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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Report on the implementation of the Fiscalis programme (1998-2002)**

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# Summary

The Fiscalis programme is a multiannual Community action programme designed to improve the operation of indirect taxation systems in the internal market.

This report has been drawn in accordance with Article 12(3) of Decision 888/98/EC of 30 March 1998 to review the programme's implementation. It is divided into two parts:

(1) **Part 1** which looks at **joint activities** (exchanges, multilateral controls and training initiatives);

(2) **Part 2** which deals with computer systems.

(I) **Part 1** discusses joint activities and their financial data. It sets out what has been achieved under each instrument, their role in the programme (conclusions) and desired improvements.

In accordance with Article 7 of the Fiscalis Decision the programme was opened up to the associated countries of Central and Eastern Europe under the conditions laid down in the Association Agreements or the Additional Protocols governing their participation in the programme. Funding was provided through programmes other than the Fiscalis programme under the pre-accession strategy.

The report analyses achievements against the programme's formal or strategic objectives. The programme's formal objectives (Article 3 of the Fiscalis Decision) are:

- (1) *to enable officials to achieve a high common standard of understanding of Community law;*
- (2) *to improve administrative procedures;*
- (3) *to secure efficient, effective and extensive cooperation between Member States and between Member States and the Commission.*

The programme's strategic objectives are:

- to simplify and modernise legislation;
- to modernise administration;
- to uniformly apply Community legislation;
- to improve administrative cooperation and the combating of fraud.

## Budget

The Fiscalis programme has a budget of **€10 million**. **35%** of annual commitments are allocated to joint activities.

## Evaluation method

The report identifies three levels of impact: *short-term impact* or *immediate results*, *medium-term impact*: appropriate exploitation by officials, who are the direct beneficiaries, of their experience in their national administration and *long-term impact*: dissemination of the programme's achievements in national administrations and use by officials who did not participate directly in the programme's activities.

*Short-term impact:* Member States assessed each activity's contribution to the programme's objectives on a scale of 1 (useless) to 4 (very useful). Participants were also asked to express their level of satisfaction about the improvement of their knowledge of Community legislation on indirect taxation, identification of good practice and improvements in administrative cooperation.

*Medium-term impact* was measured on the basis of the final reports produced by Member States on the changes made in their national administration as a result of participation by their officials in the Fiscalis programme.

*Long-term impact:* as there are few indicators to measure the degree of dissemination, this has been assessed on the basis of Member States' reports. They indicate that dissemination activities have been organised (special conferences, meetings with other departments, internal publications, presentations on Internet, etc.) to inform as many people as possible about the programme's activities and seminars in particular. Other joint activities do not seem to have been widely publicised. Result and impact indicators will be developed under the new Fiscalis programme 2003-2007.

### **Results and impact of joint activities**

The final conclusions indicate, firstly, how the improvements proposed in the interim evaluation report of June 2001 have been implemented and how the new VAT strategy guidelines have been incorporated into the action plans for 2001 and 2002.

The report shows that all joint activities helped to improve participants' knowledge and understanding in *specific areas* of indirect taxation. The programme disseminated *good practice* (in fraud monitoring procedures, the organisation of anti-fraud teams, risk analysis methods and identification of types of fraud) contributing to more effective combating of fraud. It gave the officials participating in the programme an opportunity to use new *working methods* in cooperation with other tax administrations. It contributed to the *simplification* of instruments facilitating traders' compliance with tax obligations.

It helped participants set up *contact points* in other national administrations and this *facilitated exchanges of information* and *improved administrative cooperation*. Member States consider this to be the programme's most significant result despite the lack of formal rules. The Commission's proposal for a regulation on administrative cooperation in the VAT field<sup>1</sup> will improve the current legal framework. This proposal creates a single effective legal framework to combat fraud by establishing a direct and rapid system for information exchange between Member States.

Overall the programme's joint activities are helping to ensure that tax systems operate more effectively in the internal market. However, there must be greater complementarity between the programme's activities (e.g. the results of a control exercise could be discussed at a seminar or exchanges could be organised on the basis of one area discussed at a seminar if they are to have greater impact). A number of this report's recommendations have already been incorporated into the new Fiscalis programme 2003-2007.

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<sup>1</sup> COM(2001) 294 final of 18 June 2001



**(II) Part 2** deals with computer systems explaining the results and impact of computer applications financed by programmes and the management tools of IT projects. *It presents the results and the impacts generated by the various computer applications financed by the programs as well as the management tools of the computer projects.*

### **IT budget**

Total commitments under the Fiscalis programme in the period 1998-2002 were **€19 622 659**. Since computer systems have a Community and national component, the Customs 2002 programme finances only the Community component and Member States finance the national component.

The CCN/CSI Communication Network<sup>2</sup> required an investment of **€23 801 472** of which half was financed by the Fiscalis programme and the other half by the Customs 2002 programme. This huge investment covers development and deployment costs.

The VIES application<sup>3</sup> accounts for most of the FITS (Fiscalis Information Technology System) budget of **€5 547 267**. This is the largest application in the Fiscalis budget and the funds allocated cover operating and maintenance costs as the system had been developed and was already in operation before the Fiscalis programme was introduced.

Contrary to original plans the Fiscalis programme did not finance the EMCS application<sup>4</sup> as its costs totalled **€35 million** and its development timeline was six years making it impossible to be financed from the Fiscalis programme's budget of **€40 million**.

### **Part common to the Fiscalis and Customs 2002 programmes**

These two programmes have been used to develop and deploy the CCN/CSI.

The services this system offers are extremely comprehensive and the networks operates well and is used intensively. Deployment, development and operating costs were high because the CCN/CSI had to be made compatible with other national systems. Similarly, its decentralised technical architecture means that each new connection requires a specific infrastructure and even further development to be compatible with other local technologies.

Introduction of the Tempo methodology<sup>5</sup> improved efficiency and effectiveness in the organisation and management of Commission IT projects.

However, national delegates in the project management committees do not have sufficient information on available (budgetary and human) resources to implement the *national* component of projects. This makes it difficult to set realistic project timetables.

### **VAT applications**

The programme financed the maintenance of the VIES system and the introduction of electronic information exchange forms (SCAC form 2001).

VIES's technical efficiency was demonstrated by the rapidity of responses and the huge number and volume of messages exchanged. The number of requests over the programme's lifetime exceeded 100 million (information on VAT numbers and level 1 and 2 information on intra-Community acquisitions of goods). The recent installation of VIES on the Internet will increase the number of messages in the future.

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<sup>2</sup> Common Communication Network / Common System Interface

<sup>3</sup> VAT Information Exchange System

<sup>4</sup> Excise Movement and Control System

<sup>5</sup> Taxud Electronic Management of Projects Online

Electronic forms for information exchange between Member States were in the pilot phase at the end of 2002 and the messaging system and the form itself could benefit from technical improvements. The use of this form has helped Member States comply with response times.

Member States consider that VIES and electronic forms are extremely useful tools of administrative cooperation. They indicate that the accuracy and precision of information exchange could be improved. However it should be noted that such improvements do not come under the Fiscalis programme as this is only one component of administrative cooperation.

### **Excise applications**

The programme financed maintenance of the SEED and EWSE<sup>6</sup> systems, the creation of electronic information exchange forms and a feasibility study of the EMCS programme.

Improvements to the efficiency of the SEED and EWSE systems was not a priority objective for the Fiscalis programme as they are of a transitional nature only and will be incorporated into the EMCS. The results of the EMCS feasibility study financed by the Fiscalis programme were very positive and form the basis of the Commission's proposals on computerisation in the excise sector.<sup>7</sup>

The SEED application had some technical and organisational problems mainly owing to delays in its updating by national administrations. This affected its reliability.

Member States consider EWSE made a very positive contribution to combating fraud, but, according to some of them, no distinction is made between alert and information messages which makes the system less effective. They would like messages to be sent before goods leave so that checks can be undertaken in the Member State of arrival. However these are procedural problems which do not concern the application as such.

As electronic MVS (Movement Verification System) forms were in the pilot stage at the end of 2002, it is difficult to measure the results or impact of this application. However, there does appear to be unanimous interest among Member States in developing this system.

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<sup>6</sup> Excise Early Warning System

<sup>7</sup> COM(2001) 466

**Part 1: Report on the implementation of joint activities  
under the Fiscalis programme (1998-2002)**

## 1. INTRODUCTION

In accordance with Article 12(3) of Decision 888/98/EC of 30 March 1998 (referred to below as the Fiscalis Decision),<sup>8</sup> the Commission is required to present to the European Parliament and the Council, by 30 June 2003, a **final report** on the implementation and impact of the Fiscalis programme.

Under Article 12(2) of the Fiscalis Decision the report has been drawn up by Commission on the basis of the final reports submitted by Member States, evaluation forms completed by participants in the programme's activities (Annex II of the Implementing Decision), the interim evaluation report (2001), and programme documents.

### 1.1. The Fiscalis programme

This multiannual Community action programme was introduced to improve the operation of indirect taxation systems in the internal market and responds to the needs identified by the Fiscalis Decision:

(a) creation of a Community infrastructure and promotion of good practice following the introduction in 1993 of the so called transitional VAT arrangements and the definitive excise system;

(b) preparation of Central and Eastern European countries, Malta and Cyprus in the use of the VAT and excise systems under the enlargement process.

#### 1.1.1. Background

Although checks of goods at internal borders were abolished on 1 January 1993 there are still some tax obstacles in the single market. A number of measures were taken simultaneously to improve the functioning of new Community legislation. These are the introduction of administrative cooperation and information exchange instruments and the Matthaëus Tax programme<sup>9</sup> providing vocational training for officials responsible for indirect taxation.

Funding for these measures was then consolidated into one single instrument, the Fiscalis programme. This was adopted on 30 March 1998 and runs from 1 January 1998 to 31 December 2002 and has a budget of €40 million.

#### 1.1.2. The programme's organisational structures

The Fiscalis programme is overseen by a Steering Committee (SCAC).<sup>10</sup> It was set up by Council Regulation (EEC) No 218/92 on administrative cooperation in the VAT field<sup>11</sup> and acts as a regulatory committee for administrative cooperation and mutual assistance and as a management committee for the Fiscalis programme.

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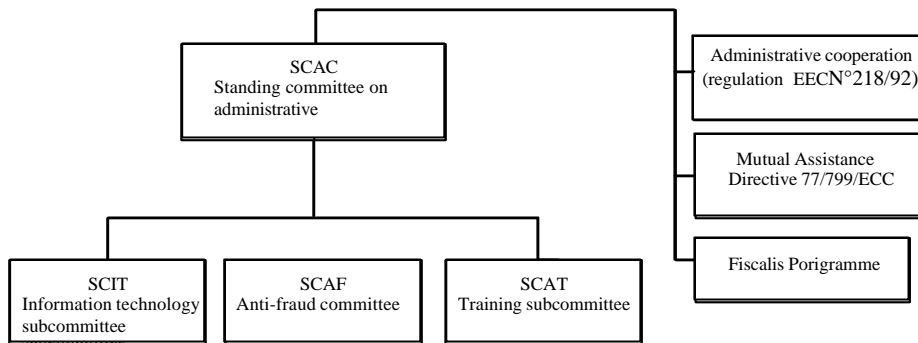
<sup>8</sup> Decision 888/98/EC of the European Parliament and the Council of 30 March 1998 (OJ L 126, 28.04.1998)

<sup>9</sup> Council Decision 93/588/EEC of 29 October 1993 (OJ L 280, 13.11.93)

<sup>10</sup> Standing Committee on Administrative Cooperation

<sup>11</sup> Regulation (EEC) No 218/92 (OJ L 24, 01.02.1992)

The following subcommittees have been set up in specific areas: SCIT (Subcommittee on computer applications), SCAF (Anti-fraud Subcommittee), SCAT (Subcommittee on administrative training



## 1.2. Nature and objective of the report

This report updates SEC(2001) 1328 (referred to below as the interim report) which was produced by the Commission on the basis of interim reports from the Member States and covers the period up to 2002.

The interim report concluded that the programme should be continued after 2002 and formed the basis for the proposal for the Fiscalis programme 2003-2007. This report evaluates the progress made in implementing the Fiscalis programme up to 2002. It uses the MEANS methodology<sup>12</sup> which it has adapted to the programme's needs in order to assess the efficiency and effectiveness of activities, progress made and the sustainability of the programme's results and impact.

### 1.2.1. Scope of analysis

**Review period** This report covers the programme's implementation from **1 January 1998 to 31 December 2002**. It supplements the interim report which covered the period from 1 January 1998 to 30 June 2000 and analysed the progress made in 1998 and 1999 with data for 2002, 2001 and 2000.

**Programme partners: Member States and Commission** Achievement of the programme's objectives is dependent on the way in which national administrations use the opportunities it provides. The Commission's role is to facilitate and coordinate activities in partnership with the Member States.

**Candidate countries** The Fiscalis programme was opened up to the candidate countries to facilitate *their preparation for accession*. Their participation was funded by sources other than the Fiscalis programme.

### 1.2.2. Approach

The approach used is based primarily on the final reports produced by Member States in the form of replies to a questionnaire. This asked them to give their opinions, and in the case of 29 questions, to assess on a scale of 1 (useless) to 4 (very useful) the contribution of each type of activity or the programme as a whole to a particular result or impact. Replies to individual evaluation forms collected during the programme's five-year lifetime were also used. Assessments were interpreted in the light of what has been achieved and participants' comments.

For each component of joint activities (seminars, exchanges, multilateral controls and training) the information obtained was used to reply to the following questions:

- Was the activity carried out at a reasonable cost (effectiveness)?

<sup>12</sup> Méthodes d'Évaluation des Actions de Nature Structurale (Structural evaluation methods used to evaluate Community programmes)

- What were its immediate results<sup>13</sup> and its longer-term impact<sup>14</sup> on beneficiary administrations?
- How did it contribute to the programme's objectives (effectiveness) and were objectives made more relevant?

### 1.2.3. *The programme's objectives*

Article 3 of the Fiscalis Decision<sup>15</sup> defines the programme's objective as supporting, through Community action, Member States' efforts to:

- enable officials to achieve a high common level of understanding of Community law on indirect taxation and its implementation in Member States;
- secure efficient, effective and extensive cooperation between Member States and between Member States and the Commission;
- ensure continuing improvement of administrative procedures to take account of the needs of administrations and taxpayers through the development and dissemination of good administrative practice.

The report defining the success criteria for the Fiscalis Programme<sup>16</sup> recommended certain objectives and the interim evaluation report of 2001<sup>17</sup> underlined the need for measurable objectives. The programme's general objectives were set out in the 2002 action plan:

- simplification and modernisation of legislation;
- modernisation of administrations;
- uniform application of legislation;
- improvement of administrative cooperation and efforts to combat tax fraud.

### 1.2.4. *Data observation*

- This report is based primarily on the 2001 interim evaluation and the final reports produced by Member States under Article 12(2)(a) of the Fiscalis Decision.
- The interim evaluation report demonstrated the effectiveness of each type of instrument for joint activities but suggested the following improvements:
  - greater clarity in the specific objectives for each activity;
  - impact indicators;
  - degree of dissemination between national administrations;
  - individual evaluation forms to be sent to the Commission.

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<sup>13</sup> One example: after one seminar practical problems in applying the rules following the abolition of tax-free sales for intra-Community travellers were identified and solutions were proposed.

<sup>14</sup> One example: after a multilateral control the control analysis method was changed and the national administration concerned improved its performance in combating fraud.

<sup>15</sup> Decision 888/98/EEC of the European Parliament and the Council of 30 March 1998

<sup>16</sup> Document SCAC No 279

<sup>17</sup> SEC(2001)1328 of 31 July 2001

- To ensure some degree of consistency in the final reports *questionnaires* were sent to Member States to evaluate the joint activities in the light of predefined *results* and *impact*, their degree of usefulness and any improvements.
- Other sources of information used are the individual evaluation forms (average response rate of 30%) and programme monitoring documents (action plans, SCAC documents, documents produced under joint activities: minutes, reports and progress reports).

## 2. BUDGET

Fiscalis was allocated a budget of **€40 million** for five years and **35%** of annual commitments were allocated to joint activities.

		Joint activities	IT	Total
1998	Commitments	2 006 500	1 940 162	3 946 662
	Payment	1 822 276	1 940 162	3 762 438
	% of payment	90.82%	100.00%	95.33%
1999	Commitments	2 095 000	4 116 675	6 211 675
	Payment	1 556 000	4 116 675	5 672 675
	% of payment	74.27%	100.00%	91.32%
2000	Commitments	2 500 000	3 249 692	5 749 692
	Payment	1 497 193	3 249 692	4 746 885
	% of payment	59.89%	100.00%	82.56%
2001	Commitments	2 325 000	5 163 120	7 488 120
	Payment	1 577 760	2 888 712	4 466 472
	% of payment	67.86%	55.95%	59.65%
2002	Commitments	2 250 000	5 153 010	7 403 010
	Payment	1 063 415		1 063 415
	% of payment	47.26%	0.00%	14.36%
TOTAL	Commitments	11 176 500	19 622 659	30 799 159
	Payment	7 516 644	12 195 241	19 711 885
	% of payment	67.25%	62.15%	64.00%

(In 2002, commitments for IT applications had been implemented by the end of the year but payments will be made in 2003)

Although commitments were divided *equally* between joint activities and the IT component of the programme in 1998, the latter's share of the budget rose to **67%** compared to **33%** for joint activities in 1999 following the introductions of the CCN/CSI which absorbed over 55% of commitments. This pattern was repeated in subsequent years.

Costs for each joint activity break down as follows: exchanges account for the largest proportion, **60%**, seminar monitoring **28%**, multilateral controls **10%** and training **2%**. This breakdown was based on commitments. The computerised management system ART<sup>18</sup> is being developed to more accurately determine the real costs of each activity under the Fiscalis programme 2003-2007.

The under-utilisation of budget allocations (30.799 million were committed whereas 40 million had been allocated) is largely due to the decision not to finance the EMCS<sup>19</sup> from the Fiscalis budget because the system's cost estimates and timetable exceeded the programme's capabilities. A change in the Commission's VAT strategy in 2001 also delayed the preparation of the action plan for the last two years of the programme and consequently some measures were not carried out. This is not in any way a reflection on the effectiveness of the programme.

<sup>18</sup> Activity Reporting Tool

<sup>19</sup> Excise Movement and Control System

### 3. SEMINARS

The Fiscalis implementing Decision<sup>20</sup> provides for a *maximum of 15 seminars each year* to be attended by two representatives from each Member State. Each candidate country can send *one representative* under the conditions laid down in the Association Agreements or Additional Protocols in preparation for accession.

The SCAC Committee chooses seminar topics in the light of the programme's general objectives.<sup>21</sup> Seminars are organised into plenary sessions and workshops in small groups. The formula used by the *Matthaeus Tax* programme proved extremely effective in encouraging the active participation of all delegates.

#### 3.1. Number of seminars

Annual activities	1998	1999	2000	2001	2002
VAT	4	8	8	11	8
Excise	1	2	2	2	2
VAT & Excise	1	0	1	0	0
Management	1	1	1	1	1
<b>Total</b>	<b>7</b>	<b>11</b>	<b>12</b>	<b>14</b>	<b>11</b>

#### 3.2. Conclusions

- **The number of seminars** rose from a minimum of 7 in 1998 to a maximum of 14 in 2001. Member States consider it to be an extremely useful instrument in extending knowledge on specific areas of indirect taxation, identifying good practice and improving administrative cooperation. This is the virtually unanimous opinion of seminar participants.
- **In statistical terms**, Member States' reports show that the index of general satisfaction about seminars' **utility** is extremely high: **3.29**.<sup>22</sup> Ten Member States consider this to be *useful* and four Member States *very useful* (Annex 1). Seminar participants are even more positive considering that the *choice of seminar topics and objectives* is *very good* (**53.9%**) or *good* (**43.3**) (Annex 2).
- Officials participating in these seminars consider that the quality of the presentations is *very good* (**44.9%**) or *good* (**52.7%**), the quality of discussions in the plenary sessions and in working groups is *very good* (**34%**) or *good* (**60%**) (Annex 2), and the work of the chairs and rapporteurs is *very good* (**60.9%**) or *good* (**38.8%**).
- As all the Member States participated in the seminars, they were **divided equally geographically** in terms of location and participants.
- As regards **equal opportunities**, there was a slight increase in the number of women participating in seminars and exchanges in 2000 and 2001 in relation to previous years. The

<sup>20</sup> Article 8 of Decision 98/467/EC

<sup>21</sup> Article 3 of Decision 888/98/EC

<sup>22</sup> Score 1 (useless), 2 (not very useful), 3 (useful), 4 (very useful)



breakdown of participants by sex for seminars and exchanges in 1998 and 1999 was **69%** men compared with **31%** women and in 2000 and 2001 **66%** men compared with **34%** women.

- **At organisational level**, most seminars were held in the second half of the year with very few being organised in the first half. Some Member States mentioned in their reports that the number of participants for each seminar was too high (an average of 38 persons for each seminar). This will become even more difficult in a Europe of 25 Member States.

### 3.3. Desired improvements

Generally speaking, Member States and participants see this as a very good instrument and do not question its usefulness. However, Member States mentioned certain areas where improvements could be made:

- better planning of seminars;
- organising Member States should send out documentation early;
- selection and number of participants;
- more information sharing after the seminar has been held.

More balanced planning throughout the year is desirable. This would mean that the annual action plan should be adopted sufficiently early for seminars to begin at the beginning of the year. An alternative would be to use a rolling plan.

There also appears to be some divergence between the replies of Member States and participants on seminar preparation. Participants do not have any reservations to make.

From an organisational viewpoint, it would be difficult to send out invitations (at present two months before the seminar) or working documents (at present two weeks before the seminar) any earlier.

According to **60%** of participants, the way in which participants are selected is good but depends on availability of officials within their national administrations.

Finally, many Member States mentioned the organisation of internal conferences or seminars and publication of reports to pass on value added to other officials within their national administrations.

## 4. EXCHANGES

According to the implementing Decision, each Member State must send at least *three officials* for *two weeks* to each of the other Member States.

### 4.1. Number of exchanges

Annual activities	1998	1999	2000	2001	2002
1st half	3	41	38	79	33
2nd half	385	391	390	337	279
<b>Total</b>	<b>388</b>	<b>432</b>	<b>428</b>	<b>416</b>	<b>312*</b>

(\*Total of 11 Member States)

## 4.2. Conclusions

- There was no significant variation in the **number of exchanges** (some 400 a year) during the duration of the programme. Generally speaking, Member States consider that exchanges contributed to *improving understanding of particular areas of indirect taxation (3.08)* and *identifying contact points* in Member States to *improve administrative cooperation* between tax departments (3.14) (Annex 4, questions 5.1 and 5.3).
- **In statistical terms**, Member States' reports show that the general index of satisfaction about the *utility* of exchanges was high: **3.43**. Six Member States consider exchanges to be *very useful* and eight Member States *useful* (Annex 4).
- Individual replies by participants in the exchanges demonstrate the same pattern: **53%** consider that they understand Community legislation on indirect taxation *much better* (and **22%** *very much better*) (Annex 5). As regards areas of work, **60%** of participants in exchanges come from the VAT field and **9%** from the excise field (Annex 5).
- As regards the **geographical distribution**, countries such as Sweden, the United Kingdom and the Netherlands organised exchanges much more frequently than others (Annex 6). The implementing Directive requires that there should be a certain geographical balance between host Member States but language problems and bureaucracy are an obstacle (minimum length of exchange, number of officials available, problem of integration in administrations).
- **As regards logistics**, it was noted that most exchanges appear to be organised in the second half of the year: **90%** in 2000 and **81%** in 2001 (Annex 6).
- Participants' general opinion of the **organisation** of exchanges was very positive. **79.6%** of participants consider that the host administration's efforts were very satisfactory (Annex 5). Steps have been taken to improve the efficiency of this instrument. These include the seminar in Snekkersten in Denmark<sup>23</sup> which looked at the management and the results and impact of exchanges.

## 4.3. Desired improvements

In general Member States have no comment about the number of exchanges organised. One Member State would like their number to be increased. A number of improvements were proposed:

- The objectives of an exchange should be defined in advance, be clarified and focus on specific aspects.
- There should be greater flexibility in the duration of exchanges and a more practical focus on the type of work undertaken.
- Participants should be better prepared in terms of language knowledge. Member States must ensure their officials receive appropriate language training to be able to participate effectively.
- There should be more balanced use of this instrument. All Member States should be encouraged to make use of exchanges. The host Member State should be chosen according to the exchange's objectives rather than according to geographical distribution criteria. It is also essential to overcome administrative (minimal length of two weeks) and legal (participation by exchanges officials in investigations in the territory of the host Member State) problems.
- Several Member States group exchanges of officials in a certain period in the year. This is due to the minimum compulsory duration of two weeks for each exchange and the opportunity this

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Seminar held from 26 to 28 June 2000

provides to keep organisational costs to a minimum for each host Member State. The disadvantage of this system is, however, its lack of uniformity. The host Member State should be able to continue to organise exchanges at a certain time in the year but on condition that individual programmes be drawn up for participants.

- The new Fiscalis programme has introduced greater flexibility in the management of exchanges, particularly as regards the requirement of an average length of 14 days and their geographical distribution.

## 5. MULTILATERAL CONTROLS

This involves *collaboration* between at least three national administrations to coordinate their controls of taxpayers with tax obligations in one or more Member States (Article 2 of the Fiscalis Decision).

Interested Member States propose multilateral controls to the Commission for financing by the programme. The decision to finance a multilateral control is taken by the SCAC Committee in the light of the programme's objectives. Such controls focus on tax obligations in respect of VAT and/or excise duty.

### 5.1. Number of controls

	Multilateral controls				
Annual activities	1998	1999	2000	2001	2002
VAT	10	10	15	5	4
Excise	1	1	0	1	0
VAT & Excise	2	2	2	2	0
<b>Total</b>	<b>13</b>	<b>13</b>	<b>17</b>	<b>8</b>	<b>4</b>

The companies chosen represent a wide range of *sectors of activity* (food industry, frozen foods, health, beauty products and cosmetics, telecommunications, tobacco, electronic products, petrochemical products, etc.).

### 5.2. Conclusions

Member States' reports show that multilateral controls are effective instruments in the fight against fraud. They enable large-scale controls to be undertaken to check that companies operating in more than one Member State comply with their tax obligations. They also help to improve administrative cooperation between Member States taking part in such controls.

Participants also stated that multilateral controls helped to improve their knowledge of the way in which indirect taxation is organised and applied within the European Union.

The interim report also indicated that these controls had extremely satisfactory results. In practical terms they had beneficial financial results and helped not only to prevent fraud but also to promote administrative cooperation.

- **In statistical terms**, the **utility** of multilateral controls is recognised by Member States (average score **3.43**). Seven Member States considered that they are *very useful* and six *useful*

(Annex 7). A better understanding of Community legislation, and in particular of audit systems, and closer administrative cooperation are the benefits mentioned by Member States.

- This instrument is used more frequently by some Member States than others. Four Member States have never taken the initiative to organise a control whereas one Member State had proposed six of the 16 undertaken in 2000. Their use is conditioned by *scarcity of resources* since they require more human resources than those undertaken at national level (Annexes 8, 10 and 11).
- **At organisational level, the choice of companies to be investigated**, which is crucial to the success of controls, is made by some Member States on the basis of disparities between transactions declared and those reconstructed from information transmitted via the VIES system. However as multilateral controls involve *an onerous and binding administrative procedure* little use was made of this instrument, particularly in the last year of the programme (Annex 10). The report<sup>24</sup> shows that multilateral controls involve *complex procedures* (cited by most Member States) and they *are too short*.
- One major problem mentioned by Member States is the **obstacle to the rapid exchange of information**. Current legislation on administrative cooperation and mutual assistance on VAT is based on two legal instruments: *Regulation* (EEC) No 218/92 introducing a common system for the exchange of information and *Directive 77/799/EEC* on mutual assistance between the competent authorities of the Member States.<sup>25</sup> Under this legal framework all information exchanges have to be via *the competent authorities* and this means the **system is too slow**. Direct exchanges are still possible if there is a bilateral agreement between two competent authorities. The Directive also allows Member States to authorise *officials from other Member States to participate in certain controls*, but in practice Member States make very little use of this facility.

### 5.3. Desired improvements

In view of the problems inherent in multilateral controls, two seminars were organised in Finland<sup>26</sup> to prepare and update a manual to make them more flexible and effective. Other recommendations have been made and several have been taken into account in the Fiscalis programme 2003-2007.

In their evaluation reports Member States mentioned that:

- Selection criteria should be drawn up on the basis of a risk analysis of companies to be investigated.
- There should be greater flexibility in procedures. Informal preparatory meetings should be held prior to multilateral controls to make them more effective. There should also be flexibility in the time allowed for controls depending on their complexity.
- The present legal framework needs to be changed. The Commission recently presented a proposal for a regulation on administrative cooperation in the VAT field.<sup>27</sup> This proposal creates a single legal framework to combat fraud by establishing a system for direct and rapid exchange of information between national administrations. It also introduces new procedures to enable tax officials from other Member States to participate in controls and for simultaneous controls to be undertaken. This Regulation is expected come into force in 2004.

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<sup>24</sup> SCAC document No 314 of 24 October 2001

<sup>25</sup> OJ L 336 of 27 December 1977

<sup>26</sup> Helsinki in 2000 and 2001

<sup>27</sup> COM(2001) 294 final of 18 June 2001

- Finally, national administrations should be encouraged to recruit more staff for multilateral controls.

## 6. TRAINING

Article 6 of the Fiscalis Decision provides for *training initiatives* in which the Commission and Member States are to participate to create a common platform for training for officials from indirect taxation departments. Such initiatives will:

- develop existing training programmes or design new ones;
- open up training courses organised by each Member State for its own officials to officials from other Member States;
- develop the common tools required for training in indirect taxation, and in particular language training.

Member States must ensure that their own officials receive initial training and continue to follow training courses to acquire common vocational skills. They must have an adequate knowledge of languages.

A group overseeing training (SCAT) which meets two or three times a year sets the objectives and coordinates their attainment through joint activities and training programmes.

### 6.1. Number of training activities

Year	2000	2001	2002
Activities	IT training project	Computer training project	Training standards
	Language training project	Language training project	Computerised audit project
	Seminar on the SCAT training standard - analysis of the role of officials working in indirect taxation	SCAT seminar on computer audit training standards projects - standards applying to computer auditors in Member States	Language training project
		Seminar on public authorities, general activities and subsidies	Seminar on computerised auditing (VAT)
			Training survey

In 2000 a group of training project leaders carried out a **survey** of training in the Member States in the indirect taxation field to help national trainers improve their own training systems. **A database containing information on training material and equipment has been set up.**

In the last two years covered by the programme training modules (in the form of CD ROMs), were fully developed. These include:

- **Computer-based training project (CBT)** explaining the different ways of producing a computer-based language training tool;

- **Computerised audit training project** analysing computerised audit systems used by the participating countries and identifying best practice. This is particularly useful as there is no training at European level in this area;
- **VISAFIN** which is a language training tool containing terminology on taxation and income tax and VAT procedures. The software has two aims: to provide training in taxation (30 hours) and language training. VISAFIN exists in English, French, German and Spanish;
- **A glossary** containing over 1500 technical terms on VAT and indirect taxation. It will be made available on CD-ROM.

## 6.2. Conclusions

- The last two years of the programme were extremely productive in training activities with most training projects being completed in 2001 and 2002.
- **In statistical terms**, the **utility** of training is recognised by Member States (score of **2.92**) (Annex 11), but scores range from 1 to 4 in some Member States. The comments received on the training's usefulness reflect different approaches and different administrative practices. Some Member States consider not enough has been achieved whereas others have been able to improve their own training and language training in particular through the Fiscalis programme.
- A large majority of officials participating in training activities consider *language training they receive within their own national administrations to be insufficient*, whereas as others welcome the language projects developed under the programme which have helped to improve this situation.
- Some Member States point to **organisational** weaknesses underlining the need to *better target objectives* or *better structure cooperation* to make it sustainable.

## 6.3. Desired improvements

Member States mention the following improvements:

- encourage the establishment of Community standards to be incorporated into national training programmes;
- develop cooperation between national schools or training centres;
- organise training funded by the programme's budget directly with trainers from Member States.

Other improvements include *development of common training modules in the three working languages* by trilingual teams and *translation of material which is already available*.

## 7. PROGRAMME MANAGEMENT AND EFFICIENCY

- **SCAC acted as management committee** for the Fiscalis programme. Its organisation became extremely complex as increasing numbers of subcommittees and working parties were set up and this led to a multiplication of work. The adoption of a new regulation on administrative cooperation making SCAC the regulatory committee and abolishing certain subcommittees should improve efficiency.
- **The programme's activities** are set out in the annual action plan. The presentation of the action plan was changed in 2001 so that the relationship between annual activities and

objectives could be more clearly established. The plan sets out the proposed measures for each priority area. Organisers of joint activities are required to indicate the areas and anticipated results for each activity.

- **At organisational level**, Member States and participants believe there was effective coordination. However, the only indicators available during the programme's lifetime were management indicators. They had the advantage of being simple and continuously measurable but do not give any idea of the real effectiveness of activities. Result indicators will be developed under the new Fiscalis programme 2003-2007 so that a continuous impact evaluation can be carried out. There must be a certain consistency in the presentation of documents concerning joint activities. The Commission could suggest to Member States that they use one single document to facilitate analysis of the contribution of joint activities to the programme's objectives.
- **There should be greater monitoring** of activities. Three types of results are anticipated: sharing of information on work undertaken with countries not participating in the activity in question, updating of the results of completed activities without which they would otherwise become irrelevant (e.g. training modules), and, above all, information on improvements achieved through the applications of the results of joint activities.
- A **new tool (CIRCA)** was introduced in 2002. This is a web site with restricted access. It gives programme managers direct access to organisational documents (agendas, working documents, summaries, etc.) and reports on the activities organised. It is a significant improvement on the previous system of information exchange between national delegations and the Commission. CIRCA can be used as a information-sharing instrument by providing documents produced quickly on line according to a clear and consistent classification.

## 8. OPENING UP THE PROGRAMME TO CANDIDATE COUNTRIES

In accordance with Article 7 of the Fiscalis Decision the programme has been opened up to the associated countries of Central and Eastern Europe and to Cyprus under the conditions laid down in the Europe Agreements or in the Additional Protocols governing their participation in the programme. Malta and Turkey were therefore not eligible to participate in the programme.

Their participation in Community programmes is part of the pre-accession strategy which is designed to support and prepare them for accession to the European Union. Funding is provided by the candidate countries themselves and not by the Fiscalis programme.

The legal instruments (Council association decisions) laying down the conditions for their participation in the programme were not adopted until 2002 by 8 of the 11 countries concerned. Cyprus, Poland and Lithuania have not yet adopted the necessary legal instruments.

Prior to their formal participation a pilot project financed by an external budget heading of the **Customs 2002 programme** (which is discussed in a chapter in the report on the Customs 2002 programme) enabled one representative from each country to participate in a small number of seminars and exchanges (Annex 11). Their participation was then financed by the national budgets of the countries concerned.

As a result of their participation the officials concerned indicated that they have a greater understanding of Community legislation and benefited from exchanges of experience with Member States.

## 9. RESULTS AND IMPACT OF JOINT ACTIVITIES

Individual activities of whatever kind cannot attain a given objective but joint activities have an added impact which contributes to the programme's objectives.

This report has identified three levels of effect: **short-term impact** or **immediate results**, **medium-term impact** where the officials who benefit directly from the activity put what they have learnt to use in their national administrations and **long-term impact** where the results of the programme's activities are *disseminated* in national administrations and used by officials who did not participate in the activities. The long term impact is the most difficult to measure.

The results and impact of joint activities and their contribution to the attainment of the programme's objectives are:

- *to improve administrative procedures;*
- *to give officials a high level of understanding of Community law;*
- *to ensure efficient, effective and extensive cooperation between Member States and the Commission.*

These three general objectives break down into specific objectives (see the programme's objective tree).

## **9.1. Improve administrative procedures: simplify and modernise legislation**

### *9.1.1. Immediate results*

Three immediate results have been identified:

- *Simplification of national and Community legislation on taxation and excise:* the Salzburg seminar<sup>28</sup> simplified the Accompanying Administrative Document (AAD) for excisable products.
- *Simplification and modernisation of instruments facilitating taxpayers' and traders' compliance with tax obligations:* the Madrid seminar<sup>29</sup> discussed the use of the Internet to facilitate relations with taxpayers and the Chester seminar<sup>30</sup> looked at ways of simplifying and reducing VAT costs for business.
- *Simplification and improvement of administrative procedures* (one of the most important effects of the programme according to Member States). Their average score for improvements in working methods and identification of good administrative practice through their officials' participation in **seminars** is **3.29** (Annex 1, question 2.3). Five Member States explicitly refer to this point in their report. In the case of **exchanges**, the score is slightly lower since any changes in this area which is highly regulated take some considerable time. Eleven countries consider (*average score 2.79*) that they are reflected in new working methods in national administrations (Annex 4, question 5.2). Other countries pointed to improvements in participants' personal working methods. In the case of **multilateral controls** (*average score 2.71*), five countries consider that this instrument has improved control methods (Annex 7, question 8.4). In the case of **training**, four countries refer to improvements in working methods (*average score 2.31*) (Annex 11, question 11.2). Finally, **37%** of participants in exchanges or **34%** in seminars consider that administrative procedures in their national administrations were *significantly improved* following their participation in one of these activities (Annex 12).

The impact of joint activities on the *modernisation of administrations* is not as clear-cut as that of new technologies financed by the programme. These computer systems have led to an increase in the exchange of information between national administrations and between national administrations and the

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<sup>28</sup> 20 to 23 April 2000

<sup>29</sup> 15 to 17 November 2000

<sup>30</sup> 3 to 5 October 2001



Commission. The results obtained by the CCN/CSI communication network and computer applications for VAT and excise are analysed in the IT report which is attached.

#### 9.1.2. *Medium and long-term impact*

- Joint activities have had an impact in the medium term by simplifying administrative procedures and through the *adoption of new working methods by national administrations*. However, although two Member States have adopted new administrative procedures following their officials' participation in the programme, participants' capacity to incorporate significant changes in national legislation is limited (*average score 2.73*) in the case of seminars and (*average score 2.36*) for exchanges (Annex 1, question 3.3 and Annex 4, question 6.2).
- The long-term impact is more difficult to measure. Member States indicate that the results of activities such as seminars and exchanges have been disseminated within national administrations (Intranet, seminars, conferences, distribution of progress reports, etc.) and that officials who did not participate in these activities have received and used this information (Annexes 1 and 5). However, to analyse the intensity of this impact can only be measured on the basis of a special analysis.

#### 9.1.3. *Conclusions*

- Joint activities helped to **simplify and harmonise** control methods and procedures through the use of the tools presented during these activities (risk analysis, model, computerised audit, etc.) but there is still room for improvement.
- Member States said that they would disseminate information exchanged in joint activities within their national administrations.

### 9.2. **Give officials a high level of understanding of Community law and uniformly apply Community legislation**

The interim report identified two results of joint activities which contributed to the uniform application of Community legislation: greater *understanding of specific areas* of Community legislation on indirect taxation and greater knowledge of *indirect taxation in other Member States*.

#### 9.2.1. *Short-term impact*

- The final report confirms that joint activities contributed to a greater *understanding of specific areas* of indirect taxation. Member States' average score for the attainment of this objective is **3**. Four Member States draw attention to this point in their evaluation reports. Other Member States underlined that informal discussions outside the actual activities undertaken also contributed to this result (Annex 1, question 2.1, Annex 4, question 5.1 and Annex 7, question 8.2).
- **45%** of participants in **seminars** consider they have a much greater understanding of Community legislation on indirect taxation and **12%** have a significantly better understanding. Only **3%** of participants expressed a negative opinion. In the case of **exchanges**, the proportion is **47%, 25% and 1%** respectively (Annex 5).
- As regards an *understanding of indirect taxation in other Member States*, most Member States replied that improvements had been brought about by joint activities. The index of Member States' satisfaction with the contributions of **seminars** and **exchanges** to this objective is **3.08** (Annexes 1 and 5). In the case of **multilateral controls**, Member States underlined that they have a greater knowledge of auditing systems (*average score 3.29*) (Annex 7, question 8.2). Seven countries explicitly stated that auditors had improved their knowledge by participating in multilateral controls. Finally, **training** also contributed to this objective (*average score 2.31*) (Annex 11). The *computerised audit training* project presented at the Luxembourg seminar in

November 2002 should be mentioned here. The first phase of this project was to analyse audit methods in Member States and the second to develop training in computerised auditing.

- An *international tax guide* containing information on tax systems and control methods in all Member States was presented at the seminar in Breukelen.<sup>31</sup>

#### 9.2.2. *Medium and long-term impact*

- Member States' average score for dissemination within national administrations of knowledge required by participants in seminars and exchanges was **2.93** and **2.92**. Five Member States have introduced formal dissemination of information gathered at **seminars** via the Intranet or presentations and conferences. Some Member States, however, consider that the impact of **exchanges** is limited to participants.
- The impact of **multilateral controls** scored **2.58** showing that their results are less widely disseminated than in the case of other activities.

#### 9.2.3. *Conclusions*

- The programmes' joint activities have improved participants' knowledge of Community legislation in the specific areas presented at seminars.
- A knowledge of other tax systems has made it possible to compare the treatment of certain specific aspects of taxation.

### 9.3. **Efficient, effective and extensive administrative cooperation between Member States and combating fraud**

Greater administrative cooperation is considered by Member States to be *the most important result of joint activities*. A short-term impact was identified in two areas: *identification of contact points within other national administrations* and *greater exchange of information on combating fraud*.

#### 9.3.1. *Short-term impact*

- *Identification of contact points* **Seminars** are considered to have made a very positive contribution to identifying contact points in other national administrations (*average score 3.62*). Six Member States explicitly stated that identification of contact points helped to improve administration cooperation. This also applies to **exchanges** (*average score 3.15*) with five Member States also mentioning that identification of contact points is the main result of exchanges. **47%** of participants in exchanges also hope to cooperate *much more effectively and closely* with officials in other Member States and **28%** *much more effectively and closely*. **Multilateral controls** also contributed to this objective (*average score 3.23*). According to four Member States, these contacts subsequently facilitated participants' control work and made them aware of the European dimension of their work.
- *Exchanges of information on combating fraud* Seminars and multilateral controls are considered to have made a greater contribution to improving control methods (*average score 2.7*) than exchanges (*average score 2.38*). However, Member States recognise that a restrictive interpretation of legal instruments and, in particular, the slowness of responses is the main obstacle to the exchange of information to combat fraud. Participants in seminars consider that they are *much better* (**30%**) or *somewhat better* (**47%**) able to prevent and detect tax evasion and fraud. For participants in exchanges the proportion is **6%** and **36%** respectively.

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<sup>31</sup> 14 to 16 September 2000

**Risk analysis** In their comments Member States point to very precise areas in which risk analysis can be improved. They consider that this instrument is the best way of effectively combating fraud in view of the limited human resources available.<sup>32</sup> Seminars had promoted the use of this tool. At the seminar in Helsinki a computerised selection system PUMA<sup>33</sup> developed in Sweden was presented as a way of identifying at little cost traders involved in the import or export of goods who presented a risk.

**Combating fraud** Various seminars had been organised in this area<sup>34</sup> and discuss practical cases.<sup>35</sup> A number of studies were also undertaken by SCAF,<sup>36</sup> *to identify type of fraud* and the underlying mechanisms. These studies analysed over 1000 cases of fraud and identified the main techniques employed by fraudsters. Working parties prepared reports on *carrousel fraud* and *manuals of good practice* to combat this type of fraud.

### 9.3.2. *Medium and long-term impact*

- *Administrative cooperation has been improved through the use of networks established under joint activities.* Member States consider that **seminars** made a very significant contribution to this impact (*average score 3.21*) (Annex 1, question 3.2). Most Member States admit that there were very contacts between representatives of the ELO/CLO<sup>37</sup> but between other representatives. **Exchanges'** contribution was slightly less (*average score 2.92*) (Annex 4, question 6.3). Several Member States mentioned that contacts were sporadic or informal. Member States which participated in **multilateral controls** consider that there has been significant improvement in cooperation (*average score 2.64*) (Annex 7, question 9.3).
- Member States' replies underline *dissemination* of good practice within national administrations and awareness raising of the importance of information exchanges to combat fraud. An agreement was signed at the end of 2002 by a number of Member States to automatically and voluntarily exchange information on sales of new means of transport.

### 9.3.3. *Conclusions*

- Greater administrative cooperation and combating fraud are a positive effect of the programme. However, under the current mutual assistance arrangements<sup>38</sup> it is impossible to exchange information sufficiently quickly to track or detect fraud in time. The proposed Commission Regulation on administrative cooperation on VAT<sup>39</sup> will make mutual assistance more effective.

## 10. CONCLUSIONS AND RECOMMENDATIONS ON JOINT ACTIVITIES

**1** **The interim evaluation report** suggested that *any changes to the programme's objectives be clarified* in the light of the Commission's new strategy on VAT, *the links* between the objectives of Article 3 of the Fiscalis Decision and the strategic anti-fraud objectives be *clearly defined, impact indicators be developed* to measure how the programme's results are disseminated within the national administrations and *surveys be undertaken* on the ground to gather the necessary data.

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<sup>32</sup> Member States devote most of their resources to the examination and administration of VAT returns

<sup>33</sup> 15 to 16 May 2000

<sup>34</sup> Oporto in November 2001 and Snekkersten in November 2001

<sup>35</sup> Ireland from 20 to 22 November 2002

<sup>36</sup> Anti-fraud Subcommittee

<sup>37</sup> Excise Liaison Office/Central Liaison Office

<sup>38</sup> Directive 77/799/EEC (OJ L 336, 27.12.1977) and Regulation (EEC) No 218/92 (OJ L 24, 01.02.1992)

<sup>39</sup> COM(2001) 294 final of 18 June 2001

The programme has developed in this direction as a result of the 2001 and 2002 action plans which incorporated the guidelines laid down in the new VAT strategy and defined four priority areas for the programme. The suggestion that surveys be carried out in the field to assess the degree to which information was disseminated in national administrations was not taken up owing to a lack of resources. These were replaced by pilot questionnaires in 2002 but they did not prove useful because of the low rate of response by Member States. Development of impact indicators and gathering of the relevant data have been deferred to the 2007 Fiscalis programme.

**2** Joint activities accounted for 35% of total budget commitments compared with 65% in the case of computer applications. The predominance of the IT component is due to the development and operating costs of the CCN/CSI communication network and the under-utilisation of budget allocations in general and of the funds allocated to seminars and multilateral controls in particular. Since these instruments make a particularly useful contribution to the programme's objectives their use should be increased and encouraged.

**3** **Seminars'** main contribution has been to provide participants with greater knowledge of specific aspects of indirect taxation, to identify good practice and improve administrative cooperation between Member States. They account for over **25%** of expenditure on joint activities. The added value of this instrument could be increased by:

- timing seminars more effectively so that documentation can be sent out in time;
- disseminating results more widely.

**4** **Exchanges** have improved understanding of indirect taxation in other Member States and enabled informal contact points to be identified to promote closer administrative cooperation between tax departments. They account for the largest share of expenditure on joint activities (some **60%**). However their effectiveness could be improved by:

- *setting exchanges' objectives in advance, clarifying them and focusing them on particular well-defined aspects;*
- *introducing greater flexibility in timing and targeting the type of work undertaken in more practical areas;*
- *improving participant's language skills;*
- *tailoring programmes to participant officials' needs particularly if exchanges are undertaken at a particular time of the year.*

**5** **Multilateral controls** account for **10%** of the budget for joint activities. These are the most effective programme instruments to combat fraud. They enable large-scale controls to be undertaken to check that companies operating in more than one Member State are complying with their tax obligations. They help to improve administrative cooperation between participant Member States and increase participants' knowledge of control systems used throughout the European Union.

However the number of multilateral controls fell during the last years of the programme. Their use should be encouraged, particularly by Member States who make no or very little use of them. It is suggested that:

- *greater flexibility should be introduced in the procedure for selecting multilateral controls and their duration;*
- *auditing targets should be selected on the basis of risk analysis criteria.*

**6 Training initiatives** were introduced in 2000 and most training projects were completed in 2001 and 2002. They accounted for **2%** of the budget for joint activities. They improved participants' knowledge, in particular of language and computerised auditing. Improvements might include:

- *promoting the development of Community standards to be incorporated in national training programmes;*
- *developing cooperation between national schools or training centres;*
- *organising training sessions with experts from Member States.*

**7 Candidate countries participated** in the programme under the pre-accession strategy to support and prepare them for entry into the European Union. They took part in seminars and exchanges. Officials from these countries consider that they have a greater knowledge of Community legislation and that exchanges of experience with their counterparts in the Member States have been beneficial.

**8** The report identifies and measures the **short** and **medium-term impact** (use of the results of activity in the national administrations) on the basis of final reports produced by the Member States indicating the changes made in national administrations as a result of the participation of their officials in the programme.

As regards the **long-term impact** (dissemination of results in national administrations), there are few indicators which can measure the degree of such dissemination. This has therefore been estimated solely on the basis of Member States' reports on: measures undertaken (special conferences, meetings with other departments, internal publications, presentations on Intranet, etc.) to inform as many officials as possible about the results of the programme's activities, and in particular seminars. The results of other joint activities do not appear to have been as widely disseminated. Result and impact indicators will therefore be developed under the new Fiscalis programme 2003-2007.

**9 Joint activities** helped to improve administrative procedures, in particular for controls and fraud detection, to simplify instruments to promote traders' compliance with tax obligations, to improve understanding of specific areas of indirect taxation, to uniformly apply Community legislation, to disseminate good practice (risk analysis, identification of the most serious types of fraud such as carousel fraud) and to improve administrative cooperation. Greater administrative cooperation is considered by the Member States to be the most significant result of the programme's activities. This will be enhanced by the adoption of the proposal for a regulation on administrative cooperation in the VAT field<sup>40</sup> which introduces a single and effective legal framework to combat fraud through a system of direct and rapid information exchange between Member States. The proposal also sets out new procedures allowing officials from other Member States to take part in controls undertaken on the territory of a Member State and the use of simultaneous controls.

**10** Joint activities under the Fiscalis programme have helped achieve the objective of more effective functioning of tax systems in the internal market, and have increased cooperation between officials from national administrations. The Fiscalis programme for 2003-2007 has already incorporated many of the suggestions made by the Member States. However if these activities are to have a greater impact there must be greater *complementarity* between programme activities (e.g. the results of a control could be discussed at a seminar or exchanges could be organised on the basis of an aspect discussed at a seminar, etc.).

**11** Member States are aware of the repercussions national measures have at European level and *vice versa*. The Commission's role is to coordinate and promote efforts to combat fraud. Operational responsibility lies with the Member States and greater involvement by participating Member States will improve the programme's effectiveness.

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<sup>40</sup> COM(2001) 294 final of 18 June 2001

**Part 2: Report on the implementation of the Fiscalis  
PROGRAMME in the IT sector (1998-2002)**

## **1. INTRODUCTION**

### **1.1. Background**

The second part of this report which has been drawn up in accordance with Article 12(3) of Decision 888/98/EC of 30 March 1998 deals with the implementation of the Fiscalis programme in the IT sector.

### **1.2. Information sources**

The sources used in this evaluation are:

- the opinions expressed by Member States in a questionnaire designed to evaluate as objectively as possible their views on the computer applications introduced under the programme. The response rate to the questionnaire is around 75%;
- quantitative data on applications financed by the programme.

The views given by Member States on computer applications concern final applications, i.e. they are the views of users. They break down into the components financed by the European Union (Community component) and those financed by the Member States themselves (national component).

### **1.3. The interim evaluation report**

The interim evaluation report concluded that:

- the programme had helped to promote the use and dissemination of the VIES system<sup>41</sup> in the Member States;
- the system of VAT information exchange could be made more effective by changing the legal framework for administrative cooperation.

It recommended that an *ex-post* evaluation be undertaken to:

- determine whether the VIES system met the objective of combating fraud (effectiveness analysis);
- evaluate the effectiveness of computer systems including the CCN/CSI;<sup>42</sup>
- check whether administrative cooperation has been improved through the use of information exchange systems (measured by increased demand for information between Member States and the quality of responses).

### **1.4. Structure of the analysis**

In some cases computer systems are used by both the Customs 2002 and Fiscalis programmes and, in others, by only one of them. Consequently funds for the systems which are common to both of them is shared equally between the two programmes.

These applications are shown below.

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<sup>41</sup> VAT Information Exchange System

<sup>42</sup> Common Communication Network/Common System Interface

<b>Communication network and common management tools</b>			
	<b>Full name</b>	<b>Definition/Objective</b>	<b>Commitments (in 1000 euros)</b>
<b>CCN/CSI</b>	CCN: Common Communication Network	Common communication network enabling partners to communicate via a technical architecture of gateways in national administration or DG TAXUD	} 23.801
	CSI: Common System Interface	Common computer language enabling national and Community IT systems to use CCN services and to dialogue in secure and monitored fashion	
<b>Tempo</b>	Taxud Electronic Management of Project Online	Methodology for developing and managing computer projects	} 1.418
<b>PSO</b>	Project Support Office	Office to support IT projects managers in their daily tasks	
<b>IT applications financed by Fiscalis programme</b>			
	<b>Full name</b>	<b>Definition/Objective</b>	<b>Commitments (in 1000 euros)</b>
<b>Vies (including Vies on Internet)</b>	VAT Information Exchange System	Computer system linking Member States and enabling them to obtain information on any intra-Community transactions involving goods between traders registered in their own VAT records and those registered in another Member State, and to confirm validity of VAT identification number of taxable persons	} 5.547
<b>SCACform2001</b>		Electronic form to obtain additional information if that provided by VIES is not sufficient	
<b>SEED</b>		Obligatory electronic database located in each Member State containing a register of persons who are authorized warehousekeepers or registered traders within the meaning of Directive 92/12/EEC	
<b>MVS</b>	Movement verification system	Electronic form for information exchange in excise field	
<b>e-commerce VAT</b>		Designed to develop and implement computerised system for declaration, collection and allocation of VAT payable by traders not established in European Community supplying goods or services over the Internet to consumers established in European Community	
<b>EWSE</b>	Excise Early Warning System	Involves Member State from which a consignment of excisable products departs to send an information or warning message to Member State of arrival so checks can be carried out in time	
<b>EMCS</b>	Excise Movement and Control System	Integrated computerised movement and control system for excisable products	

An analysis of the budget will be followed by a description of the systems used by both programmes and of Fiscalis applications.

## 2. BUDGET

The Table in Annex 13 shows the amounts committed (in euros) for services relating to computer systems under the Fiscalis programme. The commitments relating to payments cover the period from 1998 to 2000. Payments for a commitment are made over a number of years as and when the services are carried out whereas a commitment is made at the time a service contract is signed. Commitments for 2002 were made at the end of the year and covered services over 12 months. The bulk of the corresponding payments is to be made in 2003 and the remainder in 2004.

The total amount of commitments under the Fiscalis programme is **€19 622.659**. This amount includes funding for the CCN/CSI network and programme management tools (financed jointly by the Fiscalis and Customs 2002 programmes) and for VAT and excise applications.

It should be noted that as the computer systems have a national and Community component, the Fiscalis programme finances only the Community component and Member States have to finance the national component.



The CCN/CSI Communication Network required an investment of €23 801 472 of which half was financed by the Fiscalis programme. The magnitude of the amounts committed is due to the fact that they cover development and deployment costs.

The VIES application accounts for the major share of the FITS (Fiscalis Information Technology System) budget of € 547 267. This is the most important application in the Fiscalis budget. The VIES budget covers operational and maintenance costs as the system had been developed and was already operating when the Fiscalis programme began.

The Fiscalis programme was unable to finance the EMCS application<sup>43</sup> as funding estimates and scheduling needs exceeded the programme's capabilities.

### **3. SYSTEMS COMMON TO THE FISCALIS AND CUSTOMS 2002 PROGRAMMES**

#### **3.1. CCN/CSI (Common Communication Network/Common System Interface)**

##### *3.1.1. Description*

The development of a common communication network/common system interface was approved in December 1992 by Directors-General for Customs and Taxation to harmonise intra-Community transfer of computer data. The objective is to create a gateway between national and Commission computer systems which are all different in a single infrastructure ensuring interoperability between all the systems.

The CCN/CSI came into operation on 8 May 1999. Activities financed under the Fiscalis and Customs 2002 programmes concern development and deployment prior to 1999, ongoing and corrective maintenance and subsequent extension to other sites (in particular candidate countries).

The Commission manages its computers and gateways up to national entry points. Member States are responsible for training of officials and deployment of computer tools in their national networks.

##### *3.1.2. Evaluation of the deployment and development of the CCN/CSI*

The opinions expressed by Member States<sup>44</sup> on the deployment of the CCN/CSI are based on a scale of 1 to 5 (1 = extremely good, 5 = very poor). The opinion of customs administrations and indirect tax administrations is generally positive.

Budget resources and timetables for the deployment and development of the CCN/CSI are considered to be realistic. The same applies to the support provided by the Commission in terms of assistance, training or documentation. The link facility for local applications to the CCN/CSI is deemed to be satisfactory.

This confirms the results of a study undertaken in 2000 by the Gartner Group under the ATOS origin integration contract<sup>45</sup> on the deployment of the system. The study concluded that the CCN/CSI's technology and architecture functioned correctly and its capacity to support a growing number of connections was demonstrated. However, it underlined that integration of systems in the CCN/CSI also required a huge organisational effort and support by Member States which wished to link up to the system.

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<sup>43</sup> Excise Movement and Control System

<sup>44</sup> See Annex 14

<sup>45</sup> Under the contract concluded between the Commission and ATOS the latter was allowed to sub-contract the study on the CCN/CSI to the Gartner Group.

### 3.1.3. Results

The results are evaluated:

- qualitatively (satisfaction of user national administrations with its operation);
- quantitatively;
- by an external study (Gartner Group 2002).

#### 3.1.3.1. Qualitative user evaluation<sup>46</sup>

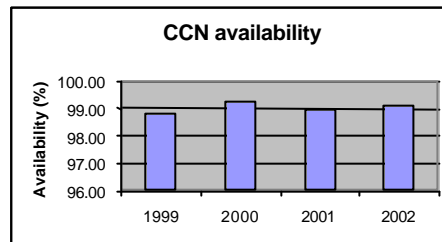
National administrations are very satisfied with the support offered by the Commission (general support), the secure use and availability of the network.

The utilisation facility (operation and interconnection with national systems) is also deemed to be good by national administrations.

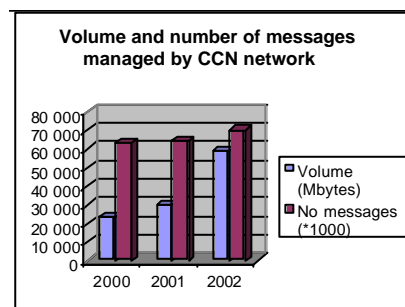
However, although customs administrations believe that the system meets its need for information exchange and helps rationalises resources, indirect tax administrations have more reservations.

#### 3.1.3.2. Quantitative data

Network availability is considered to be over 99% (98% in the year it came into service).



Statistics on the use of the CCN networks point to a sharp upward trend. The following table shows a number of messages and the volume of information carried.

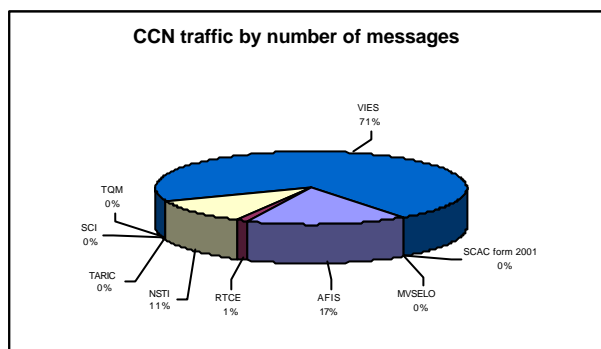


The following graph gives some idea of the breakdown of message by application. The VIES, NSTI (New Computerised Transit System) and AFIS (Anti Fraud Information System) generate a huge number of messages since their function is information exchange between Member States. The NSTI application, which is still in the deployment phase, will generate a growing number of messages in the future.

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<sup>46</sup>

See Annex 14



### 3.1.3.3. The Gartner Group study (2002)<sup>47</sup>

The study shows that the CCN/CSI works well, is widely used and that the services it provides are very extensive but its cost is relatively high and is rising steadily as functionalities expand.

Since it is proving impossible to apply a common standard in all Member States, the Commission has adapted the CCN/CSI to make it compatible with national systems and this has entailed vast development costs for the Fiscalis and Customs 2002 programmes.

Technically the system can still cope with many additional connections but this will involve huge investment. Because of its decentralised technical architecture a specific infrastructure is required for each new connection and the system may have to be developed to adapt to each additional local technology.

Similarly the addition of any new functionality in this technical architecture may entail huge costs to maintain a high level of quality, availability and security.

### 3.1.4. Impact

The introduction of the CCN/CSI network was a prior condition for the development of a number of other computer applications for information exchange between Member States (in particular the NSTI), and its impact on the programmes' objectives are assessed on the basis of the impact of other applications. The costs of investing and maintaining the quality of its service are justified by the productivity gains which are likely to result from the development of applications.

## 3.2. Programme management tools

### 3.2.1. Project Support Office (PSO)

A PSO was set up to make management of computer programmes more effective and efficient by centralising tasks common to these projects.

The study phase was completed in 2002 and the pilot phase is scheduled to begin in 2003.

### 3.2.2. TEMPO (Taxud Electronic Management of Projects Online)

#### 3.2.2.1. Description

TEMPO is a methodology for the development and management of computer projects which complies with recognised standards such as those of the PMI (Project Management Institute) and ISO (International Standards Organisation). Its aim is to reduce the risk inherent in these projects in terms

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<sup>47</sup> The Commission concluded a contract with ATOS allowing it to sub-contract the study on the CCN/CSI to the Gartner Group

of quality and compliance with deadlines and budgets. It covers all project cycles from preparatory studies to contractual management.

### 3.2.2.2. Tempo's contribution

Projects centre on three pillars: the NSTI, other customs tariff applications and Fiscalis applications. Services are divided into two lots: development and maintenance and training and helpdesk operations. This rationalisation has led to a reduction in separate agreements (from 115 in 1999 to 35 in 2003) and management savings and has consolidated good practice in project management.

Invitations to tender are worded according to the service to be provided (fixed costs for each service module) and are based on quantified results rather than manpower-hour costs.

TEMPO has helped to improve programme effectiveness and efficiency by introducing a common approach to the development of computer applications and contractual management.

## 4. VAT AND EXCISE APPLICATIONS

### 4.1. Evaluation of the development, deployment and operation of tax applications as a whole

This chapter analyses Member States' perception of development, deployment and operation of applications at organisational level<sup>48</sup> before evaluating each computer application separately.

#### 4.1.1. *Development and deployment*

Specifications are considered to be very comprehensive. Deadlines for deployment of systems are deemed to be averagely realistic. Support during deployment (training and assistance) is considered to be good but some Member States suggest that there should be longer and more training courses.

Respondents accept that their administration should do what they can to ensure that systems are used according to specifications. However, they are much less optimistic about the availability of budget and, in particular, human resources for this purpose.

The quality and availability of administrative and legal tools in the Member States which are required for the systems are considered to be good. However the appropriateness of technology supplied by national administrations is deemed to be only average.

The aim of the survey among Member States was to determine what human and budgetary resources were available at national level to develop computer systems under the programme. However, it was impossible to draw any conclusions on the basis of the information provided as there was few responses on this point.

The problem of budgetary and human resources in the Member States to develop and deploy the systems is due to the composition of the committees overseeing management of the computer projects under the programme.

National delegates in these committees do not always have the authority to commit the human or budgetary resources required to implement any decisions adopted by the committees at national level. This may hamper coordination and lead to delays in the implementation of decisions. Delays in one country can slow down the whole project.

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<sup>48</sup> See Annex 15

These delays are also due to the sensitivity of computer projects to political decisions introducing new priorities during the programme. Their implementation often requires a complete overhaul of work plans and such decisions are rarely backed up the additional resources required in the Member States.

Finally, Member States are satisfied with the quality of information exchanged at meetings of the committees responsible for computer projects but they believe that the Commission could propose more opportunities for information sharing between Member States.

#### *4.1.2. Operation*

The support provided by the Commission during the operation of applications is deemed to be fairly good.

The Commission also pays great attention to this through its helpdesk, which is regularly evaluated according to precise quality criteria.

The facility for system administration in the Member States is judged to be pretty average. The reason for this problem lies in the large number of applications. However this does not fall within the Commission's remit.

### **4.2. Usefulness/sustainability**

The survey of Member States<sup>49</sup> shows that 88% of systems financed by the programme are considered to be essential or frequently used, 6% are used occasionally and 6% are never used or are being introduced. A little less than half (45%) of Member States have drawn up an action plan to improve the use of systems created under the programme. 75% of systems are required to be used under a (legal or administrative) obligation in the Member States. All these figures give some idea of Member States' perception of the usefulness (utility criterion) of systems and, where appropriate, of their long-term use (sustainability criterion).

Another survey of participants in joint activities (exchanges, seminar and multilateral controls) financed by the programme shows that 55% of respondents consider the Commission's communication and exchange systems to be satisfactory and 15% very satisfactory.<sup>50</sup>

### **4.3. The VIES (VAT Information Exchange System) application**

#### *4.3.1. Description of the system*

The VIES system was introduced under Regulation (EEC) No 218/92 on administrative cooperation to enable information to be exchanged on intra-Community supplies between the competent authorities of the Member States for the purpose of VAT control. Requests for information are made under the administrative cooperation rules.

The VIES system is a computer system linking up Member States. It allows them:

- to obtain information on all intra-Community supplies of goods between traders registered for VAT purposes with them and those registered in another Member State;
- to confirm the validity of a taxable person's VAT number.

At technical level, each Member State has its own national VAT database into which information from their record of VAT-registered traders and recapitulative statements submitted quarterly by intra-Community suppliers of goods identified on their territory is fed. The VIES system provides access

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<sup>49</sup> See Annex 20

<sup>50</sup> See Annex 21

from one database to another. There is no central database. Each national database can be directly consulted by other Member States.

The VIES system came into operation in 1993. The Fiscalis programme has simply provided funding for the ongoing maintenance of the system (addition of new messages).

#### 4.3.2. Results

##### 4.3.2.1. Qualitative assessment by Member States<sup>51</sup>

Member States consider that the information provided is updated in time by other Member States. The information is deemed to be comprehensive although some Member States would like the system to be extended to services.

A number of proposals were made in the evaluation to make the information provided by VIES (and other systems) more comprehensive. These concern:

- information on private purchasers of new means of transport (in an intra-Community supply);
- information on the legal situation of taxable persons (type of activity, bankruptcy, etc.) or the type of goods supplied (goods codes);
- indication if a VAT number has been removed following detection of fraud.

However, they are less positive about the accuracy of information provided by the system.<sup>52</sup> It should be noted that as VIES is a system of information distribution but does not use a centralised database, the quality of evaluated data depends not only on each Member State but also on the source and type of data exchanged (traders' quarterly returns). If data is not available or is incorrect (trader risk) or is not properly integrated into the national database (national administration risk) this can affect the efficiency of the information exchange system. Similarly, as data are retrospective responses are not very rapid (some Member States call for risk analysis tools to be used to overcome this problem).

Some Member States allow returns to be submitted electronically to ensure that the data contained in quarterly returns is captured by the VIES system. This will bring a significant improvement in the system's efficiency.

However, it may be difficult to reduce the risk of error on the part of traders. They do not attach much importance to the classification of a transaction if it has a neutral impact on their budgets or that of the Member State collecting the VAT. They may make no distinction between supplies of goods and services; this means legislation is incorrectly applied but has no financial consequences. Administrative penalties for this type of error are not applied uniformly in the Member States.

The interim evaluation report indicated that the problems could not be entirely solved by the Fiscalis programme which was not designed for this purpose.

##### 4.3.2.2. Quantitative data

- Verification of VAT identification numbers

VIES must be able to supply, within ten seconds, the name and address of the person to whom a VAT identification number has been attributed, the date it was issued and, where appropriate, the date it on which it ceases to be valid.

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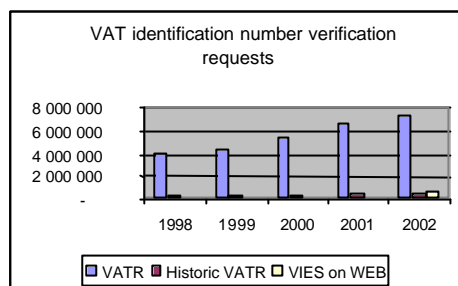
<sup>51</sup> See Annexes 16 and 17

<sup>52</sup> See the results of the survey of Heads of Central Liaison Offices, Annex 18

Over 27.6 million requests for verification (VATR) were made between 1 January 1998 and 31 December 2002. The initial objective of a response time of less than ten seconds for this type of request was already attained in the first half of the year in which VIES came into operation (1993). The response time in the CCN/CSI network is now usually less than 1.5 seconds.

During the same period there were over 2 million requests for the full record of a VAT number: the VATR historic facility gives additional information (change of address or name or other changes concerning the person using the VAT number).

The following graph shows a regular annual increase in VATR requests since 1998 and an increasing interest in the VATR historic facility during the last two years. The VIES application was made available to the public on the Internet in 2002. These statistics are also included in the diagram.



– Specific information requests (Level 1 and 2, Facility 2)

Every quarter Member States exchange lists of suppliers who have carried out intra-Community supplies of goods to other Member States and details of the amount of the supplies and the purchaser's VAT number. This is *Level 1 Facility 1* information as defined by Article 4(2) of Regulation (EEC) No 218/92.

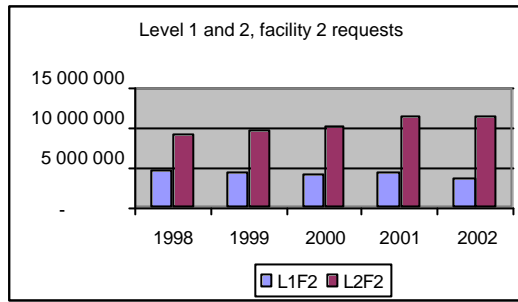
VIES must supply each Member State within five minutes with details of the total number of intra-Community acquisitions of goods effected in a quarter by one of its traders from other traders in other Member States. This is "*Level 1 Facility 2*" (L1F2) information defined by Article 4(2) of Directive (EEC) 218/92.

VIES must also provide Member States with more detailed information within five minutes: a breakdown, by supplier, of the total amount of intra-Community acquisitions effected by a trader in a particular quarter. This is *Level 2 Facility 2* (L2F2) information defined by Article 4(3) of Regulation (EEC) No 218/92.

A new type of message was introduced at the end of 2002: *Level 2 Facility 1* (L2F1) information giving the total amount of intra-Community acquisitions of goods effected by traders in one Member State from a particular supplier in another Member State.

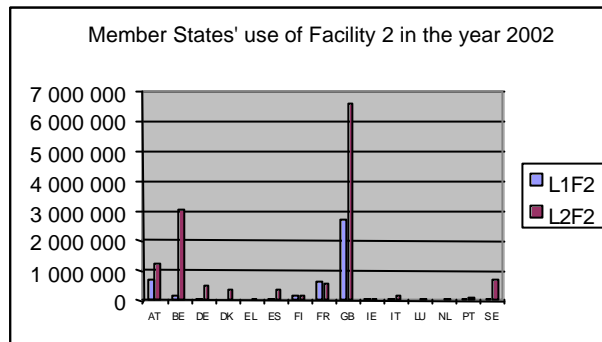
Between January 1998 and December 2002 over 73.3 million requests for information (L1F2 and L2F2) were made by Member States.

These requests are made in real time (synchronous communication) or via a letter box (asynchronous communication) as Member States wish. For those Member States using the synchronous service the response time is the same as for requests for verification of VAT numbers (an average of less than 1.5 seconds). For those communicating via a letter box, the objective of five minutes was already attained in the period 1993-1995.



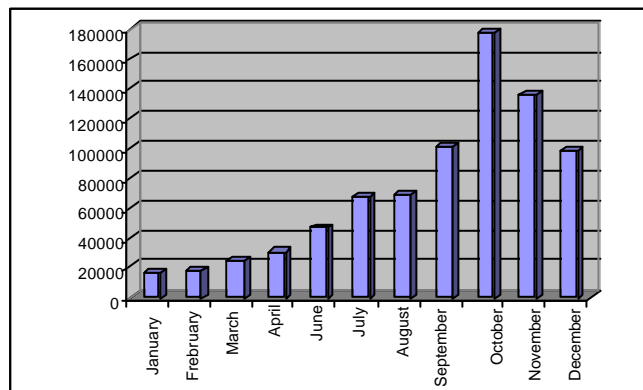
It should, however, be noted that there are significant differences in the number of requests by Member States as shown in the following graph.

The greater use made by some Member States is due to the fact that they have more terminals linked up to VIES and this make the system more accessible to their officials. The large number of requests from the United Kingdom is also due to the fact that the system is set up in such a way that each request is made twice.



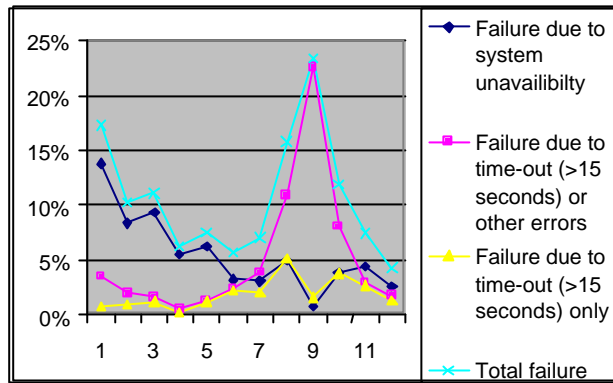
– Quantitative evaluation of VIES on the Internet

VIES was opened experimentally on the Internet in October 2001 and officially in June 2002. The first graph below shows the trend in the number of requests in 2002.



In 2002 the system experienced a relatively large number of problems (unavailability of the application or response time of over 15 seconds). The following graph shows the trend in the percentage of errors generated by the system in 2002 and their cause. The huge increase in problems in September 2002 is due to greater utilisation and certain software and hardware problems. These problems were resolved and the percentage returned to normal by the end of the year.





#### 4.3.3. *Impact*<sup>53</sup>

In their replies Member States stress that the VIES system has played a major role in improving administrative cooperation. They also consider that it has helped to make administrative procedures more effective and assisted efforts to combat fraud.

### 4.4. **Electronic forms SCACform 2001**

#### 4.4.1. *Description*

The Fiscalis programme financed the design and technical implementation of electronic forms (SCACform 2001) which enable Member States to request additional information if that provided by the VIES system is not sufficient.

The CCN mail system (secure messaging system in CCN/CSI) was developed to transmit these and excise sector forms.

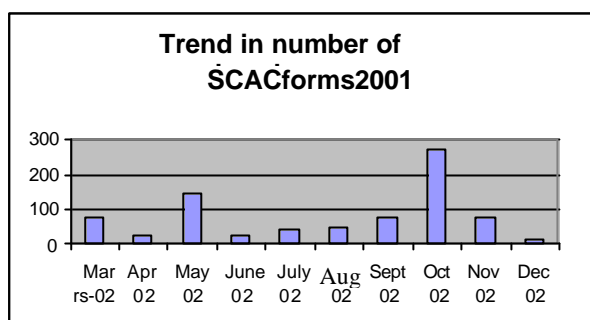
A pilot phase involving the use of these electronic forms started in some Member States in March 2002 and these will replace the SCAC paper forms.

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<sup>53</sup> See Annex 18

#### 4.4.2. Qualitative and quantitative results

Member States are extremely pleased with the comprehensive information contained in the forms. They also consider the quality of information to be good (information is updated and supplied in real time and is accurate).



In the pilot phase a number of weaknesses were identified and these will be corrected in the production phase:

- the use of the CCN mail system poses problems because it is not compatible with national messaging systems and allows only one document to be attached (a study was launched in 2002 to develop a CCN-mail2 system to overcome these problems);
- improvements could be made to the form;
- the format of the forms should be standardised for information exchange;
- a manual of instructions on how to fill in the form should be made available to users.

The number of forms exchanged is too small for their results to be analysed.

However, their computerisation will help save time for information exchange compared to the conventional channel (post) and this will help Member States meet response deadlines.

### 4.5. The SEED database

#### 4.5.1. Description

The SEED system is an obligatory electronic database located in each Member State and contains:

- a register of persons who are authorised warehousekeepers or registered traders within the meaning of Directive 92/12/EEC on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products;
- a register of facilities approved as tax warehouses.

It allows each Member State access to the electronic records of other Member States. It uses the facilities of the AFIS mail system (Anti-Fraud Information System) which is an electronic messaging system.

Improvements to this application was not a priority objective of the programme. The aim was to maintain it by attempting to find temporary solutions to any problems encountered pending development of the EMCS system which will replace SEED and EWSE.

#### 4.5.2. Results

The effectiveness of excise applications was assessed at a Fiscalis seminar held in 2002<sup>54</sup> attended by the Heads of Excise Liaison Offices (ELOs) who:

- are responsible for the operation of the SEED, EWSE and MVS systems and for related risk analysis;
- act as national contact points but also as national contact points for the monitoring of Community procedures and systems for which they are responsible;
- have a general overview of all movements under these procedures and systems by monitoring quality and filtering information exchange (SEED requests, EWSE exchanges, MVS exchanges, informal exchanges and any targeted measures).

The most trenchant criticisms made of this system do not concern its technical aspects but the huge delays by Member States in updating data (some do not carry out monthly updates).

Failure to comply with common specifications for file format, the lack of harmonisation of excise numbers and information, the slowness of the AFIS and problems in integrating national systems are considered to hamper the exchange of files.

SEED does not provide all the services anticipated either for national administrations or traders. Some national administrations prefer to use fax and e-mail rather than this system to exchange data.

This is borne out by a survey of Member States (delays in updating, incorrect and inaccurate information).<sup>55</sup> Some Member States also believe that the system does not supply all the information required.<sup>56</sup>

The following operational solutions are proposed:

- ensure updating deadlines are met;
- draw up a trader risk profile;
- make the database accessible online to ensure that all authorised traders are included and are accessible at the same time in the database or, at least, carry out more frequent updates;
- confine updates to changes rather than the whole database to avoid blocking the system for hours;
- harmonise the structure of excise numbers;
- coordinate and harmonise goods codes so that traders entered in SEED can send or receive them;
- maintain a “*historic*” of traders from whom authorisation has been withdrawn so that subsequent searches can be made on it.

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<sup>54</sup> Seminar held in Chester from 22 to 24 April 2002 on the development and improvement of methods and systems of communication on movements of goods subject to excise duty under suspensive arrangements. It was attended by the heads of Excise Liaison Offices in the Member States and candidate countries

<sup>55</sup> See Annex 16

<sup>56</sup> See Annex 17

The EMCS project should have overcome these problems. However, pending its entry into service the Commission and the Member States intend to develop a new version of SEED (SEED v0) which will incorporate some of the solutions proposed.

#### 4.5.3. *Impact*<sup>57</sup>

Despite these deficiencies Member States believe that SEED has helped to improve administrative cooperation between Member States and is useful in combating fraud.

### 4.6. **EWSE application (Excise Early Warning System)**

#### 4.6.1. *Description*

This system enables the Member State from which excisable goods depart to send an information or warning message to the Member State where they arrive so that the goods can be checked in time.

It was introduced on the basis of recommendation by a High-Level Group on fraud in tobacco and alcohol in December 1998.

The pilot phase started in December 2002 and involved six Member States. By the end of 2002 only four Member States were still participating.<sup>58</sup> The two Member States which withdrew from the project did so for technical or legal reasons.

Information is sent via the AFIS (Anti-Fraud Information System) messaging system.

EWSE is one of the precursors of a future integrated excise movement and control system (EMCS). It is being used on a provisional basis until the EMCS is fully developed.

Its development and operation have been financed by the Fiscalis programme.

#### 4.6.2. *Results*

EWSE was evaluated by the Heads of the Excise and Liaison Offices (ELOs) at the Fiscalis seminar in Chester in 2002.<sup>59</sup>

The following points were underlined:

- Member States regret the fact that the messages they send are not followed up and there is no clear distinction made between information and warning messages. They note that ELOs receive numerous purely informative messages.
- They recommend that warnings really be “*early*”, i.e. are sent at least as the goods leave so that the administration in the Member State of arrival can check them when they arrive.
- At a legal level, Member States do not wish OLAF to have access to information sent via the AFIS system. OLAF has given Member States the necessary guarantees noting that its role would be simply to coordinate information exchange.

The survey carried out among Member States underscored these points. The comprehensive nature<sup>60</sup> and quality<sup>61</sup> of the information provided by EWSE is judged to be average.

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<sup>57</sup> See Annex 19

<sup>58</sup> Other Member States do not participate as such but use fax or e-mail to send information

<sup>59</sup> See footnote 54

<sup>60</sup> See Annex 17

Member States suggested the following solutions to these problems:

- administrations in the Member State of departure and arrival should both make greater use of risk analysis to better target messages to be sent and received and limit the number of messages exchanged to those presenting real risks;
- an alternative technical solution for management of the application by the Commission should be found;
- pending the introduction of this alternative solution use of EWSE should be encouraged irrespective of the method of transmission (AFIS, fax or e-mail).

It should be noted that the Commission has already submitted a draft plan to Member States for approval setting out technical solutions for transfer from the EWSE to the CCN with a view to its future incorporation into the EMCS.

#### 4.6.3. *Impact*

Member States consider<sup>62</sup> that EWSE has helped to make national administrative procedures more efficient and is a tool which can be used to combat fraud.

It is however, impossible to obtain detailed information on cases of fraud detected for reasons of confidentiality.

The *information message* version has helped to attain the objective of uniform application of Community legislation. However, not all Member States attach the same importance to purely informative messages. Some believe that they might swamp offices responsible for receiving and processing them. Consequently Member States are allowed to not send a message if they consider that it is unnecessary after carrying out a risk analysis. The system is therefore used differently from one Member State to another and this dilutes the system's impact.

Member States stress the need for powerful risk analysis tools to process information supplied by computerised systems. This need will become even greater in the EMCS system where all messages on movements of excisable products will be computerised.

### 4.7. **MVS electronic forms**

#### 4.7.1. *Description*

MVS (Movement verification system) electronic forms were introduced in 2002 for excisable products to improve administrative cooperation and mutual assistance between administrations and facilitate the exchange of information. Information can be exchanged between Member States using these forms.

The Fiscalis programme financed the technical implementation of these forms.

The pilot phase using CCN mail began in May 2002 but was not completed until December of that year. Eight Member States took part. Countries not participating in the pilot phase exchanged forms by manual means.

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<sup>61</sup> See Annex 16

<sup>62</sup> See Annex 19

#### 4.7.2. Results

The MVS electronic forms were evaluated by the Heads of the ELOs at the Fiscalis seminar in Chester in 2002.<sup>63</sup>

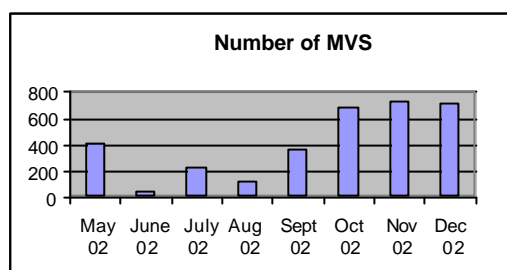
The participating Member States consider that the forms should be used by all Member States pending development of the EMCS.

They stress that risk analysis tools should be used with the forms.

The evaluation in Chester drew attention to the following operational problems:

- some countries consider that MVS should not be sent for low-risk movements;
- some Member States believe training should be organised for users (when the system is introduced).

The number of message exchanged during the pilot phase is shown below.



Since the MVS was still in the pilot phase at the end of 2002 there are no conclusive results. The survey carried out among Member States showed unanimous interest in the development of the system. However they suggest that forms and instructions could be improved.

A specific evaluation of the pilot phase will be undertaken in 2003.

#### 4.7.3. Impact

Member States believe<sup>64</sup> that the MVS electronic forms will help to:

- significantly improve administrative cooperation between Member States. However it must be underlined that responses also cover the paper version of the MVS forms;
- make national administrative procedures more efficient.

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<sup>63</sup> See footnote 54

<sup>64</sup> See Annex 19

#### **4.8. e-commerce VAT**

The objective of the e-commerce project is to develop and implement a computerised system for the declaration, collection and allocation of VAT payable by traders not established in the European Community who supply goods and services over the Internet to consumers in the European Community.

National administrations must collect data from these traders via the Internet or by any other electronic means. Although this is a national responsibility, the Commission will define standards to ensure a minimum level of quality throughout the Community.

The functional and technical specifications were completed and adopted in November 2002. The system is due to become operational by 1 July 2003. All Community activities are financed by the Fiscalis programme.

#### **4.9. The EMCS (Excise Movement and Control System) feasibility study**

A feasibility study financed by the Fiscalis programme was launched in 1999 by the Commission to develop and deploy an integrated computerised movement and control system for excisable products. The results of the study are extremely positive and form the basis for the Commission's proposals in the Communication on the computerisation of the excise sector.<sup>65</sup>

The project is designed to replace the current system to monitor excisable goods moving under the suspension arrangements by a system of secure electronic messages between the parties involved.

The decision to set up the EMCS is expected to be taken in June 2003 and the project will take six years to develop.

The Fiscalis programme was unable to finance the development of the EMCS since its financial estimates and schedules exceeded its capabilities.

### **5. CONCLUSIONS**

#### **5.1. Applications common to the Customs 2002 and Fiscalis programmes**

1 The services offered by the CCN/CSI are extremely comprehensive and the network operates well and is widely used. Its deployment, development and operational costs were conditioned by the need to make it compatible with other existing national systems. Its decentralised technical architecture means that each new connection requires a specific infrastructure and, in some cases, a development to adapt to supplementary local technology.

2 The introduction of the Tempo methodology has improved the organisational effectiveness and efficiency of the Commission's management of computerised projects.

However, national delegates in the project committees do not possess all the information on available (budgetary and human) resources to carry out the *national* components of projects. This makes it difficult to set realistic timetables for projects.

#### **5.2. VAT and excise applications**

1 The technical efficiency of the VIES system has been demonstrated by the speed of responses and the huge volume and number of messages. The number of requests during the programme's life exceeded 100 million (information on VAT numbers and Level 1 and 2 information on intra-

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<sup>65</sup> COM(2001)466

Community acquisitions of goods). This will continue to rise following the system's recent installation on the Internet.

Electronic forms for information exchange between Member States were still in the pilot phase at the end of 2002 and the messaging system and the form itself appear to need some technical improvements. These forms will ensure response times are met by Member States.

Member States consider that VIES and the electronic forms are very good administrative cooperation tools. They mention that the accuracy and precision of information exchange could be improved. It should, however, be noted that such improvements go beyond the framework of the Fiscalis programme which is only one component of administrative cooperation.

2 Efficiency gains in the SEED and EWSE systems were not a priority of the Fiscalis programme as these are only transitional systems. They will eventually be replaced by the EMCS. The EMCS feasibility study financed by the Fiscalis programme was extremely positive and formed the basis for the Commission's proposals in the Communication on computerisation of the excise sector.<sup>66</sup>

There are still some technical and organisational problems in the SEED application; these are mainly due to delays in updating by national administrations which create a problem of reliability.

Member States consider that EWSE has made a positive contribution to combating fraud but, according to some Member States, the lack of distinction between warning and information messages makes the system less efficient. They would like messages to be sent before goods leave so that checks can be undertaken in the Member State where they arrive. However, these are procedural problems which do not concern the application as such.

The MVS electronic forms were in the pilot phase at the end of 2002. It is therefore difficult to measure their results or impact. Nevertheless Member States have shown unanimous interest in the development of this system.

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<sup>66</sup> COM(2001) 466



# GLOSSARY OF ACRONYMS

<b>AFIS</b>	<b>Anti Fraud Information System</b> ( <i>Electronic messaging system providing swift and secure exchange of information between the Commission and national administrations to prevent, identify and pursue irregularities in the customs and agricultural field</i> )
<b>ART</b>	<b>Activity Reporting Tool</b> ( <i>Computerised budget management system</i> )
<b>Availability</b>	<i>The amount of time that a network is capable of operating. In the case of the CCN/CSI availability is the average for gateways and their connections. Unavailability owing to network or systems managed by national administrations is not taken into account</i>
<b>CCN/CSI</b>	<b>Common Communication Network/Common System Interface</b> ( <i>Communication platform and interface used to link national administrations and the Commission</i> )
<b>CLO</b>	<b>Central Liaison Office</b>
<b>Computer application</b>	Synonym for IT application
<b>Customs 2002</b>	Multiannual Community action programme to underpin and supplement measures taken by Member States in the customs field
<b>DDS</b>	<b>Data Dissemination System</b> ( <i>Server for internet publication of data</i> )
<b>Deployment</b>	<i>Installation of a computer application or system where it is to be used. In the life cycle of a computer system deployment follows development and precedes operation</i>
<b>Development</b>	<i>Programming and testing a computer system. In the life cycle of a computer system development follows studies and precedes deployment</i>
<b>DG TAXUD</b>	<b>Directorate General for Taxation and Customs Union</b>
<b>EBTIs</b>	<b>European Binding Tariff Information</b> ( <i>system for exchanging and consulting Member States' goods classification decisions and, therefore, their tariff treatment and application of trade policy measures</i> )
<b>e-commerce VAT</b>	<i>Computerised system for the declaration, collection and allocation of VAT payable by traders</i>
<b>Effectiveness</b>	<i>Criterion to determine the extent to which the programme's official objectives have been achieved and if anticipated effects have been obtained</i>
<b>Efficiency</b>	<i>Criterion to determine the extent to which results obtained are proportionate to the resources mobilised and if the effects have been achieved at a reasonable cost</i>
<b>ELO</b>	<b>Excise Liaison Office</b>
<b>EMCS</b>	<b>Excise Movement and Control System</b> ( <i>Integrated computerised movement and monitoring system for excisable products</i> )
<b>Evaluation</b>	<i>Assessment of the value of public action with reference to explicit criteria and standards</i>
<b>Exchanges</b>	<i>Visits by officials who spend 15 days in an administration in another Member State. They enable exchange officials to meet other officials and improve their understanding of the organisation, methods and procedures used in another Member State</i>
<b>Ex-post evaluation</b>	<i>Evaluation summarising and assessing the programme after its completion</i>

<b>EWSE</b>	Excise Early Warning System ( <i>enables a Member State from which excisable goods depart to send an information or warning message to the Member State where the goods arrive so that checks can be carried out in time</i> )
<b>FISCALIS</b>	<i>Multiannual Community action programme to improve the operation of indirect taxation systems in the Single Market</i>
<b>Functioning/Operation</b>	<i>Use of a computer system. In the life cycle of a computer system, operation is the final objective. It is at this stage that the investment previously approved (study, development, deployment) bears fruit and the system begins to contribute to objectives</i>
<b>Gateway</b>	<i>Connection point for national administration to a CCN network. There is only one gateway for each administration connected. The system communicates with the gateway via the networks managed by national administrations</i>
<b>Interim evaluation</b>	<i>Critical evaluation of the initial achievements and results of a programme to assess the quality of programme monitoring and implementation</i>
<b>Impact</b>	<i>Medium- to long-term effects of an activity on the intended beneficiaries or, indirectly, on other beneficiaries</i>
<b>Indicator</b>	<i>Measurement of an objective to be achieved, resources mobilised, effect obtained or a variable. Information provided by an indicator is a quantitative measurement of facts or opinions</i>
<b>IT</b>	<b>Information Technology</b>
<b>Joint measures</b>	<i>All measures organised under the programme jointly by the Commission and Member States, i.e. seminars, exchanges, multilateral controls and training</i>
<b>MEANS</b>	<i>Methode d'Evaluation des Actions de Nature Structurelle - method of evaluating structural measures used to evaluate Community programmes. The MEANS methodology defines the standard phases and stages of an evaluation, with delineation and structuring of the evaluation (described in detail below) preceding observation, analysis and assessment</i>
<b>MVS</b>	<b>Movement Verification System</b>
<b>Multilateral Controls</b>	<i>Multilateral controls are inspections of multinationals with interests or commercial activities in several countries. Usually, as least three Member States, and in some cases, more are involved in such controls. There are two types of multinational controls under this programme: (a) multinational control, i.e. integration and coordination of national controls of a multinational with branches or subsidiaries in two or more Member States and (b) coordinated control of two traders or more in different Member States</i>
<b>NCTS</b>	<b>New Computerised Transit System</b> ( <i>Computerised system for the electronic exchange of transit data between national administrations in parallel with the movement of goods</i> )
<b>OLAF</b>	<b>Anti-Fraud Office at the European Commission</b>
<b>PSO</b>	<b>Project Support Office</b>
<b>Results</b>	<i>Short-term effects of an activity on intended beneficiaries</i>
<b>Relevance</b>	<i>Criterion for assessing the extent to which a programme's objectives match the needs of Member States</i>
<b>SCAC</b>	<b>Standing Committee on Administrative Cooperation</b>
<b>SCACform2001</b>	<i>SCAC form (Electronic form to obtain additional information if the information provided by VIES is not sufficient)</i>
<b>SCAF</b>	<b>Subcommittee on combating fraud</b>

<b>SCIT</b>	Subcommittee on computerisation
<b>SCAT</b>	Subcommittee on administrative training
<b>SEED</b>	<i>System of exchange of excise data. Register of persons who are authorised warehousekeepers or registered traders within the meaning of Directive 92/12/EEC</i>
<b>Seminars</b>	<i>Seminars provide the ideal forum for national officials and experts to meet to analyse problems and identify and disseminate best practice. Their purpose is to give national officials the opportunity to speak about their experience on their own behalf (and not as representatives of national administrations), with a view to improving administrative cooperation</i>
<b>SIGL</b>	<b>S</b> ystème d' <b>I</b> nformation de <b>G</b> estion des <b>L</b> icences ( <i>Integrated Licensing System - to provide information on import licences for textiles and steel products subject to quotas</i> )
<b>Sustainability</b>	<i>Criterion to determine the extent to which changes and their benefits last after the programme is completed</i>
<b>TARIC</b>	<b>I</b> ntegrated <b>T</b> ariff of the European Communities ( <i>on the basis of the Combined Nomenclature it sets out the relevant rates of duty, other Community levies and other specific Community measures for each type of goods</i> )
<b>TCO/TCT</b>	<b>O</b> rigin stamps/transit stamps transmission system ( <i>Application used by the Commission to send information on origin and transit stamps to Member State administrations by e-mail</i> )
<b>TEMPO</b>	<b>T</b> axud <b>E</b> lectronic <b>M</b> anagement of <b>P</b> rojects <b>O</b> n line ( <i>Methodology for developing and managing computer projects</i> )
<b>TQS</b>	<b>T</b> ariff <b>Q</b> uota and <b>S</b> urveillance ( <i>Application for managing tariff quotas and monitoring imported products to check tariff ceilings or for economic reasons or anti-fraud reasons</i> )
<b>VAT</b>	<b>V</b> alue <b>A</b> dded <b>T</b> ax
<b>Unit values</b>	<i>Application to calculate average prices used as points of reference</i>
<b>Utility</b>	<i>Criterion for judging whether a programme has brought about the anticipated changes in the light of the needs of the parties concerned</i>
<b>VATR</b>	<i>Request for verification of a VAT member in VIES</i>
<b>VIES</b>	<b>V</b> AT <b>I</b> nformation <b>E</b> xchange <b>S</b> ystem ( <i>Computer system linking the Member States and enabling them to obtain information on intra-Community transactions involving goods between traders registered in their own VAT records and those registered in another Member State, and to confirm the validity of the VAT identification number of taxable persons</i> )

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– **Other documents**

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MEANS is a Commission programme to improve methods to evaluate structural measures

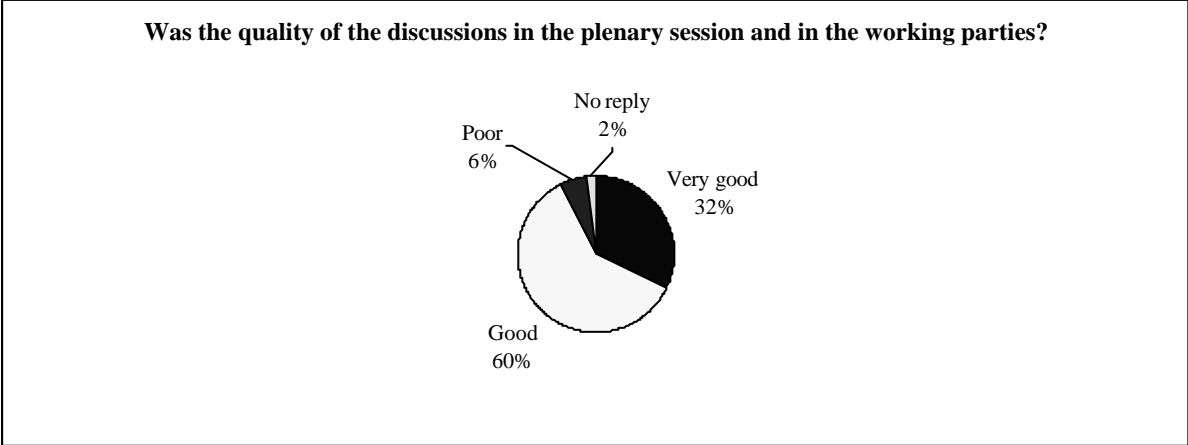
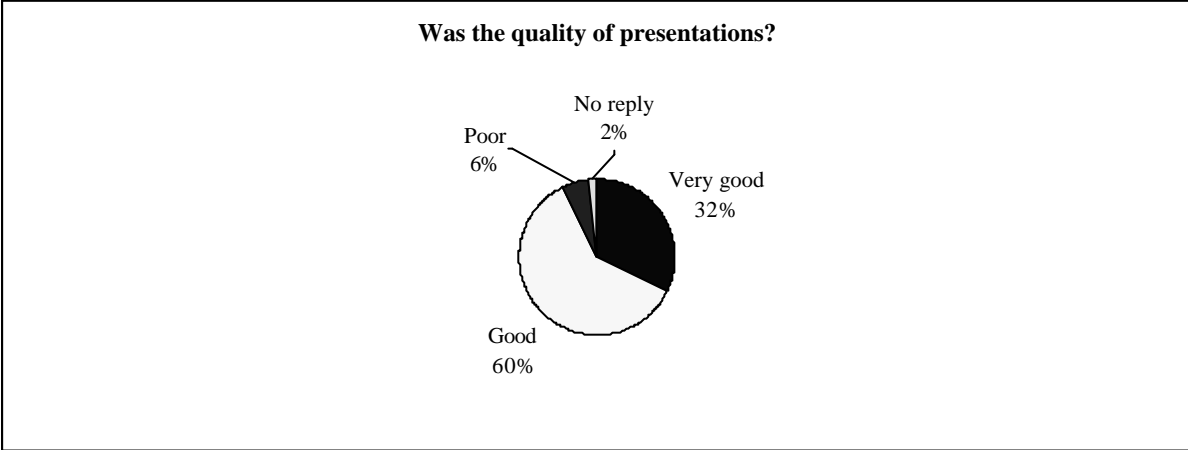
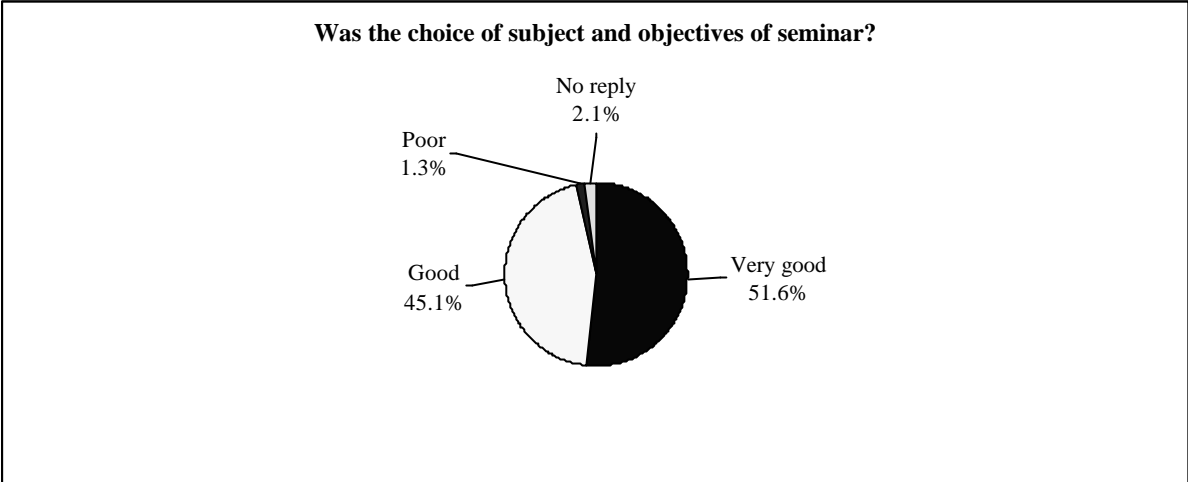
## ANNEXES

### ANNEX 1 FISCALIS SEMINARS

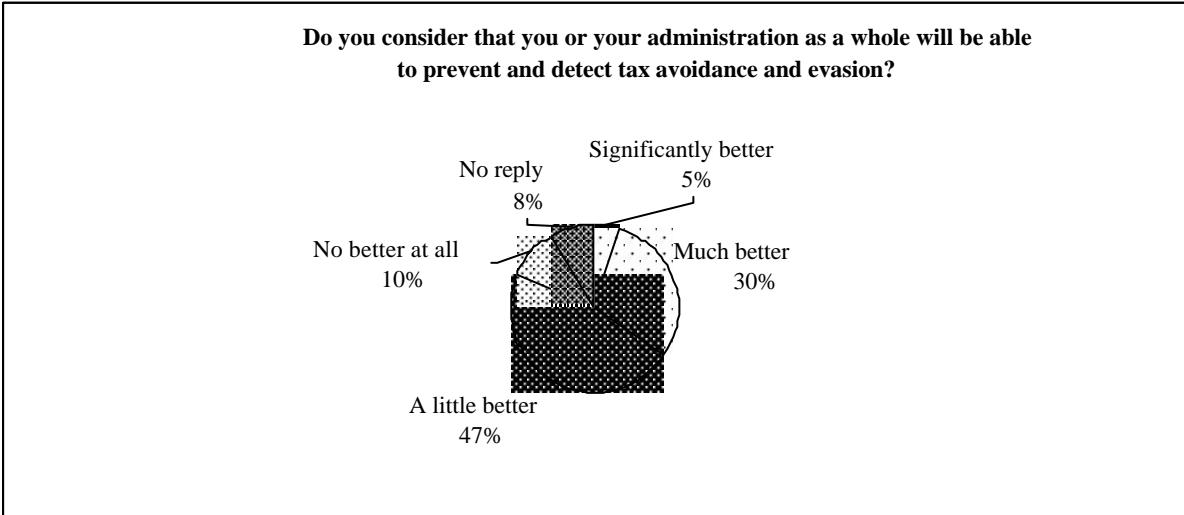
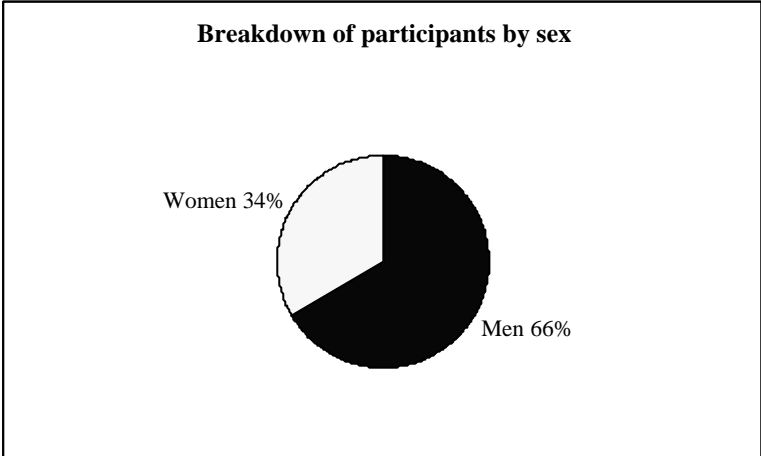
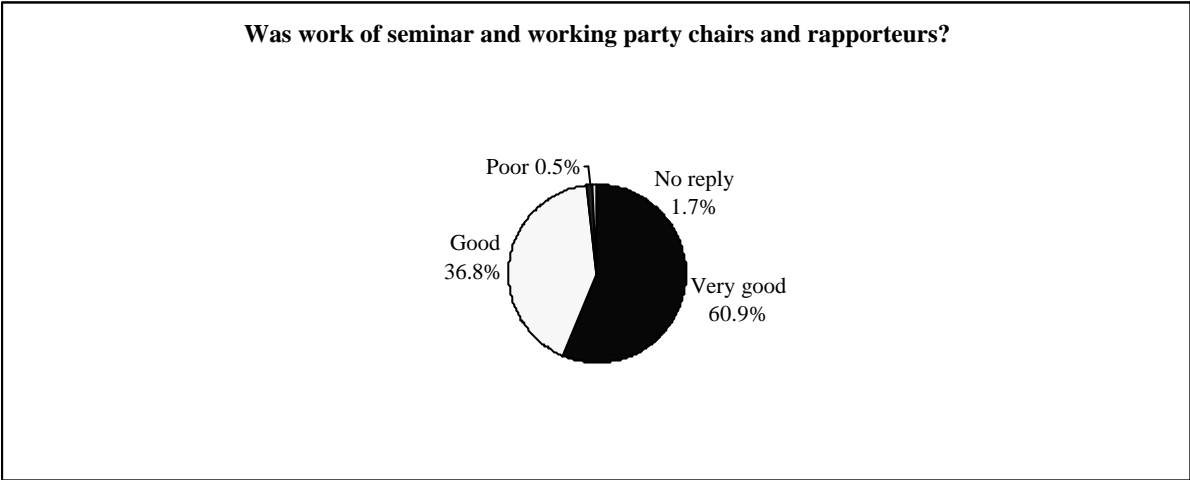
		D	AT	B	DK	E	FIN	F	GR	IRL	I	LX	NL	PT	UK	SV	No of responses	AVERAGE
<b>Response</b>		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	
<b>UTILITY</b>	1.1 What is your general appreciation of the usefulness of the seminars of the Fiscalis programme?	3	3	3	3	3	4	3	4	3	3	3	4	4	3	0	14	3.29
<b>R E S U L T S</b>	2.1 Did the seminars made it possible to improve the participants' knowledge and comprehension of individual subjects of indirect taxation?	3	3	3	3	4	3	3	4	3	3	3	1	3	3	3	15	3
	2.2 Did the seminars made it possible to identify contact points in other national administrations?	3	4	4	4	3	4	3	4	3	4	4	4	3	3	0	14	3.57
	2.3 Did the seminars made it possible to identify good administrative practices for indirect taxation?	3	3	3	3	4	3	4	4	3	3	3	4	3	3	0	14	3.29
	2.4 Do you consider that seminars generated results other than those mentioned above? (yes = 1, no = 0)	0	1	1	1	0	0	1	0	0	1	1	1	1	1	1	15	0.67
	3.1 As a result of the seminars, could the knowledge on indirect taxation acquired by the participants be disseminated within the national administration?	2	4	3	2	2	3	3	4	3	3	3	2	3	3	3	15	2.87
<b>I M P A C T</b>	3.2 As a result of the seminars, were the networks identified by the participants used and did they allow better cooperation between national administrations?	2	4	4	3	3	3	3	4	3	3	3	4	3	3	0	14	3.21
	3.3 As a result of the seminars, were the working methods of the national administration improved?	2	4	2	2	3	2	3	3	3	3	3	3	2	2	4	15	2.73
	3.4 As a result of the seminars, was coordination between services within the national administration improved (e.g. cooperation between the tax and customs authorities in the fight against VAT fraud)?	2	3	2	1	2	2	2	3	3	4	2	1	2	2	0	14	2.21
	3.5 Do you consider that seminars generated an impact other than that mentioned above? (yes = 1, no = 0)	0	1	1	0	0	0	0	0	0	0	1	1	1	0	1	15	0.47

Scale from 1 (useless) to 4 (very useful)

**ANNEX 2      RESPONSES BY PARTICIPANTS IN 2000 AND 2001 SEMINARS TO INDIVIDUAL EVALUATION QUESTIONNAIRES**



**ANNEX 3      RESPONSES BY PARTICIPANTS IN 2000 AND 2001 SEMINARS TO INDIVIDUAL EVALUATION QUESTIONNAIRES**



**ANNEX 4 EXCHANGES FISCALIS**

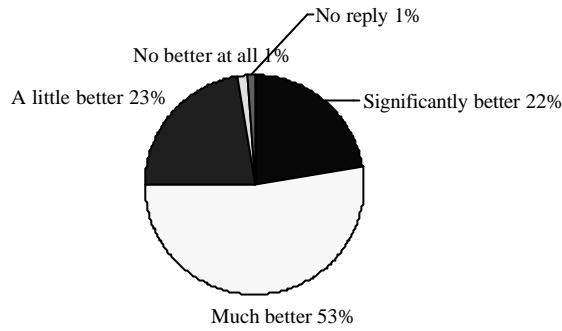
		D	AT	B	DK	E	FIN	F	GR	IRL	I	LX	NL	PT	UK	SV	No of responses	AVERAGE
<b>Response</b>		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	
<b>UTILITY</b>	4.1 What is your general assessment of the usefulness of the exchanges of the Fiscalis programme?	3	4	0	4	3	4	3	3	3	4	3	3	4	3	4	14	3.43
<b>R E S U L T S</b>	5.1 Did the exchanges enable the participants to improve their comprehension of individual subjects of indirect taxation?	3	3	0	3	3	3	3	4	3	4	3	2	4	2	0	13	3.08
	5.2 Identification by the participants in the exchanges of ways to improve working methods (including the identification of good practices)	2	3	0	3	3	3	2	3	3	3	2	3	3	3	3	14	2.79
	5.3 Is identification by the participants in the exchanges of contact points (or of networks) in other Member States likely to improve administrative cooperation between fiscal services?	3	3	0	3	2	3	2	2	3	4	4	4	4	4	3	14	3.14
	5.4 Do you consider that the exchanges generated results other than those mentioned above? (yes =1; no =0)	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	15	0.2
	6.1 As a result of the exchanges, was the knowledge acquired by the participants disseminated within the national administration?	3	3	0	2	3	3	3	2	3	4	3	3	3	3	3	14	2.93
<b>I M P A C T</b>	6.2 As a result of the exchanges, were working methods of the national administration improved?	2	3	0	2	2	3	2	2	3	3	2	2	2	2	3	14	2.36
	6.3 As a result of the exchanges, were the contact points identified by the participants used and was it possible to improve cooperation between national administrations?	3	3	0	1	2	3	2	2	3	3	3	4	2	4	3	13	2.92
	6.4 Do you consider that the exchanges generated an impact other than that mentioned above? (yes = 1, no = 0)	1	0	0	0	0	0	0	0	0	0	0	0	1	1	1	15	0.33

Scale from 1 (useless) to 4 (very useful)

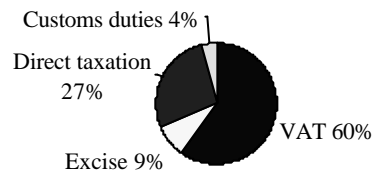


**ANNEX 5      RESPONSES BY PARTICIPANTS IN 2000 AND 2001 EXCHANGES TO INDIVIDUAL EVALUATION QUESTIONNAIRES**

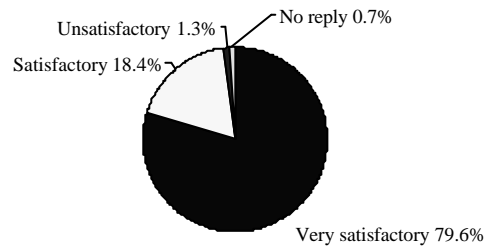
**Do you have a better understanding of Community legislation on indirect taxation, its administration and implementation at national level in your Member State and in the host Member State?**



**Area of work**



**How do you assess the efforts made by the host administration to meet your needs?**



## Fiscalis – Exchanges by Member State in 2000

	First half 2000	Second half 2000	TOTAL
AT	1	24	25
BE	3	32	35
DE	2	36	38
DK	1	10	11
ES	1	38	39
FI		22	22
FR	6	49	55
UK	9	28	37
GR	1	21	22
IRL	3	14	17
IT	8	29	37
LUX		2	2
NL	4	22	26
PT	1	31	32
SE		30	30
<b>TOTAL</b>	<b>40</b>	<b>388</b>	<b>428</b>
	<b>9.35%</b>	<b>90.65%</b>	

## Fiscalis – Exchanges by Member State in 2001

	First half 2000	Second half 2000	TOTAL
AT	4	23	27
BE	5	30	35
DE	12	41	53
DK	3	7	10
ES	4	28	32
FI	8	19	27
FR	1	42	43
UK	6	21	27
GR	4	20	24
IRL	7	11	18
IT	3	10	13
LUX	8	2	10
NL	4	25	29
PT	6	21	27
SE	4	37	41
<b>TOTAL</b>	<b>79</b>	<b>337</b>	<b>416</b>
	<b>18.99%</b>	<b>81.01%</b>	

ANNEX 7 MULTILATERAL CONTROLS

		D	AT	B	DK	E	FIN	F	GR	IRL	I	LX	NL	PT	UK	SV	No of responses	AVERAGE
Response		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	
UTILITY	7.1 What is your general assessment of the usefulness of multilateral controls of the Fiscalis programme?	3	3	4	4	4	3	2	4	4	4	3	4	0	3	3	14	3.43
R E S U L T S	8.1 The main goal of multilateral controls is to check, from a fiscal point of view, the validity of the operations of multinational companies. Concerning multilateral controls in which you took part, do you consider that this objective was achieved?	3	4	4	3	2	3	2	4	3	2	2	3	0	3	3	14	2.93
	8.2 Multilateral controls made it possible to improve knowledge by the participants of legislation on indirect taxation, on its interpretation and on its application by the various Member States, and in particular on the various audit systems used.	3	3	3	3	4	3	3	4	3	4	3	3	0	3	4	14	3.29
	8.3 Multilateral controls enabled the participants to identify contact points in other national administrations.	3	3	3	4	2	4	3	3	3	3	4	3	0	3	4	14	3.21
	8.4 Multilateral controls enabled the participants to identify ways of improving their own working methods and in particular audit (including the adaptation of good practices).	2	3	2	3	3	3	2	3	3	4	2	2	0	2	4	14	2.71
	8.5 Multilateral controls enabled the participants to identify ways of improving the current methods of exchange of information between Member States.	3	4	3	3	2	3	2	2	4	4	2	2	0	3	3	14	2.86
	8.6 Do you consider that multilateral controls generated results other than those mentioned above? (yes = 1; no =0)	0	0	1	0	0	0	0	0	1	0	0	1	0	1	1	15	
	9.1 As a result of multilateral controls, could the knowledge acquired by the participants on indirect taxation be disseminated within the national administration?	3	3	3	2	3	3	1	2	3	4	2	0	0	2	3	12	2.83
I M P A C T	9.2 As a result of the multilateral controls, were audit procedures within the national administration improved?	1	2	3	2	2	2	1	3	3	3	2	3	0	2	3	14	2.29
	9.3 As a result of multilateral controls, were the contact points identified by the participants used and was it possible to improve cooperation between national administrations?	3	3	3	1	3	3	1	2	3	3	2	4	0	2	4	14	2.64
	9.4 As a result of multilateral controls, were actions implemented in order to facilitate the exchange of information between Member States?	1	3	3	3	2	2	1	3	3	3	0	3	0	2	0	12	2.42
	9.5 As a result of multilateral controls, did the national administration change its procedures so as to better take into account the needs of economic operators (including simplification of the formalities)?	1	2	3	1	2	2	1	2	3	2	2	0	0	2	0	12	1.92
	9.6 Do you consider that multilateral controls generated an impact other than that mentioned above? (yes = 1; no = 0)	0	0	1	0	0	0	0	0	1	0	0	1	0	0	0	15	

Scale from 1 (useless) to 4 (very useful)

## ANNEX 8

## NUMBER OF MULTILATERAL CONTROLS IN 1998 AND 1999

## Number of multilateral controls in 1998

Member State	Number of proposals	VAT	Excise	Number of participants
Austria	0	0	0	2
Belgium	2	1	1+1	3
Denmark	1	1	0	6
Finland	2	1	1+1	1
France	1	0	1	6
Germany	2	2	0	9
Greece	0	0	0	1
Ireland	0	0	0	1
Italy	0	0	0	7
Luxembourg	0	0	0	3
Netherlands	2	2	0	7
Portugal	0	0	0	2
Spain	1	1	0	4
Sweden	1	1	0	3
United Kingdom	1	1	0	8

1+1: VAT &amp; Excise

## Number of multilateral controls in 1999

Member State	Number of proposals	VAT	Excise	Number of participants
Austria	0	0	0	2
Belgium	1	1+1	0	4
Denmark	1	1	0	2
Finland	1	1	0	2
France	1	1	0	7
Germany	3	3	0	6
Greece	0	0	0	1
Ireland	0	0	0	2
Italy	1	1	0	3
Luxembourg	0	0	0	2
Netherlands	0	2	0	8
Portugal	0	0	0	0
Spain	0	1	0	3
Sweden	1	0	1	3
United Kingdom	1	1+1	0	5

1+1: VAT &amp; Excise

**ANNEX 9 NUMBER OF MULTILATERAL CONTROLS IN 2000 AND 2001**

**Number of multilateral controls in 2000**

<b>Member State</b>	<b>Number of proposals</b>	<b>VAT</b>	<b>Excise</b>	<b>Number of participants</b>
Austria	0	0	0	2
Belgium	2+1*	2	1+1	6
Denmark	0	0	0	4
Finland	1	1	0	6
France	3	3	0	5
Germany	2	2	0	13
Greece	0	0	0	1
Ireland	0	0	0	3
Italy	0	0	0	8
Luxembourg	0	0	0	2
Netherlands	1*	1	0	9
Portugal	0	0	0	2
Spain	0	0	0	6
Sweden	1	1+1	0	3
United Kingdom	6	6	0	6

\* Plus B and NL proposal  
1+1: VAT & Excise

**Number of multilateral controls in 2001**

<b>Member State</b>	<b>Number of proposals</b>	<b>VAT</b>	<b>Excise</b>	<b>Number of participants</b>
Austria	0	0	0	1
Belgium	3	2+1	1	4
Denmark	0	0	0	1
Finland	0	0	0	0
France	0	0	0	6
Germany	1	1	0	5
Greece	0	0	0	0
Ireland	0	0	0	3
Italy	1	1	0	3
Luxembourg	0	0	0	1
Netherlands	1	1	0	6
Portugal	0	0	0	2
Spain	1	1	0	4
Sweden	0	0	0	3
United Kingdom	1	1+1	0	6

1+1: VAT and Excise control

**ANNEX 10 NUMBER OF MULTILATERAL CONTROLS IN 2002**

<b>Member State</b>	<b>Number of proposals</b>	<b>VAT</b>	<b>Excise</b>	<b>Number of participants</b>
Austria	0	0	0	1
Belgium	0	0	0	0
Denmark	0	0	0	3
Finland	0	0	0	0
France	0	0	0	3
Germany	1	1	0	2
Greece	0	0	0	1
Ireland	1	1	0	1
Italy	0	0	0	2
Luxembourg	0	0	0	1
Netherlands	1	1	0	3
Portugal	0	0	0	1
Spain	1	1	0	1
Sweden	0	0	0	1
United	0	0	0	3

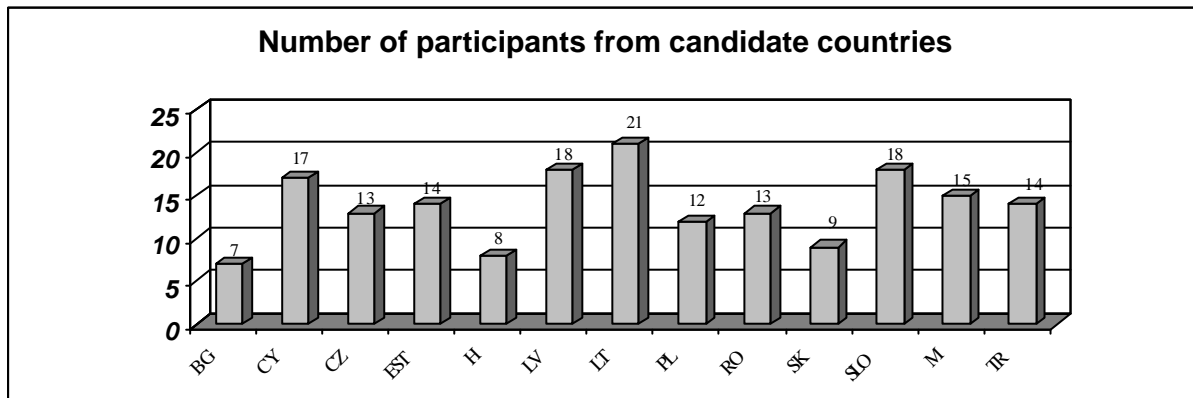
1+1: VAT and Excise control

**ANNEX 11 FISCALIS TRAINING**

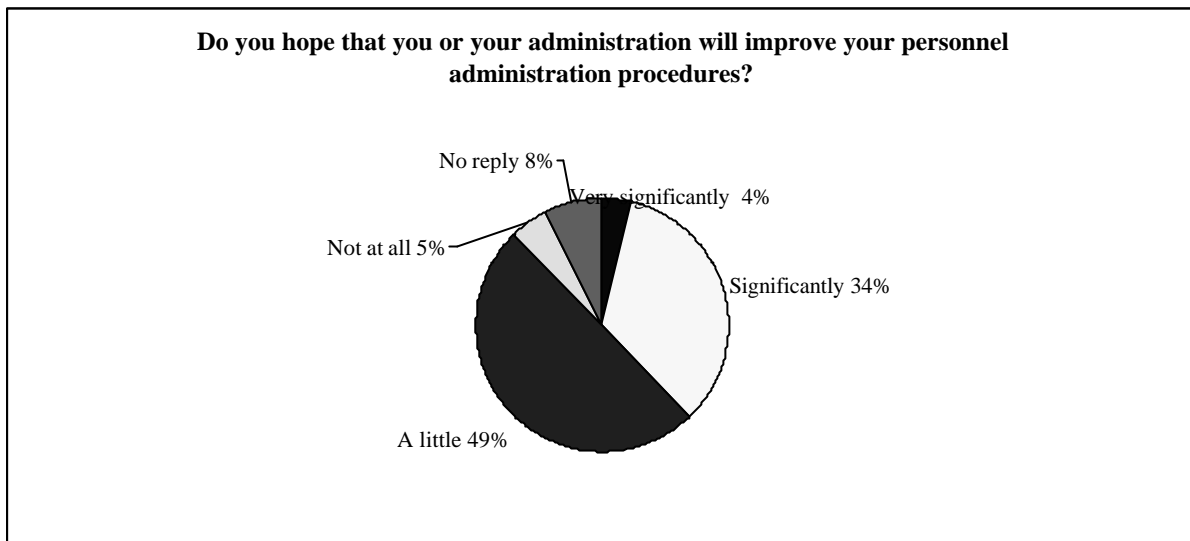
		D	A	B	DK	E	FIN	F	GR	IRL	I	LX	NL	PT	UK	S	No. of responses	AVERAGE
<b>RESPONSES</b>	Received = 1 Not received = 0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	15	
<b>UTILITY</b>	10.1 What is your general assessment of the usefulness of the Fiscalis programme training activities?	3	4	3	3	2	3	1	4	3	4	3	2	0	3	0	13	<b>2.92</b>
<b>I M P A C T</b>	11.1 Do you consider that the training activities of the Fiscalis programme made it possible to improve the availability of the training proposed to the officials of the national administration (adoption of a common basis for training, access to the training of the other Member States, equality)?	0	3	2	2	2	1	1	3	3	3	2	1	0	2	0	12	<b>2.08</b>
	11.2 Do you consider that the training activities of the Fiscalis programme made it possible to improve the knowledge of specific fiscal subjects?	2	2	3	2	3	1	1	3	3	3	2	2	0	3	0	13	<b>2.31</b>
	11.3 Do you consider that the training activities of the Fiscalis programme made it possible to improve use by the officials of your administration of the linguistic tools?	0	4	3	0	2	1	1	0	2	4	1	1	0	3	0	11	<b>2.00</b>
	11.4 Do you consider that the training activities generated an impact other than that mentioned above? (yes = 1; no = 0)	0	1	0	1	0	0	0	0	0	1	0	0	0	1	0	14	<b>0.29</b>

Scale from 1 (useless) to 4 (very useful)

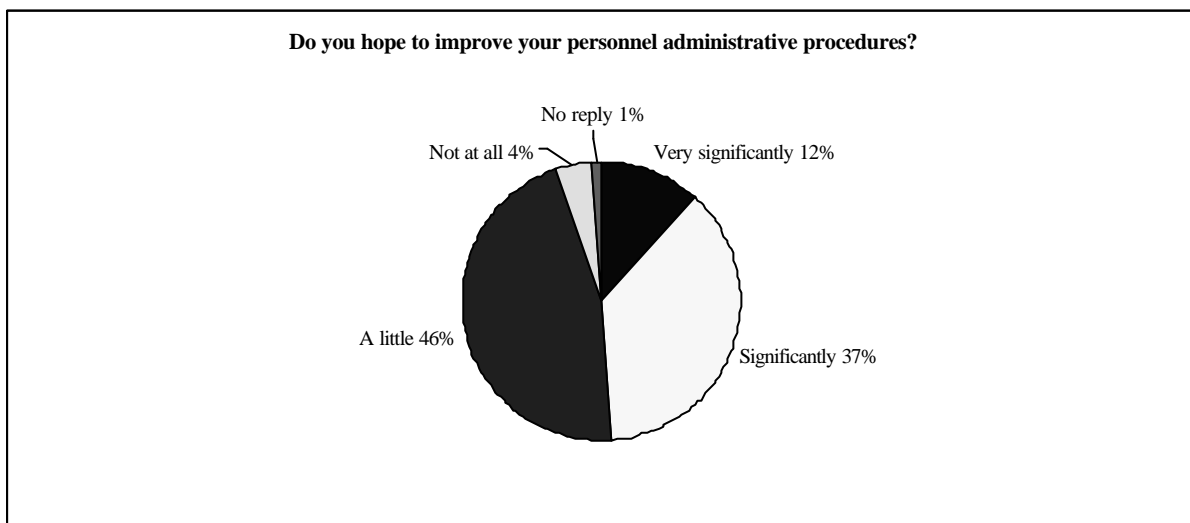
**External measures: Fiscalis seminars 2000 and 2001**



**Fiscalis seminars 2000 and 2001**



**Fiscalis exchanges 2000 and 2001**





**ANNEX 13 FISCALIS IT BUDGET**

<b>Project/Year</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Total</b>
<b>CCN/CSI (50% Fiscalis - 50% Customs)</b>	<b>2 182 687</b>	<b>6 033 857</b>	<b>4 336 042</b>	<b>4 672 356</b>	<b>6 576 530</b>	<b>23 801</b>
<b>Management tools (50% Fiscalis - 50% Customs)</b>	<b>-</b>	<b>124 627</b>	<b>476 406</b>	<b>344 175</b>	<b>129 500</b>	<b>1 074</b>
Tempo	-	124 627	476 406		129 500	730
PSO	-	-	-	344 175	-	344
<b>Fiscalis (excluding CCN/CSI and management tools)</b>	<b>850 407</b>	<b>944 286</b>	<b>880 925</b>	<b>1 730 851</b>	<b>1 796 723</b>	<b>6 203</b>
EMCS study	580 925	-	-	-	-	580
FITS	269 482	944 286	880 925	1 655 851	1 796 723	5 547
SIPA	-	-	-	75 000	-	75
<b>TOTAL Fiscalis (including 50% CCN/CSI and management tools component)</b>	<b>1 940 162</b>	<b>4 116 675</b>	<b>3 249 692</b>	<b>5 163 120</b>	<b>5 153 010</b>	<b>19 622</b>

## ANNEX 14 EVALUATION BY MEMBER STATES OF THE DEVELOPMENT, DEPLOYMENT AND OPERATION OF THE CCN/CSI

### Question

Please indicate whether you agree with the following statements on a scale of 1 (I completely agree) to 5 (I completely disagree)

### Responses

Development and deployment of CCN/CSI	No of responses Fiscalis	Average Fiscalis	No of responses Customs	Average Customs	General average
A. Realistic time targets for the implementation of CCN/CSI in your Member State	9	2,00	10	2,00	2,00
B. Realistic budgets for the implementation of CCN/CSI in your Member State	8	1,56	10	1,70	1,64
C. Sufficient support of the Commission (CCN/TC) during the implementation/deployment of CCN/CSI in your Member State	9	1,78	10	2,00	1,90
D. Sufficient training provided by the European Commission for the implementation /deployment of CCN/CSI in your Member State	9	1,83	10	2,10	1,97
E. Sufficient documentation provided by the European Commission for the implementation/ deployment of CCN/CSI in your Member State	6	1,83	10	2,10	2,00
F. Easy to link CCN/CSI with your national system platforms	9	1,83	10	2,30	2,08
G. Locally supported technologies are used in the specification of CCN/CSI (i.e. supported in your Member State)	9	1,67	10	2,10	1,90
<b>About the operation of CCN/CSI (1999-2002)</b>					
H. Sufficient support of the European Commission (CCN/TC) during the operation of CCN/CSI	9	2,00	11	1,73	1,85
I. Sufficient documentation and training provided by the European Commission (CCN/TC) for the operation of CCN/CSI and system development	9	2,22	11	2,09	2,15
J. Easy to operate CCN/CSI in your Member State	9	2,17	11	2,64	2,43
K. CCN/CSI services cover all requirements for information exchange between administrations as required by the programme (synchronous & asynchronous services, HTTP, CCN-mail)	8	2,88	10	2,10	2,44
L. Sufficient availability of the backbone-system, managed by the European Commission	8	1,88	10	1,80	1,83
M. Sufficient availability of other gateways, managed by other Member States	7	1,71	10	2,00	1,88
N. CCN/CSI easily interfaces with the national systems	9	2,22	10	2,50	2,37
O. Any system using CCN/CSI contains in their specification the required specifications to interoperate with CCN/CSI	8	2,38	10	2,10	2,22
P. CCN/CSI is saving considerable resources to set up a new Fiscalis IT system in your Member State	5	2,60	9	2,11	2,29
Q. Sufficient security for all exchange services	8	2,00	11	1,36	1,63

#### Rating

1 = I completely agree

5 = I completely disagree

Average <=2.0

Average between 2 and 2.5

Average >2.5

**ANNEX 15 EVALUATION BY MEMBER STATES OF THE DEPLOYMENT AND OPERATION OF THE NATIONAL COMPONENTS OF THE SYSTEMS DEVELOPED UNDER THE FISCALIS PROGRAMME**

Please indicate whether you agree with the following statements on a scale of 1 (I completely agree) to 5 (I completely disagree)

<b>Deployment in the Member States and operation of the systems developed under the Fiscalis programme</b>	<b>No of responses</b>	<b>Average</b>
A. Your Member State feels the need for and is committed to have the systems deployed at national level as specified in the common specification	10	1,75
B. Time span for the deployment of the systems is realistic	10	2,50
C. Training provided is sufficient	10	2,25
D. Support provided is sufficient	10	2,05
E. Requirements and/or specifications for the systems to be deployed and/or developed are comprehensive enough	10	1,95
F. Clear and timely communication between the European Commission and your Member State about deployment	10	2,15
G. Enough budgetary resources available at national level	9	2,50
H. Enough people that can be dedicated to these projects on a national level	9	2,78
I. Required technology supported by your Member State	10	2,55
J. Timely availability and high quality of the legal instruments necessary for the operation of the systems	10	2,25
K. Timely availability and high quality of the administration arrangements necessary for the operation of the systems	10	2,10
L. Interoperability with existing back end systems possible	9	1,94
<b>About the operation of systems falling under the Fiscalis programme in your Member State</b>		
M. Sufficient support of the European Commission during the operation of the systems	10	2,30
N. Easy to administrate in your Member State	10	2,50
<b>About the cooperation of your Member State with the other Member States</b>		
O. There are sufficient opportunities to share valuable information between your Member State and other Member States on the deployment and development of systems proposed by the European Commission	10	2,70
P. Regular meetings between our Member State other Member States (e.g. working groups) provide you with valuable information	10	2,45

**Rating**

1 = I completely agree

5 = I completely disagree

Average <=2.0

Average between 2 and 2.5

Average >2.5

**ANNEX 16 EVALUATION BY MEMBER STATES OF THE QUALITY OF INFORMATION PROVIDED BY FISCALIS SYSTEMS**

*Can you rate the quality of information provided by the other Member States for all the systems listed below?*

Rate the statements on a scale of 1 (I completely agree) to 5 (I completely disagree)

Quality of the information provided by Fiscalis applications	System				
	VIES	SCADCform 2001	SEED	EWSE	MVS
A. Other Member States update the information your Member State depends on in time <i>No of countries which replied</i>	18	21	22	10	
	7	8	10	3	
	<b>Average</b>	<b>2,57</b>	<b>2,63</b>	<b>2,20</b>	<b>3,33</b>
B. Other Member States provide new information your Member State depends on in time <i>No of countries which replied</i>	21	22	20,5	10	
	7	8	10	3	
	<b>Average</b>	<b>3,00</b>	<b>2,75</b>	<b>2,05</b>	<b>3,33</b>
C. Information provided by other Member States is accurate and correct <i>No of countries which replied</i>	18,3	18	19	7	
	7	8	9	3	
	<b>Average</b>	<b>2,61</b>	<b>2,25</b>	<b>1,67</b>	<b>2,33</b>
<b>Total average</b>	<b>2,73</b>	<b>2,54</b>	<b>1,97</b>	<b>3,00</b>	

**Rating**

1 = I completely agree

5 = I completely disagree

Average <=2.0

Average between 2 and 2.5

Average >2.5

**ANNEX 17 EVALUATION BY MEMBER STATES OF THE COMPLETENESS OF INFORMATION PROVIDED BY FISCALIS APPLICATIONS**

*The systems developed under Fiscalis provide your Member State with information on taxpayers, administrations, taxable goods, legislation and intra-Community sales of goods.*

*Can you rate the completeness of the information these systems provide your Member State with regarding the main objectives of the programme?*

- simplification and modernisation of legislation;
- uniform application of legislation;
- enhancing administrative cooperation;
- fighting tax fraud?

- 1 All necessary information is provided.
- 2 Almost all the necessary information is provided, some improvements are possible however.
- 3 Not all the necessary information is provided.
- 4 The information provided is not useful.

<b>Completeness of information provided by Fiscalis applications</b>		
<b>The following systems (including Community and national components)</b>		
	<b>No of responses</b>	<b>Average</b>
VAT-related systems		
A. VIES (VAT Information Exchange System)	9	1,78
B. VIES - CloForms – VAT	6	1,67
Excise-related systems		
C. SEED (System for Exchange of Excise Data)	8	2,44
D. EWSE (Early Warning System for Excise)	4	2,25
E. MVS (Movement Verification System)	5	2,20

Average <=2

Average between 2 and 2.5

Average >2.5



## ANNEX 18 EVALUATION BY HEAD OF CENTRAL LIAISON OFFICE (CLOs) OF VAT APPLICATIONS

*Please indicate whether or not the statements in the table below apply to the systems you are using in your Member State*

Rate the statements on a scale of 1 (I completely agree) to 5 (I completely disagree)

	Vies	SCACform 2001	Vies	SCACform 2001
A. The systems lead to more efficiency in national administrative processes	11	8	1,73	1,88
B. The systems enhance the cooperation between tax administrations of different Member States	11	8	1,36	1,50
C. The systems enhance simplification of tax collection	10	8	2,50	2,50
D. The systems effectively support the combating of fraud	11	8	2,00	1,75
E. The implementation of requirements is well supported by guidelines, training, standards etc...	10	8	2,35	3,00
F. Availability of data and systems is overall sufficient	11	8	2,45	2,50
G. Data are consistent and correct so your administration can rely on them	11	8	3,00	1,75
H. User manuals are always well elaborated and enhance the use of the programmes	10	7	2,70	2,57
I. The translations are overall of a sufficient quality	5	4	2,00	2,00
J. Your administration receives adequate feedback on types of errors found by data checks	10	7	2,50	2,00
K. Response time is overall acceptable	11	7	1,64	2,86
L. The system is easily accessible	11	7	1,45	1,43
M. The interfaces support easy consultation of data	11	6	1,91	2,50
			2,12	2,17

### Rating

1 = I completely agree

5 = I completely disagree

Average <=2.0

Average between 2 and 2.5

Average >2.5

**ANNEX 19 EVALUATION BY HEADS OF EXCISE LIAISON OFFICES (ELOS) OF EXCISE APPLICATIONS**

*Please indicate whether or not the statements in the table below apply to the systems you are using in your Member State*

Rate the statements on a scale of 1 (I completely agree) to 5 (I completely disagree)

Contribution to objectives	No of responses			Average		
	SEED	EWSE	MVS	SEED	EWSE	MVS
A. The systems lead to more efficiency in national administrative processes	12	9	10	2,50	2,33	2,10
B. The systems enhance the cooperation between tax administrations of different Member States	11	9	10	2,36	2,56	1,90
C. The systems enhance simplification of tax collection	11	8	9	2,64	2,50	2,11
D. The systems effectively support the combating of fraud	12	9	10	2,33	2,33	2,30
E. The implementation of requirements is well supported by guidelines, training, standards etc...	11	8	9	2,91	3,00	2,78
F. Availability of data and systems is overall sufficient	12	9	10	3,17	3,00	2,40
G. Data are consistent and correct so your administration can rely on them	12	9	10	3,42	2,44	2,30
H. User manuals are always well elaborated and enhance the use of the programmes	10	6	8	3,00	3,50	3,00
I. The translations are overall of a sufficient quality	9	6	7	2,22	2,50	2,29
J. Your administration receives adequate feedback on types of errors found by data checks	10	5	7	3,70	2,80	2,57
K. Response time is overall acceptable	10	6	9	2,20	2,17	2,44
L. The system is easily accessible	11	7	9	2,00	3,00	2,22
M. The interfaces support easy consultation of data	9	6	8	2,44	2,83	2,50
			<b>Average</b>	<b>2,68</b>	<b>2,69</b>	<b>2,38</b>

**Rating**

1 = I completely agree

5 = I completely disagree

Average <=2.0

Average between 2 and 2.5

Average >2.5

## ANNEX 20 UNDER THE EVALUATION BY MEMBER STATES OF THE USE MADE OF THE APPLICATIONS DEVELOPED FISCALIS PROGRAMME

### Questions

Do you monitor the use of the available systems in your Member State, i.e. do you keep regular statistics on the use of these systems?

Mark with a cross in the table below (in the columns marked “Monitoring”) whether or not you monitor the listed systems, and whether on a more regular basis (i.e. continuous monitoring at the system level, and regular reporting) or ad hoc (no regular reporting).

For all those systems that you monitor, or for which you have a clear perception of their usage, please also mark with a cross in the table below (in the columns named “Frequency”) to what extent your Member State actually use the listed systems?

Do the users have a legal or administrative obligation to use these systems in your Member States? Mark column “Obligation” with a cross.

### Responses

Systems	Monitoring			Frequency					Obligation	
	No	Yes, on a regular basis	Yes, but ad hoc	Never used	Being introduced	Occasionally used	Routine use	Indispensable for daily work	No	Yes
<b>VAT-related systems</b>										
A. VIES (VAT Information Exchange System)	2	6	2	0	0	1	3	4	1	8
B. VIES – CLOForms – TVA	1	5	2	0	0	1	3	2	2	5
<b>Excise-related systems</b>										
C. SEED (System for Exchange of Excise Data)	2	4	2	0	0	0	6	1	1	7
D. EWSE (Early Warning System for Excise)	1	4	1	0	1	0	4	0	3	3
E. MVS (Movement Verification System)	0	7	0	0	1	0	4	1	2	5
<i>No of systems</i>	6	26	7	0	2	2	20	8	9	28
<i>No of systems covered in questionnaire</i>	39	39	39	32	32	32	32	32	37	37
<i>Proportion</i>	15%	67%	18%	0%	6%	6%	63%	25%	24%	76%



**ANNEX 21 EVALUATION BY PARTICIPANTS IN FISCALIS JOINT MEASURES OF THE USEFULNESS OF COMMUNICATION AND INFORMATION EXCHANGE SYSTEMS**

**How do you rate the usefulness of the Commission’s communication and information exchange systems (VIES, SEED, etc.)? (1345 responses for 2000 and 2001)**

