



Management Plan 2017

DG TAXUD



Contents

INTRODUCTION	3
PART 1. MAIN OUTPUTS FOR THE YEAR	5
1. A FAIRER AND DEEPER INTERNAL MARKET	5
1.1. Fight against tax fraud and aggressive tax planning	5
1.2. An EU tax framework that is fit for purpose.....	8
1.3. Well-functioning and modern Customs Union	11
1.4. The EU programmes supporting EU tax and customs policy.....	14
2. A NEW BOOST FOR JOBS, GROWTH AND INVESTMENT.....	16
2.1. Taxation enhancing EU competitiveness	16
2.2. Ensuring efficient customs fostering EU competitiveness.....	17
3. A SECURE EUROPEAN UNION	19
3.1. Strengthening security and contributing to tackling terrorism and serious crime	19
4. EU AS A STRONG GLOBAL ACTOR	21
4.1. Developing international cooperation	21
PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR.....	23
ANNEXES TO THE MANAGEMENT PLAN.....	29
Annex 1. Tables [included in the body of the document]	30

INTRODUCTION

Both the **Customs Union and tax policy** are **cornerstones of the EU and the internal market** and EU customs and tax policy plays a crucial role in creating a deeper and fairer internal market (Commission general objective 4). The added value of EU action is clear: goods should flow freely and safely within the Union, direct taxes should be paid where economic activity takes place while indirect taxes should be paid where consumption takes place – wherever that may be within Europe and globally.

Also in 2017, the **fight against tax fraud**, evasion and avoidance remains a key priority for DG TAXUD. Businesses which currently abuse loopholes in the system will need to adapt their tax policy strategies to make them sustainable and fit to the new context where aggressive planning is no longer tolerated. Effective taxation will ensure businesses, irrespective of size and location, will compete fairly against each other. TAXUD will continue to work on a **tax framework** that is **fit for purpose** and ensure that the internal market delivers its full value by introducing new measures and removing the obstacles resulting from different application of the EU tax law in the Member States.

In 2017, the initiatives foreseen by the 2016 Action Plan for a **Single EU VAT Area**, notably on a simpler and more robust definitive VAT system, short-term measures to fight VAT fraud, the removal of VAT obstacles for SME's and a VAT rates policy, will be tabled.

TAXUD will continue to work with the Member States on implementing the **Union Customs Code** in a harmonised manner throughout the EU, which will result in a progressive reduction of the administrative burden for all companies, including SMEs, while ensuring a level playing field. In parallel, and together with the Member States and trade, TAXUD will work on the development of the 17 different IT systems which underpin the UCC implementation. These will continue to be implemented step by step, in 2017 and beyond, and will in time eliminate the need for paper documents, replacing them by IT systems. The year 2017 will be used to trigger the elaboration phase of key components (e.g for risk management and security, like CRMS2) and bring the deployment in production of others (e.g. the new Customs Decisions system providing traders a unique interface for all authorisations foreseen in the UCC).

While the activities of DG TAXUD are rooted in 'a deeper and fairer internal market', some activities also **contribute to** 'boosting jobs growth and investment' (Commission general objective 1), 'an area of justice and fundamental rights' (Commission general objective 7), and 'a stronger global actor' (Commission general objective 9).

In 2017, DG TAXUD will build on the **Customs Union Governance** communication and focus on developing the customs union's operation revitalising its partnership with national customs administrations and other relevant authorities to ensure the best possible contribution to the EU competitiveness and security. It is essential to put in place a shared overall management vision for the Customs Union and ensure a coherent overall policy development process for its implementation involving Member States, the Commission, other EU institutions and traders. There is also an increased need for co-ordination and effective cooperation with other policy areas,

particularly those involved in border management, and enhance the synergies between the various law enforcement authorities to contribute to an effective security union.

Tax and customs authorities nowadays face many similar challenges in their work of revenue collection. Globalisation, technological developments and trade liberalisation have led to an unprecedented increase of cross-border activity and cross-border sales and purchases of goods and services. In 2017, TAXUD will continue its in-depth analysis of **cross-cutting tax-customs issues**. It will consider both in the early design stage of tax and customs legislation and compliance policies as well as in the actual application of rules, the potential of **cooperation and synergies**. For 2017 this will concern in particular VAT and eCommerce, centralised clearance and other customs simplifications, risk management and cash control.

The Directorate General for Taxation and Customs Union will further implement the Customs **Risk Management Strategy** and Action Plan in particular working on improving the synergies between customs and other law enforcement authorities as well as an efficient impact reporting mechanism. The question related to the timely availability of resources for the necessary IT systems are also high on the agenda.

In general, DG TAXUD will continue to **maintain** and, where needed, to enhance the **partnership** with national administrations and other authorities as well as third countries and international organisations, both for customs and taxation.

In a **nutshell**, TAXUD will continue to make sure tax policy supports the **dual goals of fairness and economic growth**, with **tax** systems designed to create an environment supportive of investment and innovation; to support employment, to ensure a fair burden-sharing among taxpayers and to help reduce inequalities. At the same time, it will ensure that **customs policy** supports the development of a strong and well managed customs union while ensuring at the same time **facilitation** of legitimate trade to support EU competitiveness and safeguarding **safety and security** to ensure protection of the public against various threats as well as to provide for an effective and efficient revenue collection.

PART 1. MAIN OUTPUTS FOR THE YEAR

1. A FAIRER AND DEEPER INTERNAL MARKET

1.1. Fight against tax fraud and aggressive tax planning

Tax fraud, tax evasion and aggressive tax planning are a **major problem** the European Union is currently facing. They mean less money to finance public goods. They lead to unfair competition and tax burden-sharing: if tax cheaters do not pay their fair share, honest taxpayers will have to pay more.

Our Directorate-General, in line with the Commission priorities and its high-level objectives, will continue over the **next twelve months** to deliver **fairer, more effective and transparent taxation** for Europe. No Member State can cope with these challenges on its own. Tax fraud, evasion and avoidance are European and global problems calling for solutions which must go beyond national borders. Only by working together, using common tools, can Member States win the fight.

The fight against tax fraud is primarily the task of Member States. However, the European Union can support this fight by encouraging Member States' tax administrations to better cooperate across borders. Simplification of legislation and of administrative procedures is key in this context. Where no European tax legislation exists, the EU could help Member States to make their national tax laws and practices more compatible and mutually reinforcing so as to minimize the risk of double non-taxation or negligible taxation as a result of aggressive tax planning.

DG TAXUD will contribute to the preparation of an **EU list of third country non-cooperative jurisdictions by the end 2017**, together with the identification of possible coordinated defensive measures to protect the single market against external threats of base erosion. It will also support the ongoing work for the revision of the standard good governance clause in agreements with third countries.

In the spirit of the ongoing transparency revolution, TAXUD will present a **new initiative** based on the OECD "Action 12" on base erosion and profit shifting. The TAXUD initiative will focus on the **role of intermediaries** (e.g. financial institutions, law firms, tax advisors) in promoting and assisting in tax avoidance and evasion schemes. This issue has been put in the spotlight through the recent revelations of tax avoidance like the Panama Papers. Introducing further measures which specifically focus on those who promote or enable tax avoidance and evasion schemes would help competent authorities to identify and block such activity at an early stage and to address loopholes in legislation. It would also have a dissuasive effect on those who actively encourage and use aggressive tax planning.

In order to fight **profit shifting via royalty payments** into low taxed patent boxes, Member States agreed in the Code of Conduct Group the so-called 'modified nexus approach'. Together with Member States, we will monitor the implementation of the nexus agreement and **assess all EU patent boxes** on their **compliance** with the agreement.

This year, important steps will be taken for the mandatory **automatic exchange of information**: a full set of financial account information will be exchanged for the first time by September 2017 ("DAC2") with regard to data for 2016. In

addition a new set of rules for the exchange of information on cross-border tax rulings ("DAC3") between Member States will be applied as from April 2017. When a Member State gives an enterprise a tax ruling with cross border implications all the other Member States will be informed automatically of the basic information and will be able to ask for full details. Finally, DG TAXUD is working closely with Member States to support the automatic exchange of information between national tax administrations on country-by-country information – for example where profits are made and where tax is paid by multinational groups. This requirement ("DAC 4") was agreed in 2016 and the first data will be exchanged from 1st January 2018 with regard to 2017 data.

DG TAXUD will continue to push for **expanding** the scope of **exchange of information** between tax authorities, including with **customs authorities, law enforcement bodies** ..., and with our **neighbours**, such as Norway in the area of VAT. We will also finalise the feasibility study on the enhancement of taxpayers' identification and assess the opportunity for extending the mandatory automatic exchange to beneficial ownership information and, depending on the outcome of these works, may come forward with legislative proposals if deemed appropriate.

Relevant general objective(s): A deeper and fairer internal market with a strengthened industrial base		
Specific objective 1.1: To reduce tax fraud, tax evasion, harmful tax practise and aggressive tax planning within the EU.		Related to spending programme Fiscalis 2020
Main outputs in 2017:		
All new initiatives and REFIT initiatives from the Commission Work Programme		
Output	Indicator	Target
Initiative implementing enhanced transparency standards towards tax advisors and financial intermediaries (BEPS12) (AP/2017/003)	Adoption by College	Q2 2017
EU list of non-compliant tax jurisdictions (AP/2017/012)	Publication	Q3 2017
Evaluation of VAT administrative co-operation and fight against fraud (AP/2017/011)	Adoption by College	Q3 2017
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Evaluation of Directive 2011/16/EU on the administrative cooperation in the field of taxation	Adoption by College	Q4 2017
Vision document on the Transaction Network Analysis tool for the EU	Present document to Council	Q2 2017
VAT Gap study 2017	Publication	Q3 2017
Study on Measuring Aggressive Tax Planning	Publication	Q1 2017
Expert team for the collaborative development by	Submission of interim report	Q2 2017

Member States of modules for the automatic exchange of financial account information ("AEOI/DAC 2")		
Trainings for civil society organisations in the context of the pilot project for civil society against tax evasion.	Trainings provided	Q2 2017
Activities organised under Fiscalis 2020 to support fight against fraud, tax evasion and aggressive tax planning and to support administrative cooperation	Number of activities	Remain stable or grow
Other important outputs		
Output	Indicator	Target
Feasibility study on the enhancement of taxpayer's identification (Action 22 of the 2012 Action Plan to strengthen the fight against tax fraud and tax evasion – "TIN")	Published	Q2 2017
Platform for tax good governance	Implement the mandate	Q1-Q4 2017
Evaluation tax recovery assistance (Directive 2010/24/EU) (AP/2016/14)	Adoption by College	Q2 2017
Initiative for the implementation of a simplified accompanying document for movements of excise goods (AP/2016/021)	Adoption by College	Q1 2017
Evaluation of Directive 95/60/EEC fiscal marking of gas oil and kerosene (AP/2017/002)	Adoption by College	Q4 2017
Present a new fiscal marker	Adoption by the Committee on Excise duties	Q3 2017
Monitoring VAT control and collection (Article 12 report)	Adoption by College	Q4 2017
Signature and Conclusion of the EU-Norway Agreement on VAT administrative cooperation and recovery	Adoption by College	Q1 2017

1.2. An EU tax framework that is fit for purpose

The **single market** allows business and citizens to move freely to work and create wealth, innovation and jobs everywhere in Europe. Yet, uncoordinated tax rules, lack of cooperation between tax authorities and red tape hamper the competitiveness and willingness to invest and grow of companies, entrepreneurs and mobile workers.

Member States are primarily responsible for taxation and for its management. Yet, **EU intervention** is **essential** to make sure the single market delivers on its promises and **no tax obstacles** are **created** that hinder investment and job creation. Union action is a must to stimulate 28 different tax authorities to work with each other for the benefit of all European taxpayers.

During the next twelve months, DG TAXUD will work to make the EU tax framework simpler and more predictable. Several actions are in the pipeline. In the field of **VAT**, DG TAXUD will further **implement** the VAT **Action Plan** adopted in April 2016. DG TAXUD will closely monitor **negotiations** in the Council on the proposals on modernising VAT for cross-border B2C e-commerce, VAT on e-publications and on the temporary application of a generalised reverse charge mechanism. **New proposals** on the definitive VAT regime, on granting Member States more leeway in fixing VAT rates, and on SMEs will be submitted in autumn 2017.

DG TAXUD will improve the current **EU VAT Mini One Stop Shop portal**, in particular its user-friendliness. This portal allows suppliers of telecommunication, broadcasting and electronic services to obtain information on the VAT rules of each EU Member States where they have customers. Reflection will continue on extending this MOSS portal to a full OSS portal or to a wider VAT portal. Account will be taken of other EU level projects like the Single Digital Gateway.

DG TAXUD will continue to **consult with business**, amongst others through the **EU VAT Forum**, a framework for exchanges between tax administrations and businesses on the implementation of VAT law and tax administration issues, such as tax rulings. In the context of improving VAT collection in e-commerce, a dialogue on future **cooperation between internet intermediaries and tax authorities** will also be launched. Furthermore, DG TAXUD will continue **providing** tax payers as well as administrations with comparable **data and factual information** that can be used both as an important input to policy processes, and to inform those interested in taxation issues more generally. In 2017 TAXUD will also work on promoting best practices on tax incentives for business funding, especially for start-ups and innovative companies and on making tax rules for cross-border investment easier to comply with and more effective

DG TAXUD aims for a more **coherent approach to the supervision of the holding and movement of excise goods**, bringing together excise and customs authorities to enhance facilitation of legitimate trade while assuring revenue collection and the detection and prevention of fraud. In the field of indirect taxation, DG TAXUD will evaluate the functioning and application of the general arrangements for excise duties.

DG TAXUD will continue to technically assist the work in the Council and between the ten Member States participating in the enhanced cooperation in the area of

harmonised **financial transaction tax** (FTT). A political agreement between the ten on core elements of the tax was reached in October 2016. Further analysis is needed and agreement on a large number of other issues with the help of TAXUD will have to be achieved in order to come to a final agreement in 2017.

In the area of **transfer pricing** the Commission's expert group Joint Transfer Pricing Forum will continue to develop guidance and recommendations on the basis of the revised OECD transfer pricing guidelines to ensure consistent application in the EU.

In parallel, we will continue to **watch how EU tax rules** are actually **implemented by Member States**, using legal action (infringements) when necessary to dismantle tax obstacles and solve double tax issues. For the area of indirect taxation, in 2017 the priority will be given to the solution of infringements that would have a positive impact on the functioning of the internal market and so would help enhancing growth. Particular emphasis will be put on horizontal application of judgments of the Court of Justice of the EU, where in scope of a preliminary ruling the Court provides a general interpretation of the VAT Directive and the Excise Duty Directives. The Commission will also continue with spot actions targeted to the removal of obstacles in the trade between the Member States resulting from a different application of the EU law in the area of indirect taxation. In the area of direct taxation, TAXUD will continue to follow up the three EU-law compliance initiatives with regard to cross-border inheritances, cross-border workers and mobile persons.

Relevant general objective(s): A deeper and fairer internal market with a strengthened industrial base		
Specific objective 1.2: An EU tax framework that is fit for purpose.		Related to spending programme Fiscalis 2020
Main outputs in 2017:		
All new initiatives and REFIT initiatives from the Commission Work Programme		
Output	Indicator	Target
Towards a definitive VAT system for intra-EU trade- first step (AP/2017/006) (REFIT)	Adoption by College	Q3 2017
SME VAT Package (AP/2017/008) (REFIT)	Adoption by College	Q4 2017
Reform of VAT Rates (AP/2017/007)	Adoption by College	Q3 2017
Revision of the Directive determining the structures of excise duty applied to tobacco (AP/2016/004) (REFIT)	Adoption by College	Q4 2017
Revision of the Directive determining the structures of excise duty applied to alcohol and alcoholic beverages (AP/2017/005) (REFIT)	Adoption by College	Q4 2017
Revision of general arrangements for excise duties (AP/2018/003)	Adoption by College	Q4 2017

Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Evaluation of VAT Invoicing Rules	Delivered by contractor	2018/2019
Evaluation of the general arrangements for excise duties	Commission report	Q1 2017
Study and exchange of good practice on tax incentives for venture capital and business angels	Report published	Q2 2017
IT collaboration expert team facilitating the implementation of IT collaboration	Final report for 2016 submitted and implementation plan / grant agreement for 2017-2018 work submitted/signed	Q2 - Q3 2017
Report on customs special procedures and excise goods	Report delivered	Q3 2017
Digital Tax Education Pilot	Online Platform launched	Q3 2017
Activities organised under Fiscalis 2020 to enhance the administrative capacity of participating countries and to support the implementation of Union law and legislation	Number of activities	Remain stable or grow
Other important outputs		
Output	Indicator	Target
Alignment of the general arrangements for excise duties with the Union Customs Code (EC/2008/118)(AP/2016/026)	Adoption by College	Q1 2017
Ensure the proper handling of infringement cases (new or open)	Follow benchmarks	Throughout 2017
Report on the cooperation with intermediaries in the field of e-commerce and digital economy	Staff Working Document from Commission services	Q3 2017

1.3. Well-functioning and modern Customs Union

The new Union Customs Code (UCC) aims at **facilitating and streamlining customs procedures while** ensuring the best possible conditions to **fight against illegal trade**. It is based on full automation of processes and procedures and a harmonised implementation of the UCC provisions by all Member States. It should create a level playing field for all economic operators, including SMEs. The procedures, in particular special procedures like inward and outward processing but also the simplified procedures simplify the production of goods within the EU, allow their marketing at fair and competitive prices within the EU and their export at competitive rates and as such contribute to the generation of growth and jobs in the EU. The conclusions of the first EU Authorised Economic Operator (AEO) workshop with economic operators will guide the work in this area in 2017 in trying to improve the AEO recognition and to further reinforce the AEO policy.

In order to enhance the customs union's operation, including the effective and efficient UCC implementation, DG TAXUD will focus on **developing the customs union's governance** in revitalised partnership with national customs administrations and other relevant authorities. In 2017, steps will continue to be taken to address key elements of the governance concerning, inter alia, a shared overall management vision for the Customs Union, a stronger role for Customs in joined-up border management and a long-term IT strategy. This will also include further development of the **Customs Union Performance (CUP)** measurement as a management tool with key performance indicators (KPIs) based on policy needs and ensuring the respective reporting.

TAXUD will continue to **operate and maintain the 60 trans-European customs applications and databases** underpinning the smooth functioning of the customs union for national administrations, citizens and business across the EU, in particular ensuring its permanent availability. In 2017, the new REX system, the new Customs Decisions system and the update of the BTI system will be deployed. The Customs Decisions system will harmonise the application and decision-taking process established under the Union Customs Code for 22 different types of authorisations. The system will encompass all decisions which are valid in more than one Member State and as such move away from the problematic situation where traders need to apply in each Member State separately with different interfaces to connect to. TAXUD will also complete the EU Customs Data Model (EU CDM) which constitutes an essential tool to develop UCC-based transnational and national IT systems in a way that ensures optimal interoperability between Commission, national and traders systems in full respect of international standards. In view of the critical nature of the electronic systems to be deployed in the years 2019 and 2020, the dates of deployment referred to in the Work Programme shall be reviewed in 2017.

TAXUD will continue to draft **guidance** in the different customs areas, giving priority to those areas where the UCC introduces new elements, to ensure that during the time when not all IT systems are yet available, trade flows continue running smoothly, based on transitional measures. In 2017, focus will be on continuing the work on simplifications and meaningful benefits for reliable trade while ensuring to strengthen the synergy between tax and customs.

The DG will develop on a continuous basis the core activities regarding **classification** of goods and the management of the **Common Customs Tariff**. The expert team established in late 2016 will support DG TAXUD activities in resolving complex cases of divergent tariff classification. In 2017 this will include the preparation of the EU positions for the next World Customs Organisation five yearly revision exercise of 2022. Also, in 2017, DG TAXUD will implement a number of international tariff related agreements.

TAXUD will continue to support the European **Customs laboratories** and to coordinate their activities through the Customs Laboratories European Network (CLEN) and its six actions, which represents the organization of some 15 usual activities and meetings and the update of three databases. This year will see also for the first time an expert team to support the Customs laboratories in their routine analytical work. This expert team will permit to a Member State to have some of its analysis done by another Member State if it has not the equipment or the expertise to do it.

On a permanent basis, TAXUD will be handling **complaints, pre-infringement and infringement** files and remission/repayment applications submitted for Commission decision, and provide assistance when customs related cases are brought before the EU Court of Justice of the EU.

Relevant general objective(s): A deeper and fairer internal market with a strengthened industrial base		
Specific objective 1.3: Well-functioning and modern Customs Union.		Related to spending programme Customs 2020
Main outputs in 2017:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Development of the customs union's governance following up the Governance Communication	Number of activities launched addressing key elements of the governance	Q4 2017
Development of the Customs Union Performance KPIs	Presentation report to Customs Policy Group	Q4 2017
Expert team pooling expertise to resolve complex cases of divergent tariff classification (BTI expert team)	Interim report	Q3 2017
Expert team to pool and share specific analytical expertise of Customs Laboratories at EU level (Laboratories expert team)	Interim report	Q4 2017
EU Customs Data Model	Publish new version	Q2 2017
Activities under the Customs 2020 programme supporting a modern and well-functioning customs	Number of activities	Remain stable or grow

Other important outputs		
Output	Indicator	Target
Evaluation of the European Customs Inventory of Chemical Substances (ECICS database) (AP/2017/010)	Adoption by College	Q4 2017
Update TARIC database	Daily update	Throughout 2017
Allocate tariff quotas	Daily allocate on weekdays	Throughout 2017
Surveillance reporting and monitoring	Daily verification and regular issuing of reports	Throughout 2017
Ensure uniformity in tariff classification	Adoption of measures and guidelines	Throughout 2017

1.4. The EU programmes supporting EU tax and customs policy

The **overall objective** of the Customs 2020 programme is to support the functioning and modernisation of the customs union in order to strengthen the internal market by means of cooperation between participating countries, their customs authorities and their officials. The Fiscalis 2020 programme on the other hand aims to improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials. As such, the Customs 2020 and Fiscalis 2020 programmes offer Member States a Union framework to cooperate, which is **more cost-effective than** if each Member State were to set up **individual cooperation** frameworks on a bilateral or multilateral basis.

The **core outcome** of the programmes is the European Information Systems (EIS). The EIS developed by DG TAXUD under the programmes support directly the policy objectives of e-administration, trade facilitation, security, safety and fight against fraud. They play a vital role in interconnecting customs/tax authorities. They allow information to be available and exchanged rapidly and in a common format. The European Information Systems and their interconnectivity are enabled by a closed and secure network¹.

The programmes also provide the methodological, budgetary, operational and organisational framework for **cooperation activities among customs or tax officials** that allow developing their professional skills and knowledge in the two areas. Under the programmes, also training content is developed in cooperation with participating countries and made available under different formats, including e-learning modules. An EU competency framework for customs is under implementation. A specific taxation EU competency framework is under development.

Measuring the progress of programme activities is important for measuring how their efficient implementation contributes to achieving a deeper and fairer internal market and a modern Customs Union.

Relevant general objective(s): A deeper and fairer internal market with a strengthened industrial base		
Specific objective 1.4: The EU programmes supporting EU tax and customs policy.		Related to spending programmes Customs 2020, Fiscalis 2020
Main outputs in 2017:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Fiscalis 202X Impact assessment study	Final report	Q4 2017
Customs 202X Impact	Final report	Q4 2017

¹ Common Communication Network/Common Systems Interface (CCN/CSI)

assessment study		
Customs IT Contracts	Number of IT contracts	60
European Information systems in operation for customs	Number of European Information Systems in operation, as per Annex 1 of the Customs 2020 Regulation	39
Customs Training projects (specific contracts)	Number of training projects	2
Taxation IT Contracts	Number of IT contracts	40
European Information systems in operation for taxation	Number of European Information systems in operation for taxation, as per Annex 1 of the Fiscalis 2020 regulation	20
Taxation Training projects (specific contracts)	Number of training projects	2
Other important outputs		
Output	Indicator	Target
Customs 2017 and Fiscalis 2017 Annual Work Programmes (PLAN/2016/220)	Adopted by College	Q1 2017

2. A NEW BOOST FOR JOBS, GROWTH AND INVESTMENT

2.1. Taxation enhancing EU competitiveness

Two of the most pressing demands of European citizens right now are economic stability and social justice. These two objectives are inter-twined. Taxation has a critical role to play in delivering on these twin objectives. Focussing on these objectives, DG TAXUD will continue its analysis of tax policies of EU member states in the context of the **European Semester**. Tax policies have been shown to have a major influence on employment decisions, investment levels and the willingness of entrepreneurs to expand. Likewise, taxation can help to address the inequities in society, not only by financing decisive spending for social mobility such as education but also by reducing market income inequalities. This analysis will feed the Annual Growth Survey, the country reports and the proposals for country-specific recommendations. In addition, we will work with the Structural Reform Support Service to provide technical assistance to member states tax administrations upon request.

In 2016, the Commission adopted three initiatives for building a **fair, competitive** and stable **corporate tax system** for the EU. In 2017, it will be essential to ensure their progress in Council: the re-launch of the CCCTB, the initiative for double taxation dispute resolution mechanism in the EU and expanding the rules for tackling hybrid mismatches to a more comprehensive framework, including in regard to third countries and in line with the Council Statement of 12 July 2016.

DG TAXUD has been closely involved with DG FISMA in delivering actions for building a **Capital Market Union**. Having proposed a solution to address the debt-equity tax bias in the CCCTB proposal, we will continue to stress the importance of it for economic stability, notably in the European Semester. Moreover, TAXUD and FISMA continue to identify current best tax practices in the Member States to support the development of venture capital and business angels. Next, it will continue to hold discussions with Member States to identify best practices for relief-at-source from withholding taxes procedures, with a view to a possible code of conduct. Finally, TAXUD has launched a study on discriminatory tax obstacles to cross-border investment by pension funds and life insurers to assess if and where action is needed.

Relevant general objective(s): A new boost for Jobs, Growth and Investment		
Specific objective 2.1: Taxation enhancing EU competitiveness.		Related to spending programmes Customs 2020
Main outputs in 2017:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Taxation Trends report	Publication	Q3 2017
Taxes in Europe	Regular update	Throughout 2017
European Semester activities	Timely contribution	Feb – Oct 2017
	Fact finding activities	
	Technical assistance	All year

2.2. Ensuring efficient customs fostering EU competitiveness

TAXUD will continue managing the autonomous tariff suspensions scheme which offers annually more than EUR 1,3 billion in duty savings to the Union industry and enables it to improve its competitive capacity and to enable thereof to maintain or create employment, modernise their structures, etc

Export and external demand are among the main sources of growth in the EU. Therefore, the fast release of goods upon entry and the facilitation of the widest use of **simplifications** as well as **special procedures** of economic impact, while ensuring the protection of the EU and its residents, are key to foster trade and increase competitiveness, generate jobs, growth and investment. In 2017, TAXUD will continue to promote simplifications, streamline procedures, improve the Authorised Economic Operator (AEO) programme and to develop an EU Single Window. In this context TAXUD will also work to increase synergies between tax and customs.

In 2017, TAXUD will continue developing further the **simplification** of existing procedures considerably facilitating trade and reduce company costs while ensuring the protection of the EU and its residents. Cooperation with tax authorities is ongoing to aim at synergies and a facilitation of procedures like centralised clearance. The implementation of the EU-wide validity of customs decisions and authorisations, including through the UCC Decision System will provide tangible benefits for European trade and reduce the costs of customs procedures. TAXUD will also continue the cooperation with Member States and trade stakeholders to fully implement the benefits from the new features of special procedures that have an economic impact. The latter aim at promoting the international competitiveness of business operating within the EU and improving export opportunities by creating economic conditions that are as favourable as possible for the production and export of processed products. The vast majority of European companies, including small and medium sized companies use special procedures to be competitive on the world market and offer goods at competitive prices, thus generating jobs and growth.

DG TAXUD will continue to promote and reinforce the **Systems Based Approach** (SBA) project which is a control method where the check of individual declarations is replaced by relying on systems of the economic operator (the accounting system and the internal control system) following an appropriate pre-audit. The main objective of this project, underpinned by the established SBA network of experts from Member States, will be to support information exchange and technical audit discussions on SBA, promote a consistent and harmonised use of SBA across Member States, exchange practical and training solutions and provide a support to less experienced Member States.

As external demand is the EU's most important source of growth, **legitimate trade** should **cross borders** as **quickly and efficiently** as possible while illegal trade should be efficiently and effectively targeted. Therefore TAXUD will further promote effectiveness and efficiency of customs cooperation with other authorities in 2017.

A major example is the implementation of the **guidance** provided for **non-customs policy makers** when drafting new non-customs laws requiring customs

intervention. This toolbox should ensure that procedures for other policy needs can be implemented in a cost-effective way where national customs authorities are involved

TAXUD will also ensure the further effective implementation of the EU Customs Action Plan to **combat IPR infringements** thus enabling a better defence by customs of holders' rights and better protection of European industries' IPR.

Relevant general objective(s): A new boost for Jobs, Growth and Investment		
Specific objective 2.2: Ensuring efficient customs fostering EU competitiveness.		Related to spending programmes Customs 2020
Main outputs in 2017:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Management of the autonomous suspensions and quotas scheme	4 Council Regulations adopted	1 July 2017 (2) 1 Jan 2018 (2)
Study on the single window	Study published	Q1 2018
Activities under the Customs 2020 programme supporting an efficient customs	Number of activities	Stable or grow
Other important outputs		
Output	Indicator	Target
Final Report System Based Approach	Present to the Customs Policy Group	Q4 2017
Annual Report on unsafe or non-compliant goods found by customs at the external border	Publication	Q4 2017

3. A SECURE EUROPEAN UNION

3.1. *Strengthening security and contributing to tackling terrorism and serious crime*

As gatekeeper of EU **borders** for the **flow of goods**, EU customs play a crucial role in protecting the EU and its residents as well as protecting international supply chains from criminal activities and terrorist attacks.

TAXUD will focus in 2017 on the implementation of the 2014 **Risk Management Strategy** and Action Plan with a special attention to the areas highlighted by the Council Conclusion of 6 December 2016 such as assuring the timely availability of resources for the necessary IT systems and improving the synergies between customs and other law enforcement authorities. Another priority will be the update of the risk management strategy roadmap and development of a reporting mechanism for the outcomes and results of the specific actions.

On the different actions to be implemented in the framework of the contribution of customs to the **Security of the Union** the launching of the elaboration of a new Import Control System (ICS) is paramount. In the area of security, TAXUD will also contribute to developing customs cooperation with Border Guards and Financial Intelligence Units (FIUs) and work together with DG HOME and Europol in the framework of the Priority Control Action (PCA) on firearms, which can also be seen as a preparatory action in the framework of exchange of information with other law enforcement authorities. In this area, the update of the Customs Risk Management System (CRMS2) should also play an important role.

Priority will be given to preparing a Commission proposal for a legislative instrument on the **import of cultural goods** to strengthen the fight in terrorism financing. It will also do its utmost for fostering the dialogue on the Cash control initiative in Council and Parliament. TAXUD will as well closely monitor and strengthen the implementation of the new EU legislation on monitoring and control of trade in drug precursors, including issuing new e-learning tools for operators and customs authorities.

TAXUD will continue to fight against the illicit traffic of **New Psychoactive Substances** (NPS) with a new Administrative Arrangement with the JRC to identify clearly unknown substances controlled at the border which reveal to be usually NPS. This activity includes the standardization and the sharing of data, with the goal to foster the control at the border with portable equipment and mobile laboratories.

In the area of **co-operation of Customs with** other law enforcement authorities, DG TAXUD will take further steps in strengthening co-operation between the Customs Administrations and Border Guards, in particular an update of the guidelines.

Relevant general objective(s): A secure European Union		
Specific objective 3.1:Strengthening security and contributing to tackling terrorism and serious crime.		Related to spending programmes Customs 2020
Main outputs in 2017:		
All new initiatives and REFIT initiatives from the Commission Work Programme		
Output	Indicator	Target
Initiative on the import of cultural goods, in particular with regard to strengthening the fight against terrorist financing (AP/2017/004)	Adoption by College	Q2 2017
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Study on cash control information exchange	Publication	Q3 2017
Customs Eastern and South-Eastern land border expert team (CELBET) pooling expertise to deal with the Union's Eastern and South-Eastern land border management issues and jointly perform operational tasks.	Interim report	Q2 2017
Activities under the Customs 2020 programme supporting a secure Europe	Number of activities	Stable or grow
Other important outputs		
Output	Indicator	Target
E-learning tools on drugs for operators and customs authorities	E-learning tools available	Q4 2017
Implementation of the provisions concerning control and monitoring of non-scheduled substances and the use of the fast-track procedure for scheduling new substances	Number of uses of article 26 3a and 'fast track' procedure	Q4 2017
Reviewed guidelines for the Customs and Border Guards co-operation	Adoption by Customs Policy Group	Q4 2017

4. EU AS A STRONG GLOBAL ACTOR

4.1. *Developing international cooperation*

Tax fraud and tax evasion occur not only within a country but equally across countries both within the EU and globally. That is why a single country cannot solve the problem on its own. The EU and Member States need to work together and internationally to combat the problem at home and abroad. We will push third countries which currently do not do so to embrace tax good governance criteria. In turn, this will help developing countries to get a fairer share of global tax. In this context, TAXUD engages regularly with **external partners** working on shared objectives and policies, such as the G20, OECD and the IMF.

By **promoting good EU customs practice worldwide**, and by preparing and implementing international customs and trade agreements and arrangements to facilitate legitimate trade and secure the international supply chain, DG TAXUD contributes to the general objective of EU as a strong global actor.

TAXUD will foster its international customs cooperation at the level of the Customs laboratories with the birth of the **World Customs Organization Regional Customs Laboratory** (WCO RCL) for Western Europe. This new WCO RCL will support the Customs laboratories outside the EU, based on the CLEN network and its various activities.

In 2017, TAXUD will cooperate with the **Eastern neighbourhood countries** to promote the alignment of their customs legislation to the EU acquis, strengthen trade facilitation and improve supply chain security. This includes the implementation of the strategic frameworks with Georgia, Moldova and Ukraine, as well as maintaining a customs dialogue with Russia to address practical problems at the EU-Russia border. TAXUD will also be instrumental in promoting trade facilitation in the **Western Balkans** in the framework of the Central European Free Trade agreement (CEFTA), in particular through cooperation activities on authorised economic operators (AEO) and the exchange of information for excise goods. Throughout 2017, TAXUD plans will contribute to resolving outstanding issues in the functioning of the EU-Turkey Customs Union and actively participate in the negotiations on the modernisation of the EU-Turkey bilateral preferential trade framework.

The DG will monitor to the implementation of the **Pan-Euro-Mediterranean Convention** on Preferential Rule of Origin and will lead the negotiations to finalise its revision.

TAXUD will implement and, where appropriate, upgrade existing **bilateral customs agreements**, focusing in 2017 on the implementation and enhancement of its customs cooperation with the US, China and Japan. It will also contribute to the negotiation or the modernisation of the customs-related provisions of free trade agreements in accordance with the Union's trade policy. This includes provisions on customs and trade facilitation, rules of origin and IPR border enforcement in new free trade agreements (FTA) with US, Japan, Philippines, Indonesia, Australia & New-Zealand. TAXUD will implement the provisions on customs and trade facilitation, rules of origin and IPR border enforcement in existing free trade

agreements amongst others with South Korea, Central America and Canada (CETA).

In the name of the EU, TAXUD will continue to ensure EU preparation, representation and action in the various customs-related bodies of the World Customs Organisation (**WCO**), World Trade Organisation (**WTO**) and Asia-Europe Meeting (**ASEM**). TAXUD will contribute to this objective by ensuring EU customs and trade policies and standards are promoted appropriately.

In 2017, TAXUD will continue facilitating the implementation in the Union of the rules and procedures for non-preferential and preferential origin, in particular as resulting from the UCC. The monitoring of the implementation of **rules of origin** in the EU preferential trade arrangements, which is essential for safeguarding the EU own resources and for credibility of the Union in the negotiation of Free Trade Agreements, will remain in 2017 an important task of TAXUD, as well as the monitoring of the Member States' implementation of non-preferential rules of origin. TAXUD will also ensure the management of the tools for administrative cooperation in the framework of preferential trade arrangements, in particular the Specimen Management System (SMS).

Relevant general objective(s): EU as a strong global actor		
Specific objective 4.1: Developing international cooperation.		Related to spending programmes Customs 2020
Main outputs in 2017:		
Other important outputs		
Output	Indicator	Target
Signature and conclusion of the EU - New Zealand Customs Cooperation and Mutual Administrative Assistance Agreement (CCMAA)	Adoption by College	Q1 2017
EU - Canada Authorised Economic Operator (AEO) mutual recognition	Conclude negotiation with Canada on Joint Customs Cooperation Committee (JCCC) decision	Q1 2017
EU-China Action Plan (2018-2020)	Adoption by College	Q4 2017

PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR

A. Human resource management

The HR Modernisation project implemented according to the Communication on Synergies and Efficiencies of April 2016 makes changes to the way that HR services are delivered. HR services will be delivered by an **Account Management Centre** (AMC) inside DG HR. Each DG will have an HR Business Correspondent, responsible for defining HR strategy and taking HR decisions, in consultation with the management of the DG, as well as ensuring that the DG gets the HR service it needs, in cooperation with the AMC.

DG TAXUD will move to the new way of working in 2017. DG TAXUD will be supported by AMC1 which will serve the following group of DGs: COMP, ECFIN, EMPL, FISMA, GROW, TAXUD & TRADE.

In 2017, DG TAXUD might also launch some key actions to encourage and prepare **female staff** to take up **management** responsibilities. TAXUD envisages amongst others to organise an awareness raising campaign for female staff and to gauge on the motivation and potential barriers of female staff to take up middle management positions through a survey and auto assessment opportunities. These activities are linked to the reflections on talent management and succession/mobility policies that should also be launched in 2017 within the Directorate general to identify the management potential of TAXUD staff and encourage them to take up management responsibilities. In this context, deputy head of unit positions have been created in one TAXUD Directorate amongst others to prepare staff for taking up middle management positions. This pilot might be extended to other Directorates.

The 2016 staff survey demonstrated that the perception of **wellbeing** from TAXUD staff further decreased. DG TAXUD's management will therefore reinforce the actions already taken after the publication of the results of the 2014 survey amongst others building further on the corporate fit@work action. This includes awareness raising on ergonomics and exercise at the workplace and information sessions on burnout. The DG also involves TAXUD staff through open forums for an in depth reflection process.

Objective: The DG deploys effectively its resources in support of the delivery of the Commission priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.

Main outputs in 2017:

Output	Indicator	Target
Female representation in MM or Gender Balance Middle Management	% of women in MM posts: Baseline 01/01/2017:23,8%	33,3% in 2017 (40% in 2020)
Staff satisfaction index	Commission staff survey: baseline 2016 staff survey (I feel that the Commission cares about my wellbeing"	At least Commission average in 2017 survey

	25%)	
Staff engagement index	Commission staff survey: Baseline 2016 Staff Survey (66%)	At least Commission average in 2017 survey
Talent/Succession Management	Design and launch a new policy	Q3 2017
Fit@work	Reflection on the opportunities to design and launch a new policy	Q1 2017

B. Financial Management: Internal control and Risk management

Throughout 2017, the internal control and risk management processes will be implemented as corporately defined by BUDG/SG. Indicators, as defined in the Strategic Plan will be closely monitored.

The current strategy for on-the-spot ex-post audits for the joint actions (actions implemented by the Member States in the scope of the Customs 2020 and Fiscalis 2020 grants) has been revised in 2016 based on a risk analysis and taking into account cost efficiency. For 2017 it is planned to perform 4 on-the-spot audits.

There are no specific initiatives planned to improve the levels of controls as far as procurement is concerned as they are considered cost-effective.

Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions.

Main outputs in 2017:

Output	Indicator	Target
Estimated residual error rate	Residual error rate (%)	< 1% of all payments made
Estimated overall amount at risk for the year for the entire budget under the DGs responsibility	Amount at risk (€)	< 0,5% of total budget
Estimated future corrections	% of corrective capacity	All detected errors are corrected

Objective 2: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2017:

Output	Indicator	Target
Timely execution of payments	Percentage of payments made within the time limits (all budgets)	>95%
Open recommendations from European Court of	Number of critical recommendations from ECA overdue for more than 6	None

Objective 2: Effective and reliable internal control system in line with sound financial management.

Main outputs in 2017:

Auditors (ECA) on the regularity and legality of sampled financial transactions	months	
Conclusion reached on cost effectiveness of controls	Positive or negative conclusion	Positive conclusion
Cost of controls over expenditure	Total cost of controls (procurement and grants)	< 3% of payments made
Time to pay	Number of days	< 30 days
Time to procure	Number of days between publication in the OJ and signature of the award decision	< 150 days

Objective 3: Minimisation of the risk of fraud through application of effective anti-fraud measures, integrated in all activities of the DG, based on the DG's anti-fraud strategy (AFS) aimed at the prevention, detection and reparation of fraud.

Main outputs in 2017:

Output	Indicator	Target
Updated anti-fraud strategy (AFS) of DG TAXUD elaborated on the basis of the updated OLAF methodology	Updated AFS	Updated AFS adopted by the Management by end 2017
Increase level of anti-fraud awareness	Number of participants from the DG in training session on anti-fraud	> 90% of staff
Reporting on progress of the AFS implementation	Report to the Management Meeting	Reporting to the Management by end 2017
Update of "red flags"	Red flags updated	TAXUD red flags updated and adopted by the Management by end 2017

DG TAXUD's AFS focuses on awareness raising activities on potential fraud risks and ethical behaviour among TAXUD staff. The strategy addresses the active cooperation with OLAF and the integration of the fraud aspect into the SPP cycle of the DG.

A new action plan for 2016-2018 was adopted in the beginning of 2016. Maintaining a high level of awareness on antifraud related matters remains a priority for instance, by organising refresher training sessions. For the 2016-2018 period, OLAF and/or IDOC will be invited to share real-life examples in the information sessions on anti-fraud and professional ethics will be organised.

The staff turnover will be closely monitored and newcomers will be systematically invited.

As regards strengthening the cooperation with OLAF, DG TAXUD continuously participates in the Fraud Prevention and Detection Network meetings. TAXUD remains committed to cooperate with OLAF on any issues as requested.

Integrating the fraud aspects into the DG's SPP and risk management cycle will be managed by monitoring of the implementation of the Anti-fraud strategy Action Plan, by discussing potential fraud risks resulting from the yearly risk assessment exercise and proposing further actions into the AFS action plan if and when necessary.

C. Better Regulation

The main planned outputs linked to the Better Regulation objective in the Management Plan are listed in Part 1 under the relevant specific objective. Where applicable, they are presented in the tables under the headings "All new initiatives and REFIT initiatives from the Commission Work Programme" and "other important items", respectively. Furthermore, annex 3 of this management plan provides a complete list of retrospective evaluations currently scheduled for the coming years.

TAXUD will continue to focus on both operational and organisational capacity building. This will include further raising awareness regarding the principles of better regulation and reinforcing the evaluation and better regulation culture in DG TAXUD. Both will be pursued through a series of activities like targeted training and coaching activities as well as information sessions.

D. Information management aspects

The Director General of TAXUD has been appointed as member of the Information Management Steering Board and DG TAXUD will therefore contribute actively to the implementation of the corporate information management strategy in 2017.

DG TAXUD will continue to ensure that appropriate processes and procedures are in place for a secure and efficient document management compliant with the e-Domec principles.

E. External communication activities

Continued efforts to ensure fairer taxation policy and to combat tax fraud, tax evasion, tax avoidance (including aggressive tax planning) will remain key issues for DG TAXUD and the Commission in 2017. In this respect communication actions will continue to promote fair tax initiatives such as the CCCTB proposals put forward in 2016, and the various elements in the follow-up of the VAT action plan. Activities will mainly be targeted towards media and stakeholders.

It is further proposed to carry out a Eurobarometer survey on taxation to provide a better understanding of citizens' views on taxation.

The introduction of the Union Customs Code (UCC), in May 2016 was a first major step to provide by 2020 a fully electronic and more performing, robust and unified customs union. Communication activities will continue as the various elements under the UCC are introduced to raise awareness among business and authorities.

Communication actions will be taken to raise awareness of the role of customs in protecting against illegal sale of cultural goods in the fight against terrorism financing.

In addition during 2017 DG TAXUD will continue work with Member States to develop common communication actions for 2018 marking the 50th anniversary of the Customs Union. The actions will be targeted towards both stakeholders and citizens.

Specific media plans will also be developed for the other main initiatives introduced by DG TAXUD during 2017.

Objective: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.

Main outputs in 2017:

Output	Indicator	Target
DG TAXUD Europa website	1. Number of page views 2. Number of unique visitors 3. Traffic to website from social media (measured as referrals)	1. Maintain number of views at level of Sep – Dec 2016 2. Maintain number of unique visitors at level of Sep – Dec 2016 3. 10% increase over 2016 annual figures
Social media outreach	Number of followers/subscribers on social media	10% increase over 2016 annual figures

Annual communication spending:

Baseline (2016)	Estimated commitments (2017)
400.000 EUR	800.000 EUR

F. Example(s) of initiatives to improve economy and efficiency of financial and non-financial activities of the DG

- a) In 2016, the Commission assisted the programmes' beneficiaries with the preparation of 5 expert teams in customs and taxation areas. This newly introduced type of activities represents structured forms of cooperation under which expertise is pooled from the participants to achieve effectively and efficiently the intended results. The participants perform tasks in specific domains that require an intensive level of cooperation. This allows resource reallocation of both Commission and programmes' beneficiaries (national customs or tax administrations) particularly towards larger and better integrated EU projects with a more effective and economic achievement of the set programmes' objectives.
- b) TAXUD shall pursue in 2017 a series of initiatives in search for increased synergies in the area of IT. That work started already in 2016, notably with entities like DG DIGIT, DG HOME and the EU agency LISA (eu-LISA), while TAXUD consulted also with SG on this matter. In 2016, initiatives in this area have led already to agreements on several work fronts with DG DIGIT, for the reuse of existing framework contracts and services in the areas of IT infrastructure and network connectivity, internet connectivity, IT security operations centre (SOC) services, as well as reuse of software components (e.g. the corporate EU LOGIN tool is reused for the customs' Uniform User Management and Digital Signature (UUM&DS) module while the corporate Search tool is reused for the customs' CLASS project). The efforts already triggered in these and other areas will continue in 2017. We will pursue talks with relevant entities to explore the opportunities of working together in the deployment and management of operations of Trans-European Systems for DG TAXUD.

ANNEXES TO THE MANAGEMENT PLAN

Annex 1. Tables [included in the body of the document]

