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ANNEXES 1 to 2

ANNEXES

to the

COMMISSION IMPLEMENTING DECISION

**concerning the adoption of annual work programmes 2016 for the Customs 2020 and
Fiscalis 2020 programmes and a financing decision for expenditure to be committed by
DG Taxud from the 2016 budget lines 140201 and 140301**

EN
ANNEX I

BUDGET LINE 140201: Customs 2020 Work Programme for 2016

1.1. Introduction

On the basis of the objectives given in the Regulation 1294/2013 establishing an action programme for customs in the European Union for the period 2014-2020, this work programme contains the actions to be financed and the budget breakdown for year 2016 as follows¹:

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| <ul style="list-style-type: none">- for grants (implemented under direct management) (1.2): EUR 7 360 000- for procurement (implemented under direct management) (1.3): EUR 64 253 000- for other actions (reimbursement of external experts) (1.4): EUR 120 000 |
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1.2. Grants

1.2.1. Grant for joint actions

LEGAL BASIS²

Article 5(2) and 7(a) (i)-(iv) and (vi) of Regulation (EU) No 1294/2013

<p>Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.</p>
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BUDGET LINE

14 02 01

Priorities of the year, objectives pursued and expected results

<p>The Customs 2020 programme is a tool that supports the shaping and implementation of the Union Customs Policy. The general objective of the Programme is to support the 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. The programme aims to successfully contribute to the realisation of the Europe 2020 Strategy for smart, sustainable and inclusive growth, namely by strengthening the functioning of the internal market.</p>
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<p>The Customs 2020 programme focuses on actions that strengthen coordination between participating countries to improve and modernise the customs environment aiming for a more</p>
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¹ The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Customs 2020 programme. The maximum estimated amount for 2016 is EUR 755 000.

² Please indicate the relevant provision of the basic act or, in the absence of a basic act, please indicate the pilot project, preparatory action, institutional prerogatives or specific powers at stake.

performing, robust and unified customs union, **in 2016 in particular in the following areas:**

- Union Customs Code³;
- Multi-annual Strategic Plan;
- Trade facilitation and security and safety measures;
- Risk Management Strategy and Action Plan;
- The Future Customs Initiative;
- Intellectual Property Rights;
- Protection of health, safety and the environment.

The grant will support various projects in the areas of customs as detailed in annex.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012⁴⁵

This grant will fund activities on:

- supporting the preparation, coherent application and effective implementation of Union law and policy in the field of customs;
- improving the European Information Systems for customs;
- identifying, developing, sharing and applying best working practices and administrative procedures, in particular further to benchmarking activities;
- reinforcing the skills and competences of customs officials;
- improving cooperation 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.

These activities will take the form of:

- (i) seminars and workshops;
- (ii) project groups;
- (iii) working visits;
- (iv) monitoring activities;
- (v) customs administration capacity building and supporting actions

Essential eligibility, selection and award criteria

³ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

⁴ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

⁵ Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grant will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Customs 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Customs 2020 Regulation.

The proposed activities must be part of the eligible actions listed in Article 7 (a)(i)-(iv) and Article 7 (a)(vi) of the Customs 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation⁶, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the projects listed in this document.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for Joint actions	Q1 2016	EUR 5 400 000

Maximum possible rate of co-financing of the eligible costs

The grant will take the form of a combination of:

- Reimbursement of the eligible costs actually incurred by the beneficiaries for the following items:
 - a) travel costs of their delegates up to 100%;
 - b) costs linked to the organization of events in the framework of a given joint action up to 100%
 - c) direct -personnel costs, up to 50%, for officials participating as expert in eligible action under Article 7 (a) (vi) " customs administration capacity building and supporting actions" of the Customs 2020 Regulation.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the

⁶ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.2.2. Grant for expert team for pooling expertise to resolve complex cases of divergent tariff classification

LEGAL BASIS

Article 5(2) and 7(a)(v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the year, objectives pursued and expected results

The initiative aims at addressing specific problems in the functioning of the European Union's customs union, namely the uniform tariff classification of products being imported into or exported from the Union. Under the Union customs law, the customs authorities of the European Union Member States issue Binding Tariff Information (BTI), at the request of economic operators. A BTI provides the economic operator who requested it with legal certainty about the tariff classification of the goods he intends to import or export. It also contributes to the uniform tariff classification of products throughout the European Union, thus creating a level playing field for traders. However, in cases where the national customs authorities in one or several Member States have divergent views on the classification of some products due to their technical complexity, it is acknowledged that divergent BTI may occasionally occur within the European Union. The fact that when issuing BTI, Member States have currently no legal obligation to consult BTI that have been issued for similar goods by other Member States, may also cause divergent BTI.

In recent years, various initiatives have assessed the current situation from different perspectives and tariff classification was part of the core processes and certain problems with regard to uniform tariff classification were identified.

The objective of the expert team is to analyse in a structured manner complex cases of divergent tariff classification that occurred at European Union level, and to propose an expert opinion for these cases, by pooling a core team of experts in their specific domains. The expert opinion proposed may subsequently be assessed by the Customs Code Committee (CCC).

A structured collaboration and exchange of specific knowledge between experts of the domain should allow proposing to the CCC viable solutions to complex classification cases. This should allow the resolution of such cases to be adopted within a reasonable timeframe.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012⁷⁸

This grant will fund activities on:

- enhanced cooperation between Member States themselves and between Member States and the Commission to tackle, in particular, BTI applications that prove to be particularly difficult or controversial.
- analysis of difficult classification cases by Expert Teams (ET) either in a referee or expertise mode.
 - 1. Act as referee for cases submitted by Member States directly to the ET, e.g. in the framework of bilateral contacts between Member States or for any other questions related to classification (preventive action);
 - 2. Act as a source of expertise for analysing cases submitted by the Commission and proposing concrete solutions (corrective actions) in cases of divergent classification between Member States.

The results delivered would be to propose fast track solutions for complex cases, in a form of a streamlined document to be submitted to the Customs Code Committee in a reduced period of time, in the case where specific expertise is needed from Member States for the analysis of the case, and where expertise is not available in the Commission.

Essential eligibility, selection and award criteria

⁷ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

⁸ Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grant will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Customs 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Customs 2020 Regulation.

The proposed activities must be part of the eligible actions listed in Article 7 (a) (v) of the Customs 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation⁹, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for Expert Team for pooling expertise to resolve complex cases of divergent tariff classification	Q1-2 2016	EUR 500 000

Maximum possible rate of co-financing of the eligible costs

⁹ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - a) costs for travels, up to 100%
 - b) costs for hosting experts of the project, up to 100%;
 - c) direct personnel costs, up to 50%
 - d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.2.3. Grant for expert team on Pooling and sharing specific analytical expertise of Customs Laboratories at European Union level

LEGAL BASIS¹⁰

Article 5(2) and 7(a) (v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the year, objectives pursued and expected results

In a period of crisis needing a rapid and/or wide response (methanol crisis in Czech Republic, melamine in Chinese milk, smuggling of tobacco products, fraud in mineral oils, new psychoactive substances...), the number of samples to be analysed rapidly by the Customs laboratories can be much larger than the capacity of a laboratory, the equipment cannot be available in this country, the crisis can be Union wide or have an impact on all the European

¹⁰ Please indicate the relevant provision of the basic act or, in the absence of a basic act, please indicate the pilot project, preparatory action, institutional prerogatives or specific powers at stake.

Union.

Outside crisis, sophisticated equipment (Nuclear Magnetic Resonance (NMR), Liquid - Scintillation Counting (LSC)...) or rare expertise can be lacking (wood analysis); some unusual analysis not justifying to maintain a dedicated equipment in all laboratories.

In a period when a lack of resources exists in the Member States, some laboratories are forced to perform less analysis or can decide to drop the control of some specific samples. Therefore, there is a concrete risk of fraud not spotted for the reasons mentioned before.

The business drivers for the establishment of this expert team are the lack of analytical capacities or of expertise evenly spread throughout the Union and the economies of scales/optimization of resources generated by the combination of expertise and machinery for the benefit of all.

The aim is the use and the pooling of existing expertise and equipment in the Customs laboratories at Union level to perform analysis of a large number of potentially dangerous substances or products representing an important loss of revenue for European Union and Member State budgets and sharing the results through networking.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012¹¹¹²

This grant will fund activities on:

- pooling the expertise and equipment in a network (European Union Customs laboratories)
- Analyse specific samples
- Share results of analysis at Union level
- Suggest operational common/harmonised approaches for analysis and tariff classification problems.
- Incidentally contribute to develop approaches (e.g. methods and techniques) and guidelines based on the results, test and promote new laboratory developments

Essential eligibility, selection and award criteria

¹¹ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

¹² Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grant will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Customs 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Customs 2020 Regulation.

The proposed activities must be part of the eligible actions listed in Article 7 (a) (v) of the Customs 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation¹³, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for expert team on Pooling and sharing specific analytical expertise of Customs Laboratories at EU European Union level	Q1 2016	EUR 610 000

Maximum possible rate of co-financing of the eligible costs

¹³ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - g) costs for travels, up to 100%
 - h) costs for hosting experts of the project, up to 100%;
 - i) direct personnel costs, up to 50%
 - j) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - k) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - l) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.2.4. Grant for expert team on Customs Eastern and South-Eastern Land Border Expert Team (CELBET)

LEGAL BASIS¹⁴

Article 5(2) and 7(a) (v) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

BUDGET LINE

14 02 01

Priorities of the year, objectives pursued and expected results

The European Union has the exclusive competence in customs matters such as customs union and common commercial policy. While the Union has the exclusive right to propose legislation in those areas, Member States and their national customs administrations are engaged in the day-to-day implementation and the running of customs including the

¹⁴ Please indicate the relevant provision of the basic act or, in the absence of a basic act, please indicate the pilot project, preparatory action, institutional prerogatives or specific powers at stake.

management of the external border of the Union.

Goods which are brought into the European Union across the Eastern and South-Eastern borders move freely within the Union. Effective and efficient customs controls at the external border are consequently very important for the whole Union with a view to the protection of security, health and safety of its citizens and also of the financial interest of the Union and its Member States. The Union's land border, in particular its Eastern and South Eastern part, needs to be protected sufficiently and evenly along all its strips, in order to also create a level playing field for legitimate trade. Effective border control will decrease fraud, will contribute to the decrease of smuggling and will at the same time facilitate legitimate trade.

The creation of an expert team will enable the customs administrations of participating Member States, to a much greater extent than a project group, to deal more intensively with the Union's Eastern and South-Eastern land border management issues and further to perform operational tasks in the interest of the other Member States and of the Union. With a comprehensive and consistent approach, the expert team will aim at the harmonisation of customs control activities and working methods, detection technology and training. The expert team will provide expertise and make suggestions based on practical experience, operational co-operation and results achieved for further improvement of the operational management of the Union's Eastern and South Eastern land border.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012¹⁵¹⁶

This grant will fund activities on:

- 1. Risk management (risk-based selection for controls/facilitation)
- 2. Operational controls
- 3. Customs control equipments
- 4. Training
- 5. Evaluation / performance measurement
- 6. Co-operation with neighbouring countries

Essential eligibility, selection and award criteria

¹⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

¹⁶ Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grant will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Customs 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of Customs 2020 Regulation, the beneficiaries of the grants will be the customs administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Customs 2020 Regulation.

The proposed activities must be part of the eligible actions listed in Article 7 (a) (v) of the Customs 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation¹⁷, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations

Award criteria

The grant will be awarded based on its relevance, conformity and Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for expert team Customs Eastern and South-Eastern Land Border Expert Team (CELBET)	Q1 2016	EUR 850 000

Maximum possible rate of co-financing of the eligible costs

¹⁷ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - m) costs for travels, up to 100%
 - n) costs for hosting experts of the project, up to 100%;
 - o) direct personnel costs, up to 50%
 - p) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - q) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - r) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.3. Procurement

The overall budgetary allocation reserved for procurement contracts in 2016 amounts to EUR 64 253 000. To this end, it is estimated to sign about 50 specific contracts under existing or new multi-annual framework contracts.

1.3.1. Procurement for IT Capacity Building Actions

Legal basis

Article 5(2) and 7(b) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

Budget line

14 02 01

Subject matter of the contracts envisaged

In 2016, the Commission intends to undertake IT Capacity building activities through contracts following public procurement. It concerns notably the development, maintenance, operation, and quality control of Union components of the existing and new European Information Systems (EIS) with a view to ensure interconnecting customs authorities.

IT Capacity Building Activities include:

- Implementation of the tasks and milestones identified in the Multi-Annual Strategic Plan (MASP) for 2016. The MASP is a management and planning tool, drawn up and regularly reviewed by the Commission in partnership with Member States. It sets down the strategic framework and the milestones to implement all electronic customs requirements as defined in European Union legislation and international agreements, including a complete overview and planning of all future customs projects with envisaged Information Technology (IT) requirements. The MASP ensures the management and implementation of the IT projects in an effective and coherent way. It completes the Union Customs Code Work Programme¹⁸ relating to the development and deployment of the electronic systems necessary for the application of the Union Customs Code.
- Continuous operational support to existing Trans-European Customs Information Systems to ensure that customs procedures are performed in the least time possible, enabling better customs clearance times at the European Union borders
- The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for customs
- Centralising all customs EIS within its own data centres and provide support facilities

¹⁸ COMMISSION IMPLEMENTING DECISION of 29 April 2014 establishing the Work Programme for the Union Customs Code (2014/255/EU) (OJ L 134, 7.5.2014, p. 46)

that meet the specific needs of customs within the Member States

The total indicative amount of the procurement is EUR 58 146 000¹⁹ and will be divided as follows:

- The network (CCN/CSI²⁰ including CCN2 development and UUM&DS²¹ development): EUR 9 500 000;
- Development of Customs system: EUR 17 500 000;
- Support for Customs systems: EUR 25 500 000;
- Quality control for customs systems: EUR 5 646 000.

Type of contract and type of procurement

Procurement of services will be undertaken through specific contracts under existing or new framework contracts or administrative arrangement

Following new framework contract procedures for services will be launched in 2016:

- A new tender procedure is expected to be launched for "IT service management for trans-European IT systems of the Directorate-General for Taxation and Customs Union ('ITSM3 Trans-European')".

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 65% Customs 2020 and 35% Fiscalis 2020.

The estimated publication of the procurement procedure: 2nd quarter 2016.

The estimated value of the framework contract: EUR 40 000 000 with a duration of 8 years.

- Another new tender procedure is expected to be launched for "IT service management for IT systems integration of the Directorate-General for Taxation and Customs Union ('ITSM3 Integration')".

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 65% Customs 2020 and 35% Fiscalis 2020.

The estimated publication of the procurement procedure: 2nd quarter 2016.

The estimated value of the framework contract: EUR 24 000 000 with a duration of 8 years.

Indicative number of contracts envisaged: 45

Indicative timeframe for launching the procurement procedure

Q2 2016

Implementation

BY DG TAXUD

¹⁹ The specific contracts are usually shared with budget line 14.0301 Fiscalis 2020. Thereby the actual value of the specific contracts will be higher.

²⁰ Common Communication Network/Common System Interface

²¹ Uniform User Management and Digital Signature

1.3.2. Procurement for Joint and Competency Building Actions

Legal basis

Article 5(2), 7(a)(vii-viii) and 7(c) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

Budget line

14 02 01

Subject matter of the contracts envisaged

In 2016, the Commission intends to undertake activities through contracts following public procurement notably:

- Specification, development, maintenance, support and dissemination of common customs training (e-learning, blended learning), online collaboration services and staff performance building services
- Studies, scientific and communication support such as:
 - Studies, typology, data collection and comparative analyses in customs issues
 - Provision of scientific and technical assistance in the field of scientific customs.
 - Communication and Information Support
 - Sessions for the Union customs officers in the field of radiation and nuclear detection

The total indicative amount of the procurement is EUR 6 107 000²² and will be divided as follows:

- Common Customs Training: EUR 2 662 000
- Studies, scientific and communication support: EUR 3 445 000

Type of contract and type of procurement

The specific contracts are usually shared with budget line 14.0301 Fiscalis 2020. Thereby the actual value of the specific contracts will be higher.

Procurement of services will be undertaken through specific contracts under existing or new framework contracts or administrative arrangement with Joint Research Centre.

Following new framework contract procedures for services will be launched in 2016:

- A new tender procedure is expected to be launched for "the provision of services for Scientific and Technical Assistance for revision and translation of chemical names in European Customs Inventory of Chemical Substances database (ECICS)".

The contract may be shared by Customs 2020 and by budget line 14.0401 Implementation and development of the Internal Market, which is not part of this financing decision.

The estimated publication of the procurement procedure: 1st quarter of 2016.

The estimated value of the framework contract will be EUR 600 000 with a maximum duration of 4 years.

- Another new tender procedure is expected to be launched for "the provision of services for Scientific and Technical Assistance for improvement of sampling procedures".

The contract may be shared by Customs 2020 and by budget line 14.0401 Implementation and development of the Internal Market, which is not part of this financing decision.

The estimated publication of the procurement procedure: 1st quarter of 2016.

The estimated value of the framework contract will be EUR 500 000 with a maximum duration of 4 years.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

Q1 2016

Implementation

BY DG TAXUD

1.4. Other expenditures

1.4.1. Reimbursement of external experts participating in Joint Actions

Legal basis

Article 5(2) and 7(a) (i)-(iv) and (vi) of Regulation (EU) No 1294/2013

Specific objective: to support customs authorities in protecting the financial and economic interests of the Union and of the Member States, including the fight against fraud and the protection of intellectual property rights, to increase safety and security, to protect citizens and the environment, to improve the administrative capacity of the customs authorities and to strengthen the competitiveness of European businesses.

Article 4 of Regulation (EU) No 1294/2013

External experts may be invited to contribute to selected activities organised under the Programme wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the regulation. The external experts shall be selected by the Commission together with the participating countries, on the basis of their skills, experience and knowledge relevant to the specific activities.

Budget line

14 02 01

Amount

EUR 120 000

Description and objective of the implementing measure

This measure allows to support the participation of external experts to selected activities wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation.

Annex to Annex 1: CUSTOMS 2020 PROJECTS PURSUED FOR 2016²³

2. CUSTOMS 2020 PROJECTS PURSUED FOR 2016

2.1. To support the functioning and modernisation of the customs union

The customs union is a cornerstone of the European Union and an essential element in the functioning of the internal market.

This heading of the Annual Work Programme covers the policy projects which aim at tackling the strategic and overarching objectives for the functioning and modernisation of the customs union. As identified by the Commission Communication on the State of the Customs Union²⁴ (The Communication), the customs union is facing serious challenges in the way that it functions. For that reason, the Commission together with the Member States have to address issues influencing the overall effectiveness and efficiency of the customs union. Moreover, the customs union should provide modern solutions and approaches to emerging challenges.

Indeed, the customs union has to be always on guard to keep up with and react to the challenges presented by a constantly changing trade and customs environment, influenced by many external factors. The overall effectiveness of the customs union in protecting and serving the European Union cannot be weakened by inefficiencies and mismatch of needs and availability of resources. The customs union also has to aim at maintaining an even service level and optimal overall protection of Union borders. The Communication identifies that the modernisation of the customs union needs to continue, that gaps have to be closed and priorities have to be set up. Finally, the Communication emphasises the importance of improving the efficiency and effectiveness through reforming the governance of the customs union. To tackle the challenges faced by the customs union, the Council of the European Union called upon the Commission and the Member States to address them by improving the functioning and modernisation of the customs union²⁵.

2.1.1. Overall functioning of the customs union

In line with the Communication and other strategic documents on the customs union and its development, initiatives should be carried out contributing to strengthening the effective and efficient functioning of the customs union.

It is envisaged for 2016 to continue improving the **governance of the customs union**.

To reply to the needs pointed out in main strategic documents on the customs union and its development, a system of performance measurement at the level of the customs union was established in 2014. This **Customs Union Performance (CUP)** system is a mechanism for measuring how customs activities and operations lead/support achieving

²³ The Customs 2020 programme joint action projects respects the fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union.

²⁴ COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on the State of the Customs Union (Brussels, 21.12.2012 COM(2012) 791 final)

²⁵ COUNCIL CONCLUSIONS ON THE GOVERNANCE REFORM OF THE EU CUSTOMS UNION (Brussels, 8 May 2014 (OR. en) 9688/14 UD 136 ENFOCUSTOM 63)

strategic objectives of the customs union. The CUP is used as a management/steering tool for strategic decision-making (assessing performance, monitoring trends, identifying gaps and areas for improvement). It is also used for raising awareness about the results of customs work to main stakeholders.

Activities and expected results:

- Improve the governance of the customs union:
 - Ensure appropriate follow up to the (planned) communication on the governance reform.
 - Launch initiatives to implement elements of the governance reform.
- Maintain and develop further the Customs Union Performance Measurement at strategic and technical level:
 - Reinforce the good quality of the current performance indicators and consider the introduction of new performance indicators based on policy needs and carry out respective exploratory work.
 - Enhance the CUP methodology, including CUP governance, concept for a follow-up mechanism, strengthening links to relevant projects/groups and reporting mechanism.
 - Prepare summary reports analysing the existing CUP indicators (strategic Annual Reports and technical Analytical Reports) and submit them to the attention of customs policy makers, particularly to the Customs Policy Group.
 - Communicate key figures to external stakeholders (in non-sensitive areas) using appropriate communication tools.
 - Maintain the CUP system with key performance indicators and data collection indicators, including the collection and analysis of data from all necessary sources and the Quality Assurance Initiative and enhancement of the technical documentation on the CUP (Guidance Notes with explanatory fiches, including the Code of Conduct);
 - Support technical work for the preparation of the CUP Management Information System.

2.1.2. Development, implementation and enforcement of customs union legislation

The customs union is an exclusive European Union competence, and the responsibility for implementing customs legislation is primarily that of the Member States.

The **Union Customs Code (UCC)**²⁶, including its implementing and delegated acts, will constitute the new comprehensive customs legal framework for the Union as from May 2016. The preparation of its application will imply involving Member States and informing trade experts through specific or joint actions other than the formal ones needed to secure the adoption of the Commission related acts. Programme activities can help prepare and thus facilitate the formal adoption processes.

²⁶ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

At the same time, **various other Union legislations** stipulate competencies or tasks which are to be performed by customs authorities.

Obtaining the uniform application of European Union customs law is needed and is to be supported by a management framework for **monitoring** specific areas.

Despite the fact that customs legislation is fully harmonised, its **enforcement**, which ensures the compliance with the customs rules and the lawful imposition of sanctions, currently lies within Member States' national responsibility and is governed largely by national legislation. Consequently, customs legislation enforcement obeys to 28 different legal sets of **sanctioning rules** and different administrative or judicial traditions. This means that infringements to certain obligations stemming from the harmonised Union customs legislation are punished by sanctions which differ by nature and severity according to the Member States that is competent for it.

Legal acts as such cannot cover all the detailed aspects of customs interaction between various stakeholders. Therefore, **guidelines** will be developed to cover, in the most user-friendly manner, the potential drawbacks caused by using tuned legislative drafting technique. These guidelines will come as an additional communication tool that will bring customs procedures closer to the citizens of the European Union, businesses etc. Guidelines will have to be developed for various customs procedures and systems that will govern them, including import and export in order to increase and facilitate awareness about the introduction and implementation of the Union Customs Code.

Preparing these pieces of **legislation and soft law** requires thorough **analytical work** and coordination. The implementation of the various policy initiatives and the Union Customs Code also has to be well prepared and coordinated with all stakeholders to support the appropriate analytical, legislative and operational instruments.

Activities and expected results:

- Development of legislation:
 - Facilitate the adoption procedures of the future UCC Commission acts (or amendments to existing acts) by informal preparatory work.
 - Facilitate the adoption procedure for the UCC implementing acts defining additional technical arrangements for the IT systems.
 - Contribute to and inform various target audiences about the developments linked to customs union legislation.
- Implementation, monitoring and enforcement of legislation:
 - Lay down the milestones for monitoring the implementation of the UCC and follow-up the implementation.
 - Identify and tackle gaps in the uniform interpretation and common understanding of the Union customs law provisions. Make efforts to harmonise customs practices in the implementation of Union law.
 - Prepare guidelines for various aspects of the UCC in order to increase and facilitate awareness about the introduction and implementation of the UCC and its uniform interpretation and understanding, and share best practices in particular as regards the implementation of the UCC related changes.
 - Facilitate the understanding and implementation of the UCC: implement identified communication and training needs linked to the Union Customs

Code; design and launch the UCC eLearning module and follow-up the implementation of the recommendations.

- Implement the management framework for the monitoring strategy on an annual basis, supported by updated monitoring guidelines. Revise the monitoring guidelines.
- Carry out monitoring visits in agreed areas.
- Facilitate the approximation of customs infringements and sanctions.

2.1.3. Implementing a modern customs environment

The Union Customs Code (UCC) provides the legal framework for several **new and modern concepts** creating benefits for customs authorities as well as for trade. With the UCC, a harmonised application, consultation and decision-taking process is established enabling the previously national decisions to obtain Union wide validity. Equally, the UCC provides a legal ground for new simplifications such as import and export simplifications (centralised clearance, entry into the records, self-assessment, etc.) and transit simplifications (using a transport document).

However, as these new concepts have never been defined or used before (or at least not on a Union scale), **business processes** are to be engineered and relevant **business scenarios** to be examined. Given the impacts of the numerous changes deriving from the UCC related to the import and export domain, the “to be” processes are to be defined and agreed with Member States and other supporting material are to be created such as guidelines for import and export procedures and the related formalities. In addition, detailed specifications to support the development of the IT systems (national or Union level) will be established where relevant.

In addition, the UCC requires that all future exchanges of information between customs authorities and between them and economic operators as well as the storage of this information are done by using **electronic data processing techniques** (electronic customs). Numerous projects are to be initiated and elaborated in order to develop and deploy the required IT system, on both Union and national level. A **UCC Work Programme** (UCC WP) has been established 6 months after the entry into force of the UCC to prepare and plan for this reform. This work programme will be revised and kept up-to-date following the finalisation of the detailed provisions laid down in the UCC delegated and implementing acts adopted in 2015. The yearly revision of the UCC WP as well as the monitoring of the progress for its implementation will require strong coordination with Member States and economic operators. This also implies a revision of the **e-Customs Decision**²⁷ in order to maintain its relevance to the developments in the area of electronic customs and overall customs legislation.

The **Multi-Annual Strategic Plan (MASP)** is a management and planning tool, drawn up and regularly reviewed by the Commission in partnership with Member States for the implementation of the electronic customs agenda in accordance with Article 8(2) of the e-Customs decision. The MASP ensures effective and coherent management of IT projects by providing a strategic framework and the milestones to implement all electronic customs requirements as defined in European Union legislation and

²⁷ Decision No 70/2008 of the European Parliament and of the Council of 15 January 2008 on a paperless environment for customs and trade (OJ L 23, 26.1.2008, p. 21)

international agreements, including a complete overview and planning of all future customs projects with envisaged Information Technology (IT) requirements. The MASP ensures the management and implementation of the IT projects in an effective and coherent way. It completes the UCC WP relating to the development and deployment of the customs electronic systems necessary for the application of the UCC. The 2016 related tasks and identified milestones need to be implemented.

Analytical, re-engineering and planning instruments such as business case documents and business process modelling (BPM), project planning and work programmes are essential to complete these objectives. The preparatory work requires defining business scenarios and cases, elaborating business models from a legal point of view into a detailed system functional point of view BPM's and establishing methodology, guidelines and support. The information which needs to be exchanged, processed and stored will be subject to the establishment of an Union Customs Data Model (EU CDM) which will ensure the smooth functioning of the customs union throughout the Union, including system specifications and other documentation on the electronic customs systems.

Activities and expected results:

- Prepare working documents to clarify the transition to Union wide customs decisions from an administrative and electronic point of view (including reassessment and end-user guidance) and to define the business rules for implementing and using a harmonised and direct interface to trade.
- Implement business analysis and process modelling activities to examine and define in cooperation with Member States and trade the most practical and efficient ways to implement the UCC simplifications in the area of import and export.
- Establish import and export guidelines and functional specifications for the import and export control systems.
- Define the transition strategy related to the projects of the UCC and UCC WP.
- Facilitate the update of the UCC WP by informal preparatory work.
- Monitor the implementation of the UCC WP and adjust the implementation strategy where needed.
- Review and update the MASP and ensure its coordinated implementation.
- Analyse and establish the possible e-Customs upgrade elements and related requirements
- Prepare, inform and communicate for the purpose of the revision of the e-Customs Decision.
- Establish the definition of business scenarios and business cases (including feasibility studies, cost-benefit analysis, architectural and capability models to identify impact and increase performance) for the preparation and implementation of new legal acts.
- Prepare for a common interpretation of the UCC by preparing the UCC BPM package to support a harmonised implementation and prepare BPMs to support the implementation of the UCC Regulation.
- Establish and regularly update BPM Methodology, user guidelines and support.

- Develop and maintain an EU CDM that aims at ensuring data requirements coherence throughout the data chain across the legal, technical and IT spheres of competence

2.1.4. Customs risk management and supply chain security

Effective management of risks in the international supply chain is crucial to ensuring security and safety of Union residents, protection of the financial and economic interests of the Union, while at the same time facilitating and accelerating legitimate trade and promoting Union competitiveness. If customs failed to act to tackle risks consistently, the customs union and the Union's single market would become unsustainable. In order to strengthen the integrity of international supply chains, risk management by Union customs must be improved. In reply to the invitation of the Council to set up 'a coherent strategy on risk management and supply chain security based on a step by step action plan and thorough cost benefit analyses, covering inter alia legal, procedural and IT aspects' the Commission prepared **the Union Strategy and Action Plan for customs risk management**²⁸ (the Strategy; the Action Plan).

The Competitiveness Council endorsed the Union Strategy and Action Plan and called on the Member States and on the Commission to implement the Strategy and Action Plan²⁹. The Strategy sets out a number of key objectives, underpinned by the overall aim of reaching a high-quality, multi-layered approach to risk management which is effective and efficient. It outlines appropriate risk mitigation and control measures which are to be employed at the most opportune time and place in the supply chain. The Action Plan details a series of measures for each objective.

The actions are aimed at closing the identified gaps to progressively achieve strengthened capacities for Union customs authorities and more systematic cooperation with other agencies, economic operators and international trading partners. In order to ensure the coordinated and structured implementation of the actions, the Commission established a realistic and detailed roadmap.

Activities and expected results:

- Risk management strategy:
 - Ensure coherency, strategy planning, coordination and communication of all projects/actors of the strategy, the action plan and the roadmap.
 - Agreement and implementation of IT aspects:
 - Launch the implementation of the IT projects linked to the strategy according to the set of priorities and agreed implementation

²⁸ Brussels, 21.8.2014 COM(2014) 527 final COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE on the EU Strategy and Action Plan for customs risk management: Tackling risks, strengthening supply chain security and facilitating trade

²⁹ COUNCIL CONCLUSIONS on the EU strategy and action plan on customs risk management: tackling risks, strengthening supply chain security and facilitating trade - Competitiveness Council - Brussels, 4 December 2014

options, which are established taking into account the results of various implementation analyses.

- Make available efficient and effective technologies and methods for the collection, integration and management of data serving the basis of risk management, as well as for sharing risk information (including the Union customs risk management system - CRMS).
 - Follow up to the initiation phase of the new Import Control System (ICS 2) project linked to objectives 1 and 2 and to the finalised business case and vision document on the ICS2 common repository and the optional services for e-Screening and shared trader interface.
 - Start the elaboration phase of the new ICS 2 in line with the agreed project strategy and time-plan. The elaboration phase will include in particular the creation of a package of BPM/Functional specifications and its review with Member States and trade. If necessary, create other supporting documents to ensure the common understanding of the requirements and new ICS 2 functional and non-functional requirements.
- Common Risk Management Framework (general) (CRMF)
 - Ensure coherency and proper functioning of the elements of the CRMF (common risk criteria, priority control areas and exchange of risk information).
 - Make available efficient and effective technologies and methods for the collection, integration and management of data serving the basis of risk management, as well as for sharing risk information and develop new joint tools to enhance risk management capacity (data mining, joint threat assessments, trends analysis etc.).
 - Report and evaluate the implementation of CRMF in the Member States.
 - Common Risk Management Framework (specific)
 - *Common Risk Criteria (CRC) (non-specific to financial interest or security and safety)*
 - Improve the implementation of and update existing risk criteria.
 - Carry out pilot actions to identify best practices in the implementation of the CRC and conduct post seizures analysis to determine the effectiveness of the CRC scheme.
 - *Priority Control Area Actions:*
 - Support the effective and coherent implementation of Common Priority Control Actions by developing the risk criteria to be applied for the specific Priority Control Area Actions, by briefing the Member States on the action to be applied, by identifying and analysing problems encountered during the implementation and by proposing solutions to them, by communicating the results of

the risk based controls and by putting forward recommendations based on the findings.

- *Exchange of risk information:*
 - Develop CRMS2 IT application to replace the current CRMS by an improved system which is adapted to the new identified needs and can be scalable and better interact with other relevant information systems/ data repositories.
 - Reinforce cooperation and exchange of risk information among customs authorities, between customs and other governmental bodies and between customs and economic operators for risk management purposes.

2.1.5. *Cooperation with third countries and international organisations*

By its very nature of an activity at the Union's external borders, customs has an inborn international dimension. One country's export is another country's import. The collaboration with third countries and international organisations in the area of customs is taking a new perspective. The importance for the Union of sharing experience and information with third countries and international organisations or bodies to facilitate trade and customs processes is becoming more evident with the globalisation of trade.

In that sense, deeper cooperation with the **enlargement countries** and Union's **Eastern and Mediterranean neighbouring countries** needs to be pursued in order to facilitate trade while ensuring safety and security, fighting fraud and helping to modernise the customs administrations in these countries.

The **Asia-Europe Meeting (ASEM)** is the main cooperation tool between the European Union and Asia. It addresses political, economic and cultural issues with the objective of strengthening the relationship between the two regions. In the area of customs, it allows to advance the cooperation between Europe and Asia.

As a Member of the **World Customs Organisation (WCO)**, the European Union is the WCO Vice-Chair for the Europe Region (51 countries and the European Union) from 1st July 2014 till 30th June 2016. The Vice-Chair position is to promote greater involvement of Members in WCO activities, and promote co-operation between the Members within the region. It consolidates the Union's status within the WCO and increases awareness of the European Union's role in international customs cooperation. Moreover, it presents an opportunity to further promote Union policies and priorities. The European Union in particular focuses its Vice-Chair position on supply chain security and trade facilitation, including the World Trade Organisation (WTO) Trade Facilitation Agreement, Globally Networked Customs, economic competitiveness and customs and business relations.

The **WTO Agreement on Trade Facilitation** has been concluded in December 2013 and is expected to apply between the WTO Members having ratified it by the end of 2015 or the beginning of 2016. It will imply for each WTO member (amongst them the European Union and its Member States) to verify and confirm the fulfilment of the international obligations resulting from the agreement and take, where necessary, actions to comply.

The Customs 2020 programme can contribute to the international activities by providing support to the Commission and Member States to prepare their common position to be represented in the international for a and represent “one voice” on behalf of the customs union. At the same time, the programme through its activities can allow for supporting the work carried out by the Commission in the international domain with operational expertise provided by the Member States.

Activities and expected results:

- Support the implementation of existing agreements or joint statements on customs cooperation and exchange of information, with a particular focus on the U.S. Japan, Norway, Switzerland, China and Hong Kong; pursue the extension of the network of Customs Cooperation & Mutual Administrative Assistance agreements.
- Support the preparation for Free Trade Agreement negotiations with main trading partners, with a particular focus on the United States and Japan.
- Contribute to the implementation of WTO Trade Facilitation Agreement.
- Monitor and coordinate administrative capacity building support for enlargement countries.
- Provide guidance to the enlargement countries in the area of IT management and development.
- Pursue deeper cooperation with the Union's eastern neighbours by establishing and implementing the Strategic Frameworks for customs cooperation and Mediterranean neighbours (including the negotiation of the Deep and Comprehensive Free Trade Agreement with Morocco, Tunisia and Jordan) and enlargement countries in order to facilitate trade while ensuring safety and security, fighting fraud and helping to modernise the customs administration in these countries.
- Implementation of customs related provisions in the respective Deep and Comprehensive Free Trade Agreements (DCFTA) with particular focus on Georgia, the Republic of Moldova, and Ukraine; and Partnership and Cooperation Agreements (PCA) with Armenia, Azerbaijan, Kazakhstan and Russia and Stabilisation and Association Agreements (SAA) with the Western Balkan countries; developing tailor-made approach to customs relations with Belarus.
- Support the overall implementation of the Strategic Framework for the European Union-China cooperation.
- Reinforce and further development of the cooperation in between ASEM members in the customs area on the basis of the ASEM Customs Action Plan.
- Establish Union contribution to the definition of the Globally Networked Customs standards.
- Provide Union support to the definition of standard utility blocks.
- Coordinate and establish Union contribution to the study on global trader identifier.
- Develop and implement of the Single Portal for Entry and Exit Data (SPEED2).

2.2. To protect the financial and economic interests of the Union and of the Member States

Customs has a role in the global market's conditions in ensuring the European Union's and its Member States' economic development.

This heading of the Annual Work Programme gathers projects aimed at ensuring the collection of customs duties and related taxes, and at pursuing goals to protect the financial interests of the European Union and its Member States, including the filtering out of fraudulent activities and consignments.

2.2.1. Determination and collection of customs duties and related taxes

The traditional role of customs in the European Union is to collect customs duties and indirect taxes at import, such as excise duties or value added tax (VAT). Despite the increasing number of free trade agreements and the consequently reducing revenue collected on imports, still billions of euros are raised every year. Member States retain 25 % of the collected revenue to cover costs of collection and 75% becomes part of the European Union revenue³⁰.

Therefore, it is essential that customs authorities **levy duties and collect the revenue** in an efficient and effective manner, in line with the various linked legislation and in the interest of the European Union and the Member States.

In order to ensure proper protection of financial interests, an efficient mechanism has to be in place for managing and monitoring the guarantees provided for customs purposes. The UCC imposes **new guarantee possibilities** such as guarantees valid throughout the customs union and new guarantee requirements such as related to temporary storage and special procedures. Member States have to ensure that the data of guarantees used for import and export that affects more than one Member State is electronically accessible to Member States where the customs declarations are lodged and accepted. As from 1 May 2016, transitional measures will have to be used to apply this UCC requirement till the new UCC guarantee management system is in place.

Meanwhile, process and functional analysis are to be launched to prepare for the new system ensuring harmonisation and proper monitoring of the **guarantees with Union wide validity**. The new system is envisaged to allow for the registration, release, verification of existence and validity of individual and comprehensive guarantees, which are valid throughout the Union. The system will also allow monitoring of the reference amount of the guarantees with Union-wide validity for the existing customs debts in respect of goods placed under release for free circulation.

There is a need to prepare comprehensive **guidelines** for customs debt and guarantees to ensure proper implementation of the new guarantee requirements, including identification of practical aspects and presentation of possible scenarios. This will contribute to the correct and uniform application of the modernised customs rules throughout the European Union.

³⁰

A new own resources rules will enter into force which will allow Member States to retain 20% (instead of 25%) of the traditional own resources to cover their collection costs. The legislation will come into force when the own resources decision has been approved by the Member States in accordance with their respective constitutional requirements. It will apply retroactively as of 1 January 2014.

In the area of the **non-recovery procedure, the repayments and remission procedure (REM/REC)**, the existing guidelines need to be reviewed and updated to reflect new developments inter alia in case law and to cover the matters of incurrence and extinction of the customs debt and of the appeal procedure in relation to decisions concerning customs debt.

The **cooperation between customs and tax authorities** (VAT and excise) in specific areas of mutual concern should be enhanced in order to fight against tax fraud and ensure the collection of customs duties and related taxes. In the Communication on the future of VAT (COM/2011/851), the Commission noted that it "will initiate and facilitate initiatives for a stronger cooperation between tax and customs authorities". In its Communication to the European Parliament and the Council on an action plan to strengthen the fight against tax fraud and tax evasion (COM (2012) 722 final), the Commission calls for structured exchanges of information between the tax and customs administrations on the strategies to identify non-compliance. The European Court of Auditors also issued recommendations on the misuse of the customs 42 procedure^{31 32}

Financial risk analysis and related customs controls or other measures on all goods entering to or leaving from the Union for all modes of transport have to be implemented uniformly by all Member States on the basis of common risk criteria and standards. Risk criteria and standards have been developed in the past for security and safety concerns. The Union strategy on risk management and security of the supply chain indicates the need to develop further risk criteria for financial and commercial risks (valuation, origin, misclassification, procedure 42, antidumping etc.). This includes the question of where and when, and based on which data it is the best to carry out the risk assessment and the control. The objective is a common approach to tackle financial risks in the European Union and address financial fraud and irregularities in a convergent way.

There is a long-term strategy within the Union to support the economic growth and to reduce administrative obstacles for the business sector. This strategy contributed to ensuring that physical controls are only carried out when appropriate during customs proceedings and that the resources are focused on controls where the risks can be addressed in the most efficient way. As such, the minimum standards for **post clearance audits and control** have been reinforced. To ensure common approach and equal treatment during the post clearance audits and controls for economic operators it is necessary to ensure the same methodologies within all Member States. For this purpose, the new Customs Audit Guide has been endorsed by the Member States.

Activities and expected results:

³¹ European Court of Auditors' special report No 13/2011 on whether the control of customs procedure 42 prevents and detects Value Added Tax (VAT) evasion

³² Customs procedure 42 is a mechanism an EU importer uses in order to obtain a VAT exemption. It is applied when goods imported from outside the EU into a Member State will be transported to another. In such cases, the VAT is due in the latter - the Member State of destination. There is a risk that imports may remain in the Member State of importation without payment of VAT. Imports may be also consumed in the Member State of destination without VAT being collected there.

- Share good practices on internal audit tools of Member States' customs administrations and inspection methods to control the reliability of the A&B Accounts.
- Prepare guidelines for customs debt and guarantees.
- Establish working documents to support the transitional measures to monitor the reference amount of the guarantees with Union wide validity.
- Launch the preparation for the implementation of the Union-wide guarantees for the new UCC Guarantee Management System.
- REM/REC guidelines are updated, reflecting recent European Union case-law and decisions adopted by the Commission.
- Provide business process models to describe the processes contained in legislation, to clarify and explain the legal base for excise and customs procedures: specification work on modelling of interface between EMCS (Excise Movement Control System) and UCC version of Automatic Export System (AES) and national import systems.
- Develop coordinated recommendations concerning the application of Union law on excise goods and update the European Information Systems responsible for the movements of excise goods to coincide with the UCC import specification and the Automatic Export System (AES);
- Identify fields where cooperation between customs and tax authorities is particularly important for the proper implementation of legislation having common impact on customs, and related taxation, and reinforce the cooperation between customs and tax administrations in matters of common interest - including information exchange - in areas such as customs control of excisable products, cash controls and customs procedure 42.
- Identify best practices related to methods and tools used by Member States to analyse risk related to VAT/excise having an impact on customs regarding new trends of fraud in the field of VAT/Excise directly impacting customs as it potentially has a negative effect on the collection of customs duties and related taxes.
- Develop guidelines concerning the application of Union law to excise goods in both areas is developed;
- Complete the European Union Customs Competency Framework with VAT, excise and direct tax related competency requirements for customs.
- Identify financial risk criteria and establish uniform standards for their application.
- Test the identified criteria in national system and adapt the rules based on the experience.
- Establish guidelines on the appropriate place and time for the control on the basis of the level of the risk and the supply chain constraints.
- Support the implementation of a set of common procedure and criteria for the post clearance audits and controls based on the new Customs Audit Guide and on-going discussions on simplified procedures.

- Increase the efficiency of collecting duties within the post clearance audits and controls.
- Improve the availability and exchange of import, export and transit data as well as data on the movements of containers to facilitate the appropriate collection of duties and determination of customs debt.
- Examine and identify potential improvements regarding the customs treatment of small (postal and courier) consignments with view to the determination and collection of customs duties and related taxes.

2.2.2. *Customs tariff and classification*

The amount of duty that has to be paid is determined by the customs value, the origin and the customs tariff. For that reason, all goods imported into or exported from the Union must be classified for customs purposes. Each separate product can be linked up with a specific classification code. As this code represents the basis for determining the duty together with a complex set of measures linked to the origin and the customs value, it is essential that the correct code is identified.

The **Harmonized System** nomenclature of the World Customs Organization (WCO) is the basis of the **Combined Nomenclature**. Both are the basis of all customs classifications which are used in customs clearance, customs control and statistics, and also included in many Union regulations as well as in the international agreements. Nevertheless, the customs classification remains difficult because the nomenclatures with their respective explanatory notes are highly voluminous and complex, sometimes unclear and burdening. Moreover, the current nomenclatures are not always representative of the trade reality: old domains are disappearing, new domains are emerging, some important classes of products are not efficiently distinguished, used norms and descriptions become obsolete.

The European Commission has established the **Binding Tariff Information (BTI)** system as a tool to assist economic operators to obtain the correct tariff classification for goods they intend to import or export. The BTIs are issued by the individual Member States with validity in all Member States. For that reason, measures are to be put in place to prevent incorrect classification leading to the divergent tariff classification and BTIs for the same product.

Customs is supported by an **electronic tariff system (TARIC)** in their clearance function. TARIC integrates all measures relating to European Union customs tariff, commercial and agricultural legislation. Tariff measures specifically relate to "Third country duty", customs duty applicable to all imports originating in a non-Union country, as defined in the Combined Nomenclature, tariff preferences, autonomous suspensions of duties, tariff quotas and customs unions.

However, the degree of application of credibility checks (aiming at ensuring that the correct data declared in the customs declaration) integrated in TARIC varies in Member States. This has a negative impact on the accuracy of the declaration risking the loss of revenues.

Activities and expected results:

- Create simpler, more understandable and up-to-date chapters within the Harmonised System/Combined Nomenclature (HS/CN) nomenclatures (with focus on food/chemicals/mechanical/ miscellaneous chapters) by identifying the weakness of the HS/CN nomenclatures and their related explanatory notes, by elaborating proposals for amendments to modernise, simplify or classify the nomenclatures,
- Pool classification expertise to resolve complex classification issues concerning specific products or of a more general nature or cases of divergent tariff classification and enhance uniform tariff classification possibly via an expert team.
- Elaborate proposals concerning the classification of products – support the drafting of amendments to the text of the additional notes and explanatory notes of the Combined Nomenclatures.
- Monitor and analyse new products.
- Facilitate the classifications of autonomous tariff measures.
- Develop Classification Information System (CLASS) to provide a single platform for all classification information.
- Support the effective, efficient and timely issuing of Binding Tariff Information and contribute to the issuing of less divergent BTIs.
- Reinforce the uniformly correct application of the integrated tariff of the European Union (TARIC).
- Identify goods categories where the integration of credibility checks in TARIC is required.
- Reinforce the implementation of the credibility checks measures in Member State' clearance systems.
- Reduce the share of wrong customs declarations for the Combined Nomenclature codes where credibility checks are integrated.
- Monitor the number of the suspicious customs declaration through the Surveillance database
- Guide the Member States' customs administrations through the implementation of the TARIC measures.

2.2.3. *Rules of origin*

Based on their origin, a wide range of goods can benefit from preferential duties at importation into the European Union. However, to ensure fair trade and a proper functioning of preferential arrangements, it has to be monitored whether the underlying rules and principles are applied in a correct way. In addition, to have an approximation in the working methods in Member States and other parties affected by the rules of origin efforts have to be made to streamline the interpretation of legislation and provide guidelines to good practices.

Exporters both in **Generalised System of Preferences (GSP)** beneficiary countries (BCs) and in the Union should be registered with the competent authorities. This is in order to enable them to certify the origin of goods by themselves within the framework

of the European Union GSP rules of origin. The realisation of this project requires for 2016 the finalisation of the technical specifications, the initiation of the development, the adoption of legal measures, close collaboration with Norway and Switzerland to progress in the negotiations of an update of the Exchange of Letters and of a Memorandum of Understanding (MoU), a preliminary communication to the Beneficiary Countries and keeping Member States informed of the project's progress.

Activities and expected results:

- Identify divergences and problem areas in the application of the rules of origin and plan key actions for further harmonisation.
- Familiarise origin experts with the concepts (non-alteration rule, accounting segregation, etc.).
- Support to the revision of rules of origin and provide explanatory notes as needed.
- Provide guidelines for the use of customs authorities on certain working methods and concepts with respect to rules of origin.
- Implement the action plan for monitoring the functioning of preferential trade arrangements.
- Develop and share an eLearning module for the area of “General System of Preferences - Origin”.
- Analyse adaptive and relevant strategies and methods in view of implementing practices of recent and upcoming partners.
- Examine the relevance, cost-benefit and potential of creating a Union electronic platform for centralised information and follow-up subsequent verifications on proofs of preferential origin.
- Communicate about the developments in the area of rules of origin and their practical implications on customs.
- Continue the development and prepare the use of the Registered Exporter System (REX).
- Contribute to the negotiations for the revision of the rules of origin in the Pan-Euro-Mediterranean (PEM) Convention.

2.2.4. Customs valuation

Most customs duties and value added tax (VAT) are expressed as a percentage of the **value of goods** being declared for importation. It is important that the value of goods is accurately measured, for the purposes of:

- proper collection of import duties and taxes,
- economic and commercial policy analysis,
- application of commercial policy measures, and
- import and export statistics.

Due to the complexity of the legislation in force stipulating the rules determining the customs value, there is a risk of incorrect application, with effects on own resources and the application of the common commercial policy. The correct application of customs

valuation law must provide equal treatment of economic operators and citizens and ensure a common approach to controls related to customs value. To achieve this, the problems need to be identified, recommendations for improvements have to be implemented and working methods are to be adapted.

Activities and expected results:

- Identify variations in the administration and application of the relevant provisions on customs value and make recommendations for improvements to the relevant bodies.
- Establish guidelines on customs valuation in the context of the implementation of UCC.
- Evaluate the need and relevance of introducing binding valuation information in Union customs legislation.
- Contribute to the debate regarding transfer pricing arrangements from the viewpoint of customs and considering the impacts on customs practices.

2.2.5. *Customs procedures*

The execution of the various aspects of customs procedures present themselves in the daily business of customs authorities. The procedures entail three main domains: release for free circulation, special and exit procedures.

Customs **special procedures** enable economic operators to implement specialised customs provisions leading to a more streamlined and lean way of doing international business. They include a number of practices subject to authorisations which enables them to do business more easily and less costly. With e UCC, the special procedures are rendered fully electronic and easier to use throughout the European Union.

Transit is a customs special customs procedure allowing goods - without payment of duties - to move under customs supervision within the European Union or between the European Union and third countries in the context of international agreements. The Union transit is stipulated by the Customs Code in force and its implementing provisions. Union transit related provisions are mirrored in an international Convention, namely the Common Transit Convention (CTC). The European Union also applies other transit procedures: TIR Carnet (TIR Convention 1975), ATA Carnet used as transit document (ATA & Istanbul Conventions), Rhine Manifest (revised Mannheim Convention for the navigation on the Rhine 1868), NATO Form 302 (NATO Convention 1951), Transit by post (UPU).

The entering into application of the Union Customs Code requires further steps in implementing transit in light of the new rules. The UCC also provides for the possibility of using electronic transport documents for transit purposes. A harmonised customs goods manifest is currently being developed in the context of the UCC. Its aim is to address trade requests to use the manifest for proving the customs status of the goods and cover further simplifications in the future. Also, the rules on customs seals and seals used by authorised consignors will change and introduce the use of the ISO standard 17712. The proper and uniform implementation of transit in the daily business of customs authorities implies creating the best conditions for sharing information, expertise and best practices. Cooperation between the authorities on an international level is essential.

Further to transit, the **other special procedures** require attention and cooperation of Member States to ensure the correct and efficient implementation. The procedures cover: customs warehousing and free zones, temporary admission and end-use, inward and outward processing.

Activities and expected results:

- Identify Union practices where the rules are not applied in a harmonised manner and put forward recommendations for more efficient and effective implementation of all procedures.
- Analyse the methods of sealing used in transit and compile criteria for the selection and approval of appropriate seals.
- Replace current paper based procedures by electronic customs procedures.
- Enable economic operators to obtain and use authorisations which are valid throughout the European Union.
- Support administrations in the harmonised application of the modified rules on customs seals and seals used by authorised consignors.
- Amend and align the transit manual with the provisions of the UCC and the delegated and implementing acts, taking into account the needs of administrations and economic operators.
- Include transit-related data in the customs goods manifest in light of the UCC.
- Describe the use of the customs goods manifest for transit and proof of Union customs status as necessary in the light of the application of the UCC.
- Develop the UCC Proof of Union Status system and find answers to procedural and functional questions in connection to customs status and Proof of Union Status. Support the implementation of the procedures stipulated by the UCC Delegated and Implementing Acts related to transit simplifications.
- Investigate the development of further simplifications and simplified procedures concerning all customs procedures.
- Support the Member State implementing the manifest for authorised issuers.
- Contribute to and monitor/follow-up national efforts of countries aiming to join the Common Transit Convention (CTC) to align national legislation, procedures and other frameworks (structural, technical, etc.) to comply with the CTC and Single Administrative Document (SAD) conventions.

2.3. To protect citizens and the environment, to increase safety and security, and to strengthen the competitiveness of Union businesses

Customs is responsible for implementing a wide range of European Union and national policies besides revenue collection.

The role of customs is, in some instances, to prevent certain goods from entering into or exiting from the customs union territory. To this end this heading contemplates the projects which aim at protecting not only the citizens and the environment but also the interests of European businesses by means of measures facilitating trade and ensuring the security of the supply chain. The projects under this chapter relate either to the objective to protect citizens and the environment, to increase safety and security, or to the objective of strengthening the competitiveness of Union businesses. By their nature, some of the projects may serve both objectives, as it can be the case especially for Intellectual Property Rights.

2.3.1. Customs authorities protecting health, the environment, cultural heritage and ensuring safety and security

Consumers, civil society and national authorities are demanding stricter customs controls of non-fiscal aspects. Issuing new and adjusting existing guidelines on customs controls, establishing common risk criteria, creating a “toolbox”, online services and informing the business community and the wider public are all options to ensure a harmonised approach to customs enforcement.

The overarching objective of this project is to increase the safety and security and to protect the citizens, the environment and cultural heritage by implementing Union policy and legislation in the following areas:

- Human health and food safety;
- Animal health;
- Plant health;
- Protection of the environment and climate;
- Product safety and compliance;
- Cultural heritage;
- Restricted and prohibited goods, controlled substances, etc. (including drug precursors, cash, dual use goods, firearms, etc.);
- Safety and security of consignments (e.g. air cargo).

Activities and expected results:

- Health and safety, the environment and cultural heritage:
 - Establish a coordinated approach on border controls related to measures related to
 - Sanitary and phytosanitary issues,
 - Environmental issues (wildlife trafficking, Forest Law Enforcement, Governance and Trade - FLEGT, ozone depleting substances - ODS, waste, etc.),

- Product safety,
 - Cooperation between authorities,
 - Simplified procedures.
 - Explain and demonstrate the usage of the “Guidelines for import controls in the area of product safety and compliance” in Member States and Candidate Countries.
 - Extend a specific part of the guidelines for import controls in the area of product safety and compliance to other products.
 - Implement the guidelines on Waste shipments and/or FLEGT are implemented and evaluate their use.
 - Establish a liaison network with authorities competent for measures for the protection of health and environment for regular exchange of information.
 - Publish and implement the toolbox on standard procedures.
 - Reinforce a common risk management approach to product safety and compliance controls on imported goods and to controls of waste shipments.
 - Lay down data collection parameters for Union-wide collection of control data for product safety.
 - Contribute to the other (non-customs) policy developments from the customs perspective.
 - Enhance cooperation between customs and market surveillance and other competent authorities.
 - Support the role of customs in controlling cultural goods in import and export.
 - Formulate recommendations on the way forward on possible cooperation in the field of waste trafficking between the European Union and China.
 - Put forward recommendations on the way forward on possible cooperation between the European Union and China.
 - Develop support activities to customs in controlling cultural goods.
- Drug precursors:
 - Enhance the uniform understanding and interpretation of Regulation (EC) No 111/2005³³ Member States applying the legislation.
 - Exchange best practices on specific aspects of drug precursors' controls.
 - Develop common approaches on customs controls, including risk analysis, for officers in ports, airports and land borders related to drug precursors.
 - Design and implement common activities on targeting and controlling precursors.
 - Updated Guidelines/e-learning for Competent Authorities and Industry.
 - Cash controls:
 - Lay down common approaches on the interpretation and implementation of the Cash Control Regulation³⁴.

³³

Council Regulation (EC) No 111/2005 of 22 December 2004 laying down rules for the monitoring of trade between the Community and third countries in drug precursors (OJ L 22, 26.1.2005, p. 1), amended by the Regulation EU n° 1259/2013 of the European Parliament and of the Council of 20 November 2013.

- Update the handbook of guidelines on cash controls.
- Share statistics on cash control results.
- Carry out communication and awareness-raising activities out addressing the wider public.
- Support the establishment of common positions at the Financial Action Task Force (FATF) and other international meetings.
- Support the discussion on cash control penalties in the European Union .
- Risk management:
 - Evaluate and renew safety and security specific Common Risk Criteria and identify new criteria where appropriate.
 - Develop common risk indicators for pre-loading air cargo security between customs, aviation security and home affairs.
- Small consignments

2.3.2. *Competitiveness and trade facilitation*

The European Union has to be a strong economic and trade partner in the world economy. Customs have an important role to play to ensure the competitiveness of the European trade environment by minimising the burden placed on trade in relation to customs legislation and procedures. Initiatives supporting competitiveness of European companies and facilitating legitimate trade should therefore be developed to contribute to the proper functioning and the further development of the customs union.

The status of **authorised economic operator (AEO)** granted by one Member State is recognised by the other Member States and under Mutual Recognition Agreements (MRA), by other third countries. Regular monitoring to maintain the correct implementation and functioning of Authorised Economic Operator programme is needed, together with the sharing of best practices and guidance to maintain uniform implementation of the Union AEO programme by the Member States.

It is also necessary to identify and exploit potential synergies with other governmental bodies. Other policies wishing to segment clients and recognise their compliant stakeholders might wish to benefit from the experiences gained with the AEO programme. In close cooperation with the Member States, the Commission services should ensure that whenever similar requirements appear, efforts are made to support collaboration and recognition of the synergies in the AEO programmes.

The conclusion of new **Mutual Recognition Agreements** needs also to be supported.

The scope of the **simplified declaration** has not been changed significantly under the UCC. However, changes in the concepts have occurred during the preparation of the Delegated and Implementing Acts for entry in the declarant's records (EDR), centralised clearance (CC) and self-assessment (SA). Therefore, further discussions are needed with Member States' customs administrations and trade representatives on specific issues related to the implementation of those three simplifications.

³⁴

Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community (OJ L 309, 25.11.2005, p. 9)

The **Systems Based Approach (SBA)** project should continue to promote and reinforce the established SBA network of Member State experts with the objective to support information exchange, technical audit discussions on SBA, consistency and harmonization across Member States, exchange of practical and training solutions and support less experienced Member States.

Centralised clearance allows economic operators to centralise and integrate accounting, logistics and distribution functions with consequent savings in administrative and transaction costs, thus providing a genuine simplification. Moreover, until the deployment of the appropriate electronic systems for centralised clearance (2019-2020), the current Single Authorisations for Simplified Procedures – SASP), issued before the 1 May 2016, remain unchanged and will continue to be a major instrument of trade facilitation that deserves common understanding and uniform application.

According to the definition promoted by the United Nations Economic Commission for Europe (UNECE), the **Single Window concept (SW)**"refers to a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfil all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once". In practice, the Single Windows implemented around the world have not strictly followed this definition and have instead been conceived as "large interagency collaborative system[s] that facilitate and automate business processes and data exchange for international trade". The Union's Single Window is a project requiring gradual and pragmatic development. Its success rests on the building of trust between the services involved as well as a shared vision of the costs and benefits. It also depends on the pooling of resources and knowledge available in the Commission and in the Member States. Within the Commission, it is important that the specific roles and tasks of the services involved are clearly defined. The improvement of economic operators' **compliance** is a common objective of the customs union, which should be achieved in the most efficient and effective way for both customs and trade.

Compliance is understood as the extent to which persons (companies and individuals) meet their obligations as applied and enforced by customs administrations. Modern methods, based on behavioural motives and reasons for complying, are at least as important as more traditional methods. Influencing the willingness and ability to comply in addition to controls and penalties is beneficial, as it is less disruptive and resource intensive for both customs and legitimate trade. The knowledge on compliance management should be improved and information and experience should be shared among Member States.

Activities and expected results:

- Authorised Economic Operators:
 - Share experience between Member States on practical solutions related to the implementation of the Authorised Economic Operator concept, and establish the AEO-related practical implementation know-how.
 - Reinforce the implementation of existing mutual recognition of Authorised Economic Operator (AEO) programmes and extend such mutual recognition

- to Canada, Singapore and Hong-Kong and, where appropriate, support the extension to other countries.
 - Support the Mutual Recognition Agreement (MRA) negotiation from a technical point of view (e.g. comparison of legislation, joint validation of implementation of the legislation of the MRA partners) and implementation processes (e.g. data protection, automated data exchange).
 - Analyse the implementation of MRAs and communicate on the results to the relevant parties
 - Revisit and where needed, update the authorisation monitoring process in the Member States in order to ensure correct implementation.
 - Provide guidance to Member States in the context of Mutual Recognition Agreements and review the AEO guidelines as regards the upcoming legislative changes and their effects on the AEO criteria.
 - Exchange best practices on AEO programmes to explore enhanced cooperation and facilitation for operators.
- SBA:
 - Share in Member States the summary report with information on the use of SBA.
 - Share practical knowledge and experience on SBA within the European Union.
 - Support the increased use and harmonised application of SBA.
 - Single Window:
 - Ensure follow-up to the action plan for developing a Union Single Window environment for customs and its roadmap.
 - Use the EU CDM methodology to map and harmonize certificate data.
 - Compliance:
 - The results of previous work in the area of compliance management is followed up, including the implementation of the recommendations of the respective summary reports;
 - Knowledge on compliance management is deepened;
 - Broader use of compliance concept is encouraged, including use of best practices (compliance strategy, client segmentation models, marketing/communication models);
 - Further developments of the compliance framework are carried out based on policy needs.
 - - Simplifications laid down in Title V of the UCC (simplified declaration, entry in the declarant's records, centralised clearance and self-assessment):
 - Reinforce the common understanding and a uniform application by Member States of these measures.
 - Share experience and best practices regarding the application and enforcement of simplifications laid down in Title V of the UCC.

- Prepare and support the transition from the current SASP and to the centralised clearance.

2.3.3. *Supply chain in the global context*

The objective to strengthen end-to-end supply chain security based on multi-layered risk management originates from the WCO Safe Framework of Standards. Controls performed at export are based on joint risk assessment rules, allowing customs to better target dangerous traffic at the beginning of the supply chain. Thus, safe consignments can be identified and trade facilitation benefits can be provided to legitimate trade. The **Smart and Secure Trade Lanes (SSTL)** concept is also highly valuable for the future development of **Globally Networked Customs (GNC)** by establishing global standards for customs information exchange. Currently the Smart and Secure Trade Lanes Pilot Project with China and Hong Kong paves the way for future extended use.

Activities and expected results

- Initiate the implementation of SSTL Phase 3, by enlarging volumes, number of lanes, number of traders, extending geographical scope, establishing authorised supply chains.
- Address implementation and thematic issues, in particular risk management, rail, air.
- Identify and exploit potential synergies with other governmental authorities to reduce customs clearance lead time for SSTL consignments.
- Finalise the implementation of automated data exchange for transactions in line with GNC methodology.
- Explore the possibilities to realise the Smart and Secure Trade Lanes concept with others countries.

2.3.4. *The European Union Customs Action Plan on Intellectual Property Rights (IPR)*

The Council Resolution of 10 December 2012³⁵ established a **European Union Action Plan** aimed at coordinating the actions of Member States customs in fighting IPR infringements at the external borders. The implementation of the Action Plan is scheduled for the period of 2013-2017. The Commission is working together with the Member States in programme activities to implement actions identified in the action plan, such as establishing a manual for right-holders, developing common approaches, mapping the needs of third and neighbouring countries, reinforcing cooperation with China and Hong Kong.

Activities and expected results:

³⁵ Resolution on the European Union Customs Action Plan to combat intellectual property rights infringements (2013 to 2017)

- Support Member States applying Regulation No 608/2013 concerning customs enforcement of intellectual property rights³⁶ in understanding the legislation and in interpreting it in a uniform manner.
- Implement the European Union-China Action Plan on customs enforcement of IPR in all key actions.
- Complete the pilot under the Action Plan on cooperation in customs enforcement of IPR between the European Union and Hong Kong is completed
- Carry out survey/mapping exercise on possible needs of technical assistance for capacity building to candidate and neighbouring countries.

³⁶ Regulation (EU) No 608/2013 of the European Parliament and of the Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003 (OJ L 181, 29.6.2013, p.15)

2.4. To improve the administrative capacity of the customs authorities

The quality of public administration is an important driver of Europe's competitiveness. Modern, innovative and efficient public administrations are key in sustaining the recovery process and in unlocking Europe's growth potential.

This heading of the Annual Work Programme covers the policy projects of the customs union which aim at ensuring that the European custom administrations can function and perform on a high efficiency and effectiveness level supported by proper administrative structures, procedures, skilled staff and modern technologies and concepts.

2.4.1. Effective and efficient customs administrations

The customs union is a foundation of the European Union and an essential element in the functioning of the single market. The single market can only function properly when there is a common application of common rules. This implies that the 28 customs administrations of the European Union must act as though they were one. In view of the budgetary and financial crisis in the European Union, the current economic climate has forced government services to become more efficient and effective. This calls upon actions to study current and possible future solutions to improve the structures in which customs business is performed and to improve the performance of the customs administration in its different roles in the supply chain of goods. Customs administrations' structural and procedural functioning must also be reinforced, and national customs administrations must aim at building their administrative capacities in order to fulfil their complex tasks.

Activities and expected results:

- Exchange good practices between participating countries to improve the administrative capacity of their customs administrations in relation to administrative structures and functions.
- Identify gaps and needs in terms of administrative and operational structures in which customs business is performed.
- Formulate recommendations and guidance to increase the performance, effectiveness and efficiency of the customs administrations.
- Raise awareness in Member States administrations and trade for the necessity to harmonize and elevate performance of customs staff.
- Identify and share good practices regarding the use of communication tools and methods (including social media) within the administrations, towards partner authorities, the public and economic operators regarding customs issues, key aspects of the functioning of the customs union, new customs projects, tasks and competencies of the European customs administrations.
- Provide technical assistance to customs authorities on the basis of needs analysis.
- Reinforce the use of Customs Blueprints and the related evaluation catalogue.

2.4.2. Training and human competency building

Seen from a European viewpoint, training and development for professionals in customs is still highly fragmented across the European Union and could profit from the availability of more common training programmes to align levels of knowledge of customs professionals in the European Union.

This project aims to support the participating countries in their efforts to strengthen professional skills and knowledge relating to customs through the development of a multi-faceted, commonly agreed training support programme for the Union.

In practise, the common customs training programme works along 2 main activity strands: eLearning course development (and maintenance) including localisation and European Union customs performance development through training and staff development, including the European Union competence framework (EU CFW).

In support of more uniformity and increased efficiency of customs operations throughout the European Union, a competency framework for customs, was established in 2013. The framework sets out a consensus view of knowledge, skills and behaviours required by customs professionals in the European Union. A coherent and wide-spread national implementation in the public administrations as well as the private sector has already started but further joint efforts are required to bring the expected benefits.

Priority training support in 2016 is given to customs subject areas, which are flagged (under the various subject matter projects) throughout this document, and which require further consistency in customs staff performance, implementation support for new or amended Union legislation or enhanced need for Union-wide sharing of national best practise and tools.

Activities and expected results:

- Coordinate the establishment and implementation of the training work plan and establish roadmaps (including eLearning developments, in line with policy needs flagged throughout this document)
- Support the implementation of European Union competence framework (EU CFW) for customs (e.g. supported through country-specific implementation support measures) and put in place a governance/maintenance process.
- Update the Union's eLearning portfolio for customs with maximal possible number of localised versions.
- Facilitate the application of the common European Union standard/curricula.
- Enhance the European Union Recognition process for customs training for study programmes meeting the agreed customs reference standards.

2.4.3. Operational procedures and working methods

Common understanding of legal requirements and harmonised application of **working methods in operational procedures and customs control** functions require intensive and systematic cooperation, exchange of information and sharing of good practices among the operational customs officials. This includes all operational functions of customs authorities, including controlling goods at external borders (sea/waterways, land and air) and inland.

Modern technologies and concepts can facilitate customs in performing everyday tasks and the use of detection technologies plays an important role for the Union customs to meet their strategic challenges of effectively managing associated risks with available resources, and maintaining a proper balance between customs controls and facilitation of legitimate trade.

In addition co-operation with officials of other governmental bodies particularly those with whom customs co-operates at the external border, should be strengthened.

Activities and expected results:

- Reinforce operational procedures mainly by the sharing of information, knowledge and skills, operational practices and know-how, technical detection solutions.
- Enhance equivalent level of controls and protection of external Eastern and South-eastern Union land border with the support of an expert team.
- Elaborate and update common customs control standards in various areas of customs control.
- Provide updated operational guidance on customs controls and audit to Member State customs officials.
- Evaluate the Guidelines for the co-operation between Customs Administrations and Border Guards and update them with a focus on sharing best practices, experience and technical solutions.
- Investigate and evaluate the possibility of establishing a Union concept for coordinated or integrated border management.
- Monitor new technologies that support and facilitate customs work, especially controls, and identify appropriate border detection equipment. Explore possibilities for standardisation of equipment, including perspectives for joint procurement.
- Improve image interpretation for X-RAY operators and explore the possibilities for creating an European Union scanning image library.
- Increase cooperation between customs laboratories and customs operational officers and exchange information on the use of mobile equipment for the identification of substances by the customs laboratories.
- Enhance cooperation between customs and detection technology industry, to define customs required standards, to provide guidance to research and industry for a coherent development of detection and laboratory equipment and tools, and for customs to contribute to supporting research actions as end-users.
- Identify and support the fulfilment of the common Union-level training needs of operational officers.

2.4.4. *European Customs Laboratories*

European customs laboratories work together to coordinate their activities and share their expertise. This requires networking (European Union and worldwide), benchmarking, updating of databases, cooperation with other stakeholders and information initiatives. The Customs Laboratories European Network (CLEN) provides the structure for the coordination of the Member States' customs laboratories.

Activities and expected results:

- Maintain the Customs Laboratories European Network (CLEN).
- Exchange practises and methods used by the laboratories, including those of third countries, to reach harmonisation, identify and share good working practices.
- Maintain collaboration between customs laboratories and customs administrations, other related bodies and the industry.
- Update and enrich the Inter-Laboratory Inventory of Analytical Determination (ILIADe - directory of analytical methods), Sampling Manual for Customs and Tax Authorities (SAMANCTA) and European Customs Inventory of Chemical Substances (ECICS) databases.
- Provide information on the activities of the customs laboratories and of the Customs Laboratories European Network (CLEN) for the wider public.
- Reinforce the efficiency and effectiveness related to the functioning and capacities of Customs laboratories of the Customs 2020 programme's participating countries possibly via pooling resources in an expert team.
- Increase cooperation between customs laboratories and customs operational officers.

2.4.5. IT capacity building

To implement the European Union customs policy and the electronic customs environment, the development, operation and maintenance of existing and new European Information Systems (EIS) should be carried-out. The continuity, integrity and availability of the IT systems and their corrective maintenance and evolution should be ensured in line with business expectations. In that sense, continuous operational support is needed to the functioning of the Trans-European Customs Information Systems to ensure that customs procedures are performed in the least time possible, enabling better customs clearance times at the European Union borders.

It is necessary to ensure that an overall quality of EIS is achieved through maturity improvement, efficient management of projects, timely deliverables and within the given budget. Services need to be delivered according to expectations, within the framework of the TEMPO methodology and to fulfil security requirements. The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS, needs to be further supported and enhanced.

The IT Strategy proposed by the Commission goes into a new direction that can help addressing certain issues. Innovative approaches to collaboration among Member States and between Member States and the Commission is one of the key principles of this strategy.

Activities and expected results:

- Improve, support and monitor the continuity, integrity and availability of the existing Customs IT systems in order to respond to business needs which are subject to constant evolutions and progress.
- Carry out the corrective maintenance and the evolution of the existing customs IT systems.

- Ensure that the applications are technically up-to-date.
- Meet the upcoming challenges of the Union Customs Code in terms of required technology.
- Complete the operational environment with active back-up facilities.
- Implement coherent processes supported by automated workflows to support day-to-day customs operations.
- Develop, implement, maintain and adapt to future needs of CCN2 and SPEED2.
- Re-engineer management of data in the customs EIS to make them more efficient and reliable.
- Map collaborative approaches to the development of new IT systems for possible common implementation by national administrations and recommend best collaboration practices.
- Create and maintain the list of Union components resulting from collaboration.
- Review Union Customs Code- and e-Customs-related systems to make them compatible with the European Union Customs Data Model.
- Provide national customs administrations and the trading community with the necessary set of technical information requirements common throughout the Union.
- Deliver IT systems within the planned budget and on time and in operation according to agreed level of service and security.
- Identify re-usable services/modules.
- Define common architectural and security frameworks.

ANNEX II

BUDGET LINE 140301: Fiscalis 2020 Work Programme for 2016

1.1. Introduction

On the basis of the objectives laid down in the Regulation (EU) No 1286/2013 establishing an action programme to improve the operation of taxation systems in the European Union for the period 2014-2020, this work programme contains the actions to be financed and the budget breakdown for year 2016 as follows³⁷:

- for grants (implemented under direct management) (1.2): EUR 5 800 000
- for procurement (implemented under direct management) (1.3): EUR 25 579 000
- for other actions (reimbursement of external experts) (1.4): EUR 70 000

1.2. Grants

1.2.1. Grant for joint actions

LEGAL BASIS³⁸

Article 5(2) and 7(a) (i)-(iv) and (vi) of Regulation (EU) No 1286/2013

Specific objective: 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.

BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

The programme is a tool which supports and implements the overall tax policy at the European Union level. The overall objective of the Fiscalis 2020 programme 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. The programme aims to successfully contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth by strengthening the functioning of the Internal Market.

The programme focuses on actions strengthening the framework for tax administrations to efficiently combat fraud and tax evasion, reducing administrative costs and tackling tax

³⁷ The total amount of appropriations may be higher when using foreseen financial contributions from candidate and potential candidate countries participating in Fiscalis 2020 programme. The maximum estimated amount for 2016 is EUR 280 000.

³⁸ Please indicate the relevant provision of the basic act or, in the absence of a basic act, please indicate the pilot project, preparatory action, institutional prerogatives or specific powers at stake.

obstacles in the Internal market, in particular in the following areas:

- Following up of the Action Plan to combat tax fraud;
- tackling aggressive tax planning and measures intended to encourage third countries to apply minimum standards of good governance in tax matters;
- dealing with cross-border tax obstacles and double taxation problems;
- setting-up structured discussions in tax policy issues, in particular actions linked to the European Semester;
- enhancing and evaluating administrative cooperation tools and their use in the fight against tax fraud;
- reforming of the Union VAT system;
- reducing burden on businesses.

The grant will support various projects in the areas of taxation as detailed in annex.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of Article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012³⁹⁴⁰

This grant will fund activities on:

- improving the European Information Systems for taxation;
- supporting administrative cooperation activities;
- reinforcing the skills and competence of tax officials;
- enhancing the understanding and implementation of Union law in the field of taxation;
- supporting the improvement of administrative procedures and the sharing of good administrative practices.

These activities will take the form of:

- (i) seminars and workshops;
- (ii) project groups;
- (iii) bilateral or multilateral controls and other activities provided for in Union law on administrative cooperation;
- (iv) working visits;
- (vi) public administration capacity-building and supporting actions.

Essential eligibility, selection and award criteria

³⁹ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

⁴⁰ Under Article 3 of Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Fiscalis 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of the Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Fiscalis 2020 Regulation.

- The proposed activities must be part of the eligible actions listed in Article 7 (1)(a)(i-iv) and Article 7 (1)(a)(vi) of the Fiscalis 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation⁴¹, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance and cost-efficiency for achieving the objectives and expected results of the projects listed in this document.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for Joint actions	Q1 2016	EUR 4 300 000

Maximum possible rate of co-financing of the eligible costs

The grant will take the form of a combination of:

- Reimbursement of the eligible costs actually incurred by the beneficiaries for the following items:
 - a) travel costs of their delegates up to 100%;
 - b) costs linked to the organisation of events in the framework of a given joint action up to 100%
 - c) direct staff costs, up to 50%, for officials participating as expert in eligible action under Article 7(a) vi), "public administration capacity-building and supporting actions", of the Fiscalis 2020 Regulation.
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

⁴¹ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

1.2.2. Grant for expert team for managed IT collaboration in taxation

LEGAL BASIS

Article 5(2) and 7 (1)(a) (v) of Regulation (EU) No 1286/2013

Specific objective: 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.

BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

In the face of new challenges and on-going changes in the field of taxation (i.e. VAT, direct taxation, excise), substantial enhancements and new developments in the area of Information Technology (IT) are unavoidable. Stakeholders particularly agree that the traditional way of implementing similar or nearly identical functionalities 28 times separately within the European Union neither will allow coping with the challenges lying ahead nor can be justified taking into account the budget constraints that Member States face.

Indeed, many taxation European Information Systems (T-EIS) across national taxation portfolios often share functional similarities. Still, there is hardly any coordination or collaboration across the various taxation domains or among Member States during the design and development of IT systems and components – instead, IT projects are managed largely in “silos”. Facing resource consolidation exercises, the European Commission and European Union Member States administrations risk to be unable to deliver all T-EIS envisaged by the taxation policy areas in the upcoming years.

The Fiscalis 2020 programme is supporting this implementation with the whole range of tools available. To try to accelerate the IT systems' implementation in particular within the Member States, amongst others a new pilot collaboration form through expert teams is envisaged. These will complement the efforts already undertaken in the IT field for enhanced collaboration.

The expected outcome of establishing an expert team dedicated to IT collaboration is that properly managed IT collaboration increases the number of shared IT activities between MS as well as the number of reusable components across the different taxation “silos”. This would reduce the costs for IT implementation, deployment and operation for Member States while offering increased agility in responding to European Union policy expectations.

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of Article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012⁴²⁴³

⁴² Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

This grant will fund activities on:

- New IT collaboration projects started, finished and documented;
- New IT collaboration opportunities identified, assessed and collected in the Taxation Strategic Overview;
- Successful realisation of IT collaboration initiatives, supported by the Expert team as single contact point for collaborating Member States;
- Target oriented use of different IT collaboration tools and templates shall be used, by provision of guidance and training through the Expert team;
- New common knowledge created, e.g. in the fields of technology, processes, valuation, legal, procurement;
- Efficient knowledge management and steady improvement of IT collaboration tools based on new experience gathered.
- the IT elements to be worked on, the roles, responsibilities and obligations, ownership and intellectual property rights concerning the IT systems

Essential eligibility, selection and award criteria

⁴³ Under Article 3 of Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Fiscalis 2020 Regulation.

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of the Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Fiscalis 2020 Regulation.

- The proposed activities must be part of the eligible actions listed in Article 7 (1) (a) (v) of the Fiscalis 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation⁴⁴, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance, conformity and EU added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

Reference	Date	Amount
Grant for expert team for managed IT collaboration in taxation	Q1 2016	EUR 300 000

Maximum possible rate of co-financing of the eligible costs

⁴⁴ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - s) costs for travels, up to 100%
 - t) costs for hosting experts of the project, up to 100%
 - u) direct personnel costs, up to 50%
 - v) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - w) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - x) other direct costs (e.g. organisational costs for events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.
- Reimbursement on the basis of a flat rate for Indirect costs (overheads), corresponding to 7% of all direct eligible costs.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.2.3. Grant for expert team AEOI-DAC2

LEGAL BASIS

Article 5(2) and 7 (1)(a) (v) of Regulation (EU) No 1286/2013

Specific objective: 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.

BUDGET LINE

14 03 01

Priorities of the year, objectives pursued and expected results

The fight against cross-border tax fraud and tax evasion has become a top priority within the Union and at global level. To increase the efficiency and effectiveness of tax collection, the European Union (EU) has adopted specific legal instruments to implement Automatic

Exchange of Information (AEOI) within the Union.

Council Directive 2011/16/EU on Administrative Cooperation in the field of taxation (referred hereafter as DAC)⁴⁵ provides for the mandatory automatic exchange of information between Member States (MS) on certain categories of capital and income that taxpayers hold in MSs other than their state of residence on the basis of availability.

In 2014, the ECOFIN adopted Council Directive 2014/107/EU amending the DAC (hereafter: DAC2)⁴⁶ by adding categories subject to automatic exchange of information, which is consistent with those set out in the Common Reporting Standard (CRS) developed by the OECD⁴⁷, therefore allowing for minimising costs and administrative burden both for tax administrations and for economic operators.

To comply with DAC2, Member States will have to design an European Information System (EIS)⁴⁸ to exchange information. Typically, such system encompasses sub-processes to:

- Collect and validate the information to be exchanged;
- Package the information in messages;
- Send the messages;
- Receive, acknowledge, validate and process the messages;
- Handle errors and provide corrections.

The developments required for the implementation of the AEOI DAC2 EIS fall under the responsibility of national tax administrations. They will be based on a complete set of common rules (Functional and Technical Specifications) typically developed by the Commission in collaboration with the Member States. For the implementation the Commission will configure and operate the CCN Network on which the exchanges will take place and will develop a limited set of software components allowing the testing of the national developments.

The IT development of each specific tool or module of the AEOI DAC2 EIS can be envisaged through an **IT Collaboration project** by MS (supported by the Commission).

The set-up of an expert team will contribute to gather MS-specialists to design and build some or all modules of the AEOI DAC2 EIS (with the other remaining modules still to be developed by each MS at national level).

Description of the activities to be funded by the grant(s) awarded without a call for proposals on the basis of Article 190 (1) (d) of Delegated Regulation (EU) No 1268/2012⁴⁹⁵⁰

⁴⁵ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64, 11.3.2011, p. 1–12)

⁴⁶ Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ L 359, 16.12.2014, p. 1–29)

⁴⁷ Standard for Automatic Exchange of Financial Account Information, Common Reporting Standard, <http://www.oecd.org/ctp/exchange-of-tax-information/automatic-exchange-financial-account-information-common-reporting-standard.pdf>

⁴⁸ An EIS is a collection of collaborating systems (incl. processes, applications, services and infrastructure) developed and operated by MS that are interoperable due to the coordination of the Commission.

⁴⁹ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1) ("RAP")

This grant will fund activities on:

- The collaborative design and develop (code) of some national software modules of AEOI DAC2 EIS;
- The collaborative test of these modules;
- The release of these modules and making them available to other interested MS according to an 'open source' model;
- providing the relevant documentation of these components.

The deliverables would be made available for reuse to all MS. As far as possible, solutions from the AEOI DAC1 EIS should be reused, however, without being too much constrained by them.

Essential eligibility, selection and award criteria

This grant is awarded on the basis of the following criteria:

Eligibility criteria

Under Article 3 of the Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of the Fiscalis 2020 Regulation.

- The proposed activities must be part of the eligible actions listed in Article 7 (1) (a) (v) of the Fiscalis 2020 Regulation

Selection criteria

In accordance with Article 131(3) of the Financial Regulation⁵¹, the financial and operational capacities of the beneficiaries will not be verified, since the beneficiaries are public administrations.

Award criteria

The grant will be awarded based on its relevance, conformity and European Union added value, its methodological and organisational qualities, its management and the dedicated resources, the expected results and value-for-money.

Implementation

BY DG TAXUD

Indicative timetable and indicative amount of the grant awarded without a call for proposals

⁵⁰ Under Article 3 of Fiscalis 2020 Regulation, the beneficiaries of the grant will be the tax administrations of Member States and of other eligible countries fulfilling the conditions for participation listed in Article 3 (2) of Fiscalis 2020 Regulation.

⁵¹ Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1) ("the Financial Regulation")

Reference	Date	Amount
Grant for expert team for AEOI-DAC2	Q1 2016	EUR 1 200 000

Maximum possible rate of co-financing of the eligible costs

Description of the grant

The grant will take the form of a combination of:

- Reimbursement of the following eligible costs actually incurred by the beneficiaries for the following items:
 - a) costs for travels, up to 100%
 - b) costs for hosting experts of the project, up to 100%;
 - c) direct personnel costs, up to 50%
 - d) Depreciation costs for equipment needed for the project (only depreciation costs prorata the duration of the expert team), up to 75%
 - e) costs for Subcontracting, (external services for hiring special expertise, limited in volume and to non-essential parts of the project), up to 75%
 - f) other direct costs (e.g. organisational costs for of events, printing promotion material, the purchase of consumables and supplies needed for the project), up to 100%
- Reimbursement on the basis of unit costs for daily allowances and accommodation costs for national delegates.
- Reimbursement on the basis of a flat rate for indirect costs (overheads), corresponding to 7% of all direct eligible costs.

The amounts to be used for the second indent above are those listed in the Commission Decision for the general implementing provisions adopting the guide to missions for officials and other servants of the European Commission in force at the moment of the signature of the grant agreement. Both lists of rates shall be annexed to the grant agreement.

1.3. Procurement

The overall budgetary allocation reserved for procurement contracts in 2016 amounts to EUR 25 579 000. To this end, it is estimated to sign about 40 specific contracts under existing or new multi-annual framework contracts.

1.3.1. Procurement for IT Capacity Building Actions

Legal basis⁵²

Article 5(2) and 7(1)(b) of Regulation (EU) No 1286/2013

Specific objective: 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.

Budget line

14 03 01

Subject matter of the contracts envisaged

In 2016, the Commission intends to undertake IT Capacity building activities through contracts following public procurement. It concerns notably the development, maintenance, operation, and quality control of Union components of the existing and new European Information Systems with a view to ensure interconnecting taxation authorities.

IT Capacity Building Activities include:

- Support continuity, availability and integrity of the EIS systems listed in the annex of the Fiscalis 2020 Regulation
- Support automatic information exchange between tax authorities
- Development and management of the e-forms for exchange of information in the field of VAT, direct taxation and recovery
- Support Eurofisc IT developments
- Develop a new application for online transmission of statistical data to collect and publish the statistics related to Council Regulation (EU) 904/2010
- Develop a tool for automatic exchange of information in the field of recovery assistance and a tool for statistics reporting
- Develop a EU VAT web portal
- Develop an IT reporting system for withholding tax relief procedures, subject of fulfilment of all legal requirements
- Develop a database for collecting excise duty rates with a possibility to generate and export summary documents
- Technical development and operation of the MOSS system
- Use of standards and best practices, including for the security aspects of the

⁵² Please indicate the relevant provision of the basic act or, in the absence of a basic act, please indicate the pilot project, preparatory action, institutional prerogatives or specific powers at stake.

development, deployment and operations of the EIS for taxation

The total indicative amount of the procurement is EUR 22 140 000⁵³ and will be divided as follows:

- The network (CCN/CSI including CCN2 development: EUR 3 500 000);
- Development of taxation system: EUR 4 540 000;
- Support for taxation systems: EUR 12 000 000;
- Quality control for taxation systems: EUR 2 100 000.

Type of contract and type of procurement

Procurement of services will be undertaken through specific contracts under existing or new framework contracts or administrative arrangement

Following new framework contract procedures for services will be launched in 2016:

- A new tender procedure is expected to be launched for "IT service management for trans-European IT systems of the Directorate-General for Taxation and Customs Union ('ITSM3 Trans-European').

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 65% Customs 2020 and 35% Fiscalis 2020.

The estimated publication of the procurement procedure: 2nd quarter 2016.

Estimated value of the framework contract: EUR 40 000 000 with a duration of 8 years.

- Another new tender procedure is expected to be launched for "IT service management for IT systems integration of the Directorate-General for Taxation and Customs Union ('ITSM3 Integration').

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 65% Customs 2020 and 35% Fiscalis 2020.

The estimated publication of the procurement procedure: 2nd quarter 2016.

Estimated value of the framework contract: EUR 24 000 000 with a duration of 8 years.

Indicative number of contracts envisaged: 30

Indicative timeframe for launching the procurement procedure

Q2 2016

Implementation

BY DG TAXUD

⁵³ The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.

1.3.2. Procurement for Joint Actions and Common Training Activities

Legal basis

Article 5(2), 7 (1)(a)(vii-viii) and 7(1)(c) of Regulation (EU) No 1286/2013

Specific objective: 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.

Budget line

14 03 01

Subject matter of the contracts envisaged

In 2016, the Commission intends to undertake activities through contracts following public procurement notably:

- Specification, development, maintenance, support and dissemination of common taxation training (e-learning, blended learning), online collaboration services and staff performance building services
- Studies and scientific support (e.g. typology, data collection and comparative analyses in taxation issues and communication and information support

The total indicative amount of the procurement is EUR 3 439 000⁵⁴ and will be divided as follows:

- Common Taxation Training: EUR 1 237 000
- Studies, scientific and communication and information support: EUR 2 202 000

Type of contract and type of procurement

- Procurement of services will be undertaken through specific contracts under existing or new framework contracts or administrative arrangement with JRC.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

N/A

Implementation

BY DG TAXUD

⁵⁴ The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.

1.4. Other expenditures

1.4.1. Reimbursement of external experts participating in Joint Actions

Legal basis

Article 5(2) and 7 (1) (a) (i)-(iv) and (vi) of Regulation (EU) No 1286/2013

Specific objective: 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.

Article 4 of Regulation (EU) No 1286/2013

External experts may be invited to contribute to selected activities organised under the Programme wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation. The external experts shall be selected by the Commission together with the participating countries, on the basis of their skills, experience and knowledge relevant to the specific activities.

Budget line

14 03 01

Amount

EUR 70 000

Description and objective of the implementing measure

This measure allows to support the participation of external experts to selected activities wherever this is essential for the achievement of the objectives referred to in Articles 5 and 6 of the Regulation.

ANNEX TO ANNEX 2: Fiscalis 2020 projects pursued for 2016

2 Fiscalis 2020 projects pursued for 2016

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

2.1.1. The fight against tax fraud, tax evasion and aggressive tax planning

One of the priorities that the June 2014 European Council⁵⁵ set for the Union for the next five years is "to guarantee fairness by combating tax evasion and tax fraud so that all contribute their fair share". Moreover, the December 2014 European Council concluded that "there is an urgent need to advance efforts in the fight against tax avoidance and aggressive tax planning, both at global and EU levels."⁵⁶

Fighting tax fraud, tax evasion and aggressive tax planning is essential to securing greater fairness and economic efficiency in the Internal Market, in line with the Commission's top political priorities. The problem knows no borders and can only be solved effectively with concerted, joint effort as tax fraud and tax evasion limit the capacity of EU countries to collect taxes and implement their economic and social policies.

To effectively fight against tax fraud, tax evasion and aggressive tax planning, the Commission will continue its efforts in the implementation of the Action plan to strengthen the fight against tax fraud and tax evasion⁵⁷. This means that the actions already undertaken have to be reviewed and evaluated for any improvement needed in the administrative cooperation and to ensure maximum efficiency. As the Savings Directive will be repealed, there is a need to control what happens with Member States' efforts to ensure effective taxation of cross-border savings income.

Value Added Tax

Since 2006, VAT fraud has been high on the political agenda of most Member States and the Commission was, in consequence, asked to address the problem. In response, several communications were launched in 2006 and 2008, resulting in the development of a common strategy to fight tax fraud by identifying a number of areas for improvement of the legislative framework governing VAT.

In particular, the Commission adopted a Communication on the future of VAT (COM (2011) 851)⁵⁸. This sets out the fundamental characteristics that must underlie the new VAT regime. It lists the priority actions for the coming years needed to create a simpler, more efficient and

⁵⁵ Doc. EUCO 79/14 CO EUR 4 CONCL 2, point 2

⁵⁶ Doc. EUCO 237/14 CO EUR 16 CONCL 6, point 3

⁵⁷ Communication from the Commission to the European Parliament and the Council - An Action Plan to strengthen the fight against tax fraud and tax evasion, COM (2012) 722, final, 6.12.2012

⁵⁸ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the future of VAT - Towards a simpler, more robust and efficient VAT system tailored to the single market, COM (2011) 851 final, 6.12.2011

more robust VAT system in the EU tailored to the single market. Here, the Commission focusses more on radical changes to the VAT system. Furthermore, the Commission published in February 2014 two reports, which listed a number of recommendations in order to improve the administrative cooperation and the fight against fraud. One report concerns the functioning of the administrative cooperation (the Article 59 Report⁵⁹) and the other concerns the VAT collection and control procedures (the Article 12 Report)⁶⁰. Together with the VAT gap study⁶¹, these reports give an overview of the problem that VAT fraud continues to represent in the EU. They also look at the way in which Member States tackle this cross-border problem with the tools offered to them through the Union legislation on administrative cooperation in the field of VAT and VAT collection and control procedures used in Member States.

Excise duties

Excise fraud is a growing issue costing Member States billions in un-collected taxes and, in certain cases, threatening the EU citizens' health and environment. Excise goods are particularly lucrative for organized crime groups due to potentially enormous profits that can be earned with fraud. Despite Member States having tools to monitor the movement of certain types of excise goods, excise fraud is still a major problem. The reason is that the tools can be abused and certain categories of products which could be put to excisable use are not moved under those tools. In addition, there is a different level of interest among different Member States towards excise fraud as different levels of taxation exist and, as a result, different perceptions of the problem. Also, there are substantial differences in control practices and processes for granting authorisations among Member States. Therefore, there is room for improvement in gathering good practice and providing guidance on what is the essence of the problem and how it could be dealt with.

Direct taxes and other taxes

In the Commission's Communication on tax transparency to fight tax evasion and avoidance⁶², 6 measures have been identified, i.e.: establishing strict transparency for tax rulings; streamlining legislation on the automatic exchange of information; assessing potential further transparency initiatives; reviewing the Code of Conduct on Business Taxation; working towards better quantification of the tax gap and promoting greater tax transparency internationally. This Communication is followed by a detailed Action Plan on corporate taxation which sets out the Commission's views on fair and effective corporate taxation in the EU and proposes a number of ideas to achieve this objective. The Action Plan

⁵⁹ Report from the Commission to the Council and the European Parliament on the application of Council Regulation (EU) no 904/2010 concerning administrative cooperation and combating fraud in the field of value added tax, COM(2014) 71 final, 12.2.2014

⁶⁰ Report from the Commission to the Council and the European Parliament - Seventh report under Article 12 of Regulation (EEC, Euratom) n° 1553/89 on VAT collection and control procedures, COM(2014) 69 final, 12.2.2014

⁶¹ http://ec.europa.eu/taxation_customs/common/publications/studies/index_en.htm

⁶² Communication from the Commission to the European Parliament and the Council on tax transparency to fight tax evasion and avoidance, COM (2015) 136 final, 18.3.2015

identifies 5 key areas for action where EU action would be the most effective way to address corporate tax challenges and to target particular types of abuse: the Common Consolidated Corporate Tax Base (CCCTB), ensuring fair taxation where profits are generated, additional measures for a better tax environment for business, further progress on tax transparency and EU tools for coordination.

Furthermore, the global economic interdependence and the interaction of national tax rules can lead to double taxation or double non-taxation of multi-national enterprises. In the area of transfer pricing, multi-national enterprises and tax administrations are confronted with practical problems in pricing cross-border transactions between associated enterprises for tax purposes. Therefore, it is necessary to establish initiatives under the programme to assist in the identification of solutions to resolve the cross-border tax problems such as double taxation. There is also empirical evidence of profit shifting to low tax jurisdictions through manipulation of the transfer pricing system.

Finally, tax fraud, tax evasion and aggressive tax planning become more sophisticated and capital finds new ways by involving third countries. The Commission promotes the implementation of the recommendations on aggressive tax planning and promotion of good governance in tax⁶³ in particular as further measures have been identified to tackle aggressive tax planning and to strengthen the EU approach in tackling non-cooperative jurisdictions and improve the existing transfer pricing framework in the EU.

Activities and expected results:

- Support the implementation of the Action plans issued in the area of fight against tax fraud, tax evasion and aggressive tax planning and, when needed, carry-out necessary IT developments;
- Increase the knowledge and raise awareness of tax authorities regarding the VAT reports on administrative cooperation and collection of VAT, the Action Plans and Commission's Communications and of other tools available in the area of fight against tax fraud, tax evasion and aggressive tax planning;
- Exchange experiences in the area and identify forms of cooperation with tax authorities outside the Union
- Exchange experiences in the area and identify forms of cooperation with law enforcement bodies;
- Identify schemes and trends of tax fraud and the appropriate solutions to tackle these challenges in all taxation domains;

- Undertake study and possible IT developments for a social network analysis, subject to appropriate legal decision;
- Evaluate and further develop, if needed, the available tools, including Eurofisc and its possible extension to new working fields;
- e-VAT fraud eLearning module is updated;

⁶³ C(2012)8806 and C(2012)8805

- Evaluate existing tools on administrative cooperation in the field of excise and make steps towards modifying those or providing new ones should it be deemed necessary;
- Raise awareness of excise fraud related issues by providing educational materials to Member States;
- Increase the knowledge of tax authorities regarding money flows and develop measures for tracing the money flows;
- Support the implementation of an improved transfer pricing framework in the EU and, in particular, increase the sharing of knowledge in this area, improve procedures and identify best practices;
- Exchange best practices on control procedures and tools used in the fight against fraud regarding large businesses
- Develop appropriate tools and materials (manuals, specifications, recommendations, etc.), ensure exchange of best practices and training to disseminate and facilitate an effective implementation of the EU Joint Transfer Pricing Forum work.

2.1.2. Risk management

Improving risk management is an important element of an effective strategy to fight against tax fraud and tax evasion. Tax administrations have to deal with a wide scope and a high number of risks. This may concern *inter alia* risk of non-compliance including risk of tax fraud, risk of insolvency by the taxpayer, etc. In order to achieve a higher level of risk management in all Member States and to assist Member States to reduce the tax gap, the Commission will further support the risk management area by sharing good administrative practices.

Activities and expected results:

- Foster communication and information exchange among risk management experts from all participating countries;
- Identify good practices among Member States in the area of risk analysis to better target and fight against tax fraud and tax evasion and facilitate a quick response among the Member States;
- Raise the awareness on risk management;
- Examine the collection and analysis tools to be used for risk analysis for excise movements;
- Work out tailor-made solutions for individual Member States to address some newly emerging challenges.

2.1.3. Cooperation between customs and tax administrations

The cooperation between tax and customs authorities in specific areas of mutual concern should be enhanced in order to fight against tax fraud, tax evasion and aggressive tax planning and to facilitate legitimate trade.

In the Communication on the future of VAT (COM(2011) 851 final), the Commission noted that it "will initiate and facilitate initiatives for a stronger cooperation between tax and customs authorities".

In its Communication to the European Parliament and the Council on an action plan to strengthen the fight against tax fraud and tax evasion (COM (2012) 722, final), the Commission calls for structured exchanges of information between the tax and customs administrations on the strategies to identify non-compliance.

The European Court of Auditors also issued recommendations on the misuse of the customs 4200 procedure⁶⁴.

Activities and expected results:

- Improve and share administrative procedures for cooperation between customs and tax administrations and increase knowledge in this area;
- Identify good practices related to methods and tools used by Member States to analyse risks and new trends of fraud in the field of VAT and other tax domains and Customs;
- Develop a series of recommendations to be approved by the Indirect Tax Expert Group (ITEG) and the Customs Code Committee concerning the application of Union law to excise goods in both areas;
- Develop proposals for efficient methods to enhance the cooperation between customs and tax administration including information exchange, in areas such as cash controls and customs procedure 4200;
- Provide business process models to describe the processes contained in legislation in order to clarify and explain the legal base for excise and customs procedures;
- Upgrade the European Information Systems responsible for the movements of excise goods to coincide with the UCC import specification and the Automatic Export System (AES).

⁶⁴ Customs procedure 4200 (warehousing) is referring to customs control for excisable goods. It covers the importation of goods followed by the intra-community transactions.

2.2. Support the implementation of Union law in the field of taxation by securing exchange of information via the European Information Systems building

2.2.1. Development, operation and maintenance of and horizontal support to European Information Systems (EIS)

To implement the EU tax policy, the development, operation and maintenance of and horizontal support to existing or new European Information Systems (EIS) should be carried out. The continuity, integrity and availability of the existing IT systems and their corrective maintenance and evolution should be ensured. An operational environment needs to be available which meets the EIS requirements.

Moreover, it is necessary to ensure that an overall quality of the EIS is achieved through maturity improvement. Efficient management of projects, timely deliverables and respect of the budget are to be achieved. The services should be delivered according to expectations within the framework of the TEMPO methodology. Security requirements should be fulfilled. The taxation EIS security policy respects the taxation legal instruments. The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for taxation, needs to be further supported and enhanced.

Finally, a central application for e-forms will replace the current e-forms applications for which the development, operation and maintenance nationally imply heavy national costs and are time consuming. In addition, such IT platform could be used for other purposes such as the quick update of the information in country profiles or as a management tool, subject to appropriate legal provisions.

Activities and expected results:

- Support the continuity, availability and integrity of the EIS systems listed in the Fiscalis 2020 Regulation (refer to annex);
- Develop and operate new EIS according to business requirements, based on appropriate decisions to be made on their implementation;
- Carry out the evolution of the infrastructure supporting the EIS, including an operational environment with active back-up facilities and a set of automated workflows; complete a benchmarking report; re-engineer the management of data in the EIS;
- Implement and develop CCN2;
- Maintain SPEED2 and adapt it to future needs;
- Deliver and operate IT systems on time and according to agreed level of service;
- Support the implementation by Member States of the security policy;
- Develop and implement a central application (or IT platform) for e-forms to be available for all domains.

2.2.2. IT collaboration

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

The Commission will initiate and trigger IT collaboration initiatives in a managed way, and act as a catalyst to make IT collaboration effective and efficient.

Activities and expected results:

- Support efficient and effective IT collaboration, in particular by developing an IT collaboration strategy, defining the lifecycle of the IT collaborative domain, developing a master plan, an IT valuation methodology for IT collaboration activities, an IT collaboration communication plan and IT architecture;
- Set up a core team of MS's expertise in charge of delivering and coordinate the catalyst group main activities possibly via an expert team;
- Enhance the use of the IT collaboration platform.

2.3. Support the implementation of Union law in the field of taxation by supporting administrative cooperation

2.3.1. Administrative cooperation between Member States and with third countries – horizontal actions

Cross border administrative cooperation is crucial for fighting against tax fraud and tax evasion and for obtaining valuable results. This requires the EU and the Member States to work together. The Union legislation on administrative cooperation and fight against fraud in the field of indirect taxes, excise and direct taxes provides the Member States with the legal and practical instruments and tools to engage in effective administrative cooperation (Council Regulation (EU) 904/2010⁶⁵, and Council Directive 2011/16/EU⁶⁶ (DAC1) as amended by Directive 2014/107/EU⁶⁷ (DAC2), Council Regulation (EU) 389/2012⁶⁸).

At international level, and given its long-standing experience in administrative cooperation, the EU tackles tax fraud and tax evasion by bringing its expertise and by taking an active part in the work carried out by the Global Forum on Transparency and Exchange of Information for Tax Purposes ("the Global Forum"), which is in charge of the implementation among its members of the international standards on transparency and exchange of information. In particular, the Commission supports Member States with their input to the Global Forum aiming to encourage developing countries, in particular through capacity building, statistics and the exchange of best practices, to comply with the Standard for Automatic Exchange of Financial Account Information in Tax Matters ("the standard").

Activities and expected results:

- Carry out analytical and preparatory work for possible recommendations to update legislation and its implementation;
- Support to the functioning of the liaison officers networks;
- Enhance the knowledge and understanding of Union legislation in this field and develop specific training activities;
- Carry out and support evaluations and activities to implement the recommendations issued;
- Undertake preparatory work in view of concluding Union agreements with third countries, if the Council has authorized the Commission to open negotiations;
- Support participating countries with their activities in the Global Forum.

⁶⁵ Council Regulation (EU) No 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (recast) (OJ L 268/1, 12.10.2010)

⁶⁶ Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64/1, 11.3.2011)

⁶⁷ Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ L 359/1, 16.12.2014)

⁶⁸ Council Regulation (EU) No 389/2012 of 2 May 2012 on administrative cooperation in the field of excise duties and repealing Regulation (EC) No 2073/2004 (OJ L 121/1, 8.5.2012)

2.3.2. Administrative cooperation between Member States and with third countries – exchange of information

Under the Union legislation on administrative cooperation, the Commission is assisting Member States in their efforts to engage in effective administrative cooperation by providing them with the practical tools and instruments they need, such as electronic formats for exchange of information and secure channels of communication. It is necessary to improve the existing instruments for exchange of information and develop new ones according to the legislation and promote the most effective use of practical IT tools.

Following negotiations between the United States of America and several countries around the world, including all Member States, the Foreign Account Tax Compliance Act (commonly known as “FATCA”) will be implemented through bilateral automatic exchange agreements. The Organisation for Economic Cooperation and Development (OECD) was mandated by the G20 to build on these agreements to develop a single standard for automatic exchange of tax information on financial items. The European Council on 22 May 2013 requested the extension of automatic information exchange at Union and global levels. To minimise costs and administrative burdens both for tax administrations and for economic operators, it was considered crucial to ensure that the expanded scope of automatic exchange of information within the EU corresponds to the international developments. In line with these requirements, the extension of automatic information exchange on financial items was adopted by the Council in December 2014 and it will enter in application in 2016 (DAC2). As FATCA and the standard require Member States to exchange information automatically with a large number of countries - in particular with those having signed the multilateral competent authority agreement to automatically exchange information - the Commission is analysing the possibility to support the Member States by providing them with appropriate solutions.

Automatic information exchange between tax authorities is a powerful tool in tackling and deterring tax evasion. The Commission has developed computerised formats for savings income and the five categories of income and capital covered by Article 8 of Directive 2011/16/EU. It is also currently developing new computerised formats to implement the secure and enhanced automatic exchange of financial account information within the Union items as foreseen by Directive 2011/16/EU as amended by Directive 2014/107/EU. The Commission is also preparing formats and repositories for allowing automatic exchange of information on tax rulings and advance transfer pricing agreements.

The report from the Commission concerning administrative cooperation and combating fraud in the field of VAT (COM (2014) 71)⁶⁹ highlighted that an approach coordinated at EU level to establish administrative cooperation with third countries in the area of VAT would be a response to the diverging manner in which the Member States arrange their contacts with third countries at present.

Activities and expected results:

- Enhance the exchange of information:
 - o review and develop e-forms for exchange of information on request, spontaneous exchange of information and feed-back between Member States; provide supporting and training activities for their use;
 - o develop computerised formats for automatic exchange of information as provided for in Council Directive 2011/16/EU (DAC1), its amendment as regards financial account information (DAC2) and the proposal for the extension of its scope to tax rulings and advance price agreements (DAC3), including the development of a central directory for information on tax rulings;
 - o support the improvement of the quality of the exchanged data for example by further investigating ways of improving the identification of taxpayers, including the possibility to create an EU Tax Identification Number (TIN) as well as the analysis of any alternative solution:
 - Finalise EU TIN study and consider upgrades;
 - Update the information on the Europa web site concerning the TIN on Europa application;
 - Inform various target audiences about the TIN.
 - o consider necessary modifications to allow batch requests between Member States and from business to check VAT numbers.
- Develop an automatic exchange of information (AEOI) Statistics and Validation module possibly via an expert team;
- Ensure IT developments for online transmission of statistical data: online collection and design of a web application to collect and publish the statistics related to Council Regulation (EU) No 904/2010 and Directive 2011/16/EU and amendments;
- Revise the EMCS administrative cooperation functionality and enhance EMCS Statistics: update the CS/MISE statistics and reporting system;
- Support the implementation of multilateral cooperation and of the tools for administrative cooperation that are available within the Union in relation with the third countries, especially the exchange of information in the field of electronic services, subject to appropriate legal provisions;

⁶⁹ Report from the Commission to the Council and the European Parliament on the application of Council Regulation (EU) No 904/2010 concerning administrative cooperation and combating fraud in the field of value added tax

- Identify and implement solutions for supporting the Member States in their international exchanges of information and, if possible and need be, develop the channels of communication and security aspects in relation to exchanges under FATCA and the standard.

2.3.3. *Means of administrative cooperation other than exchange of information*

Besides the exchange of information, the Union legislation on administrative cooperation provides to Member States also other means of administrative cooperation, i.e. multilateral controls (MLC) and presences in administrative offices and participation in administrative enquiries (PAOE). The use of the means of administrative cooperation and their operation has to be enhanced by identifying and disseminating good practice as regards their organisation for all tax related areas, through better project management techniques, improved communication and enhanced use of risk criteria and success indicators.

Activities and expected results:

- Support and enhance the use and functioning of the tools; training is provided by the training subgroup of the MLC group in the Member States;
- Support the follow-up of the recommendations raised in the final reports of the MLCs and possibly all other means of administrative cooperation;
- Investigate the development of other tools such as joint audits.

2.3.4. *Mutual recovery assistance and national tax collection and recovery*

Since 1 January 2012, Member States apply Council Directive 2010/24/EU for mutual recovery assistance⁷⁰. As recovery of taxes is a corner stone of the fight against fraud, the use of this legal instrument should be evaluated and enhanced. It is necessary to check whether the legislation meets the needs of tax authorities to request/provide efficient and effective recovery assistance and whether legislative amendments or new legislative initiatives are needed to improve this assistance. In addition, it is necessary to enhance the exchange of information for recovery purposes for example by improving the use of existing instruments for exchange of information and develop new ones according to the legislation or promoting the most effective use of practical IT tools.

Best practices should also be shared for facilitating the dissemination of practice-proven national and international methods applied and to identify national tax collection methods.

Activities and expected results:

⁷⁰ Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ L 84/1, 31.3.2010)

- Carry out and support evaluations and activities to implement the recommendations issued;
- Improve the understanding and implementation and raise awareness of Union law in the area of mutual recovery assistance and tax collection and share good administrative practices, including with the business environment;
- Foster communication amongst the experts in the area of mutual recovery assistance and national tax collection and recovery;
- Undertake a study and possibly IT developments to facilitate the exchange of car related information;
- Identify legislation gaps and produce background information to support recommendations for possible future legislation;
- Identify good practices and effective national legislation related to payments of tax arrears in instalments, in deferral and remission of tax debts, in compensation and methods of tax debts payments used by debtors in participating countries;
- Identify and develop ways of effective prevention of tax arrears in participating countries;
- Analyse the usefulness and feasibility of developing a tool for automatic exchange of information;
- Update the request forms and develop a tool for statistics reporting;
- Raise the awareness about enforcement possibilities;
- Support the reinforcement of skills and competences of tax officials.

2.4. Support the implementation of Union law by enhancing administrative capacity of participating countries with a view to assisting in reducing administrative burden of tax authorities and compliance costs for taxpayers

2.4.1. Well-functioning tax administrations and tax systems in programme participating countries ensuring delivery growth friendly fiscal consolidation

The tax administrations and tax systems should be supported and improved on the one hand, to deliver the best results for the tax administrations and the tax payers, and on the other hand, to enhance the relationship between the tax authorities and the tax payers. Moreover, tax systems should be made more growth-friendly to promote job creation and investment. The Commission is active in making sure that taxation plays its role in the broader EU-wide economic governance process i.e. the European Semester. It is important to reduce costs and complexity of tax systems, while making them more efficient. In addition, it is important to remove tax disincentives to the exercise by EU citizens of their right to free movement within the internal market such as the absence of information that Union citizens often face when active across borders within the Union. The Commission will encourage and support best practices and administrative capacity building in the tax area for the countries in need to reinforce their capacities with a view of boosting growth friendly fiscal consolidation while increasing compliance and reducing costs for tax payers and tax administrations.

Activities and expected results:

- Exchange good practices between participating countries to improve the administrative capacity of their tax administrations;
- Improve the understanding of tax processes and exchange good practices in this area;
- Exchange views, knowledge and experiences between participating countries on key tax policy issues, mainly on the basis of findings and recommendations of economic studies made for the Commission;
- Identify and map methodologies to assess the tax gap;
- Analyse and exchange good administrative practices to develop simpler tax forms and declarations, including forms and systems for claiming relief from double taxation (see the Commission's Recommendation of 2009 – the FISCO recommendation⁷¹ and the OECD TRACE implementation package⁷²);
- Update tax information on the Europa website for the assistance of EU citizens who are active across borders;
- Support the publication of the “Taxation Trends in EU” report;
- Develop an Effective Tax Rates system and undertake and update the "Effective tax rates Study";
- Support follow-up activities related to the European Tax payers' code;

⁷¹ Commission Recommendation on withholding tax relief procedures, C(2009)7924 final, 19.10.2009

⁷² <http://www.oecd.org/ctp/exchange-of-tax-information/treatyreliefandcomplianceenhancementtrace.htm>

- Support the implementation of compliance policies derived from the insights of behavioural economics;
- Exchange experiences and best practices on cooperative compliance programmes, to improve and enhance the relationship between tax administrations and businesses, increasing transparency and legal certainty;
- Exchange good practices regarding the use of social media in tax administrations;
- Raise the awareness of the target audience on the availability of the information.

2.4.2. *Technical assistance to tax administrations*

In the context of the reviews of the Economic Adjustment Programs, the enlargement process and on request of a Member State, the Commission is providing technical assistance (TA) on tax administration. Also, specific support to pool good practices can be provided to deal with the recommendations on revenue administration addressed to one or several Member States.

In the last years, the Commission has been involved in several TA missions to Member States and third countries to support enhancing the capacity of tax revenue administrations, to increase the efficiency and effectiveness of tax administrations in collecting revenue and to support the improvement of administrative procedures and sharing of good administrative practice. TA can cover tax policy, tax administration and legal questions. TA on tax administration is focussed on the internal organisation of the revenue administration, the implementation of tax legislation and procedural aspects of collecting taxes. It aims to assist countries in improving the effectiveness of their tax administration and to increase tax compliance.

Activities and expected results:

- Share administrative procedures and practices;
- Support the reinforcement of skills and competences of tax officials.

2.4.3. *e-Audit capacity of the participating countries*

The administrative capacity of the Member States should be reinforced by encouraging the use of electronic audit techniques in the participating countries and identifying good practices. It is intended to maintain and improve a permanent communication and exchange platform for the development of common approaches towards e-auditing.

Activities and expected results:

- Facilitate a quick response and sharing of good practices among Member States to address the newly emerging challenges in the field of e-audit;
- Foster communication and information exchange among e-audit experts from all participating countries;

- Support cooperation between Member States to identify good practice in the area of e-audit to better target and fight tax fraud;
- Raise awareness on e-audit.

2.4.4. Training and competency building

Seen from a European viewpoint, training and development for professionals in taxation is highly fragmented across the European Union and could profit from the availability of more common training programmes to align levels of knowledge of tax officials in the EU.

This project aims to support the participating countries in their efforts to strengthen professional skills and knowledge relating to taxation through the development of a multi-faceted, commonly agreed training support programme for the Union.

In this sense, the Fiscalis 2020 training support programme targets the ‘people dimension’ in the wider context of public tax administrations performance development.

In practise, the common tax training programme works along 3 main activity strands: eLearning course development and maintenance; eLearning course localisation (creation of national eLearning course versions for national use) and specific EU Taxation Performance development initiatives, such as the Common Learning Events Programme (CLEP).

Priority training support in 2016 is given to taxation subject areas, which are flagged (under the respective subject matter projects) throughout this document and which require further consistency in tax staff performance, implementation support for new or amended EU legislation or enhanced need for EU-wide sharing of national best practise and tools.

The effective realisation of the project is ensured through coordinated annual planning, progress monitoring and follow-up of common training activities with the support of a joint group of tax and customs training representatives (Training Support Group - TSG).

Activities and expected results:

- Implement the commonly agreed training work plan 2016 (including eLearning developments, in line with policy needs flagged throughout this document);
- Foster communication and information exchange among training representatives and experts;
- Maintain an up-to-date EU eLearning portfolio for taxation with maximal possible number of localised versions;
- Open up national (or other) taxation training expertise for and between participating countries;
- Realise the 2016 Common Learning Events Programme (CLEP) on specific priority tax subjects;
- Launch a project to identify the core common competencies for Taxation (for later integration with the EU Competency Framework (CFW) for customs, or creation of a comprehensive EU CFW for taxation domain).

2.5. Support the implementation of Union law and legislation

2.5.1. Consistent implementation of Union law in the field of VAT

The Commission intends to further support a consistent understanding and implementation of the Union VAT Law, including case law (i.e. Council Directive 2006/112/EC on the common system of value added tax⁷³ and its implementing provisions and Court of Justice of the European Union's decisions).

There is a genuine need to address in a systematic way all conflicts of law due to national divergences, in particular in the interpretation of the place of supply rules, and to provide for a dialogue between Member States and stakeholders on Union law in the field of VAT implementation and evolution.

Furthermore, the Union VAT Strategy⁷⁴ sets out long term objectives guiding all future work on VAT and several priority areas for further action in the coming years. The Union VAT Strategy establishes the fundamental features of a future EU VAT system which can continue to perform its function of raising revenue, while increasing the competitiveness of the EU. It is therefore important to achieve the objective of improving the Union VAT system by implementing the actions envisaged under the Union VAT Strategy. It is also needed to provide for a dialogue between Member States and stakeholders on each of the actions pursued with a view to implement the Union VAT Strategy.

In the area of VAT refund, Council Directive 2008/9/EC⁷⁵ introduced an electronic procedure for cross-border VAT refunds. Numerous difficulties appeared, mainly due to divergent interpretations or inconsistent implementation in the different Member States. Possible solutions were identified and recommendations agreed. However, not all agreed recommendations have been implemented yet. Therefore, the objective is to offer assistance to Member States to ensure the continued smooth operation of the system.

Finally, since 1 January 2015, the place of taxation of all supplies of telecommunications, broadcasting or electronically supplied services to final consumers in the Union is the place where the consumer is established. The change is accompanied by the introduction of an electronic mechanism: the VAT mini-one-stop-shop (MOSS). The Commission is working on the assessment of the implementation of these arrangements as well as the future evolution of the VAT rules on e-commerce and small businesses taking into

⁷³ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p. 1).

⁷⁴ Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the future of VAT - Towards a simpler, more robust and efficient VAT system tailored to the single market, COM (2011) 851 final, 6.12.2011.

⁷⁵ 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 L 44, 20.2.2008, p. 23).

account the Digital Single Market Strategy⁷⁶ (DSM Strategy) and the Better Regulation Package published by the Commission on 19 May 2015⁷⁷. The Better Regulation Package sets out how the Commission proposes to deliver its commitment to Better Regulation over the coming years when designing EU policies and laws so that they achieve their objectives at minimum cost.

Activities and expected results:

- Enhance the understanding and implementation of Union law;
- Address conflicts of law caused by differences between Member States in the assessment of facts;
- Support the convergence between Member States in their understanding of the place of supply rules and other VAT rules;
- Support the actions under the Union VAT Strategy;
- Produce background information to use as input for the impact assessment for the proposal on the destination principle;
- Undertake studies in the area of VAT, in particular on the options for the definitive VAT regime, collection of VAT under this regime, structure of VAT rates, financial services and e-commerce;
- Provide support to improve the VAT refund system, if needed;
- Support the smooth functioning of the MOSS in all Member States;
- Develop a template standard audit file to be used in the MOSS scheme for exchanging data between taxable persons and Member States of consumption/identification;
- Define methods to establish contacts with taxable persons and deliver the information to Member States;
- Evaluate the functioning of MOSS, collect relevant statistics, and assess the needs for improvement and possible extension – in line with the Expert Group recommendations on the digital economy and the DSM Strategy;
- Undertake study and start development of the EU VAT web portal; analyse a possible extension of the EU VAT web portal to other domains;
- Inform various target audiences.

2.5.2. *Consistent implementation of Union law in the field of excise duties*

The area of excise taxation is regulated under the following main legal instruments: Council Directive 2008/118/EC⁷⁸ – General arrangements for excise duties; Council

⁷⁶ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - A Digital Single Market Strategy for Europe, COM(2015) 192 final, 6.5.2015.

⁷⁷ See in particular the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Better regulation for better results - An EU agenda, COM(2015) 215 final, 19.5.2015

⁷⁸ 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)

Directive 2003/96/EC – Energy Taxation Directive⁷⁹ (ETD); Council Directive 92/83/EEC⁸⁰ - Structures of excise duties on alcohol and alcoholic beverages; Council Directive 92/84/EEC – Rates of excise duties on alcohol and alcoholic beverages; Council Directive 2011/64/EU⁸¹– Tobacco tax Directive.

Excise goods that are moved from one Member State to other Member States are subject to different national procedures and differing interpretations of Union law. A consistent implementation of Union law in this area is needed, both in the interests of trade facilitation and to assist Member States to ensure the compliance of traders with the law.

In order to follow up on the correct implementation of the Energy Taxation Directive (ETD) and increase its understanding in the Member States, it is necessary to ensure effective exchange of experience and know how in the area of energy taxation, especially tax exemptions/tax reductions and proper classification for certain energy products. This also includes the identification of the existing non-harmonised indirect taxes applied by Member States which cause disruptions to the functioning of the internal market. A number of practical issues might require further clarification via recommendations, or through discussions on technical level and possibly legislative proposals.

In the area of alcohol excise, denatured alcohol is exempt from excise duty when it is denatured in accordance with the Article 27 (1) (a) and (b) of Council Directive 92/83/EEC. There are still too many national completely denatured alcohol (CDA) formulations in existence with easy to remove components. For the partially denatured alcohol (PDA), the industry is very diverse with multi-sectors with differing needs and concerns to be addressed. Harmonization and clarification is needed in this area to both reduce the opportunities for fraud, and also lessen the administrative burden for both Member States and the legitimate economic operators. It is therefore important to scope, identify and analyse the existing denaturing formulations with the objective of removing as many of the weaker formulations as possible and developing harmonized denaturing formulations for alcohol used in the various manufacturing sectors across the EU.

In the area of tobacco, the Commission intends to prepare a future revision of the Council Directive 2011/64/EU accompanied by the development and fine-tuning of the related impact assessment. It is also necessary to evaluate the means aimed at reducing administrative costs and obtaining a higher level of compliance and security in imposing excise duties on tobacco products.

⁷⁹ 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).

⁸⁰ 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).

⁸¹ 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).

Activities and expected results:

- Improve the understanding and implementation of Council Directive 2008/118/EC on general arrangements for excise duties;
- Develop recommendations to be approved by the Indirect Tax Expert Group (ITEG) concerning the application of Union law in this area to excise goods;
- Examine the functioning of the Commission Regulation (EEC) 3694/92⁸² and Regulation (EEC) 31/96⁸³ on excise duty exemption certificate;
- Improve administrative procedures and share good practices for duty paid B2B and B2C movements for the management of exempt consignees and for handling irregularities;
- Carry-out analysis to develop a system to cover excise goods released for consumptions movements, similar to EMCS;
- Implement EMCS IT developments related to the implementation of Articles 10, 12, 13, 33 to 35 of Council Directive 2008/118/EC and implementing provision to replace Regulation 31/96;
- Define business process models describing the processes contained in legislation on excise; to clarify and explain the legal base for excise and customs procedures: specification work on modelling of interface between EMCS and UCC version of Automatic Expert System (AES) and national import systems; develop training;
- Follow up the ongoing work on the coordination of customs and excise duties relating to movements of excise goods in EMCS;
- Promote the report on duty suspension arrangements;

- Improve the knowledge regarding the ETD provisions and evaluate how ETD can be adapted in future to global economic and energy changes;
- Identify and assess outstanding technical issues in the current ETD including cases where they result from the interplay with other EU excise legal acts;
- Assess the application of the Euromarker Directive⁸⁴ and Euromarker Decision⁸⁵ and the need for other antifraud instruments as regards energy products at EU level;
- Collect information on national taxation of energy products used in transport; optional and obligatory exemptions; CO₂ elements in national taxes on transport services;
- Identify the need for special rules for taxation of electricity for electric vehicles and in cases of use of smart metering (where the user is also supplying electricity);

⁸² Commission Regulation (EEC) No 3694/92 of 21 December 1992 amending Regulation (EEC) No 2453/92 concerning the Single Administrative Document, (OJ L 374/37, 22.12.1992)

⁸³ Commission Regulation (EC) No 31/96 of 10 January 1996 on the excise duty exemption certificate (OJ L 8/11, 11.1.96)

⁸⁴ Council Directive 95/60/EC of 27 November 1995 on fiscal marking of gas oils and kerosene (OJ L 291 , 06/12/1995 P. 0046 – 0047)

⁸⁵ Commission Implementing Decision of 16 September 2011 on establishing a common fiscal marker for gas oils and kerosene (notified under document C(2011) 6422) (2011/544/EU) (OJ L 241/31, 17/9/2011)

- Identify non-harmonised taxes (such as CO2 taxation) levied directly or indirectly on energy products and electricity and study their effect on the internal market and on the achievement of other policy goals (environmental, climate change, etc.);
- Identify non-harmonised indirect taxes levied on services or non-excise goods which potentially disrupt the proper functioning of the internal market;
- Assess the application of tax exemptions and highlight experiences and problems with application in practice (exemption for agriculture, energy intensive businesses, etc.)
- Analyse the possible use of tracking and tracing systems to monitor the movements of cigarettes;

- Elaborate further recommendations under soft law provisions to address high profile areas of partially denatured alcohol (PDA), and scrutinise the annex to Commission Regulation 162/2013⁸⁶ to reduce the number of existing national completely denatured alcohol (CDA) formulations;
- Develop a Standard Operating Procedure (SOP) for the "Euro" denaturing formulations;
- Examine the extension of EMCS to cover certain movements of partially denatured alcohol (PDA) goods and possibly extend the rules to incorporate all movements of denatured alcohol into EMCS;
- Undertake study on the structures Council Directive 92/83/EEC on the harmonization of the structures of excise duties on alcohol and alcoholic beverages and produce recommendations with a view to a possible proposal to amend the Directive;

- Increase the understanding of the Council Directive 2011/64/EU on the structure and rates of excise duty applied to manufactured tobacco and its implementation;
- Produce background input for the revision of the Council Directive 2011/64/EU in particular for the minimum excise duty (MED), defining and classifying tobacco products and novel products (e-cigarettes), the treatment of raw tobacco and intermediate products and possibilities to reduce taxed induced substitution;

- Inform various target audiences on the legal developments in the area.

2.5.3. *Consistent implementation of Union law in the field of direct taxes*

Currently, most of the direct tax case law of the European Court of Justice (ECJ) which creates a binding framework for policy making is driven and developed by means of references for preliminary ruling. It is therefore very important that national administrative (tax) law judges, who can make such references, would have a thorough knowledge of the ECJ direct tax case law in its broader policy context.

⁸⁶ Commission Implementing Regulation (EU) No 162/2013 of 21 February 2013 amending the Annex to Regulation (EC) No 3199/93 on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty

Furthermore, proper implementation of the EU direct tax case law by national administrative courts and tax administrations should reduce the number of complaints addressed to the Commission in the field of direct taxation.

Activities and expected results:

- Enhance the knowledge and understanding of the national administrative (tax) law judges and/or the national tax administrations of the ECJ direct tax case law, including the case law relevant to the ongoing compliance initiatives, such as the one in the area of Taxation of Mobile Persons;
- Improve the awareness of the national administrative (tax) law judges and/or the tax administrations of the Member States regarding the policy context of the ECJ direct tax case law: the most important policy objectives of the European Commission in the field of EU direct tax law.

2.5.4. *Implementation or adaptation of national taxes subject to present or potential Union legal initiatives, in particular Financial Transaction Taxes (FTT) and passenger car taxation*

In order to support the on-going work on the financial transaction tax (and in case of adoption of a Council Directive implementing the enhanced cooperation in this area to facilitate its implementation) the Commission will support discussions with administrations and markets representatives to look into the practical FTT implementation, among others collection of FTT. For the system to operate properly, Member States will be required to coordinate the functioning of the common FTT both inside the enhanced cooperation area and outside. The EC intends to support the implementation of a common FTT by sharing administrative practices (at the level of all MS) on difficulties that (may) arise from the application of the common FTT and of national taxes on FTT, among others in respect of FTT collection.

In the area of vehicle taxation (registration and circulation taxes), there is only very little harmonisation at the EU level. This may lead to double taxation and high administrative burden in case of cross-border transfers. National registration and circulation taxes do not always take into account the technological changes and environmental performance of the car (CO₂ or other emissions). Therefore, it would be useful to evaluate the current situation on vehicle taxes with the view of assessing possible problems in case of cross-border transfers of vehicles. The importance and the added value of an environmental element in vehicle taxes shall also be assessed, in particular in the broader context of climate change and energy efficiency policy goals.

Activities and expected results:

- Look for agreed and balanced solutions to the identified issues with practical implementation of a common FTT (e.g. collection) and of functioning of national taxes;
- Increase the understanding of the functioning of a common FTT and of national taxes on FTT;
- Assess the current situation on vehicle taxation and identify problems and evaluate the importance of linking vehicle taxes with environmental performance of the car.