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ANNEXES 1 to 2

**ANNEXES**

*to the*

**COMMISSION IMPLEMENTING DECISION**

**concerning the adoption of annual work programmes for 2015 for the Customs 2020 and  
Fiscalis 2020 programmes and the financing for the implementation of those  
programmes**

## ANNEX 1

### **BUDGET LINE 140201: Customs 2020 Work Programme for 2015**

#### ***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 2015 as follows:

- for action grants (implemented under direct management) (1.2):	7 000 000 EUR <sup>1</sup>
- for procurement (implemented under direct management) (1.3):	61 601 000 EUR
- for other actions (reimbursement of external experts) (1.4):	200 000 EUR
<b>TOTAL:</b>	<b>68 801 000 EUR</b>

#### ***1.2. Grants***

##### ***1.2.1. Grants for 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.

#### **BUDGET LINE**

14 02 01

Priorities of the year, objectives pursued and expected results

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<sup>1</sup> 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 2015 is EUR 755 000.

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.

The Customs 2020 programme focuses on actions that strengthen coordination between participating countries to improve and modernise the customs environment aiming for a more performing, robust and unified customs union, **in 2015 in particular in the following areas:**

- Union Customs Code<sup>2</sup>;
- 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) RAP<sup>34</sup>

**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.

<sup>2</sup> 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).

<sup>3</sup> 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")

<sup>4</sup> 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.

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

**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 Regulation<sup>5</sup>, 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

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for Joint actions	Q1 2015	EUR 5 500 000 <sup>6</sup>

<sup>5</sup> 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")

<sup>6</sup> 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 2015 is EUR 755 000.

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

**1.2.2. Grant for expert team on new Import Control System (ICS)**

**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 implementation of the UCC and the required Customs Information Systems in particular, impose a tight schedule in terms of IT systems implementation until 2020. This recast of the IT systems in the frame of the UCC requires huge efforts to be implemented at Union and national level, while limited resources are available.

The Customs 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 the design and creation of required IT components.

Based on the MASP, in 2015 this approach could be applied for an IT initiative: the new version of the 'Import Control System' (New ICS)<sup>7</sup>.

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) RAP<sup>89</sup>

**This grant will fund following activities:**

The practical implementation plan of an expert team amongst others, the IT elements to be worked on, the roles, responsibilities and obligations, ownership and intellectual property rights concerning the IT systems will be described in detail by its proposers. A proposed expert team is subject to approval by the Commission like any other tool of the Customs 2020 programme.

*Expected results and activities:*

- To bring together relevant expertise from Member States
- To contribute to the development of the national side of the "new-ICS IT system" in the context of the UCC by the Member States.

Essential eligibility, selection and award criteria

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<sup>7</sup> Customs Information Systems of MASP Annex II 2.8 UCC-related changes to ICS for strengthening the Security of the Supply Chain at Entry ("New ICS")

<sup>8</sup> 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")

<sup>9</sup> 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 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.

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

***Selection criteria***

In accordance with Article 131(3) of the Financial Regulation<sup>10</sup>, 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, on its methodological and organisational qualities, and on its cost-efficiency, the dedicated resources and expertise, and value for money for achieving the objectives and expected results.

Implementation

BY DG TAXUD

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

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for Expert Team on new ICS	Q2-3 2015	EUR 1 000 000

Maximum possible rate of co-financing of the eligible costs

**The grant will take the form of a combination of:**

***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:

<sup>10</sup> 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")

- a) costs of travel, up to 100%
  - b) costs for hosting experts of the project, up to 100%;
  - c) direct personnel costs, up to 50%
  - d) equipment costs 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. Renting premises, printing promotion material, 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 Automated Export System / New Computerised Transit System (AES/NCTS)***

#### **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 implementation of the UCC and the required Customs Information Systems in particular, impose a tight schedule in terms of IT systems implementation until 2020. This recast of the IT systems in the frame of the UCC requires huge efforts to be implemented at Union and national level, while limited resources are available.

The Customs 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 the design and creation of required IT components.

Based on the MASP, in 2015 this approach could be applied for an IT initiative: the Automated Export System (AES) and/or Transit System including NCTS<sup>11</sup>.

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) RAP<sup>1213</sup>

**This grant will fund following activities:**

The practical implementation plan of an expert team amongst others, the IT elements to be worked on, the roles, responsibilities and obligations, ownership and intellectual property rights concerning the IT systems will be described in detail by its proposers. A proposed expert team is subject to approval by the Commission like any other tool of the Customs 2020 programme.

Expected results and activities:

- To bring together relevant expertise from Member States
- To work on the upgrades/re-engineering needed to develop the national side of the AES and/or NCTS systems in the context of the distributed architecture to render the system compatible with the UCC by the Member States.

Essential eligibility, selection and award criteria

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<sup>11</sup> Customs Information Systems of MASP Annex II 1.6 UCC Automated Export System (AES) and/or 1.7 UCC Transit System including NCTS

<sup>12</sup> 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")

<sup>13</sup> 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 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.

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

***Selection criteria***

In accordance with Article 131(3) of the Financial Regulation<sup>14</sup>, 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, on its methodological and organisational qualities, and on its cost-efficiency, the dedicated resources and expertise, and value for money for achieving the objectives and expected results.

Implementation

BY DG TAXUD

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

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for Expert Team on AES/NCTS	Q2-3 2015	EUR 500 000

Maximum possible rate of co-financing of the eligible costs

**The grant will take the form of a combination of:**

***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:

<sup>14</sup> 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")

- g) costs of travel, up to 100%
  - h) costs for hosting experts of the project, up to 100%;
  - i) direct personnel costs, up to 50%
  - j) equipment costs 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. Renting premises, printing promotion material, 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 2015 amounts to 61 601 000 EUR. 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 2015, 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 customs authorities.

IT Capacity Building Activities include:

- Implementation of the tasks and milestones identified in the Multi-Annual Strategic Plan (MASP) for 2015. 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 constitutes the heart of the Union Customs Code work programme 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

that meet the specific needs of customs within the Member States

The total indicative amount of the procurement is EUR 58 801 000<sup>15</sup> and will be divided as follows:

- The network (CCN/CSI including CCN2 development and UUM&DS development): EUR 11 760 000;
- Development of Customs system: EUR 21 000 000;
- Support for Customs systems: EUR 20 241 000;
- Quality control for customs systems: EUR 5 000 000.

Type of contract and type of procurement

Procurement will be undertaken through specific contracts based on existing or new framework contracts.

Indicative number of contracts envisaged: 40

Indicative timeframe for launching the procurement procedure

Q1-Q4 2015

Implementation

BY DG TAXUD

### ***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 2015, 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

<sup>15</sup> The specific contracts are usually shared with budget line 14.0301 Fiscalis 2020. Thereby the actual value of the specific contracts will be higher.

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
  - training sessions for the EU customs officers in the field of radiation and nuclear detection (with JRC)

The total indicative amount of the procurement is 3 600 000 EUR <sup>16</sup> and will be divided as follows:

- Common Customs Training: 1 600 000 EUR
- Studies, scientific and communication support: 2 000 000 EUR

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 2015:

- One new tender procedure is expected to be launched in 2015 for “Specification, development, maintenance, support and dissemination of common customs and taxation training (e-learning, blended learning), online collaboration services and staff performance building services” (‘BTRAIN-3’). This new framework contract should ensure the continuation of expert consultancy service provision in the aforementioned areas which is provided until end 2015 under the BTRAIN-2 framework contract.

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 60% Customs 2020 and 40% Fiscalis 2020.

The estimated publication of the procurement procedure: 1st quarter 2015

Estimated value of the framework contract: EUR 12 500 000 with a duration of 6 years.

- Another new tender is expected to be launched to provide scientific and technical assistance in the field of scientific customs. The new framework contract will be divided into 3 lots : Lot1 : Coordination of European Customs Laboratories; Lot2 : Update and enrichment of ECICS database; Lot3: Expertise in pharmaceutical science.

The estimated publication of the procurement procedure: 2nd quarter of 2015.

The total indicative amount will be EUR 4 000 000; the framework contracts (1 framework contract for each lot) will have a maximum duration of 4 years.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

<sup>16</sup> The specific contracts are usually shared with budget line 14.0301 Fiscalis 2020. Thereby the actual value of the specific contracts will be higher.

Q1-Q4 2015

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

200 000 EUR

###### 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 2015<sup>17</sup>**

### **1.5. To protect the financial and economic interests of the Union and of the Member States**

#### *1.5.1. Implementation of legislation on customs debt*

The available guidelines in this area cover the non-recovery procedure, the repayments and remission procedure (REM/REC). The application and usability of the guidelines need to be reviewed and the guidelines need to be updated to reflect new developments a.o. 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.

##### *Expected results and activities:*

- Discrepancies in the implementation of relevant European Union legislation are identified.
- Areas where measures are to be taken are selected.
- REM/REC guidelines are updated.
- Recent European Union case-law and decisions adopted by the Commission are included in guidelines.
- Possibilities to extend the current guide or create new manuals related to customs guarantees are explored.

#### *1.5.2. Collection of Traditional Own Resources (TOR)*

The method for collecting own resources (customs duties) is determined by national provisions. The Commission carries out regular examinations of those provisions. The Member States are to reinforce their responsibility for the collection and to report any anomalies having a financial impact with respect to the collection.

##### *Expected results and activities:*

- information on national provisions on the collection of own resources (customs duties) are shared
- best practices on audit tools for internal audit services of MS' customs administrations are shared
- experience on efficient traditional own resources inspections on the subject of reliability of the A&B Accounts are shared

#### *1.5.3. Harmonised application of the European Union's provisions concerning the Integrated Tariff of the European Union (TARIC)*

The first results of the monitoring exercise on management of European Union tariff quotas and surveillance of goods have shown that errors in customs declarations are more frequent where TARIC measures are not applied in the validation rules of

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<sup>17</sup>

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

national clearance systems. Proper credibility checks with TARIC data on box 36, preferences codes, origin codes, commodity codes, tariff quota measures and order numbers need to be carried out to avoid wrong collection of due duties and to prevent granting preferences for releases for free circulation of goods that are not eligible to these preferences. To remedy this, problems and shortcomings need to be identified and solutions and recommendations issued. Training and awareness raising are also envisaged to enhance the uniform application of provisions on the Integrated Tariff.

Expected results and activities:

- Problem areas with the implementation of the TARIC3 system are identified.
- Shortcomings in the implementation of the related legislation are specified, variations in the application of TARIC measures are described.
- Proposals, recommendations are put forward to eliminate the discrepancies.
- Related problem areas in the Customs Code in force and its implementing provisions are identified.
- Specific training needs are identified.
- Awareness is raised on the importance of the uniform application of TARIC measures is raised.

*1.5.4. Administrative guidelines on the European Binding Tariff Information system and its operation (EBTI)*

In 2004, the Commission, together with the Member States, elaborated administrative guidelines on the BTI-system (EBTI-3). The legal changes introduced by the Union Customs Code require substantial updates to these guidelines.

Expected results and activities:

- Subjects to be covered by the revised version of the administrative guidelines on EBTI and its operation are identified.
- A new set of administrative guidelines on EBTI is drafted, taking account of all relevant changes introduced by the Union Customs Code and the related Commission acts (delegated and implementing acts).
- Solutions for dealing with divergent views and appeals are provided.

*1.5.5. Correct implementation and future development of the preferential 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, not all procedures with respect to rules of origin are detailed within either the customs legislation or the protocol on rules of origin. In order to have an approximation in the

working methods amongst Member States, best working practices need to be identified and developed and addressed through guidelines.

*Expected results and activities:*

- Divergences and problem areas in the application of the rules of origin are identified.
- Key actions for further harmonisation are planned.
- Origin experts are familiarised with the renewed concepts (non-alteration rule, accounting segregation, etc.).
- Union positions in the revision of the rules of origin in the Pan-Euro-Mediterranean (PEM) Convention are prepared.
- Guidelines for the use of customs authorities on certain working methods and concepts with respect to rules of origin are provided.
- Action plan for monitoring the functioning of preferential trade arrangements is implemented.
- eLearning module for the area of “General System of Preferences - Origin” is developed.
- Adaptive and relevant strategies and methods in view of implementing practices of recent and upcoming partners are analysed.
- The relevance, cost-benefit and potential of creating a Union electronic platform for centralised information and follow-up of subsequent verifications on proofs of preferential origin is examined.
- Developments and practical implications on customs are communicated.

*1.5.6. Implementation of customs valuation*

Due to the complexity of the legislation in force, the application of the Union customs valuation law is an area which carries risks, including risks of actual or potential incorrect application, with effects on Own Resources and 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, problems need to be identified, recommendations for improvements implemented and working methods adapted.

*Expected results and activities:*

- Variations in the administration and application of the relevant provisions are identified and common standards identified.
- Recommendations for improvements are made to the relevant bodies.

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

The Council Resolution of 10 December 2012<sup>18</sup> established a new European Union Action Plan aiming 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 will work together with the Member States in programme activities to implement actions identified in the action plan, such as a manual for right-holders, common approaches development, needs mapping for third and neighbouring countries, cooperation with China and Hong Kong.

#### *Expected results and activities:*

- Member States applying Regulation No 608/2013 concerning customs enforcement of intellectual property rights<sup>19</sup> are supported in understanding the legislation and in interpreting it in a uniform manner.
- The development of common approaches to risk management is launched.
- The European Union-China Action Plan and practical arrangements for cooperation with Hong Kong are executed.
- The information exchange processes with third countries are upgraded.
- Survey/mapping exercise on possible needs of technical assistance for capacity building to candidate and neighbouring countries is carried out.

### *1.5.8. Customs transit and related issues (Union and Common Transit)*

Transit is a 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<sup>20</sup> and its implementing provisions<sup>21</sup>. (The EU also applies the following transit procedures:

- TIR Carnet (TIR Convention 1975)
- Common Transit procedure (Common Transit Convention 1987)
- 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)

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<sup>18</sup> Resolution on the European Union Customs Action Plan to combat intellectual property rights infringements (2013 to 2017)

<sup>19</sup> 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)

<sup>20</sup> Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code (OJ L 302, 19.10.1992, p. 1)

<sup>21</sup> Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code (OJ L 253, 11.10.1993, p. 1)

- Transit by post (UPU)

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 is essential.

Expected results and activities:

- Union practices where the rules are not applied in a harmonised manner are identified.
- Recommendations for more efficient and effective implementation of transit are put forward.
- Information on good practices is shared.
- Guidance is provided to joining parties on the concept and practical implementation of the Common Transit Convention.
- Contribution to the assessment of compliance of the new contracting parties to the Common Transit Convention with relevant legal, functional and technical obligations is provided.
- Transit-related data to be included in the eManifest is identified in light of the UCC.
- Use of the eManifest for transit and proof of Union customs status is described in light of the UCC.
- Answers for procedural and functional questions in connection to customs status and Proof of Union Status are found.
- The methods of sealing used in transit are analysed and criteria for the selection of appropriate seals are compiled.
- Methods of approving seals used in transit are laid down.

*1.5.9. Co-operation between customs administrations and tax authorities*

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. 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) 722final), 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 procedure.

To support the cooperation between customs and tax administrations it is intended to use both the Customs 2020 and Fiscalis 2020 programmes in order to:

- share best practices and to identify areas where closer cooperation is required;
- support the improvement and sharing of administrative procedures in relation with the cooperation between customs and tax administrations;

- enhance the understanding and implementation of Directive 2008/118/EC, Regulation 389/2012 and the UCC, insofar as they are applicable to movements of excise goods;
- support the efficient exchange of information between administrations where excise goods are subject to customs procedures (export and exit, release for free circulation) by aligning the existing excise IT applications to the changes introduced by the Union Customs Code (UCC);
- develop and reinforce skills and competences of both tax and customs officials.

Expected results and activities:

- Fields where cooperation between customs and tax authorities is particularly important for the proper implementation of customs, excise and VAT legislation are identified;
- Best practices related to methods and tools used by Member States to analyse risk in the field of fraud related to VAT/Customs and regarding new trends of fraud in the field of VAT/Customs are identified;
- A series of recommendations to be put forward to the Indirect Tax Expert Group and the Customs Code Committee concerning the application of Union law to excise goods in both areas is developed;
- Proposals for efficient methods to enhance the cooperation between customs and tax administration including information exchange are developed;
- Business process models are provided 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 and UCC version of Automatic Export System (AES) and national import systems.

## **1.6. To increase safety and security, and to protect citizens and the environment**

### *1.6.1. Operational supply chain risk management and analysis*

In line with the Commission Communication COM(2014) 527 of 21 August 2014 on the EU Strategy and Action Plan for customs risk management, the proper functioning of the Common Risk Management Framework (CRMF) requires strengthened operational co-operation and co-ordination and improved framework capacity at Member States and Union level to manage supply chain risks by detecting and addressing risks and accelerating legitimate trade movements.

For this purpose, a number of needs have been identified such as common data requirements to be analysed including through pooling of supply chain data. The analysis and assessment of potential approaches needs to be facilitated including by piloting joint initiatives of willing Member States. All this leading to more effective and efficient controls carried out where required in the supply chain. Cooperation with other authorities in an international context and with the business community is also envisaged.

#### Expected results and activities:

- Analysis of common data for risk management purposes is introduced.
- ENS (Entry Summary Declaration) data from some Member States is analysed for risk assessment and general risk management purposes.
- Analysis of additional risk management capacities needed at Member States and Union level.
- New risk management and supply chain security working methods, techniques and technologies are analysed.

### *1.6.2. Security and safety common risk criteria and standards (CRC)*

Security and Safety 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 MS on the basis of common risk criteria and standards. Cooperation is required for their identification, implementation, evaluation and possible review.

#### Expected results and activities:

- CRC are identified and uniform standards for their application are established.
- CRC are evaluated and reviewed and new criteria are identified.

### *1.6.3. Air cargo security*

Enhancing air cargo security requires specific action in the area of risk management. The assessment of the feasibility of providing pre-loading information for security risk analysis in the different air cargo business models, namely express, postal and traditional, is envisaged. This requires cooperation between Member States' customs administrations, between them and the relevant business community and with other national bodies, and also with various Commission departments through the whole process.

#### Expected results and activities:

- The feasibility for European Union Customs services to receive and risk-analyse data submitted by postal operators via standard message ITMATT (advanced electronic messages on mail packages) is tested.
- The use of CN 23 customs declaration form for security and fiscal clearance, and the link between postal item, receptacle, and conveyance information is analysed.
- The raw data approach (tested and confirmed for the Express Carrier model) is examined with the traditional business model.
- Protocols for aviation security referrals are drafted.
- Building on the results of pilots/studies, legislation, referral protocols (jointly with DG MOVE and DG HOME), business scenarios and Business Process Models are discussed, drafted and further elaborated in detailed functional requirements.

#### *1.6.4. Common Priority Control Area actions (CPCA)*

Common Priority Control Area actions are one of the core CRMF pillars, designed to ensure a harmonised and intensified risk based control by the Member States for a definitive period of time in different areas of high priority. An effective and coherent implementation of CPCA's requires supportive actions in terms of organisation, reporting and evaluation.

##### *Expected results and activities:*

- The risk criteria to be applied for the specific CPCA are developed.
- The Member States are briefed on the action to be applied (launching of the action).
- Problems encountered during the implementation are identified and analysed and proposal for solutions are put forward.
- Results of the risk based controls are communicated and recommendations are put forward based on the findings.

#### *1.6.5. Convergence of controls and convergence of audits*

The elaboration and update of common control and audit standards in various areas of customs controls is necessary to enhance the effectiveness and efficiency of customs controls and audits. This can be achieved through the setting up and updating of guides on the identified standards and by ensuring that the guides are understood and applied in the Member States.

##### *Expected results and activities:*

- The common customs control and audit standards in various areas of customs controls are elaborated and updated.
- Updated operational guidance on customs controls and audit is provided to Member State customs officials.



#### *1.6.6. Operational working methods at the external border and inland controls*

Common understanding of legal requirements and harmonised application of working methods stemming from the Union Customs Code and other legislative measures implemented by customs requires an intensive and systematic cooperation, exchange of information and sharing of best practices among the operational customs officials working for the protection of the European Union external borders (sea and waterways, land, air, including inland control). Eventually this should give rise to an equal level playing field amongst Member States' customs at the external borders. Member States without land or sea external borders have their role in the form of inland control in the protection of the European Union external borders.

##### *Expected results and activities:*

- Identified problems are shared.
- Solutions are analysed and proposed.
- Good practices (improving procedures, controls, risk information sharing) and the know-how on the use of control equipment (convergence and performance) are shared.
- Cooperation between external border posts protecting the European Union and the Member States interests is maintained.

#### *1.6.7. Coordination of legislation and controls in areas of security and safety*

Possible gaps, and at the same time unnecessary duplications in the audits performed by the different authorities are weakening the security or cause extra workload. This situation should be rectified especially in the area of the maritime security. Actions are required to map the shortcomings and identify the appropriate measures.

##### *Expected results and activities:*

- The different security programmes (Authorised Economic Operator, Dual use goods, Maritime security) are analysed and compared.
- Gaps that may weaken the security are identified.
- Overlaps creating unnecessary duplication in the audits performed by the different authorities are pinpointed.
- Any changes required (including legal ones) are prepared.

#### *1.6.8. Customs detection technology*

The use of technology and equipment in enhancing effectiveness and efficiency of customs controls is becoming increasingly important for modern customs administrations. The deployment of detection technologies plays an essential role for the EU customs administrations to meet their strategic challenges of effectively managing associated risks with available resources, combining effective and efficient controls with the facilitation of legitimate trade. Therefore a network of customs detection technology experts has been set up, who can share information and best practices, with the aim of improving detection capability and performance standards of customs. The project also aims at supporting the identification of benefits of improved detection capability on the supply chain. This project also requires exploring and defining the needs for new / improved (detection) technology and monitoring existing and new detection equipment. It is important to ensure that the

EU customs detection challenges are adequately addressed in future calls under the HORIZON 2020 security research programme.

*Expected results and activities:*

- Expert network to share best practices, seizures and trends is functional.
- Specifications of various detection equipment are described.
- The possibilities to improve image interpretation for X-RAY operators are explored.
- Detection and control equipment are developed in line with specific customs needs and requirements and taking into consideration new technologies. Structural exchange of information between customs technology experts on technology and innovation is established.

*1.6.9. Harmonised implementation of the Cash Controls Regulation<sup>22</sup>*

The harmonised implementation of the Cash Control Regulation requires the elaboration of uniform approaches and streamlined implementation amongst Member States concerning the control of cash entering or leaving the European Union. This harmonised implementation can be enhanced through common approaches, guidelines, communication and awareness raising activities.

*Expected results and activities:*

- Common approaches on the interpretation and implementation of the Cash Control Regulation are laid down, in particular on information exchange, post and freight and European Union supranational assessment.
- Up-to-date handbook of guidelines on cash controls is available.
- Statistics on cash control results are shared.
- Communication and awareness-raising activities are carried out addressing the wider public.
- Positions to be represented at the Financial Action Task Force (FATF) and other international meetings are coordinated.

*1.6.10. Customs actions to protect health, cultural heritage, the environment and nature*

Customs has an important enforcement role in the protection of health and safety, the environment and cultural heritage. Consumers, civil society and national authorities are demanding stricter customs controls of non-fiscal aspects. This has been recognized and has led to a new approach in customs focusing more on these issues which should however be harmonised. Issuing new and adjusting existing guidelines, establish common risk criteria, creating a “toolbox”, online services and informing the business community and the wider public are all options to realise this project.

The overarching objective of this project is to increase the safety and security and to protect the citizens and the environment. Its operational objective is to support the

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<sup>22</sup>

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

preparation, the coherent application and the effective implementation by customs of 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

Expected results and activities:

- Establishment of a coordinated approach on border controls related to measures for the protection of health and safety and the environment and cultural heritage; expected for 2015 in the following areas:
  - o Sanitary and phytosanitary controls
  - o Chemicals
  - o Wildlife trafficking
  - o Cooperation between authorities
  - o Simplified procedures
- Guidelines :
  - o The “Guidelines for import controls in the area of product safety and compliance” in MSs and Candidate Countries are explained and its usage is demonstrated.
  - o Specific part of the guidelines for import controls in the area of product safety and compliance is extended to other products.
  - o The application of guidelines on Waste shipments and/or FLEGT<sup>23</sup> is supported and their use is evaluated.
- Risk criteria are endorsed:
  - o In the area of waste shipments.
  - o In the area of product safety and compliance.
- Data collection parameters for European Union wide collection of control data are laid down.

*1.6.11. Customs control of drug precursors at the European Union external border*

Customs is enforcing Council Regulation (EC) No. 111/2005<sup>24</sup> amended by the Regulation (EU) n° 1259/2013<sup>25</sup> on the control of international trade in drug

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<sup>23</sup> Forest Law Enforcement, Governance and Trade

<sup>24</sup> 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).

<sup>25</sup> 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.

precursors. It is important to ensure a proper implementation of the Regulation, harmonised control approaches to the imports, exports and intermediate activities, and develop operational tools for customs officers at the border. This requires information sharing, identification of best practices and common risk analysis approaches to be developed.

*Expected results and activities:*

- Information on problems are exchanged.
- Best practices and solutions are shared.
- Common approaches on customs controls for officers in ports and airports are developed.
- Common risk analysis approaches are established.
- Common activities on targeting and controlling precursors are carried out.
- Update Guidelines/e-learning for Competent Authorities and Industry

## **1.7. To improve the administrative capacity of the customs authorities**

### *1.7.1. Future Customs Initiative – development of the Customs Union*

In line with key strategic documents on the customs union and its development, initiatives contributing to the functioning and further development of the customs union should be carried out. It is envisaged for 2015 to continue developing by reviewing and improving the Governance of the Customs Union.

*Expected results and activities:*

- The governance reform blueprint is followed-up.
- The governance reform implementation is launched.

### *1.7.2. Customs Union Performance Measurement*

In line with key strategic documents on the customs union and its development, a system of performance measurement for the customs union needs to be established and maintained which should contribute to the proper functioning and further development of the customs union. The project on Customs Union Performance will develop further the methodology and the performance indicators at the Customs Union level linked to strategic objectives of the Customs Union and customs policy developments (strategic activities). The CUP Project will also include technical work on collection and analysis of data, including identification of necessary IT support, improvements of definitions of indicators and data quality as well as communication activities.

*Expected results and activities:*

- The Customs Union Performance system with performance indicators for the Customs Union is maintained and developed further in accordance with policy needs.
- Summary reports (strategic Annual Reports and technical Analytical Reports) are prepared and published for the attention of customs policy makers (particularly for the Customs Policy Group).

- Key figures are communicated to external stakeholders (in non-sensitive areas).
- Quality Assurance Initiative is strengthened to improve the validity, reliability and comparability of data.
- Technical documentation on the CUP (Guidance Notes with explanatory fiches) is enhanced.
- Collection and analysis of data from all necessary sources is performed.
- Supporting technical work for the preparation of the CUP Management Information System is carried out.

### *1.7.3. Monitoring the application of European Union legislation*

Union customs law needs to be correctly implemented at national level. Obtaining the uniform application of European Union law will be enhanced and supported by providing a proper management framework for the monitoring activity in cooperation and in consultation with the Member States requiring a.o. strategic planning of monitoring, reviewing of monitoring guidelines, exchanging information on best practices, reporting and follow-up. The envisaged areas to be monitored for 2015 are:

- REM/REC (Repayment, remission and recovery of duties)
- Customs valuation

#### *Expected results and activities:*

- Annual monitoring plan is established.
- Monitoring guidelines are reviewed.
- Overview of monitoring visit reports and recommendations is prepared.
- Annual monitoring reports are presented to the Customs Policy Group.
- Follow-up of the results of the monitoring visits are monitored.

### *1.7.4. Operational and organisational customs processes*

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 solutions to improve the structures in which customs business is performed. It is envisaged to support Member States who wish to improve the performance of the customs administration in its different roles in the supply chain of goods.

#### *Expected results and activities:*

- Gaps and needs in terms of customs modernisation are identified.
- Recommendations and guidance are formulated to increase the performance, effectiveness and efficiency of the customs administration
- An action plan or roadmap is created for the implementation of the suggested improvements.

#### *1.7.5. Union Customs Code (UCC) and UCC Work Programme (UCC WP)*

The Union Customs Code<sup>26</sup> will constitute as from May 2016 the new comprehensive customs legal framework for the Union. 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.

As defined by the Decision 2014/255/EU<sup>27</sup>, the UCC Work Programme shall be updated at least every year in order to ensure alignment and adjustments with the latest developments in the implementation of the Code and to take into account actual progress made in the preparation and development of the electronic systems.

##### *Expected results and activities:*

- The adoption procedure of the future Commission delegated and implementing acts are facilitated by informal preparatory work.
- Various target audiences are informed about the developments.
- The milestones for monitoring the implementation are laid down.
- Identified training needs linked to the Union Customs Code are implemented; UCC eLearning module is designed and launched.
- The understanding and implementation of the UCC is facilitated.
- The update of the UCC WP is facilitated by informal preparatory work.
- The review process of the UCC Business Process Models (BPMs) and other related analysis documents is facilitated.

#### *1.7.6. Management and implementation of the Multi-annual Strategic Plan (MASP)*

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. 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 constitutes the heart of the Union Customs Code work programme relating to the development and deployment of the electronic systems necessary for the application of the Union Customs Code. The 2015 related tasks and milestones identified herein need to be implemented. The Multi-annual Strategic Plan implementation will be done in co-operation with the Customs Code Committee and the so-called Work Programme.

##### *Expected results and activities:*

- The MASP is reviewed and updated.

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<sup>26</sup> 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).

<sup>27</sup> Commission Implementation 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)

- The implementation of tasks set for 2015 in the MASP are coordinated and monitored.
- The implementation of tasks set for 2015 is supported.

#### *1.7.7. Business analysis*

The implementation of the various policy initiatives and the Union Customs Code has to be well prepared and coordinated with all stakeholders to support the appropriate analytical, legislative and operational instruments (including functional and IT technical). Analytical, re-engineering and planning instruments such as business case documents, and business process modelling (BPM) and work programmes are essential to this process. This preparatory work requires defining business scenarios and cases, more advanced versions of BPM's (levels 2.3 and 4) and establishing methodology, guidelines and support.

##### *Expected results and activities:*

- Definition of business scenarios and business cases are established (including feasibility studies, cost-benefit analysis, architectural and capability models to identify impact and increase performance.
- BPMs (representing requirements to move from an 'AS IS' versus a 'TO BE' situation), in particular Level 2, 3 and 4 BPMs to support the implementation of the UCC Regulation and the Supply Chain Security and Risk Management Action Plan are created.
- Methodology, user guidelines and support are established and updated.

#### *1.7.8. Specific classification and Combined Nomenclature issues*

Many Member States encounter difficulties when classifying certain types of goods. It is therefore necessary to assist the customs administrations to "act as one" by preparing appropriate draft measures for the classification of goods in the European Union Tariff. Customs participate also in the implementation of various European Union policies which need usually the classification of the products in the tariff. This requires a lot of in depth technical examination and specialised knowledge.

##### *Expected results and activities:*

- The current situation in Member States is examined.
- The classification issues encountered in practice are determined.
- New products are studied and analysed.
- Legal measures on the classification of the products concerned (Combined Nomenclature Explanatory Notes and Annex I to Council Regulation (EEC) No 2658/87<sup>28</sup>) or amendments to that Regulation are drafted.
- Proposals for the improvement and modernization of the Harmonised System/Combined Nomenclature nomenclatures are put forward.
- European Customs Inventory of Chemical Substances (ECICS) database is updated and enriched.

<sup>28</sup>

Council Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff (OJ L 256, 7.9.1987, p. 1).

### *1.7.9. 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.

#### *Expected results and activities:*

- The Customs Laboratories European Network (CLEN) is maintained.
- The practises and methods used by the laboratories to reach harmonisation are exchanged.
- Best working practices and diffusion to the laboratories are identified, developed.
- Collaboration between customs laboratories and customs administrations, other sectors of the European Commission, and the industry are maintained.
- The ILIADe (directory of analytical methods), and SAMANCTA (Sampling Manual for Customs and Tax Authorities) databases are updated and enriched.
- Information on the activities of the customs laboratories and of the Customs Laboratories European Network (CLEN) is provided for the wider public.
- Third countries' customs laboratories are involved in the work.

### *1.7.10. European Union Customs Risk Management System (CRMS)*

The Customs Risk Management System is the backbone of the Community Risk Management Framework (CRMF). It allows the exchange of risk information amongst the Member States, between them and the Commission. The exchange of risk analysis results is part of the risk targeting and mitigation process for pre-arrival and pre-departure security and safety risk analysis, and the implementation of Union Common Risk Criteria (CRC) as part of the Common Priority Control Area module. The system has to provide a high-level quality and performance service for the requirements stemming from the CRMF (current and future). The CRMS thus needs to be monitored, managed effectively, evaluated and adjusted in light of the future requirements to be defined in line with the agreed strategy on risk management and supply chain security and in close co-operation with the Member States. The effective use of the system will benefit from a network of national risk centres that can exchange information and identify best practices, all this building up to a common risk management tool, meeting the set requirements (Dublin declaration).

#### *Expected results and activities:*

- A network of national risk centres is created (main contact point for CRMS) who can exchange information on problems encountered and best practices on the use of risk information at central level (CRMS network).
- Emerging problems concerning on the exchange of risk information for risk management purposes are pinpointed.



- Solutions for problem areas related to the exchange of risk information for risk management purposes are suggested.
- Guidance on the exchange of risk information for risk management purposes is provided.
- Best practices on the exchange of risk information for risk management purposes are established.
- The system fitting the new requirements from the risk management policy (Dublin declaration) is established.
- Crisis management network is maintained and is ready for mobilisation.

#### *1.7.11. Data integration and harmonisation*

The modernisation of customs procedures adopted in Union Customs Code and eCustoms initiatives requires amending and redefining data requirements for customs declarations and establishing common data set for customs decisions. This needs to be done in cooperation with the trade community. The aim is to use worldwide standards, mainly the WCO data model where it is applicable.

##### *Expected results and activities:*

- Union Customs Code and eCustoms related systems in terms of data requirements are reviewed.
- Customs and the trading community are provided with the necessary set of information requirements common throughout the Union.

#### *1.7.12. Cooperation between customs administrations and border guards*

Border controls need to be more effective and efficient. The implementation of the guidelines for the cooperation between border guards and customs administrations working at the external borders will serve this purpose. The application of the guidelines should be monitored and explained and best practices exchanged.

##### *Expected results and activities:*

- The guidelines are introduced and explained to the concerned customs officers.
- The application of the guidelines is monitored.

#### *1.7.13. Customs cooperation with enlargement countries*

In line with the enlargement policy, the implementation of the Stabilisation and Association Agreements (SAA) and the Dubrovnik declaration, the Commission intends to further support the enlargement countries. It is envisaged to improve the knowledge and knowhow of enlargement countries and cover in general customs legislation and procedures.

##### *Expected results and activities:*

- The updated version of the Customs Blueprints is available and its use is promoted.
- Administrative capacity building support for enlargement countries is monitored and coordinated.

- Convergence of legislation and procedures is followed-up.

#### *1.7.14. European Union Competency Framework (EU CFW) for customs*

In support of more uniformity and increased efficiency of customs operations throughout the European Union, the EU CFW for customs, established in 2013, 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 started in 2014 with a major localisation initiative (translations into MS languages) and will require further joint efforts and common support in order to bring the expected benefits.

##### *Expected results and activities:*

- Implementation of European Union competence framework (public sector) is further advanced.
- EU CFW for the customs profession - private sector version is used as basis for trade standards.
- Awareness is raised in Member States administrations and trade for the necessity to harmonize and elevate performance of customs staff.
- Governance and maintenance measures for the EU Customs CFW are in place.

#### *1.7.15. Customs administration training capacity building*

The ‘Customs administrations training capacity building’ 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 this sense, the Customs 2020 training support programme works along the 3 agreed main activity strands:

1. eLearning course development (and maintenance)
2. eLearning course localisation (creation of national eL course versions for national use) and
3. EU customs performance development through training and staff development. (based on the EU ‘Dublin Strategy’ for customs)

Priority training support in 2015 is given to customs subject areas:

- further consistency in customs staff performance,
- implementation support for new or amended EU legislation or
- enhanced need for EU-wide sharing of national best practise and tools.

##### *Expected results and activities:*

- Commonly agreed training work plan 2015 is jointly implemented
- Efficient network in place to support national implementation of common training projects (TSG)

- Content correct, up-to-date EU eLearning portfolio for customs with maximal possible number of localised versions
- Common European Union standard/curricula are in use
- EU Recognition process for customs training is in use to accredit courses meeting the European Union standards.
- EU Customs Trainer Network established
- Common Learning Events Programme activities on specific priority customs subjects are realised

## **1.8. To strengthen the competitiveness of European businesses**

### *1.8.1. Future Customs Initiative – competitiveness and trade facilitation aspects*

In line with key strategic documents on the customs union and its development, initiatives contributing to the functioning and further development of the customs union should be carried out. It is envisaged for 2015 to continue developing further activities particularly in two areas: Compliance and Systems Based Approach. The work in the field of Compliance should focus on performing a benchmark (covering compliance strategy, mapping client segmentation models and including communication aspects), deepening knowledge on compliance management and sharing knowledge and information. The Systems Based Approach (SBA) related activities should cover collection and analysis of information on experience of Member States and sharing knowledge on SBA, including practical and training solutions.

#### Expected results and activities:

- Compliance:
  - The compliance concept is analysed and clarified, including identification of framework for EU Customs compliance improvements.
  - Benchmark is conducted and overview of best practices prepared.
  - Client segmentation models are mapped.
  - Knowledge on compliance is deepened and its broader use is encouraged.
- SBA:
  - Knowledge and experience on SBA is shared within the EU.
  - Increased use and harmonised application of SBA are ensured

### *1.8.2. The future of the Decision No 70/2008/EC of the European Parliament and of the Council<sup>29</sup>*

The revision of the eCustoms Decision is needed in order to ensure its relevance to the developments in the area of electronic customs and overall customs legislation. The

<sup>29</sup>

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).

Commission and Member States will work together in programme activities to prepare, inform and communicate for the purpose of this revision.

Expected results and activities:

- The possible eCustoms upgrade elements and related requirements are analysed and established.
- Communication actions to relevant stakeholders (e.g. Member States and trade) are designed and carried out.
- Consultation of stakeholders via tools like Eurobarometer is designed.

*1.8.3. Customs infringements and sanctions*

In order to tackle problems originating from the various customs legislation enforcement which currently follows 28 different sets of legal rules and different administrative or legal traditions, the Commission has submitted a Proposal for a Directive of the European Parliament and of the Council on the Union legal framework on customs infringements and sanctions (COM (2013)884).

Expected results and activities:

- Information on the proposal and its implication for Member States and economic operators are provided to the various target audiences.

*1.8.4. Simplified procedures (SP) for customs declarations, including single authorisations for simplified procedures (SASP)*

The lodgement of customs declarations using simplified procedures is a major instrument of trade facilitation that deserves common understanding and uniform application, to ensure equal access and use by European Union exporters and importers and to ensure appropriate measures like control and enforcement by customs authorities to safeguard the proper application of procedures, also in line with the risk management principles.

Expected results and activities:

- Best practices for a correct and uniform application and enforcement of simplified procedures (including SASP) are shared.
- Practical scenarios and Business Models are worked out.

*1.8.5. The Registered Exporters System (REX)*

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 2015 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.

Expected results and activities:

- Technical specifications are finalised.

- Information is provided to the Beneficiary Countries on practical aspects of REX and the potential related impacts on them.
- MSs are informed about the overall scheduling of implementation.

#### *1.8.6. Authorised Economic Operators (AEO)*

The status of authorised economic operator 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 is needed, together with the sharing of best practices and guidance. The conclusion of new Mutual Recognition Agreements needs also to be supported.

##### *Expected results and activities:*

- Experience is shared between Member States on practical solutions related to the implementation of the Authorised Economic Operator concept.
- AEO-related practical implementation know-how is established.
- Guidance in the context of Mutual Recognition Agreements is provided to Member States.
- Mutual Recognition Agreement negotiation processes are supported.
- The Mutual Recognition Agreement implementations are analysed and the results are communicated to the relevant parties.
- The authorisation monitoring process in the Member States are revisited and where needed, updated in order to ensure correct implementation.
- The AEO guidelines are reviewed as regards the upcoming legislative changes and their effects on the AEO criteria.

#### *1.8.7. Smart and Secure Trade Lanes (SSTL)*

The objective of SSTL is to strengthen end-to-end supply chain security based on multi-layered risk management. Controls performed at export are based on joint risk 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. For 2015 it is envisaged to strengthen and/or complement today's advance data submission and IT mechanisms, taking account of the existing legal and IT context, to make the SSTL trade lane concept "future proof based on a sustainable data communication". Refining the SSTL concept requires dealing with its geographical coverage (China, Hong Kong...), trader participation, the development of data exchange tools, inclusion of other transport modes and the development of joint risk rules.

##### *Expected results and activities:*

- New sustainable and future-proof data exchange tool/mechanism that can handle realistic volumes and SSTL are identified and developed.

- The cooperation in the area of risk management with Chinese customs authorities is maintained.
- The trade lane concept is refined.
- The geographical coverage is extended to Hong Kong.
- Train and air transport modes are included and/or further developed.
- Data exchange needs and suitable implementation options are identified.
- Joint risk rules are developed on waste and Intellectual Property Rights and other issues of mutual concern.

#### *1.8.8. Development, operation and maintenance of the existing European Information Systems (EIS)*

Continuous operational support to existing Trans-European Customs Information Systems is required to ensure that customs procedures are performed in the least time possible, enabling better customs clearance times at the European Union borders. Such operational support translates into a number of specific projects.

##### *Expected results and activities:*

- The continuity, integrity and availability of the existing customs IT systems are monitored.
- The corrective maintenance and the evolution of the existing customs IT systems is carried out.
- The applications are technologically up-to-date.
- The upcoming challenges of the Union Customs Code are measured and forecasted.
- The European Information Systems are available.

#### *1.8.9. "New ICS", Automated Export System (AES) and Transit System including NCTS*

The implementation of the UCC and the required Customs Information Systems in particular, impose a tight schedule in terms of IT systems implementation until 2020. This recast of the IT systems in the frame of the UCC requires huge efforts to be implemented at Union and national level, while limited resources are available.

The Customs 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. This will complement the efforts already undertaken in the IT field for the design and creation of required IT components.

Based on the MASP, in 2015 this approach could be applied for two IT initiatives: the new version of the 'Import Control System' (New ICS)<sup>30</sup> and the Automated Export System (AES) and/or Transit System including NCTS<sup>31</sup>.

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<sup>30</sup> Customs Information Systems of MASP Annex II 2.8 UCC-related changes to ICS for strengthening the Security of the Supply Chain at Entry ("New ICS")

The practical implementation plan of an expert team amongst others, the IT elements to be worked on, the roles, responsibilities and obligations, ownership and intellectual property rights concerning the IT systems will be described in detail by its proposers. A proposed expert team is subject to approval by the Commission like any other tool of the Customs 2020 programme.

Expected results and activities:

- The expert team’s collaboration will bring together relevant expertise from Member States
- The project will contribute to develop the national side of the "new-ICS IT system" in the context of the UCC by the Member States.
- The project will work on the upgrades/re-engineering needed to develop the national side of the AES and/or NCTS systems in the context of the distributed architecture to render the system compatible with the UCC by the Member States.

*1.8.10. Horizontal support to the European Information Systems (EIS) - Management of IT services supply*

The use of standards and best practices, including for the security aspects of the development, deployment and operations of the EIS for customs, needs to be further enhanced. This requires IT systems to be delivered on time and in operation according to agreed levels of service, a reinforced IT security, with identified re-usable services and a defined common architectural and security framework.

Expected results and activities:

- IT systems are delivered on time and in operation according to agreed level of service and security;
- Re-usable services are identified;
- Common architectural and security framework is defined.
- The applications evolve according to legal and business requirements
- New Business Continuity Plan is established.

*1.8.11. Horizontal support to the European Information Systems (EIS) - Customs IT architecture, governance and benchmarking*

Currently, the customs European Information Systems (EIS) are hosted within data centres and facilities provided by DIGIT. DG TAXUD is making an effort to centralise all customs EIS within its own data centres and provide support facilities that meet the specific needs of customs within the Member States. For this purpose, the operational environment with active back-up facilities needs to be completed, continuous operations and support of EIS to be performed, a set of coherent processes supported by automated workflows to be implemented, a benchmarking report to be completed and the management of data in the customs EIS re-engineered.

Expected results and activities:

- Operational environment with active back-up facilities is completed;
- Continuous operations and support of EIS are performed;

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<sup>31</sup> Customs Information Systems of MASP Annex II 1.6 UCC Automated Export System (AES) and/or 1.7 UCC Transit System including NCTS

- Set of coherent processes supported by automated workflows is implemented;
- Benchmarking report is completed;
- Management of data in the customs EIS is re-engineered.
- Business Change Management applied on Business operation environment

*1.8.12. Horizontal support to the European Information Systems (EIS) - Collaboration methods of IT systems*

The IT Strategy proposed by the Commission (as defined in the Multi-annual Strategic Plan) points a new direction that can help address certain issues. Collaboration among Member States and between Member States and Commission is one of the key principles of this strategy. It is envisaged to map the collaborative approaches to the development of new European Information Systems with a view to the development, operation and maintenance.

*Expected results and activities:*

- Collaborative approaches to the development of new IT systems for possible common implementation by national administrations are mapped.
- Recommendations for best collaboration practices are established.

*1.8.13. IT development, operations, consultancy and technical assistance for the relation with 3rd countries and international organisations*

The collaboration with 3rd countries and international organisations in the area of customs is taking a new perspective. The importance of sharing information to facilitate trade and customs processes is becoming more evident with the globalisation of trade. In this context it is envisaged to share information with third countries, provide support to accession countries and to the preparation of new agreements and arrangements. The project includes the Union's contribution to the Globally Networked Customs Concept, which is the first building block of the customs in the 21st century vision approved by the World Customs Organisation Council in June 2008 and aims at a standardized way for customs authorities to exchange information. The European Union, as a member of the World Customs Organisation, undertakes to take the necessary steps to prepare for complying with this worldwide concept. It is also envisaged to develop e-learning-tools for 3rd countries, which should help them to implement correctly the rules of origin.

*Expected results and activities:*

- Information is shared with 3<sup>rd</sup> countries such as Japan, United States of America, China, Switzerland, Norway, Canada, the eastern neighbours, etc.
- Support in the preparation of new agreements, conventions and arrangements is provided.
- Union contribution to the definition of the Globally Networked Customs standards is established.



- Union support to the definition of standard utility blocks is provided.
- Union contribution to the study on global trader identifier is coordinated and established.
- Support in the correct implementation of agreements as regards rules of origin is provided.

#### *1.8.14. Customs cooperation with the eastern neighbours*

Pursue customs cooperation with Georgia, Moldova, Ukraine and Russia and thus reinforce strategic frameworks for customs cooperation. Maintain appropriate level of customs relations with other Eastern Partnership countries (Armenia, Azerbaijan, Belarus) and the Eurasian customs union, including Kazakhstan.

##### Expected results and activities:

- The establishment and implementation of strategic frameworks for customs cooperation with eastern neighbouring countries are monitored and coordinated.
- Action plans (roadmaps) for the implementation of strategic frameworks are established and updated.
- Implementation of customs related provisions in the respective DCFTAs and PCAs.
- Development of exchanges of customs information with Moldova and Ukraine, and explore extension to Belarus and Georgia once the evaluation of pilot projects with Moldova and Ukraine has been concluded.
- Exchange best practices on risk management and AEO Programmes with a view to exploring ways to cooperate in this area.

#### *1.8.15. Support the cooperation at ASEM customs fora*

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 focusing on four main priority areas.

1. Trade Facilitation & Supply Chain Security
2. Combating Infringement on IPR
3. Protection of Society and Environment
4. Involving Business

The project aims at enhancing coordination of cooperation with Asia and at facilitating the implementation of the ASEM Customs Action Plan.

##### Expected results and activities:

- Reinforced presence of EU customs in the ASEM meetings

- Uniform position of MS Customs at the ASEM fora
- Further development of the cooperation in between ASEM members in the customs area on the basis of the ASEM Customs Action Plan
- Reinforced collaboration with the Customs Authorities of the Asian Customs

*1.8.16. Customs cooperation with the World Customs Organisation (WCO) Europe Region countries*

As a Member of the WCO the EU is the WCO Vice-Chair for the Europe Region (51 countries and the EU) from 1st July 2014 till 30th June 2015. 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 EU's role in international customs cooperation. Moreover, it presents an opportunity to further promote EU policies and priorities. The EU 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.

*Expected results and activities:*

- Enhanced international customs cooperation to rebalance economies and restore competitiveness, including trade facilitation and supply chain security.
- Ensure that all countries are in the same position to benefit from the WTO Trade Facilitation Agreement.
- Progress through exchange of information between customs authorities and cooperation in technical standards and technology. A strengthened customs modernisation - domestically (EU) and internationally.

## ANNEX 2

### **BUDGET LINE 140301: Fiscalis 2020 Work Programme for 2015**

#### **1.9. Introduction**

On the basis of the objectives given in the Regulation 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 2015 as follows:

- for action grants (implemented under direct management) (1.2):	4 230 000 EUR <sup>32</sup>
- for procurement (implemented under direct management) (1.3):	26 725 000 EUR
- for other actions (reimbursement of external experts) (1.4):	70 000 EUR
<b>TOTAL:</b>	<b>31 025 000 EUR</b>

#### **1.10. Grants**

##### **1.10.1. Grants for joint actions**

#### LEGAL BASIS

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

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<sup>32</sup> 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 2015 is EUR 280 000.

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 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 the annex **Fiscalis 2020 projects pursued for 2015 (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) RAP<sup>3334</sup>

**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;

<sup>33</sup> 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")

<sup>34</sup> 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 Customs 2020 Regulation.

- (iii) bilateral or multilateral controls and other activities provided for in Union law on administrative cooperation;
- (iv) working visits;
- (v) public administration capacity-building and supporting actions

#### Essential eligibility, selection and award criteria

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

##### ***Eligibility criteria***

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.

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

##### ***Selection criteria***

In accordance with Article 131(3) of the Financial Regulation<sup>35</sup>, 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

<b>Reference</b>	<b>Date</b>	<b>Amount</b>
Grant for Joint actions	Q1 2015	EUR 4 230 000 <sup>36</sup>

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

<sup>35</sup> 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")

<sup>36</sup> 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 2015 is EUR 280 000.

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 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.

### ***1.11. Procurement***

The overall budgetary allocation reserved for procurement contracts in 2015 amounts to 26 725 000 EUR. To this end, it is estimated to sign about 40 specific contracts under existing or new multi-annual framework contracts.

#### ***1.11.1. Procurement for IT Capacity Building Actions***

Legal basis

Article 5(2) and 7(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 2015, 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 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 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 development, deployment and operations of the EIS for taxation
- The total indicative amount of the procurement is EUR 23 450 000<sup>37</sup> and will be divided as follows:
- The network (CCN/CSI including CCN2 development): EUR 5 040 000;
  - Development of taxation system: EUR 5 892 000;
  - Support for taxation systems: EUR 10 518 000;
  - Quality control for taxation systems: EUR 2 000 000.

Type of contract and type of procurement

Procurement will be undertaken through specific contracts based on existing or new framework contracts.

Indicative number of contracts envisaged: 30

Indicative timeframe for launching the procurement procedure

Q1-Q4 2015

Implementation

BY DG TAXUD

### ***1.11.2. Procurement for Joint and Competency Building Actions***

Legal basis

Article 5(2), 7(a)(vii-viii) and 7(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

<sup>37</sup> The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.

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 2015, 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, scientific and communication support such as:
  - Studies, typology, data collection and comparative analyses in taxation issues
  - Communication and Information Support

The total indicative amount of the procurement is 3 275 000 EUR<sup>38</sup> and will be divided as follows:

- Common Taxation Training: 1 025 000 EUR
- Studies, scientific and communication support: 2 250 000 EUR

Type of contract and type of procurement

**Procurement of services** will be undertaken through **specific contracts** under **existing framework contracts**.

**Following new framework contract procedures for services will be launched in 2015:**

- One new tender procedure is expected to be launched in 2015 for “Specification, development, maintenance, support and dissemination of common customs and taxation training (e-learning, blended learning), online collaboration services and staff performance building services” (‘BTRAIN-3’). This new framework contract should ensure the continuation of expert consultancy service provision in the aforementioned areas which is provided until end 2015 under the BTRAIN-2 framework contract.

The contract will be shared by Customs 2020 and Fiscalis 2020 with an estimated budget ratio of 60% Customs 2020 and 40% Fiscalis 2020.

The estimated publication of the procurement procedure: 1st quarter 2015

Estimated value of the framework contract: EUR 12 500 000 with a duration of 6 years.

Indicative number of contracts envisaged: 10

Indicative timeframe for launching the procurement procedure

<sup>38</sup> The specific contracts are usually shared with budget line 14.0201 Customs 2020. Thereby the actual value of the specific contracts will be higher.



Q1-Q4 2015

Implementation

BY DG TAXUD

**1.12. Other expenditures**

**1.12.1. Reimbursement of external experts participating in Joint Actions**

Legal basis

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

70 000 EUR

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 2015

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

#### 1.13.1. Trends and schemes of tax fraud, tax evasion and aggressive tax planning

International pressure on tax havens and the increased numbers of Tax Information Exchange Agreements are assumed to lead to a reduction in tax haven transactions. However, aggressive tax planning is not restricted to tax haven transactions. Moreover, as tax evasion becomes more sophisticated and capital finds new ways, it is important to continue the efforts to:

- find new methods for selection of tax fraud and tax evasion cases;
- identify new schemes of aggressive tax planning also in relation to third countries and exchange best practices on how to deal with them;
- examine ways to improve access to information on money flows, making it easier to trace significant payments made for example through off-shore bank accounts.

#### *Expected results and activities:*

- Activities are organised to further support the implementation of an action plan to strengthen the fight against tax fraud and tax evasion<sup>39</sup> ;
- Measures for tracing relevant money flows are developed;
- Activities are carried out to support increasing the knowledge and understanding of the tax authorities regarding money flows;
- Experiences in the area are exchanged and forms of cooperation with other tax authorities within and outside the Union, where appropriate, and other law enforcement bodies are identified;
- Various target audiences are informed.

#### 1.13.2. The fight against tax fraud

New practices and tools to fight more efficiently against fraud, such as the Eurofisc, have been set-up at Union level. Increasing the efficiency of these practices and tools aims to reduce tax revenue losses for tax administrations. Intense exchange of best practices is needed. The use of the tools should be evaluated and enhanced by sharing best practices, exchanging quickly targeted information on fraudulent transactions and traders and acting efficiently upon warnings received from other Member States to improve the fight against tax fraud.

#### *Expected results and activities:*

- Activities are carried-out aiming to support increasing the knowledge and understanding of the tax authorities in this field;
- Background information is developed to support possible recommendations for future legislation;
- Activities are carried-out to raise the awareness of tax officials about the tools available;

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<sup>39</sup> 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/2012/0722 final

- Evaluation of Eurofisc and consideration of a possible extension to new working fields and possibly including a study and IT developments for a targeted common risk analysis, subject to relevant policy decisions;
- Eurofisc system is monitored to analyse whether improvements can be made especially by increasing the security of the system;
- Methodologies are identified and mapped to assess the tax gap;
- eVAT fraud eLearning module is updated.

### *1.13.3. Tax compliance and risk management*

Improving taxpayer compliance and risk management is an important element of an effective strategy to combat tax fraud and tax evasion. Supporting actions will be carried out aiming to:

- support tax compliance and reduce the tax gap by sharing of good administrative practices in Member States;
- reduce the difficulties that citizens face in fulfilling compliance obligations in cross-border situations by improving communication to citizens and encouraging the sharing of best practices between Member States in this regard;
- reduce costs and complexity of tax systems for both the taxpayers and the tax administrations.

In order to achieve a higher level of compliance 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.

Moreover, exchange of information, and in particular automatic exchange, gives tax administrations valuable information on income received and assets owned by their taxpayers. This can also be particularly useful for risk analysis purposes and can serve as an incentive to voluntary compliance. Therefore, exchange of information will be further supported.

The Commission will also compile administrative practices in Member States to develop a taxpayers' code setting out best practices for enhancing cooperation, trust and confidence between administrations.

#### ***Expected results and activities:***

- Permanent communication and information exchange among experts from all participating countries is carried out;
- Cooperation between Member States to identify good practice in the area of risk analysis to better target and fight tax fraud;
- Activities will be carried-out to raise the awareness for tax compliance and risk management;
- Tailor-made solutions for individual Member States are worked out to address some newly emerging challenges, when necessary;
- A quick response and sharing best practices among Member States is facilitated;
- Tax payers' code is developed and promoted.

### *1.13.4. 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 and to facilitate legitimate trade.

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) 722final), the Commission calls for structured exchanges of information between the tax and customs administrations on the strategies to identify non-compliance and foresees the development of a common methodology and guidelines to improve access to information on money flows by tax administrations. The European Court of Auditors also issued recommendations on the misuse of the customs 4200 procedure.

To support the cooperation between customs and tax administrations it is intended to:

- share best practices and to identify areas where closer cooperation is required;
- support the improvement and sharing of administrative procedures in relation with the cooperation between customs and tax administrations;
- enhance the coherence, understanding and implementation of Directive 2008/118/EC, Regulation 389/2012 and the Union Customs Code (UCC), insofar as applicable to movements of excise goods;
- support the efficient exchange of information between administrations where excise goods are subject to customs procedures by aligning the existing excise IT applications to the changes introduced by the UCC;
- support the efficient exchange of information between administrations where violation of obligations resulting from the competency of one administration may have a negative influence on fulfilment of the obligations resulting from the competency of another administration (especially in connection with import of goods released for the customs procedure 4200).
- develop and reinforce skills and competences of both tax and customs officials.

In support of more uniformity and increased efficiency of customs operations throughout the European Union, the Union Competency Framework for Customs sets out a consensus view of knowledge, skills and behaviours required by Customs professionals in the Union. The need to add the competency description in the related area of VAT and excise will be analysed.

***Expected results and activities:***

- Fields where cooperation between customs and tax authorities is particularly important for the proper implementation of customs, excise, direct taxes and VAT legislation are identified;
- Best practices related to methods and tools used by Member States to analyse risk in the field of fraud related to VAT/Customs and regarding new trends of fraud in the field of VAT/Customs are identified;
- 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 is developed;
- Proposals for efficient methods to enhance the cooperation between customs and tax administration including information exchange, including in the area of cash controls and customs procedure 4200, are developed;
- Business process models are provided 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 Excise Movement and Control System (EMCS) and UCC version of Automatic Export System (AES) and national import systems;
- The European Information Systems responsible for the movements of excise goods are updated to coincide with the UCC import specification and the AES;

- VAT and excise related competency requirement is analysed to complete the EU Customs Competency Framework;
- Tax and customs-related e-Government services are promoted;
- EMCS eLearning modules are updated.

#### **1.14. Support the implementation of union law in the field of taxation by securing exchange of information**

##### *1.14.1. European Information systems*

##### 1.14.1.1. Development, operation and maintenance of existing European Information Systems (EIS)

The development, operation and maintenance of existing European Information Systems (EIS) should be carried-out to ensure continuity, integrity and availability of the existing IT systems and their corrective maintenance and evolution.

##### ***Expected results and activities:***

- The continuity, availability and integrity of the EIS systems listed in the Fiscalis 2020 Regulation is supported.
- The evolution of the EIS is carried-out.

##### 1.14.1.2. New European Information Systems

The development, operation, and maintenance of new European Information Systems established under Union legislation should be carried-out.

##### ***Expected result and activities:***

- New European Information Systems developed and operated according to business requirements.

##### 4.2.1.2.1. Central application across the various taxation domains

The future development and management of the e-forms for exchange of information in the field of VAT, direct taxation and recovery needs to be further enhanced.

The current e-Forms applications in use in the VAT, direct taxation and recovery domains are based on a locally deployed Java application, which implies that each time there is a modification to an e-Form, such e-Form needs to be deployed at national level. This implies heavy national costs and is time-consuming. In view of the recent developments (increasing number and complexity of eForms), the need for another technical solution was assessed and the development of a new central application or IT platform available for all domains (direct taxation, VAT, recovery) identified as a requirement. This will allow modifying e-Forms quickly at Union level upon approval by the Member States and avoiding any national deployment at national level. 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.

##### ***Expected result and activities:***

- Central application (or IT platform) is developed and implemented.

##### 1.14.1.3. Horizontal support to the European Information Systems

##### 4.2.1.3.1. Management of IT services supply

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. It is necessary to ensure that an overall quality of the EIS is achieved through maturity improvement; efficient management of projects, timely

deliverables and within budget; services delivered according to expectations, within the framework of the TEMPO methodology; fulfilment of the security requirements; the taxation EIS security policy and its articulation with the taxation legal instruments.

***Expected results and activities:***

- IT systems are delivered on time and in operation according to agreed level of service;
- VAT security policy implemented by Member States.

4.2.1.3.2. IT collaboration

1. Currently, the tax EIS are all 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 shared IT activities 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 all the IT collaboration initiatives in a managed way, and act as a catalyst to make the managed IT collaboration happen in an effective and efficient manner.

***Expected results and activities:***

- Efficient and effective IT collaboration, in particular by defining the lifecycle of the IT collaborative domain, developing a master plan, an IT valuation methodology, an IT collaboration communication plan and IT architecture;
- The use of the IT collaboration platform is enhanced.

**1.15. Support the implementation of union law in the field of taxation by supporting administrative cooperation**

*1.15.1. Administrative cooperation between Member States*

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<sup>40</sup> (for example electronic formats for exchange of information and secure channels of communication).

The administrative cooperation between Member States has to be further supported and enhanced by reinforcing skills and competences of tax officials, supporting the improvement of administrative procedures and sharing of good administrative practices, enhancing the understanding and implementation of Union law in the area or, 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. The effective and comprehensive use by Member States of these tools, instruments and practices is still to be evaluated and enhanced.

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<sup>40</sup> 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)  
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, 11.3.2012)  
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, 8.5.2011)

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 is currently developing new formats for income covered by Directive 2011/16 in order to implement secure and enhanced automatic exchange of information within the Union.

To ensure that information exchanged can be used effectively, it is essential to improve the identification of taxpayers. The experience of Member States shows that when a Tax Identification Number (TIN) for direct taxes is available, the information can be used more efficiently avoiding the need to use additional methods, means and time for identification of the taxpayer.

***Expected results and activities:***

- Evaluation reports are issued;
- Activities are carried-out to support the functioning of the liaison officers networks;
- Activities are carried-out aiming to support enhancing the knowledge and understanding of Union legislation in this field;
- Background information is developed to support possible recommendations for updated legislation;
- Recommendations for improvement are identified;
- Activities are carried-out to enhance the exchange of information:
  - o New e-forms for the exchange of information on request, the spontaneous exchange of information, the feed-back and the automatic exchange of information between Member States, including a new e-Form for notification of instruments and decisions are developed; training is delivered;
  - o Standardised IT formats are developed covering a wide scope of income and other items, including the addition of new languages of third countries in the eFDT application, subject to appropriate legal provisions;
  - o The use of automatic exchange of information is promoted;
  - o Computerised formats for automatic exchange of information are developed as provided for in Council Directive 2011/16/EU and the proposal for the extension of its scope;
  - o Activities are carried-out to support the improvement of the quality of the exchanged data for example by further investigating the creation of an EU Tax Identification Number (TIN) as well as the analysis of any alternative solution:
    - EU TIN study is finalised;
    - The information on the EC web site concerning the TIN on Europa application is updated;
    - Various target audiences are informed about the TIN.
  - o Country profiles are developed in an increased number of languages and are included in an online tool subject to appropriate legal provisions;
  - o Consider necessary modifications to allow batch requests from business to check VAT numbers.
- New application for online transmission of statistical data is developed: online collection and design of a web application to collect and publish the statistics related to Council Regulation (EU) 904/2010;



### *1.15.2. Administrative cooperation with third countries*

The new administrative tools provided for by Council Regulation (EU) 904/2010, Council Directive 2010/24/EU<sup>41</sup> and Council Directive 2011/16/EU have the potential to facilitate cross-border anti-fraud measures with respect to third countries. This should also be achieved through bilateral agreements on administrative cooperation with certain third countries. It is necessary to clarify what legal and technical (administrative) measures are necessary to move in this direction in order to facilitate the fight against fiscal fraud in the field of cross-border transactions involving third countries.

#### ***Expected results and activities:***

- Preparatory work is undertaken in view of concluding bilateral agreements with third countries, if the Council has authorized the Commission to open negotiations;
- Activities are carried-out to 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 electronic services, subject to appropriate legal provisions;

### *1.15.3. Administrative cooperation matters of Council Directives 2003/48/EC<sup>42</sup> and 2014/48/EU<sup>43</sup> - Savings Directive*

The aim of the Savings Directive is to enable savings income in the form of interest payments made in one Member State to beneficial owners who are individuals resident for tax purposes in another Member State to be made subject to effective taxation in accordance with the laws of their state of residence. The Council adopted on 24 March 2014 the revised Savings Directive which strengthens the existing rules on exchange of information on savings enabling Member States to better clamp down on tax fraud and evasion. It is necessary to support the implementation of the practical mechanisms of administrative cooperation in relation to the Savings Directives.

#### ***Expected results and activities:***

- Analysis of the existing practical mechanisms for administrative cooperation is performed when applying the Savings Directive and suggestions for further development are made;
- Background information is produced to support the implementation of the amendments to the Savings Directive and, where appropriate, to assist the development of possible recommendations for future legislation;
- The format used for exchanging information automatically between Member States is reviewed: development, testing, support and monitoring for the deployment of FISC 153 form;
- The migration from CCN-Mail2 to CCN/CSI is performed.

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<sup>41</sup> 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)

<sup>42</sup> Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (OJ L 157/38, 26.6.2003)

<sup>43</sup> Council Directive 2014/48/EU of 24 March 2014 amending Directive 2003/48/EC on taxation of savings income in the form of interest payments (Official Journal L 111 of 15 April 2014, p.50)

*1.15.4. Means of administrative cooperation other than exchange of information: Multilateral controls (MLC), presences in administrative offices and participation in administrative enquiries*

The use of these means of administrative cooperation and their operation has to be enhanced by identifying and disseminating good practice in their organisation in all tax related areas, through better project management techniques, improved communication and enhanced use of risk criteria and success indicators.

***Expected results and activities:***

- Activities are carried-out to 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;
- Activities are carried-out to support the following-up of the recommendations raised in the final reports of the MLCs and possibly all other means of administrative cooperation.

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

Since 1 January 2012, Member States apply Council Directive 2010/24/EU for mutual recovery assistance. 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; to enhance the exchange of information 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.

It is also needed to share best practices to facilitate the dissemination of practice-proven national and international methods applied and to identify best practices for national tax collection methods.

***Expected results and activities:***

- Evaluation report is issued;
- Activities are carried-out to support improving the understanding and implementation of Union law in the area of mutual recovery assistance and tax collection and good administrative practices are shared;
- Legislation gaps are identified and background information is produced to support possible recommendations for future legislation;
- The development of a tool for automatic exchange of information is started;
- The request forms are updated and a tool for statistics reporting is developed.
- Activities are carried-out to raise the awareness about enforcement possibilities;
- Activities are carried-out to support the reinforcement of skills and competences of tax officials;

**1.16. 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**

*1.16.1. Technical assistance to tax administrations*

In the context of the reviews of the Economic Adjustment Programs and the European semester, the Commission is providing technical assistance (TA) on tax administration in programme countries. Also, specific support to pool best practice 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 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.

***Expected results and activities:***

- Administrative procedures and practices are shared;
- Activities are carried-out to support the reinforcement of skills and competences of tax officials.

*1.16.2. Cooperation and sharing best practices on taxation issues in enlargement countries and among the Member States on regional level*

In order to support enlargement countries on the alignment process to the acquis and the fight against tax evasion and reinforce their capacities in the tax area, the Commission will encourage and support best practices and administrative capacity building in the tax area for these countries.

Striving to reach close collaboration in the tax area within certain Union regions (divided by the integration level, practical development level, relevant problems encountered etc.) and reinforce their capacities, the Commission may encourage and support best practices and administrative capacity building in the tax area for these countries in need.

***Expected results and activities:***

- Activities are carried out to support the alignment to the Union excise legislative framework and to familiarize enlargement countries with the planning and implementation of the excise legislation;
- Activities are carried-out to support the improvement of the understanding and the application of certain best practices on tax issues such as Transfer pricing in enlargement countries and on Union regional level.

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

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

***Expected results and activities:***

- A quick response and sharing of best practices among Member States to address the newly emerging challenges in the field of e-audit are facilitated.

*1.16.4. Tax payer information*

The Commission, where possible, will extend the access to reliable tax information in cross-border situations for businesses as well as individuals. This project will be realised through a step-by-step approach, in the framework of the EU VAT Web portal and/or national VAT web sites with priority being given to VAT. For the realisation of the project it is needed to share good practice of national information web sites with a view to improve the links between the EU web portal and member states' national web sites.

A next step will consist in integrating other tax aspects and in particular direct taxation. It is intended to open the EU web portal, similarly to the e-Justice network, to Member States that want to publish other information (such as tax rates).

The "Taxation trends in the EU" report<sup>44</sup> contains a detailed statistical and economic analysis of the tax systems of the Member States of the European Union, plus Iceland and Norway. It is important to further ensure and support the publication of the report.

Social media is nowadays amongst the best types of communication to inform, share experiences and promote campaigns. Every tax administration could move in this field having the aim of enhancing the relationship with the taxpayers.

***Expected results and activities:***

- Best practices and recommendations are exchanged for the improvement of the EU and national VAT web sites;
- The development of the EU VAT web portal is started (on the basis of the MOSS webpages) including Tax Information Communication (TIC) (additional electronic coded information with regard to VAT refunds, the VAT rate applicable for electronically supplied services, supplies of telecommunication services and broadcasting services);
- An extension of the EU VAT web portal will be analysed in relation to other taxes (direct taxation, recovery) and possibly developed;
- The publication of the "Taxation Trends in EU" report is supported;
- Best practices are exchanged regarding the use of social media in tax administrations;
- Activities are carried-out to raise the awareness of the target audience on the availability of the information.

*1.16.5. Cross-border taxation problems within the Union*

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. 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

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<sup>44</sup> The publication can be downloaded free of charge from the websites of the Directorate-General for Taxation and Customs Union (<http://ec.europa.eu/taxtrends>) or Eurostat (<http://ec.europa.eu/eurostat>). The paper version can be purchased via the EU bookshop (<http://bookshop.europa.eu>)

double taxation and the absence of information that Union citizens often face when active across borders within the Union. The aim is to remove tax disincentives to the exercise by EU citizens of their right to free movement within the internal market.

This could be done, for example, by organising activities where Member States could share information on their good practices in dealing with cross-border tax problems (such as one-stop shops, simpler or pre-completed tax declarations, double taxation dispute resolution mechanisms and comprehensive and easily accessible information on national websites). The activities could also provide an opportunity for assessing how much information for taxpayers should be included on the Europa website, in consultation with Member States, to complement information on national websites.

***Expected results and activities:***

- Solutions to deal with tax problems, including transfer pricing, that Union citizens who are active across borders within the Union are facing;
- Updated tax information on Europa website for the assistance of EU citizens who are active across borders.

*1.16.6. Withholding tax relief procedures*

Following the adoption of a Commission Recommendation (“FISCO”)<sup>45</sup> and OECD (“TRACE”) work, the Commission launched a feasibility study in 2013 that analysed two different models to implement the principles of the recommendation: the Source Country Model, which largely corresponds to TRACE, and the Authorised Intermediary Country (AIC) model. According to the conclusions of the study, the AIC model is preferred.

It might be opportune to reopen discussion on this dossier at EU level, to explore possible ways to follow up, also in the light of the new international administrative cooperation framework brought about by the global standard (i.e. increased reporting to residence countries). This may again involve an agreement by Member States to delegate detailed initial technical work to a sub-group of Member States under the FISCALIS programme.

The final intended aim is to:

- streamline procedures for claiming withholding tax relief on cross-border securities income, by allowing financial institutions to claim relief on behalf of investors, so as to make life easier for investors and provide a business opportunity for financial institutions;
- ensure that the system envisaged has no negative impact on taxpayers’ compliance in the source Member State and in the residence Member State by imposing corresponding reporting obligations on financial institutions;
- ensure that any system of reporting by financial institutions under the system envisaged is cost effective and does not duplicate other reporting systems.

***Expected results and activities:***

- Best practices are exchanged;
- Work is carried-out with a view to assessing the need/opportunity to develop an Union standardised relief at source system coupled with procedures to ensure that any such system has no negative impact on taxpayers’ compliance in the source Member State or in the residence Member State. This would include assessing how any information reporting system to be imposed on

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<sup>45</sup> Commission Recommendation of 19 October 2009 on withholding tax relief procedures (2009/784/EC), OJ L 279/8, 24.10.2009

financial institutions could interact with and capitalise on existing and planned IT reporting systems (including as regards IT solutions). It could also, if necessary and subject to the fulfilment of all legal requirements, include implementing a new IT reporting system.

- Agreement between a sub-group of Member States on the need/opportunity to develop an EU standardised relief at source system and, if so, on all or many of the precise details of such a system. This should help the Commission in designing a possible initiative in this area.

## **1.17. Support the implementation of union law**

### *1.17.1. Implementation of Council Directive 2008/9/EC<sup>46</sup> – VAT refund rules*

Council Directive 2008/9/EC 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.

#### ***Expected results and activities:***

- Support is provided to improve the system, if needed.

### *1.17.2. Implementation of actions under the Union VAT Strategy*

The Union VAT strategy sets out long term objectives guiding all future work on VAT and several priority areas for further action in the coming years. It is important to achieve the objective of improving the Union VAT system by supporting 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.

#### ***Expected results and activities:***

- Activities are carried out to support the actions under the Union VAT strategy;
- Background information is produced to use as input for the impact assessment for the proposal on the destination principle;
- Exchange on the results of the study on the options for the definitive VAT regime.

### *1.17.3. Consistent implementation of Union VAT Law*

The EC intends to further support a consistent understanding and implementation of the Union VAT Law, including case law (i.e VAT Directive and its implementing provisions and Court of Justice of the European Union's decisions).

There is also 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 VAT Law implementation and evolution.

#### ***Expected results and activities:***

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<sup>46</sup> Council Directive 2008/9/EC of 12 February 2008 laying down detailed rules for the refund of value added tax, provided for in Directive 2006/112/EC, to taxable persons not established in the Member State of refund but established in another Member State (OJ 44/23, 20.2.2008).

- Activities are carried-out aiming to support enhancing the understanding and implementation of Union law;
- Conflicts of law caused by differences between Member States in the assessment of facts are addressed;
- Activities are carried-out to support the convergence between Member States in their understanding of the place of supply rules and other VAT rules;
- The eVAT 2.1 eLearning module is updated;
- Various target audiences are informed.

#### *1.17.4. Mini-One Stop Shop*

From 1 January 2015, the place of taxation of all supplies of telecommunications, broadcasting or electronic services to final consumers in the Union will be the place where the consumer is established. The change will be accompanied by the introduction of an electronic mechanism: the VAT mini-one-stop-shop (MOSS).

For the system to operate properly, Member States will be required to build their web portals in line with the functional and technical specifications developed by the Commission.

To support the consistent implementation framework of the Union legislation in the area of the MOSS, it is necessary to ensure a better understanding of the various legal provisions as well as of the technical development and operation of the MOSS system.

It is also important to set up a common framework for obtaining information from traders using this scheme and to coordinate the controls of the system and exchange of information between the tax administrations and with the taxpayers.

After the MOSS becomes operational it will be of utmost importance to monitor its functioning closely and, if need be, take remedial actions without delay. Moreover, in line with the Expert Group recommendations on the taxation of the digital economy, it will be necessary in 2015 to evaluate the functioning of the MOSS, to identify room for improvements and to start reflecting on its extension.

#### ***Expected results and activities:***

- Smooth functioning of the MOSS in all Member States;
- A template standard audit file to be used in the MOSS scheme is developed. The standard template is used to exchange data between taxable persons and Member States of consumption/identification;
- Methods are defined to establish contacts with taxable persons and deliver the information to Member States;
- Best practises for administrative cooperation in the field of carrying out audits and exchanging information are defined and exchanged, with the aim of minimising the administrative burden for both tax administrations and taxable persons;
- Evaluation of the functioning of MOSS, collection of relevant statistics, assessment of needs for improvement and possible extension – in line with the Expert Group recommendations on the digital economy.
- Various target audiences are informed.

#### *1.17.5. Collection methods in the framework of the Financial Transaction Tax (FTT) implementation*

In order to support the on-going work on the financial transaction tax, the European Commission will initiate discussions with administrations and markets representatives

to discuss collection methods and the FTT practical implementation. For the system to operate properly, Member States will be required to coordinate their collection methods both inside the enhanced cooperation area and outside. The EC intends to support the implementation of the Directive on FTT by sharing administrative practices and solutions in view of collection methods and coordination and to support the harmonisation of the financial transaction tax in the Union inside the enhanced cooperation area.

***Expected results and activities:***

- Activities are carried-out to increase the understanding of collection methods and identify practical possibilities for coordination;
- Various target audiences are informed in line with the developments in the area.

***1.17.6. Implementation of Council Directive 92/83/EEC<sup>47</sup> - Structures of excise duties on alcohol and alcoholic beverages***

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. 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. There are still too many national completely denatured alcohol (CDA) formulations in existence, some having very weak / 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. 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.

***Expected results and activities:***

- Further recommendations within the annex to Commission Regulation 162/2013 to reduce the number of existing formulations are elaborated;
- A series of recommendations to be approved by the Indirect Tax Expert Group (ITEG) concerning the application of Union law in this area to excise goods is developed;
- A Standard Operating Procedure (SOP) is developed;
- Investigation on the extension of EMCS to cover certain movements of PDA goods is performed.

***1.17.7. Implementation of Council Directive 2008/118/EC<sup>48</sup> – General arrangements for excise duties***

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. It is therefore necessary to:

- enhance the understanding and implementation of Articles 10, 12, 13 and 33 - 38 of Council Directive 2008/118/EC;

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<sup>47</sup> 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)

<sup>48</sup> 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)



- examine the functioning of Regulation (EEC) 3649/92, and Regulation (EEC) 31/96;
- support the improvement of administrative procedures and the sharing of good administrative practices for duty paid B2B and B2C movements, for the management of exempt consignees and for the handling of irregularities;
- implement, improve, operate and support the European Information Systems responsible for the monitoring of excise goods under these arrangements and for the collection of statistics relating to excise movements.

***Expected results and activities:***

- A series of recommendations to be approved by the Indirect Tax Expert Group (ITEG) concerning the application of Union law in this area to excise goods is developed;
- 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 are implemented;
- EMCS Statistics – the CS/MISE statistics and reporting system are updated;
- Business process models are defined describing the processes contained in legislation in order to clarify and explain the legal base for excise;
- The report on the functioning of the Horizontal Directive is prepared and promoted.

***1.17.8. Implementation/Amendment/Reform of the Council Directive 2011/64/EU<sup>49</sup> – Tobacco tax Directive***

In order to support the preparation of a potential future revision of the tobacco tax directive (Council Directive 2011/64/EU) as well as the further development and fine-tuning of the related impact assessment, several areas should be further discussed:

- Anti-forestalling measures;
- National minimum excise duty (MED) and interpretation of Art. 7(4) and 8(6) of Council Directive 2011/64/EU;
- The results of the "Study on the measuring and reducing of administrative costs and obtaining a higher level of compliance and security in imposing excise duties on tobacco products"
- Classification of (new) tobacco products;
- Tax treatment of dried ice expanded tobacco (DIET);
- The possible use of tracking and tracing systems proposed in the proposal for a Tobacco Product Directive.
- The taxation structure;
- Double taxation aspects with alcohol products;
- Possible competition aspects and their implementation into the rates structure for the application of tobacco tax;
- Implementing process and schedule.

It is 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.

***Expected results and activities:***

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<sup>49</sup> 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 are carried-out aiming to increase the understanding among the participating countries of the Council Directive 2011/64/EU and its implementation;
- Background input is produced for the directive's revision based on the best practices for the anti-forestalling measures, MED, classification of (new) tobacco products and DIET;
- Various target audiences are informed on the legal developments in the area.

#### 1.17.9. *Implementation of Council Directive 2003/96/EC<sup>50</sup> – Energy taxation directive*

In order to follow up 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 who cause disruptions to the functioning of the internal market.

Following the adoption of the Council Directive revising Council Directive 2003/96/EC as well as in case the negotiations on the revision are unsuccessful, a number of practical issues might require further clarification either via guidelines or/and implementing acts, or through discussions on technical level and possibly legislative proposals.

Currently, the excise duty rates are collected twice a year by using track changes in the word document. This can be replaced by the central collection and publication of data by the Commission – automation of the collection of main excise duty rates.

#### ***Expected results and activities:***

- Activities are carried out aiming to improve the knowledge and understanding for certain provisions of the ETD and how it can be adapted in future to global economic and energy changes;
- Background information provided for preparing the adoption of the new provisions and practical application of the new provisions clarified;
- Activities are carried-out aiming to improve the knowledge regarding the practical application by the Member States of certain provisions of the ETD;
- Identify and assess outstanding technical issues in the current ETD including cases where they result from the interplay with other EU excise legal acts (movement of energy products outside EMCS, alcohol-based biofuels, CN classification of energy products);
- Assess the application of the Euromarker Directive<sup>51</sup> and Euromarker Decision<sup>52</sup> and the need for other antifraud instruments as regards energy products at EU level;
- Taxation of transport (taxation of energy products used in transport; optional and obligatory exemptions; CO<sub>2</sub> elements in national taxes on transport services);

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<sup>50</sup> 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)

<sup>51</sup> 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)

<sup>52</sup> 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)

- Identifying 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);
- Evaluate the case for new policy initiative on ETD in light of new energy policy framework;
- 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-excite goods who potentially disrupt the proper functioning of the internal market;
- Reassessment of the passenger car taxation stemming from the application of non-harmonised national tax rules and consideration of new actions;
- A database is developed for collecting excise duty rates with a possibility to generate and export summary document;
- Assess the application of tax exemptions and highlight experiences and problems with application in practice (exemption for agriculture, energy intense businesses, etc.)
- Various target audiences are informed.

#### *1.17.10. Tax administrations training capacity building*

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 works along 3 agreed main activity strands: eLearning course development (and maintenance); eLearning course localisation (creation of national eL course versions for national use) and EU Taxation Performance development initiatives (based on the EU ‘Dublin Initiative’ for taxation).

Priority training support in 2015 is given to taxation subject areas, which are flagged 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 aim of the project is to ensure a coordinated planning, progress monitoring and follow-up of common training activities with the support of a joint group of Tax and Customs Training representatives (TSG).

#### ***Expected results and activities***

- Commonly agreed and jointly implemented training work plan 2015;
- Efficient network in place to support national implementation of common training projects (TSG);
- Content correct, up-to-date EU eLearning portfolio for taxation;
- EU tax eLearning portfolio with maximal possible number of localised versions;
- Common European Union standard is established (for Excise);
- EU Tax Trainer Network established;

Common Learning Events Programme (CLEP) on specific priority tax subjects realised.

