and systems for **exchange of information** through a variety of systems and activities.

These lead to both tangible and intangible **benefits of scale and coordination**. The clear EU component, and the fact that the same results would be difficult or impossible to achieve without the programme to support them, in particular in terms of necessary maintenance of European Information Systems, also leads the evaluation to conclude that **continued support** through funding of the programme is relevant and advantageous from the perspective of EU added value.

11. CONCLUSIONS AND RECOMMENDATIONS

This section presents overall conclusions for each evaluation criterion, followed by a set of recommendations for the future.

11.1. Overall conclusions

11.1.1. Relevance

At the general level, the findings **validate the relevance of the Fiscalis specific objective by identifying clear needs** for secure and rapid exchange of information, cooperation between tax administrations and enhancement of administrative capacity. In line with the problems and societal drivers identified in the programme's preparatory Impact Assessment, these needs stem from the **growing scope of EU law and initiatives, cross-border nature of problems** and **persistent need for convergence between countries**. There has been universal agreement among stakeholders that the programme is **needed to facilitate this exchange and cooperation**, and that ambitious policies would not be possible to agree or implement without such support. Thus, the programme's role in fostering convergence of approaches, administrative procedures and rules is highly relevant.

The programme also successfully addresses the **perceived needs** of national administrations in participating countries. There is overall **alignment between programme activities and administrations' needs**, but some evidence that Annual Work Programme priorities and projects would need to be more focused and limited if they are to serve as strategic guidance for Fiscalis. The **mix of instruments** (including new ones) all have relevant applications and address a broad scope of underlying needs. They are thus all relevant in the right circumstances.

The **issues the programme addresses and specific activities also correspond to the needs of secondary audiences**, namely certain economic operators and citizens as a whole. However, more efforts could be made to raise the awareness of and involve these audiences, especially the economic operators directly targeted by programme activities.

Among the **general public**, there is little evidence on the direct awareness or impact of the programme. Indirectly, the programme addresses problems which are highly relevant to citizens, and where EU action is considered necessary.

11.1.2. Effectiveness

Reinforced cooperation and information-sharing between tax authorities

Through its three main types of activities (joint actions, European Information Systems and training), Fiscalis has **played an integral role in reinforcing cooperation between tax authorities in the EU Member States and other participating countries**. The programme has provided the framework and technological means necessary to work together and share information in the service of implementing EU tax law and fighting tax evasion, fraud and aggressive tax planning in an increasingly mobile Europe. Evidence of this was most compelling in the field of indirect taxation (particularly VAT and excise) where the EU competence is strongest, and the level of programme activity is correspondingly high.

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

Each type of activity also contributed in unique ways to **increased cooperation**. The joint actions provide a menu of options which can be adapted to fit a wide range of collaboration needs, ranging across the policy cycle from early brainstorming and reflection through practical implementation and concrete operations, such as the carrying out of multilateral controls and PAOEs. The IT systems have played a crucial role in helping the Member States to communicate with each other securely and efficiently across many areas of mutual interest, facilitating the day-to-day work of administrations and contributing to the fight against tax fraud and evasion. While the e-learning modules are only in use in some Member States, they have shown to contribute meaningfully to the knowledge base, especially in places with relatively limited resources.

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

Use and benefits among economic operators

As a **secondary target group for the programme**, economic operators are expected to benefit as participants in specific joint actions, users of some IT systems (e.g. databases related to VAT and excise, in addition to the Mini One-Stop-Shop) and training modules (most importantly on the VAT Directive). They should also benefit indirectly from many aspects of the programme, as these should foster lighter and increasingly electronic procedures and facilitate trade.

The evaluation did not collect enough evidence from economic operators to reach a firm conclusion on direct benefits. However, **indications from the available data suggest that these are being achieved, at least to some extent**. For example, feedback provided to the national officials dealing with economic operators in the use of given IT systems has been very positive, while DG TAXUD's data on the e-learning modules shows increasing use among economic operators and high levels of satisfaction. Provided that economic operators will continue to be targeted, a priority for the future could be to assess their needs and perceptions more systematically, and thereby ensure the programme adds value for them.

Regarding indirect effects, **many benefits for economic operators are likely to be accrued indirectly**, as administrations use the IT systems and joint actions to improve systems and processes and reduce reporting obligations. The EMCS reportedly ushered in some improvements in this regard, while the Mini One-Stop-Shop is expected to make a big difference for economic operators (especially among SMEs) when its scope is expanded during the next programming period.

Contribution to objectives

The evaluation finds that the programme has made **strong contributions in all five aspects of its specific objective**. These contributions have taken many forms and flow from the diversity of both the programme's activities and aims and the policies they support.

Attempts to isolate contributions to the different aspects of the specific objective are fraught given their **overlapping and mutually reinforcing nature**. However, it is possible to make some distinctions. The most important contributions were found in two of these aspects. **Support for the exchange of information** is a cross-cutting issue that encompasses the benefits of the IT systems. These are commensurate with the large proportion of the programme budget they account for and help administrations share information quickly and securely. The IT systems also create the potential for increased gains in future if the IT collaboration project continues to gain momentum. A

number of the systems also serve to improve the situation for economic operators by easing reporting obligations and facilitating trade.

The evaluation also found important contributions to the **implementation of Union law**. This aspect of the objective accounts for a large proportion of the projects prioritised through the Annual Work Programmes, with the evaluation noting particular success in supporting the exchange of information and collaboration necessary as part of legislation in VAT and excise. By engendering such collaboration, the programme also makes it easier to conceive of such ambitious policies in the first place.

The evaluation **also identified contributions for the other aspects of the specific objective**. In the field of administrative cooperation, these came through collaboration fora and working visits as well as operational activities such as multilateral controls and PAOEs. These activities added value not only in terms of increased revenue collection and compliance, but by providing a framework for collaboration that would not have taken place otherwise. This positive finding is only slightly tempered because the benefits were unevenly spread across the Member States.

Projects classified under capacity building and supporting the fight against tax fraud, tax evasion and aggressive tax planning⁶⁶ consisted mainly of **training activities and collaboration platforms in areas such as compliance risk management**. While the evaluation identified important contributions related to e.g. the technical assistance provided to Cyprus and Greece in 2014 and the use of e-learning modules in certain Member States, we also noted instances where activities are not realising their full potential. Since many of these activities concern areas with limited EU competence, where participation is not required, this often related to a lack of perceived need and buy-in among Member States whose capacity is already high. Prioritising those areas where widespread engagement could be secured, and / or more effort to convince reluctant Member States to take part, could further increase contributions in these areas.

11.1.3. Efficiency

Programme management

The design and management of Fiscalis reflect the **programme's long-standing success and ability to get better over time**. While its key features are generally seen as appropriate, they are also being gradually refined to improve the programme's functioning. Such refinements relate not only to design aspects (such as structuring annual priorities into thematically linked groups of activities called 'projects'), but also to tools for monitoring and information-sharing and synergies with the Customs programme. Together, these factors have produced a high degree of efficiency that allows the programme to operate with relatively few resources.

Criticism was minor and in many cases related to efforts for continuous improvement. For example, the Performance Measurement Framework that was put in place for the current funding period represents a big step forward to monitoring the programme, but it is too complicated and burdensome to function as an aid to decision-making. Similarly, the PICS information-sharing tool addresses a clear need for easy and secure information-sharing among joint action participants, but is not yet user-friendly enough to fulfil its stated role. Synergies between Fiscalis and the Customs programme, already considerable, could be further exploited.

⁶⁶ As distinct from the fight against tax fraud, tax evasion and aggressive tax planning in general, which is supported through the whole range of programme activity.

Benefits for costs

While we cannot monetise the programme's benefits, holding up the findings on effectiveness alongside spending data and the positive findings on operational efficiency makes a strong case that the programme overall is cost effective. In their different ways, the joint actions, European Information Systems and training activities clearly generate value for the EU and administrations, **by helping them to pool resources (and thereby generate economies of scale), increase revenue collection and compliance and function more effectively.** Economic operators have also benefited indirectly (through better administration of tax policy), as well as from the direct use of certain IT systems and e-learning modules. Further up the causal chain, by supporting the internal market the programme should also increase trade by making it easier to deal with e.g. VAT across borders.

By this logic, **the most cost-effective aspects of the programme have been in those areas with the strongest case for EU action.** Such activities relate to areas anchored in clear EU policy needs and the buy-in from key stakeholders at the senior level that typically accompanies this.

Nonetheless, the **large amount of money at stake highlights the importance of ensuring the relevance of given activities and a critical mass of participation in / use of them.** In most cases these factors appeared self-evident, as shown in the generally positive findings under effectiveness. However, justifying costs should be considered especially for relatively expensive activities such as workshops (within joint actions) and any IT development project, for which cost-benefit analysis can be used to determine feasibility.

11.1.4. Coherence

There is strong internal coherence between the various levels and components of the Fiscalis programme. This is the result of several factors, including an **objective-driven design** which ensures the alignment of the various levels of the intervention logic, from the general, specific and operational objectives, to the priorities and activities. Continued refinement and awareness-raising of the newly introduced project structure should enhance this further. At an operational level, the **coordination of the programme** as well as its **continuous duration** have contributed to enhancing synergies and avoiding duplications.

With regard to the programme's external coherence, there is **strong alignment between the programme and the Europe 2020 strategy**, both on paper and in reality, as evidenced by relevant actions and activities. **The involvement of candidate countries** is overall positive, with robust evidence of active participation, and possibilities to engage these even further (as detailed in other sections of this report).

In theory, there are clear synergies with other EU initiatives, with some **positive examples** already realised. However, there **continues to be scope for further capitalising on communication and mechanisms for collaboration** with other Commission Directorates-General and complementary EU initiatives, to maximise the contribution of the programme attainable through further coordination.

11.1.5. EU added value

Overall, the programme has been effective in **providing solutions for problems with a clear EU dimension.** In particular, the programme **adds value** by providing a forum for discussion, exchange of experiences and networking between Member States that would not be possible without Commission support, as well as providing an otherwise highly unlikely framework and systems for **exchange of information** through a variety of systems and activities.

These lead to both tangible and intangible **benefits of scale and coordination**. The clear EU component, and the fact that the same results would be difficult or impossible to achieve without the programme to support them, in particular in terms of necessary maintenance of European Information Systems, also leads the evaluation to conclude that **continued support** through funding of the programme is relevant and advantageous from the perspective of EU added value.

11.2. Recommendations

This section offers a number of recommendations that could be used to improve the programme in the future, both during the remainder of the current funding period and later on. The recommendations are based on the findings and conclusions presented throughout this report and are structured in themes that relate to different aspects of the programme. Since responsibility for implementing the recommendations is split between the Commission services and national tax administrations, we also specify who should take action in each case, and according to what time frame.

It should be emphasised that the results of the evaluation are generally positive. While there is room for improvement in certain areas, these amount to tweaks to a programme that on the whole is relevant, working well and adding value. It follows from this that the **Fiscalis programme should be continued and that, in the next funding period, a similar programme will be needed** to consolidate the achievements made so far and to address the needs of target audiences as well as the EU more generally.

11.2.1. Programming and design

Recommendation 1:	Make more practical use of the Annual Work Programme projects and consider multi-annual programming
Responsible actor	DG TAXUD
Timeframe	Short-term and for the next funding period
Background	<p>By grouping planned joint actions (other than procurement) into a series of thematically-linked projects, the current programme improved on previous funding periods, which simply presented long lists of loosely related activities. The idea was to boost the effectiveness and coherence of the programme by ensuring different funded joint actions support and complement each other better.</p> <p>However, the evaluation found that this potential is not fully realised, since few stakeholders actually know about the projects or refer to them in any practical way. Similarly, despite the multi-annual nature of many of the funded activities (such as long-term project groups and IT development projects), the planning process is annual, leading to a lot of repetition and making it hard for stakeholders to engage actively, given the limited time and resources faced by customs officials in many national administrations.</p>
Recommendation	In the short term, DG TAXUD could make the projects come to life simply by referring to and discussing them more regularly (and based on ad hoc needs) with national coordinators, DG TAXUD officials and other users of the programme. Setting up common PICS groups for relevant actors could also be considered. Knowledge sharing

	<p>around the identified policy projects could also increase their relevance.</p> <p>In the longer term (as is already proposed for the next period) we recommend that a multi-annual programming process is put in place that would correspond better to the nature the programme and the activities it supports. Such a multi-annual process could be flexible, setting broad priorities that are still operationalised in annual programmes, with some contingency for emerging needs. This would help further increase the coordination between activities, improving the quality of planning documents and their practical implementation as well as the programme's coherence.</p>
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Recommendation 2:	Designate long-term, platform-like project groups as such
Responsible actor	DG TAXUD
Timeframe	Next funding period
Background	The evaluation found that while some project groups are highly focused and aimed at generating well-defined outputs, other project groups are quasi-permanent platforms used for various types of coordination . The current reporting and monitoring structure is good at dealing with the first type. However, it is less suited to defining expectations and goals, and monitoring the outputs and results of actions that fall into the second category. This in turn makes it difficult to figure out when such actions are successful and make decisions about whether or not to support them.
Recommendation	When the operational details of the next programme are defined, we recommend categorising platform-like project groups as such, and defining and applying appropriate criteria for funding applications and monitoring . This would make it easier to take funding decisions about these actions, gauge success and learn lessons that can be used for future improvements.

Recommendation 3:	Refine strategy for development and promotion of e-learning modules
Responsible actor	DG TAXUD and national administrations
Timeframe	Short-term and for the next funding period
Background	The evaluation showed that, while the e-learning modules are of high quality, participating countries have different training needs and curricula . This means that while some countries, especially those with fewer resources, have fully integrated (some of) the modules into their curricula, others make them available more as a

	<p>complement to existing material while in a number of countries the modules are not used at all.</p> <p>Despite these differences, the modules are designed with all participating countries in mind, while yearly targets focus mainly on increasing the number of administrations who use them. This makes it hard to establish realistic benchmarks for progress, and to tailor the training offer to the most important needs.</p>
Recommendation	<p>We recommend developing a strategy based more on addressing identified training needs. A first step could be an initial survey conducted with the help of the Training Support Group to take stock of needs and interest. Leading from this, a strategy could be devised, ideally for multiple years, listing priorities to be taken up in future training modules and promotional plans. Importantly, this could mean prioritising those countries whose needs and likelihood to actually use the modules are greatest.</p>

Recommendation 4:	Investigate ways to improve the technological platform for the delivery of e-learning modules
Responsible actor	DG TAXUD and national administrations
Timeframe	Short-term and for the next funding period
Background	<p>As evidenced by the evaluation findings, there are many participating countries which report difficulties accessing modules due to technical issues and lack of an easy fit with their own learning management systems. A better adapted platform would also allow for better reporting of usage as well as feedback.</p>
Recommendation	<p>We recommend exploring alternative solutions that currently exist on the market which could meet participating countries' needs in terms of security, limited distribution, central management and flexibility.</p> <p>Best practices and synergies could also be identified with other Commission services and initiatives, in particular the OECD.</p>

Recommendation 5:	Improve the procedures for the translation, localisation and updates to e-learning modules
Responsible actor	DG TAXUD and national administrations
Timeframe	Short-term and for the next funding period
Background	<p>Evaluation findings showed that language, localisation and updates to e-learning are critical for the success and use of the modules. Translation to local languages is considered particularly important for modules that target operational issues (such as for e.g. container search), which often involve the training of front-line staff.</p>

	In terms of localisation and updates , the content of the modules needs to reflect local specificities and be flexible to incorporate changes in legislation or IT systems to remain relevant to the target audiences.
Recommendation	<p>We recommend prioritising an agile and flexible management of e-learning modules, focused on improving the procedures for the translation of the modules and on facilitating quick localisation and updates of the training material. In relation to translation of the e-learning modules, we suggest communicating more clearly that participating countries can request at any moment the localisation of an EU e-learning course through the signature of partnership agreements with the Commission, and that no requests have been turned down in the current programming period. If participating countries miss the window of opportunity for the translation of a given module, it is purely because of national limitations.</p> <p>In relation to localisation and updates to the e-learning modules, alternative strategies should be investigated to facilitate changes in the content of the modules to reflect local characteristics as well as emerging issues, such as new legislation, changes in IT systems and guidelines.</p>

11.2.2. Implementation

Recommendation 6:	Increase coordination with other EU programmes
Responsible actor	DG TAXUD and other Commission DGs
Timeframe	Short-term and for the next funding period
Background	In terms of synergies with the Customs programme, the evaluation (as well as the parallel evaluation of the Customs programme and a recent Court of Auditors report) found that, while the two programmes share an organisational structure and a number of activities, there was still a lack of coordination . This means that potential synergies in areas such as e-commerce, VAT fraud and IT system development have not been fully realised, and that there is room for translating relevant lessons learned in one programme to the other, in particular in the context of horizontal joint actions, IT systems and training modules that cut across both programmes. An example of the potential there is for exchanging experiences between the two programmes is the Electronic Customs Multi-Annual Strategic Plan (MASP), a management and planning tool drawn up by the Commission in partnership with Member States, which sets out a strategic framework and milestones for the management of new IT projects in the area of customs. The development of this tool under Fiscalis should feed from the Customs initiative.
Recommendation	In relation to Customs and Fiscalis cooperation, we recommend that the two programmes explore opportunities to enhance operational coordination

	<p>and the sharing of information on shared components, including IT systems and approaches for human competency building and training. The Multi-Annual Strategic Plan for Customs European Information Systems and the EU Common Framework for Customs should serve as baselines and examples for the development and implementation of these initiatives under Fiscalis. Flagship Fiscalis initiatives should also be identified that could be taken as examples in Customs.</p> <p>In relation to Fiscalis cooperation with other Commission DGs, while acknowledging that officials in DG TAXUD and other DGs are already burdened with meetings and other obligations, we recommend that a common coordination forum is established between relevant officials in DG TAXUD, DG GROWTH, DG HOME, DG ECFIN and OLAF in particular. This could start with a single meeting and evolve as appropriate, with a view to establishing more formal links and identifying and exploiting more links where possible.</p>
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Recommendation 7:	Optimise the procedures and resources for the implementation of joint actions
Responsible actor	DG TAXUD and national administrations
Timeframe	Short-term and for the next funding period
Background	<p>To ensure that the EU budget is spent in line with the overall principles and the objectives, the programme procedures require various steps regarding the different action types mainly to initiate and to report on joint actions. However, these administrative and procedural requirements sometimes are considered as disproportionate to the level of the EU investment (e.g. the approval of a regional workshop with ten participants, currently may take more than two months and requires multiple consultation and review cycles). This seems to be the case in particular in terms of working visits, expert teams, and for smaller one-off events. At the same time, the lack of sufficient human resources both at the Commission and in national administrations may reduce joint actions' agility and put too much pressure on the officials responsible for implementing and reporting on the programme. of the implementation of joint actions and create a sub-optimal workload and pressure on the staff.</p>
Recommendation	<p>We recommend that DG TAXUD, where appropriate involving national coordinators, review the workload for existing human resources and the steps for applying for and reporting on joint actions, with the aim of establishing more effective and efficient administrative processes and reducing the workload on staff. This could entail the introduction of a project-based approach (replacing an event-based management) that would reduce micro-management and related administrative burdens. resulting in the reduction of micro management and related administrative burden. The central and national programme</p>

	management levels could also produce easy-to-use guides and templates to lighten the burden.
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11.2.3. Monitoring and reporting

Recommendation 8:	Streamline the monitoring system so that it meets actual needs while reducing administrative burdens
Responsible actor	DG TAXUD
Timeframe	Short-term and for the next funding period
Background	<p>The performance measurement framework that was put in place for the current funding period has undoubtedly added value by providing evidence for accountability purposes. However, it has also added heavy reporting burdens without leading to more evidence-based decision-making.</p> <p>This is due to several inter-related factors, such as: there are too many indicators; indicators at impact level that are based on data that is rarely collected and impossible to connect to the programme's achievements; there are so many forms that they become a tick-box exercise; programme managers are driven to distraction by the amount of data to process (often manually) and report on; annual progress reports come out too late in the programming process.</p>
Recommendation	<p>A simplified framework could be both more useful and less time-consuming for stakeholders. In the short term, DG TAXUD could put in place some quick fixes to reduce burdens on programme managers and participants. For example, the action-follow-up form and event assessment form could be simplified so as to place a smaller burden on participants. DG TAXUD could also focus on a limited number of core indicators rather than reporting equally on all of them, especially given numerous overlaps and some inconsistencies.</p> <p>We also recommend that DG TAXUD conduct an evaluation of the performance measurement framework to assess the monitoring system in detail. This should lead to specific recommendations to reduce the number of indicators and eliminate irrelevant indicators and overlaps in order to ultimately lighten administrative burdens and establish firmer links between monitoring and performance management.</p> <p>Since indicators at impact level relate more directly to specific customs policies than to the programme, a small set of impact indicators has been defined for data collection during monitoring and evaluation of these policies. In theory, the data collected should then be made available to the programme management unit to feed into the monitoring system. However, for this to work, the impact indicators, monitoring and evaluation of relevant policies will need to be used to collect data on these indicators at regular</p>

	<p>and sufficiently frequent intervals. The evaluation of the Performance Measurement Framework should assess this challenge and propose recommendations for tackling it.</p> <p>Other changes are also worth exploring. For example, some surveys and satisfaction forms could be replaced by less frequent (but more in-depth) consultations with key stakeholders. Electronic tools for data collection, analysis, and presentation (such as automatically updating dashboards) could reduce the effort needed for these tasks while making the reports more timely and usable. Since much of the programme's achievements rely on networking, coming up with indicators on this should be a priority.</p>
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Recommendation 9:	Develop a more coherent approach to assessing programme performance
Responsible actor	DG TAXUD
Timeframe	Next funding period
Background	<p>The Multiannual Financial Framework programming cycle typically requires DG TAXUD to conduct several exercises that require input from national administrations (e.g. studies, progress reports). Parallel to the present evaluation, these included an ex ante evaluation for the next funding period, a mid-term evaluation of the Customs 2020 programme and impact assessment for that programme's successor. All of these studies included consultation with overlapping sets of stakeholders and significant effort from programme managers. The need for two full evaluations (i.e. mid-term and final) per programme, per funding period also generates considerable burdens.</p> <p>The combined effect is to produce consultation fatigue and a reluctance among stakeholders to engage multiple times with the various studies. This undermined the robustness of the work carried out and thus the evidence base for future decision-making.</p>
Recommendation	<p>While certain requirements are fixed, there are several options for reducing the burden on national administrations. These include:</p> <ul style="list-style-type: none"> • Combine the impact assessment / ex ante evaluation of future funding periods with the mid-term evaluation of the current period, which several DGs (such as DG Education and Culture) have done successfully. • Make the mid-term evaluation lighter, focused more on operational matters and implementation. This could be sensible, especially considering that many impacts cannot be identified at such an early stage of implementation. • Combine studies related to the Fiscalis and Customs programmes. This would build on the coordinated approach taken to the present mid-term evaluations and further reduce overlap and the duplication of

	<p>administrative and other work as well as helping to generate synergies between the programmes.</p> <ul style="list-style-type: none"> Undertake more evaluations focused on policy-related issues, and use their results to inform smaller, more focused evaluations of the programme. Each policy evaluation in the tax area, particularly areas that draw from the programme support, should regularly and specifically examine the role of the Fiscalis programme, including the programme-funded IT systems. Successive programme evaluations have provided evidence that the programme is successful and that major changes are not required. What could be more relevant would be the assessment of key policies and how well the various programme instruments and activities support them.
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Recommendation 10:	Improve reporting and information-sharing tools
Responsible actor	DG TAXUD
Timeframe	Next funding period
Background	<p>The PICS information sharing tools and ART reporting tool are crucial, both for the everyday functioning of the programme and for sharing information securely in support of objectives such as increasing administrative cooperation. However, they have been criticised for a lack of user-friendliness that wastes time and prevents them from realising their potential. Moreover, some supported activities rely on CIRCABC, another information-sharing tool developed outside DG TAXUD that was also criticised for a lack of user-friendliness.</p>
Recommendation	<p>We recommend that DG TAXUD conduct an (internal or external) audit of these tools and their use and, based on the results, decide on next steps. Given shifting security and file-sharing needs, PICS in particular could be either revamped or replaced, while ART could be refined so that its formidable functionalities are made more user-friendly.</p> <p>Any changes should then be communicated in an accessible way to stakeholders in the Commission and administrations, particularly the national coordinators who are responsible for sharing information about the programme among potential joint action and training participants. Such communication could include online tutorials as well physical training sessions as appropriate.</p>

11.2.4. Communication

Recommendation 11:	Increase senior-level buy-in and political will
Responsible actor	National administrations
Timeframe	Both short-term and for the next funding period
Background	<p>Buy-in and political will from the senior leadership of national administrations is vital to securing engagement with the programme and a critical mass of participation in specific activities. In most cases this was present, but in some countries it was not, taking collaboration down the list of priorities and contributing to low participation rates.</p> <p>Since many activities rely on network effects and active collaboration, the lack of engagement from some countries also affects the programme's potential more widely. This is especially the case for actions based on sharing experiences and best practices between countries.</p>
Recommendation	<p>We recommend that the senior leadership of national administrations engage more actively with the programme, with a view to expressing any concerns or needs that are not being met and helping DG TAXUD to address them. National coordinators, as the 'ambassadors' of the programme in their respective countries, have a particular role to play in communicating about the programme throughout their administrative hierarchies. This is especially true in candidate countries, some of which participate relatively little in the programme.</p>

Recommendation 12:	Communicate more actively about the possibilities of the programme
Responsible actor	National administrations
Timeframe	Both short-term and for the next funding period
Background	<p>Similarly, the evaluation found that the limited uptake of certain activities, especially new funding instruments such as communication and monitoring actions and expert teams, was due in part to insufficient promotion at both European and national levels.</p>
Recommendation	<p>We recommend that national coordinators and other officials take a more active role in finding out about and spreading awareness of the possibilities of the programme within their administrations. Relevant action could range from sharing materials produced by DG TAXUD on local intranets and translating such materials to organising information sessions and asking other administrations for success stories and other forms of assistance.</p>

Recommendation 13:	Review strategy for dealing with economic operators and citizens
Responsible actor	DG TAXUD and national administrations
Timeframe	Both short-term and for the next funding period
Background	Economic operators and citizens more widely are important secondary audiences for the programme, but awareness and engagement appeared low despite strong potential interest and the existence of a communication strategy. Moreover, the evaluation did not find a clear view among stakeholders about whether and to what extent such groups should be pursued as target audiences beyond economic operator representation in certain joint actions and use of certain IT systems and e-learning modules. The level of priority for getting economic operators to use the training modules appeared particularly unclear, with promotional activity ad hoc rather than systematic.
Recommendation	We recommend that DG TAXUD review the communication strategy for the programme, with a view to arriving at a common understanding of whether and to what extent actors beyond administrations should be targeted. This could include some intermediate action, such as surveying certain subsets of economic operators to gauge needs and interest. Later on, DG TAXUD could decide whether any Fiscalis branding would be appropriate, and design activities for reaching given types of stakeholders.

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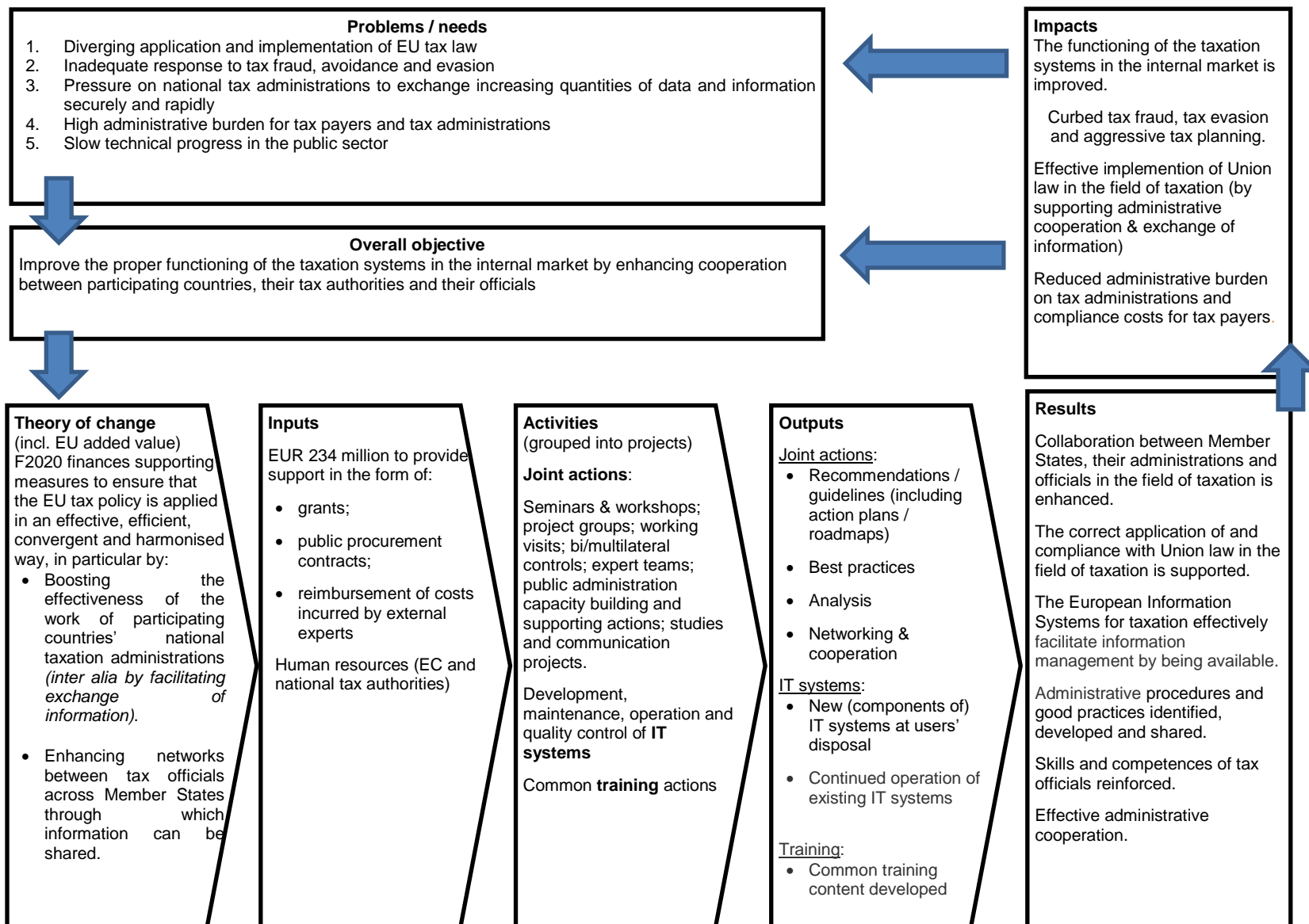
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1. FISCALIS 2020 INTERVENTION LOGIC



2. EVALUATION QUESTIONS MATRIX

Table 1: Evaluation questions matrix – relevance

Sub-questions	Judgement criteria – extent to which...	Indicators (and sources of evidence)
Evaluation question 1. Do the different objectives of the programme (in the Regulation and in its work programmes) correspond to the needs of the national tax administrations, economic operators and citizens?		
1.1 Do the objectives of the programme correspond to the needs of national tax administrations ?	The relative needs of administrations match the programme's objectives, Annual Work Programme priorities and activities	<p>Existence of perceived need for the secure and rapid exchange of information and cooperation between tax administrations and improvement of administrative procedures in general and with regard to Annual Work Programme priorities and specific programme activities (participatory methods and case studies)</p> <p>Existence of perceived needs that are not addressed in the programme objectives, Annual Work Programmes and activities (participatory methods and case studies)</p> <p>Level of interest from administrations to actively engage in programme (Performance Measurement Framework indicators 01, 11.1, supplemented by participatory methods and case studies)</p> <p>Proportion of national tax administrations who believe that their needs were addressed by programme objectives and activities (participatory methods)</p>
1.2 Do the objectives of the programme correspond to the needs of economic operators ?	The relative needs of economic operators match the programme's objectives, Annual Work Programme priorities and activities	<p>Existence of perceived needs (especially from compliance costs and barriers to doing business in the internal market) related to economic operator-focused aspects of the programme (case studies, targeted survey of economic operators and public consultation)</p> <p>Existence of perceived needs that are not addressed in the programme objectives, Annual Work Programme and activities (case studies, targeted survey of economic operators and public consultation)</p> <p>Level of interest of economic operators in programme activities (Performance Measurement Framework indicators 3.17, 4.9, 5.8, case studies, targeted survey of</p>

		economic operators and public consultation)
1.3 Do the objectives of the programme correspond to the needs of citizens as a whole ?	The relative needs of citizens, match the programme's objectives, Annual Work Programme priorities and activities	<p>Existence of societal problems related to tax fraud, tax evasion, aggressive tax planning and implications for the internal market (mainly documentary sources, supplemented by participatory methods and case studies)</p> <p>Existence among citizens of perceived need for action related to programme objectives (public consultation)</p> <p>Existence of perceived needs that are not addressed in the programme objectives, Annual Work Programmes and activities (public consultation)</p> <p>Level of interest of citizens in programme activities (Performance Measurement Framework indicators 3.17, 4.9, 5.8, case studies and public consultation)</p>

Table 2: Evaluation questions matrix – effectiveness

Sub-questions	Judgement criteria – extent to which...	Indicators (and sources of evidence)
Evaluation question 2. To what extent has the programme reinforced cooperation and improved information-sharing between tax authorities of participating countries?		
2.1 To what extent have the joint actions supported cooperation between participating authorities?	<p>The outputs of given joint actions (recommendations and guidelines, best practices, analysis, networking and cooperation) have reinforced cooperation.</p> <p>The amount and quality of collaboration between administrations have increased as a result of given joint actions</p>	<p>Level of participation in different types of joint actions (Performance Measurement Framework activity-level data)</p> <p>Number of different types of outputs produced, in terms of the different programme objectives (Performance Measurement Framework indicators 0.7, 1.6, 3.8-3.10)</p> <p>Amount and quality of actual use of different programme outputs, with regard to the different programme objectives and possible alternatives (Performance Measurement Framework indicators 0.2, 0.5-0.7, 3.5-3.6, participatory methods and case studies)</p> <p>Amount and quality of collaboration between administrations and officials taking part in different joint actions, with regard to the</p>

		<p>different programme objectives and possible alternatives (Performance Measurement Framework indicators 0.2, 5.1-5.4, 5.13-5.15, 5.20, participatory methods and case studies)</p> <p>Proportion of national administrations believing that the joint actions have made it easier and cheaper to collaborate, with regard to the different programme objectives (participatory methods and case studies)</p> <p>Existence of unexpected results from given joint actions that affected collaboration between administrations</p>
<p>2.2 To what extent have the European Information Systems supported cooperation and the sharing of information between national tax administrations?</p>	<p>Given IT systems have supported the sharing of information between administrations</p> <p>Given IT systems have supported collaboration between administrations</p>	<p>Availability and reliability of given IT systems (Performance Measurement Framework indicators 2.2, 2.7-2.8, participatory methods and case studies)</p> <p>Level of use of given systems, with regard to different areas of tax policy and programme objectives (Performance Measurement Framework indicators 2.3, 5.9-5.12, participatory methods and case studies)</p> <p>Level of perceived and documented usefulness of given systems, with regard to different areas of tax policy and programme objectives and possible alternatives (Performance Measurement Framework indicators 2.13, 2.14, 3.16, 15.1, participatory methods and case studies)</p> <p>Proportion of national administrations believing that the IT systems have improved collaboration between them, in terms of the different programme objectives and possible alternatives (participatory methods and case studies)</p> <p>Level of perceived usefulness of programme management IT tools (ART, CIRCA/CIRCABC,</p>

		<p>PICS) (participatory methods and case studies)</p> <p>Amount of time and resources saved by administrations through sharing information via given IT systems instead of other means (participatory methods and case studies)</p> <p>Existence of unexpected results from given IT systems that affected collaboration between administrations</p>
<p>2.3 To what extent have the human capacity building activities supported cooperation between administrations?</p>	<p>Given e-learning modules reinforced the development of knowledge and capacity building</p> <p>Given IT training courses enabled officials to benefit from given IT systems</p>	<p>Number of available e-learning modules, in terms of different programme objectives (Performance Measurement Framework learning index indicators 4.7, 4.8)</p> <p>Number of officials and administrations downloading and following given e-learning modules (Performance Measurement Framework learning index indicators 4.1, 4.6, 4.9)</p> <p>Percentages of participating officials finding given e-learning modules in line with their training needs and duties (Performance Measurement Framework learning index indicators 4.2, 4.5, supplemented by participatory methods and case studies)</p> <p>Favourability towards and perceived usefulness of given e-learning modules in relation to possible alternatives (Performance Measurement Framework learning index indicators 4.4, 4.5, supplemented by participatory methods and case studies)</p> <p>Number of officials participating in given IT training courses (Performance Measurement Framework learning index indicators 4.3)</p> <p>Favourability towards and perceived usefulness of given IT training courses modules in relation to possible alternatives (Performance Measurement Framework learning index indicators 4.4, 4.5, supplemented by</p>

		<p>participatory methods and case studies)</p> <p>Existence of unexpected results from e-learning and IT training that affected the human capacity building in participating administrations.</p>
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Table 3: Evaluation questions matrix – efficiency

Sub-questions	Judgement criteria – extent to which...	Indicators (and sources of evidence)
EQ 5. To what extent have the design and management of the programme been conducive to achieving the desired results?		
5.1 To what extent is the programme’s process for taking decisions and setting priorities appropriate?	<p>Programming decisions reflect the needs of beneficiaries and the Commission</p> <p>Programme decisions are timely enough to meet beneficiary needs</p>	<p>Level of agreement among key stakeholders that given programme decisions are taken in a consultative and transparent manner and reflect their needs (participatory methods)</p> <p>Level of alignment between funding amounts and stated priorities of programme committee members (participatory methods and documentary evidence from national authorities)</p> <p>Timeliness of decision-making compared to stakeholder needs (participatory methods and case studies)</p> <p>Level of effort to implement Fiscalis 2013 ex post evaluation recommendations (programme manager interviews)</p> <p>Existence of perceived improvements to the programme leading from implementation of Fiscalis 2013 ex post evaluation recommendations (programme manager interviews)</p> <p>Proportion of staff and key stakeholders satisfied with programme structure, processes and procedures (participatory methods)</p>
5.2 To what extent has the Performance Measurement Framework improved the responsiveness and performance of the programme without placing undue burdens on stakeholders?	<p>The various kinds of data collected for the Performance Measurement Framework is timely and reliable</p> <p>The various kinds of Performance Measurement Framework data are useful and fed into programme</p>	<p>Robustness of Performance Measurement Framework data across various indicators (Performance Measurement Framework data, supplemented by interviews with programme managers)</p> <p>Number and quality of discussions among programme managers and other key stakeholders about Performance Measurement Framework reports and data (participatory methods)</p> <p>Amount of time needed to provide Performance Measurement Framework</p>

	<p>governance and decision-making</p> <p>The collection, analysis and reporting of the Performance Measurement Framework data are commensurate with their benefits</p>	<p>feedback (for administrations) and collate and report on it (for DG TAXUD) (participatory methods)</p> <p>Amount and quality of use of given aspects of Performance Measurement Framework data to take set programme priorities, refine types of activities, adapt to changing circumstances (participatory methods)</p> <p>Proportion of staff and key stakeholders satisfied with Performance Measurement Framework (participatory methods)</p>
<p>5.3 To what extent has the programme demonstrated operational efficiency?</p>	<p>The administrative arrangements and amount of human and financial resources needed to manage the programme are appropriate in comparison with other spending programmes</p> <p>Funding decisions and payments are made in a timely fashion</p> <p>Actual spending reflects priorities and plans</p> <p>Potential synergies with other programmes (especially Customs 2020) are maximised</p>	<p>Number of full-time equivalents needed from Commission to administer programme compared to similar programmes (documentary evidence from DG TAXUD)</p> <p>Number of full-time equivalents needed from Member State administrations to coordinate and take part in the programme (participatory methods)</p> <p>Number and quality of automated and simplified processes compared with previous programming period (participatory methods and documentary evidence from DG TAXUD)</p> <p>Time needed to process grant applications and provide reimbursements (Performance Measurement Framework activity data)</p> <p>Alignment between actual spending and priorities and plans (Performance Measurement Framework activity data)</p> <p>Existence of cost-saving measures implemented for the new programming period (participatory methods and documentary sources from DG TAXUD)</p> <p>Level of agreement among key stakeholders that ART, PICS and CIRCABC have improved programme management and implementation</p> <p>Existence of synergies between Fiscalis and Customs (participatory methods and documentary sources from DG TAXUD)</p>
<p>6.1 To what extent did the joint actions provide value for money?</p>	<p>For all activity types:</p> <p>Given activities are designed, managed and resourced in a way that drives results and efficient use of resources</p>	<p>For all activity types:</p> <p>Proportion of activities that could not have been funded from other sources (participatory methods)</p>
<p>6.2 To what extent did the European Information Systems provide value for money?</p>		

<p>6.3 To what extent did the human capacity-building activities provide value for money?</p>	<p>The benefits for administrations and economic operators generated by given activities outweigh the costs borne by the Commission and other stakeholders</p>	<p>Proportion of activities funded in line with original estimates (budgetary data from DG TAXUD)</p> <p>Proportion of funded activities leading to cost reductions / savings for stakeholders (participatory methods)</p> <p>Relative costs of aspects of activity types and specific activities compared to quantifiable and non-quantifiable benefits and other ways of spending time and money (answers to effectiveness questions held up against budgetary data from DG TAXUD)</p>
<p>6.4 To what extent did the programme as a whole provide value for money?</p>	<p>The benefits realised under given specific objectives are proportionate to the programme's costs</p>	<p>Amount of funding devoted to Fiscalis in relation to scale of problems faced by society in terms of: tax fraud, tax evasion, aggressive tax planning, implementation of EU law, administrative burdens to collaboration faced by tax administrations and compliance costs for tax payers in the internal market (answers to effectiveness question held up against itemised budget data from DG TAXUD)</p> <p>Level of achievement in each of the programme's specific objectives compared to the amount of money spent, scale of the problems faced and possible alternatives (answers to effectiveness question held up against itemised budget data from DG TAXUD)</p> <p>Amount of own resources made available to the EU through reductions in the VAT gap and other tax collection gains that the programme contributed to (answers to effectiveness question held up against itemised budget data from DG TAXUD)</p> <p>Amount of resources devoted to aspects of Fiscalis as a proportion of resources for participating country tax administrations as a whole</p>

Table 4: Evaluation questions matrix - coherence

Sub-questions	Judgement criteria – extent to which...	Indicators (and sources of evidence)
EQ 7. To what extent does the programme demonstrate internal and external coherence?		
<p>7.1 How well do the parts of Fiscalis fit together and complement each other?</p>	<p>Programme objectives, Annual Work Programme priorities and activities are aligned</p> <p>There are synergies between programme activities (e.g. joint actions)</p>	<p>Level of consistency between intervention logic, programme objectives, Annual Work Programme priorities and projects (Performance Measurement Framework data, participatory methods and case studies)</p>

	<p>feeding the development of IT systems)</p> <p>The organisation of Annual Work Programmes into specific projects enhanced coherence</p> <p>The organisation of the programme's activities avoid duplication</p>	<p>Amount and quality of synergies / duplications at different levels of the programme (Performance Measurement Framework data, participatory methods and case studies)</p> <p>Strength of internal communication and information-sharing practices (participatory methods and case studies)</p>
<p>7.2 How well does Fiscalis support and complement other EU policies and programmes, including the Union's priorities of smart, sustainable and inclusive growth?</p>	<p>The objectives and activities of the programme support the functioning of the internal market, innovation, competitiveness, employment and the financial interests of the EU</p> <p>Accession and associate countries participate in the programme</p>	<p>Consistency of Fiscalis 2020 with the Europe 2020 Strategy, priorities aimed at reducing red tape, further improving functioning of the internal market and fostering for smart, sustainable and inclusive growth (review of programme and policy documentation, supported by programme manager interviews)</p> <p>Number and quality of examples demonstrating positive contribution of Fiscalis 2020 to other EU initiatives (review of programme and policy documentation, supported by programme manager interviews)</p> <p>Number of third countries participating in the programme and extent of their participation (review of programme and policy documentation, supported by programme manager interviews)</p>

Table 5: Evaluation questions matrix - EU added value

Sub-questions	Judgement criteria – extent to which...	Indicators (and sources of evidence)
EQ 8. To what extent does the programme provide EU added value?		
<p>8.1 To what extent has the programme generated EU added value through contributions to policy-level objectives and reduced administrative costs and burdens?</p>	<p>The programme generated efficiency gains and economies of scale (e.g. through pooling resources) in contributing to the objectives of EU tax policy</p> <p>The programme led to demonstrable reductions in administrative burdens and costs for administrations and economic operators</p>	<p>Re-analysis of answers to effectiveness and efficiency questions</p>
<p>8.2 To what extent has the programme complemented the activities and policies of the Member States?</p>	<p>The programme allowed national administrations to achieve better and quicker than would have been</p>	<p>Existence of synergies between Fiscalis 2020 and specific initiatives at other levels (documentary evidence,</p>

	<p>possible without Fiscalis or other options</p> <p>Given aspects of the programme support tax initiatives at other levels</p> <p>The programme built trust and led to administrative convergence</p> <p>The programme avoided duplicating the work of national administrations</p>	<p>participatory methods, case studies and public consultation)</p> <p>Level of agreement among stakeholders that given Fiscalis 2020 activities add value compared to other options for collaboration / policy implementation (participatory methods and case studies)</p> <p>Level of consistency between Fiscalis 2020 objectives and activities and initiatives by the Member States (participatory methods and case studies)</p> <p>Level of agreement among administrations that administrative cultures have converged (participatory methods and case studies)</p>
<p>8.3 To what extent are the achievements of Fiscalis sustainable?</p>	<p>Given achievements of the programme are not contingent on future funding</p> <p>Other sources of funding could make up for reductions in funding</p>	<p>Level of agreement that administrative cooperation and other achievements of the programme would continue without / with reduced funding (participatory methods and case studies)</p> <p>Existence of other sources of funding that could (partially) replace Fiscalis (participatory methods and case studies)</p>

3. COMBINED PERFORMANCE MEASUREMENT FRAMEWORK INDICATORS LIST

Table 6: Combined indicators list

Indicator number	Indicators for C2020 and F2020	C2020	F2020
	Results and output indicators		
	0. Cross-cut indicators: collaboration robustness between programme stakeholders resulting from Joint action activities		
	Awareness		
0.1	Extent to which the target audience is aware of the programme	x	x
	Extent to which Joint actions enhanced collaborations between participating countries, administrations and officials		
0.2	Extent to which Joint actions (that sought to enhance collaboration between participating countries, their administrations and officials in the field of customs) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	x	x
	Degree of networking generated by programme activities		
0.3	Did the activity provide you a good opportunity to expand your network of and contacts with officials abroad? (percentage agreeing)	x	x
0.4	Have you been in contact for work purposes with the officials you met during this activity since the activity ended? (percentage agreeing)	x	x
	Extent to which programme outputs (e.g. guidelines or training material) are shared within national administrations		
0.5	Were the outputs of the action shared in national administrations? (percentage agreeing)	x	x
0.6	Further to your participation in this activity, did you share with colleagues what you learned? (percentage agreeing)		
	Analysis		
0.7	Number of studies produced (total for the programme)	x	x
	Objective 1 (Customs): to support the preparation, coherent application and effective implementation of Union law and policy in the field of customs		
	Objective 1 (Fiscalis): to enhance the understanding and implementation of Union law in the field of taxation		
	The Union Law and Policy Application and Implementation Index		
1.1	Extent to which Joint actions (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or revised) customs law or policy) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	x	x

1.2	Participants' views on the extent to which a joint action (that sought to support/ facilitate the preparation, application and/or implementation of a specific piece of new (or revised) customs law or policy) (has) achieved its intended results (percentage of those who replied 'fully' or 'to large extent')	x	x
1.3	Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	x	x
1.4	Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	x	x
1.5	Number of joint actions that have supported or facilitated the implementation, preparation or application of (a specific piece of new or revised) customs law	x	x
1.6	Number of recommendations (R) / guidelines (G) / other outputs (O) issued further to a joint action (under this objective)	x	x
1.7	Number of monitoring visit reports issued on time (within three months after the end of the visit)	x	
	Scientific laboratories		
1.8	Number of participants in the customs laboratories activities organised under the programme	x	
	Tariff and classification		
1.9	Time taken for the resolution of divergent tariff classification cases further to programme activities: (A) Average time for solving cases, (B) Percentage of all new cases solved within 6 months, (C) Percentage of all new cases solved within 1 year	x	
	Objective 2: to implement, improve, operate and support the European Information Systems for customs / taxation		
	European Information Systems - "Availability, reliability and/or quality of *specific) Union components of European Information Systems and the CCN"		
2.1	Availability of key customs applications during business hours (%)	x	x
2.2	Availability of CCN overall (%)	x	x
	System Performance		
2.3	Activity indicators	x	x
	Existing European Information Systems "Existing IT systems indicator"		
2.4	Number of European Information Systems in operation, as per Annex 1 of the Customs 2020 Regulation	x	x
2.5	Number of modifications on IT systems in operation following business requests	x	x
2.6	Number of modifications on IT systems in operation following corrections	x	x
	"Degree and quality of support provided to Member States"		
2.7	Number of occurrences where the service desk is not joinable	x	x
2.8	Percentage of service calls answered on time	x	x

Future European Information Systems - "New (components of) IT systems indicators"			
2.9	Number of IT projects in the phase research	x	x
2.10	Number of IT projects in the phase development	x	x
2.11	Number of new IT systems in operation	x	x
2.12	Ratio of IT projects in status "green"	x	x
Joint actions that were organised in relation to the European Information Systems "Stakeholders' assessment of Joint actions / events"			
2.13	Extent to which Joint actions (that sought to enhance the availability, reliability and/or quality of (specific) Union components of European Information Systems) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	x	x
		x	x
2.14	Participants' views on the extent to which a Joint action (that sought to enhance the availability, reliability and/or quality of (specific) Union components of European Information Systems) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	x	x
2.15	Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	x	x
2.16	Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	x	x
Objective 3 (Customs): to identify, develop, share and apply best working practices and administrative procedures, in particular further to benchmarking activities			
Objective 3 (Fiscalis): to support the improvement of administrative procedures and the sharing of good administrative practices			
Joint actions "Stakeholders' assessment of Joint actions / events"			
3.1	Extent to which Joint actions (that sought to extend working practices and/or administrative procedures/guidelines in a given area to other participating countries) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	x	x
		x	x
3.2	Participants' views on the extent to which a Joint action (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')	x	x
3.3	Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	x	x

3.4	Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	x	x
Best Practices and Guidelines Index			
3.5	Percentage of participants that disseminated a working practice and/or administrative procedure/guideline developed/shared produced with the support of the programme in their national administration (under this objective)	x	x
3.6	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)	x	x
3.7	Number of actions under the programme organised in this area	x	x
3.8	Number of working practices/administrative procedures (AP) developed/shared	x	x
3.9	Number of guidelines (G) and recommendations (R) issued by participating countries in their national administrations following activities relating to modern and harmonized approaches to customs procedures	x	x
3.10	Number of actions which had outputs used for a benchmarking activity as declared by the action managers	x	
Networking and co-operation			
3.11	Number of face to face meetings (total for the programme)	x	x
3.12	Number of on-line collaboration groups (PICS) (total for the platform)	x	x
User engagement of the Programme Information and Collaboration Space - PICS			
3.13	No of downloaded files from PICS (total for the platform)	x	x
3.14	No of uploaded files on PICS (total for the platform)	x	x
Automatic exchange of working practices and administrative procedures "Exchange of information on new C2020 systems / system components"			
3.15	Extent to which key new C2020 European Information Systems / system components, as per the C2020 Regulation, aimed at increasing interconnectivity and moving to a paper-free customs union are being used (number of movements, in millions)	x	
Indicators on the simplified procedures for the national administrations and economic operators:			
3.16	Time required to close EMCS movements		x
3.17	Number of registered economic operators in the Mini One-Stop-Shop		x
3.18	Number of applications on VAT refund		x
3.19	Number of consultations on VIES-on-the-web		x
3.20	Number of consultations on SEED-on-Europa		x
3.21	Number of consultations on TEDB		x

	Objective 4: to reinforce skills and competencies of customs / taxation officials		
	The Learning Index		
4.1	Number of EU e-learning modules used by participating countries (combined number of all modules used in each country)	x	x
4.2	Average training quality score by officials (on a scale of 100)	x	x
4.3	Number of officials trained in IT trainings	x	x
4.4	Percentage of officials that found that the IT training met their expectations (percentage of those who replied 'fully' or 'to large extent')	x	x
4.5	Percentage of officials that found that the IT training to be useful (percentage of those who replied 'very useful' or 'useful')	x	x
4.6	Number of officials trained by using EU common training material	x	x
4.7	Number of IT training sessions organised for given systems / components	x	x
4.8	Number of produced EU e-learning modules	x	x
4.9	Number of times publicly available EU e-learning modules were downloaded from Europa.eu website (reported under obj. 5, indicator 5.8)	x	x
4.10	Degree of alignment of national customs administrations with the principles of the Customs Competency Framework (percentage of the total CFW modules which the national administrations implemented or have equivalent in place)	x	
	Objective 5 (Customs): to improve co-operation between customs authorities and international organisations, third countries, other governmental authorities, including Union and national market surveillance authorities, as well as economic operators and organisations representing economic operators Objective 5 (Fiscalis): to support administrative cooperation activities		
	Participant feedback "Stakeholders' assessment of Joint actions / events"		
5.1	Extent to which Joint actions (that sought to support co-operation between customs authorities and IOs, third countries, other governmental authorities, economic operators) have achieved their intended result(s), as reported by action managers: average score on the scale of 0 (not achieved) to 4 (fully achieved)	x	x
5.2	Participants' views on the extent to which a Joint action (that sought to support co-operation between customs authorities and IOs, third countries, other governmental authorities, economic operators) (has) achieved its intended result(s) (percentage of those who replied 'fully' or 'to large extent')	x	x
5.3	Participants' views on the extent to which an event met their expectations (percentage of those who replied 'fully' or 'to large extent')	x	x

5.4	Participants' views on the usefulness of an event (percentage of those who replied 'very useful' or 'useful')	x	x
Cooperation with third parties			
5.5	Number of partner countries that the customs union exchanges information with via IT systems	x	
5.6	Average training quality score by other users (e.g. traders and individuals) (on a scale of 100) (eModules)	x	
5.7	Number of programme actions supporting the operational objective relating to co-operation with 3 rd parties (NOTE: under wrong heading (stakeholder assessment) in progress report)	x	
5.8	Number of downloaded e-learning courses by economic operators and others via Europa.eu website (NOTE: under wrong heading (stakeholder assessment) in progress report, same as indicator 4.9)	x	
Exchange of information			
5.9	Number of e-forms exchanged (within each taxation area: recovery, VAT; direct taxes)		x
5.10	Number of VIES messages (registry messages)		x
5.11	Number of messages exchanged on EMCS		x
5.12	Number of EMCS control reports analysed by documentation or physical controls/findings		x
Cooperation on other means of administrative cooperation			
5.13	Number of presences in administrative offices and participation in administrative enquiries		x
5.14	Number of Member States participating in Multilateral controls (F2020 data)		x
5.15	Number of Member States initiating Multilateral controls (F2020 data)		x
5.16	Degree to which results were achieved, as assessed by the Multilateral control coordinator		x
EMCS business statistics indicators			
5.17	Administrative Cooperation Common Requests		x
5.18	History Results		x
5.19	Reminder Message for Administrative Cooperation		x
Cooperation via networks indicator			
5.20	The degree to which CLOs assess that the programme contributed to administrative cooperation (percentage of them agreeing that the activity achieved its results)		x
Customs 2020 impact indicators			
General objective: Functioning and modernisation of the Customs Union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials			
6.1	Degree of convergence between Member States (i.e. working as one)	x	

6.2	Improved functioning of the customs union	x	
6.3	Ratio of the number of customs officials participating in the programme relative to the total number of customs officials (by Member State)	x	
6.4	Extent to which harmonised electronic tools are being employed across the Customs Union (i.e. modern Customs Union)	x	
Specific objective 1: To support customs authorities in protecting the financial and economic interests of the Union and of the Member States			
7.1	Trends in number of cases of fraud detected	x	
7.2	Trends in the value of customs fraud detected	x	
7.3	Customs union performance indicators on the effectiveness of controls	x	
7.4	Number of Member States that have implemented the EU Customs Action Plan to combat infringements of IPR	x	
7.5	Extent to which projects (that sought to support customs authorities in the protection of the financial and economic interests of the EU and the Member States) have achieved their result(s), as reported by action managers	x	
Specific objective 2: To increase safety and security, to protect citizens and the environment			
8.1	Customs union performance indicators on the number of seizures	x	
8.2	Extent to which projects (that sought to increase safety and security, protect citizens and the environment) have achieved their result(s), as reported by action managers	x	
Specific objective 3: To improve the administrative capacity of customs authorities			
9.1	World Bank's logistics performance index (elements related to customs only)	x	
9.2	Extent to which projects (that sought to improve the administrative capacity of customs authorities) have achieved their result(s), as reported by action managers	x	
Specific objective 4: To strengthen the competitiveness of European businesses			
10.1	World Bank's ease of doing business index (elements related to customs)	x	
10.2	Customs union performance on the clearance of goods	x	
10.3	Customs union performance on AEO-related indicators	x	
10.4	Degree of simplification of rules due to the application of the Union Customs legislation (i.e. reduction of the administrative burden)	x	
10.5	Extent to which projects (that sought to strengthen the competitiveness of European businesses) have achieved their result(s), as reported by action managers	x	
Fiscalis 2020 impact indicators			

	Impact indicators - General objective: 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		
11.1	Ratio of the number of tax officials participating in the programme relative to the total number of tax officials (by Member State)		x
	Impact indicators - specific objective: Support the fight against tax fraud, tax evasion and aggressive tax planning		
12.1	VAT gap indicator (MP - result indicator 1)		x
12.2	Excise gap indicator		x
12.3	Direct Tax gap indicator		x
12.4	Degree of implementation of the Action plan on the fight against fraud (30 actions)		x
12.5	Degree of implementation of the Action plan on the fight against fraud (30 actions)		x
12.6	Eurofisc indicator		x
12.7	Extent to which projects (that sought to support the fight against tax fraud, tax evasion and aggressive tax planning) have achieved their result(s), as reported by action managers		x
	Impact indicators - specific objective: Support the implementation of Union law in the field of taxation		
13.1	Number of infringement cases, EU PILOT procedures, non-compliance cases and percentage of infringement cases proposed for a Commission decision (MP Result indicator 8)		x
13.4	Extent to which projects (that sought to support the implementation of Union law in the field of taxation) have achieved their result(s), as reported by action managers		x
	Impact indicators - specific objective: Support the implementation of Union law in the field of taxation		
14.1	Effectiveness of the legal framework with regard to the fight against tax fraud and tax evasion (MP Result indicator 3)		x
14.2	Level of administrative cooperation in combating VAT fraud (MP - result indicator 2)		x
14.3	Extent to which projects (that sought to support the implementation of Union law in the field of taxation by supporting administrative cooperation) have achieved their result(s), as reported by action managers		x
	Impact indicators - specific objective: Support the implementation of Union law in the field of taxation by securing exchange of information		
15.1	Valuation of IT systems by Member State		x
15.2	Extent to which projects (that sought to support the implementation of Union law in the field of taxation by securing exchange of information) have achieved their result(s), as reported by action managers		x

	Impact indicators - specific objective: Support the implementation of Union law by enhancing administrative capacity of participating countries with a view to assisting in reducing administrative burden on tax administrations and compliance costs for tax payers		
16.1	Ease of paying taxes indicator		x
16.2	Reduction of compliance costs and compliance time for companies engaged in intra-Community business (MP Result indicator 4)		x
16.3	Level of simplification and rationalisation of VAT and other indirect tax legislation (MP Result indicator 7)		x
16.4	Ratio of administrative cost to net revenue collection		x
16.5	Extent to which projects (that sought to support the implementation of Union law by enhancing administrative capacity of participating countries with a view to assisting in reducing administrative burden on tax administrations and compliance costs for tax payers) have achieved their result(s), as reported by action managers		x

4. ANALYSIS OF THE NATIONAL AUTHORITIES' QUESTIONNAIRE

4.1. Introduction

As highlighted in section 2 of the report, the evaluation questionnaire for national authorities was sent out on 2 February 2018 to 34 national coordinators in the EU Member States and six candidate countries which are also participating in the programme. 30 national authorities completed the questionnaire, including 25 EU Member States and 5 candidate countries. The present report is based on the responses from these countries and provides an analysis and overview of their views concerning the F2020 programme, its joint actions and training activities, the management structure and processes, as well as the programme's added value.

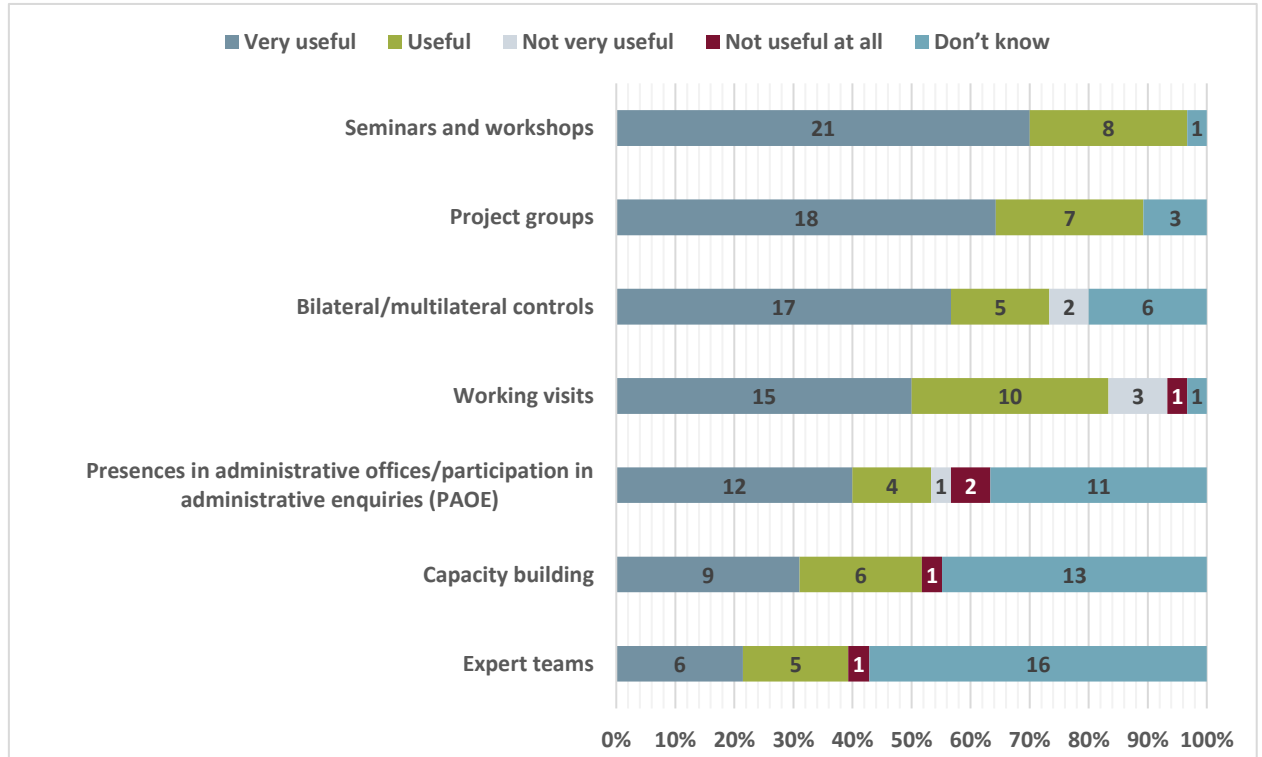
4.2. Findings

4.2.1. Supported activities: views and perceptions of the F2020 joint actions

Question 1: In general terms, how useful have each of the different types of F2020 joint actions been to the work of administration?

The activities were generally considered useful, with the most favourable responses for seminars and workshops, followed by project groups, multilateral controls, working visits, and PAOEs. No types of activities were frequently viewed unfavourably, but considerable numbers of respondents were unfamiliar with the newer activities, namely expert teams and PAOEs.

Figure 1: Utility of the F2020 joint actions



The number of responses varied between n=28 and n=30

Customs administrations were asked to elaborate on why they thought the different types of joint actions were useful or not so useful. The below sections aim to explore the qualitative findings for each joint action in turn.

Seminars and workshops

Respondents indicated the following main strengths of the seminars and workshops.

- **Exchange of best practice, knowledge and information:** Several respondents said that seminars and workshops represent unique opportunities for exchange between national tax administrations. Comparing strategies and methodologies applied in other countries enable the national authorities to evaluate their own national practices and in turn improve them. Furthermore, the experts participating in these events can offer further advice and assistance on practical approaches and solutions;
- **Networking and cooperation:** Seminars and workshops provide space for building and reinforcing contacts. This was said to help a fruitful cooperation with other Member State administrations. Also, bringing experts and national administrators together enable a good base for discussions on specific themes, and/or creation of ideas for future themes to discuss;
- **Understanding of EU tax legislation and corresponding issues:** Seminars and workshops are seen by the respondents as opportunities to exchange views and discuss EU tax legislation and common problems encountered, as well as to identify solutions to these problems.

A number of specific workshops were singled out as especially useful by several respondents. For example, the workshop on **Innovation in the field of collection and recovery of taxes and fines**. The participation in this workshop by OECD and IOTA was said to be valuable as it enabled national authorities to gain experience beyond the EU Member States. It was also highlighted that this workshop brought new insights and contributed to useful contacts and networks. Furthermore, the workshop on **Online training material development** was indicated by several respondents as very useful, as well as the workshop on **VAT refund from the perspective of the applicant's member state**. Here, one respondent mentioned that they had gained sufficient knowledge from this workshop in order to improve the VAT refund process at the national level. Also, the workshop on **Modernising VAT for cross-border e-commerce** was mentioned by many respondents. In this case, the value of having working groups involving both national administrations and business representatives, was highlighted.

Finally, while no specific **areas of improvement** were identified, candidate countries noted that they are not allowed to participate in all seminars and workshops. However, they expressed satisfaction with those that they attended and hoped that more joint actions would be opened up to candidate countries in the future. This would allow them to benefit from sharing of experiences and best practices with tax administrations in other countries.

Project groups

An analysis of the open responses identified the following characteristics as **main strengths** of the project groups:

- **Examination of specific issues and identification of concrete solutions:** Respondents mentioned that project groups get individuals focused together on a specific problem with the aim of finding a solution. In many cases, there seems to be tangible and useful outcomes that prove valuable to the Member State administrations on a longer term. Examples of concrete outcomes include the design of evaluation questionnaires (FPG 030), the creation of test material (FPG 052) which in turn also enabled savings for the Member States, promotional material (FPG 073), e-learning modules, training guidelines for future training actions related to the training of tax officials, and educational material to be

included in school curriculum as of 2018 on a pilot basis (Support the Digital Tax Education pilot project).

- **Opportunity for continuous communication:** Based on the information provided by the respondents, project group work takes place over a longer period and therefore enable long-term collaboration. In addition, the contacts established through these groups open possibilities for further development and closer cooperation between Member States even after the end of the project group activities. Furthermore, project groups can also be a way of collaboration between the European Commission and the Member States, informing the Commission about Member State problems in the project life cycle. For example, the EU Customs and Tax Training Plan was mentioned as an opportunity to coordinate desired actions between Member States and the Commission.
- **Pooling of knowledge and experience:** The pooling of knowledge and experience of experts from different countries was highlighted as particularly valuable. One concrete example mentioned was the FPG068 where Member States using electronic systems in the VAT refund process shared their best practices with other members of the project group, helping them to develop their own systems connecting to other Member State systems already in use. The importance of gathering this collected knowledge and disseminate it to other Member States as a collection of good practice was also pointed out.

Overall, respondents were very positive regarding the workings and outcomes of the project groups. However, it was mentioned that it would be useful to have final reports for the different project groups containing a summary of the content and the overall experience that other countries/administrations could learn from. In addition, the importance of having Member States sending their best experts to participate in these activities was underlined. This would assure a high standard of knowledge, experience, and practices exchanged within the project groups.

Bilateral/multilateral controls

Based on the information gathered from the respondents, the following **main strengths** have been identified for this joint action:

- **Collaboration leading to better results in this area:** Taking into account that tax fraud may involve various Member States, the cooperation between the EU Member States is crucial. One respondent said that Multilateral controls can be considered as one of the most useful tools initiated within the scope of Fiscalis, highlighting the significant amounts of taxes that are being assessed on a yearly basis. Enhancing the knowledge of less experienced Member States is also central in order to ensure their preparation for potential issues related to tax fraud. It was said to be of great importance to examine best practices and to acquire know-how on auditing in the area of e-commerce, as this enables an improvement of the auditing abilities on e-commerce in each Member State.
- **Impact and results:** Not only have the Multilateral controls enabled Member States to discover high amounts of taxes due because of fraud. They have also identified new trends, operators, and/or modus operandi that would have been difficult to uncover without Multilateral control instruments. In terms of impact for the national administrations, it was said to enable a faster exchange of information, a close cooperation and improvement of communication between Member States, as well as a release of administrative burden. Finally, the importance of agreeing new ways of tackling this type of fraud was also mentioned.

Working visits

The **main strengths** highlighted by the respondents include the following ones:

- **Fruitful exchange involving both the host and visitor:** The working visit facilitates an exchange in the true sense of the term where both host and visitor can learn from each other on a specific topic. Outputs from these working visits were said to help solving everyday issues, and also to be implemented with a long-term perspective. In some cases, very concrete outputs were identified, e.g. the successful procurement of a new tax COST IT system.
- **Opportunity for a focused exploration of a specific topic:** The working visits seem to be most useful when they deal with very specific issues that are of great interest to both of the administrations involved. Working visits were said to give ideas for improving practices and (re-)organising work in the national administration, and several such examples were provided.

It should be noted that one candidate country said that the working visits were the most useful tool for candidate countries, as they provide an opportunity to get information about EU tax legislation, and its implementation in the different Member States. As such, the working visits are helpful for the harmonisation of the national legislation with the EU acquis.

While most respondents were positive regarding the working visits in the information provided, it was mentioned that when the topic is too generic or broad, the working visit is less useful. This is sometimes the case when too many departments of the hosting administration are involved, preventing an in-depth and focused visit.

Presences in administrative offices/participation in administrative enquiries (PAOE)

Survey respondents indicated the following **main strength** of PAOE:

- **Exchange of information and knowledge:** working together and sharing information on topics such as tax evasion and tax fraud will lead to better results in this area. It was indicated that this is a valuable tool when there is a need for monitoring or auditing of cross border transactions. A fast information exchange between tax administrations is enabled, and thus national administrations can correctly assess taxes and gather evidence for tax assessment in audits where this would not have been possible without Multilateral control and PAOE instruments. Furthermore, it was mentioned that PAOE also provides opportunities for collaboration and networking with other EU Member States.

One respondent noted that PAOEs are mostly used between neighbouring countries (e.g. EE and FI working together was mentioned twice); this is likely due to a variety of factors such as strong administrative, cultural / language and trade links. Another respondent suggested that a mechanism to feed back on the reasons why Member States refuse requests to participate should be implemented, as two of their requests had been refused without explanation.

Capacity building

Main strengths that were highlighted by the respondents included the following:

- **Keeping ahead of the latest development in HR and training:** The training and capacity building activities lead to both cooperation, network building, and exchange of information and knowledge.
- **Practical development of specifications and IT systems:** It was said that common developments can be used in different Member States thus saving costs and time.

One respondent mentioned that the financial support and involvement by the Commission enables an important exchange of information between administrations,

while F2020 provides a platform for making contact between them. In addition, the e-learning courses provided by the Commission were mentioned to be used substantially.

In terms of improving this joint action, the importance of harmonising the capacity building with national training plans was highlighted. A lack of harmonisation could indeed lead to interference with the national provisions.

Finally, it is worth noting that one candidate country suggested that a capacity building activity that also the candidate countries can benefit from would be valuable.

Expert teams

Regarding the expert teams, most of the respondents said they did not know, indicating that they had not yet participated in this joint action. This was confirmed by the respondents in the open questions, and the information provided about specific activities was limited. Indeed, this is one of the newly introduced joint actions and therefore participating countries might not yet be aware of this action.

Main strengths that were highlighted in the open questions included sharing of best practice and experience, useful and tangible outcomes, as well as contacts made during the group meetings.

The **FPG/077 Code of Conduct on Withholding Tax** was mentioned. Here, tax experts of different EU countries met to discuss the problems and share best experiences of the procedures. The outcome of the expert team was a code of conduct including best practices which was later issued for public comments. While this expert team has now ended, there are plans for a follow-up to encourage EU Member States to commit to the code of conduct.

The **expert team on IT collaboration (FPG 063)** was also highlighted. It was said that contacts made during the group meetings were useful due to the exchange of information. One respondent mentioned that this was "the best learning experience ever", providing an understanding of how issues can be solved in different ways.

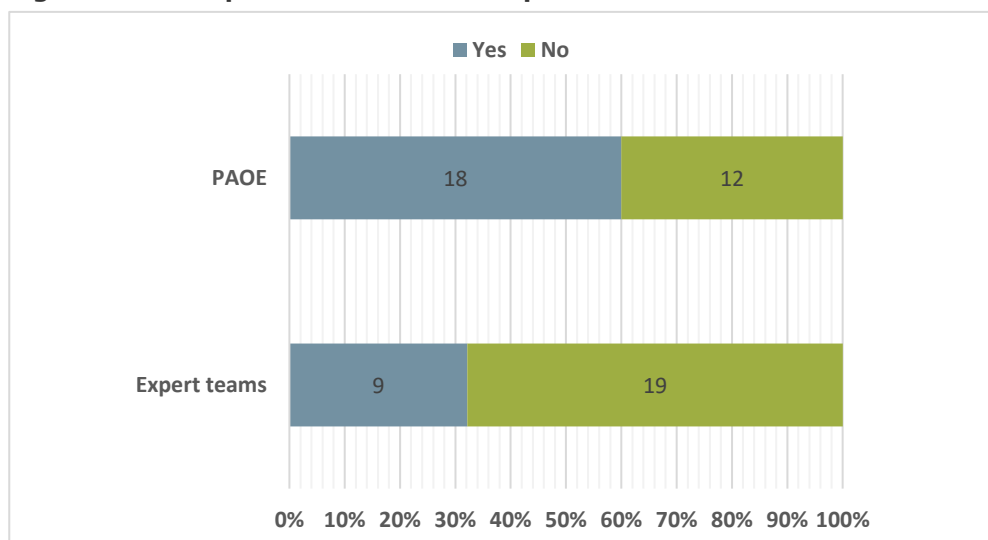
Expert team MANTIC I and II was mentioned by the respondents, suggesting it is a useful action for gathering ideas and discussing possible project plans for IT development. It was also said that MANTIC implied "practically working together towards solutions."

The **DAC2 expert team** was mentioned as a possibility to develop projects in a shorter time and to create a network of people working together efficiently on a specific topic. One respondent said that the participation led to the development of a DAC2 national application.

In terms of potential improvement of this joint action, it was said that the time periods during which the expert teams are active could be longer, suggesting that the current length is not sufficient. Another respondent said that the capacity in administrations to participate is limited as Fiscalis cannot be extended to contract staff.

Question 2: A difference with F2020 compared to previous funding periods has been the introduction of two new types of joint action: PAOE and expert teams. Has your administration taken part in these new activities?

In this question, the respondents were asked about their participation in the two new types of joint action, introduced by the F2020. Regarding the expert teams, only about one third of the respondents had actually taken part in this activity. This confirms the responses about expert teams in question 1, where most respondents were unfamiliar with this activity. A majority of administrations had taken part in PAOE activities, showing that this activity has gained traction relatively quickly.

Figure 2: Participation in PAOE and expert teams

The number of responses varied between n=28 and n=30

PAOEs

The **experience with PAOEs** was generally described as positive, useful, and rewarding. This seems to be the case both when organising/hosting, as well as during visits to other Member States.

As mentioned in Question 1, a mechanism to provide feedback on the reasons for refusals to participate was suggested also for this joint action. Furthermore, it was mentioned by one respondent that language could sometimes be an issue as the language of the hosting Member States had to be used during the procedure. Transfer pricing, the communications sector, and VAT fraud were mentioned as topics for successful PAOEs.

Regarding **benefits resulting from the PAOEs**, one respondent said that participation had led to increased revenue. Other respondents said that useful and necessary information had been gathered. Another Member State stated that PAOEs enabled a faster and better targeted exchange of information, reduction of administrative burden for participating Member States, as well as an ability to target audit specifically.

Expert teams

The expert teams were described as very useful, and as a better and deeper work experience compared to the project groups. One respondent said that it is an important way of understanding what is going on and also to have a say on what should be developed.

One respondent highlighted that the expert teams may imply slightly more administration than the project groups, and another respondent considered the benefits to sometimes be unclear.

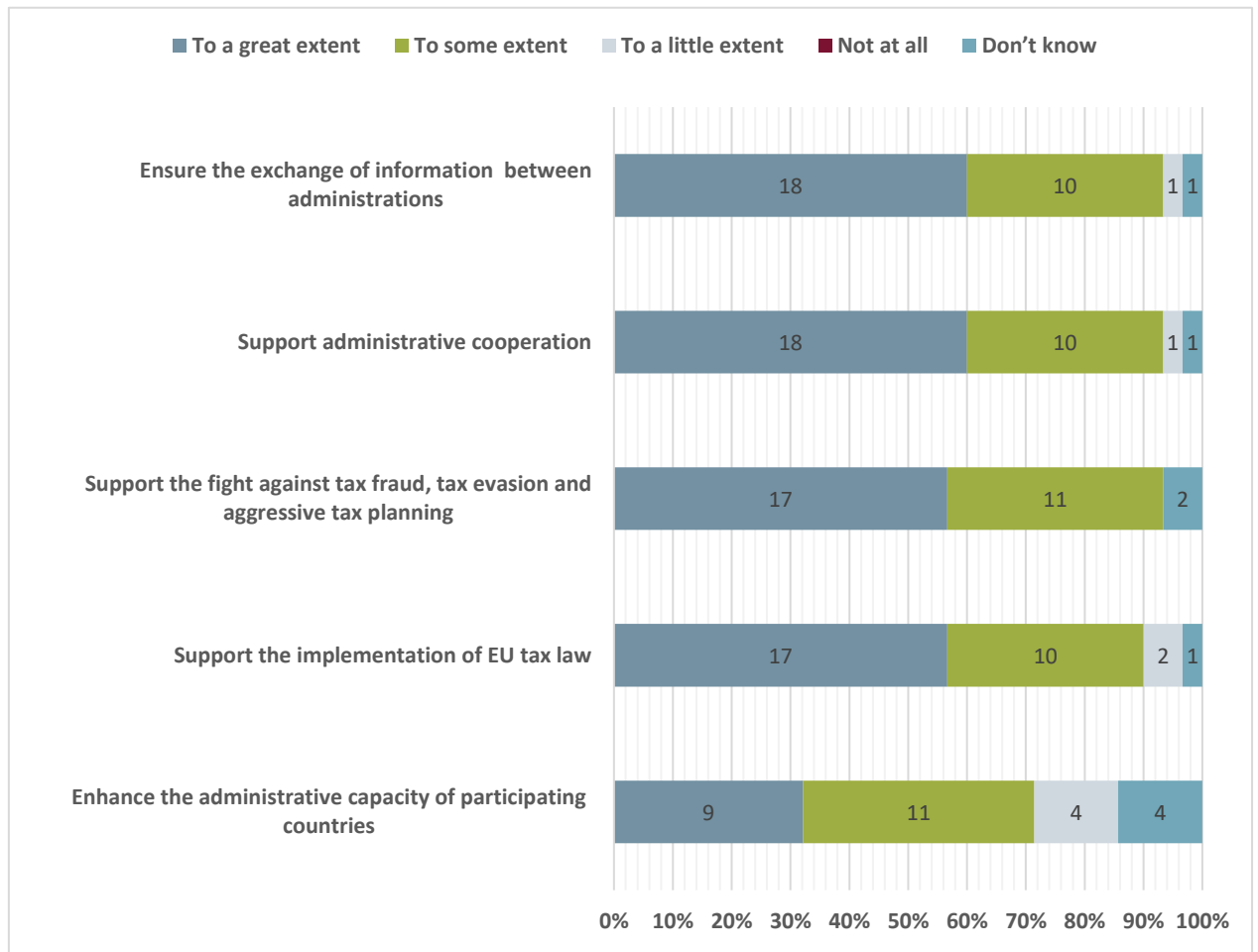
The following expert teams were mentioned by the respondents: Mobile Application for EMCS controls, DAC2, Managed IT collaboration, FPG 063, MANTIC.

Question 3: Overall, to what extent do you feel F2020 joint actions have contributed to the specific objectives of the programme?

Question 3 asked the respondents whether the joint actions helped the national administrations to achieve the specific objectives of the F2020 programme.

Large majorities of respondents considered the joint actions to contribute to the objectives 'to a large extent', while there were hardly any negative responses. The one partial exception is the objective on 'enhancing the administrative capacity of participating countries', where there were less positive responses and a few respondents indicated "to a little extent" and "don't know".

Figure 3: Contribution to the specific objectives of F2020 by the joint actions



The number of responses varied between n=28 and n=30

The following paragraphs present an analysis of the further comments provided by the respondents.

Ensure the exchange of information between administrations

Joint actions under the programme were said to have improved communication between administrations. Various tools and channels have helped the exchange of information and the general perception was that several actions of the F2020 have supported this objective.

EUROFISC was mentioned by several respondents as a means that have improved cooperation between EU Member States considerably, providing an opportunity to exchange experience and to increase fast response at the national level through information exchange on evolving fraud practices in high risk areas. However, one respondent said that the technologies used (Excel sheets and CIRCABC) make the exchange of information difficult and time consuming.

Several events and other activities were pointed out as useful in contributing to this objective:

- **Workshop regarding implementation of the global standard on financial accounts** (FWS/044/001 "Global Standard of Automatic Exchange of Information - Directive 2014/107/EU"), was said to enable a better understanding of new international standards and discussing potential implementation issues with other Member States.
- **Workshop FWS/098/001 "Use and disclosure of Information Exchanged under the Council Directive 2011/16/EU"** was said to enable a better understanding of the new data protection regulation in the context of automatic exchange of information and identify potential issues.
- **CCN trainings** ensured an introduction to the CCN service application principles. Activities for the implementation and development of the CCN2 were also pointed out.
- **Multilateral Controls** facilitate the exchange of information.
- **Development and support of computerised forms** and formats for automatic exchange of information.
- **National coordinator network and PICS** are important for the information exchange.
- The exchange of **DAC2 (financial accounts), DAC3 (tax rulings)** were made possible thanks to the cooperation, as common tools for the exchange were delivered and training provided (in case of Central Directory for DAC3).
- The **development of the taxation IT systems** such as (e.g. Mini One-Stop-Shop) is aimed to assure the high quality of exchange of information between administration in the EU as well as third countries like the US.
- **Development of the DAC2 Modules** used for the financial information exchange and the **development of the Automatic Exchange of Information statistics Module**.
- **EMCS system and administrative cooperation** for information exchange enabled a faster and effective exchange of information in the field of excise duties.
- The **output from the work in FPG071** has already contributed to a more aligned information in e-forms used for exchange between Member States, although the actual platform is not launched yet.

Support administrative cooperation

The analysis of the information provided by the respondents indicates that the exchange of experience, views, and best practices resulting from the joint actions overall contribute to the achievement of this objective.

It was underlined that tools and guidelines developed through the joint actions were helpful for increasing capabilities at the national level, and to benchmark national practices against practices of other countries. This was mentioned as useful for example in the context of development of HR management capabilities.

Respondents said that the joint actions have led to a release of administrative burden, as well as reduction of exchanged data. Learning about Multilateral controls and other means of administrative cooperation is useful. In addition, getting to know colleagues from other Member States, makes it easier to take contact in the future, and/or initiate other actions together. Training activities on new processes and procedures were said to be helpful in ensuring a faster execution of defined tasks. Furthermore, the use of standard documents for administrative cooperation and communication tools has contributed to improved cooperation.

In addition, some specific activities in the context of the joint actions were mentioned:

- **Project group** established on EU Tax Collection and recovery;
- **Multilateral controls and PAOE activities** were said to be efficient tools that have contributed to the achievement of this objective, and should continue to be used;
- **Personal contacts** ensured by F2020 working visits, project groups, etc. make cooperation more effective;
- The final statement of the project group on **VAT Domestic Listing** contains several options for administrative cooperation;
- FWS/082 Workshop on Practical Implementation of Automatic Exchange of Information.

Support the fight against tax fraud, tax evasion and aggressive tax planning

Some respondents underlined this objective as particularly important in a fast-evolving international world. Furthermore, it was mentioned that as it is a common problem for the EU Member States, and thus a strong collaboration enabled by the F2020 tools is crucial to tackle this problem together.

It was said that activities of all joint actions are used to achieve this specific objective. One respondent said that the participation in various actions has led to increased capabilities, improved procedures, and improved cooperation in order to better combat tax evasion and fraud. Other examples of learning from each other in this field included one Member State seeing the reverse charge mechanism being applied with good results in another Member State, and subsequently implementing it nationally. In another Member State, sharing information and experience resulted in the introduction of a system of domestic recapitulative statements allowing tax administrations to collect additional data. Furthermore, sharing of best practices in fraud detecting, new trends, and revelation of modus operandi was pointed out as valuable.

In addition to the above, two measures/activities were mentioned by the respondents several times:

- **The Eurofisc Platform/Network** is composed of national officials with the aim of a rapid and targeted exchange of information on fraudulent traders or activities to efficiently support the fight against fraud. This allows the administrations to proactively respond to unfair taxpayers' behaviour, introducing legislative or administrative measures.
- **Multilateral controls**, as well as **PAOE initiatives** were said to play an important role in the detection of frauds and assessment of due taxation. Multilateral controls were said to provide for an efficient and useful tool, enabling administrations to work together to fight tax fraud, tax evasion, and aggressive tax planning.

It can be noted that one of the candidate countries suggested that if more activities within the joint actions would be open for the candidate countries, it would contribute to their ability to fight tax fraud and tax evasion.

Support the implementation of EU tax law

Joint actions were said to be useful in reaching this objective, enabling tax officials to exchange views and the Commission to guide them regarding the implementation of EU legislation. It was also said that they help clarify some dispositions of EU legislation. Furthermore, joint actions have helped EU Member States aligning their implementation of EU legislation in a valuable way, even though differences remain concerning both timing and implementation. Generally, Fiscalis was considered important for explaining EU legislation, while also providing opportunity for discussions on how EU legislation is interpreted in the various EU Member States.

In concrete terms, feedback from events on the modernisation of cross border e-commerce was used for drafting the legislative proposal and possible future implementing acts. Also, workshops on VAT were said to have been useful as they were organised to solve problems in the implementation at the local level and to develop a common approach for Member States in dealing with this on a practical level. Finally, seminars and workshops overall were considered useful as input to the Commission in their work on legislative changes. Discussions with colleagues from other Member States, as well as with businesses have led to a better understanding of upcoming proposals and also a possibility to influence this work at an early stage.

Regarding **candidate countries**, F2020 was considered useful for them to improve and rethink their strategies in line with the EU and OECD best practices, and to continue aligning national legislation with EU tax legislation.

Enhance the administrative capacity of participating countries

Despite the less positive perception of the contribution to the achievement of this objective indicated by the above graph, only positive comments were provided by the respondents.

It was mentioned that the officials participating in the actions gained improved know-how and experiences that as a result benefitted the whole institution. One respondent mentioned that several initiatives had been implemented, especially in the area of audit and risk analysis. Access to detailed information that might not be publicly available was pointed out as valuable as it provides an opportunity to get an insight into tools, methods, procedures, and conclusions on specific tax initiatives and actions. Good practices in other countries become a kind of benchmark for the administrations when aiming to make their own administrations more efficient.

One concrete example provided was the development of HR management, including job descriptions and classification, performance appraisal, and skills improvement strategy. It was said that changes made at the national level had been influenced by the competency-based approach and tools developed through the programme. Finally, the Compliance Risk Management Platform was mentioned as an important means to share experience and information with other countries.

Question 4: Please describe 1-2 joint actions that made a particularly big difference to one or more of the objectives listed in the previous question.

A variety of joint actions, objectives, and outcomes were provided by the respondents in the context of this question. The below sections aim to summarise these responses by highlighting some of the factors that seem most valuable to the participating countries.

While responses differed, it seems like the most appreciated actions have been those that promoted **exchange between tax administrations**. Indeed, such exchange enables both sides to learn from each other, gain another perspective, and get access to new tools and practices. At the same time, such activities **establish important and relevant contacts** that in turn create long-lasting networks that participants can benefit from long-term. The appreciation for this kind of activities, was confirmed by the most commonly mentioned joint actions among the examples provided: workshops and working visits.

It can also be noted that **events including a mixture of participants** such as business representatives, sector experts, and Commission officials, in addition to the Member State tax administrations, seem to have had an important impact. Furthermore, **long-lasting and tangible outputs** and forward-looking solutions were often mentioned in the examples provided. These included explanatory notes usable for the preparation of national guidelines, recommendations, the development of statistics module for DAC2

and Automatic Exchange of Information, and the development of a performance appraisal methodology used by the IAPR.

Question 5: Do you have any ideas about how the joint actions could be improved?

Improvements of management and organisation

The following suggestions were made by the respondents regarding the organisation and management of the joint actions:

- Documents should be distributed well in advance in view of seminars or other activities, to enable participants to prepare properly. Furthermore, invitation letters should be issued more in advance. This would be helpful also since administrations have different internal procedures when assigning participants to the events.
- Publication of outputs and deliverables following the end of an activity should be compulsory, and some follow-up should be done. Access to outputs and deliverables should be facilitated (at least for Fiscalis coordinators to make the necessary dissemination). It was suggested that there should always be an output following workshops or similar events. Such output should summarise the content and provide some guidance on how to use gained knowledge. Information and documents should be uploaded in a timely manner in the PICS dedicated group.
- The organisation of a High-Level Seminar in the framework of Fiscalis 2020 programme, on an annual basis, was suggested. It would be similar to the seminar that took place in Malta in April 2017, where the Director Generals/ High level management of the tax administrations got acquainted with the objectives and goals of the programme for the following fiscal year, as well as with future developments and plans for post-2020 programme.
- One respondent suggested to have two participants from each Member State for joint action activities, as the departments for drafting legislation and applying legislation might be different (at least for activities on excise duty).
- It was said that there is currently a tendency to cover too many topics in one activity, resulting in the time not being sufficient to thoroughly discuss a particular topic, leading to a lower quality of the outputs. Therefore, limiting the scope of the meetings or extending the duration of the events would be valuable.

Suggestions for improved cooperation

The following suggestions were made regarding improved and future cooperation and joint actions involving the EU Member States and candidate countries:

- More ad hoc cooperation would be useful. If some proposals were processed more quickly Member States could tackle some urgent questions as they occur. Some cases need a quick reaction.
- The creation of a project group to build a common risk management database based on VAT domestic data would be useful for the EU Member States. The Member States could then upload their data anonymously into an agreed structure that could be queried by other member states.
- Joint actions could be improved by joint development of information exchange systems. For example, a common system could include automatic exchange of information, customs data, ensuring that data quality checks are carried out uniformly prior to uploading, so that equivalent data would be available to eligible users in the Member States.

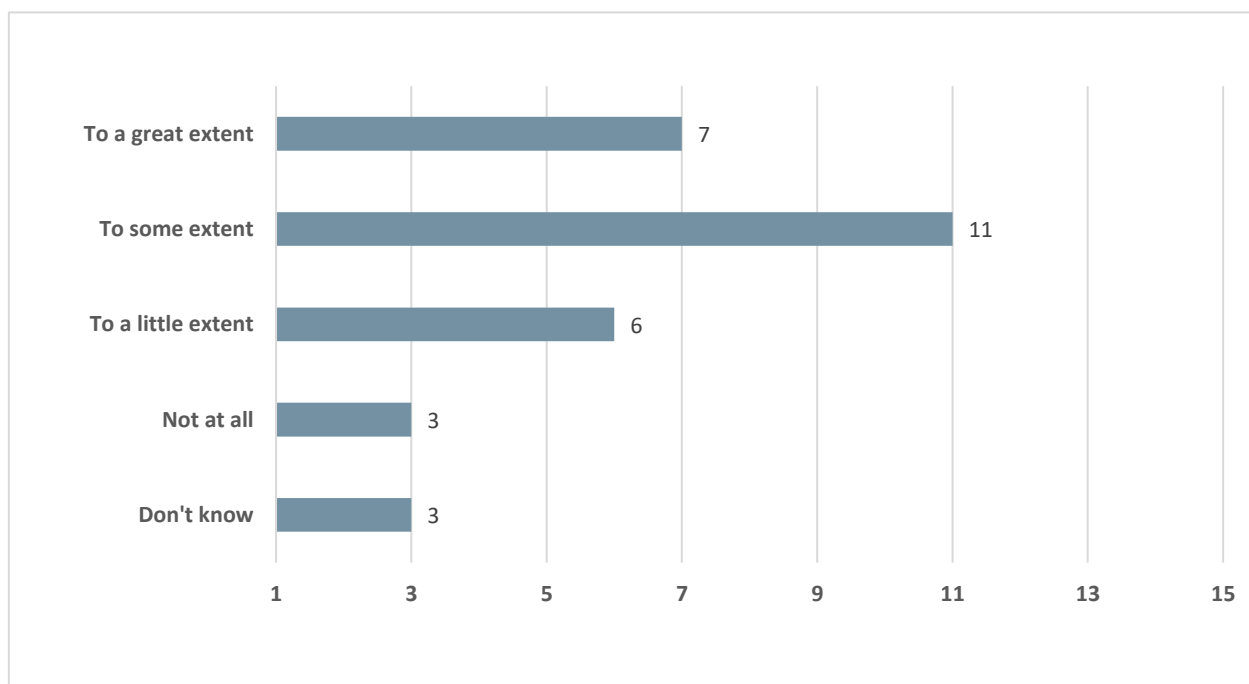
- The number of joint actions open to candidate countries should be increased. This would create further possibilities to share best practices and experiences with the colleagues from all the tax administrations. Additionally, some joint actions could be designed to meet the specific needs of candidate countries.
- An idea of organising regional meetings between tax administrations was presented. As some topics and issues/problems are common for a specific region, it would be valuable to share experiences and best practices in specific geographical areas.
- It was mentioned to keep the workshops as practical as possible, presenting real cases and examples.
- It was suggested to organise training of employees in the host countries on certain matters relevant to all tax administrations as this would enable all employees to obtain knowledge from the experts.

4.2.2. Supported actions: Views and perceptions of the F2020 Common training activities

Question 6: Overall, to what extent has your administration used the training modules developed through F2020?

Training modules made available through F2020 are used to a varying extent in the participating countries. The graph below shows that most respondents indicated to use the training modules to some extent, while fewer respondents indicated "to a great extent" or "to a little extent". The remaining responses were divided between "not at all" and "don't know".

Figure 4: Use of F2020 training modules



n=30

Question 7: Can you provide 1-2 examples of specific training modules that have been useful for your administration, and explain how they have complemented the national curricula/material available?

The analysis of the responses provided indicated that the VAT fraud e-learning modules are widely used and perceived as useful. In some cases, they are built into the national

training programmes and/or face-to-face training, while in other cases they are used as stand-alone training products.

One respondent pointed out that these modules are useful both to raise awareness among the officials about EU legislation and train them in this field, but also as a way of learning the specific vocabulary related to these topics in English. This will help the officials to be more efficient when interacting with tax officials from other countries. However, in some countries the e-modules have also been translated into the national languages. Finally, one respondent mentioned that the events organised in the field of e-learning and webinars were useful also for the national administrations to further develop their own training programmes.

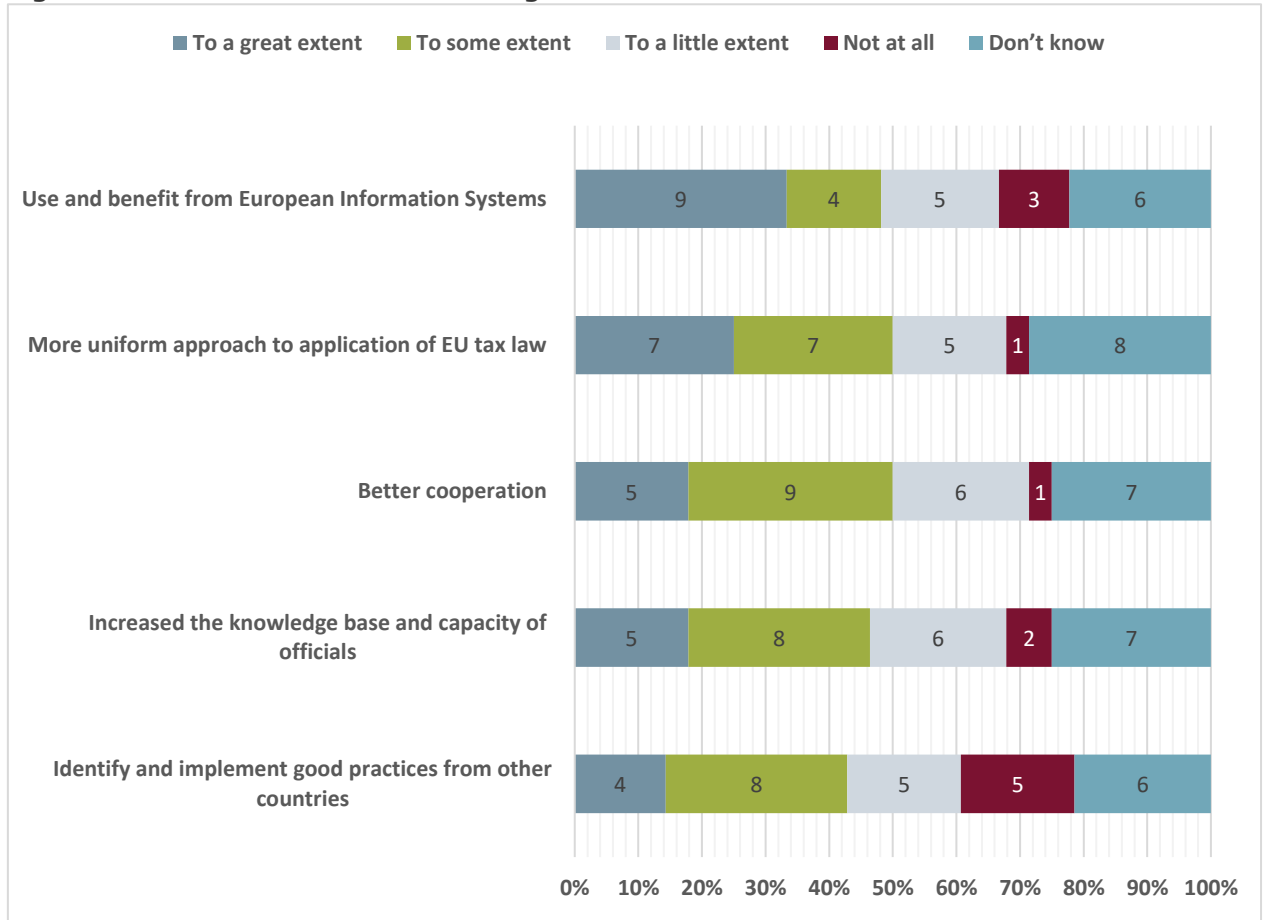
Other training modules that were mentioned included CCN trainings, conformance testing, Union Customs Code, and the Digital Tax Education Project material and learning programme.

Question 8: The following questions ask about different ways the F2020 training modules may have benefited your tax administration.

Overall, the perception is positive as the responses including “to a great extent” and “to some extent” account for about 50% concerning all statements. Furthermore, the “don’t know” replies seem to stem from the fact that some respondents have limited experience with the training modules. It can be noted that in case of the statement “identify and implement good practices from other countries”, five respondents indicated “not at all”, i.e. a higher number than for the other statements.

Compared to the joint actions the perception is less positive if compared to the graph in e.g. question 3 about the joint actions’ contribution to the objectives of the F2020. There, a majority of respondents indicated “to a great extent” in most cases, while the below graph includes more respondents indicating “to some extent”. Since the joint actions are more intense and important activities, this observation is normal.

Figure 5: Benefits of the F2020 training modules



The number of responses varied between n=28 and n=29

Use and benefit from European Information Systems

Respondents seemed positive about how the training had enabled them to use and benefit from European Information Systems. It was said that the IT trainings organised on a yearly basis were useful both to train newcomers, but also to update regular users on the most recent developments. In particular, ART, CCN, CCN2, EUROFISC, and Mini One-Stop-Shop were mentioned.

More uniform approach to application of EU tax law

It was suggested that the e-training in the area of taxation will primarily have an effect in this area. The Central Directory, the exchange mechanism between EU Member States for tax rulings under DAC3, was said to provide a uniform approach to exchanges. Furthermore, audit trainings and case examples based on European Court of Justice rulings were said to result in a uniform treatment of similar cases.

Better cooperation between tax administrations

Based on the analysis of the open questions, the overall view of the respondents seems to be that better cooperation between the administrations is not the main objective of the training modules, and in particular e-learning does not normally lead to a closer cooperation as there is no actual contact. However, in some cases cooperation may be improved to some extent depending on the type of training activity. One example was provided regarding a training on Denaturalised alcohol where experts from EU Member States trained others. It was also mentioned that trainings may establish contacts and lead to enhanced cooperation among experts. Another positive outcome is a standardised terminology resulting from the modules and reinforcing a common

understanding of EU regulations, which in turn may facilitate communication among tax officials.

Increased the knowledge base and capacity of officials

While it was mentioned that other means of increasing the knowledge base and capacity of officials exist, some examples were highlighted including DAC3 IT training and the VAT Directive training module. It was also mentioned by one respondent that the F2020 training modules are developed by high-level experts and thus contain a solid source of knowledge and best practice.

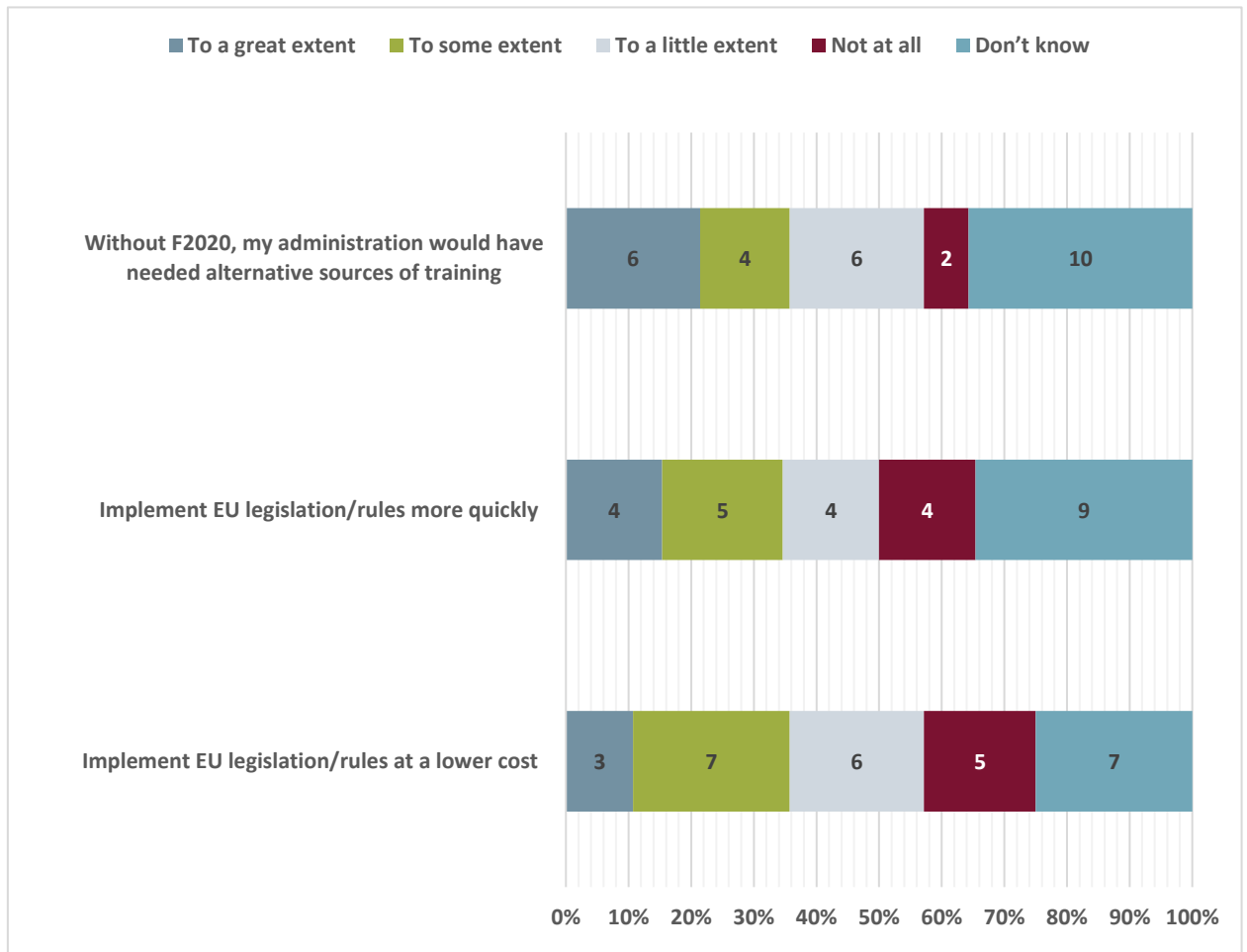
Identify and implement good practices from other countries

Based on the analysis, the overall perception was that while this might not be the main focus of the training activities, it might be an additional outcome in some cases. Moreover, there are other more efficient F2020 activities available for sharing of good practices.

Question 9: The following questions ask about the extent to which F2020 training modules have saved your administration time and money.

Looking at the graph below providing an overview of the survey responses, it can be noted that there is some disagreement among respondents. About half of the respondents agree with the three statements, but to a varying extent. Furthermore, the share of "don't know" responses is high for all the statements. It can also be noted that the "not at all" response is relatively high regarding "implementing EU legislation at a lower cost" and "implementing EU legislation more quickly".

Figure 6: Savings of time and money resulting from the F2020 training modules



The number of responses varied between n=26 and n=28

Alternative sources of training

Some respondents indicated that they were not dependent on these training modules. Others said that it was a good complement to national training and that these modules could be more easily shared. It was also mentioned that the modules could be used for further development of e-training capabilities in the national training strategy. The F2020 modules were also said to cover some areas (VAT-fraud) not covered by national curricula in some cases, and to contribute to the national administration’s obligation of providing training to its officials.

DAC 3 IT training and CCN2 were mentioned as important examples by one respondent, indicating that they would have had to look for other sources in case this training was not provided under F2020.

Implementing EU legislation more quickly

The “don’t know” responses stem from the fact that several administrations do not have sufficient experience with the training modules to answer the question. Other respondents said that it depends on the type of training they have participated in. Trainings on new systems, for example EMCS, Mini One-Stop-Shop, and currently DAC were highlighted as positive examples. Another comment was that most training modules are complementary to the national training and that information about the relevant EU legislation reaches the target audience more quickly through these training modules. However, it was said that other means for ensuring implementation of EU legislation are in place and might be more effective.

Implementing EU legislation at a lower cost

It was highlighted by some respondents that since the F2020 trainings do not substitute, but complement national training on EU legislation, the costs do not tend to decrease. While the training modules are useful, it was said by some respondents that administrations are not dependent on them for implementation. However, one example was provided of the DAC 3 IT training, where the respondent said that they would have required to train a trainer and provide in-house training without the F2020 modules. This, in turn would have resulted in higher costs. Also, the CCN 2 was mentioned to have enabled time saving. Another respondent suggested that the high-quality e-learning modules significantly reduces the cost of reaching out to a wide range of officials. This is the case especially since F2020 covers the development costs of the training material, while national costs tend to be limited to translation of the material. However, another respondent mentioned this as a negative factor, implying an extra cost for translation.

Question 10: Are there any additional needs for training or competence-building which F2020 does not satisfy? Can you provide any suggestions for improving the content or format of current modules?

Additional needs

Respondents highlighted a number of additional needs:

- Expanding on the training content to include the latest developments and trends in the field of taxation (e-audit, Automatic Exchange of Information etc.). Also, more detailed training to explain the implementation of legislation (for example the calculation of excise for alcoholic beverages and cigarettes) could be provided in the Programme.
- More focus on general needs/topics relevant for tax administration, training and HR units, rather than only technical trainings and materials (e.g. train the (webinar) trainers, tax fraud cases, tax compliance activities as an approach, recruiting and talent management). This would enable tax administrations to perform better in general.
- More online training workshops to avoid too much travelling to attend trainings.
- Specific training for expert teams.
- Training on EU legislation and its implementation in different EU member states. This would be useful especially for candidate countries to get information about the latest developments in the legislation and for the harmonisation process.
- E-learning modules on transfer pricing issues. Tax administrations' experts who deal with taxation problems regarding transfer pricing encounter challenges when there is a need to evaluate and /or apply advanced TP techniques.

Improvement of content/form/training material

The following suggestions were made by respondents regarding improvement of content and form:

- Development of a common platform to enable access for tax officials to all the e-learning modules.
- Development of e-learning material in smaller pieces that could be easily updated and easily accessed by trainers and experts and used locally in different kinds of contexts.

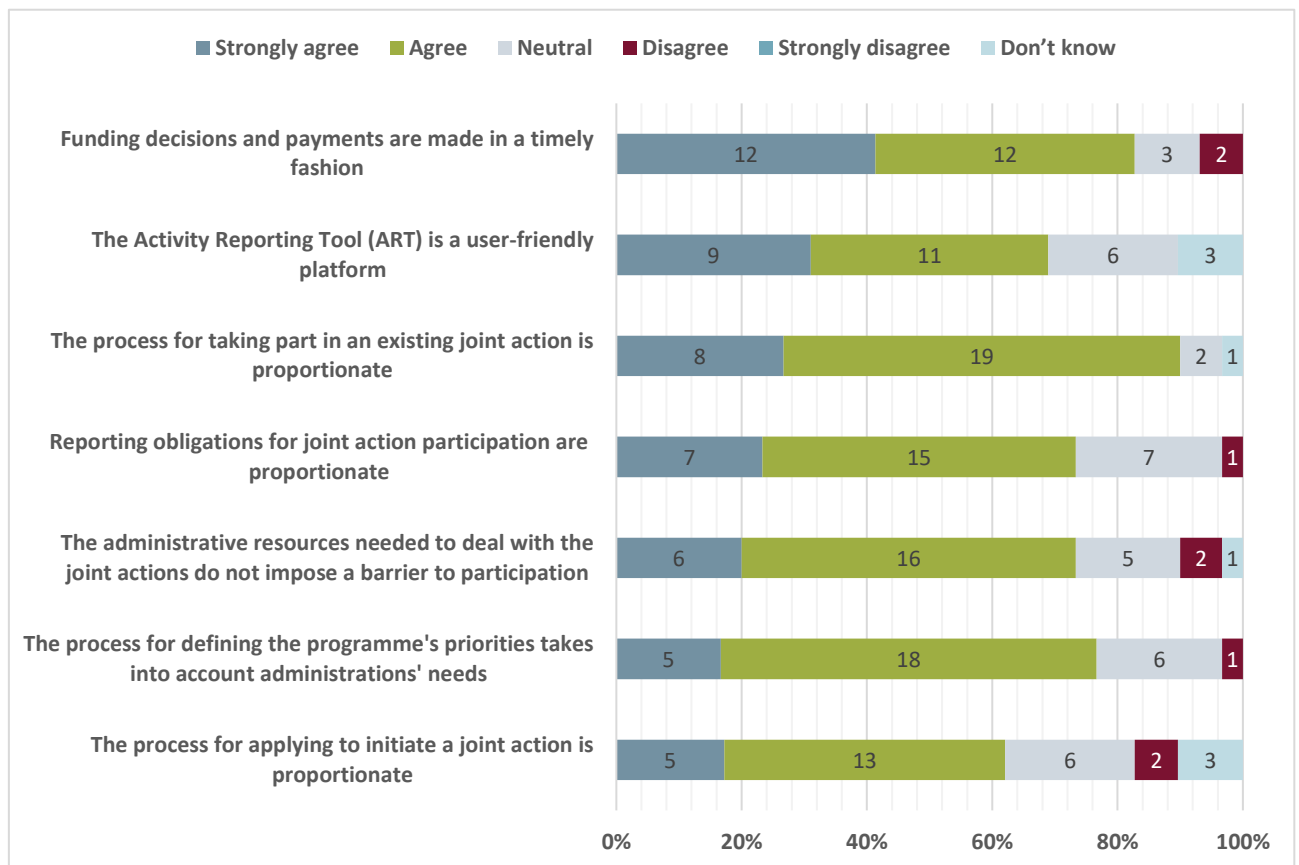
- Overall maintenance of the training modules as technical issues had been observed on recent training materials.
- Translation of modules can be time-consuming for the national administrations and is not budgeted for in most cases. Pre-translated texts to proofread and approve by the national administrations would be a potential solution.
- The use of Flash technology will soon be out-dated. Switching to non-flash technology such as HTML5 should be considered.
- Implementation of a tool similar to skype, with the aim of enhancing collaboration and “on the job” training across Member States.

4.2.3. Programme management structure and process

Question 11: Please consider your level of agreement with the following statements of the management structure and processes of F2020.

The graph below provides an overview of respondents’ opinions regarding management structure and processes of the F2020. It can be noted that for all of the statements, the majority of the respondents agrees or strongly agrees. Responses were especially positive regarding funding decisions. However, significant minorities of neutral, disagree, and don’t know responses on certain issues are worrying. It can be noted that these responses are provided by a variety of respondents geographically spread out among the participating countries.

Figure 7: Perception of management structure and processes of F2020



The number of responses varied between n=28 and n=30

While the majority of respondents agreed that **funding decisions and payments are made in a timely fashion**, several respondents highlighted that it would be beneficial if the grant agreement signature process was started more in advance.

Regarding the **Activity Reporting Tool (ART)**, most respondents considered the tool to be user-friendly, enabling e.g. the calculation of costs for events, development of statistics, and monitoring of input proposals. One respondent suggested it should be improved, saying it is potentially useful but some tools are not working correctly (e.g. budgetmeter). It was said that ART is "fairly straightforward", even though it might be complicated to use for a beginner. Finally, one respondent suggested that communication between ART and PICS would be very valuable.

The **process for taking part in an existing joint action** was considered proportionate by most respondents. Respondents mentioned that invitations and calls for interest are distributed in a timely manner through ART. However, one respondent mentioned that as the management of activities is becoming more decentralised, invitations are issued with a short notice. This, in turn, leads to greater costs as flight tickets tend to be more expensive. Finally, it was mentioned that holiday periods sometimes imply an issue.

Regarding **reporting obligations**, most respondents considered them to be proportionate and effective. However, it was suggested that the request for reporting should come shortly after the event to ensure participants remember all the details and can provide valuable responses. Immediate feedback right after the event was suggested by one respondent, with an additional survey after a certain time period if needed. Regarding ART, it was said that the calculation of non-eligible VAT is cumbersome and that the Event Assessment Form and Activity Follow-up Form are too generic and not very useful. Finally, one respondent suggested that the publication of outputs and deliverables should be compulsory, follow-up should be done, and the access to reports should be facilitated.

Most respondents agreed that the **administrative resources needed to deal with the joint actions do not impose a barrier to participation**. Some respondents mentioned that more resources would be needed to enable an enhanced participation in the joint actions. One respondent said that the period for nominations is very short. Otherwise, no specific obstacles were mentioned.

The **process for defining the programme's priorities** was said by most respondents to take into account the needs of the Member State administrations. In particular, the written consultations with Member States on the draft Annual Working Programme were mentioned as a means for Member State administrations to ensure that their needs are taken into account. One candidate country mentioned that the needs of the candidate countries are different to the ones of the Member States and more focused on learning about the EU acquis. This respondent suggested that those needs could be more reflected in the priorities of the Programme.

Regarding the process for applying to initiate a joint action, it was said that it can be burdensome and that requirements are not user-friendly. However, it was also said that it depends on the action, and that proposal submitted in ART are timely handled by the Commission. Furthermore, it was suggested that the approval process overall should be more transparent since currently, some proposals are rejected without explanation. Other negative points that were mentioned included issues due to holiday periods, and that some joint actions need to be prepared several months in advance. Finally, one respondent suggested that the working visit starting process has become more complicated in the past three years.

Question 12: If you have any further views about how the management and practical implementation of the programme could be improved, please describe them below.

Respondents reported the following views on management and implementation of the F2020 programme:

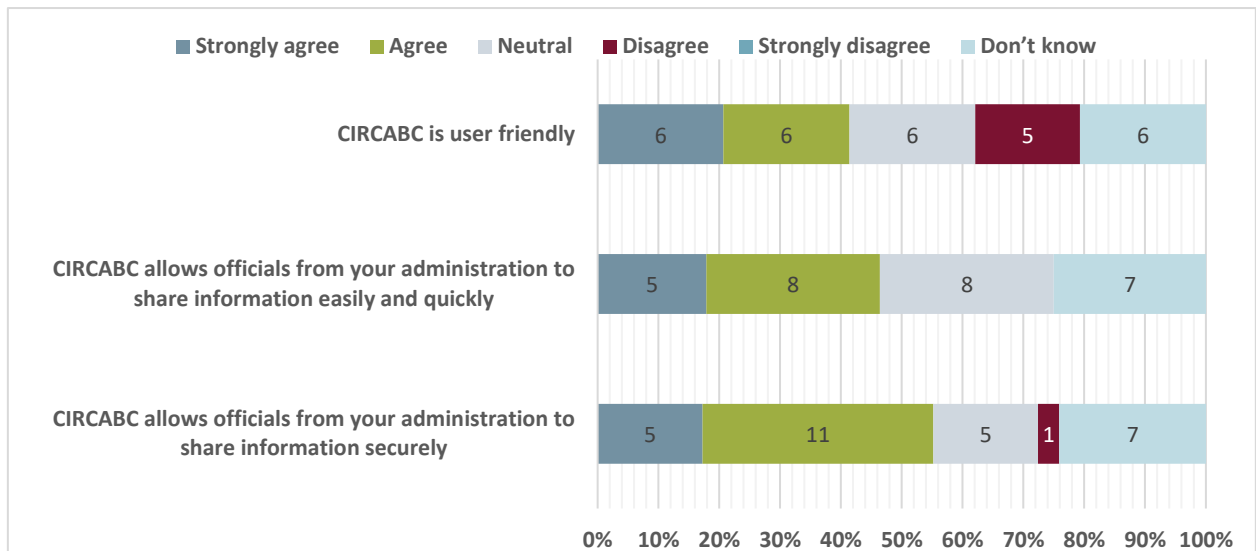
1. Candidate countries hoped to be included more in Fiscalis activities;
2. Ease of evaluation mechanisms after the first three months of a joint action, as they have been said to be burdensome;
3. More on-hands information and training for the introduction of new actions (e.g. administration of expert teams, or network meetings for PAOE coordinators);
4. Compulsory signature sheets to be circulated following the conclusion of an event, to ensure that a specific national official has actually participated in the event;
5. Planning management/evaluation in a way that makes sense for Member States, taking into consideration important national holidays;
6. Further support for joint collaboration on developing IT systems as this is helpful for optimised systems.

Question 13: Please give your level of agreement with the statements below about the information-sharing tools provided by the Commission as part of the programme, PICS and CIRCABC.

CIRCABC

The graph below indicates that respondents have mixed opinions about this tool. Regarding whether it is user-friendly, each option has received about 20% of the responses. In regard to the security, most respondents agree or strongly agree that CIRCABC enables a secure sharing of information. On the question about easy and quick sharing of information, less than half of the respondents agreed or strongly agreed with this suggestion, while a large share of the respondents was neutral or did not know.

Figure 8: CIRCABC



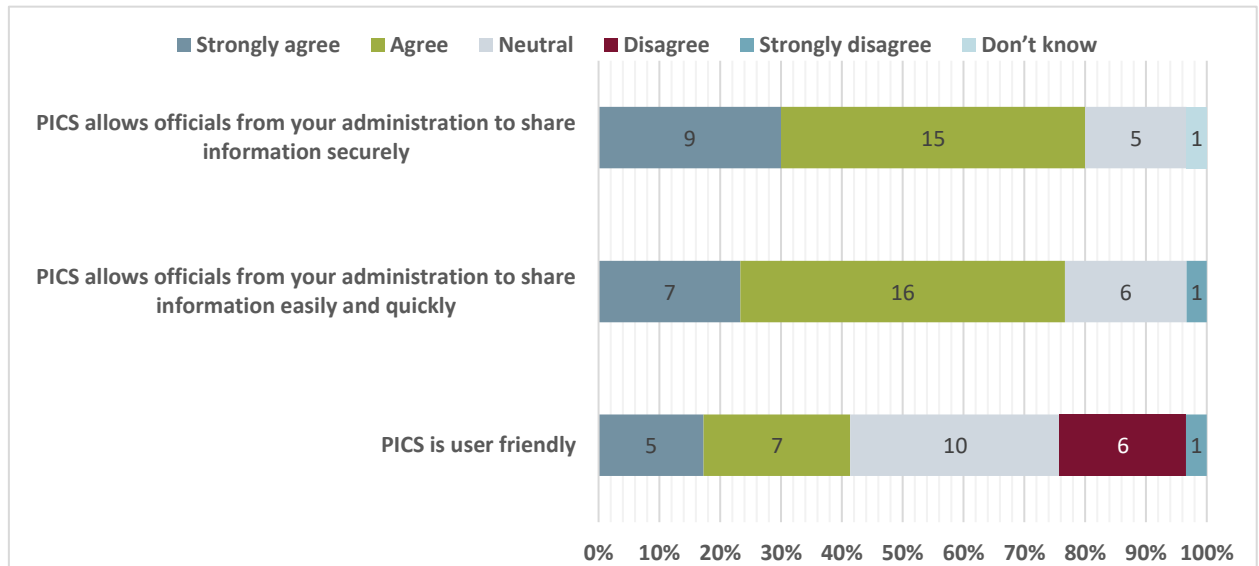
It was said that the CIRCABC tool is limited compared to PICS, however, it provides an efficient document management. Other respondents suggested that PICS should replace CIRCABC and that there should be only one platform for upload and exchange of information as they currently tend to overlap. It was said that the system is somewhat out of date, rather complex, and that it is difficult to use for new or not regular users.

One respondent said that while it is a **user-friendly tool**, the content searching could be improved, as it is currently difficult to identify the right documents. This was confirmed by several respondents. It was also said that the interface was “far from self-explanatory” and lacks a search function.

PICS

The below graph gives an overview of the respondents’ opinions regarding PICS. In regard to sharing information securely, easily, and quickly, most respondents are positive. While a few respondents have indicated “neutral”, only one disagrees with the suggestion that PICS allows for information to be shared easily and quickly. Regarding whether PICS is user-friendly, there is less agreement. About 40% agreed or agreed strongly with this suggestion, while the remaining respondents were neutral or did not agree.

Figure 9: PICS



The number of responses varied between n=29 and n=30

Security features were said to be good, including the authentication system, authorisation levels and encryption of communication. However, one respondent said that other channels might be used for sharing confidential information.

Some respondents indicated that **PICS is a useful tool**. It is good for sharing knowledge and for teamwork due to its repositories and communication channels. It was said that new resources are published quickly and users receive relevant information appropriate for specific thematic groups or projects they participate in.

One respondent suggested that PICS might not be used to its full potential. There are many registered users who sign up in view of a workshop or other event, however, once the event is over they do not use PICS again. It was said that PICS could be further developed, indeed some of the advanced facilities announced at the launch of the platform such as chat and videoconference have never been implemented.

While information can be shared quickly on PICS, it is not easy to find the information. One user highlighted that the e-mail notifications are helpful for this reason as otherwise it would be difficult to find particular documents. The notifications were also appreciated as they quickly inform the users about new available information.

Regarding the question **whether PICS is user-friendly**, it was said that the structure and functioning of the PICS website require some practice. For regular users, usage is easy while it can be more difficult for first time users, or not regular users. It was also said that the interface is not user-friendly, and that it is difficult to find documents – especially documents from previous years.

Question 14: If you have any further ideas about how PICS and / or CIRCABC could be improved, please describe them below.

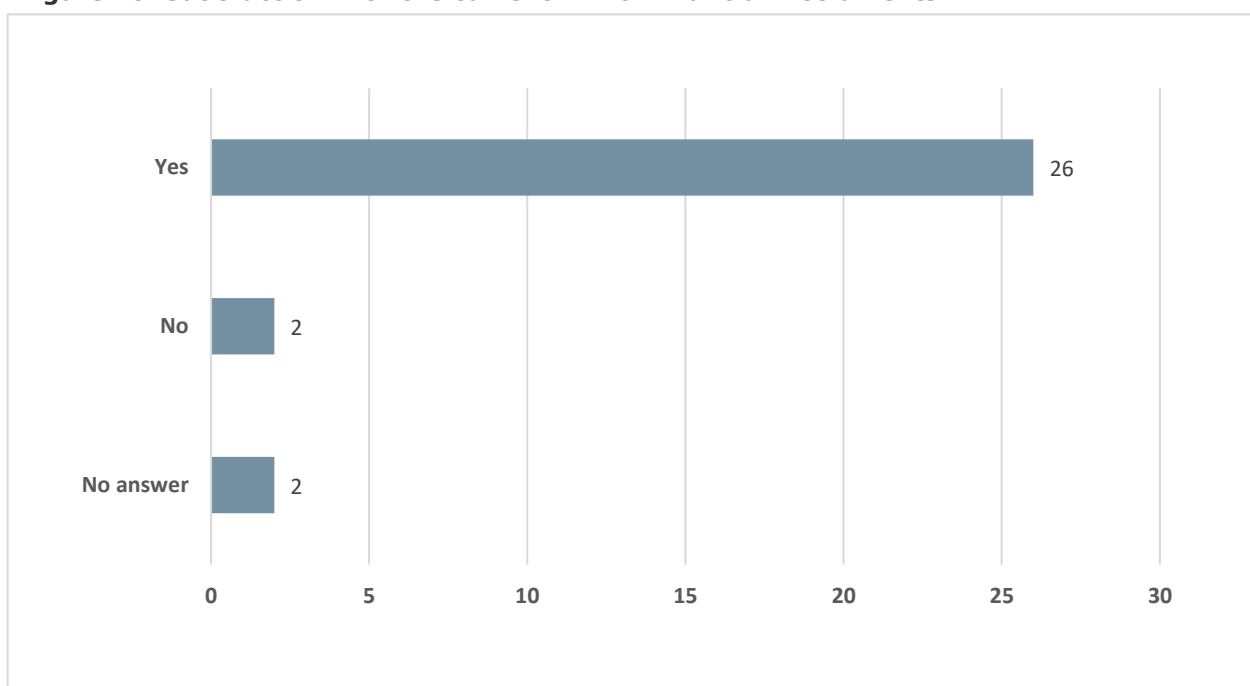
The following suggestions for improvements of PICS and CIRCABS were provided by the respondents:

- Having one single platform rather than two would be beneficial;
- Improvement of search engine on PICS as it takes a lot of time to identify documents;
- New set-up of PICS tailored to user profiles. This would enable users to track events and project groups attended by that specific person;
- Improvement of links and user interface;
- National coordinators should have access to all materials on PICS;
- When a change of a nominated person is made (national coordinator etc.), the change on PICS should be made by the CPMT and not by the national administration.

Question 15: The evaluation is also considering the financial instruments available under the programme, namely grants for joint actions (14% of 2016 spending), procurement for IT, studies and training (83%) and direct spending for expert teams (3%), and whether they might be refined in the future. With this in mind, are you satisfied with the current mix of financial instruments?

The below graph provides a positive perception of the F2020 current financial mix based on the analysis of the survey responses. The large majority is satisfied with the financial mix, while only 2 respondents said they were not satisfied, and 1 respondent did not provide an answer.

Figure 10: Satisfaction with the current mix of financial instruments



n=30

It can be noted that one of the negative responses comes from a candidate country. Indeed, candidate countries cannot participate in e.g. the IT section of the funding

programme which represents the majority, and therefore the options are limited. It was highlighted that more joint actions should be available for candidate countries. Another negative opinion indicated that as activities have increased, the budget has decreased. In this context, it was said that there is currently a demand to organise expert teams and working visits, however, the budget has not been adapted.

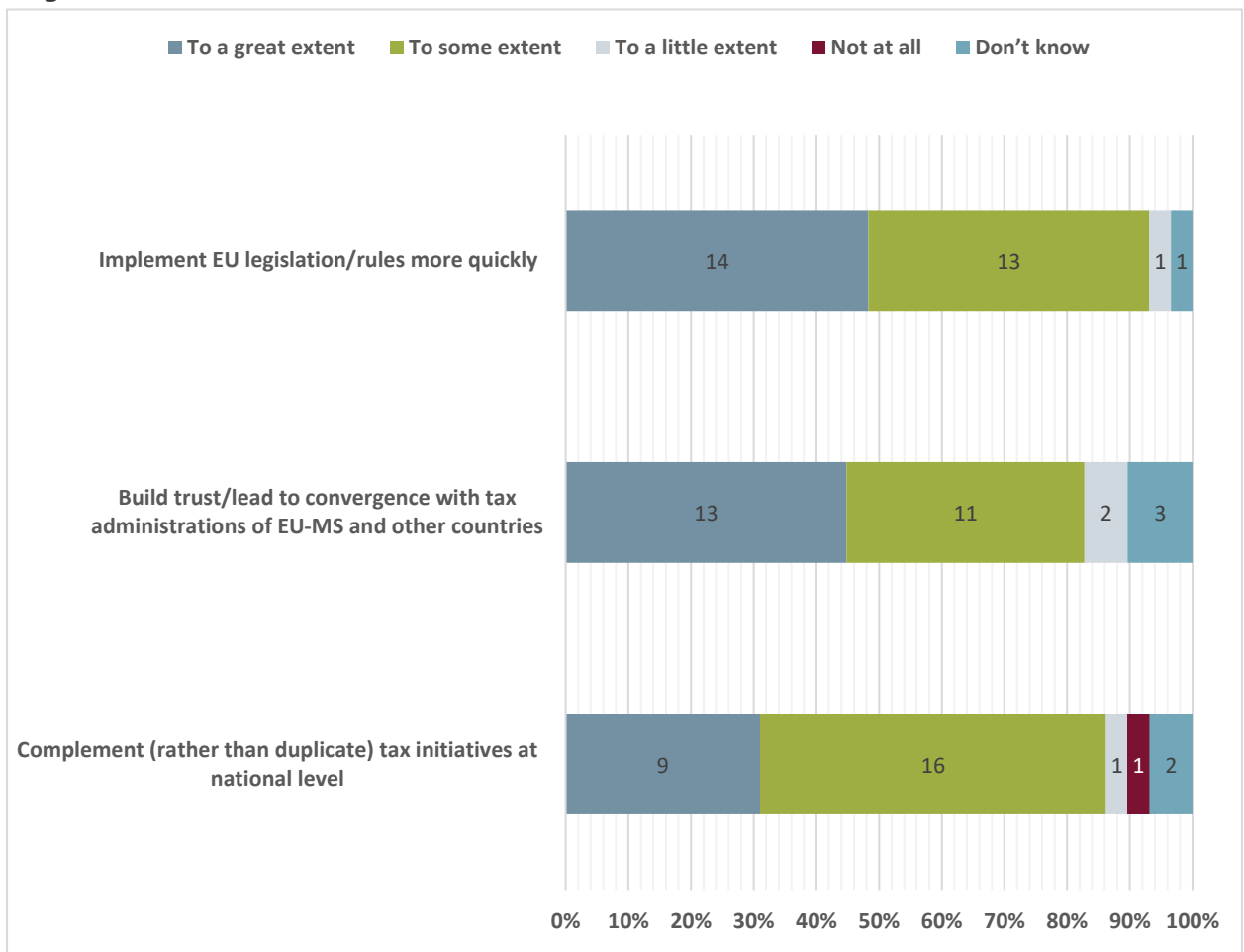
Except from these comments, the overall perception was positive and grants seem to cover the participation needs for the administrations. One respondent pointed out that it might be an issue to have the expert teams being managed as separate grants as this might increase the risk of mistakes and mix-ups in management of the funds. It was also suggested that co-financing of joint actions should be limited to a few cases only. Finally, one respondent suggested an increased share for expert teams, saying that this joint action should be considered as one of the more important ones.

4.3. ADDED VALUE OF THE F2020 PROGRAMME

Question 16: Overall, to what extent do you feel that F2020 has added value beyond what the national administrations could have achieved on their own?

This question focuses on the additional dimension of the European cooperation in this field. The below graph indicates that the respondents overall have a positive view of the cooperation and believe that the cooperation provides an added value. There is only one negative response for one of the statements, and only a few respondents have indicated that they do not know.

Figure 11: Added value of the F2020



n=29

Implement EU legislation more quickly

Joint actions were said to support both the pre-legislation work, and the following actual implementation of EU legal acts. Workshops represent a main forum of cooperation enabling a common understanding during the implementation process. Also, project groups are useful through e.g. the development of templates and guidelines. The opportunity to meet with colleagues from other Member States and discuss legislative changes was highlighted. Furthermore, the involvement of the business side in such meetings was mentioned as valuable as they are aware of other problems that also need to be taken into account in the implementing process. The dialogue and discussions seem to enable a more unitary transposition of the legislation. It was also mentioned that the joint actions are useful for the candidate countries regarding alignment of national legislation with the EU acquis.

Build trust with tax administrations

Respondents mentioned that in many cases personal contacts are formed between officials following joint action activities. Therefore, participants of e.g. a Fiscalis project group may continue to work in a bilateral or multilateral frame following the end of the project group. This can be considered an important result of the close cooperation and trust between experts and competent officials of the Member States. Furthermore, it is known that changes in the tax regulation of one Member State may affect other Member States. Therefore, cooperation and sharing practice are central to avoid potential distortion of the EU single market and tax losses.

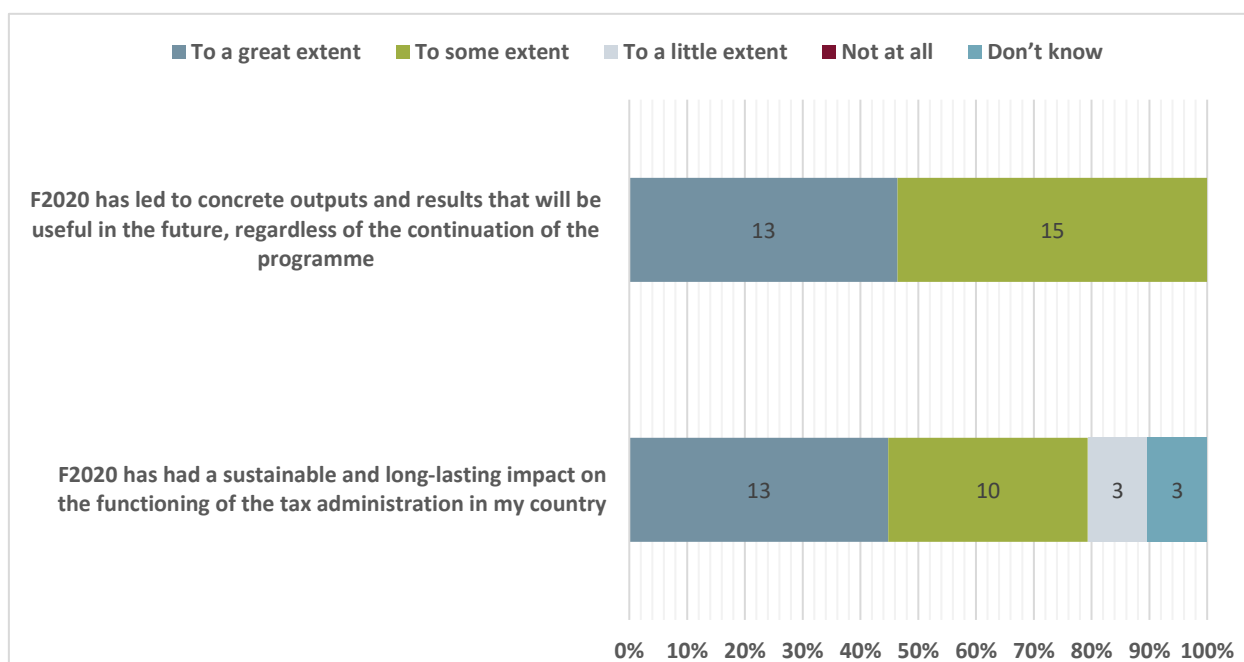
Complement tax initiatives at national level

Overall, respondents seem to agree on the fact that there is rather complementarity than duplications resulting from the F2020 joint actions. However, it was mentioned that at times there have been duplications both with the national level and with international organisations.

Consultation and networking with colleagues from other Member States through the joint actions were considered as complimentary to initiatives at national level. Meetings have facilitated detailed discussions on technical implementation and increased mutual understanding. In particular, those meetings have also allowed for bilateral contact with other Member States to resolve specific problems. In the same way, study visits in other countries were said to build or tighten relations between officials from various tax administrations, making it easier to build trust and share experience and information or cooperate also in other areas. Furthermore, the sharing of experience and knowledge was mentioned as a good example, helping Member States to implement suitable tax initiatives in their own countries. Participation in joint actions under F2020 was said to improve professional skills/knowledge and to make tax administration more efficient.

Question 17: To what extent will the results of F2020 continue to be useful in the future?

The graph below shows a positive perception of F2020 and its future usefulness. It can be noted that no respondent answered "not at all", while only a few respondents said they "don't know" regarding impacts on the functioning of the tax administration. Most respondents indicated "to a great extent" or "to some extent". On the second question related to outputs and results, all the answers are positive and divided almost equally between "to a great extent" and "to some extent".

Figure 12: Future utility of the results of F2020

The number of responses varied between n=28 and n=29

Outputs and results

According to the respondents, F2020 has managed to create several concrete outputs and results that are and will be useful also in the future. Some examples include an effective application and understanding of the excise legislation, increased competence of the national administrations, advanced administrative cooperation, the implementation of EU law and IT systems, development of capacity building activities, an exchange of views, knowledge and expertise, and a creation of networks, tools and methods. The example of the Compliance Risk Management Platform was mentioned as valuable, as well as the outcomes resulting from its activities.

For the outputs and results to be maintained and improved, the importance of the programme's continuation was underlined. In particular, due to future potential challenges in this field. Furthermore, the majority of the present funding of the union IT system is covered by the programme budget (80%). Therefore, an interruption would cause immediate problems, and Member States would need to develop alternative means.

Sustainable and long-lasting impact on the functioning of the tax administration

Similarly to the above sections, improved capacities, implementation of projects, working visits and capacity building with long-lasting impact were mentioned as examples. It was also mentioned that the F2020 contributes importantly to the fight against tax fraud, tax evasion, and aggressive tax planning. Furthermore, the programme has contributed to an enhancement of the administrative cooperation overall.

Various activities have had an impact on enhancing and improving functions within the administrations through exchange and gathering of knowledge, procedures, methods, and legislative solutions. Respondents seem to believe that these impacts are long-lasting. Contacts made with other tax officials in EU Member States were also mentioned as a sustainable impact as networks have been created enabling and facilitating a dialogue in the coming years as well. Finally, F2020 training initiatives were mentioned as new ways of learning for the new generation of tax officials.

Question 18: Lastly, would you like to add anything else on the F2020 programme's contribution to the work of your tax administration and / or how it could be improved?

Contribution to the work of national tax administrations

The programme has given great opportunity for creating networks, and thus increased the knowledge and experience of the administrations. Furthermore, the programme has assisted the development of tools and methods, saving both money and time.

Areas of improvement

- Fiscalis should be tabled for the Economic and Financial Affairs Council at least once per year. Increasing the Ministers' awareness of the programme, it would also be more focused by senior management;
- Eurofisc Working Fields to be extended to direct taxes as well;
- Improvement of transparency related to both management of joint actions and expenditure of procurements;
- Candidate countries would like to be more active and benefit further from the joint actions. This would also enable better communication and exchange of experience between EU Member States and candidate countries. When compared with the previous programme, F2020 provides more limited participation for candidate countries, according to one respondent. Some specific tools to meet the needs of the candidate countries (learning about EU acquis in the field of taxation, and its implementation) should be developed;
- Project groups and sub-groups created during the meetings would be more efficient if headed by Commission representatives or by volunteering participants. It is difficult to activate all the participants of the group and draw common conclusions for the group or sub-group.

4.4. Concluding remarks

Overall, responses to the questionnaire have provided a generally positive assessment of the F2020 programme. The present report has provided an analysis and overview of survey respondents' views and perceptions of the programme, its joint actions and training activities, the management structure and processes, as well as the programme's added value.

Regarding the F2020 joint actions, most of them are indicated to be very useful to the work of the national administrations. In particular, seminar and workshops, project groups and multilateral controls were singled out as important activities. Exchange of best practice, networking and cooperation, as well as implementation of EU legislation were some of the main strengths that were reported to be highly appreciated by respondents. Concerning the specific objectives of the F2020, most respondents believed that the joint actions contribute to the achievement of these objectives, either to a great extent or to some extent. The objective of enhancing the administrative capacity of participating countries was the only one with less agreement among the respondents. In terms of areas of improvement, the suggestions provided were mostly of a practical and administrative nature. For example, it was suggested that invitations for events should be sent out well in advance to ensure sufficient time for national procedures and preparation of the participants.

Training activities developed by F2020 were reported to be used by participating countries to a varying extent. A few respondents said that they did not use them at all. Most respondents reported that these training modules successfully complement training initiatives at national level. Other important benefits for the national

administrations included the use and benefit from European Information Systems, as well as a more uniform approach to the application of EU tax law. In particular, training regarding relevant IT systems seemed to be highly appreciated by respondents. Some issues observed included the cost of translation of the e-learning modules, as well as the maintenance of the training modules to ensure that they are up to date, and that there are no technical issues.

In regard to **management structure and processes** of the F2020 programme, respondents were generally positive. In some cases, administrative burden could be reduced, in particular concerning the process for applying to initiate a joint action. In addition, more resources would enable an enhanced participation in the joint actions by the participating countries. Concerning the information-sharing tools CIRCABC and PICS there were disagreements about whether those tools are user-friendly or not and whether they provide for easy, quick and secure information sharing. It was suggested to have one single platform rather than two. Furthermore, the search engines to identify documents should be improved to facilitate the use of the tools. Finally, the large majority of respondents were satisfied with the current financial mix.

The **added value of the European dimension** of this collaboration was perceived to be significant among the respondents. Various outcomes resulting from this collaboration were highlighted and it was indicated that for many of these outcomes, the continuation of the F2020 programme and activities was crucial. This related both to the implementation, further development and maintenance of IT systems, as well as initiated contacts and creation of networks, subsequently leading to a harmonised implementation of EU legislation in this area and trust between participating countries and national administrations.

Based on the survey conducted with national authorities in this context, it seems reasonable to say that the perception of the F2020 programme is positive, and that various positive outcomes and outputs have resulted from the joint actions and training activities, even though there are areas that could be improved and made more efficient. Indeed, there seems to be a strong consensus about the importance of the continuation of the programme.

5. ANALYSIS OF THE IT FOCUSED QUESTIONNAIRE FOR NATIONAL AUTHORITIES

5.1. INTRODUCTION

The second part of the questionnaire with national tax authorities **focused specifically on European IT systems supported by the programme**, and the experience of national administrations with these systems. The questionnaire was sent out on 31 March to programme coordinators in the EU Member States and six candidate countries participating in the programme. At the closure (May 8, 2018), 14 administrations had completed the survey. The present report is based on the responses from these administrations and provides an analysis and overview of their perceptions concerning the F2020 programme's IT systems.

5.2. FINDINGS FROM THE IT QUESTIONNAIRE TO NATIONAL AUTHORITIES

Question 1: Please indicate to what extent each system is, overall, useful and appropriate for the work of your administration, or if a system is not in use or not familiar to you.

To facilitate the analysis of this question, the systems have been divided into three groups/graphs as follows:

- Direct taxation;
- Indirect taxation; and
- Operational systems.

In regard to eForms, it relates to both direct and indirect taxation and is therefore analysed and presented separately.

Direct taxation systems

The below graph presents the respondents views regarding the direct taxation systems. In particular, respondents were very satisfied with Automatic Exchange of Information-DAC⁶⁷ with the majority of respondents indicating "to a large extent". Also, TIN on Europa and TIC⁶⁸ were positively assessed by most respondents. The graph also indicates rather high numbers of respondents indicating that they don't know/system is not in place for some of the systems listed (TEDB3⁶⁹, DDS2⁷⁰, Effective Tax Rates). However, it is important to note that responsibility for tax issues is often divided between different administrations in the EU Member States, while survey responses usually came from one administration only. Therefore, these answers do not necessarily mean that a country is not using a given system. It might instead imply that the administration responding to the survey is not involved in the policy area dealing with this system.

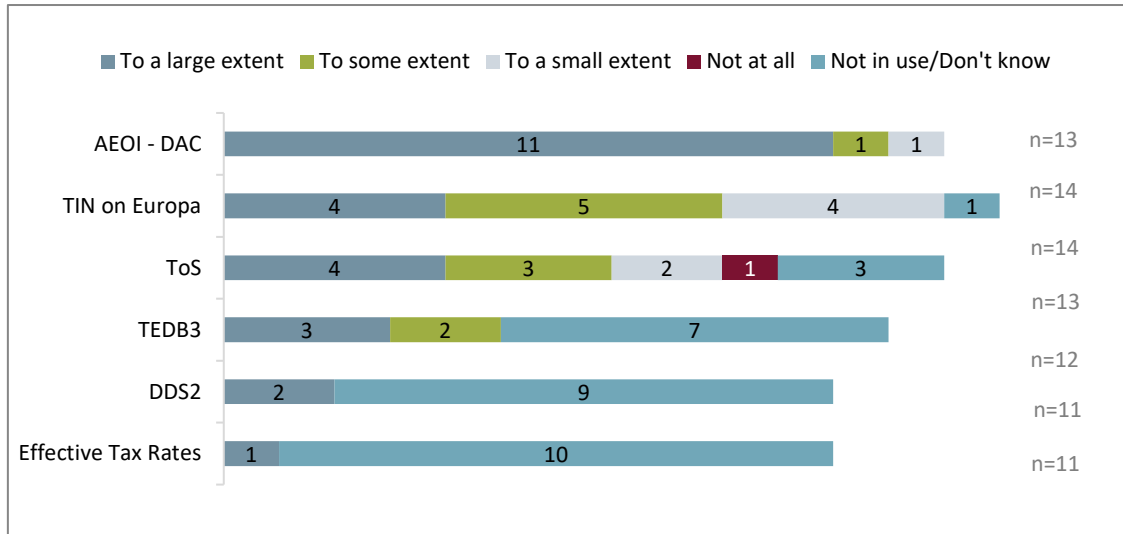
⁶⁷ Automatic Exchange of Information. However, given the reportedly low use of the AOEI-DAC modules developed through the expert team funded through the programme, we have assumed respondents in fact referred to their national AOEI-DAC systems.

⁶⁸ Taxation Information and Communications

⁶⁹ Taxes in Europa Database

⁷⁰ Data Dissemination System

Figure 13: Direct taxation systems

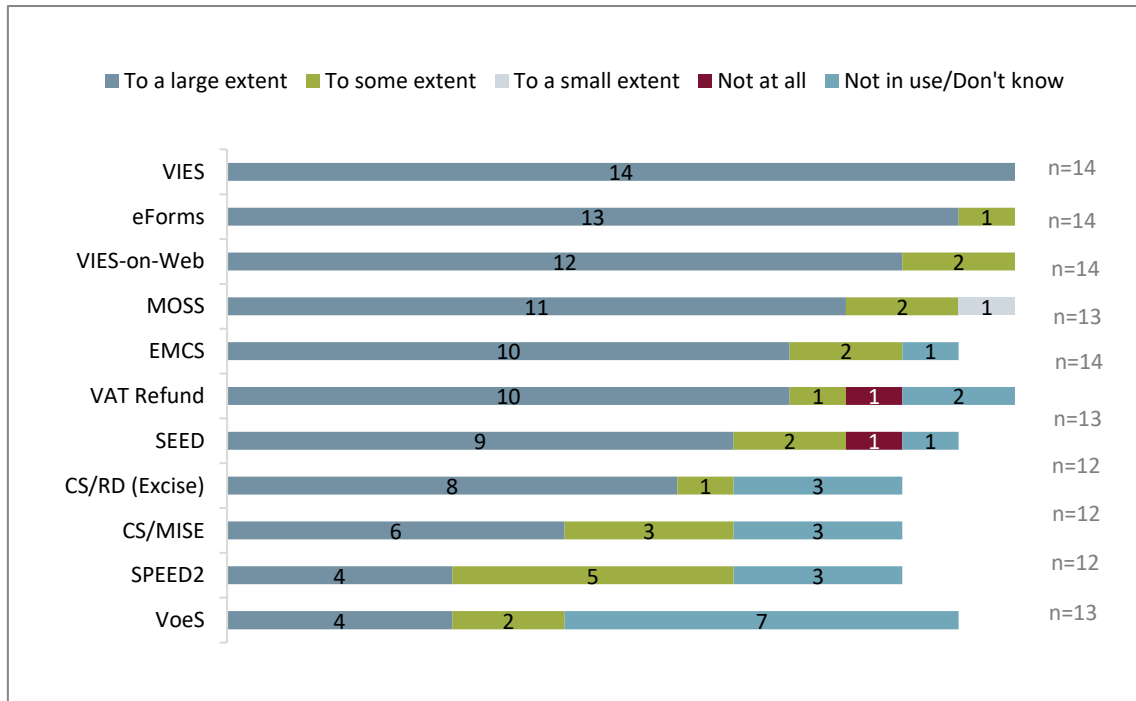


n=14

Indirect taxation systems

Regarding indirect taxation systems, there was an overall positive assessment by most respondents. In particular, VIES⁷¹, VIES-on-Web⁷² and Mini One-Stop-Shop⁷³ were indicated to be useful and appropriate for the work of the administrations to a large extent by most respondents. While most indirect taxation systems seem to be appreciated, VoeS⁷⁴ had several respondents indicating not in use/don't know. Only a few respondents indicated "to a small extent" or "not at all".

Figure 14: Indirect taxation systems



n=14

⁷¹ VAT Information Exchange System

⁷² VAT Information Exchange System (available for traders)

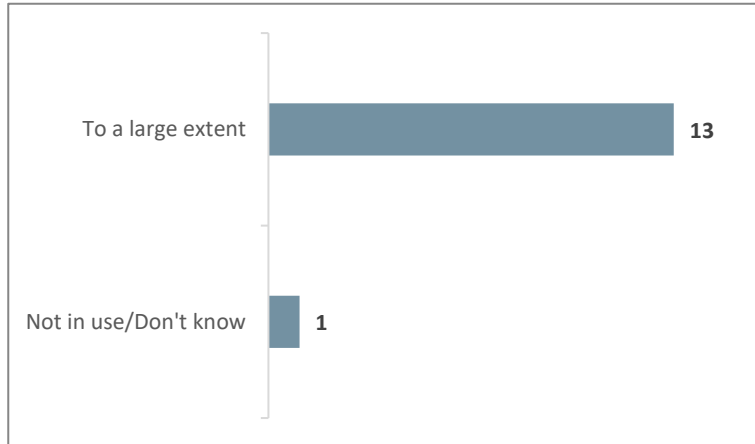
⁷³ Mini-One-Stop Shop

⁷⁴ VAT on e-Services

eForms

As mentioned above, the eForms⁷⁵ system is used for both direct and indirect taxation and is therefore presented separately in the graph below. Respondents assessed the system positively, indicating “to a large extent”. Only one respondent was unaware of the system or did not have an opinion.

Figure 15: eForms

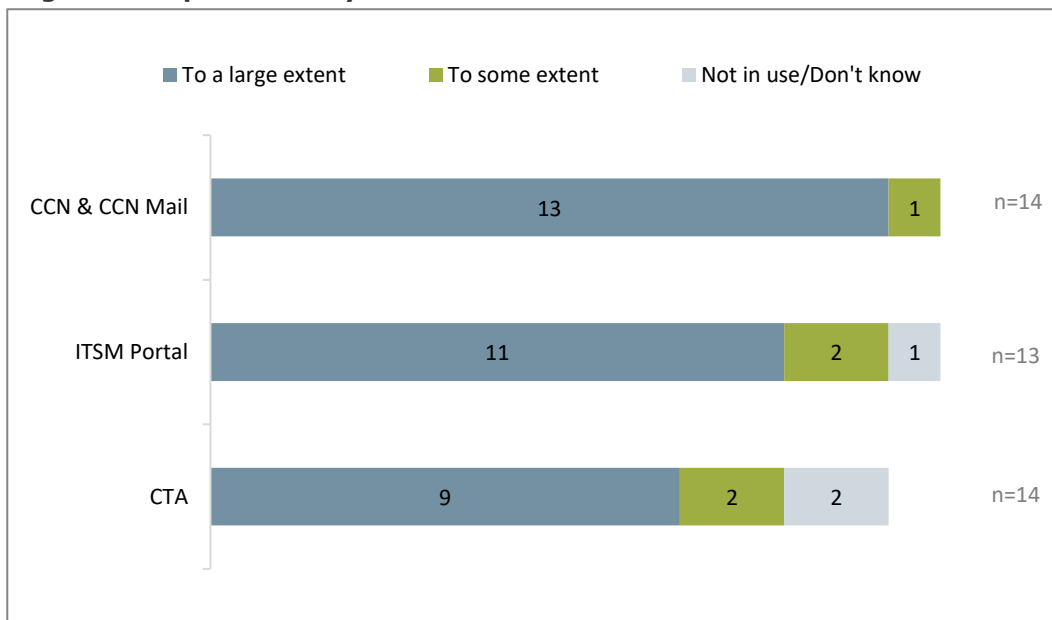


n=14

Operational systems

Finally, the operational systems, generally concerning IT architecture, are presented in the graph below. An overall positive assessment by the respondents can be noted, with the largest amount of positive responses for CCN & CCN Mail⁷⁶. Only a few respondents indicated not in use/don't know.

Figure 16: Operational systems



n=14

⁷⁵ eForms for VAT, Directr Taxation, Mutual Assistance

⁷⁶ Common Communication Network & CCN Mail

Question 2: In relation to the above systems, do any stand out as more or less useful and appropriate for your work?

The following systems and characteristics were highlighted by the survey respondents in answer to this question:

- **The Mini One-Stop-Shop** is an effective and important tool for taxation. The system is used on a regular basis, and in particular the importance of compact data was mentioned.
- **VIES** was said to be particularly useful for risk analysis and data reconciliation. The system is an essential tool for taxation and the importance of compact data was highlighted. High availability and frequent updates were mentioned as key characteristics of the system. VIES was also said to be useful as it offers several types of requests that can be addressed to other Member States about their traders, thus revealing possible frauds.
- Also **Vies on Web** and **VAT Refund** were said to be used regularly. It was suggested that VAT Refund should be expanded to include exchange of information about applicant and proxy and risk analysis.
- **Automatic Exchange of Information-DAC** was indicated as a central tool in the context of risk analysis and data reconciliation. It also provides a large amount of information to be widely used in taxation.
- **eForms** were said to be used regularly and to be particularly useful for a more efficient and safe exchange of information, together with **CCN Mail**. It was mentioned that these two tools contribute considerably to the improvement of administrative assistance and cooperation between tax administrations. **CCN** was also said to be particularly useful for exchange of information for purposes of multilateral controls. Regarding CCN Mail, the size limit of 500 MB was indicated as a negative characteristic that needs to be changed.
- **EMCS** was highlighted as a good solution. Indeed, one Member State had used this system as an example for a similar system developed at national level. When working with EMCS, it is necessary to use other related systems such as SEEN, CCN, CTA, CS/R, and CS/MISE. The combined use of all these systems was said to be important.
- **CTA⁷⁷** was mentioned as a more user-friendly and appropriate replacement for SSTP portal, for testing.
- **VoeS** and **ToS⁷⁸** were said to be unnecessary since the development of the Mini One-Stop-Shop and Automatic Exchange of Information.

Question 3: In your opinion, to what extent do the systems complement or duplicate other systems developed by your administrations or any other organisations?

According to the comments provided by the respondents in the context of this question, there is no, or very limited, duplication between the F2020 IT systems and other systems developed by national administrations or other organisations. The systems were rather said to complement each other, and/or provide for suitable add-ons or further development of existing systems. For example, VIES data was said to be automatically processed in domestic risk analysis, CCN mail to be connected to official mail, and Automatic Exchange of Information data to be used in risk analysis, etc.

⁷⁷ Conformance Testing Application

⁷⁸ Taxation on Savings

Question 4: To what extent, if any, do you believe the F2020 IT systems have helped reduce costs for your administration, in terms of e.g. time or resources for implementing EU legislation?

Comments were overall positive regarding whether the F2020 IT systems have helped reduce costs. Most respondents believed that the F2020 IT systems have resulted in reduced costs for the administrations, even though some initial additional costs were mentioned. The following examples were provided:

- IT collaboration used in connection with automatic exchange of information and statistics resulting in saved resources;
- CCN and eForms used in the field of mutual assistance contributes to a simplification of the procedures, and thus to an acceleration of the time needed to proceed a request;
- Some software produced by the F2020 IT systems were said to have been helpful in developing applications and thus reducing costs;
- Automatic Exchange of Information-DAC exchange as well as SPEED2 were said to be critical and to have a significant impact on IT costs, in particular where the national administrations do not have enough resources for such complex systems and procurement procedures are complicated and expensive;
- Improved understanding and practice/training in regard to new processes and procedures lead to a more efficient execution of tasks and exchange of required data, implementation of new functionalities, etc. All in all, this helps reduce costs and time spent by the national administrations;
- The use of CCN and CCN Mail, VIES, and Automatic Exchange of Information-DAC was said to result in reduced postal charges.

Question 5: Thinking of your interactions with EU Member States and other Fiscalis 2020 participating countries, to what extent have the systems helped disseminate knowledge and experiences from other countries more effectively, or led to more contacts and cooperation?

Respondents were positive regarding this question, suggesting that the F2020 IT systems have provided several opportunities for exchange of knowledge and experience between the EU Member States, sometimes leading to further cooperation and contacts. Some examples provided by the respondents are listed below:

- Workshops, seminars and expert groups organised in the context of the development of the systems have enabled discussions involving administrations from different EU Member States about particular issues and difference approaches to resolve them. Furthermore, some of the systems are developed on the basis of knowledge and experiences of businesses and IT experts from various EU Member States, exchanged in these workshops and seminars.
- The main purpose of some of these systems is indeed to develop cooperation and exchange between EU Member States (e.g. VIES, eForms, and CCN Mail). The systems were described as useful tools facilitating cooperation and interactions with EU Member States, and it was mentioned that exchange of information with EU Member States is more efficient and effective compared to the exchange with third countries.
- Communication and cooperation with other countries have improved considerably following the use of the common IT systems. The amount of contacts and exchange between colleagues from different national administrations within the EU has increased.

- The introduction of new functionalities and common changes in the systems have contributed to discussions, meetings and arrangements regarding the implementation.

It was also mentioned that frequent/regular meetings for networking and exchange of experience and best practice would be helpful to further improve knowledge transfer. Finally, it was said that contacts are however of a more administrative nature to solve a specific issue or concern, rather than for the purpose of knowledge dissemination.

Question 6: Overall, what should be the Commission's main priorities in order to further improve the IT systems, tools or applications?

The following suggestions were put forward by the respondents to further improve the F2020 IT systems:

- Interoperability and reusability of IT systems should be prioritised, as well as updates regarding technologies and standards used;
- A common approach to critical issues in each system should be developed and applied by all users;
- The Commission should play a key role in the development of the IT systems, together with the EU Member States. The Commission needs to ensure that the systems are being developed, that they are cost-effective and efficient through the use of new technologies. In this context the importance of taking into account suggestions from EU Member States was highlighted, and learning from previous errors;
- Simplification, user manuals and trainings were also mentioned as useful for some users.
- Further efficiency and usability of the IT systems (e.g. CTA, VIES, ITSM calls, eForms, CCN Mail) were highlighted. Some examples of such developments follow below:
 - The capacity of CCN Mail system needs to be increased as the current 500 MB is not sufficient;
 - It was suggested to have one interface only to access several modules and IT systems, instead of several different ones;
 - Expand the scope of automatic exchange of information;
 - Exchange of a greater variety of information for mutual assistance;
 - Increase testing and improve testing tools;
 - Common validation of data as much as possible, and joined negotiations with OECD and third countries;
 - Prepare technical specifications for monitoring of movements of excise goods released for free circulation.

5.3. CONCLUSIONS

The survey responses indicated an overall satisfaction with the IT systems supported by the F2020 Programme, their usefulness and appropriateness for the work of the national tax administrations. Very few respondents expressed a lack of satisfaction with the IT systems, though there were some systems that several respondents were less familiar with or did not have an opinion about (e.g. VoeS, TEDB3, Effective Tax Rates, DDS2). Answers to the open questions also pointed towards an overall satisfaction with the systems. Tools for risk analysis such as Automatic Exchange of Information-DAC and VIES were highlighted, as well as eForms and CCN Mail that were said to be central for a more efficient exchange of information. Also the Mini One-Stop-Shop and EMCS were

indicated to be regularly used and particularly useful and appropriate for the work of the administrations.

Regarding whether the F2020 systems complement or duplicate other systems developed by the national administrations or other organisations, there was an overall agreement among the respondents that there is no, or very limited, duplication between the F2020 IT systems and other systems in place. The systems were said to rather complement each other, further developing existing systems.

When asked about whether the existing IT systems have helped reduce costs for the national administrations, most respondents agreed that this was the case even though some initial costs were mentioned in the context of implementing a new system. The automatic exchange of information and statistics, simplification of procedures, and an improved understanding of, and training in new processes were some examples that resulted in reduced costs thanks to increased efficiency.

Regarding opportunities to disseminate knowledge and experiences through increased cooperation, respondents were overall positive, suggesting that the F2020 IT systems have provided several opportunities for such exchange and collaboration. This has been done through workshops and seminars set up in the context of the programme with the aim of further developing or improving these systems. In addition, some of the systems *per se* enable and facilitate cooperation between the national administrations (VIES, eForms, CCN Mail), and were said to have increased cooperation between administrations.

Concerning potential improvements of the F2020 IT systems, and priorities for the European Commission going forward, interoperability, reusability, efficiency and simplification were mentioned. It was said that the Commission should have a central role in the development of these systems. Also, the use of manuals and trainings were highlighted as important for some stakeholder.

To conclude, there is a high level of satisfaction among the survey respondents regarding the F2020 IT systems. Overall the respondents seemed eager to further collaborate towards an improvement of these systems and indicated that the systems in place are both useful and appropriate for the work of the national administration.

6. ANALYSIS OF THE ECONOMIC OPERATOR SURVEY

6.1. INTRODUCTION

The survey for economic operators was published online on 23 March 2018 and promoted via the DG TAXUD newsletter, trade associations and other relevant stakeholders and left open for just over one month, until 26 April 2018. 43 organisations had completed the survey. The present report is based on the responses from these organisations and provides an analysis and overview of their perception concerning the F2020 programme and its services, as well as the potential added value of EU action in this area.

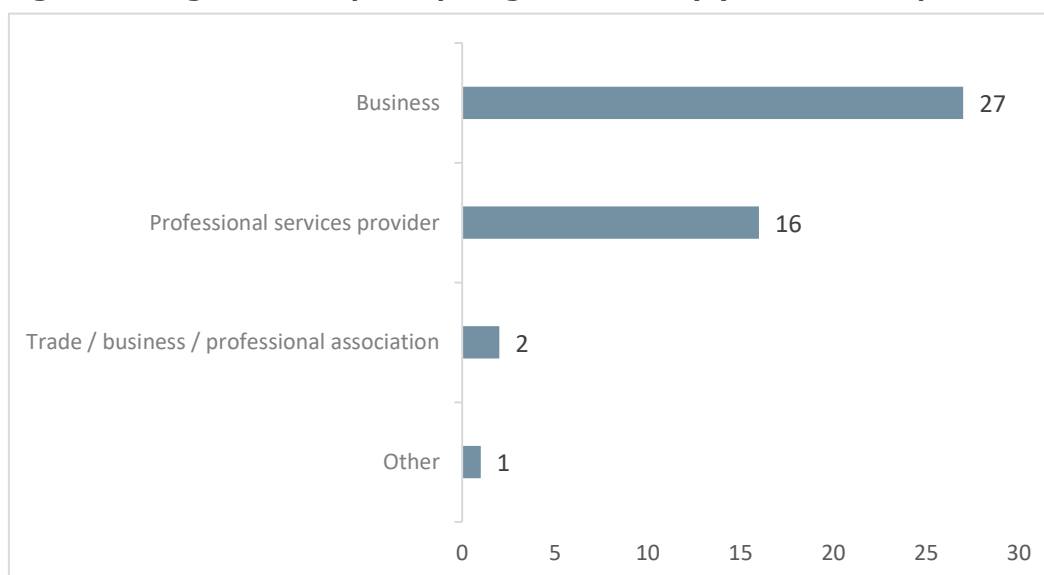
6.2. FINDINGS FROM THE SURVEY TO ECONOMIC OPERATORS

6.2.1. Your contribution

Question 1: What type of organisation do you work for?

The majority of survey respondents are businesses, while the second largest group represents professional services providers. The remaining respondents are trade/business/professional associations and one public authority ("other").

Figure 17: Organisations participating in the survey (number of respondents)

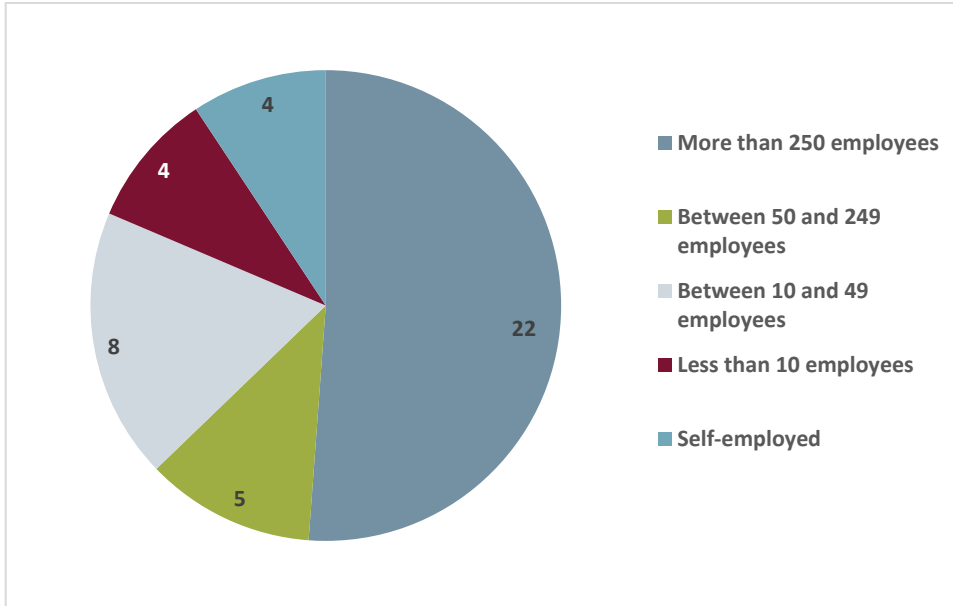


n=43

Question 2: How many employees does your organisation have?

Most survey respondents belonged to large companies of over 250 employees. There were fewer representatives working in smaller companies, including 5 respondents representing companies of between 50-249 employees, and another 8 representing companies of between 10 and 49 employees. The remaining respondents were from companies of less than 10 employees or self-employed.

Figure 18: Number of employees (number of respondents)

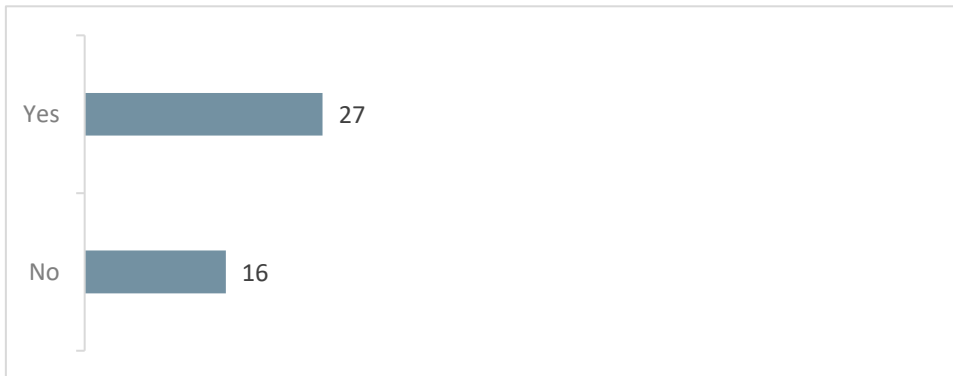


n=43

Question 3: Does your organisation operate in more than one country?

Most respondents worked in organisations that were active in several countries, while a smaller share operated in one country only.

Figure 19: Activities in several countries (number of respondents)

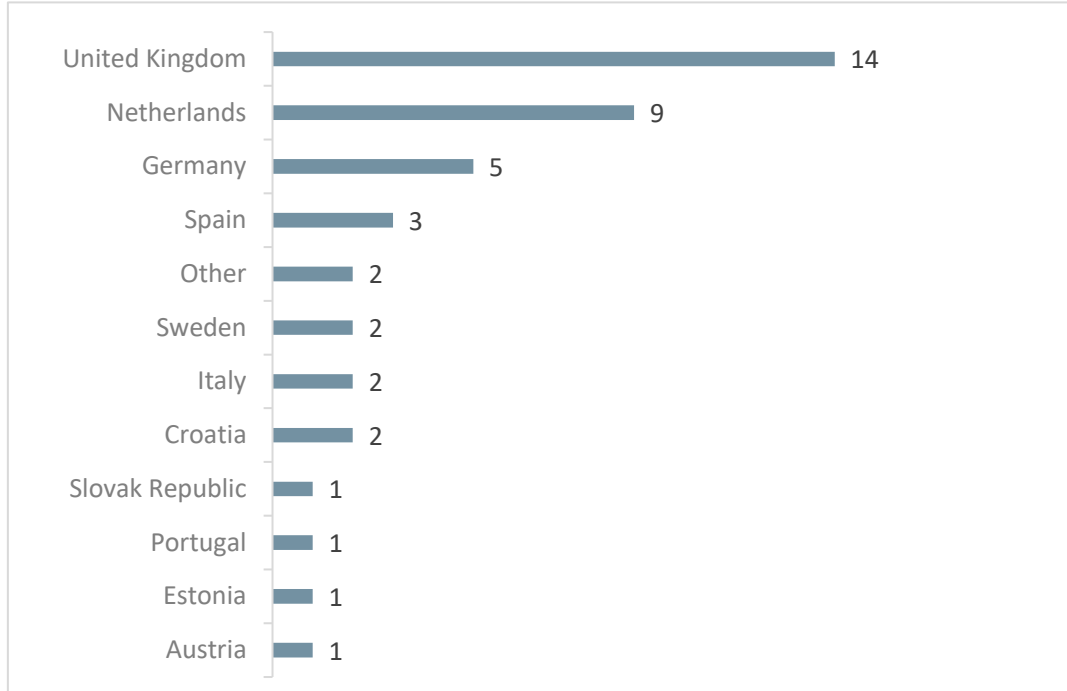


n=43

Question 4: Where are you based?

The majority of the respondents were based in northern Europe, including the United Kingdom, the Netherlands, and Germany, while there were fewer respondents from southern and eastern Europe. Also, Austria and Sweden registered low numbers (1-2) of respondents. Finally, two respondents indicated “other” and specified to be from Switzerland and Cameroun.

Figure 20: Countries in which respondents are based (number of respondents)



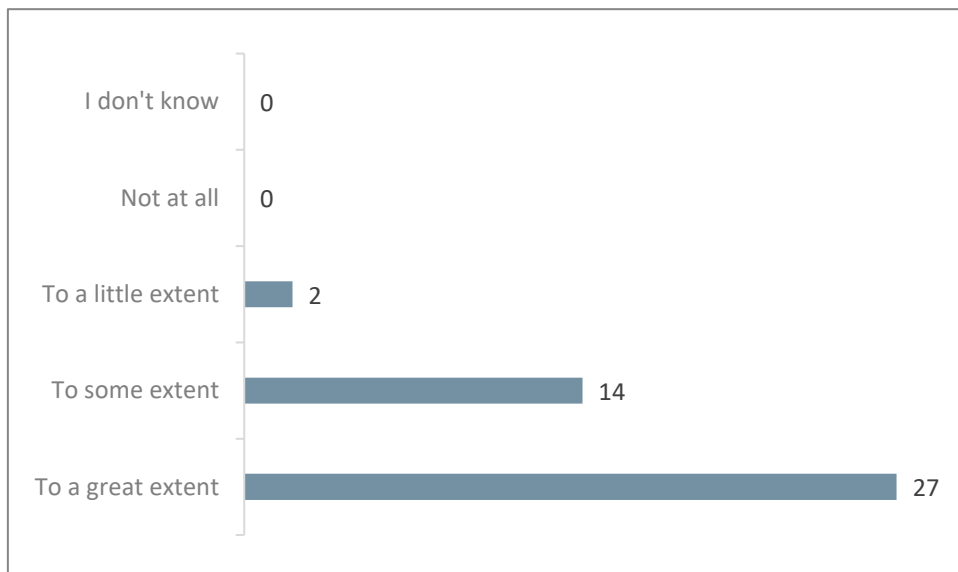
n=43

6.2.2. Need for EU action in tax operation

Question 5: To what extent do you think tax fraud, tax evasion and aggressive tax planning are important issues facing society?

As demonstrated by the graph below, all respondents agreed that tax fraud, tax evasion and aggressive tax planning are important issues facing society. The majority of respondents agreed to a great extent, and a large group agreed to some extent. Only two respondents agreed to a little extent.

Figure 21: Tax fraud, tax evasion and aggressive tax planning (number of respondents)

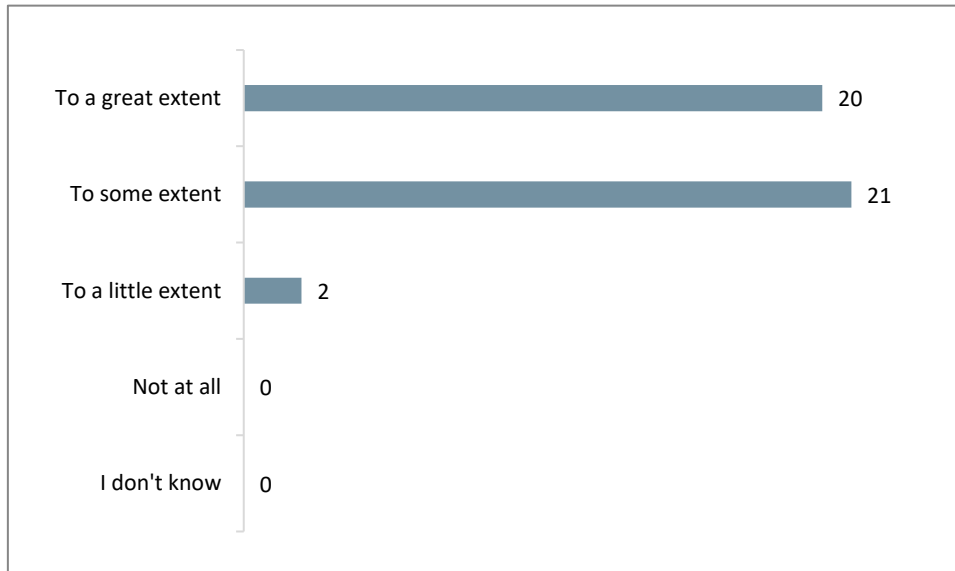


n=43

Question 6: To what extent do you think double taxation and distortion of competition due to taxation are important issues facing society?

All respondents believed that double taxation and distortion of competition due to taxation are important issues facing society. Most respondents were equally divided between “to a great extent” and “to some extent” with the latter having one more respondent registered. Only two respondents indicated “to a little extent”.

Figure 22: Double taxation and distortion due to taxation (number of respondents)

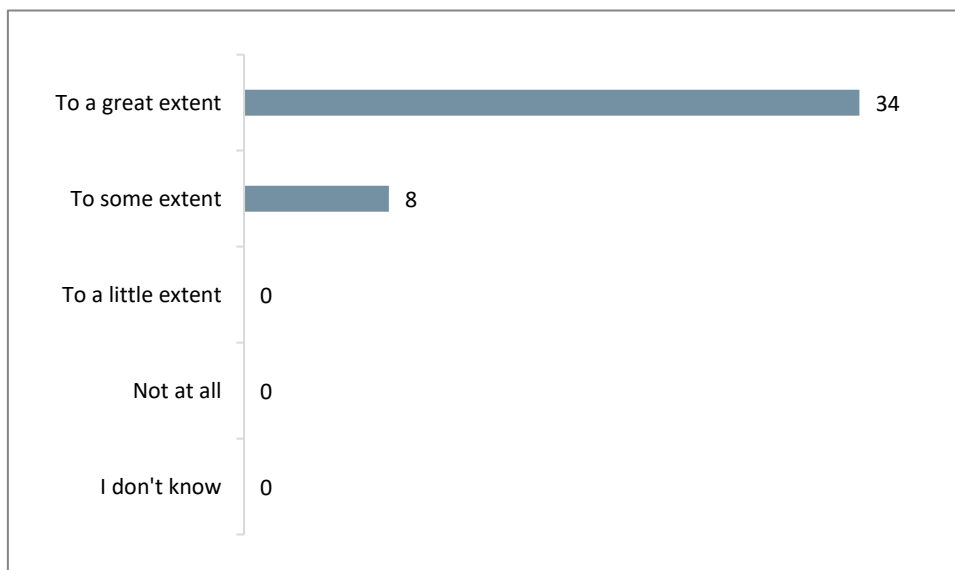


n=43

Question 7: To what extent do you think it is important for the EU, its Member States and other countries to work together on these issues?

All respondents considered that collaboration on these issues is important. The large majority of respondents indicated that this is important “to a great extent” while a smaller group said “to some extent”.

Figure 23: Importance of collaboration (number of respondents)

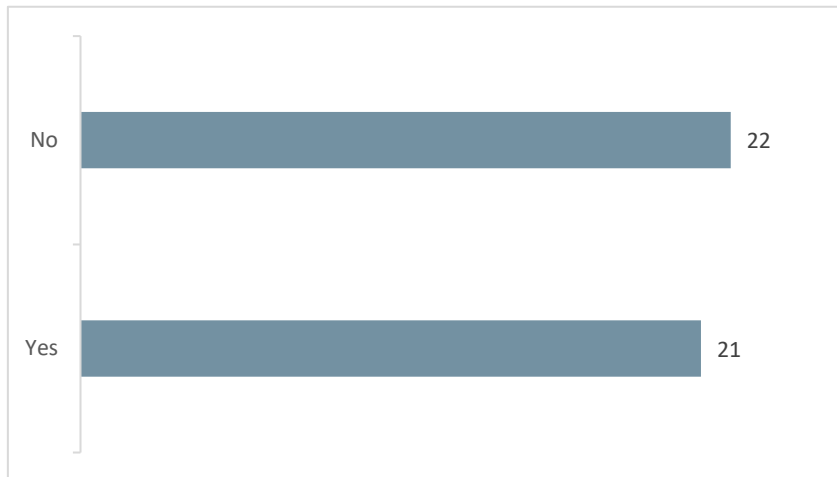


n=42

Question 8: Before beginning this survey, were you aware of the existence of the European cooperation programme "Fiscalis 2020"?

Half of the respondents (21) reported to be aware of the existence of F2020 prior to beginning the present survey, while the other half (22) indicated that they were unaware of the programme.

Figure 24: Awareness of the F2020 Programme (number of respondents)



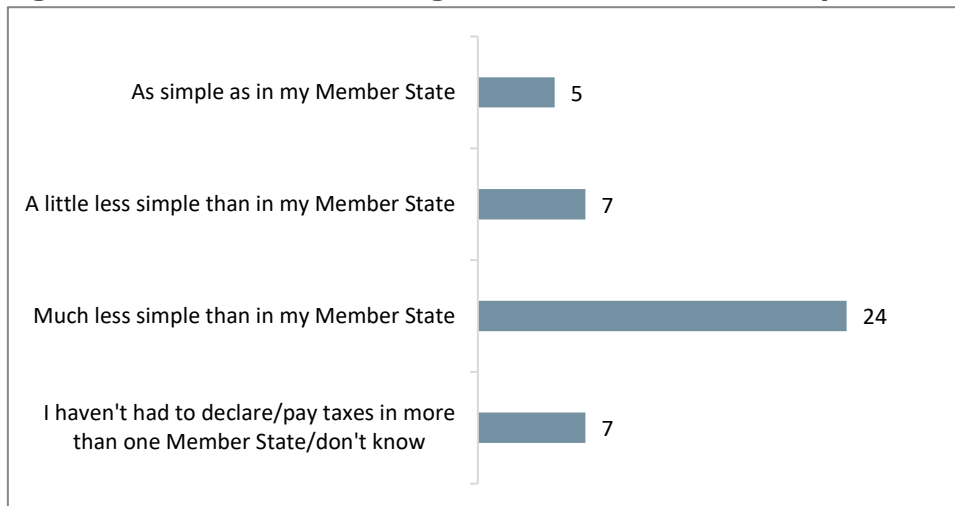
n=43

6.2.3. Supported activities

Question 9: By helping tax authorities to share information and work better together, the Fiscalis 2020 programme aims to simplify tax matters that involve more than one EU Member State. Such matters may for example involve finding information on excise, VAT information for businesses in other Member States, or other issues. How simple do you think such matters are compared to those that involve only your Member State?

The below graph indicates that despite the efforts of the F2020 programme, most respondents consider tax matters involving several EU Member States to be less simple than dealing with tax matters in their own Member State only. In addition, the majority of those indicated "much less simple". Only a small number of respondents thought that it was as simple as in their own Member State.

Figure 25: Tax matters involving several EU Member States (number of respondents)



n=43

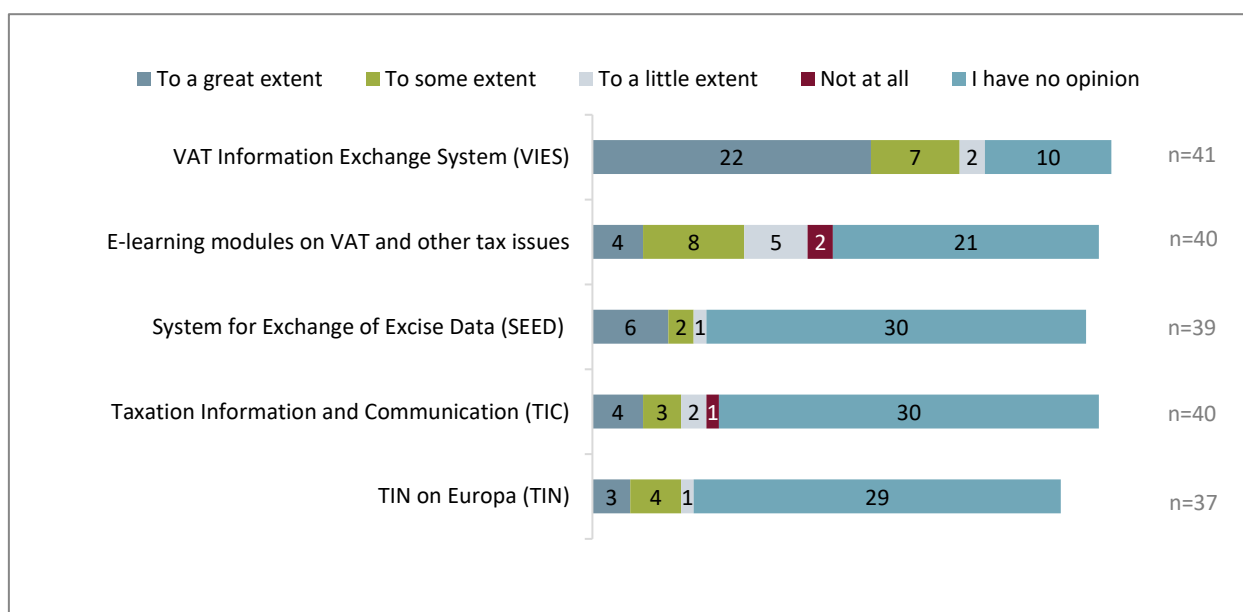
When respondents were asked to explain their answers, several respondents indicated factors such as language issues and difficulties in finding information on the websites of tax authorities in the different EU Member States or receiving the wrong information from local tax advisors. It was highlighted that such issues depend on each specific country with significant differences between e.g. the northern EU Member States, where information in English is more common, and the southern/eastern EU Member States.

It was also said that legal requirements differ from country to country, with additional requirements set by each Member State, and that VAT laws and reports are not aligned across Europe, making it difficult to compare data. VIES was highlighted by some respondents. It was said that it does not prove effective when there has been a change in a company's name, form or VAT status. Also, in some countries VIES does not provide the company name, but only indicates that it has a valid VAT number, which in turn might lead to errors.

Question 10: If you have ever used any of the Fiscalis 2020 programme's services aimed directly at businesses and citizens (see below), to what extent do you think they provide information that is hard to find elsewhere?

The graph below indicates that VIES in particular has proven useful in providing information that is difficult to find elsewhere, with most respondents indicating "to a great extent". Also, e-learning modules on VAT and other issues were considered by some respondents to provide such information. For the remaining services listed, it can be noted that the majority of respondents indicated that they did not know/did not have an opinion, while only a few respondents gave positive answers.

Figure 26: Provision of information that is hard to find elsewhere (number of respondents)



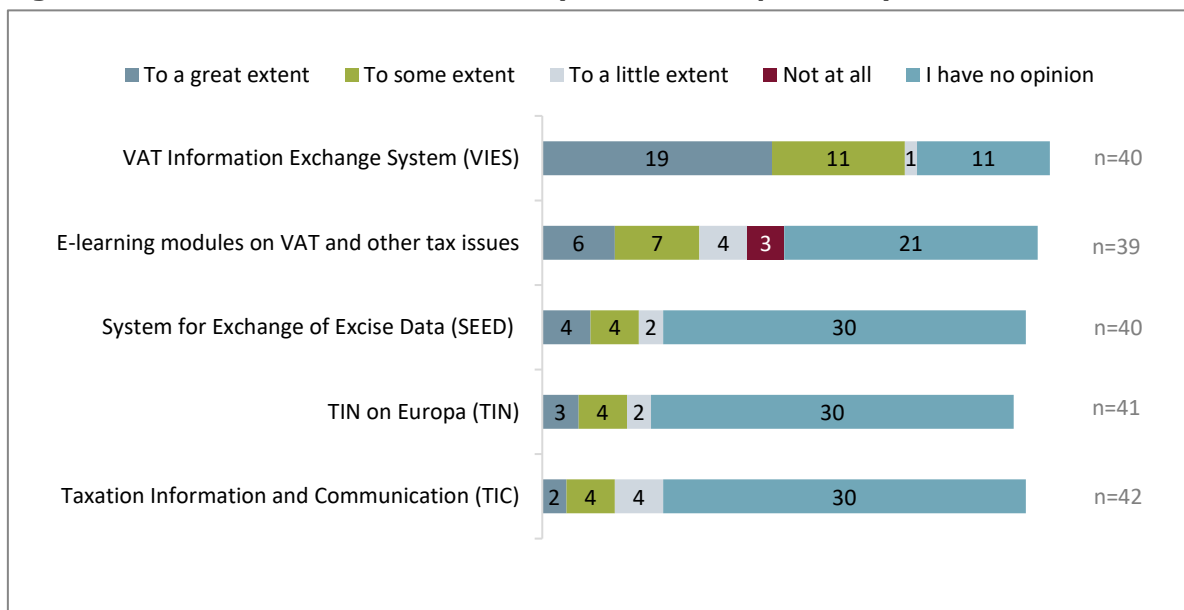
n=40

When asked to explain their answers, several respondents said they were not aware of the services listed in the graph. VIES was highlighted as useful and a key source for VAT numbers, even though information might vary depending on the country. Also, the EUROPA website/TIN for excise numbers was mentioned.

Question 11: If you have ever used any of the programme’s services aimed directly at businesses and citizens, to what extent have you found them useful?

Similarly to the above question, most respondents considered VIES to be a useful tool. Also, the e-learning modules were indicated to be useful by several respondents, however, it can be noted that this service was considered “not useful at all” by three respondents. Concerning the other three services, most respondents did not know while only a few said they were useful.

Figure 27: Usefulness of F2020 services (number of respondents)



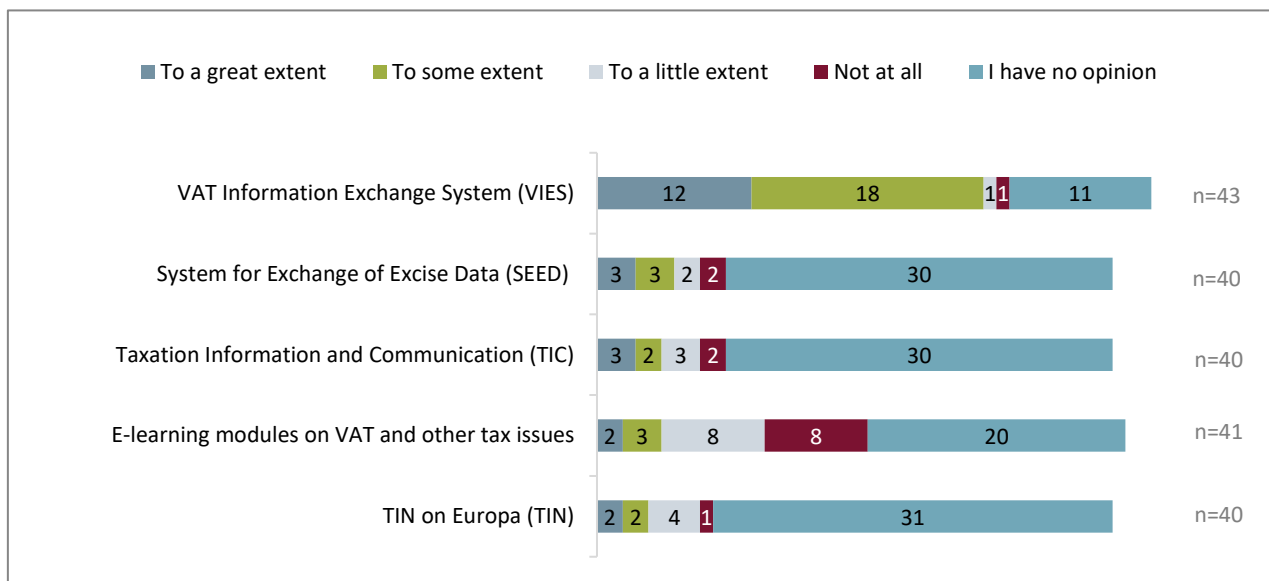
n=42

When asked to explain their answers, VIES was highlighted once again to be an important tool even though it was indicated that there is room for improvement. For example, the function to check the validity of a VAT number should be introduced, and it was said that some countries do not communicate legal company names of VAT numbers. Accessibility, functionality, accuracy and consistency of information and real time updates were also highlighted. Regarding, the e-learning modules for VAT, they were said to be comprehensive but technical and impractical for businesses. SEED was also referred to, especially the function to check a location for warehouse keepers or bond numbers. However, due to lack of available information regarding the address it was said to be time-consuming and resource intensive as information had to be requested from other sources instead (e.g. HMRC in the UK).

Question 12: If you have ever used any of the programme’s services aimed directly at businesses and citizens, to what extent have they saved you time?

The graph below demonstrates that VIES is the services that saves most time according to the respondents. While e-learning modules on VAT are indicated to save time by some respondents, eight respondents consider that they do not enable any time-saving at all. Similarly, to the previous two questions, the majority of respondents are not aware/do not have an opinion about the other three F2020 services listed, while a small number of respondents believe they enable time-saving.

Figure 28: Time-saving enabled by the F2020 services (number of respondents)



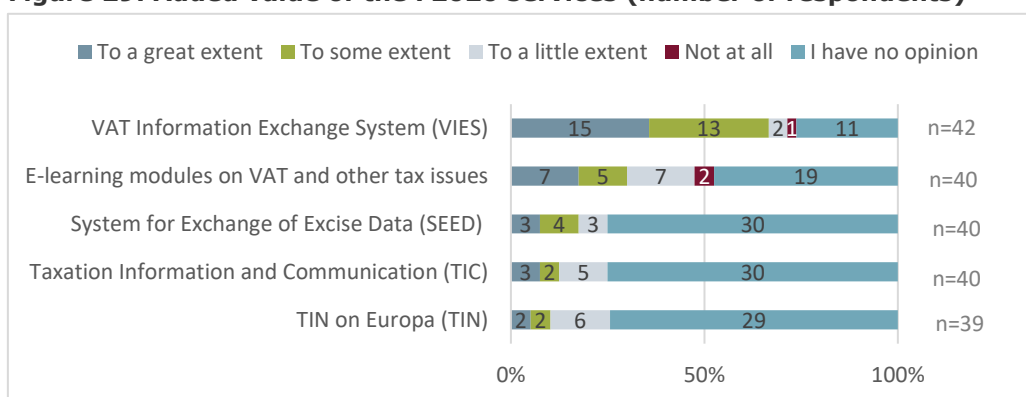
n=43

When asked to explain their answers, the comments provided by the respondents were similar to the two previous questions. For example, VIES was said to be useful even though some information is missing, SEED was highlighted to be important even though the problem of not providing the address of warehouse keeper or similar rather adds time to the process.

Question 13: If you have ever used any of the programme’s services aimed directly at businesses and citizens, to what extent do you think they added to the services provided by your own country’s tax authority?

According to the respondents, especially VIES and e-learning modules on VAT and other tax issues add to the services provided by national tax authorities. VIES in particular registered several positive responses. Regarding the other three services, the majority of respondents did not know, while only a few indicated an added value.

Figure 29: Added value of the F2020 services (number of respondents)



n=42

When asked to explain their answers, the importance of checking VAT number through VIES was highlighted as this is sometimes not possible to do through national services. However, it was said that it should also be possible for businesses to check the validity of customers’ VAT registrations. The EUROPA website was also mentioned as a positive service, even if the importance of confirming full addresses was underlined.

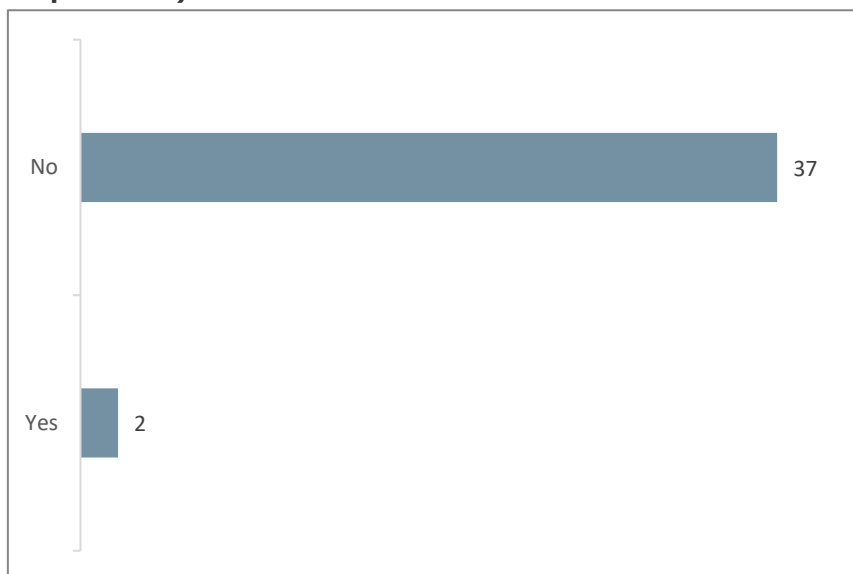
Other views provided by respondents regarding tax information that the EU should provide included the following:

1. An EU database/web-portal would be useful including up-to-date VAT information for all Member States such as rates, VAT registration data, invoicing requirements, VAT recovery, VAT return format and guidance, etc.;
2. The SEED database should provide full information and address rather than redirecting enquiries to e.g. HMRC in the UK as this might lead to significant delays;
3. Website information on tax matters and related legislation should be provided in English throughout the EU Member States, and not only the local language;
4. The EU website should be improved to facilitate the search for relevant information. It should also provide up-to-date information about local tax legislation and relevant case law. Key differences between regimes should be highlighted and information on how to manage disputes with the authorities should be included.

Question 14: Can you think of any EU or national programmes or services that include similar activities or pursue similar aims as Fiscalis 2020?

As demonstrated by the graph below, the large majority of the respondents said they were not aware of other programmes or services with similar aims. IBFD and Big4 were given as examples of additional sources of information.

Figure 30: Awareness of other programmes or services with similar aims (number of respondents)



n=39

6.3. FINAL REMARKS

Question 15: If you wish to add further information – within the scope of this survey – please feel free to do so here.

The following comments and suggestions for improvement were provided by the respondents in answer to this question:

- EMCS (Excise Movement and Control System) was mentioned as a valuable tool to facilitate excise movements within the EU;
- It would be valuable to have one single format for tax declarations, as well as harmonisation of additional reporting;
- Ensure that all relevant information on this topic is available in English;

- A VAT or tax portal has been discussed for a long time. It was said that countries lack willingness to cooperate and open up their communication in order to have such a portal. However, providing extensive and up-to-date information to local and foreign tax payers is central to facilitate compliance.

Key findings

The below box provides a summary of the key findings resulting from the survey.

Box 1: Key findings

- All respondents agreed that tax fraud, tax evasion and aggressive tax planning are important issues facing society. Also, double taxation and distortion of competition were considered important by all respondents. Collaboration at the EU level, involving EU Member States and other countries, in this area was considered central by all respondents.
- Only half of the respondents were aware of the existence of the F2020 Programme prior to responding to the survey.
- Despite the efforts of F2020 to simplify tax matters involving more than one EU Member State, respondents considered this to be less simple than when only one country is involved. Only a few respondents thought it is as simple. Language issues, difficulty in finding the right information, different legal requirements etc. were mentioned as factors complicating tax matters involving more than one EU Member State.
- The survey responses indicated that VIES is a useful and valuable tool, providing information that is difficult to find elsewhere and enabling the users to save time. It was also said to provide added value to the services available at the national level. While most comments about this tool were positive, it was said that some information is missing e.g. a function to check VAT numbers.
- e-learning modules on VAT and other issues were also assessed positively by most respondents, even though the numbers of positive answers were somewhat lower compared to VIES.
- Regarding the three other F2020 services listed (TIN, SEED, TIC), most respondents were unaware of them or did not have an opinion. Only a few respondents assessed them positively regarding usefulness, information provided, time-saving and added value.
- Suggestions for improvement of F2020 services included an EU database providing VAT information for all EU Member States, providing all information in English, and facilitating the search on the EU website, providing further information about e.g. legislation, key differences among EU Member States, and how to manage disputes.

Conclusions

To conclude, it can be said that all economic operators that responded to the survey are positive to a European collaboration in the tax area. While some tools were considered to be useful and provide added value (VIES, e-learning modules on VAT and other tax issues), awareness regarding other tools was low (TIN, SEED, TIC). This might be an indication that further awareness raising is needed to increase the use of these tools. Indeed, half of the respondents were not aware of the F2020 programme prior to responding to the survey. Furthermore, despite F2020 efforts respondents considered tax matters involving more than one EU Member State to be less simple than when only one Member State is involved. This might imply that there is further need for EU collaboration to facilitate cross border tax matters.

7. CONSULTATION SYNOPSIS REPORT

After a brief introduction to the Fiscalis 2020 programme and mid-term evaluation, this report presents a synopsis of the consultation activities carried out.

7.1. The programme

The Fiscalis 2020 programme (hereinafter "Fiscalis") is the EU's **on-going cooperation programme in the field of taxation**. It runs from 1 January 2014 until 31 January 2020 and gives national tax administrations a framework to cooperate and exchange information and expertise. Fiscalis is governed by Regulation (EU) No 1286/2013,⁷⁹ and aims to contribute to the coherent implementation of EU law in the field of taxation by securing the exchange of information and supporting administrative cooperation and enhancing the administrative capacity of tax authorities. The programme places additional emphasis on supporting the fight against tax fraud, tax evasion and aggressive tax planning, in line with the EU tax priorities. There are currently 34 countries that participate in the programme (the 28 EU Member States and six candidate and potential candidate countries). While tax administrations are the programme's main target audience, economic operators are an important secondary audience that participates in certain activities as well as benefiting from others indirectly.

The programme has a budget of about EUR 223m for the 2014-2020 period and supports three types of actions to achieve its aims,⁸⁰ namely:

- (a) **European Information Systems (74% of funding so far)**: IT systems to facilitate the exchange of information and access to common data;
- (b) **Joint actions (16.5% of funding so far)**: meetings of tax officials and other stakeholders in various formats to enhance the exchange of knowledge and experiences between the tax authorities of the participating countries; and
- (c) **Common training activities (3.5% of funding so far)**: e-learning modules and other training to support the professional skills and knowledge related to taxation.

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

7.2. The evaluation

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

The breadth and diversity of the programme's activities posed an important methodological challenge, in that it would not have been possible within the available resources and timeframe to cover all activities the detail needed to draw robust conclusions. For this reason, the evaluation was split into three complementary

⁷⁹ Regulation (EU) No 1286/2013 of the European Parliament and of the Council establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.

⁸⁰ Just over 6% of funding so far has also been allocated to other expenses, such as procurement for studies and communication activities.

elements, namely a programme assessment that covered the whole programme to the extent possible, thematic case studies that examined certain aspects in much more detail and a survey of economic operators that sought to gather the views of this important secondary audience. In addition to desk research, extensive consultation with stakeholders formed an integral part of all three pillars.

7.3. Consultation strategy

To ensure transparency and the validity of results, the evaluation used complementary methods to collect data from a large number of stakeholders. These included participants in the programme from EU and candidate country tax administrations and economic operators benefiting from certain programme activities, as well as European Commission officials responsible for managing and using the programme. In addition, the evaluation drew heavily on monitoring data that consisted in large part on feedback from relevant national officials as well as economic operators completing the publicly available e-learning modules.

More specifically, the consultation activities consisted of the following:

- Questionnaires for national authorities (part of the programme assessment): two written questionnaires (one general questionnaire on joint actions, training and programme management, the other on funded IT systems) were distributed to the relevant authorities from participating countries. The questionnaires were sent to national coordinators, who were asked to elicit feedback from their administrations and provide a single response for each questionnaire and country. Response rates for the general questionnaire were very good, with completed questionnaires returned by 30 of 34 participating countries. Likely owing to consultation fatigue, only 14 of a possible 28⁸¹ responses were provided for the IT-focused questionnaire, despite mitigating measures such as extending the deadline and individual follow-up messages. This was supplemented with feedback received through the other consultation tools as well as satisfaction figures on given IT systems from the monitoring data.
- Programme manager questionnaire (part of the programme assessment): a set of interviews with managers and users from the Commission (21 interviews) and national administrations (eight national coordinators) allowed us to collect experiences, opinions, perceptions and suggestions regarding a range of issues that would be difficult to obtain using other means. These included matters such as responsiveness of the programme to emerging needs and priorities, organisational and governance structures and processes, practical implementation, change in programme performance over time and any barriers to the success of the programme. There was also a special focus on the IT systems used for programme and financial management.
- Thematic case studies of Annual Work Programme projects: these consisted of in-depth qualitative research in the form of seven case studies, each focused on a theme linked to the Annual Work Programme projects that were defined as priorities in given years. For each of seven particularly salient themes, the evaluation examined the actions involved based most importantly on fieldwork in seven countries that focused on face-to-face interviews with 87 relevant stakeholders within national administrations.
- Survey of economic operators: while economic operators are not the programme's main beneficiaries, their views are important as taxpayers and users of certain IT systems and e-learning modules. A public consultation was initially foreseen to gather the opinions from economic operators and citizens

⁸¹ Since only EU Member States can use the majority of IT systems, it was only distributed to the 28 Member States rather than all Fiscalis 2020 participating countries.

more broadly. However, a decision was taken within the Commission to group together questions relating to a wide range of spending programmes into a single public consultation. Since this did not include any questions related to Fiscalis, a short online survey of economic operators was carried out instead. The survey included a range of questions on the relevance of the programme's objectives and activities and respondents' experiences with several publicly available IT systems and e-learning modules. The survey was promoted through DG TAXUD's newsletter and direct mailings to trade organisations in all Member States. However, it was not possible to post links to the survey directly on the websites of the services that were being asked about. Given the niche users of many of these services and a general feeling of consultation fatigue, the survey only received 43 responses. While not ideal, the survey still provided some useful insight from an otherwise difficult-to-reach group, which was supplemented using more substantial survey data on the e-learning modules collected on an ongoing basis by DG TAXUD.

Overall, the coverage of the consultation activities is deemed satisfactory. Nearly all of the national administrations which make up the programme's main target audience provided feedback through questionnaires. While programme manager and case study interviews cannot be described as representative in a statistical sense, broad consistency between the findings from different sources testifies to their validity and robustness. Nonetheless, it should be noted that insight from economic operators and citizens as a whole was limited by the lack of a public consultation and low response rates to the economic operator survey.

7.4. Synopsis of consultation results

The rest of this report gives a brief synopsis of the main consultation tools.

General questionnaire for national authorities

As mentioned above, 30 of 34 participating-country tax administrations responded to the general questionnaire. Respondents painted positive assessment of the programme in terms of the joint actions and training activities supported, as well as management and EU added value.

Regarding the joint actions (which can be classified into different types), most of them are indicated to be very useful to the work of the national administrations. Exchange of best practice, networking and cooperation, as well as implementation of EU legislation were some of the main strengths that were reported to be highly appreciated by respondents. Concerning the specific objectives of the programme, most respondents believed that the joint actions contribute to the achievement of these objectives, either to a great extent or to some extent. In terms of areas of improvement, the suggestions provided were mostly of a practical and administrative nature.

While **training activities** (most importantly e-learning modules) were reported as in use to varying degrees, those respondents that did use them reported that they successfully complemented related initiatives at national level. Training activities also helped national administrations use and benefit from European Information Systems, as well as to take a more uniform approach to the application of EU tax law. Criticisms related mainly to language issues (such as translation costs) and the need to keep e-learning modules updated and bug-free.

Respondents were generally positive about the programme's **management structure and processes** and considered them broadly appropriate given the nature of the programme. However, in some cases it was felt that reducing administrative burdens would increase participation in the programme, or that IT tools for reporting and sharing information could be improved

Finally, administrations showed very positive perceptions of the programme's **EU added value**. It was considered to provide a unique platform to tackle common problems with officials from other participating countries and build networks and trust, leading to a better and more harmonised implementation of EU legislation. Re

IT-focused questionnaire for national authorities

While the 28 Member State administrations have access to and use the IT systems under review, only 14 of them responded to the questionnaire due to the consultation fatigue issues mentioned above. Although this limits the generalisability of the results, they are broadly consistent with the findings from other evaluation tools.

The questionnaire responses indicated an overall satisfaction with the IT systems supported by the Programme, their usefulness and appropriateness for the work of the national tax administrations. Very few respondents expressed a lack of satisfaction with the IT systems, though there were some systems that several respondents were less familiar with or did not have an opinion about.

The systems were judged as making it easier to share information quickly and safely, facilitating cooperation and thereby helping to implement EU legislation and fight tax fraud, tax evasion and aggressive tax planning. Regarding whether the systems complement or duplicate other systems developed by the national administrations or other organisations, there was an overall agreement among the respondents that this is not the case. The systems were rather said to rather complement each other, adding value and leading to improvements in existing systems. Despite some costs associated with the implementation of new systems, respondents also felt that the supported IT systems helped reduce costs for national administrations overall by simplifying processes and making it easier to share information. Ideas for potential improvements focused on interoperability, reusability, efficiency and simplification.

Programme manager interviews

The evaluation included interviews with 29 programme managers, mostly representing European Commission services involved with the programme but also national coordinators in seven countries (making for eight interviewees, since responsibility for the programme is split in some countries). The interviews fed into the broader assessment of the efficiency of programme management. This found that the design and management of the programme reflect its long-standing success and ability to get better over time, with key features that are appropriate and being gradually improved, leading to a high degree of efficiency. While there was some criticism, this was minor and related to such aspects as making the programme's monitoring system less complicated and burdensome and making IT tools for reporting and information-sharing more user-friendly.

Thematic cases studies of Annual Work Programme projects

A major part of the evaluation consisted of case studies on seven of the projects defined as priorities in the Annual Work Programmes. These covered a range of the IT systems which receive the lion's share of programme funding as well as collaboration fora for different tax policy areas, training activities and more practical cooperation between tax officials. The case studies were based on fieldwork in seven participating countries (i.e. the Czech Republic, Germany, Italy, Latvia, Portugal, Serbia and Sweden) and informed by 87 interviews with national tax administrations. Each case study led to the production of an individual case study report, which in turn fed into the assessment of all five evaluation criteria.

The case study findings are difficult to disentangle from those of the evaluation as a whole. These were very positive, confirming the programme's relevance, describing its effectiveness both in operational terms and contributions to higher-level objectives and

demonstrating efficiency and coherence. By allowing participating countries to pool resources, offer solutions for problems with an EU dimension and exchange information, the programme was also found to provide clear EU added value. Within this overall picture of success, criticism focused mainly on gradual improvements that would ensure all activities are relevant and improve operational efficiency.

Survey of economic operators

As mentioned above, despite ample promotion it was only possible to elicit responses from 43 economic operators, of which 27 described themselves as businesses, 16 as professional services providers, two as trade / business / professional association and one ticking an 'other' box. The majority of responses came from the UK, the Netherlands, Germany and Spain. The responses are thus not in any way representative of economic operators in general or participants / users in the programme, but rather give a snapshot of the views of some individual stakeholders.

While only half of respondents were aware of the Fiscalis 2020 programme, all felt that tax fraud, tax evasion and aggressive tax planning to be important issues facing society, along with double taxation and distortions to competition. Collaboration at EU level between national tax administrations was also considered vital. Most respondents also expressed a need to make it easier to deal with tax matters involving more than one EU Member State.

Much of the survey focused on the publicly available IT systems and e-learning modules. Though many respondents had not heard of specific systems or modules, when views were provided there were generally positive and indicated that the programme helps economic operators save time and find important information on e.g. VAT rules. Indeed, suggestions for improvements centred on providing more detailed information on VAT and how it differs across Member States.

ANNEX B: CASE STUDY REPORTS

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1. OVERVIEW OF CASE STUDY METHODOLOGY

1.1. Introduction

Since the Fiscalis 2020 programme (hereafter “Fiscalis”) mainly supports administrations in carrying out functions required by EU and national legislation, its benefits cannot be readily quantified. This means that **in-depth qualitative research** was required to understand whether the programme is achieving its objectives.

This qualitative research took the form of **seven case studies**. The purpose of the case studies was to provide insight about Fiscalis and the contribution it actually makes in terms of supporting the work of national administrations, and the development and implementation of new processes, procedures and policies.

As a unit of analysis, we defined the thematic areas based on different **projects listed in the Fiscalis Annual Work Programmes**.⁸² As these projects mostly consist of joint actions, we broadened the analysis to include more of the IT-related activity that accounts for the vast majority of the programme budget.

Within each **thematic area**, we examined a number of different programme actions, their outputs and the difference these have made / are expected to make for national administrations and economic operators. For thematic areas where IT systems play a major role, as ‘outputs’ the analysis looked that the relevant modules, their development and continued operation.

1.2. Selection of thematic areas and fieldwork countries

The seven thematic areas were selected from the 60+ projects defined in the 2014-2016 Annual Work Programmes. Factors considered included the amount of progress reported in monitoring reports, importance of a given aspect of tax policy, use of new systems or types of joint action, and budgetary allocation. As a whole, the thematic areas (briefly introduced in the box below) also provided a framework to cover Fiscalis’ efforts related to all aspects of the specific and operational objectives and activity types.

Table 1: Case study sample

	Case study focus	Overview
1	IT collaboration , specifically the expert team and modules developed for the Automatic Exchange of Information under the second Directive on Administrative Cooperation (DAC2)	IT collaboration relates to combined efforts between the Member States and Commission to implement solutions more effectively and / or efficiently. Possibilities for such collaboration are discussed regularly in fora such as the Fiscalis-supported IT catalyst group. In the case of Automatic Exchange of Information, we looked specifically at an expert team that was set up to develop modules for implementing DAC2, which requires the automatic exchange of information on account information on taxpayers, as well as the modules themselves.
2	Training , specifically e-learning modules on VAT	Much of the budget spent on training within Fiscalis consists of the development and implementation of e-learning modules. The most important of these modules together form the VAT package, which was overhauled in 2015 and which aims to ensure a common understanding among administrations of EU VAT legislation. This case study examined the actual use of these modules in different Member States, as well as the training

⁸² The Fiscalis Annual Work Programmes define for each year a number of ‘projects’. These are sets of supported actions that work in concert towards specific priorities.

		coordination group that provides a forum for discussion and planning.
3	Multilateral controls	Multilateral controls are a long-standing activity that facilitates collaboration between administrations at a practical level, namely to conduct joint controls in cases where there is a transnational element. Multilateral controls also stand out as the type of cooperation most often initiated by the Member States. The case study focused on the experiences of Multilateral control participants and how these vary across countries, in addition to looking at the nature and scale of results achieved.
4	Administrative cooperation other than the exchange of information, specifically the Presence in administrative offices / participation in administrative enquiries activities (PAOEs)	PAOEs are a new activity that was introduced in 2015. By providing a framework for tax officials to visit and access information on the premises of other Member States, they aim to increase the effectiveness of controls (thereby encouraging compliance) and boost cooperation between administrations. The case study gave us a chance to examine the extent to which these activities are being taken up and why this differs across Member States, as well as to take stock of the results achieved so far.
5	Risk management	Risk management is an important aspect of supporting the fight against tax fraud, tax evasion and aggressive tax planning, albeit one where most competence remains with the Member States. The case study allowed us to assess how collaboration can work in such areas, through the common development and sharing of practices and regular exchange of experiences and information. In particular we looked at the risk management platform set up through Fiscalis.
6	Mini One-Stop-Shop	The Mini One Stop Shop can be considered a flagship initiative of the current Fiscalis programme. As a new system that addresses highly prioritised issues within the field of VAT information, the case study provided a first chance to assess the system's development and implementation as well as related joint actions.
7	Excise Movement Control System (EMCS)	EMCS was developed during the previous programme and is excise's main operation application, in direct use in all Member States and by over 80,000 economic operators. Roughly €2m was spent during the years 2014-2016 on EMCS-related IT developments, reflecting its continuous evolution. The case study focused on recent improvements, as well as the processes for continued support and development of additional modules.

To achieve the desired level of depth given the time and resource constraints of the evaluation, we **conducted fieldwork in seven countries**. While no sample of EU countries can be representative in a statistical sense, such a sample was big enough to accommodate substantial diversity, in terms of key criteria such as geographical distribution and the size of the country and its tax administration. We also deliberately avoided countries where fieldwork took place during the previous evaluation. This approach allowed us to engage with stakeholders with varying levels of experience and participation in Fiscalis.

The **selected countries for fieldwork** were⁸³:

⁸³ Unfortunately, we were not able to conduct fieldwork in any North-western European country due to relevant tax administrations not being available during the evaluation period.

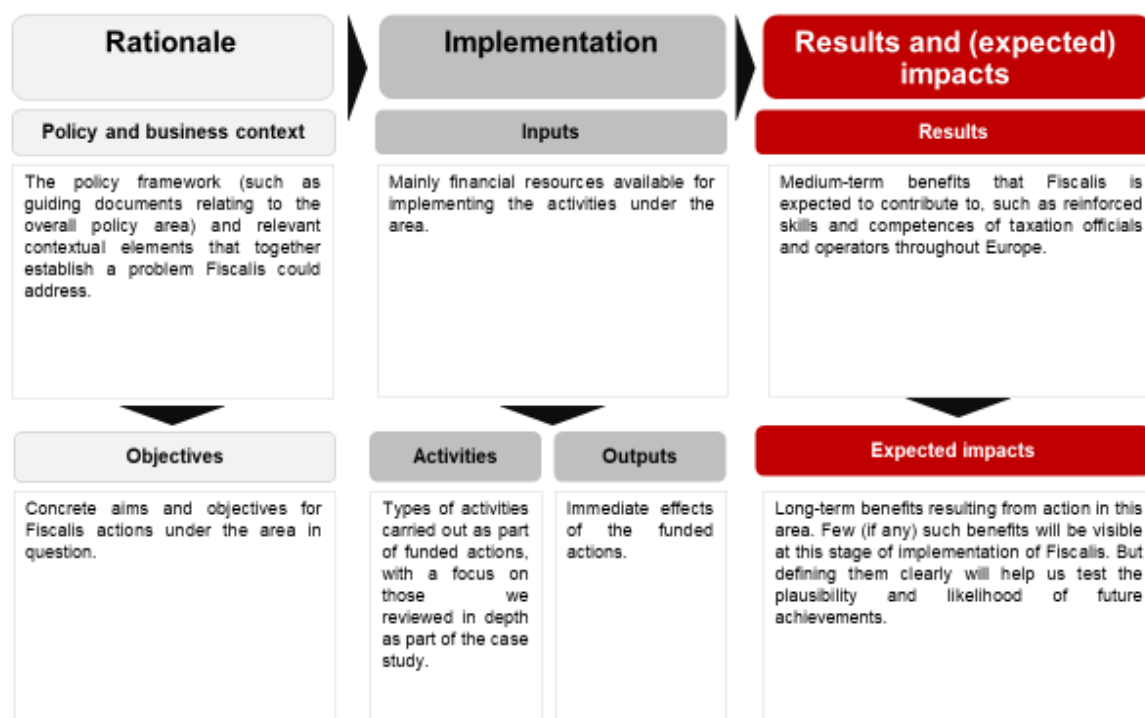
- Germany (Northern Europe)
- Sweden (Northern Europe)
- Czech Republic (Central-Eastern Europe)
- Latvia (Central-Eastern Europe)
- Portugal (Southern Europe)
- Italy (Southern Europe)
- Serbia (candidate country participating in the programme)

1.3. Methodology followed

In practical terms the case studies consisted of seven discrete **theory-based evaluations**.⁸⁴ For each of these, we first constructed an intervention logic diagram and identified the key assumptions that need to hold in order for specific projects to generate their desired effects. We then tested this theory based on evidence from documentary sources and key informant interviews (about 10-12 per case study spread across the seven countries listed above) to assess how the theory is applied in practice, with a focus on the user experience. This allowed us to draw meaningful conclusions about the outputs and mechanisms under review, and feed into recommendations in the main report about how to improve the performance of the programme over time.

To facilitate comparability and ensure a consistent level of analysis, a **common structure was used for the intervention logic diagrams as well as the case study reports**. The template for these is depicted in Figure 1 below, along with a brief explanation for the different parts.

⁸⁴ Theory-based evaluation can be defined as an evaluation approach that studies the logic that is inherent to the activity in question. For more information, see the Commission's dedicated website at http://ec.europa.eu/regional_policy/en/policy/evaluations/guidance/impact_faq_theor#1 url:

Figure 1: Intervention logic template for thematic areas

The common structure is comprised as follows:

- The **introduction** introduces the subject of the case study and the actions covered.
- The **background** describes the policy context at international, EU and national levels.
- The **main findings** section presents the intervention logic, then based on the evidence collected tests it in terms of the rationale for EU action, implementation, and expected results and impacts.
- A brief section on **value for money** analyses whether and to what extent action in the thematic area has led to economies of scale, efficiency gains or other benefits that help justify the costs incurred.
- Each report ends with a **conclusions** section that provides insight into higher level questions on the main evaluation criteria.

The ensuing chapters present the full case study reports in turn.

2. IT-COLLABORATION (AUTOMATIC EXCHANGE OF INFORMATION EXPERT TEAM AND MODULES)

This case study examines parts of **EU efforts within Fiscalis in relation to IT collaboration**. It specifically focuses on the actions related to increased administrative cooperation in taxation. There have been five EU Directives on Administrative Cooperation ('DACs') in this field, with this case study specifically concerned with the provisions of the Directive 2014/107/EU on the mandatory automatic exchange of information on financial accounts, commonly referred to as DAC2. The Directive relates specifically to the automatic exchange of information between Member State administrations on financial accounts. The case study focuses on how Fiscalis-funded action has supported the implementation of its provisions and IT collaboration more generally, as well as to highlight issues that could be taken into account for future planning.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. Including some group interviews, a total of **twenty individuals** across six countries were interviewed within the scope of the case study.⁸⁵

The report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area developed and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

2.1. Introduction

The IT collaboration project relates to the Fiscalis overall objective of supporting the correct and coherent implementation of EU law in the field of taxation; IT collaboration is highlighted as key to **interconnecting tax authorities and enabling efficient information sharing**. The IT collaboration project (as outlined in several Fiscalis Annual Work Programmes) describes a situation across the EU where taxation systems are often developed in silos. This impedes efficient and effective tax collection, especially in a more globalised Europe with mobile taxpayers. By fostering closer collaboration when developing IT systems and by developing more reusable IT components, Fiscalis hopes to lead to **reduced costs and more effective IT systems** in addition to **making it easier to share information between administrations**.

The Fiscalis Annual Work Programmes address IT collaboration in several ways. These include **expert teams**, which are a new feature of the programme allowing Member State-led groups of officials (and potentially other relevant stakeholders) to team up to develop solutions to common problems. Two such teams were launched in 2016. The project for enhanced administrative cooperation outlined in the Annual Work Programmes is also relevant in this context since it aims to provide Member States with tools, such as IT modules and platforms for knowledge sharing, to ensure **effective**

⁸⁵ While fieldwork was conducted in seven countries, unfortunately, no officials from Germany were available for interview.

administrative cooperation. Table 2 below presents an overview of the Annual Work Programmes with references to relevant aspects of the IT collaboration project.

Table 2: Annual Work Programme projects covered in the context of IT-collaboration

Year	Annual Work Programme references
2017	1.2.2. Grant for expert team for managed IT collaboration in taxation 2.2.2. IT-collaboration 2.3.2. Administrative cooperation between Member States and with third countries – exchange of information
2016	1.2.2. Grant for expert team for managed IT collaboration in taxation 1.2.3. Grant for expert team on DAC2 modules 2.2.2. IT collaboration 2.3.2. Administrative cooperation between Member States and with third countries – exchange of information
2015	4.2.1.3.2. IT collaboration 1.15.1. Administrative cooperation between Member States
2014	2.2.1.3.2. Taxation IT architecture and governance

The IT collaboration project contains a number of different activities, such as project groups, workshops and expert teams. This case study specifically examines the **expert team set up to develop modules to implement DAC2** and related activities, e.g. the project group on the implementation plan of the modules (FPG/063) and the workshop on DAC2 IT collaborative implementation (FWS/051). Since expert teams are new for Fiscalis, a closer look at the DAC2 expert team is especially interesting for future planning. The actual use of the IT modules produced by the expert team have also been examined to better understand results and impacts.

The DAC2 expert team has especially been compared with the other **expert team on managed IT collaboration** (MANITC, later MANITC II when extended) launched in 2016, as well as the **IT Collaboration Catalyst group** (hereafter referred to as the Catalyst group). Table 3 below presents the relevant programme actions reviewed.

Table 3: Programme actions reviewed in context of case study on IT-collaboration

Action title	Financial code	Start date	End date	Type of action
Workshop on IT Collaboration	FWS/083	2014-03-27	2014-03-28	Workshop
IT Collaboration Catalyst group	FPG/037	2014	2020	Project group
Workshop on Automatic Exchange of Information DAC2 IT collaborative implementation	FWS/051	2015-10-10	2016-06-30	Project group
Implementation plan of Automatic Exchange of Information DAC2 modules	FPG/063	2015-10-01	2016-12-31	Project group
Expert team of Automatic Exchange of Information DAC2 modules	-	2016-09-01	2018-04-01	Expert team
IT collaboration in Taxation	FWS/059	2015-10-10	2016-06-30	Workshop
Implementation Plan for Expert Team of managed IT collaboration	FPG/062	2015-10-01	2016-12-31	Project group
Expert team of managed IT collaboration (MANITC)	-	2016-09-01	2017-09-01	Expert Team

In addition to the **Fiscalis Annual Work Programmes** and **Annual Progress Reports** and data from **PICS** and the **Performance Measurement Framework**, the **documentary sources** used for this case study primarily draw on the following documents:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.
- **Council Directive** 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation (DAC) and its amendments, especially the amendment resulting in **Directive 2014/107/EU** (i.e. DAC2).
- **Implementation Plan for the DAC2 Expert Team**, DG TAXUD C5 (2016).
- Working document: **Implementation of the Directive 2014/107/EU**.
- TAXUD C5 **Business Perspective Report for 2016** (01/01/2016 – 31/12/2016).
- **Meeting minutes** and related documentation from the Catalyst group and expert teams.
- **National Authorities' Questionnaire** sent out by the evaluation team to national authorities.
- **Survey of economic operators** promoted by the evaluation team.

2.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action and describes the **policy context** behind the development of IT collaboration and the DAC2 modules. It forms part of the "theory" behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

The Annual Work Programmes assert that it is both inefficient and unsustainable for the Member States to develop IT systems in silos. This impedes effective tax collection and collaboration between Member States, which in turn hampers the fight against tax fraud and efficient spending. By benefitting from each other's expertise, Member States will both be able to reduce their costs for IT implementation, deployment and operation, and get better and more globally compatible IT systems. Moreover, due to the rapid increase of mobile cross-border taxpayers, the exchange of information between national taxation administrations is described in the Annual Work Programmes to be crucial to combat tax fraud and tax evasion. The Commission supports this collaboration by providing the Member States with practical tools and instruments, such as modules for exchange of information and secure channels of communication.

Key EU policies

Article 7 of **Regulation 1286/2013** establishing Fiscalis entails financial support for three types of eligible activities, namely the European Information Systems, the joint actions for tax officials and the common training activities. The focus of this case study is on the joint action of **expert teams**, which are stipulated in Article 7(v): "*expert teams, namely structured forms of cooperation, with a non-permanent character, pooling expertise to perform tasks in specific domains, in particular in the European Information Systems, possibly with the support of online collaboration services, administrative assistance and infrastructure and equipment facilities*".

The administrative cooperation regarding direct taxation is regulated by the **Council Directive 2011/16/EU (DAC)**. The Directive was first formulated in 2011, introducing

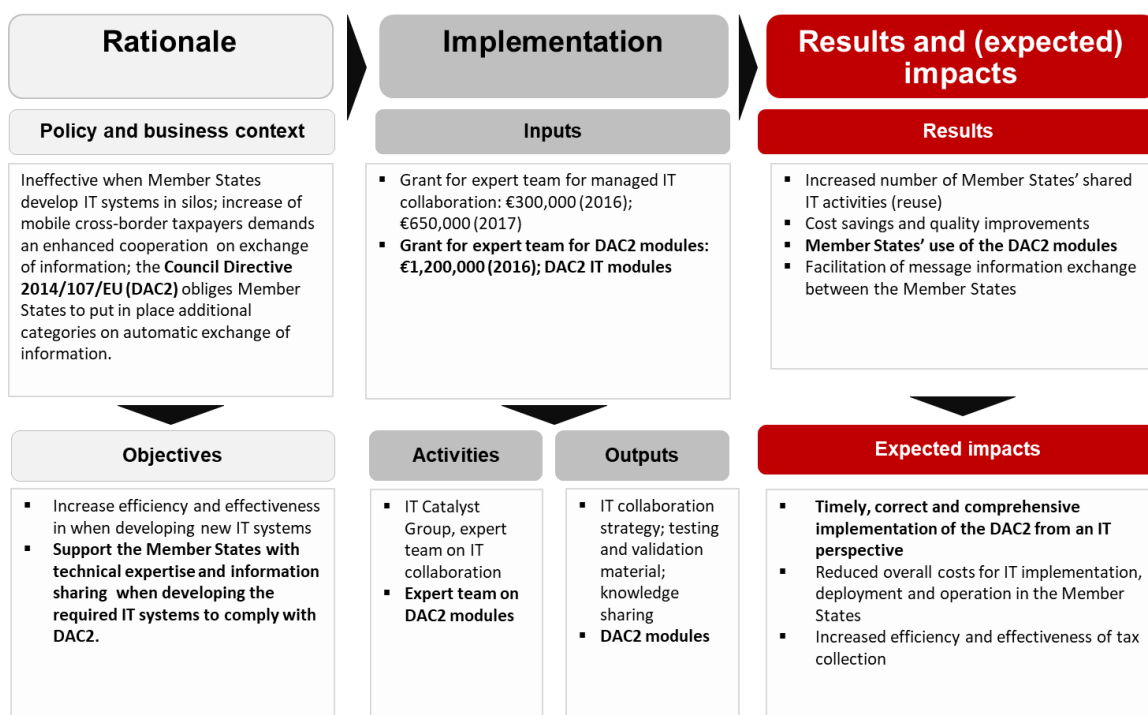
the automatic exchange of information on categories of income and capital, and has since then been amended six times with extensions of the automatic information exchange to additional areas. The aim of the Directive is to ensure the exchange of relevant information related to direct taxation among Member States, and to make it easier for national taxation administrations to share this type of information, with the long-term objective of fighting tax fraud and tax evasion. As mentioned earlier, due to the increasing number of taxpayers moving across borders, this collaboration is increasingly important. The DAC and its amendments mandate Member States to provide certain information on taxpayers that hold capital or income in a Member State other than their Member State of residence. This case study specifically focuses on the first amendment to the Directive, i.e. the **Directive 2014/107/EU (DAC2)**, which introduced automatic exchange of information on financial accounts, in line with the Common Reporting Standard of the Organisation for Economic Cooperation and Development (OECD).

DAC2 was justified by the Council’s goal to ensure that the scope of automatic exchange of information corresponds to the international developments and standards, e.g. the developments related to the bilateral exchange agreement with the United States, the Foreign Account Tax Compliance Act. This coherence was also expected to lead to minimised costs and administrative burdens. The amendment was a part of the intensified fight against tax fraud and was introduced in 2014 to be transposed in domestic law by 1 January 2016 (with the exchange of information started in late 2017, with data for 2016).

2.3. Main findings

This section presents and assesses the **intervention logic of IT collaboration** (see Figure 2) in general, and for the **DAC2 expert team** in detail, as a part of Fiscalis. As described in the general methodology chapter, for each of the intervention logic’s main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 2: Intervention logic for IT-collaboration



2.3.1. Rationale

IT collaboration in general

The Member States have different resources and prerequisites, meaning that they have different possibilities when it comes to developing, managing and updating IT systems. Traditionally, IT systems have been developed at a national level within the Member States with little regard to surrounding geographic or taxation domains, which is unfortunate when not benefitting from each other's expertise and knowledge. This generates unnecessary costs and hampers efficient IT collaboration, especially in an increasingly globalised taxation context with cross-border movement of taxpayers. The Fiscalis IT collaboration project draws from the idea that making **IT development a more joint process** for the Member States would both lead to **economies of scale** as well as **increased quality of the IT solutions**. Using the same IT modules would moreover make the IT collaboration more efficient, easy and secure operational wise. This idea and these goals are confirmed as important by the interviewed Member States who are positive about the IT collaboration project in terms of future potential benefits related to increased efficiency and effectiveness of tax collection for their respective administrations. The IT collaboration is also said to address a need for **networking** and getting updated on other countries' IT projects and to **enhance cross-border cooperation**, which is the purpose of the Catalyst group.

The **Catalyst group** was put in place in line with recommendations made by the project group on IT collaboration (FPG/083) within the previous Fiscalis programme and a workshop held in Malta in March 2014 discussing future steps for IT collaboration (FWS/093). The rationale behind the platform is to provide the Member States with an environment where they can discuss, initiate and coordinate IT projects and activities in a structured way. With the MANITC expert team in place providing **strategic support**, the Catalyst group is supposed to fully focus on **content matters**. One, perhaps slightly more unexpected benefit in terms of meeting Member State needs underlined by one of the interviewed Member States (Italy), is how the IT collaboration project contributes to building trust among the EU administrations, which is important when sharing sensitive information about taxpayers. One Member States (Portugal) mentioned that other organisations such as the OECD or the Intra-European Organisation of Tax Administrations also provide networking possibilities for tax officials, but nothing as regular and concrete as the Catalyst group. Most Member States are not able to picture a situation without the Fiscalis IT collaboration project, which indicates that it has become an **evident and indispensable part of the tax administrations' routines**. Several Member States recognise the need and benefit of aligning the Member States' main IT priorities to work efficiently and obtain and use better data, which would be the case when using joint IT systems.

The IT collaboration **expert teams** are aiming to facilitate and intensify IT cooperation by providing a flexible structure that allows Member States to work in a more synchronised a coordinated way on IT solutions. Two expert teams were launched in late 2016: one concerning the **implementation of DAC2** (DAC2 expert team, see further details later in this chapter) and the other one on **managed IT collaboration** (MANITC expert team). The latter expert team was set up to strategically manage IT collaboration taxation initiatives and support the Catalyst group, with the goal of increasing the number of IT collaboration possibilities and to promote reusability and interoperability of IT systems. According to the responses to the National Authorities' Questionnaire circulated by the evaluation team, the IT modules developed through Fiscalis are needed since the administrations do not always have enough resources to develop such complex systems themselves. Most of the Member States are generally positive (with e.g. Portugal being very positive) about the idea of expert teams, especially since the concept enables intense work on specific issues and sharing of expertise. One Member State (Portugal) expressed a strong need for the IT collaboration project in terms of sharing expertise and cost savings.

However, there are some Member States (Sweden and Czech Republic) that **do not express any urgent need of the IT collaboration project** as such, either due to them already having sufficient support at a national level or because they find the content and context of the IT collaboration activities not matching their needs. One of the Member States (Sweden) was rather in need of more advanced and technical support, which neither the Catalyst group nor the expert teams were able to provide.

This illustrates the differences in needs and prerequisites between the Member States, differences that can be difficult to balance for the Fiscalis activities. This is something that was also recognised by the Member States themselves, and one Member State (Sweden) stressed that even if the IT collaboration project did not always meet the specific needs of the Member State's administration, it might be beneficial for other Member States, which is **important for purposes of European integration more broadly**.

DAC2 expert team

The DAC2 expert team had a more specific focus than the MANITC expert team, aiming at supporting the Member States with software modules to **implement DAC2** with the purpose of **minimising costs** and **administrative burdens** for the tax administrations. It is the responsibility of national tax administrations themselves to exchange the required financial information automatically as required in the DAC2, but the expert team provided the Member States with software modules that could be used if wanted and needed. Both the Commission and the Member States considered the implementation timeframe for the DAC2 to be very short, bearing in mind the long and complicated processes of developing and testing modules to make sure they are fully functional before introduced. Thus, joint action through Fiscalis on the matter was desired. The Commission also provided the Member States with other types of support in relation to DAC2, such as the **workshop on DAC2 IT collaborative implementation in 2015** (FWS/051), which was held in response to Member States expressing their interest in, and need for, discussing and getting guidance on how to implement the DAC2.

Two of the interviewed Member States (Portugal and Sweden) have participated in the DAC2 expert team. These Member States participated mainly with the aims to **share expertise** and to generate **economies of scale** for their national administrations. However, looking into this more in detail, the Member States' own **rationale for participating in the expert team** differs. One of the participating Member States (Sweden) decided to take part based on the idea that the expert team would consist of mainly IT developers, which turned out not to be the case (it instead mainly consisted of project managers, due to difficulties in finding enough IT developers), which had been one of the reasons for this Member State eventually quitting the expert team. The other participating Member State (Portugal) had taken part mainly to learn about and influence the implementation process of the IT modules, which it felt it was in fact able to do. This diversity of rationales shows differences of the understanding of the expert team's framework and process, which likely derives from expert teams being a new feature of Fiscalis. Again, this depicts the complexity of IT collaboration projects with different Member States having different needs and preferences.

2.3.2. Implementation

IT collaboration in general

As mentioned in the rationale chapter, the **Catalyst group** is supposed to serve as the overarching platform for the realisation of the IT collaboration project. It consists of one to two representatives from willing Member States (currently 15 Member States are taking part with a total of over 40 members) and physical meetings take place once every second or third month where the Member States discuss, initiate and coordinate joint IT matters. The aim of the platform is to support and foster IT collaboration

initiatives among the Member States by e.g. producing strategic documents and organising collaboration workshops, with the goal of an increased number of shared IT activities. Strategic support to the Catalyst group is provided by the MANITC expert team (succeeded by MANITC II), consisting of seven Member States. The implementation plan of the MANITC expert team was developed through the project group **Implementation Plan for Expert Team of managed IT Collaboration** (FPG062), outlining the activities and structure of the expert team.

The **general opinion** about the IT collaboration project and Catalyst group is very **positive**: most interviewed Member States take regularly part in the Catalyst group and are grateful for its existence. The Catalyst group is regarded as a valuable tool for networking and learning from each other about IT initiatives, which almost all interviewed Member States felt was beneficial for their respective administrations. One Member State (Portugal) said the sharing of IT portfolios had especially helped its administration to think differently and initiate projects at a national level. Even administrations that do not need so much support (e.g. Sweden) considers the platform valuable, since it is fruitful to have a platform to **share knowledge** and to **network** with EU colleagues.

However, due to the Catalyst group's large size and voluntary participation, **discussions** and processes are sometimes perceived as **slow and inefficient**. One Member State (Portugal) suggested that compulsory attendance would be a good idea. When it comes to more concrete, hands-on support, smaller project groups and workshops are in general also said to be more efficient. One example of such a workshop is the **workshop on DAC2 IT collaborative implementation (FWS/051)**, which was a successful action since it focused on one specific question in a concentrated way, with both the Commission and the OECD represented to answer questions. Since Member States were pressured with the short timeframe of the DAC2 implementation, this workshop was very timely and needed, and therefore much appreciated by the Member States.

In general, there is a slight trend of some Member States saying that the Catalyst group used to be more active and dynamic, and that it has become a bit more passive during the last year. This could be due to rotation of staff or certain Member States leaving the group (this was e.g. stressed by Portugal), but it might as well relate to the group being large and administrations changing priorities.

One of the interviewed Member States (Portugal) has taken part in the **MANITC expert team** and has very positive experiences. The group has been **active**, and the Member State saw good potential of the expert team reactivating and pushing the Catalyst group forward. Although, the work of the MANITC expert team is still quite **unknown** by non-participating Member States, since few of the other interviewed Member States knew or had any opinion about this specific expert team (even if they take part in the Catalyst group). This could be contrasted with the **DAC2 expert team** which all interviewed Member States knew about, probably due to the compulsory nature of the DAC2 implementation. This difference is potentially due to the scope and task of the MANITC expert team being more general and unspecified, which makes it more difficult for non-participating Member States to understand the role of this particular expert team. Also, since expert teams are a new feature of Fiscalis it is logic **that it will take some time to anchor the concept** into already established activities.

One aspect where the interviewed Member States have conflicting opinions is whether **IT collaboration should be more or less centralised**. This corresponds to how much the Member State feels it has had influence and possibility to leave feedback during the IT development process, which in turn relates the administrations' resources and capacity. One Member State (Sweden) wish for more possibilities to provide feedback on the technical and functional specifications before these are finalised by the Commission. The ideal scenario according to this Member State is for the Commission to invite all Member States to collaborate with the external contractor already from the

beginning. This Member State also referred to the importance of clear leadership and quality assurance from the Commission's side regarding the expert teams. This is worth emphasising since this latter concern led to this Member State quitting the DAC2 expert team and becoming less willing to participate in Fiscalis IT collaboration initiatives. **Member State-led projects** are important to balance project ownership and ensure Member States' influence, yet quality assurance must be guaranteed to assure the project members a professional process. Some interviewees wondered whether a Commission project manager could be used facilitate this. One Member State (Portugal) believed less administrative burden on the chairing Member State would also contribute to a stronger leadership.

Many Fiscalis national coordinators, especially those with a small national Fiscalis team (e.g. Czech Republic and Portugal), were concerned with the **administrative procedures** related to Fiscalis in general and the numerous invitations to activities that need to be processed. Anything that contributed to limiting the administrative procedures was appreciated.

DAC2 expert team

The DAC2 expert team was granted €1,200,000 in the 2016 Annual Work Programme, including the cost for producing the actual modules, with some costs such as salaries and subcontractors shared by the Member States. This accounts for about 3.9% of the total committed expenses during the same year (€31,448,979) which is almost the same as the entire budget for the training initiatives. To compare with, the MANITC expert team was firstly granted €300,000 for 2016 (about 1% of total committed expenses), and then €650,000 for the 2017 when extended.

Just as the MANITC expert team, the Automatic Exchange of Information DAC2 expert team was built upon an implementation plan developed by a project group called the **Implementation Plan of DAC2 modules** (FPG/063). The DAC2 expert team was launched in 2016 with the purpose of supporting the collaborative implementation of the information exchange required to comply with DAC2. The expert team developed a number of **software modules** to be implemented by Member States at a national domain to perform the automatic exchanges mandated by DAC2. About 16 representatives (e.g. project managers, developers, policy experts and IT architects) from six different Member States (Malta, Netherlands, Sweden, Romania, United Kingdom and Portugal) participated in the expert team. However, as already briefly mentioned, some experts withdrew from the expert team during the process and were not replaced.

Both the evidence from the field visits as well as other indicators from documentary sources state that the **scope of the expert team was very extensive and ambitious**, which hindered an efficient process for the expert team. This, in relation to the above-mentioned issues, resulted in difficulties in making the expert team effective and to produce deliverables and collect feedback in a reasonable amount of time. Even if the modules were produced, they were **delivered close to the DAC2 implementation deadline** which meant that the Member States did not have enough time to test and integrate them into their national systems. This seems to have been the **main reason for Member States not using the IT modules**. If the modules would have been delivered early enough for the Member States to have the time to implement, test and provide feedback, it is likely that they would have been used to a much higher extent, seen that all Member States had to comply with DAC2 and had demanded support from the Commission.

One Member State (Portugal) also suggested **a narrower scope with smaller and more continuous deliverables** for future similar expert teams. The interviewee felt it would be easier for the Member States to implement smaller, specific modules gradually, rather than implementing a package of modules just before a big deadline. This would also make it easier for IT developers to justify their participation in the expert team,

since they could restrict their participation to the IT development related to their expertise.

Communication from the expert team to the Member States was also described as quite limited, which likely was due to the expert team not having any communication specialist. This also seemed like a contributing factor explaining why the Member States decided not to use the modules. Such a communication specialist could help in these types of expert teams to ensure visibility for its target group. The two Member States participating in the expert team (Portugal and Sweden) also both expressed some concerns regarding the **structure and management** of the expert team. These related to a perceived lack of flexibility, administrative requirements (e.g. the co-funding of the experts' salaries, which resulted in complications with social security for the expert staff) and the Member State leadership. The latter was seen to have led to uncertainties regarding divisions of responsibilities and management issues. This had in turn resulted in an **inefficient process**, which had been especially problematic in light of the pressure to deliver the DAC2 exchanges in time. Since expert teams are a new feature for Fiscalis, it is not surprising that the structure and organisational set-up were unfamiliar and created uncertainty, even if it was thoroughly outlined in theory in the implementation plan.

2.3.3. Results and impacts

IT collaboration in general

The Catalyst group is supposed **to inspire different joint IT activities** generating an increased number of shared IT solutions which means cost savings and quality improvements for the Member States.

In line with what has been said in the implementation section, the general IT collaboration project and related activities are much appreciated by the Member States. The Catalyst group helps create an atmosphere and the relationships needed to pursue more concrete collaboration initiatives. However, few Member States could provide examples of concrete results they have generated from Fiscalis IT activities (apart from setting up the expert teams). This can be due to the **indirect nature** of networking benefits, as well as the **numerous Fiscalis activities** and relatively large time frame (many Member States had troubles remembering and differencing activities). But one example of a concrete result was mentioned by one Member State (Portugal) who had learnt about the **Cost Benefit Analysis tool** from the MANITC expert team, which it had implemented into the working methods of its national administration.

This appreciation of networking is reiterated by the responses of the National Authorities' Questionnaire, where the respondents highlight how **communication and cooperation** with other countries have **improved considerably** following the use of common IT systems and modules. The amount of contacts and exchange between colleagues from different national administrations within the EU has also further increased according to the respondents.

DAC2 expert team

The expected result of the DAC2 expert team was to jointly produce a number of software IT modules for Member States to implement in their national domains to perform the automatic information exchanges mandated by the DAC2. This meant that the Member States would not have to develop their own modules, which would generate both cost savings and quality improvements. These modules were produced and delivered to the Member States, but short before the deadline for the transposition of the DAC2 requirements into domestic law. Therefore, few Member States integrated these modules. According to the Commission, **at least three Member States** (Finland, Latvia and Malta) are **using the full package** of the DAC2 modules. Member States are however not obliged to inform the Commission if they decided to use the modules,

hence this number **might be higher**. For example, according to our case study interviews, two additional Member States (Czech Republic and Portugal) are using most of the modules.

In addition to the short timeframe, some other reasons were brought up for not using the modules during the case study interviews. One Member State (Sweden) highlighted that the produced modules had **not been compatible** with its **national IT system** and therefore not possible for this Member State to use. This shows the importance of substantially consulting the Member States when developing the functionalities and specifications of the modules. Another Member State (Italy) explained that it did not use the modules due to its own **IT procurement regulations**; it was obliged to assign its own contractor and could therefore only gather inspiration from the EU modules (which however had been fruitful).

The Member States who decided not to use the modules are still positive about the expert team and the other activities in relation to the DAC2 implementation (such as the FWS/051), since it gave them **valuable insight** of how to proceed when developing the modules at a national level.

Those Member States who are using the modules (Czech Republic, Latvia and Portugal) say that they have been **rather easy to implement** into their national systems, even if the process was a bit rushed due to them being delivered close before the DAC2 deadline. The satisfaction of the modules is good, with one Member State (Czech Republic) saying that the modules have **met the administration's expectations fully** and another Member State (Portugal) referring to them as **very useful**. Without being provided these modules, these Member States would have had to develop them themselves, which would have been a **costly, time-consuming and more difficult procedure**. One interviewed Member State (Czech Republic) using most of the EU provided modules saw this as beneficial from an EU-wide coordination and security point of view, which is line with the rationale of joint IT tools generating more efficient, easy and secure IT tools.

Since the automatic DAC2 exchanges only started in in late 2017 it is too early to say much about the quality of the data being exchanged and whether this has led to better implementation of DAC2. Many Member States are though positive about the increased information sharing and see the DAC2 modules as a central tool in the context of risk analysis and data reconciliation. Still, some Member States expressed a concern with how to deal with the increased quantity of received data and hoped that the Commission would provide support on this.

2.3.4. Value for money

It is not easy to concretely measure the value for money of the IT collaboration project in genera since it **mainly generates indirect benefits**, such as networking, inspiration, discussion possibilities and support. But seen that many Member States consider the project indispensable and well-integrated into their national routines, it has undoubtedly contributed to cost savings and efficient spending. Looking specifically at expert teams as such, several of the Member States were positive about them and saw potential in improving them to become a more efficient tool. The Automatic Exchange of Information DAC2 expert team has generated important lessons learned that will be useful to improve future expert teams, also within other thematic areas within Fiscalis.

The **main concern** regarding value for money is the fact that many Member States decided **not to use the DAC2 modules**, which should be looked upon in the light of the expert team's relatively **large budget**. However, since the expert team was a pilot project for future expert teams, its value for money cannot be judged in isolation. In addition, two of the interviewed Member States (Czech Republic and Latvia) said that they would have had to develop their own modules without the ones developed by the

DAC2 expert team, which would have required at least **a year of costs for external contractors** (with Latvia mentioning a cost of at least €40,000).

2.4. Conclusions

Relevance

- In terms of networking possibilities, sharing of expertise and best experiences, the IT collaboration project **meets a clear demand** from the Member States and is appreciated by them.
- The Catalyst group corresponds to a **need** for a **joint platform** to develop more joint IT solutions, update each other on IT news and to build trust among the Member States.
- All Member States have different resources and prerequisites, meaning that the **interest for and expectations of the IT collaboration initiative differ**. This has sometimes been an issue, e.g. regarding the content discussed at Catalyst group meetings or the framework of the DAC2 expert team. However, it is logical that Member States have different interests based on their different situations, resources and cultures, and this must be seen as an inevitable part of complex collaboration projects. While this means it is unlikely that all Member States will participate the IT collaboration project, the case for given projects can still be made as long as there is critical mass of interest.
- **Support**, both in the form of concrete IT modules and discussion possibilities, **was desired** when the Member States had to comply with the provisions of **DAC2**. This **corresponds to the rationale** of setting up the DAC2 expert team and project groups / workshops in relation to the DAC2 implementation.
- Member States are wishing for **more leverage on EU joint IT development processes** and expert teams one form of meeting this demand.
- **Expert teams have the potential to become an efficient and effective tool** for future IT collaboration, not the least because they enable intense work on a single issue through pooling expertise from Member States, which is desired from the Member States themselves.

Effectiveness

- The IT collaboration initiative and especially the Catalyst group has led to **improved communication and cooperation** among Member States on the IT area. It is however difficult to know to what extent, since the benefits are mainly related to networking and knowledge raising, rather than concrete outputs.
- Concrete outputs and benefits in terms of **cost savings and more efficient, easy and secure IT solutions are likely to be more visible in a long-term perspective**, and the interviewed Member States believed that it was likely that these were to be achieved.
- The new Fiscalis instrument of **expert teams** is considered by most Member States to be an **interesting and useful new way of aligning and coordinating** their joint work on IT solutions.
- The DAC2 expert team faced **certain obstacles mainly related to the structure, management and scope of work** which hampered the efficient work of the expert team. It is important that the division of responsibilities and leadership are clear for future expert teams, potentially by appointing a joint Commission project manager, as well as having a reasonable scope and timeframe.

- The expert team would benefit from greater communication (e.g. with support from a communication specialist) to make its deliverables more visible to the desired target group.
- The **co-funding model** of the expert team was described as overly burdensome by one Member State (Portugal) and another Member State (Sweden) stressed that participation in project groups is easier.

Efficiency

- Since the Catalyst group mainly is about **networking benefits**, it is difficult to comment on efficiency in concrete terms. However, the group has led to concrete initiatives, such as both expert teams, which have to some extent led to cost savings and have future potential in continuing and increasingly doing so.
- The **Catalyst group** was said to sometimes be **slow moving** due to its large size, where smaller project groups or workshops are regarded as more efficient by Member States when detailed issues are to be discussed, e.g. the implementation of the DAC2 on which a successful workshop was conducted.
- Because the DAC2 IT modules were delivered close before the deadline of the implementation of DAC2, **few Member States integrated the modules into their national administration IT systems**. To make future similar expert teams more efficient, the deliverables would have to be provided with a greater foresight.
- Another suggestion coming from one of the Member States as well as the Commission is to make the **deliverables of the expert team possible to implement in separate segments** (and thus being not being obliged to implement the entire package of modules). This would both make it easier for Member States to **implement the modules**, and make it easier to justify **the participation** of specialised IT developers in the expert team who might participate only for certain deliverables and not all of them.
- The Member States that have integrated the modules into their national systems are satisfied with their use and have been able to gain **cost savings**; without the Fiscalis provided modules they would have had to **pay for external contractors** to develop the modules.
- Whether the Automatic Exchange of Information DAC2 modules have contributed to **increased efficiency and effectiveness of taxation collection** and **coherent implementation of EU law** is **too early to say** since the exchange of information started first in late 2017.

Coherence

- The DAC2 expert team was a **pilot project for** expert teams and should be seen as a learning example for future expert teams that could potentially be used also for other thematic areas within Fiscalis.
- Especially the Catalyst group and the MANITC expert team serve as a platform to **discuss IT solutions and updates**, which is likely **span over several thematic** areas and therefore has potential in to create synergies between different Fiscalis projects.
- Overall the Catalyst group has likely contributed to the Member States getting a **more coherent view of IT solutions and IT projects**, due to them networking and becoming updated on each other's IT portfolios.

EU-added value

- The tangible EU added value of the IT collaboration project so far is limited, but the underlying rationale corresponding to the need for economies of scale, more

information-sharing and networking certainly holds true. This creates the potential for substantial EU added value over time as the IT collaboration project gathers momentum. Organisations such as the OECD or the Intra-European Organisation of Tax Administrations also provide networking possibilities for tax officials, but nothing as **regular and concrete** as the project groups and platforms supported through Fiscalis. Also, since the Member States could not picture a situation without the Fiscalis IT collaboration project, this indicates that the project has become an **evident and indispensable part of the tax administrations' routines**.

- Since several Member States finally **did not use the IT modules** developed by the DAC2 expert team, the **EU-added value** of the specific modules is **slightly weak**. However, seen that the modules formed a **pilot project**, it does serve as a **useful example** with lessons learned for **future Fiscalis-funded expert teams**.

3. TRAINING – E-LEARNING MODULES ON VAT

This case study sheds light on the Fiscalis project **training and human capacity building**, which aims to support national taxation administrations as well as traders and European citizens to better understand and implement EU legislation. The training project aims to provide Member States with a **multi-faceted training support programme** with activities related to different areas and target groups.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. A total of **eight individuals** across six countries were interviewed within the scope of the case study.⁸⁶

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

3.1. Introduction

According to the Fiscalis Annual Work Programmes, the training initiative responds to the fact that taxation training is highly fragmented across the EU, and that EU efforts are therefore needed to align levels of knowledge and to assure the common understanding of EU legislation. This coherence is crucial to avoid conflicts caused by divergences of implementation of EU law and to efficiently fight tax fraud.

Different tax areas have been identified in the Annual Work Programmes as in need for further consistency in tax performance, value added tax (VAT) being one of them, with the **Council Directive 2006/112/EC on the common system of VAT** (hereafter referred to as the VAT Directive) being central at a EU level. To support the Member States' common understanding of the VAT Directive, a package of **e-learning modules** has been developed and provided to the broad audience in the Member States. This case study focuses specifically on these modules and the Member States' use and perceptions of them and seeks to provide evidence on their role in relation to strengthening the Member States' administrations and coherent understanding and implementation of the VAT Directive, highlighting issues that could be taken into account for future planning. Table 4 below presents an overview of the Fiscalis Annual Work Programme projects covered in the context of the case study.

⁸⁶ While fieldwork was conducted in seven countries, unfortunately, no officials from Germany were available for interview.

Table 4: Annual Work Programme projects covered in the context of VAT e-learning

Year	Annual Work Programme project references
2017	2.4.3. Training and competency building 2.5.1. Consistent implementation of Union law in the field of VAT
2016	2.4.4. Training and competency building 2.5.1. Consistent implementation of Union law in the field of VAT
2015	1.17.3. Consistent implementation of Union VAT Law 1.17.10. Tax administrations training capacity building
2014	2.5.3. Consistent implementation of Union VAT Law

The training project is managed by the Commission through coordinated annual planning, monitoring and follow-up measures with the support of the joint Fiscalis and Customs project group **Training Support Group**, which is to some extent also relevant for this case study. The Training Support Group consists of both tax and customs representatives from the Member States, and is discussed in more depth in one of the case studies for the Customs 2020 programme.⁸⁷

In addition to the **Fiscalis Annual Work Programmes** and **Annual Progress Reports** and data from **PICS** and the **Performance Measurement Framework**, the **documentary sources** used for this case study primarily draw on the following documents:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC
- The **Council Directive 2006/112/EC** of 28 November 2006 on the common system on value added tax
- **EU eLearning Monitoring Report 2015-2016**
- **EU eLearning Survey Report 2017 (Draft)**
- **National Authorities' Questionnaire** sent out by the evaluation team to national authorities
- **Survey of Economic Operators** sent out by the evaluation team to economic operators.

3.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action. It describes the **policy context** behind the development of the e-learning modules, outlining the case for EU action in this area. It forms part of the "theory" behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

Joint training for tax officials across the EU is one out of three priorities of Fiscalis. As mentioned in the introduction, the training area is described in the Annual Work Programmes as very uneven across the EU, mainly because administrations have diverse possibilities in terms of budget, competences and priorities. This disparity impedes the common understanding and coherent implementation of EU law, e.g. the VAT Directive. To align the level of professional skills and knowledge, common training programmes and courses have been developed through Fiscalis and offered as a support to the EU-wide audience (tax administrations, economic operators, academics and candidate countries, as

⁸⁷ See the Customs 2020 evaluation case study on the EU Competency Framework for Customs (EU CFW).

well as concerned European citizens). The overall objective of the training project is to strengthen the national administrations' competences, and to create a common understanding and implementation of EU taxation law across the EU.

Key EU policies

Article 7 of **Regulation 1286/2013** on Fiscalis establishes financial support for three types of eligible activities, namely the European Information Systems, the joint actions for taxation officials and the common training activities. The focus of this case study is on the latter strand of actions, aimed at supporting the necessary professional skills and knowledge of taxation officials and economic operators. Fiscalis-funded training activities mainly covers the development and testing of e-learning modules, the training for IT experts in Member States and capacity building. This case study focuses on the first category with the e-learning modules on the VAT Directive, developed by DG TAXUD E3 with the support of the Training Support Group and other related sub-groups.

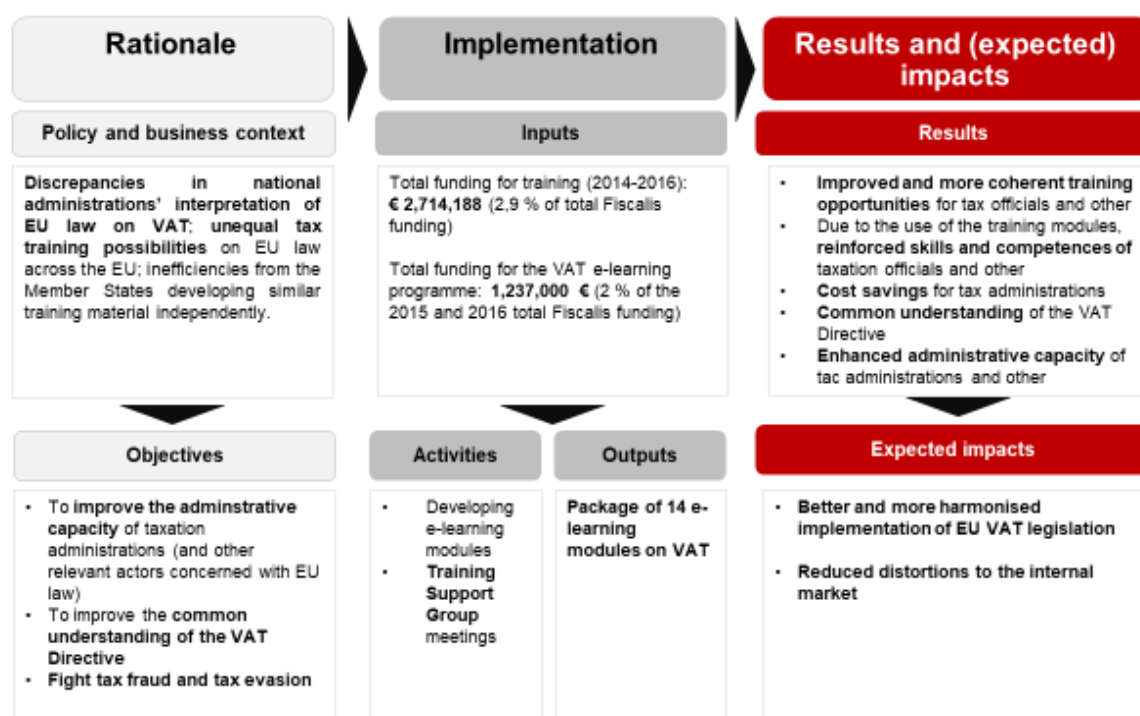
One Directive Fiscalis has highlighted as especially relevant in relation to training is the **VAT Directive** which has been compulsory for all Member States to incorporate into national law since 1 January 2008. The purpose of the VAT Directive is to promote a high-level harmonisation of VAT in the Member States and its coherent implementation is key in the fight against tax fraud. Its goal is to ensure the free movement of goods and services by eliminating factors contributing to distortions of the conditions of competition. Apart from safeguarding a fair internal market across the EU, the Member States' VAT collection is crucial since it is a key source of revenue of the EU overall budget.⁸⁸

3.3. Main findings

This section presents and assesses the **intervention logic of the VAT e-learning programme** (see As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 3). As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

⁸⁸ About 11 % of the EU's total revenue accounts for VAT-based resources, based on a uniform percentage rate applied to each Member State's harmonised VAT revenue.

Figure 3: Intervention logic for the VAT e-learning programme

3.3.1. Rationale

The idea behind the Fiscalis-funded training is to contribute to more **equalised training possibilities on taxation across the EU**. Since national taxation administrations have different capacities and needs when it comes to providing taxation training for their staff and other operators in their respective countries, there is a **risk of discrepancies when interpreting EU legislation**, e.g. the VAT Directive. The objective of the e-learning package on VAT is therefore to fill gaps in the nationally provided training which will ultimately lead to a common understanding and implementation of the VAT Directive across. Jointly developed training material is also supposed to support the Member States' administrations by decreasing training costs.

The field visit interviewees express a **rather modest need of e-learning modules**: two Member States (Portugal and Sweden) consider their own training in **their national curricula as sufficient** or are already using **similar training material** or courses offered by the Intra-European Organisation of Tax Administrations or the Organisation for Economic Co-operation and Development (OECD). One Member State (Portugal) needs supportive actions regarding training, but not in the form of e-learning modules since the concept of e-learning does not fit with the country's national training context. Another Member State (Czech Republic) has not considered using the training modules since the modules are not available in the Member State's **national language**. In addition, this Member State does not have an urgent need for this type of additional material since it has its own training department providing sufficient training on the matter.

However, some of the interviewed Member States are **grateful for the e-learning modules** serving as **introduction material** for new staff on EU legislation, which help the staff to understand and implement EU law better. One Member State (Latvia) wish for more modernised training methods and therefore e-learning is a welcomed contribution to their current traditional training methods.

Looking at the evidence from the field visits, the need of the modules among the Member States is not evident, even if the modules are appreciated as a **compliment** and potentially

useful also for administrations not using them yet. Although it is logic that the Member States do not have the same EU-wide perspective as the Commission and thus not as concerned or affected by about differencing training levels across the EU.

3.3.2. Implementation

Programme funding for training

In the previous Fiscalis programme, e-learning was appreciated as an accessible and easy way of providing training, leading to its continuation in the current programme with the same budget of about 3 % of total programme funding for common training tools. Training is the smallest expense of the three main intervention / activity types (joint actions, IT, and training), accounting for between 1,9 to 3,8 % of the total committed Fiscalis expenses between 2014 and 2016. This could be compared with e.g. joint actions which account for about 13,9 to 15 % of total committed expenses during the same time period.

The training funding covers several training types, e.g. capacity building, face to face trainings, training of IT experts, as well as the development of the e-learning modules. The VAT e-learning programme has been funded under the Fiscalis budget line for training, with the main development costs coming in 2015. See detailed description of the costs in relation to the Fiscalis overall budget in Table 5 below.

Table 5: Committed Fiscalis expenses for the VAT e-learning programme

Description	Production year	Budget
Rebuild and update of the full VAT programme	2015 / 2016	€728,000 (121% of the 2015 training budget / 2,4% of the 2015 programme budget)
Technical migration of the full VAT programme	2017 / 2018	€449,000 (37,2% of the 2016 training budget / 1,4% of the 2016 programme budget)
Production of Croatian and Portuguese language versions	2017 / 2018	€60,000 (5% of the 2016 training budget / 0,2% of the 2016 programme budget)
Total cost		€1,237,000 (2% of the 2015 and 2016 programme budget combined)

Source: Figures provided by DG TAXUD, Unit E3 in June 2018

Use of the e-learning modules

Unit E3 "Management of programmes and EU training" of DG TAXUD (former R3), supported by an external contractor, is in charge of developing the e-learning modules. In 2015, E3 replaced the outdated e-learning courses on VAT with a **new VAT e-learning programme** consisting of **14 subject specific e-learning modules**⁸⁹ concerning the VAT Directive. One additional module on VAT Fraud was also made available for Member States (developed by a specific project group, FPG/027). The modules were first released in an English master version and has since then been translated into **16 different languages**⁹⁰. Up until this year it has been the responsibility of the Member States to ask for the translation of the modules, but from this year the modules will be translated into all Member States' official languages by the Commission.

The courses have been presented to the Member States' training representatives in the Training Support Group by **making the courses available** on the PICS platform, but they are also available on the Europa site, since the target group of the modules is broad (taxation officials, economic operators, candidate countries, academia, internal EU staff and the broader public). The VAT Fraud course is the only one not being available to the public due to the sensitive nature of the topic. The modules can either be blended into the

⁸⁹ Information provided by DG TAXUD in June 2018.

⁹⁰ Ibid.

national training or used in their initial state, but it is voluntary to implement the modules at a national level.

The use of the e-learning modules has **not been as widespread as the previous e-learning VAT programme**, with only seven to eight Member States so far fully integrating the new modules into their national training programme (compared with 20 Member States for the previous e-learning VAT programme) and with some Member States still using the old versions. This could be due to the e-learning package still being launched quite recently, or other reasons presented below. This does not appear to be at all related to the previous e-learning package being preferable in any way, since no of the interviewees brought up such a perspective.

The interviews with national respondents illustrate **mixed feelings about the e-learning modules**. Most Member States have in some way made the modules available through national channels, e.g. by providing a link to them on their external and internal websites. However, only about half of the interviewees (Italy and Latvia) are well-aware of the modules and have substantially integrated them into their national administration training curriculums. Among these, the introduction course on VAT as well as the VAT Fraud course have been used to a great extent and are referred to and appreciated as good starting points for training on EU VAT legislation.

The Member States substantially using the modules (Italy and Latvia) are **satisfied** with their content, even if they the modules **not considered core material**. Based on these Member States' way of describing these modules, the modules are to some extent complimenting existing training material and are supporting the better understanding of the VAT Directive.

The National Authorities' Questionnaire sent out by the evaluation team further confirm this modestly positive view about the modules. A third of the Member States say that they used the modules to a great extent, and a further quarter say they used them to some extent. The rest of the respondents either use them to a little extent or do not know. Moreover, training which enable officials to use and benefit from European Information Systems (such as the Mini One-Stop-Shop) is found to be more useful. Some countries find it easier than others to build the modules into existing training programmes. Two of the interviewed Member States (Italy and Portugal) are content that the courses had been divided into **shorter segments** since this made them easier to download, and it make them more flexible to use. One Member State (Portugal) asks for even shorter segments. Another suggestion to make the modules more accessible was to make them compatible with other platforms, such as mobile devices and e-books.

Reasons for not using the modules

Reasons for not using the modules can be summarised into four main points:

Language. The language barrier is a prominent obstacle and clearly the main reason for the Member States not using the VAT modules. For many administrations it is not possible to provide training in English since most of their staff are not comfortable with the language. The Member States that have not translated the versions themselves say this is mainly due to financial and human resources aspects, since translation is an expensive task. As briefly mentioned in the rationale chapter, one Member State (Czech Republic) has not at all considered using the modules since they are not available in the country's official language. This is further reiterated by one candidate country (Serbia) who expressed an interest of the modules, especially as a good way of preparing its way into the EU, but since the modules are not available in the country's official language, the modules had not been used to any significant extent. Most Member States are very positive about the idea of the Commission taking over the responsibility of translating the modules.

Added value. Since most of the Member States already have their own training material, incorporating additional material such as the e-learning modules is not made a priority in

times of limited time and resources. More advanced courses or other types of trainings (e.g. webinars, e-books) are mentioned by the Member States as potentially more interesting since it would contribute with something completely new to the administrations. However, recognising the different levels of training across the EU as well as differencing levels of awareness and understanding of European VAT legislation, this does not invalidate the development of modules as such, as they may vary in usefulness between countries and Member States and other e-learning users not interviewed for this case study. **E-learning as concept.** One Member State (Portugal) is not convinced about the concept of e-learning as a concept: its voluntary, round the clock nature (i.e. training that do not require a specific time or setting) made them so accessible that the staff do not find the time to fit them into their packed schedules. Other aspects of human capacity-building are more positively regarded by the interviewees, such as training sessions, webinars and other tools for capacity-building (e.g. great interest is shown by one Member State (Portugal) for the competency framework under development in the field of taxation), since they require a specific time and setting and thereby make the staff prioritise them. In addition, some Member States are not familiar with the concept of e-learning from before and would benefit from informative material and support on how to use them. This can be done at an EU level as well as at a national level: one Member State (Latvia) mentioned how its local administrations had not been interested in the modules from the beginning, but how they had started using them much more after the national administration reminding and encouraging them to use the modules.

Knowledge about the modules. According to the Survey of Economic Operators sent out by the evaluation team, the levels of usage and satisfaction of the modules among economic operators varies. About half of the respondents has no opinion about the use of the modules, which is sometimes explained due to the fact that they did not know they existed. This is reiterated by some Member States, e.g. one Member State (Czech Republic) said that due to lack of resources, it had not been able to fully inform its training department about the modules. This is also an indication related to the needs of the Member States, if urgently needed the Member States would probably had asked for or searched for the modules.

Moreover, the perceptions of other e-learning users than national administration staff are barely known of among the Member States and are not examined by the Member States themselves. Since the modules are targeting the broader EU public, it would reasonably be important to **gather feedback** from these actors as well.

Training Support Group

As mentioned in the introduction, the **Training Support Group** consists of one to two training representatives per Member State, both from customs and taxation administrations. The group meets once a year and collects feedback regarding different training activities and serves as a **communication channel** for the Commission regarding updates of the modules and other training initiatives.

The Member States are generally positive of the Training Support Group, but the **great size of the group** (two representatives per country plus Commission representatives) is sometimes **challenging** and is obstructing efficient discussions. A recurrent comment brought up in relation to needs-uptake regarding training is that some Member States (Latvia and Portugal) do not feel they have substantial possibilities of **sharing feedback**; the gathering of Member States' feedback is said not to be done in a frequent or direct way. Since the Training Support Group only meets once a year, this is not a sufficient feedback channel. More direct, on the spot feedback opportunities were asked for, such as e.g. immediate questionnaires after meetings or e-learning courses.

3.3.3. Results and impacts

The training project is supposed to provide an equal opportunity of training across the EU and to reinforce the skills and competencies of tax officials and other relevant actors. The **ultimate goal** is to achieve a **common understanding** and **implementation of EU**

legislation, which is undoubtedly a difficult task seen that the Member States' administrations, cultures, priorities and existing curricula are all different.

The interviews as well as downloading figures from the Commission show that the modules are used to varied extent or not at all by certain Member States. To reach the objective of equal training opportunities, the modules must be **accessible** and possible for all Member States to use. One key component regarding accessibility is language, and it is clear that the **language barrier has been a prominent obstacle** for Member States to use the e-learning modules.

Two of the interviewed Member States (Italy and Latvia) are convinced that the courses had helped them to **strengthen the competence** of their officials and to implement EU law, even if they do not gather feedback from them in a structured way (this is rather done at a local / operational level). One of these Member States (Italy) appreciates having the modules available both in English and its official language since it helps the officials understand English terminology better, which is useful when working in a global context.

One issue related to the achievement of results is the fact that **few Member States gather feedback** from the users of the modules, especially from non-official users. Thus, it is difficult to determine whether the users feel that they have strengthened their knowledge after completing the courses. According to the Survey of Economic Operators, only a portion of those who are using the modules regard the courses very useful, with some replying they are not useful at all. Although, most respondents assess the e-learning modules on VAT positively.

It is likely that the **use of the modules will increase when translated** into all Member States' official languages. An increase of the use will probably lead to a greater possibility of reaching the desired impacts, i.e. an aligned level of taxation training across the EU. However, since some Member States are slightly sceptical about the modules as such, this is not a guarantee of an increased use. Since some Member States do not prioritise this type of action, the objectives and relevance of the modules would need to be made clear and attractive to the Member States to assure their increased use.

One Member State (Latvia) worries about what a centrally managed translation would mean in terms of IT support, if this support will be provided in English. This will pose a problem for the Member State since its **local IT support is not comfortable with English**. Another Member State (Italy) has experience of centrally translated modules not being well done, which has required extensive quality checking from the concerned Member State. Bearing in mind these concerns, it is important that a **central translation is done by professionals** and not in a rush, as well as in continuous dialogue with the Member States.

3.3.4. Value for money

The training modules have clearly **generated benefits**, but in a way that is commensurate with their relatively small proportion of the programme budget. According to the National Authorities' Questionnaire, only a third of the Member States is making wide use of the modules and it is difficult to understand whether the modules are complementing or duplicating other training activities either provided for by the administrations themselves or by other international organisations such as the OECD or the Intra-European Organisation of Tax Administrations.

Two of the interviewed Member States (Italy and Latvia) are very positive about the modules and convinced that they have **contributed to cost and time savings** for their respective administrations. One Member State (Italy) underlined that the administration is using the modules instead of sending officials to expensive courses. Nevertheless, other interviewed Member States (Czech Republic and Portugal) are not as positive since they **did not really make use of the modules**. Again, it is evident that the Member States have different opinions about and needs of the modules.

The National Authorities' Questionnaire respondents had troubles gauging whether the training modules have saved their administrations time and money, with **responses varying widely**. It is highlighted by some respondents that since the Fiscalis trainings do not substitute but rather complement national training on EU legislation, costs do not tend to decrease even when the modules are used. At the same time, some stated that they would have had to develop alternate trainings without the Fiscalis modules, which clearly would mean costs for the Member States.

The Training Support Group meetings could **be made more efficient and effective** according to many Member States, especially with the purpose of gathering feedback of the actual needs of the Member States. According to one Member State (Portugal), the group would also benefit from a more relaxed atmosphere with more discussions and networking activities similar to the ones provided by the Intra-European Organisation of Tax Administrations.

3.4. Conclusions

Relevance

- Many Member States are positive about **modernising** their training with e-learning and are grateful for any support provided by the Commission, especially given the current pressure on national budgets.
- The need of the modules among the Member States is not evident; the modules are seen **useful and complementary**, but rather in the sense of adding something extra than being indispensable. Some Member States are instead hoping for more advanced training on specific topics, or other types of training such as webinars, due to national training preferences and conditions.
- The modules are considered to be **potentially useful** also by administrations not using them yet.

Effectiveness

- The e-learning modules have **supported Member States' training efforts** and to some extent improved the administrations' already existing training material.
- Looking at the **benefits of the modules in terms of supporting understanding and coherent implementation of the VAT Directive**, some of the modules have made important contributions for certain Member States by serving as introductory courses to EU legislation for new staff. The modules have moreover helped to modernise the training which otherwise would have been more traditional and inflexible.
- The e-learning modules have been made available by most Member States in some way by the administrations, but **far fewer are using them regularly and / or have incorporated them into the national training curricula**. There are several reasons for this, but the main reason is related to the language barrier; modules that are not available in national languages present an obstacle to many Member States, since most national staff and other are not comfortable taking on training in English. This issue is being addressed, with the Commission to taking more responsibility for translating the modules. This should lead to more Member States using them.
- **Some Member States do not have much knowledge** about the existence of the modules, which was the case both for administrations and (based on the number of downloads compared to the potential target audience) economic operators. This could be due to the modules only being provided in English, Member States not having an urgent need of the modules and therefore not searching for them, or simply because the modules have not been visible enough.

Efficiency

- The training modules have clearly **generated benefits**, but in a way that is commensurate with their relatively small proportion of the programme budget.
- For the interviewed Member States substantially using the modules (Italy and Latvia), the modules have **generated cost and time savings**. E.g. one Member State (Italy) is using the courses instead of sending officials to expensive courses. As DG TAXUD takes more responsibility for translation, the number of Member States using the modules and thus generating cost and time savings will certainly rise.
- The Training Support Group meetings could be made more efficient and effective especially with the purpose of **gathering feedback** of the actual needs of the Member States.

Coherence

- Bearing in mind the different capacity levels across the EU as stated in the Fiscalis Annual Work Programmes, the nationally provided material is **not aligned** and coherent between the Member States. It follows that **jointly developed training material still is justified to achieve a common understanding of EU VAT legislation**, even if individual Member States do not consider this as a specific need.
- The VAT e-learning modules are aimed at the wider European audience (taxation officials, economic operators, candidate countries, academia, internal EU staff and the broader public), both for Member States and candidate countries. They therefore have the potential in becoming a **central part of the wider VAT cooperation** facilitated by the EU. However, in order to ensure this, the use of the modules will need to be intensified, tentatively by making them more visible and translating them into more languages.

EU added value

- Many administrations **already have similar training** material at a national level (at least similar content-wise) or are using additional training material from the OECD or the Intra-European Organisation of Tax Administrations. Whether these actions are complementing or duplicating each other is unclear, but it is certain that joint training material developed by the EU is justified corresponding to a need to align the implementation and common understanding of EU legislation.
- The **Training Support Group** could be used to **further investigate how the** training offer could be shaped to **fit the needs** of the Member States and promote the material more effectively. This would help ensure uptake of the training modules, generating the desired economies of scale and EU added value.

4. MULTILATERAL CONTROLS

This case study report focuses on **Multilateral Controls** as a form of administrative cooperation supported by Fiscalis. Multilateral controls allow tax authorities from all Member States to cooperate beyond national borders and conduct coordinated controls of the tax liability of one or more taxable persons. Multilateral controls are organised by two or more participating countries (of which at least one must be a Member State⁹¹) sharing a common or complementary interest.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. Including some group interviews, a total of **twelve individuals** across six countries were interviewed within the scope of the case study.⁹²

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

4.1. Introduction

Fiscalis a financial framework which enables tax officials to meet for the purposes of the Multilateral controls, e.g. financing for preparatory and follow-up meetings. The actual audits are carried out by national officials on their own territory. Multilateral controls are a very popular type of joint action initiated by the Member States. Rather than supporting the programme's objectives in a general sense, they create a unique and direct link to generating tax revenue. This case study looks at Multilateral controls' underlying rationale and usefulness in recent years, especially with regard to the themes defined in the Annual Work Programmes, see Table 6.

Table 6: Annual Work Programme projects covered in the context of Multilateral controls

Year	Annual Work Programme project references
2017	2.3.3. Means of administrative cooperation other than exchange of information
2016	
2015	1.15.4. Means of administrative cooperation other than exchange of information: Multilateral Controls, Presences in administrative offices and participation in administrative enquiries (PAOE) ⁹³
2014	2.3.4. Multilateral controls

Leading from this, the case study examines a range of actions in addition to Multilateral controls themselves. To narrow the scope to a manageable number of actions that relate to the countries selected for fieldwork, the study focuses particularly on Multilateral controls related to the trade with used cars. This area is especially interesting due to the

⁹¹ Candidate countries can participate in Multilateral control activities if relevant EU or bilateral legal acts allow and participation is useful or necessary for the Multilateral control. However, Fiscalis does not cover participation costs for participants from candidate countries.

⁹² While fieldwork was conducted in seven countries, unfortunately, no officials from Germany were available for interview.

⁹³ PAOEs are a new type of joint action that allows tax officials from one country to be present at a tax authority in another country to pursue a tax audit on spot. For more detail see dedicated case study report.

transnational nature of the problem. The specific activities covered in this case study are summarised in Table 7 below.

Table 7: Programme actions reviewed in the context of Multilateral controls

Action title	Financial code	Start date	End date	Type of action
Multilateral control Coordination Group	FPG/005	2014-02-25	-	Project group
Multilateral control Training Group	FPG/018	2014-02-25	-	Project group
Trade in the second hand car sector, Host: Germany	FMC/183	2016-12-01	2017-12-31	Joint action
Trade with zinc and used cars, Host: Latvia	FMC/154	2016-06-20	-	Joint action
Multilateral control-trade with used cars, Host Sweden	FMC/190	2016-12-28	-	Joint action
Trade in the car sector, Host Germany	FMC/238	2017-08-01	2018-12-31	Joint action

The **Multilateral control platform** provides an important **network for the Multilateral control coordinators**, supports the promotion of and knowledge about Multilateral controls as tool for administrative cooperation and contains good practice examples. The platform offers an opportunity for Member States to learn from each other's experiences. A Multilateral control Coordination Group, elected for three years among members from the Member States (maximum 7) and the Commission (maximum 2), coordinates the activities of the Multilateral control platform managed through Fiscalis.

Linked to the Multilateral control Coordination Group, an **Multilateral control Training Group** was established in 2014 to organise training sessions for tax officials in the Member States and to disseminate good practices and promote the Multilateral control tool. The training group develops training material on VAT, excise and direct taxation. The trainings are conducted by specialised auditors in Member States upon invitation.

In addition to the **Fiscalis Annual Work Programmes, Annual Progress Reports Action Fiches and Action Follow up Forms as well** and data from **PICS, Performance Measurement Framework**, the **documentary sources** used for this case study primarily draw on the following documents:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.
- **Legislation governing the Multilateral controls**, as listed under "Key EU policies" below.
- **Action Fiches and Action Follow-up Forms** for the four actions under review.
- **Fiscalis 2020 Programme Multilateral Control Management Guide**, update 2018.

4.2. Background

This section sets the scene by discussing how the area relates to EU taxation needs and the case for EU action and describes the policy context behind the development of the Multilateral controls. It forms part of the "theory" behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

Tax is to a great extent a national competence and responsibility of national tax authorities who operate within their administrative boundaries. As globalisation increases, national tax

authorities increasingly face legal and practical barriers to work across borders and collaborate on taxation issues. This entails a risk for tax evasion and tax avoidance which in turn violates the principle of fair taxation, creates revenue losses and undermines the internal market.

Joint controls across the EU are therefore increasingly needed to ensure that persons liable to tax in another Member State than state of residence is taxed correctly.

Key EU policies

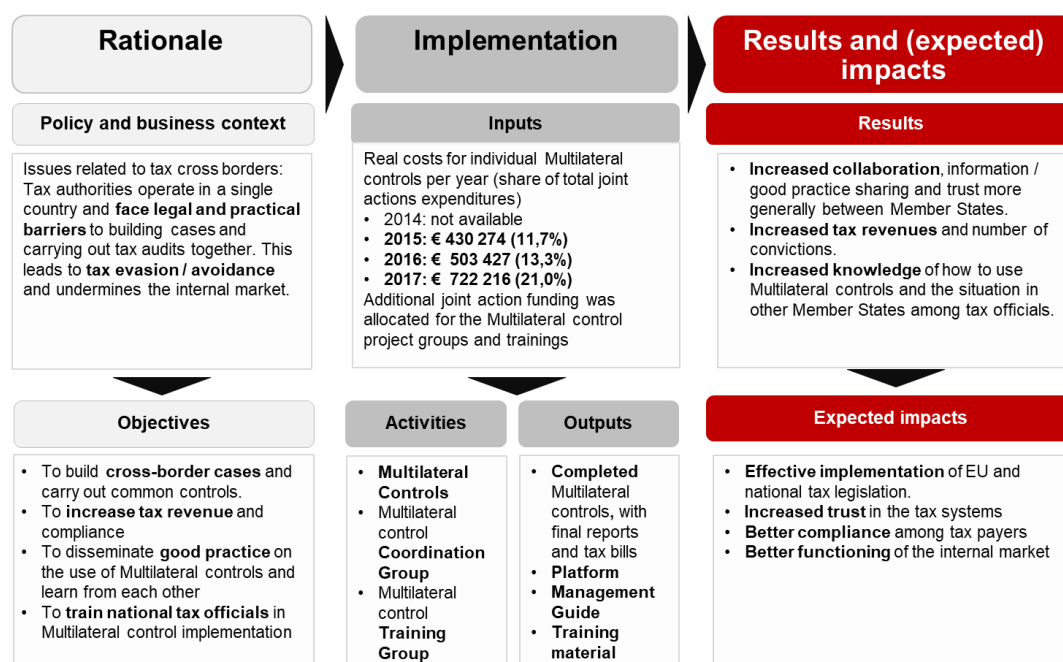
EU action is being taken to overcome these barriers and enable tax officials to conduct common controls, implement EU and national tax legislation effectively and thus improve compliance among tax payers and support the internal market. This consists in part of a common legal framework, based on several pieces of EU legislation:

- Article 7 of **Regulation 1286/2013** establishing Fiscalis entails financial support for multilateral controls as a joint action contributing to administrative cooperation between Member States. Chapter 8 of the **Council Regulation (EU) No 904/2010** establishes simultaneous controls to be conducted whenever a control only carried out by one Member State is considered not to be sufficient, as the case is for Multilateral controls.
- Article 12 of the **Council Directive 2011/16/EU** on administrative cooperation in the field of taxation (often referred to as the Directive of Administrative Cooperation, the DAC) establishes simultaneous controls on persons liable to tax in several Member States. The DAC further establishes that the controls are to be carried based on mutual agreement between the Member States and on a voluntary basis.

4.3. Main findings

This section presents and assesses the **intervention logic of the Multilateral controls** (see Figure 4). As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 4: Intervention logic for the Multilateral controls



4.3.1. Rationale

National tax authorities typically operate within the administrative boundaries of their country to implementing EU and national legislation and to assess and collect tax. While many tax payers have operations that cross these borders, tax authorities face legal and practical barriers to doing so in the carrying out of specific cases. This increases the risks of tax evasion and avoidance, as well as undermining confidence in the internal market.

Thus, there is a **need for common action** to address these challenges and enable the Member States' authorities to cross borders to implement national and EU tax legislation. Multilateral controls provide a legal framework and practical guidance that allows Member States to build cases together and carry out common controls. When conducting a Multilateral control, participating countries with a common or complementary interest, can exchange information regarding taxable persons and companies and carry out simultaneous controls for VAT, direct taxes, excise duties and mutual assistance for the recovery of claims relating to taxes, duties and other measures⁹⁴. Multilateral controls aim to **increase tax revenue and compliance among tax payers**.

The Multilateral control tool provides the necessary legal / practical framework and funding needed for national tax officials to collaborate and conduct common controls across administrative borders. Respondents highlight Multilateral controls as an easy way to directly getting in touch with relevant tax officials from other Member States, exchanging necessary information and eventually starting a common control (Latvia, Sweden, Portugal and Czech Republic). An alternative would be the request for information in general, which must be done separately for every country and request, and is very time consuming.

Multilateral controls also facilitate learning among and training of national tax officials by providing a **platform** (Multilateral control platform in PICS) to disseminate **good practices** and **other relevant information** on the use of Multilateral controls. The **Multilateral control Coordination Group** manages the platform together with representatives from DG TAXUD. According to the respondents, the platform is very valuable for their work and well-functioning for Multilateral control purposes. DG TAXUDs engagement and involvement is very much appreciated (Sweden, Latvia, Czech Republic).

4.3.2. Implementation

Multilateral controls are based on a common or complementary interest of at least two participating countries. Based on internal analysis, tax officials contact each other and discuss informally whether to start a Multilateral control or not. If yes, the Multilateral control action is registered in the Activity Reporting Tool by the national Multilateral control coordinator including specific objectives and expected results and outputs to be defined. One to several meetings between involved tax auditors are set up to discuss approach and control of a particular company or sector. The Multilateral control shall be finalised within 12 months with a final report.

Multilateral control coordinators are appointed by each participating country and are responsible for the overall coordination and management of Multilateral control activities including communication and correct implementation. In 2/3 of the case study countries, the Multilateral control coordinator is also responsible for coordinating PAOE activities. Multilateral control coordinators participate in the Multilateral control platform.

Since 2014, **Multilateral controls have been increasing** as a share of the programme, from 11,7% of total expenditures in 2015 to 21,0% in 2017 (see Figure 4). Additional funding has been allocated for joint actions.

⁹⁴ VAT: Council Regulation 904/2010, direct taxes: Directive 2011/16/EU, excise duties: Council Regulation 389/2012, mutual assistance for the recovery of claims relating to taxes, duties and other measures: Commission Implementing regulation (EU) 1189/2011. Other legal instruments concerned are bilateral agreements based on Article 26 of the OECD model convention and the OECD Treaty on mutual administrative cooperation of 25/1/1988 and amended by Protocol in 2010.

In 2016, all 28 Member States participated in Multilateral controls. In total, 131 individual Multilateral controls were conducted of which 65 were newly initiated during 2016 (in addition to those Multilateral controls that were initiated in previous years and continued to be operational in 2016) involving 817 participants. The number of Member States participating and initiating Multilateral controls has also been growing between 2014 and 2016 (see Table 8). Member States conduct Multilateral controls quite frequently, especially for building cases related to VAT fraud and transfer pricing issues.

Table 8: Multilateral control implementation 2014-2016

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value
Number of Member States participating in Multilateral controls	Activity Reporting Tool	23 (2014)	Grow	23 Member States	27 Member States	28 Member States
Number of Member States initiating Multilateral controls	Activity Reporting Tool	16 (2014)	Grow	16 Member States	19	20
Degree to which results were achieved, as assessed by the Multilateral control coordinator	Activity Reporting Tool	2.78 (2014)	>3	2.78	3.08	2.70

Further joint actions funded by Fiscalis are the Multilateral control platform, the Multilateral control Coordination Group and the Multilateral control Training Group. According to most of the respondents, **the level of participation in the Multilateral control platform and Multilateral control Coordination Group is high**. There are Multilateral control coordinators in all Member States responsible for the coordination of Multilateral control actions internally and the communication between Member States and the Commission. The Multilateral control coordinators usually participate in the Multilateral control platform, the Multilateral control trainings and meetings. According to the Multilateral control coordinators, the Multilateral control meetings are very useful, both to get informed and to meet colleagues from other countries (Sweden, Portugal, Czech Republic, Latvia and Italy). A Multilateral control Management Guide has been produced by the Multilateral control Coordination Group that is being updated regularly and published at the Multilateral control platform on PICS.

The Multilateral control Training Group consists of eight to ten experienced auditors (trainers) and develops training material on Multilateral controls to be implemented in Member States upon invitation. The trainings address tax officials in Member States who are less active yet and want to learn from other Member States' experiences. The training material is also valuable for those who begin to work as Multilateral control coordinators (Portugal and Czech Republic).

The Common Communication Network (CCN) mail is used for direct and secure exchange of information. Multilateral controls are created in the Activity Reporting Tool and the set-up and procedure of how to create an action is clear. However, the start date can differ (date of approval by Member States or the Commission) and seems not as strictly defined. This can lead to time constraints especially in countries who have national guidelines on when an audit must be finalised (Latvia).

The Multilateral control platform is an important virtual meeting point for Multilateral control coordinators and important information channel for Member States to receive latest briefings and information from DG TAXUD e.g. the latest fraud trends or future challenges. The platform on PICS provides access to guidelines, templates and updates which benefits the cooperation between different Member States. The coordination group of the Multilateral control platform (rotating participants) produces documents on specific topics that are perceived useful (Italy). DG TAXUD is perceived as being helpful with this. However, the high rate of change of staff at DG TAXUD has been mentioned as hampering

continuity and efficiency (Sweden). The Member States run the Multilateral control platform to great extent themselves, according to the respondents (Sweden).

Evidence shows that **Multilateral controls are frequently initiated and implemented**, participation rate is high both within Multilateral controls and in the Multilateral control Coordination Group and platform. According to the interviews, Multilateral control requests are mostly approved both by tax officials / coordinators from another Member State and by the Commission. If denied, the reason is often deregistered companies or already dissolved cases. But usually Member States respond positively also on short notice and/or in time (Sweden, Latvia and Czech Republic).

Anecdotal evidence from the selected Multilateral controls shows that **Member States are highly engaged and actively cooperating**. Multilateral controls on used cars are often complicated cases involving more than two countries and information that is challenging to get and assess. Two of the four cases we looked at were successfully finalised within one year. The final reports describe dedicated and quick work and tangible results. Respondents involved in Multilateral controls are pleased with the setup and implementation process (Latvia and Italy). The financial support and regulations as well as that Member States are obliged to participate help implementing Multilateral controls successfully.

In comparison to PAOE – which is seen as a tool for quick and targeted exchange – Multilateral controls are more of an **administrative process** involving several meetings and requests for information. Countries with experience of using both, say that PAOEs can lead to Multilateral controls when an initial request turns into a broader case (Sweden and Latvia). In other words, PAOE and Multilateral controls are sometimes complementary. Both are important tools, although PAOE is not as known of and widespread as Multilateral controls.

4.3.3. Results and impacts

Multilateral control activities often lead to **tax revenues** based on clarification of correct taxation. It can be up to several million EUR per year and country. For instance, the Multilateral control between Latvia (initiator), Belgium, Germany and Lithuania on 'Trade with zinc and used cars (FMC/154)' led to extra revenues of tax as following: VAT €2,931,763 and direct taxes €200,000, according the result indicators document.

Table 9 shows further examples of concrete Multilateral control results, provided by one of the interviewees.

Table 9: Results per Multilateral control⁹⁵

Multilateral controls in 2017	Participating Member State	Tax	Commodity	Tax Assessment
35	Austria, Czech Republic, Germany, Hungary, Slovakia	VAT	Sugar	€15,132,798
53	Austria, Czech Republic, Germany, Slovakia	VAT	Rapeseed oil	€14,128,090
100	Belgium, Bulgaria, Cyprus, Czech Republic, France, Croatia, Netherlands, Poland, Romania, Slovakia	VAT	Small electronics	€67,591,246
130	Czech Republic, Hungary, Poland, Slovakia	VAT	Rapeseed oil	€5,473,092

For most of the respondents, Multilateral controls are one of the **most important tool through Fiscalis**. Today there is no alternative to collecting information from other Member States in a more efficient way (Latvia, Italy, Portugal and Sweden). The funding provided enables countries to participate in Multilateral controls (Latvia), especially those countries who would have less or no national funding available otherwise for this kind of

⁹⁵ Figures are derived from national audits.

activity. The Multilateral control tool is **well-advertised** through newsletters and articles by the Multilateral control Coordination Group and national coordinators. However, respondents implicate potential to broaden the user group even further – mainly internally (Italy) but also externally (i.e. outside the EU) (Sweden).

In line with expectations of increased collaboration, information sharing and trust between Member States, respondents highlight the **intangible benefits** of Multilateral controls, such as good informal contact to colleagues in other countries through the Multilateral control network, easy access to and exchange of information through the Multilateral control platform, learning during Multilateral control meetings (Portugal). Increasing cooperation helps figuring out tax fraud schemes which has positive long-term effects for the tax authorities applying that knowledge. Successful cases can also be rather spectacular with high tax revenues and penalties (Latvia, Sweden, Czech Republic, Italy, Germany and Portugal).

Two respondents mentioned the **signal** sent by the pure existence of the Multilateral control tool convicting tax evaders and fraudsters, even if the Multilateral controls do not lead to actual paybacks (Sweden and Germany). The fact that there is a tool on EU level in place which leads to **enhanced cooperation** between to fight tax fraud, tax evasion and tax avoidance, is very important. The international cooperation generated by the Multilateral controls helps discovering and combatting international tax fraud schemes.

One respondent mentioned a tendency to conduct Multilateral controls together with the neighbouring countries due to similarities in problems faced and similar languages (Czech Republic). A lack of knowledge of the **English language** among tax officials is an **obstacle** (Portugal and Czech Republic) and leads to less implemented Multilateral controls. Tax officials have to be able to work in English when conducting the Multilateral controls and exchanging information with tax officials from other countries. This also leads to limited/lacking human resources to work with Multilateral controls (Czech Republic).

4.3.4. Value for money

The **costs for Multilateral controls** (with a total amount of spending of €2,061,271 since the start of the programme until June 2018) **are perceived to be low** in relation to the evident results so far in cases brought forward to courts. Efficiency is also realised through Multilateral controls being complementary to national processes and structures. Common guidelines on how to conduct Multilateral controls, templates for reporting and joint legal base ease the process and increases efficiency especially compared to Member States starting individual requests.

However, respondents had some concrete **ideas on how to increase efficiency** further:

- **Re-introduce geographical subgroups** under the Multilateral control Coordination Group as during previous programme period to meet more often and discuss geographically specific questions/cases more relevant to the countries involved (e.g. Czech Republic).
- **Promote use of Eurofisc** as it provides data likely to speed up the selection process on which countries need to be involved etc. Today only a few countries use Eurofisc frequently; respectively only specific data on e.g. the used car sector is frequently used (e.g. Czech Republic).

4.4. Conclusions

Relevance

- **Multilateral controls** funded through Fiscalis provide the legal framework and practical guidance needed for tax administrations to **build cross-border cases and conduct common controls**.

- The **Multilateral control platform** and the **coordination group** as well as trainings and meetings are **very important**, frequently used and much appreciated by Multilateral control national coordinators and tax officials.
- **Geographical sub-groups could be re-introduced** under the platform to make discussions even more relevant for respective countries involved, e.g. neighbouring countries with strong trade relationships.

Effectiveness

- Multilateral controls are an effective tool, enabling Member States to collaborate and conduct common controls, which often lead to tax increased tax revenues.
- Multilateral controls are also well-defined, and it is clear when to use it. The Activity Reporting Tool works well during selection and reporting phase.
- Multilateral control coordinators effectively coordinate and promote the Multilateral control tool in their countries and ensure effective implementation, administration and reporting. This frees up participating tax officials to focus on the actual audits and controls.
- The Multilateral control platform and related trainings support communication and learning between coordinators and between auditors in an effective way.

Efficiency

- Fiscalis covers costs for travel and accommodation during meetings. Compared to the gains in terms of increased revenue, the actions can be judged as **cost-effective**.
- Many Member States highlight **intangible benefits** of having the Multilateral control tool in place. These include "sending the right signal to potential tax evaders". Access to templates and guidelines and the network of Multilateral control coordinators and tax administrations on EU level to exchange experiences are also appreciated.
- Some interviewees felt Multilateral controls could drag on for **too long** (e.g. over a year), making their benefits less obvious and risking a loss of momentum for the cases in question.
- **Language barriers** (especially limited knowledge of English language among some tax auditors) are obstacles for the efficiency of the Multilateral control activities both in terms of being able to assess information provided on the Multilateral control platform and by the coordination group as well as when conducting Multilateral controls.
- Another critical point that came up is the fact that **Multilateral control coordinators meetings happen to discuss PAOE related issues**. That is a problem PAOE coordinators who are not Multilateral control coordinators at the same time and thus miss out important information.

Coherence

- **Common guidelines and templates** make the process coherent and secure smooth implementation despite different national systems.
- The Multilateral control Coordination Group and platform are important for keeping everyone on the same page and **implementing the actions in a consistent way**.

EU added value

- Through Multilateral controls international cooperation increases and contributes **to knowledge sharing**. Well-cooperating and collaborating Member States collect information and expertise which in the medium term helps to identify tax fraud schemes and come up with strategies to fight them across borders. This leads to better implementation of both EU and national tax law than would be possible without the actions.

- The Multilateral control tool provides **a framework for collaboration** that is difficult to replicate in other bi- or multilateral fora. Moreover, the possibility of funding makes it easier for officials to get approval from senior officials to pursue important cases of tax evasion / fraud.
- Through close collaboration between Member States and better and pursuit of tax evasion / fraud, the actions **generate trust** in the tax system increases and reinforce the internal market.

5. PRESENCES IN ADMINISTRATIVE OFFICES AND PARTICIPATION IN ADMINISTRATIVE ENQUIRIES

This case study focuses on **Presences in administrative offices and participation in administrative enquiries (PAOE)**, a distinct type of administrative cooperation through Fiscalis. Through PAOE, tax officials from one Member State (the requesting authority) are allowed, based on an agreement between authorities involved, to be present in the offices and during administrative enquiries in another Member States (requested authority).

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. Including some group interviews, a total of **twelve individuals** across six countries were interviewed within the scope of the case study.⁹⁶

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

5.1. Introduction

Fiscalis provides the **methodological and organisational framework** for conducting PAOE and facilitates dissemination of good practices. Fiscalis also covers related costs for tax officials participating in PAOE such as travel costs, costs for accommodation and daily allowances. The PAOE tool was introduced in 2015 in addition to Multilateral Controls as outlined in Annual Work Programme projects (see Table 10). While Multilateral controls are built on a common or complementary interest of at least two participating countries, PAOEs are a one-sided activity, i.e. one country requesting another country.

Table 10: Annual Work Programme projects covered in the context of PAOEs

Year	Annual Work Programme project references
2017	
2016	2.3.3. Means of administrative cooperation other than exchange of information
2015	1.15.4. Means of administrative cooperation other than exchange of information: Multilateral controls, presences in administrative offices and participation in administrative enquiries (PAOE)

In the context of this case study the following programme actions covering at least one of the selected case study countries, were reviewed (see

Table 11). Expected results and outputs for actions selected are presented in the following:

Table 11: Programme actions reviewed in context of the case study on PAOE

Action title	Financial code	Start date	End date	Type of action
Meeting of PAOE coordinators	FAP/127	2017-08-28	2017-12-31	Joint action
Report of PAOE Workshop	FWS/103	2017-11-07	2017-11-08	
PAOE activities	FAP/059			PICS Group

⁹⁶ While fieldwork was conducted in seven countries, unfortunately, no officials from Germany were available for interview.

PAOE Germany to IT Mobile phone and CPU trade Follow up to FMC012	FAP/104	2017-03-13	2017-03-17	Joint action
SE PAOE visit to Portugal about connections between Portuguese company and Swedish companies	FAP/071	2016-05-01	2016-06-30	Joint action
Swedish PAOE visit to Belgium about permanent establishment of a Belgian company in Sweden	FAP/059	2016-02-03	2016-03-31	Joint action
Finland PAOE in Latvia, permanent establishment case 1	FAP/106	2017-02-15	2017-12-31	Joint action
Finland PAOE in Latvia, permanent establishment case 2	FAP/107	2017-02-15	2017-12-31	Joint action
Finland PAOE in Latvia, permanent establishment case 3	FAP/108	2017-02-15	2017-12-31	Joint action
Finland PAOE in Latvia, permanent establishment case 4	FAP/109	2017-02-15	2017-12-31	Joint action
Finland PAOE in Latvia, permanent establishment case 5	FAP/111	2017-02-15	2017-12-31	Joint action
Finland PAOE in Latvia, permanent establishment case 6	FAP/112	2017-02-15	2017-12-31	Joint action

In addition to the **Fiscalis Annual Work Programmes, Annual Progress Reports, Action Fiches** and **Action Follow-up Forms** as well as data from **PICS** and the **Performance Measurement Framework**, the **documentary sources** used for this case study primarily draw on the following documents:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.
- **Legislation governing the PAOEs**, as listed under “Key EU policies” below.
- **Action Fiches** and **Action Follow-up Forms** for the actions under review.
- **Management Guide**, 2015.

5.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action and describes the **policy context** behind the development of the **PAOEs**. It forms part of the “theory” behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

As the internalisation of financial instruments, the mobility of taxpayers and the number of cross border transactions increases, national tax authorities are facing administrative challenges. to correctly assess and collect taxes related to cross-border activities. This has implications for the internal market and risks encouraging tax evasion and tax avoidance across national borders. These cross-border elements form the rationale for EU action, including the PAOEs realised through Fiscalis.

Key EU policies

PAOEs were introduced in 2015 and are based on an agreement between the requesting authority from one Member State and the requested authority from another Member State. Fiscalis provides a legal, methodological and practical framework and covers for travel and accommodation costs for participating tax officials. The PAOEs draw from a number of different pieces of EU legislation, (the same as those constituting the Multilateral controls):

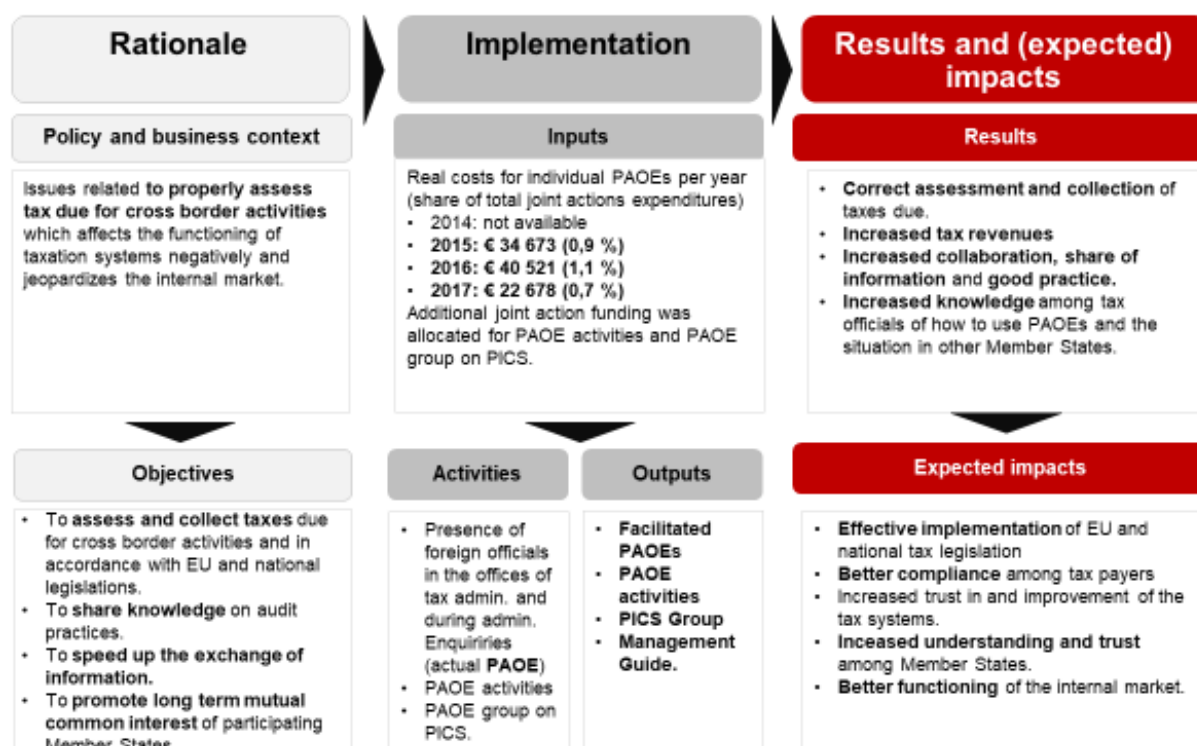
- PAOEs fall under the category of joint actions contributing to administrative cooperation between Member States, as stipulated in Article 7 of **Regulation 1286/2013** establishing Fiscalis.
- Chapter 8 of the **Council Regulation (EU) No 904/2010** establishes simultaneous controls to be conducted whenever a control only carried out by one Member State is considered not to be sufficient, as the case is for PAOEs.
- Article 12 of the **Council Directive 2011/16/EU** on administrative cooperation in the field of taxation (often referred to as the Directive of Administrative Cooperation, the DAC) establishes simultaneous controls on persons liable to tax in several Member States. The DAC further establishes that the controls are to be carried based on mutual agreement between the Member States and on a voluntary basis.

5.3. Main findings

This section presents and assesses the **intervention logic of the PAOEs** (see

Figure 5). As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 5: Intervention logic for the PAOEs



5.3.1. Rationale

National tax authorities operate within administrative boundaries of their country, implement national legislation and protect their internal market above all. When looking beyond these boundaries they face legal and practical difficulties to properly assess tax due for cross border activities. This affects the functioning of the taxation system negatively and jeopardizes the internal market.

Thus, there is a **need for action on EU level** addressing these difficulties and enabling tax officials to be present in foreign tax administrations and during administrative enquiries to collect information in order assess taxes due for cross border activities.

Fiscalis provides a **legal and practical framework** as well as financial support for setting up PAOEs for the purpose of tax officials from the requesting country being present and participate in enquiries in the requested country. PAOE activities aim at sharing knowledge on audit practice, speeding up the exchange of information and promote long term mutual common interest of participating Member States.

Evidence shows that PAOEs are perceived an interesting and useful tool for tax officials to easily and quickly collect specific information that would be sealed otherwise (Latvia, Italy). However, PAOE is a rather new tool, not as well-known and as broadly implemented as for instance Multilateral controls (Portugal and Italy). In some countries the purpose of PAOEs (how and when to use them) is still not clear; also, in comparison with Multilateral controls in terms of usefulness and applicability (Italy). At the moment, PAOE is less discussed and promoted both on EU and national levels compared to Multilateral controls (e.g. Portugal).

5.3.2. Implementation

PAOEs facilitate the **speedy exchange of information and documentation** needed for correct taxation that would be sealed otherwise. PAOEs also contribute to building cases and leading to **tax revenues**.

Each Member State appoints a national **PAOE coordinator** (can be the same as the Multilateral control coordinator) who is responsible for the overall coordination and management including planning, implementation, monitoring and reporting of initiated PAOE activities as well as communication with DG TAXUD, other national coordinators and raising awareness and promotion of the tool.

Since its introduction, only a few PAOEs have been implemented by a limited number of Member States (see Table 12. Real costs for individual PAOEs per year represent a very small share of total expenditures: 0,9 % in 2015, 1,1 % in 2016 and 0,7 % 2017. Additional joint action funding was allocated for PAOE activities and the PAOE coordination group.

In 2015 and 2016, 49 and 48 PAOE actions were initiated, respectively, most of them by Finland, Estonia, Latvia and the UK.

Many Latvian companies have a lot of business activities in Finland with often the owners and/or the management being Finns. Finnish officials have conducted PAOE visits in Latvia to collect information e.g. to examine decision-making processes and to investigate whether Latvian companies have permanent establishments in Finland. Another example involves the Swedish tax authority initiating PAOEs to Portugal to assess documentation that is only available to the tax authority in Portugal but is important to assess tax correctly in Sweden.

Table 12: PAOE implementation 2014-2016

Indicator	Source	Baseline	Target	2014 value	2015 value	2016 value
Number of presences in administrative offices and participation in administrative enquiries	Activity Reporting Tool	49 (2015)	Grow or stable	0	49	48

PAOEs are a **powerful tool** for international administrative cooperation, applicable for direct and indirect taxes, excise duties and mutual recovery assistance. Respondents describe PAOEs as very useful, especially for cases whose complexity makes the presence of tax officials indispensable (e.g. large-scale cross-border fraud in one or more Member States) or in cases with ending prescription period and where the presence of tax officials can speed up the process (Latvia, Sweden and Czech Republic).

There is a tendency for PAOEs to take place among neighbouring countries. There is a phenomenon called "local or cross-border PAOE", i.e. a quick visit to the neighbouring country that is neither registered in the system nor requires funding from Fiscalis. These PAOEs do have the same purpose and follow the same procedure and rules as "real" PAOEs, however, create less paperwork (Czech Republic and Latvia).

A Programmes Information and Collaboration Space (PICS) Group called "PAOE activities" provides a platform for exchange and contains information on PAOE actions including final reports, latest news and previous and upcoming meetings. Recently, the Common Communication Network (CCN) mail system was established for PAOEs (separate from Multilateral control CCN), allowing secure exchange of information.

Since the establishment of a **group of PAOE coordinators** in January 2015 only one meeting was held in Prague in November 2017. A next meeting is planned for autumn 2018. The meeting was organised based on a Member State initiative and aimed to discuss PAOE implementation and management as well as the role of and cooperation between PAOE national coordinators. The participation rate was rather low mainly due to the fact that only a limited number of Member States are aware, know and see the added value of conducting PAOEs.

As many PAOE coordinators are also Multilateral control coordinators, PAOE-related questions tend to be discussed during Multilateral control coordination group meetings. Since Multilateral controls are much more known and familiar to the Member States, PAOEs tend to be less discussed during these coordination meetings. That is an issue especially for countries with two separate national coordinators. Communication and the exchange of information within the group of PAOE coordinators gets disrupted and fragmented. Consequently, certain PAOE coordinators (e.g. Czech Republic) see a need for organising separate PAOE coordination group meetings, which would be expected to lead to an increased focus on PAOEs and ultimately an increased use of the tool. In line with this, one suggestion made by one this Member State was to create a separate PAOE platform (similar to the Multilateral control platform) that would provide a space for communication and exchange of information. This would in turn enable intensified work on spreading knowledge on PAOEs and updating outdated guidelines and templates.

5.3.3. Results and impacts

Evidence from selected PAOE actions shows that PAOEs are a powerful tool, enabling tax officials to **get information relevant for assessing and collecting tax** correctly. This has led to substantial tax penalties and revenues. Conducted PAOEs were well prepared and implementation went smoothly during – in most cases – one to two days visits (for instance between Sweden and Portugal). While concrete examples are thin on the ground, the PAOE visit to Portugal by two Swedish officials led to tax penalties of just over EUR 1m, and recovered VAT of nearly EUR 7m.

It is a bit early to say if collaboration increased, but final reports intend potential further collaboration and share of information. With an increasing number of PAOEs conducted and (positive) reporting spread through the PICS group, the share of good practice is likely to increase as well as the knowledge among tax officials of how to use PAOEs and the situation in other Member States.

PAOEs are surely needed and contribute to the **effective implementation of EU and national tax legislation** and better compliance among tax payers. Similar to Multilateral controls, PAOEs build trust in the tax systems and among tax officials which benefits the functioning of the internal market in the long run (Portugal).

Sometimes PAOEs can lead to Multilateral controls in cases where more information and several meetings are needed to solve the case. Multilateral controls are described as a more administrative process, while PAOEs are a tool for quick and targeted access of information (Latvia, Italy).

5.3.4. Value for money

PAOEs, a new type of administrative cooperation and information sharing joint action, are seen as **very useful**, especially for time-sensitive information needs. PAOEs provide a **unique framework for collaboration** and have led to tax revenues. Added value is evident as costs for PAOEs are relatively low compared to rather high sums that can potentially be recovered (such as the around EUR 8m mentioned in the example above).

5.4. Conclusions

Relevance

- PAOEs are **relevant for fighting tax fraud**, evasion and avoidance in a Europe with mobile tax payers.
- The PAOE activities supported by Fiscalis provide a methodological and practical framework as well as financial support that **fills a gap** for the **effective implementation of national and EU tax law**.
- The **PICS group on PAOE activities** is **important** for the **exchange of information among national coordinators**, however, active participation in the group is perceived to be fairly low.
- PAOE is a rather **new tool** and as such are not as well-known as the Multilateral controls. There is a **need to raise awareness and promote PAOEs** among tax officials.

Effectiveness

- PAOEs have been leading to **tax assessment** and the recovery of **tax revenue**, though exact figures are difficult to come by at this stage.
- As the awareness and use of PAOEs are still relatively low, tax officials could **benefit from good practice examples**. These would help them learn about PAOEs' potential for accessing crucial information within a short timeframe.

Efficiency

- A **PAOE platform** on PICS, clear **implementation guidelines** (about when and how to use the action) and common templates would benefit the efficiency of PAOEs. Here, **support from DG TAXUD** is desired.
- **Language barriers**, especially limited knowledge of the English language among tax auditors, act as an obstacle to the uptake of PAOEs among some administrations.
- Another critical point that came up is the fact that **Multilateral control coordinators meetings** happen to **discuss PAOE related issues**. That is a problem for PAOE coordinators who are not Multilateral control coordinators at the same time and thus miss out important information.

Coherence

- PAOEs fill a special and **needed niche** within Fiscalis, **complementing Multilateral controls** and other collaborative actions.
- To **fight cross-border tax fraud**, evasion and avoidance is a high priority among tax administration throughout the EU. Consequently, EU actions on administrative cooperation and Fiscalis joint action on PAOEs address this very well.

EU added value

- According to the respondents, there is no alternative to PAOEs to collect this kind of information from another country, meaning they are complementary to efforts at Member State level. By leading to increased tax revenue as well as building relationships between officials from different Member States, the actions clearly provide EU added value.

6. RISK MANAGEMENT

The focus of this case study is on the role of activities carried out under the Annual Work Programme project “(Compliance) Risk Management” and coordinated on the **Risk Management Platform**. The platform acts as a hub for developing project groups and workshops under the theme of risk management with the aim of increasing the level of compliance risk management in the participating countries.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. A total of **ten individuals** across seven countries were interviewed within the scope of the case study.

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

6.1. Introduction

The work on compliance risk management as well as the Risk Management Platform has been active in previous and current programmes. This case study looks at the extent to which the activities under the platform are **relevant, effective and efficient** to the participating countries and what evidence there is to substantiate the impact of these activities. The Annual Work Programmes from 2014 to 2017 all make explicit reference to risk management (see Table 13 below) and provide a basis for the activities to be carried out under this theme of the Fiscalis programme.

Table 13: Annual Work Programme projects covered in the context of the case study on Compliance Risk Management

Year	Annual Work Programme references (for the last year 2017)
2014	2.1.3. Tax compliance and risk management
2015	1.13.3. Tax compliance and risk management
2016	2.1.2. Risk management
2017	2.1.4. Risk management

Regarding the sample of actions selected, this case study seeks most importantly to understand how the **Compliance Risk Management Platform for Tax Administrations** (FPG 008) supports the development of activities within the field of risk management. As mentioned above, the platform is a project group that is established as a platform for developing further activities, organising meetings and events, having a space (on PICS) for sharing information and for sustaining the network of officials working within the field of risk management.

The project groups and workshops listed in Table 14 were the ones that we could most specifically relate to the platform on risk management, and that were validated by DG TAXUD officials as well as respondents. Table 14 presents an overview of the programme actions reviewed as part of the case study; it should be mentioned however that the respondents had usually participated in only a few of these joint actions. Some of the respondents however use the outputs from project groups even if they had not participated in the project activities directly, e.g. in developing guidelines or reports. Besides activities

listed in Table 14 many respondents also mentioned the new project group FPG/083 dealing with an “update of Compliance Risk Management Guide for Tax Administrations”. This work is due to start in June 2018.

Table 14: Programme actions reviewed in context of case study on compliance risk management⁹⁷

Action title	Financial code	Start date	End date	Type of activity
Platform on Compliance Risk Management for Tax Administrations	FPG/008	2014-04-01	2017-12-31	Project Group
Project group on Risk awareness in the field of international trade and movements of Excise goods	FPG/019	2014-05-19	2016-12-31	Project Group
Segmentation and Behavioural Profiling of Taxpayers	FPG/055	2015-04-02	2016-12-31	Project Group
Project group Development of Compliance risk management strategy	FPG/023	-	-	Project Group
PG Automatic Exchange of Information between the EU Member States and its effects	FPG/045	2015-01-26	2016-12-31	Project Group
Workshop – “Risk assessment case study: learning together how useful CbC report is”	FWS/067	2016-09-01	2017-03-31	Workshop
Compliance Map	(FWS/080)	-	-	Workshop

In addition to the **Fiscalis Annual Work Programmes** and **Annual Progress Reports** and data from **PICS** and the **Performance Measurement Framework**, the **documentary sources** used for this case study primarily draw on the following documents:

- Activity plan of the Compliance Risk Management Platform, 2017/2018.
- Annual Report of the Compliance Risk Management Platform, 2016.
- Strategic Plan of the Compliance Risk Management Platform, 2017-2020.
- Powerpoint presentation from Risk Management Platform Coordination Meeting, October 2017, Limassol (Cyprus); minutes of the Coordination meeting of the Compliance Risk Management Platform, October 2017, Limassol (Cyprus).
- Final report: FPG/055 FISCALIS Project Group on Segmentation and Behavioural Profiling of Taxpayers, July 2016.
- Newsletter Risk Management Platform, January 2018.

6.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action. It describes the **policy context** and outline the case for EU action related to risk management. It forms part of the “theory” behind actions and supports the development of the intervention logic presented in this study.

General context

Compliance risk management allows tax authorities to deal with risks (e.g. non-registration, late filing, incorrect and incomplete declaration and late payment) by looking

⁹⁷ Some other joint actions could be identified which were tangent to the topics covered and where the concept of risk management was partly evident; however, respondents suggested that these activities were not related to the platforms activities (e.g. the VAT-gap study).

at the behaviour of taxpayers (causing the risks) and deploying instruments to take away the causes of the risks. The compliance risk management process helps to identify the different steps (identification, analysis, prioritisation, implementation and evaluation) in the decision-making cycle, and allows more explicit and educated decisions to be made at each stage of the process before moving on to the next.⁹⁸

In other words, compliance risk management can be defined as a **strategy to improve the tax authority's effectiveness in dealing with compliance risks**. This may result in measures aimed at improving compliance and at avoiding non-compliance by taxpayers. It also helps when the tax authority decides that active treatment is required, by better targeting the available treatment options.⁹⁹

Compliance risk management is intended to **improve resource allocation** (e.g. focus the burden of audit to non-compliant taxpayers and the best use of the available human, financial and technical resources); insight to the whole taxpayer population (better knowledge; increase the level of voluntary compliance of taxpayers); more effective use of instruments; measurement of effectiveness of interventions; educated decision-making by management; improvement of being 'in control' over large groups or segment of taxpayers (adjust available resources to the levels of risks).

Key EU policies

Article 7 of Regulation 1286/2013 on the Fiscalis programme establishes financial support for three types of eligible activities, namely the European Information Systems, the joint actions for taxation officials and the common training activities. The focus of this case study is on the second strand of actions, the joint actions of the programme. As part of the Fiscalis programme the topic of compliance risk management has been detailed in the Annual Work Programmes and set out under the work of the compliance risk management platform and activities associated to this platform. This activity is directly linked to other objectives of Fiscalis, and activities are targeting "enhancing cooperation between participating countries", developing tools and procedures for "combatting tax fraud and tax evasion", facilitating exchange of methods and institutional structures for developing in all member states "modern tax administrations".

The **Compliance Risk Management Platform** was established in 2007 under the previous Fiscalis Programme and reintroduced in 2014 through Fiscalis as a project group (008). Participants are members from the majority of the EU Member States (26 Member States in total) and five candidate countries. The platform is managed continuously by a coordination group consisting of tax officials from six Member States, and with support from DG TAXUD.

To structure the work on compliance risk management the platform has set out some **key questions that** should be addressed. These are for instance:

- What are the major compliance risks to be addressed? What are the new economic models that impact on compliance and how to find a strategy to detect and address them?
- Which taxpayer(s) behaviour do risks relate to? What is the reason behind non-compliant behaviour?
- What is the best way to influence this behaviour? How should these compliance risks be treated to achieve the best possible outcome?
- How are outcomes measured and the effectiveness of interventions monitored?

⁹⁸ Final report of the FPG/055 FISCALIS Project Group on Segmentation and Behavioural Profiling of Taxpayers, July 2016.

⁹⁹ Ibid.

- How can tax authorities in Member States evaluate and compare national tax systems from a compliance risk management perspective?

The **purpose of the platform** is “to provide permanent communication and exchange of information between risk management experts from all participating countries bringing their tax administrations at a higher level of Compliance Risk Management”. The main objective of the Compliance Risk Management Platform is to bring all Member States on a higher level of compliance risk management. The platform has its own **strategic plan** (for the period 2017-2020) which distinguishes **four priority areas**:

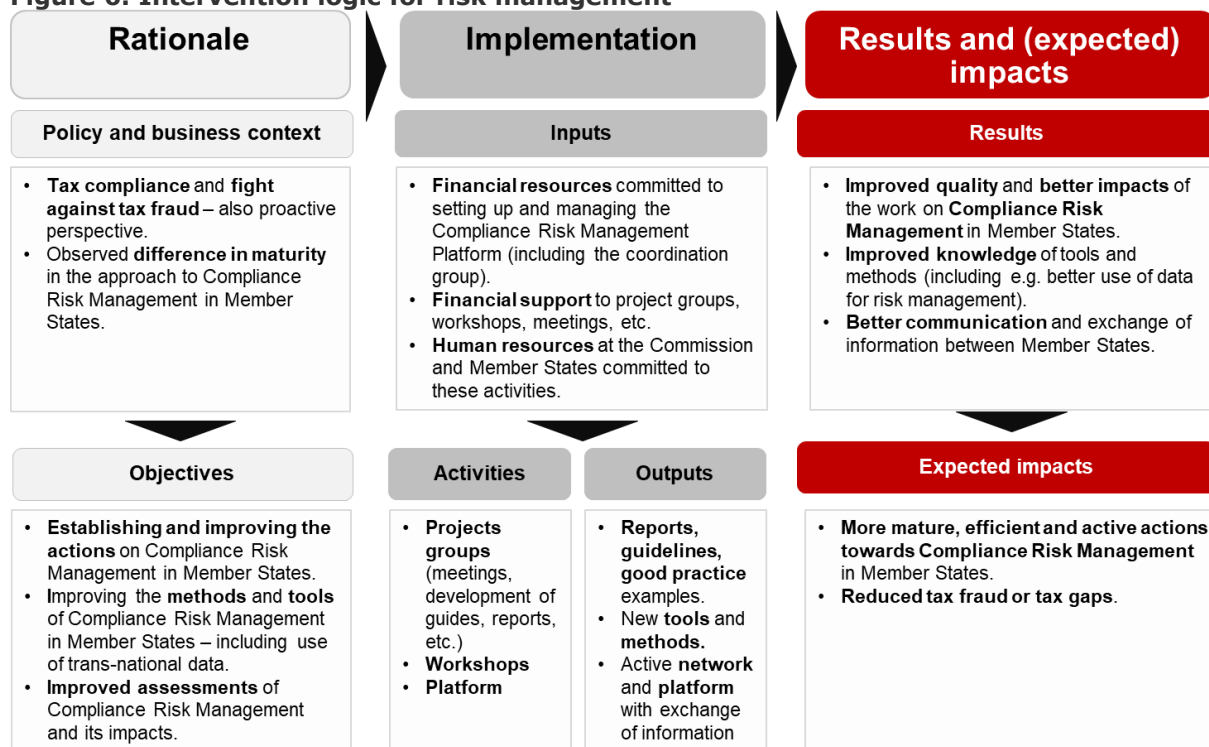
- Establishing maturity of compliance risk management and supporting Member States in their understanding and development of compliance risk management, to enable them to discuss necessary steps within their administration and create engagement and commitment of higher management.
- Build knowledge on compliance risk management by providing a platform to discuss strategic, tactical and operational questions with other countries and share best practices, facilitates training and inform on new developments.
- Keeping Member States up-to-date on literature and research supporting influencing behaviour, support to apply theory into practice and share best practices related to understand and influencing tax payers’ behaviour.
- Data, techniques, tools and (human) capabilities; and support Member States in developing new methods and techniques and applying them in a compliance risk management context.

6.3. Main findings

This section presents and assesses the **intervention logic of the risk management project** (see Figure 6). As described in the general methodology chapter, for each of the intervention logic’s main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

This section presents and assesses the **intervention logic of the PAOEs** (see

Figure 5). As described in the general methodology chapter, for each of the intervention logic’s main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 6: Intervention logic for risk management

6.3.1. Rationale

As set in the Fiscalis Annual Work Programmes, the main rationale for action on compliance risk management is to contribute to the fight against tax fraud and tax evasion through achieving a higher level of compliance, quality and harmonisation of risk management in all Member States and to **share good administrative practices**. It is observed (from documentary sources as well as from interviews) that the awareness of compliance risk management is low across the Member States and the activities under Fiscalis aim to improve this. Learning from each other, developing tools and methods together (based on expertise not available to individual Member States alone) and developing transnational approaches is thought to contribute to the quality and impact of compliance risk management across the EU.

Furthermore, the difference in the maturity of the work on compliance risk management in the Member States was accentuated by the investigations and recommendations from the World Bank and International Monetary Fund in relation to the latest financial crisis in the EU. To use the Fiscalis programme and the platform on risk management specifically, is described as a **rationale** (and to some extent a permanent way) **to foster the communication and exchange of information** that is needed between risk management experts from all participating countries. Hence, helping to bring administrations to a higher level and to work out tailor-made solutions for individual Member States to address emerging challenges.

It is evident that the respondents have different views of what needs there are in the area of compliance risk management and the views on the extent to which programme actions fit with national needs vary because of this (e.g. differences between Sweden, Portugal and Czech Republic). In countries and institutions where compliance risk management has been advanced for the past decades, the impact and rationale for some thematic guides and workshops will be less evident (e.g. Sweden, Germany). However, the **rationale for compliance risk management** as a part of Fiscalis can be acknowledged also by these respondents as a way of **developing risk management** across the Member States, and to develop activities that are relevant also for their work. The work that is continuously taking place to screen the needs of participants (surveys and meetings) seem to evolve the work, and the new projects on “maturity model”, “automatic exchange of information” and “outcome measurement” seem to be examples of how to develop activities that keep

the platforms work relevant according to interview respondents representing more mature institutions working on compliance risk management (e.g. Sweden, Latvia).

For some Member States the impact of the programme actions seems to **correspond more clearly to their needs** in relation to setting up their internal work on compliance risk management. At least two countries involved in this case study (Portugal and Italy) reported that their work on compliance risk management was established during the last years and that the material and platform provided under Fiscalis was an instrumental part of this development. These respondents acknowledge that **their units would most likely be in place even if Fiscalis would not have been there**, but it would have been much **more difficult** to design the units and set up the work. The models / structures the units have now is very similar to the manual provided by the Compliance Risk Management Platform. When setting up the national risk management units the respondents have **benefited from the platform** and its documents a lot, especially the risk management manual / guide, but also other information and exchange about institutional structures and background papers.

One thing that was pointed out during the interviews is that it is **not mandatory** to work on risk management and it is not obvious to everyone what benefits there are with proactive work like this (highlighted by Sweden when talking about the possibilities to develop the shared work on the risk management platform). It is important to find ways to adjust the work to the own organisation to make it relevant. In some countries though there are 20-25 persons working on these issues, so there is a scope for being very active if the work and the outputs from the platform is relevant for this group (and their units). In this respect the work on impact assessment and looking at the outcomes of compliance risk management efforts seem to be very important to these respondents, and they wish for more work like this from the platform (e.g. Swedish respondent as well as representative from DG TAXUD).

To remain relevant the platform must acknowledge that **most countries already have a compliance risk management model** and are working with more specific aspects of risk management. Many respondents highlighted that once the mapping of maturity is in place the work should focus on specific topics where the countries need to either develop their methods and procedures, or on collaboration in e.g. exchange of information or developing models. More "case studies" were mentioned as a method for working in the platform – and to use cases to develop a common ground for further developing a structure for "working visits" under compliance risk management. It is also important, according to respondents, to evolve and update the current material and formats of the platform to keep it relevant as the participants and their institutions mature.

6.3.2. Implementation

Activities and outputs envisaged under the theme of risk management set out by the Annual Work Programmes are to a large extent related to providing **guidance and support in the design and implementation of national compliance risk management strategies**. Furthermore, the programme sets out **communication and information exchange** among risk management experts, **identification of good practices** in risk analysis, and raising the awareness on risk management as instrumental part of the work. Activities include **project groups (including the platform), meetings, workshops**, as a basis for stimulating outputs in the forms of **special tools, exchange of practical experience, guides and reports**.

The actions within risk management relate to the work of the Compliance Risk Management platform, but the project groups and workshops which are developing "guides" and "studies" are also an important part of the work carried out. We have not been able to study the amount of funds that have been allocated to different activities related to compliance risk management over the years but have rather focused on investigating actions and activities.

To this end, it is evident that the establishment of the platform have served as a basis for establishing an active network that have produced both sub-activities (project groups and workshops primarily) and reports, guidelines, practical examples. Our assessment is that the **activities** carried out under the umbrella of compliance risk management through Fiscalis seem to **correspond well to the expected activities**, and that the activities are **rather well-appreciated by the participants**.

The respondents to this case study are **content with the activities** and intensity of the platform and the number of project groups. Some countries are still sending more than one participant to the different activities. Evidently the usefulness is more pronounced for some countries that did not work on risk management in this way before the financial crisis (and the interventions of the World Bank and the International Monetary Fund). In these cases (Italy, Portugal), the platform really brought new ways of thinking to the institutions and officers, and this apparently changed the tax administrations' way of thinking about risk and auditing. Learning from the respondents of this study, although they do not cover all active participants to the compliance risk management and Compliance Risk Management Platform, we draw the overall conclusion that the **networking and platforming activities of the platform is a useful part of Fiscalis**.

Even though the network is not so active between the meetings and the project groups, there are some evidence of the role that it is playing for tax officials overall. For instance, the anecdotal evidence (stories told by respondents as part of our interviews with them) mentions occurrences where countries have asked for and received help for developing aspects of their risk management tools and structures. And apparently countries (most recently Poland) use the network for surveys to update themselves on "best practice" or procedures.

Our scoping interviews with commission officials and national coordinators in countries that do not participate suggest that these countries seem to find the **added-value of the platform low**. These countries are often mature already in their work on compliance risk management (Czech Republic, Germany, France). Hence, finding a **mix of activities** that is suitable to all Member States seems to be a **challenge** when it comes to implementing the actions through Fiscalis. The fact that some large Member States are not participating suggests that the implementation of activities related to good practice, exchange of data and information, as well as an active European network of tax officials working on compliance risk management is hampered.

One observation that we can make is that the **implementation of activities is weakly linked to other activities under Fiscalis**. We suggest that there could be more integrated implementation with other parts of Fiscalis – with working visits or presence in other countries administrative offices to develop institutions, models, collaboration. This observation is substantiated by respondents as well, although they are often in a position where they have a limited overview of the possibilities presented under Fiscalis.

From an **implementation and administrative perspective**, the respondents are **generally happy** with the way the risk management work is implemented, and the fact that the platform is managed and in the hands of the Member States. The work in the platform and the project groups is perceived to be **well-managed, informal and useful**. The content of the meetings is accurate and does correspond to the needs of the participants. It is evident that de-centralising the platform has been a strategy from the Commission's side and it is suggested by the respondents that this is working well. The exception is the need for more "leverage" towards national structures, where it is perceived that the Commission could take a more active role.

It is evident that the results of the platform and the project groups / workshops is primarily **dependent on the work and intensity of the participants**. If the platform develops guidelines etc. it will only make a difference if the participants or their colleagues use these nationally. The evidence of this is limited according to both documentary sources and interviews.

So, to become more effective in the implementation of activities, it will make sense to be more relevant. Apparently, this work has recently been initiated through the platform, e.g. mapping of what level the Member States are at and determining what are the most effective steps to take from now on in developing activities that are relevant and useful.

6.3.3. Results and impacts

The aimed result of the work on compliance risk management through Fiscalis is to **improve the quality of tools and procedures** and **produce better impacts** of the work on risk management in Member States across the EU. It is also to improve the knowledge of tools and methods (including e.g. better use of data for risk management) of tax officials. Furthermore, it is an outspoken ambition to achieve a **better communication and exchange of information between the Member States**. The expected results are that the Member States' tax officials use outputs in the form of **reports, guides, tools** and **collegial learning** to enhance their application of risk management methods (and the work across tax authority units) on risk management.

Improved quality and better impacts of the work on compliance risk management in Member States

Our assessment based on interviews and studying the material from the compliance risk management platform is that for most countries it is **difficult to ascertain any clear improvements** in quality or performance of risk management due to the work through Fiscalis. The **benefit is primarily for those countries that had not developed institutions for risk management before participating in Fiscalis**. For those countries that developed their risk management units recently and are still developing them the impact of best practice, examples and guidelines is profound (Italy, Portugal). Fiscalis activities truly enhance the knowledge and the skills of the officials from these countries.

For countries that have been working with risk management previously, some countries report that they do not really bring anything from Fiscalis right now and that they need to produce (as part of the platform) a compliance risk management mapping to develop the project work to make it more important for them in the years to come (Sweden, Latvia, Czech Republic). Member States also acknowledge that this is related to how active they are themselves and the fact that the topic is not always being developed so actively at the national level and in these cases, it does not matter if the outcomes from the platform is of high quality. The quote from one of the interviewees tells this story:

"Right now, it is difficult to factor in any outcomes / results from Fiscalis compliance risk management into the work of our national administration. It is not fitting to our work right now."

Respondents typically bring forward a dimension of "better impacts" that is indirectly linked to reducing fraud and the tax gap – i.e. the proactive aspect of developing compliance risk management (Sweden). That is, respondents pointed out that the work has a value in **discouraging fraud**, but that this impact is hard to measure. This is a problem since one of the obstacles in building momentum in working with risk management is in showing the results of the work on risk management, and it is actually not done in any systematic way right now.

Improved knowledge of tools and methods (including e.g. better use of data for risk management)

All respondents say that they **appreciate the reports** and **best-practice guidelines** that have been produced. By participating in Fiscalis meetings they have been taking note of new methods and integrated Fiscalis produced material into their national administrations. According to some follow-up material in the Performance Measurement Framework (from workshops related to compliance risk management) some participants to these meetings say that they distribute the material internally in their units, while some say that they gave

some short briefing after attending the workshops. Even in a combination with the interview responses it is difficult to learn substantially the short-run and long-run impact from these activities on national practices of compliance risk management.

The exception again is the countries that are currently developing their risk management units: they report that without the manual ("**Compliance Risk Management Strategy**"), it would probably have taken longer time and more resources to set up the new units. Apparently, the **presentations with best practices** available in PICS have also been very useful when designing risk management units, e.g. to avoid mistakes and to have material for internal strategy discussions.

Evidence suggests that the reports on best practice and methods have an impact in that they serve as benchmarks, but they seem to have a **limited impact** in stimulating Member States to aim for jointly developing more compliance risk management tools. Member States rather have their own needs and agendas and legislative structures that dictates their work on risk management. And it seems to be difficult to get countries to continue to share and contribute once they are on a stage that they are developing their own tools and methods (e.g. Czech Republic). This is a real challenge for risk management under Fiscalis as highlighted by the Czech respondent:

"In attending Fiscalis activities we gained knowledge about risk models / problems in other Member States. Now we do not participate in any actions anymore. We had many legislations changes against tax fraud [...] so we have developed our own specific risk models for that - based on gained information [...] which other colleagues mentioned during Fiscalis meetings."

So far, there seem to have been only **limited discussions** and developments when it comes to the development and use of data for risk management. From both meeting-notes and interviews we identify that this was a topic than participants would like to develop further (and with transnational dimensions) using information from the common IT systems (e.g. Latvia emphasised this point). This seem to be a neglected part of the scope for activities in Fiscalis that should be developed further. This was evident from both written material that we could review for the evaluation as well as from interviewees. Hence, this should be one **key aspect** to focus on in the future.

Communication and exchange of information and learning

Observing the occurrence of communication and exchange of information is one thing – determining to what extent it contributes to any learning and development to the actors communicating is another thing. Foster communication and exchange of information is to this end both an activity and a result of Fiscalis. As an outcome and result we assign a value to the communication and information sharing itself, and we try to determine to what extent it is actually taking place.

Actually the purpose of the risk management platform relates greatly to: "create awareness in the area of compliance risk management in the Member States (including involvement of top management)", "stimulate the use of the network and create visibility", stimulate a cross-border approach and enhanced co-operation within compliance risk management, secure the linkage with the work of other international organisations such as the Organisation for Economic Co-operation and Development (OECD) and Intra-European Organisation of Tax Administrations, and seek for new, innovative ways of managing compliance risks by learning from each other.

All Member States are represented on the platform except for Germany and France (however, we found during the interviews that some other countries are not actively participating as well; e.g. Czech Republic). There is also a representation from all candidate countries as well as the Intra-European Organisation of Tax Administrations (and OECD). It is obvious that **the platform has led to better cooperation between Member States tax officials**, as explained by a respondent:

"It has been very useful to get experience from the other tax administrations, especially to use their experience and results when motivating and explaining the further development of the unit."

Respondents provide evidence that **the communication and exchange of information** is a **substantial part** of the results they take from the Fiscalis Compliance Risk Management Platform. They connect with other countries for instance and develop projects with them to learn and implement solutions and systems bilaterally. Also, some countries have circulated surveys to learn from other countries on the platform: e.g. recently Poland, about how to deal with risks related to "large" taxpayers.

6.3.4. Value for money

It should be noted that the cost for operating the Compliance Risk Management Platform and project groups / workshops is mainly accounted for costs related to travels and human resources (cost for the Commission as well as for the Member States). We have not been able to obtain figures on details as to the costs associated with the different activities listed in Table 14.

The meetings and material that has been produced from the compliance risk management activities have clearly **generated benefits**, but to some extent **primarily to the persons that have participated**. The impact on the performance of the Member States' tax authorities is hardly measurable given the way the participants describe the results.

The meetings, guides and best-practice examples have clearly generated benefits, where two of the countries included in this case study had very **positive views** and were convinced that they had contributed to **cost and time savings for their respective administrations** (Italy and Portugal most clearly). Another administration reported that they did not see any value for money in participating right now, but that it had **benefited greatly some years ago when developing its strategies and models** (Czech Republic).

Respondents representing more "mature" administrations (like Sweden and Latvia) reported that the **benefits were not as evident right now**, but that they were benefiting in a proactive way and could see areas of future cooperation in risk management. This was really accentuated by one representative who partly refused the possibility to measure the value for money of the risk management work; how to measure correctly the discouraging value of the risk management tools.

However, it cannot be neglected that if the reports and results from the workshops etc. are not actively incorporated into national frameworks, the value for money can only be assessed in a soft way and related to **long-term impacts of collegial learning and sustaining networks**.

Some countries mentioned that in the absence of the Compliance Risk Management Platform they would need to do some of the information gathering, networking, coordination anyhow, either in the form of working visits (Fiscalis), PAOE (Fiscalis) or through other channels (possibly through the Intra-European Organisation of Tax Administrations). This suggests that the human resources committed by these Member States are motivated by the costs incurred.

6.4. Conclusions

Relevance

- The risk management platform and project groups established and developed through Fiscalis have clearly supported the Member States' efforts in coordinating, learning from each other and improving the maturity in the work on risk management. However, it is clear that the relevance of this work is not always at the core for the Member States and that the relevance has been most significant for countries that are still developing their risk management units / work.

- The platform is planning a mapping exercise to learn about the needs and maturity of different Member States. This could help the platform to **focus more on specific topics where the involved Member States need to either develop their methods and procedures**, or where closer collaboration is possible in e.g. exchange of information.

Effectiveness

- Whether the platform and the project groups have been effective must be assessed for different aspects of the rationale. We conclude that the **most profound, and most clear, impact is related to the established communication and exchange of knowledge and best practice between officials from the Member States**. The platform seems to gather the right people from the Member States and the possibilities for these to learn from each other seem to be good. The value added for many Member States can be brought to question and the activities of the platform must be made more strategically applicable for a wider audience of actors in the Member States.
- The platform seems to **benefit those Member States which are developing their capacity from a low level** more than those Member States with more established risk management systems and processes.
- **More case studies** were mentioned as a **method for working within the Compliance Risk Management Platform**, and to find a structure for working visits under compliance risk management (as in other parts of Fiscalis activities). We observe that there is a **large number of examples and best practices** produced in the written material and presentations available in PICS, while respondents gave evidence that the way this was used and built upon at national levels were not structured or planned for and often unknown to participants to the projects themselves. This is an **area for further development** in implementing and following up on the outcomes of activities and products in order to learn more about what is relevant and useful to participants. **Turning best practice into working visits could be one way to “operationalise” the impact** of the work on compliance risk management and the Compliance Risk Management Platform.
- The **meetings** and **material** that has been produced from the compliance risk management activities have clearly **generated benefits**, but primarily to the persons that have participated. It seems as though some participants find it **difficult to use the material** at a broader scale in their national institutions.

Efficiency

- The platform is an **efficient way to develop guides and reports** that can highlight best practices, tools and methods. However, these need to be **kept up to date** in order to remain relevant.

Coherence

- We found that the platform exists to some extent in isolation, with links and synergies with other Fiscalis activities not being fully exploited. For example, working visits could be used to complement the work of the platform by building stronger relationships and providing examples of how certain practices are implemented in real life. That this does not seem to be happening undermines the potential for stronger collaboration in this field.

EU added value

- Since the activities do not complement or substitute any other activities taking place today or previously, in Member States or in e.g. the Intra-European Organisation of Tax Administrations, we conclude that there is an **added value of sustaining these activities at the European level**. However, making sure to improve the relevance for all Member States to participate and making sure that the development of tools and models target new and relevant topics for Member States (e.g. transnational

information / data analysis and dealing with risk in relation to the internal and emerging markets) is profound for sustaining the relevance of the Compliance Risk Management Platform.

7. MINI ONE-STOP-SHOP

This case study concerns the Mini One-Stop-Shop, which is, in simplified form, a system for declaration and payment of VAT on business-to-consumer cross-border telecommunications, broadcasting and electronic services, where the supplier of the services declares and pays VAT in the Member State of identification (the Member State where the supplier is established). The Member State of identification then forwards the declaration and payment to the Member State of consumption. This means suppliers of such services do not need to register and pay VAT in each Member State where the service is consumed. The Mini One-Stop-Shop has been a flagship IT initiative of Fiscalis, with the system going live on 1 January 2015.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units. A total of **eleven individuals** across seven countries were interviewed within the scope of the case study.

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

7.1. Introduction

The case study focuses on the **introduction and implementation** of the Mini One-Stop-Shop, the **support** given by the Commission, and the **first impression of the results** of the system. As such, this case study does not delimit its scope to any set of specific activities in the form of joint actions or training. Rather, it draws on available documentation, interviews and statistics to form a picture of the introduction of the system as a whole. This is in line with the fact that a considerable part of the Fiscalis programme is focused on IT development and operations, with joint actions, and such expenditure is channelled via the grants for European Information Systems into on-going activities and procedures for updates and maintenance (i.e. not only via delimited projects of the same type as joint actions).

Also, focusing on the operation and benefits of the system in itself is justified, given the importance of the European Information Systems within the programme, the topicality of cross-border VAT issues, and the fact that the introduction of Mini One-Stop-Shop has been one of the main achievements of the programme thus far in the field of IT. Still, IT activities and the Mini One-Stop-Shop are, following the structure and priorities of Fiscalis, clearly linked to the Annual Work Programmes. Table 15 below presents an overview of the Annual Work Programmes and Mini One-Stop-Shop-related projects.

Table 15: Annual Work Programme projects in the context of the case study on the Mini One-Stop-Shop

Year	Annual Work Programme references
2017	2.2.1. Development, operation and maintenance of and horizontal support to European Information Systems 2.3.1. Administrative cooperation between Member States and with third countries – horizontal actions 2.5.1. Consistent implementation of Union law in the field of VAT

2016	2.2.1. Development, operation and maintenance of and horizontal support to European Information Systems 2.3.1. Administrative cooperation between Member States and with third countries – horizontal actions 2.5.1. Consistent implementation of Union law in the field of VAT
2015	1.14.1. European Information systems 1.16.4. Tax payer information 1.17.4. Mini-One Stop Shop
2014	2.2.1. European Information systems 2.5.3. Consistent implementation of Union VAT Law 2.5.4. Mini-One Stop Shop

As stated above, the Mini One-Stop-Shop case study focuses on the IT development and implementation aspects of Fiscalis. While other case studies of this evaluation list joint actions related to the case at hand, such information would not fully represent the work carried out surrounding the system. Instead, activity can also be somewhat gauged by the number of **IT development projects** related to it. However, supporting activities, such as communication activities, have also been important in the introduction of the system. Following this, Table 16 below presents development projects operational during 2014-2016 related to the Mini One-Stop-Shop. In addition to these, Table 17 presents joint actions identified from programme activity reporting which supported the introduction of the Mini One-Stop-Shop. An important input is also **horizontal IT maintenance and operations** which support the system (and other European Information Systems).

Table 16: IT development projects per year in context of case study on the Mini One-Stop-Shop 2014-2016

Title	IT project reference	Year	Status	Budgeted funding
M1SS	-	2014	Development	€40,400
Mini One-Stop-Shop	CI100	2015	Development	€89,000
Mini One-Stop-Shop – web portal	CI100	2016	Development	€300,000
One Stop Shop	CI106	2016	Pre-development	€50,000

Source: Budget Management Tables for IT for 2014-2016

Table 17: Joint actions in the context of the introduction of the Mini One-Stop-Shop

Action title	Financial code	Start date	End date	Type of action
Communication activity in the context of the VAT 2015 changes_PL	FCM/003	2014-04-01	2014-11-30	Communication
Mini One Stop Shop technical workshops	FWS/003	2014-04-01	2014-12-31	Workshop
Communication activities in the context of the VAT 2015 changes	FCM/001	2014-05-01	2014-11-30	Communication
SM_Modernising VAT for cross border e-Commerce	FSM/001	2014-11-01	2015-12-15	Seminar
Mini One Stop Shop technical workshops	FWS/050	2015-09-01	2017-12-31	Workshop
Modernising VAT for cross border e-Commerce – importation of goods - JOINT F2020/C2020 EVENT	FWS/053	2015-11-27	2016-06-30	Workshop
Communication activities 2016 in the context of the VAT 2015 changes	FCM/006	2015-12-01	2016-12-31	Communication

In addition to the Fiscalis Annual Work Programmes and Annual Progress Reports, and data from PICS and the Performance Measurement Framework, the documentary sources used for this case study primarily consisted of the following:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.
- **Legislation governing the Mini One-Stop-Shop**, as listed under “Key EU policies” below.
- The Commission’s “**Guide to the VAT mini One Stop Shop**”.
- DG TAXUD C5 **Business Perspective Reports for 2014-2016**.
- DG TAXUD C5 **Yearly activity report 2016**.Fiscalis **Budget Management tables for IT** for the years 2014-2016.
- **National Authorities’ Questionnaire** sent out by the evaluation team to national authorities.
- **Survey of Economic Operators** promoted by the evaluation team.
- A previous (published November 2016) **evaluation and assessment** of the VAT place of supply rules and the Mini One-Stop-Shop.¹⁰⁰

7.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action and describes the **policy context** behind the development of the Mini One-Stop-Shop. It forms part of the “theory” behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

With new legislation coming into force regarding VAT obligations of cross-border suppliers of services, such suppliers were obligated to register for VAT in each Member State to which the service was supplied. In order to address this administrative burden, the Mini One-Stop-Shop was conceived. While optional for economic operators, registering for the special VAT scheme that constitutes the Mini One-Stop-Shop allows the concerned suppliers to **not register for VAT in each Member State where the service is consumed**. Rather, through the Mini One-Stop-Shop, national administrations (Member State in which the supplier has registered) collect VAT and transfer it to the Member State where the service is consumed.

The “Mini” prefix of the Mini One-Stop-Shop signifies a **first, though major, step** in this type of VAT collaboration. A further scheme to allow suppliers of goods to participate in a system similar is envisaged. As such, the Mini One-Stop-Shop is a pilot project which can provide input on the feasibility and technical solutions for deepened cross-border VAT collaboration.

Key EU policies

Article 7 of **Regulation 1286/2013** on Fiscalis establishes financial support for three types of eligible activities, namely the European Information Systems, the joint actions for taxation officials and the common training activities. The focus of this case study is on the first type, in the form of the Mini One-Stop-Shop. As a European Information System, the

¹⁰⁰ European Commission (Deloitte). 2016. *VAT Aspects of cross-border e-commerce - Options for modernisation: Final report – Lot 3: Assessment of the implementation of the 2015 place of supply rules and the Mini-One Stop Shop*, doi:10.2778/59123.

the Mini One-Stop-Shop is explicitly mentioned under **section (4) of the Fiscalis regulation Annex**, and it is thoroughly regulated via legal documents to ensure an equal and effective implementation in all Member States. As such, the Mini One-Stop-Shop has its own legal base laid down in several iterations of directives and regulations.

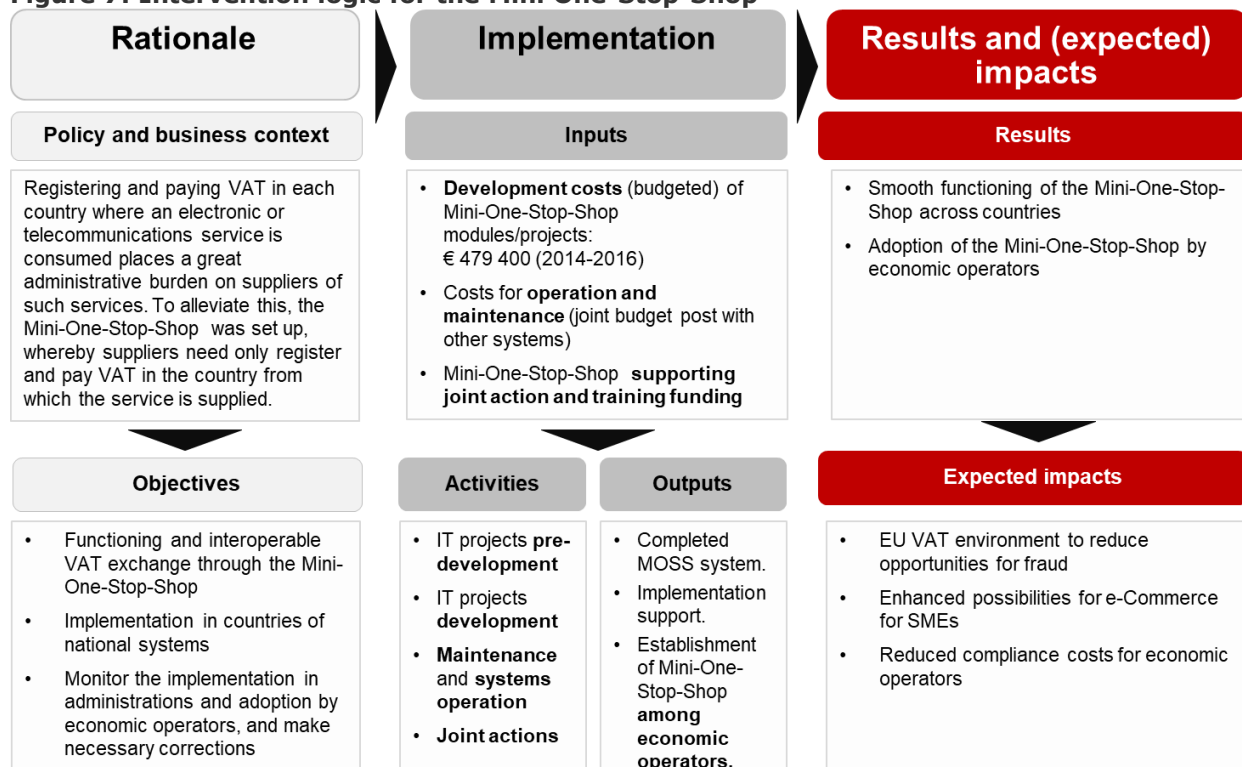
- **Council Directive 2008/8/EC of 12 February 2008**, amending the Council Directive 2006/112/EC (more commonly known as the VAT Directive) forms the background and original basis for the Mini One-Stop-Shop. In addition, there is the **Council Regulation (EU) No 904/2010** on administrative cooperation and combating fraud in the field of value added tax (recast).
- **Council Regulation (EU) No 967/2012** of 9 October 2012, which amends Implementing Regulation (EU) No 282/2011. The Regulation covers obligations under the Mini One-Stop-Shop schemes and issues such as registration, deregistration and exclusions.
- The **Commission Implementing Regulation (EU) No 815/2012** details rules regarding the application of the above-mentioned Regulation (EU) No 904/2010, regarding special schemes for non-established taxable persons providing services covered under the Mini One-Stop-Shop to non-taxable persons. It lays down the standards for exchange of information to ensure interoperability between countries for the Mini One-Stop-Shop.
- Finally, the place of supply of services and rules regarding this issue, as well as clarifications on how these rules are applied, are covered in the **Council Implementing Regulation (EU) No 1042/2013**.

The **Standing Committee on Administrative Cooperation** (SCAC) has also decided and adopted implementation specifications in terms of functionality and technical issues.

In total, these provide a **comprehensive framework** which allow for the set-up and functioning of the Mini One-Stop-Shop. They also lay out regulations concerning implementation and operations, as well as obligations in relation to the system.

7.3. Main findings

This section presents and assesses the **intervention logic of the Mini One-Stop-Shop** (see Figure 7). As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 7: Intervention logic for the Mini One-Stop-Shop

7.3.1. Rationale

Interviewees state that the basic rationale for the Mini One-Stop-Shop holds true. Before legislation was amended, there was no need to keep track of the Member State of consumption for these services, but after changes, it became necessary to address the added burden of handling VAT in the Member State of the consumer (Germany). The change in legislation necessitated the Mini One-Stop-Shop, as this placed a great burden on suppliers (e.g. Italy and Sweden), and also led to a disadvantage compared to suppliers in third countries (Czech Republic). The main purpose of the Mini One-Stop-Shop is thus trade facilitation, as witnessed by several national officials (e.g. Italy). These perceptions are **in line with the intended rationale for the system** and show the **necessity for EU action**.

In addition, several interviewees give witness to the further possibilities of which the Mini One-Stop-Shop is a first step. Expanding the system, or creating similar systems, for goods is the next step according to many (e.g. Czech Republic), and systems like the Mini One-Stop-Shop are the future of VAT cooperation (Portugal). It would thus go from "Mini" One-Stop-Shop to simply a One-Stop-Shop for VAT. Steps in this direction are **already being taken**.

In a wider context, the Mini One-Stop-Shop will support the vital and **topical field of e-Commerce** (IT), and there are currently no similar systems out there. This is the first VAT exchange system which does not only cover information, but also collection and exchange of actual VAT (as the VAT refund system is, according to respondents, of a different type) (Sweden).

7.3.2. Implementation

Within DG TAXUD, the Mini One-Stop-Shop is managed by sector **B4.2** (responsible for taxation IT systems), in coordination with parts of unit **C1**. Also supporting the system is the **Standing Committee on Administrative Cooperation** (SCAC) and its supporting function the **Sub-committee on IT within VAT** (SCIT).

Implementation, management, and continued development

Implementing the Mini One-Stop-Shop was a long and difficult process for several national administrations. For some, it meant overcoming hurdles within the own administration and implementing completely new systems (e.g. Italy). There were also problems due to no previous common base to stand on for administrations, in terms of procedures (Portugal). Thus, the years allotted to implement the system were needed to get everything in place (Czech Republic), and was perhaps even too short a time-span (Portugal). Others consider the lengthy process for changing legislation and converting these changes into new procedures and systems too slow. One respondent stated that while the process to amend legislation is long, the time given to implement changes is instead too brief.

Collecting and exchanging all the necessary information has been and is a **challenge**, as all systems must be interoperable (Czech Republic and Italy). The system was also quite **costly** to implement for several, though exact figures are difficult to assess for interviewed national officials. A 2016 study on the Mini One-Stop-Shop reported an average initial implementation cost of about € 2.5 million for each Member State (the one-off cost of development of national portals, as well as changes in administrative processes and IT systems), but with **very large variations** across countries. In the same report, while lacking concrete cost data, additional one-time overhead (due to organisational costs etc.) per Member State was modelled at a further € 3-5 million. The annual maintenance cost was estimated at € 0.5 million on average per Member State, but this was an early estimate, and again with great variations between countries. It is worth saying that the costs, while in certain instances significant, were according to the earlier study recuperated in the first year of operation, as revenues reported in 2015 by all Member States were approximately 3 billion EUR¹⁰¹. In the following years, the revenues, as declared by Member States, saw increases of approximately 15% on a yearly basis.

There have been several **technical workshops** held by the Commission. These were necessary for the correct implementation of the system (Portugal and Czech Republic) and were generally well received (e.g. Sweden and Czech Republic). (Such workshops were also held under the previous programme, Fiscalis 2013, to prepare for the launch of the system.) Some have considered the Commission to have had more of a coordinating than a supporting role for the Mini One-Stop-Shop, while others stated the Commission actively picked up on problems identified and endeavoured to solve these, replying to concerns in a prompt manner (Czech Republic, Germany and Portugal). In addition, towards the “go live” moment in the autumn of 2014, the Commission activated a **fall-back application** for two Member States in which implementation was delayed. This fall-back application was designed as an operational Mini One-Stop-Shop to be plugged in to the national system in case the latter was not finalised. **Communication activities** have also been held to introduce the system to economic operators in several Member States and third countries, including communication directed at third country suppliers.

One aspect of the current system, brought up as a disadvantage by some interviewed Member States, is the **complexity of auditing**, as the administrations who collect the VAT are not the same as those with an interest to audit the taxes, and auditing rules and procedures are not harmonised within the EU. To be noted is that, in agreement with the Member States, the Mini One-Stop-Shop system was designed as an administrative simplification system to enhance voluntary compliance and not as an auditing tool. Further, the 2016 evaluation points to **auditing guidelines** published by the Commission which had, at the time of the report, been implemented by a vast majority of Member States. In addition, there is already awareness at the Commission of the complexity of the auditing issue, and the continuing need to further develop cooperation and information exchange to address the identified concerns.

In the first year, over 12 000 economic operators registered for the Mini One-Stop-Shop, as is shown by the Fiscalis Annual Progress Reports. This grew by roughly another 1500 in 2016. The national respondents have a difficult time **assessing the uptake** and dispersion of the system in their own countries. While they know the number of registered users, it

¹⁰¹ Deloitte study – see footnote 19

is less clear how these numbers should be interpreted. The reach of the system during its first years of operation, and whether this should be considered satisfactory, is not fully evident. However, the earlier evaluation points out that the impact on revenue due to non-registration is probably minimal, as the most significant businesses should already be registered, with 13% of the currently registered businesses responsible for 99% of the revenues declared through the Mini One-Stop-Shop. Expectations were that only very small businesses remain unregistered, with an assessment being that 70% of the value of applicable services was already being processed via the Mini One-Stop-Shop. The **overall impression of the uptake is thus positive**.

The overall assessment is that the Mini One-Stop-Shop is **functioning as intended**. While there are some technical and practical issues within specific topics (according to e.g. Germany), according to respondents, **these affect only a minority of administrations**, and for the most part, **the system runs smoothly** (e.g. Czech Republic).

7.3.3. Results and impacts

In general, results and impacts of the Mini One-Stop-Shop this far seem to be difficult to assess from monitoring data or national administrations perceptions, as there is little concrete (national) monitoring, and key officials still have a quite unformed picture of the impact of the system. However, available evidence, including the previous study, point to **many positive effects** in terms of usefulness, functionality, and most importantly **reduced burdens for economic operators**.

Impact for national administrations

The general view is that the Mini One-Stop-Shop simplifies the collection of the information needed by administrations (Czech Republic, Portugal), and is a better tool than previously in terms of getting information and controlling VAT fraud (Portugal). However, some administrations rather find it is more complex to handle, especially with new changes implemented (e.g. Germany). Looking to the **survey of national administrations**, eleven out of thirteen respondents agreed to a large extent that the Mini One-Stop-Shop was purposeful and useful. In total, **positive views of the Mini One-Stop-Shop are clearly the rule**, and the system can be considered having created administrative benefits for national administrations (and not only for economic operators using the system). In addition, in reference to the impact and influence of the Mini One-Stop-Shop, some respondents related that the idea of a one-stop-shop solution for VAT was considered impossible only some years ago.

In terms of revenue, interviews with national officials indicate that the system is operational and VAT is flowing as intended. Further, the 2016 study reported that, for the first year of operation (2015), total VAT revenue declared via the Mini One-Stop-Shop was roughly € 3 billion.

Whether the Mini One-Stop-Shop is really having an impact on VAT collected is more difficult to assess based on interview statements. It is also too soon to say whether the Mini One-Stop-Shop has contributed to a reduction in VAT fraud (Portugal). Some administrations believe it has led to improvements, while others think the net effect may be neutral (Germany). The 2016 study found that total VAT collected was expected to increase slightly due to reductions in non-compliance, and registration of VAT for supplies which were previously below national VAT registration thresholds.

The impact for individual Member States, compared to before the Mini One-Stop-Shop, depends on whether a country has more cross-border consumption or sales, i.e. the volumes of VAT received and sent through the system (as well as any net gain due to the above-mentioned factors leading to total VAT collected increasing). Again, the 2016 study found that, based on 2015 data, most countries experienced a net gain, and only a few experienced a net loss. In particular, the Member States experiencing losses were mainly the ones where the big suppliers in this field chose to register for VAT purposes, taking into account the VAT rules in force before 2015 (i.e. the place of supply was deemed to be

where the supplier is established and not where the customer is located). With the new VAT rules, the distribution of VAT is according to the jurisdictions where consumers are located.

Impact for economic operators

According to national administrations interviewed, it does not appear that these have followed up or monitored the perception of the Mini One-Stop-Shop among economic operators (e.g. Czech Republic, Portugal and Italy) in a structured way. Results at the firm level, among those economic operators who engage with the Mini One-Stop-Shop, seem as of yet unknown to national administrations (Sweden). This can be perceived as an area for improvement for the monitoring of the Mini One-Stop-Shop at the national level.

However, the previous evaluation (2016) did estimate compliance costs and simplification for businesses. They found that using the Mini One-Stop-Shop scheme, compared to not using it, led to a reduction of compliance costs for businesses. **This reduction was estimated at a factor of ten** (looking at costs for a business per Member State they do business in, i.e. use the Mini One-Stop-Shop scheme for rather than register and pay taxes locally in).

From a qualitative perspective, the **simplification** for suppliers is apparent, as witnessed by several officials (e.g. Czech Republic and Portugal). It is considered a great leap in simplifying VAT matters for economic operators, as it shifts the burden from these to the tax administrations in terms of keeping track of and exchanging information and cross-border VAT (Italy). The businesses no longer have to collect all the information themselves, and file for VAT in every Member State where they have consumers, but instead can use a single electronic portal, and deal with only one VAT administration to fulfil their VAT obligations (i.e. registration, VAT return and VAT payment), in one language (even though their services are consumed in a number of Member States). In total, this should make it a lot easier for the economic operators to supply cross-border services (Italy). Indeed, as the Mini One-Stop-Shop schemes are not mandatory, should the economic operators not find them preferable, they can simply choose not to make use of the schemes.

7.4. Conclusions

Relevance

- The general purpose of the Mini One-Stop-Shop is trade facilitation and reduction of administrative burdens for economic operators (as well as a streamlined system for national tax administrations). In a time of increasing e-commerce and cross-border delivery of electronic services, **the Mini One-Stop-Shop addresses a highly topical and relevant area of intervention** at the general level.
- The **specific need for a system like the Mini One-Stop-Shop** is obvious and undeniable, following the VAT legislation changes making VAT payable in the Member State of consumption. **Without a system like the Mini One-Stop-Shop**, there would be a **significantly higher administrative burden** placed on cross-border suppliers of services under the new legislation. The Mini One-Stop-Shop can thus in a way be seen as a necessary **tool to facilitate and help implement the new VAT regime**.
- Areas of improvement include a few practical implementation issues where further technical fine-tuning is still necessary. Member States and the Commission representatives meet regularly to discuss these issues. However, in terms of **unmet or only partially met needs**, it also includes the wider issue of **ensuring the possibility to efficiently audit** VAT collected and transferred between Member States through the system. It should be noted that this need was not included in the original specifications for the development of the Mini One-Stop-Shop, and so should not be seen as a weakness of the development or implementation, but as an identified possibility for further improvements.

- Regarding further and future relevance of the system, vital benefits are expected to also come later when the scope is widened to encompass all business-to-consumer transactions (creating a broader One-Stop-Shop). This constitutes an even greater leap in VAT coordination, with reportedly great benefits to be reaped. However, while such an expansion is slated for implementation, the **complexity of continued development** and the **necessary time for implementation** are still key issues for consideration at this stage.

Effectiveness

- The **purposefulness** of the Mini One-Stop-Shop is indicated by the growing number of registered users, as well as near-unanimous positive responses from national administrations (according to questionnaires and interviews).
- While the Mini One-Stop-Shop was described as being **challenging to set up and roll out**, concerted efforts from the Member States as well as support from DG TAXUD has led to an **overall successful launch** of the system. There are still teething problems in some Member States, but these are being addressed and the system is by and large fully operational and working as intended.
- Results for national tax administrations are **overall positive**, with **easier access to information**, possible though as-of-yet unassessed reductions in VAT fraud, and incoming (and outgoing) VAT through the system demonstrating it is indeed **functioning well for collection** and distribution of VAT.
- Although sources point to positive effects, it is, as of yet, too early to say anything definitive on the impact the Mini One-Stop-Shop is having on the overall VAT collection, trade facilitation and VAT fraud reduction. Such positive effects, are expected to be even greater **with the (planned) expansion of the system**, to cover physical goods and are estimated to have an immense impact on the EU VAT environment and for European businesses.
- In terms of **results for economic operators**, these are difficult to assess in concrete terms for national interview respondents, as there is no monitoring going on which covers the effect of the Mini One-Stop-Shop for participating businesses. However, the previous study **estimated great reductions in administrative costs for businesses**. In addition, given the objective of the system, and as indicated by both national officials' reports and interest in signing up for the scheme, **there can be little doubt that the Mini One-Stop-Shop achieves reduced administrative burdens for businesses**. Again, the intention is that these would be mirrored by much bigger gains when the scope is expanded to cover physical goods.

Efficiency

- There have been **significant costs** for both the Commission/DG TAXUD and the individual Member States to implement the Mini One-Stop-Shop. The development and implementation had to clear many hurdles over a period of several years before the system was launched. There will hopefully be **economic benefits in the long-term for national administrations** according to national officials, and most Member States had, in 2015, already experienced net gains in VAT receipts according to the earlier (2016) study.
- While the burden of implementing the system has been on the Member States, the **Commission has provided much needed support**, not least through technical workshops to define common specifications, the fall-back application, and coordination meetings. This has improved the efficiency of the process, and on a general level the role of the Commission in implementation has been positively assessed. Further, and as stated elsewhere, it is doubtful whether a system like the Mini One-Stop-Shop could at all have been achieved without the engagement of the Commission.
- **For economic operators, the Mini One-Stop-Shop provides clear benefits in terms of reduced costs**. A large part of the value-for-money created by the system

can be assumed to accrue in European businesses rather than directly in national administrations. These would probably need to be monitored at the national level in order to provide further feedback and estimates of concrete cost-savings.

Coherence

- The Mini One-Stop-Shop has been **supported through a number of other Fiscalis activities** (including the joint actions). A training module has also helped strengthen the implementation of the system, as well as communication activities. In total, the Mini One-Stop-Shop can be seen as a positive example of using various activities available within the programme for a common end.
- Concerning the **role of the Mini One-Stop-Shop in wider VAT cooperation** facilitated by the EU for the benefit of both Member States and third countries, it is an example of a European Information System open to non-Member States. As of 2016, around a thousand businesses were registered for the non-Union Mini One-Stop-Shop scheme and communication activities were organised for the benefit of non-Member States in order to share information on the new regime.

EU added value

- At the general level, the **coordination and initiative provided by DG TAXUD has been crucial** for implementing a quite innovative pilot scheme like the Mini One-Stop-Shop. Without EU involvement, it seems unlikely this could have happened, though the need would still exist, and bi- or multilateral schemes would still probably have been desired in some form.
- Concerning the system itself, it is difficult to assess added value without considering the VAT legislative changes which motivated it. This is because the Mini One-Stop-Shop is intricately linked to, and motivated by, the new EU rules on place of supply concerning VAT, and the added value stems from the role the system has played in facilitating and enabling this reform, and at the same time enhancing the voluntary compliance for third country suppliers of such services. However, the usefulness for economic operators is obvious, and **the overall judgement is that the initiative, support and coordination from the EU has facilitated the introduction of a necessary measure.**

8. EXCISE MOVEMENT AND CONTROL SYSTEM

This case study is devoted to the Excise Movement and Control System (EMCS). The EMCS is a European Information System dedicated to the movement of excise goods under duty suspension. As such, it has replaced a previous paper-based system (using ADD - Accompanying Administrative Document) and created a European computerised environment for exchange of information on excise goods. The system was implemented under the previous Fiscalis programme and is compulsory as of 2011.

The introduction to the case studies (Annex B.1) contains more detail on the methodology followed for the case study. In brief, the case study relied on a review of relevant documentation and a series of face-to-face and telephone interviews with national officials and relevant DG TAXUD units.¹⁰² A total of **thirteen individuals** across seven countries were interviewed within the scope of the case study.

The current report is comprised of several sections, as follows:

- This **introduction** provides an overview of the purpose of the case study and methodology followed.
- The **background** discusses how the area relates to EU taxation needs and the case for EU action.
- **Main findings** present the intervention logic for the area and then discusses in depth its main parts in terms of both theory and practice.
- **Conclusions** provide insights into higher-level questions relating in particular to relevance, effectiveness, efficiency, coherence and EU added value.

8.1. Introduction

The focus of this case study has been on the **continued updating, coordination, and operation of the EMCS**, as well as the development of **results and effects over the years since it was implemented**. As such, this case study does not delimit its scope to any set of specific activities in the form of joint actions or training. Rather, it draws on available documentation, interviews and statistics regarding the day-to-day operation of the EMCS and the processes and fora for exchange of ideas and coordination of implementation. Thereby, it covers the EMCS as an environment and complete system.

The case study, and the above approach, are motivated by the fact that IT expenditure constitutes a great part of the Fiscalis programme, and such expenditure is channelled via the grants for European Information Systems into on-going activities and procedures for updates and maintenance (i.e. not only via delimited projects of the same type as joint actions). Also, focusing on the operation and benefits of the system in itself is justified, given the importance of the European Information Systems within the programme, and the prominence of EMCS among these. Still, EMCS-related activities are, following the structure and priorities of the Fiscalis programme, clearly linked to the Annual Work Programmes. Table 18 below presents an overview of the Annual Work Programmes and EMCS-related projects.

¹⁰² Note that one of the countries was Serbia, which does not participate in the EMCS. Interviews were still conducted with Serbian officials about needs and efforts within excise information sharing and interest in, and alignment with, European IT systems.

Table 18: Annual Work Programme projects in the context of the case study on EMCS

Year	Annual Work Programme reference
2017	2.1.2. The fight against tax fraud, tax evasion and aggressive tax planning – Excise duties 2.1.5. Cooperation between tax administrations and other administrations and authorities, including customs 2.2.1. Development, operation and maintenance of and horizontal support to European Information Systems 2.4.1. Well-functioning tax systems in programme participating countries
2016	2.1.1. The fight against tax fraud, tax evasion and aggressive tax planning 2.1.3. Cooperation between customs and tax administrations 2.2.1. Development, operation and maintenance of and horizontal support to European Information Systems 2.3.2. Administrative cooperation between Member States and with third countries – exchange of information 2.5.2. Consistent implementation of Union law in the field of excise duties
2015	1.13.4. Cooperation between customs and tax administrations 1.14.1. European Information systems 1.17.6. Implementation of Council Directive 92/83/EEC47 - Structures of excise duties on alcohol and alcoholic beverages 1.17.7. Implementation of Council Directive 2008/118/EC48 – General arrangements for excise duties
2014	2.1.4. Cooperation between customs and tax (VAT and excise) administrations 2.2.1. European Information systems 2.5.6. Implementation of Council Directive 92/83/EEC21 - Structures of excise duties on alcohol and alcoholic beverages 2.5.7. Implementation of Council Directive 2008/118/EC22 – General arrangements for excise duties

As stated above, the EMCS case study focuses on the IT development and maintenance aspects of the Fiscalis programme. While other case studies of this evaluation list joint actions related to the case at hand, such information would misrepresent the work carried out surrounding the system. Instead, activity can be somewhat gauged by the number of **IT development projects** funded to create new or improve modules for the EMCS or improve the functioning through other activities. Table 19 below presents development projects operational during 2014-2016. In addition to these, there are joint actions related to the EMCS, but an important input is also **horizontal IT maintenance and operations** which support the system (and other European Information Systems).

Table 19: IT development projects per year in context of case study on EMCS 2014-2016

Title	IT project reference	Year	Status	Budgeted funding
EMCS Phase 3.2/3.3	-	2014	Studies/Pre-development	€200,000
EMCS end-to-end testing	CI120	2015	Development	€1,150,000
EMCS BPM	CI119	2015	Studies/Pre-development	€980,000
EMCS studies (track&trace, barcode printing)	CI152	2015	Studies/Pre-development	€20,000
EMCS - core business	CI119	2016	Pre-development	€200,000
EMCS administrative cooperation	CI121	2016	Development	€75,000
EMCS duty paid to business	CI122	2016	Pre-development	€100,000
EMCS Risk management	CI124	2016	Pre-development	€30,000

Source: Budget Management Tables for IT for 2014-2016

In addition to the **Fiscalis Annual Work Programmes** and **Annual Progress Reports**, and **data from PICS** and the **Performance Measurement Framework**, the **documentary sources** used for this case study primarily consisted of the following:

- **Regulation (EU) No 1286/2013** of the European Parliament and of the Council of 11 December 2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020 (Fiscalis 2020) and repealing Decision No 1482/2007/EC.
- **Legislation governing the EMCS**, as listed under “Key EU policies” below.
- A previous **Report** from the Commission to the European Parliament and the Council on the **functioning of the arrangements** for the EMCS and the application of the **administrative cooperation rules** within excise duties (**COM (2013) 850 final**).
- The **Final Evaluation** of the **Fiscalis 2013 Programme**, from 2014.
- DG TAXUD C5 **Business Perspective Reports for 2014-2016**.
- DG TAXUD C5 **Yearly activity report 2016**.
- **Meeting minutes** and related documentation from the EMCS CIRCABC group, covering the different constellations coordinating the EMCS.
- Fiscalis **Budget Management tables for IT** for the years 2014-2016.
- **National Authorities’ Questionnaire** sent out by the evaluation team to national authorities.
- **Survey of Economic Operators** promoted by the evaluation team.

8.2. Background

This section sets the scene by discussing how the area relates to **EU taxation needs** and the case for EU action and describes the **policy context** behind the development of the EMCS. It forms part of the “theory” behind EU taxation actions and supports the development of the intervention logic presented in this study.

General context

The EMCS is a system dedicated to tracking the movement of excise goods under duty suspension in the EU. The necessity for being able to obtain accurate information on such movements and exercise control is built-in to the EU excise environment. While excise rates are not harmonised within the Union, the movement of goods requires tax administrations to be able to track goods for which excise duties are yet payable. Without the proper exchange of information and tracking of movements, there is a continuing risk of excise fraud.

As stated in the introduction, this was previously handled using paper documents travelling with the goods, as well as lodged at tax / customs offices at the country of origin and destination. Such a system required extensive administration by the national authorities. The paper-trail system was also more susceptible to new and differing attempts at fraud than a computerised information sharing network. To address these issues, the EMCS was developed during the previous iteration of Fiscalis (Fiscalis 2013), and implementation of the system was one of the major European Information System achievements of that programme (as can be concluded from the Fiscalis 2013 final evaluation). The purpose of the computerised system is to not only to provide more accurate, real-time information, but also to reduce the administrative burden on both national administrations and economic operators (who register to participate in the system).

Key EU policies

Article 7 of **Regulation 1286/2013** on Fiscalis establishes financial support for three types of eligible activities, namely the European Information Systems, the joint actions for taxation officials and the common training activities. The focus of this case study is on the first type, in the form of the EMCS. As a European Information System, the EMCS is explicitly mentioned under **section (8) of the Fiscalis regulation Annex**, and it is thoroughly regulated via legal documents to ensure an equal and effective implementation

in all Member States. As such, the EMCS has its own legal base laid down in several iterations of directives, regulations and decisions.

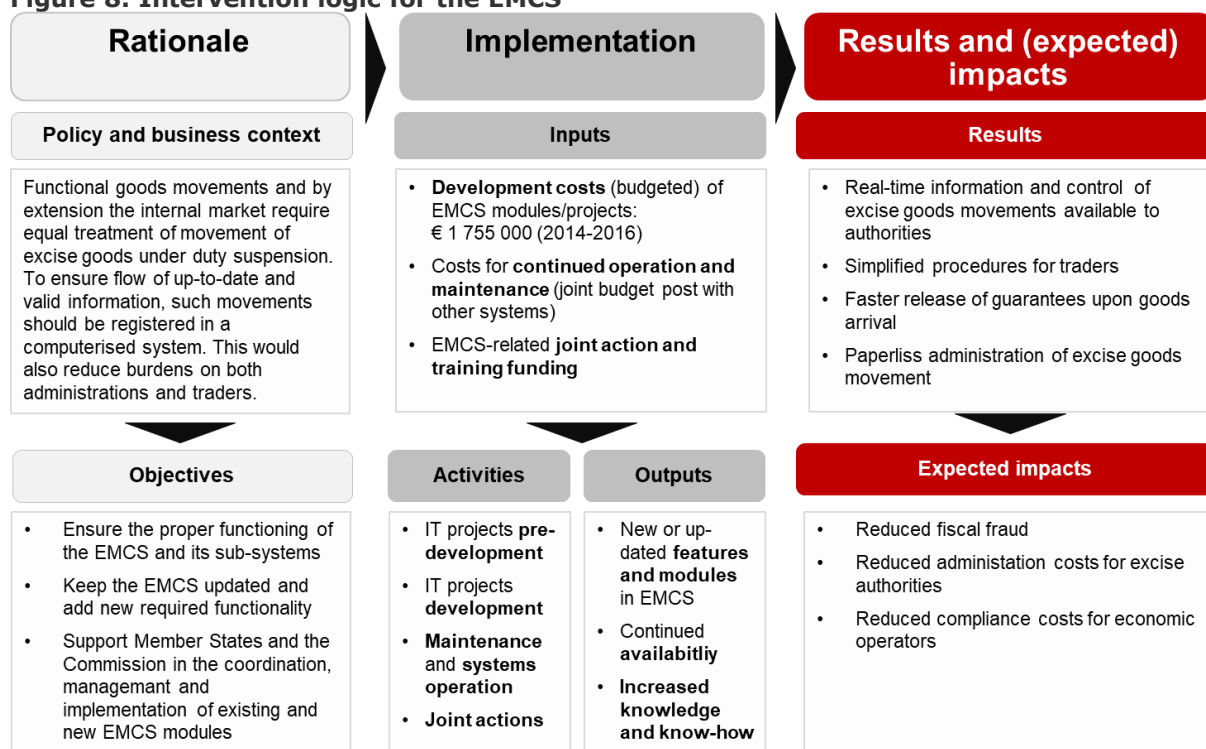
- **Decision 1152/2003/EC of the European Parliament and of the Council**, started and defined the project to computerise the information system for excise goods under duty suspension. This formed the starting-point for the development of the EMCS.
- The horizontal rules for excise duties on goods covered (alcohol, tobacco and energy products) are laid down in **Directive 2008/118/EC**. This document, in force since April 2010, provides a legal framework for the EMCS. This was followed by **Commission Regulation (EC) No 684/2009** which includes the implementation provisions for the aforementioned directive (2008/118).
- Further to these foundational documents, implementing provisions are provided in **Council Regulation (EU) 389/2012** regarding administrative cooperation between Member States using the system, while **Regulation (EU) 612/2013** concerns registers, statistics and reporting of economic operators and warehouses.
- More recently, **Regulation (EU) 2016/323** details the rules applicable for excise goods cooperation and information exchange.

In total, these provide a **comprehensive framework** which allow for the set-up and functioning of the EMCS. They also lay out regulations concerning implementation and operations, as well as Member States' obligations in relation to the system.

8.3. Main findings

This section presents and assesses the **intervention logic of the EMCS** (see Figure 8). As described in the general methodology chapter, for each of the intervention logic's main parts (rationale, implementation, results and expected impacts) we first describe and examine how programme action under the area is intended to work in theory, then test this theory using evidence from the data collected.

Figure 8: Intervention logic for the EMCS



8.3.1. Rationale

An electronic system is vital to the effective and efficient handling of excise movements within the EU (as stated by e.g. Czech Republic, Sweden). Without it, the possibility to detect fraud and efficiently supervise the movement of goods would be severely hampered, and the previous paper-based system is seen by all as greatly inferior. The overarching rationale of the EMCS, to guarantee correct and equal handling of excise goods movements, is recognised and agreed to.

Several respondents also mention that there is further untapped possibility in **developing and / or expanding the EMCS**. This strengthens the rationale for the current system, as it gives evidence to the improvement a common, computerised system provides.

A specific issue brought up by many administrations is the possibility to extend the EMCS to **cover other goods** than those under duty suspension (i.e. excise goods released for consumption). While there is not consensus on this issue, given the benefits of the current EMCS (as detailed below) it stands out as an area for improvement which is **due serious consideration**. In fact, steps have been taken in this direction, but the process is not without bumps in the road, as reported by the national officials.

8.3.2. Implementation

The EMCS is managed by sector B4.2 of DG TAXUD (responsible for taxation IT systems), in coordination with parts of unit C2. An important body for governing the system is the EMCS Computerisation Working Party (ECWP) expert group where Member States and the Commission meet and exchange views and coordinate update procedures. Not all management is handled within the Fiscalis programme, but programme funding and activities play the major role in practical and technical implementation.

Implementation, management, and continued development

Most interviewed administrations found the **coordination and administration of the EMCS to work very well** (e.g. Czech Republic and Sweden). At the same time, it should be noted that not all coordination is funded through Fiscalis – one respondent (Sweden) related a process which can be characterised as wider legislative and policy issues being dealt with outside the Fiscalis setting, while Fiscalis takes over when it comes to implementation and technical issues.

The questionnaire sent to national administrations, covering specifically IT systems, shows a positive view of the EMCS among these. **Out of 13 responding administrations, 11 agreed to a large extent that the EMCS was useful and appropriate to their work**, another 2 agreed to a small extent, while 1 indicated they did not know. This was the fifth most positive assessment out of 20 systems the respondents were queried on. When asked to elaborate on specifically useful systems, the EMCS was also mentioned as a good solution, which had even served as inspiration for a national system according to one respondent. This is indication that the EMCS is, at a general level, perceived as **one of the most highly useful** an appropriately designed European Information Systems.

There is, according to all interviewees, a **structured uptake process** for further development and addressing of needs that arise. Most consider the coordination in this aspect works fine. Views are somewhat separated on the role of the Commission, with several stating that the process is well coordinated by knowledgeable officials, but some seeing a need to further engage the Commission and strengthen the management.

However, several see it as a problem that the **process is too slow**, and some changes may be time-sensitive (Latvia). The system is seen as stiff and somewhat hard to improve further, and changes are not easily implemented even when the need is recognised (Germany and Portugal). Although, this view is also moderated by an **appreciation of the complexity of issues**, technical difficulties, and possibly differing national priorities (Germany, Italy and Latvia).

Continuing support by the Commission of EMCS is vital, as witnessed by several interviewees (e.g. Italy). The **financial support** and central development of **specifications** have enabled the introduction and continued operation of the system (Czech Republic) and EU action is necessary not least to coordinate and create the **legal basis**.

Supporting activities

Regarding supporting activities, data from the Activity Reporting Tool (ART) show a **number of joint actions** directly related to the management and implementation of the EMCS. While these have not been reviewed in-depth, they mainly comprise working visits, and concern exchange of experience and ideas in the use of the system and national implementation. Barring these, two more overarching joint actions carried out so far during the programme are the **project group Automatic management of guarantees for movements of excise goods under duty suspension** (FPG/057, 2015-2016) and a **workshop on Council Regulation (EU) No. 389/2012 and its implementation in EMCS** (FWS/054, 2015-2016).

In addition, the development of **new EMCS training modules** has taken place under the current programme. IT training is, in general, highly appreciated within the programme – these were highlighted as particularly useful in the questionnaire to national administrations (such training is elaborated on in the main report).

Interview respondents stated that supporting actions are necessary (Czech Republic), that activities such as IT training and the help desk work well (Sweden), and that, in general, **Commission support for the system is adequate** (Germany). Fiscalis activity reporting also show that Member States have arranged working visits on the EMCS in relation to topics such as risk analysis, audit procedures and administrative cooperation, demonstrating various **synergies** pursued (see further on the impact on risk management efforts, below). However, it was also noted that it was previously possible to set up more meetings and thematic workshops specifically within the framework of the EMCS, while now these may have to be organised as separate joint actions, such as working visits.

In total, this shows both engagement and appreciation for supporting activities relating to the system. This contributes to the knowledge and know-how needed to make the most use of the EMCS, **in line with the suggested intervention logic**.

Operation, availability and stability

As to the operation of the system, monitoring data from the Annual Progress Reports show a maintained high availability of central components (over 99.5% in recent years). The number of remainder messages, indicating for administrative cooperation has also decreased, from a 2013 baseline of 3229 to a 2016 figure of 2597, indicating efficient handling of requests and a generally positive trend. Interviewees support the view that the EMCS is a **technically well-functioning** and developed system (e.g. DE). Meanwhile, there are of course possibilities for concrete improvements within specific functionalities and ironing out any irregularities which still persist.

8.3.3. Results and impacts

One way to see the impact and effectiveness of the EMCS is by looking at the **monitoring data over usage of the system** (as related in the Annual Progress Reports). The number of messages through the system has grown from a 2013 baseline of 6.4 million, to a 2016 value of 7.5 million messages. The number of EMCS control reports analysed has also grown, from 12 thousand in 2013 to 33 thousand in 2016. These are indications of the usage – and by extension, the impact – of the EMCS, and thus the increasing numbers are a positive result. Meanwhile, requests for administrative cooperation through the system have been **stable 2013-2015**, with a **decrease in 2016**. If this decrease persists, it may indicate a trend that will need to be analysed and addressed.

Impact for national administrations

There is widespread agreement among interviewed officials that the EMCS has led to **significant improvements** in terms of **effectiveness of monitoring** and access to information. Several interviewees mention the benefit of having access to real-time information (Czech Republic), which is centrally accessible (Italy) and more comprehensive than before (Portugal). This has led to **substantial decreases in the possibilities for fraud** (Latvia, Sweden and others).

There are concrete positive results from the system, in terms of **uncovering and ending fraudulent behaviour** (Latvia and Sweden). By **comparing with goods not covered by the system**, it is clear the EMCS provides a much better overview and greatly increases compliance and reduces the risk of fraud (Italy). Evidence from the **questionnaire to national administrations** corroborate the interviews, showing that the EMCS and related administrative cooperation on information exchange has enabled a **faster and more effective exchange of information in the field of excise duties**. In total, the EMCS is seen as near revolutionary compared to the previous system, and key to the administration of excise duties.

In addition, several respondents mention that the EMCS has become an important part of their **risk detection and management systems** (e.g. Italy and Sweden). The data gathered can be analysed to detect irregularities and emerging fraudulent schemes. As such, it feeds into the general compliance risk management work of the administrations. Further to this, an important secondary benefit of Fiscalis support and the EMCS environment is the general **networking, sharing of ideas, and creation of new interactions** between administrations. While not directly related to the EMCS as such, this is seen by many officials as adding great value and indirectly benefits the national excise authorities.

Regarding decreased administrative costs for authorities – an aspect of **value for money** for the implementation of the system – these are hard to judge, even according to the excise officials interviewed. The EMCS was by several accounts a major undertaking to implement, with significant costs for national administrations (according to Portugal and others). At the same time, while anecdotal and highly approximate, two separate administrations report that the new system has **reduced the burden on excise officials by a factor of ten**, due to the digitalised environment allowing for much more efficient monitoring (Italy and Portugal). Others support this view, stating that the EMCS has radically decreased the time spent by excise officials in administering and controlling movements, and that the system has indeed led to cost savings (Czech Republic).

Impact for economic operators

As for the **economic operators**, several respondents mention how the system has greatly simplified their excise dealings (e.g. Czech Republic, Latvia and Portugal). Also, in the evaluations **survey of economic operators**, the EMCS was mentioned as a valuable tool to facilitate excise movements within the EU. At the same time, no country has done any **directed monitoring or evaluation** of the effects for economic operators, and one respondent relates how there **may be traders** who rather consider dealing with the system a **burden** (Italy). Monitoring data show the time required to close EMCS movements – a possible indicator of the reduction of administrative burdens for economic operators – has remained roughly constant since 2013.

8.4. Conclusions

Relevance

- The EMCS is generally viewed as a **highly necessary** improvement compared to the previous paper-based system. While introduced before 2014, under the previous Fiscalis programme, it is worthwhile to note the unanimity among Member States concerning the need and importance of a computerised and streamlined system.

- **Updates to the system** are based on proposals from the Commission based on Member State needs, or proposals from the Member States themselves. There are channels to **ensure the continued uptake of Member State needs** for any updates and changes to the system, not least through the EMCS Computerisation Working Party (ECWP) expert group.
- There is **untapped potential** in expanding the EMCS to cover a wider scope of goods than those included today (as well as ongoing discussion about these possibilities). The same benefits as have been generated within the current system (see below) could thus be extended to a wider scope of excise good movements and control procedures. However, there are complicating factors and reportedly varying degrees of enthusiasm from e.g. economic operators for such an expansion.

Effectiveness

- The introduction of the EMCS is still viewed very favourably. The system has **significantly improved** the exchange of excise information in terms of reliability, speed and ease of overview according to interviews, and the EMCS is viewed as **one of the most overall useful Fiscalis European Information Systems**. In addition, the **number of messages and control reports analysed has been growing** in the period 2014-2016. Overall, the EMCS must be viewed as a continued success in terms of improving the excise environment in Europe.
- The effectiveness and value of the EMCS can be seen **firstly by relating it to the previous system in existence**, compared to which it is a near-revolution in terms of functionality, overview and control. But a **synchronous comparison** with excise-duty goods not covered by the system (e.g. goods released for consumption) also shows the impact of the system, by differing degrees of detection of (potential and/or actual) fraudulent behaviour.
- The only notable barrier identified is the **partial lack of flexibility**, with some details of the system not corresponding to real needs, and at the same time being difficult to change due to the complexity of adapting the system and regulations governing it.
- **Additional benefits** are continuously accruing thanks to the continuous collection of data on the movement of goods. The most significant of these are within the field of excise risk management and detection of wider trends and possible fraudulent set-ups, both existing or emerging.

Efficiency

- Respondents report that the continued operation of the EMCS, and specifically **the continued development, updating, and coordination** funded and supported through Fiscalis, **is organised in a way which is suitable and efficient** given the complex context. Structures in place promote an effective exchange between both national and Commission officials, and the overall impression is one of efficient and informed process management.
- **Development and implementation costs of the EMCS have been significant** in several Member States. However, most or all are **highly positive about the long-term cost efficiency** of implementing the EMCS as compared to the previous system, due to both the greater usability and value of the EMCS, and the efficiency gains by implementing a much less labour-intensive system.
- While the savings in time and resources for tax administrations are difficult to assess, even for the excise officials themselves, several respondents report **significant efficiency gains** as a result of the computerised system.
- The value of the EMCS for **economic operators** affected by and working with the system is not fully known. Generally, a positive impact can be assumed, as the EMCS should simplify excise dealings for economic operators as well as administrations, and some economic operators have signalled this either through the survey

conducted by this evaluation or through contacts with national administrations. However, the effects have not been assessed in a structured manner in any Member State covered by this case study, and there is also anecdotal evidence of some economic operators finding the system burdensome rather than a simplification.

Coherence

- In terms of **internal coherence** with other Fiscalis action, there are **obvious and significant synergies** between the EMCS data collection and possibilities for risk assessment and management. Activities have taken place relating to such uses of the EMCS, showing an interest in capitalising on the data being collected.
- The EMCS itself has also been **supported through various joint actions** such as workshops, as well as training activities. In general, support in the form of IT training is appreciated, as it allows Member States to make the most of their participation in the EMCS.
- In terms of **external coherence**, the comprehensive nature of the EMCS means it more or less defines the terms for EU excise coordination within its field. There is natural coordination with activities under the Customs 2020 programme, as excise often fall under national customs administrations' responsibilities.

EU added value

- It is **difficult to compare** the situation with the current EMCS with a hypothetical scenario where the Fiscalis programme had not supported the implementation of the EMCS, as the system so clearly presents a comprehensive solution for EU information exchange within its field. At the same time, it can be noted that several Member States point out the **necessity for EU action** in order to make these types of shared information systems a reality.
- The most obvious coordination benefit of creating the EMCS under the EU taxation coordination umbrella is the legal base. In addition, **institutionalised coordination through Fiscalis** has enabled cooperation and learning which would otherwise be very hard to achieve.
- From a more hands-on perspective, the **funding made available through Fiscalis** has played a role in making the system a reality and maintaining its operations. The **coordination of specifications** and the resulting efficiency gains in development and implementation were also important factors.
- In total, creating a computerised solution to excise control was and is essential, and it is highly doubtful if the EMCS could have happened (or been as successful) without EU action.

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