



Management Plan 2018

DG TAXUD



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INTRODUCTION



The primary focus of TAXUD's 2018 management plan is twofold.

First, it provides details on the **politically-important legislative proposals** to be delivered in the first half of the year for completing the work on President Juncker's ten political priorities before the end of its mandate. Those proposals aim to be tabled by May 2018 to allow the European Parliament and Council to complete the legislative work before the European elections of June 2019.

Second, it presents the **preparatory actions of reflection and long-term forward planning** that will be at the core of TAXUD's work in the second half of the year. This process will reflect the debate kick-started by the Commission's White Paper on the future of Europe and President Juncker's 2017 State of the Union Address.

In this context, TAXUD will ensure that the EU tax policy supports the **dual goals** of **fairness and economic growth**, with **tax** systems designed to:

- create an environment supportive of investment and innovation,
- support employment,
- ensure a fair burden-sharing among taxpayers, and
- help reduce inequalities.

It will also ensure that **customs policy**:

- supports the development of a strong and well managed customs union,
- safeguards the public against various threats,
- protects EU enterprises and innovation, for example against counterfeit or unsafe products,
- facilitates legitimate trade to support EU competitiveness, and
- provides for an effective and efficient revenue collection.

Tax policy plays a crucial role in creating a **deeper and fairer Internal Market**:

- direct taxes should be paid where **economic activity** takes place,
- indirect taxes should be paid where **consumption** takes place, and
- cooperation strengthens the fight against **tax fraud** and **tax evasion**.

As the **international tax rules** were originally designed for "brick and mortar" businesses, the current tax rules no longer fit the modern context where businesses rely heavily on hard-to-value intangible assets and online trading across borders without physical presence. As a result, some businesses take free rider positions tilting the playing field in their favour compared to established businesses.

Since the start of its mandate, this Commission has taken action to improve **tax transparency** and to ensure the principle that all businesses operating in the EU should **pay their taxes where profits and value are generated**.

In 2018, DG TAXUD will continue to work on a modern tax framework for the EU, seizing digital opportunities, while **ensuring fair taxation**. A level playing field is a pre-condition for all businesses to be able to innovate, develop and grow to support higher levels of productivity, employment and prosperity.



With 360 million Europeans using the internet every day to work, study, shop or stay connected, **also the Digital Single Market** needs a modern and stable tax framework for the digital economy to stimulate innovation, tackle market fragmentation and allow all players to tap into the **new market dynamics under fair and balanced conditions**.

Similarly, the current **VAT system** is still based on 25-year old "transitional arrangements" with domestic and cross-border transactions being subject to two completely different VAT regimes. As a result, businesses trading cross-border bear an extra compliance cost of 11% compared to businesses trading only domestically. Moreover, goods purchased cross-border by businesses are free of VAT and therefore particularly prone to fraud.

In the period 2016-2017, the Commission made a series of proposals aimed at **rebooting** the VAT system. As stated by President Juncker at the adoption of the 2018 Commission Work Programme *"The sooner the European Parliament and the Council complete their work, the sooner we will see the benefits of our joint efforts."* Accordingly, throughout 2018 TAXUD will closely follow, contribute to and shape the **interinstitutional negotiations** on those proposals.



TAXUD will, at the same time, undertake the necessary preparatory work for an Internal Market of 27, with all that this would entail from a legislative and operational perspective.

The **Customs Union** is a **cornerstone of the EU and the Internal Market**. It is now approaching **50 years of operation** and was an early example of **successful integration** in the EU. Its added value is clear: goods should flow freely, quickly and safely within the Union. It is instrumental in facilitating legitimate trade and developing competitive businesses, while protecting the EU's revenue sources and its external borders from threats relating to the flow of goods. The Customs Union is **managed jointly** by the 28 customs administrations and the Commission. TAXUD will therefore

continue to work, in partnership with national customs administrations and other relevant border authorities, on the further **enhancement** of the **governance** of the Customs Union.

Over the past decade, the working of the Customs Union has been put under pressure by rapidly changing technologies and business models, allied to increasing volumes of world trade and the increasing number of tasks to be performed by customs. This led to a **major reworking** of the legislative framework, the 2016 **Union Customs Code** (UCC), which introduced important elements of simplification and better information exchange between EU customs authorities, as well as with third countries and with trade.



To meet the challenges facing the Customs Union, one of the **main objectives** of the UCC have been to complete the transition of the customs environment to a **paperless** and electronic one, and provide for greater EU-wide **digital integration**. In 2018, TAXUD will continue, together with the Member States and business, to develop the different **IT systems**, which **underpin the UCC implementation**. The full set of IT systems will cover further modernisation and harmonisation of import, export and transit processes, and the introduction of new concepts, such as centralised clearance.

At the same time, TAXUD will undertake the necessary preparatory work to address the consequences of Brexit on the Customs Union. In addition, TAXUD will continue the process of refining the UCC legislative framework, in conjunction with Member States and business, to ensure that it continues to correspond to its objectives.

The customs authorities of the Member States, as dealing with border control for goods, are important players in **internal EU security**. They are increasingly called upon to carry out non-fiscal tasks, such as stopping terrorist organisations from moving their funds or from financing their operations through illicit trade in cultural goods. In this respect, TAXUD will further foster the joint EU approach to border protection which sees Customs already close cooperating with other authorities (Border Guards, Police, etc.) to carry out certain responsibilities.



The UCC **Common Risk Management Framework** is the main EU tool for co-ordinating the contributions of customs control activities to this broader customs mission. In 2018, TAXUD will continue to implement the **EU Strategy and Action Plan for customs risk management**, in particular to improve the synergies between customs and other law enforcement authorities in relation to security, product safety and IPR border enforcement. The focus will

be on the development of the necessary IT systems enabling **real-time collaborative risk analysis** with the support of a common repository for data required under the UCC.

In the same vein of synergies and integration and given that customs authorities are responsible for the control of over 60 non-customs legislations, TAXUD will deepen its reflection on an **EU Single Window for cross-border movements of goods**, involving partner Directorates General.

Tax and customs authorities face similar challenges in **collecting revenue**. In 2018, TAXUD will continue to work towards enhancing the **cooperation** between **tax and customs administrations**, and with other national and EU bodies. This should help in designing consistent tax and customs laws, support compliance and facilitate enforcement. Particular focus will be on VAT and e-commerce, the fight against VAT fraud including Customs Procedure 42, customs simplifications, risk management and cash controls.



TAXUD manages two programmes in the customs and taxation area, Customs 2020 and Fiscalis 2020, respectively. These programmes provide vital support to almost all TAXUD policy initiatives and they ensure cooperation between and capacity-building of Member States at EU level. The programmes will end in 2020. In 2018, TAXUD will prepare the **next generation of programmes** to secure an appropriate post-2020 framework for cooperation and capacity-building activities in the customs and taxation fields.

TAXUD will also continue to **maintain** and, where needed enhance the **partnership** with third countries in the context of international customs and trade agreements and with international organisations, both for customs and taxation.

Finally, it should be noted that, in parallel to the work on politically important and visible files, close to two thirds of TAXUD will continue to perform **core responsibilities** entrusted to it by customs and tax legislation. As detailed in the following chapters, these responsibilities ensure the sound management and workings of the Customs Union as well as the cooperation between Member States in the tax area. Prime examples of these responsibilities include:

- continuously improving the tax and customs IT systems,
- maintaining various IT databases, both on the customs and tax side, which are vital for the day-to-day operations of the Customs Union and the cooperation between Member States, and
- ensuring timely, effective and harmonious implementation of customs and tax legislation.

As a result of its wide spectrum of initiatives, activities and forward-planning, TAXUD will ensure that tax and customs policy continues to contribute to a more united, stronger and democratic Europe, and that it is ready for the Union of 27.

PART 1. MAIN OUTPUTS FOR THE YEAR

1. A FAIRER AND DEEPER INTERNAL MARKET

The Commission has set an ambitious agenda to make corporate taxation:

- fairer and more effective,
- better adapted to the modern economy, and
- more responsive to emerging challenges in this field.



Following from the Commission's Action Plan for Fair and Effective Taxation of June 2015, TAXUD will continue to reform the corporate tax framework in the EU. At the same time, it will also work towards a definitive VAT regime to help tackle tax fraud, ensure sustainable revenues and support a better business environment in the Single Market.

These actions encompass:

- the fight against tax fraud and aggressive tax planning (1.1.),
- making the EU tax framework fit for purpose (1.2.),
- a well-functioning and modern Customs Union (1.3.), and
- the constant improvement of tax and customs systems via the EU programmes (1.4.).

1.1. Fight against tax fraud and aggressive tax planning

"Billions of tax euro are lost every year to tax avoidance, money that could be used for public services like schools and hospitals or to boost jobs and growth. Europeans and businesses that play fair end up paying higher taxes as a result. This is unacceptable and today we are acting to tackle it."

Pierre Moscovici,
Commissioner for Economic and Financial Affairs, Taxation and Customs



Tax fraud, tax evasion and aggressive tax planning are **major problems** which the European Union must tackle.

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.

Tax fraud, evasion and avoidance are European and global problems calling for solutions which must go beyond national borders. No Member State can cope with these challenges on its own. Only by working together, using common tools, can Member States win the fight.

As indicated above, in 2018 TAXUD will closely follow, contribute to and shape the **interinstitutional negotiations** on the pending Commission proposals for **rebooting** the VAT system.

In addition, the VAT system is under the influence of changes brought about by the Digital economy which has made intermediaries, such as market places and payment institutions, key actors in the trade chain. In 2018, TAXUD will therefore table an initiative to enhance the **cooperation between business representatives, intermediaries and tax authorities** to better fight against VAT fraud related to e-commerce.

The modernisation of the existing VAT system will not be done overnight and it will be achieved through a **series of gradual steps** including a proposal to be presented during the second quarter of 2018. When all the proposals have been adopted and they have been effectively implemented by the Member States, the resulting unified VAT regime in the Single Market will reduce cross-border fraud by up to 41 billion euro.



Digitalisation, globalisation, new business models, tax fraud and avoidance and resource constraints urge tax administrations to **review** their **practices** and find modern or alternative ways of **collecting taxes** in the single market. To facilitate this process, the Commission will organise a **strategic dialogue** with Member States' Heads of tax administrations to design solutions that are consistent across the EU and that are aligned with EU rules.

Although the fight against tax fraud is **primarily** the task of **Member States**, the Commission will continue to **support** this fight by providing the Member States' tax administrations with the instruments for **effectively cooperating across borders**.

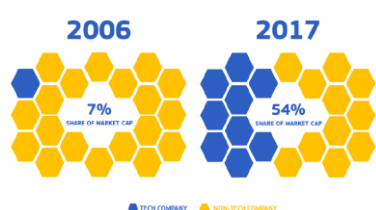
For instance, in 2018 the Commission will:

- ensure that the measures necessary to ensure proper **VAT collection** are put in place for **e-commerce trade**;
- complete, together with the Member States, the development of the **Transaction Network Analysis tool** for the exchange and joint processing of targeted VAT data by risk analysis officials of the Eurofisc network. This new instrument will allow tax administrations to identify and **put an end to fraudulent networks** across the EU in a simpler, quicker and more secured way; and
- report on the functioning of the **automatic exchange of information** in the field of direct taxation in order to assess the efficiency of this new standard **to fight tax fraud**.

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. To achieve and preserve this, **EU intervention** is **essential** to ensure that the Single Market delivers on its promises and full potential, and that **no tax obstacles** are **created** that may hinder investment and job creation. EU action is also vital in stimulating the 28 different tax authorities **to work with each other for the benefit of all European taxpayers.**

In line with the Commission priorities, TAXUD will continue over the **next twelve months** to deliver **fairer, more effective and transparent taxation** for Europe.



Since the start of its mandate, the Commission has taken action to ensure that all businesses operating in the EU pay their taxes where profits and value are generated. TAXUD will continue this work and, as follow up on the Communication of 21 September 2017, will propose in spring 2018, **new rules** to address the specific challenges raised by the **digital economy**. TAXUD will also open a

strategic dialogue with the Heads of tax administrations in order to discuss their **challenges in collecting taxes in a global digital environment.**

The above proposal on the digital economy will complement the significant strides that have already been made to improve the corporate tax framework in the EU in recent years. In 2018, DG TAXUD will therefore also **push** for an active **negotiation phase** on the two corporate tax proposals pending on the table of the Council: **CCTB and CCCTB**. It is anticipated that the EP reports on these two proposals will bring a new momentum to the files. Once agreed, the CCCTB will provide a competitive, **fair and robust framework for taxing companies** in the single market.



The proposals for the VAT definitive regime of 4 October 2017 also carry a vital fair taxation element. In continuing the reform of the VAT regime, in 2018 TAXUD will:

- prepare the technical proposal implementing the legal cornerstones of the **definitive VAT system** for the taxation of Business to Business (B2B) trade between Member States,
- propose to prolong the optional application of the reverse charge mechanism and of the Quick Reaction, and
- start assessing the impact of the **invoicing rules** applicable since 1 January 2013.

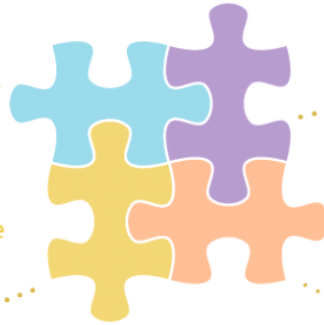
THE CORNERSTONES OF A NEW VAT SYSTEM FOR THE EU

Abolishing the VAT exemption on cross-border trade

Agreement that the VAT should always be paid in the Member State of the final consumer and at the rate of that Member State

A 'One Stop Shop' online portal for businesses to take care of their cross-border VAT obligations in their own language

Simplification of VAT invoicing allowing sellers to prepare invoices according to the rules of his own country.



The area of **excise duties** also requires close review and reform to ensure the EU legislation is implemented harmoniously throughout the EU and remains effective and efficient in the collection of excise duties. That is why in 2018 TAXUD will:

- propose the revision of the tax **framework for the structure of excise duty on alcohol** and alcoholic beverages;
- continue evaluating whether the tax **framework for the structure and rates of excise duty applied to manufactured tobacco** is still fit for purpose;
- propose, in the area of **movement of excise goods**, a revision of the general arrangements for excise duty, focusing especially on the **harmonisation and synchronisation of customs and excise procedures**, and the **automation of duty paid procedures**.

The effective use of taxation as a tool to fight climate change and achieve energy efficient objectives also remains very pertinent. That is why, by finalising in 2018 an evaluation of the **Energy Taxation Directive**, TAXUD will look at the implementation of the different provisions of this Directive and assess their application by the Member States. Particular focus will be made on those provisions that result in incorrect or non-harmonised application by Member States.

An important part of the work of TAXUD is the implementation of EU legislation. Throughout 2018, TAXUD will therefore continue to:

- **monitor how EU tax rules** are actually **implemented and applied by Member States**, taking legal action (infringements) when necessary to dismantle tax obstacles and solve double tax issues, and
- treat Member States' request for **derogations** from the present VAT framework.

1.3. Well-functioning and modern Customs Union

"An efficient EU Customs Union facilitates trade while at the same time enforcing necessary rules for security, safety and intellectual property rights. The new Union Customs Code opens the door to new state-of-the-art IT systems that will provide fast and quality data on goods being traded and will allow extremely close coordination among the administrations of our Member States"

Pierre Moscovici,
Commissioner for Economic and Financial Affairs, Taxation and Customs



As indicated above, the working of the Customs Union has been under pressure over the past decade from rapidly changing technologies and business models, increased volumes of world trade and increased number of tasks to be performed by customs.

The major rework of the legislative framework, with the new Union Customs Code (UCC), aimed to:

- streamline customs procedures,
- harmonise the implementation of customs legislation,
- better protect the Internal Market from safety, security and other threats linked with the flow of goods across the external borders and,
- better safeguard the financial interests of the EU and Member States.

In **2018**, **further** steps will be taken to address key elements of the **governance reform**, such as:

- a shared overall management vision for the Customs Union,
- a coherent overall customs policy development process, and
- a stronger role for Customs in joined-up border management.

While there is currently a 2020 deadline for the **implementation of the UCC IT systems**, it has become clear that this deadline cannot be met for all of the systems. In order to provide legal certainty and proper sequencing of projects and to avoid major disruption in 2020, TAXUD proposes to extend the period for completion of some of the relevant IT systems. Recognising that most systems will be in place by 2020, in 2018 TAXUD will prepare a legislative proposal that would, if adopted by the Commission, extend to 2025 at the latest the period during which the transitional arrangements, ensuring trade flows continue running smoothly, can continue to be used for the customs processes governed by the small number of IT systems that may only be completed after 2020.



Independent customs authorities
should work toward
acting as one single entity.

#EUCustoms



While customs legislation is adopted at EU level, its **implementation** is the responsibility of the Member States which are operating in different geographical, budgetary and organisational conditions. It is therefore vital to contribute, through the work that TAXUD will continue in 2018, that **customs administrations act as though they were one**. TAXUD will also continue the

work towards a shared overall vision between all Member States and the Commission, more effective enforcement of rules and a stronger role for customs in ensuring joined-up border management and law enforcement.

Throughout 2018, TAXUD will continue its core activities related to the workings of the Customs Union, such as:

- drafting **guidance documents** to ensure a correct and uniform implementation of the rules covering various customs procedures and the systems that govern them;
- further developing the **Customs Union Performance** (CUP) measurement used for overall steering and policy coordination;
- managing the **Common Customs Tariff** and the related work on **classification of goods**. In 2018, this will also include the finalisation of the EU proposals for the next World Customs Organisation five-yearly revision exercise (HS 2022);
- ensuring, in close cooperation with the Member States, the correct and uniform **classification of goods** and the **swift resolution of classification divergences** by the adoption of measures or guidelines on classification. In parallel, the action for enhancing further the Binding Tariff Information (BTI) processes in the EU will continue. In 2018, the **Classification Information System** (CLASS) will be deployed offering a single IT platform where all classification related information will be accessible;
- managing the **TARIC** system and updating it on a daily basis, which is critical for the uniform application of tariff measures by Member States. The system provides economic operators with a comprehensive view of all measures applicable when importing or exporting goods into/from the EU and results in more than 110,000 measures and descriptions being either added or updated every year;
- managing the **EU common customs risk management system (CRMS)** for operational exchange of risk information between customs authorities and Commission services and reporting on the implementation of the **EU Strategy and Action Plan for customs risk management**;
- supporting the implementation of EU product safety standards for goods entering the EU Internal Market;
- promoting coherent border enforcement of intellectual property rights (IPR);
- monitoring the **implementation of the EU legislation in the area of customs** and assisting when customs-related cases are brought before the EU Court of Justice; and
- examining remission/repayment applications submitted for Commission decision.



The scientific arm of the Customs Union, the **European Customs Laboratories**, plays an essential role in the fight against illegal trafficking and fraud by providing the scientific expertise needed to enforce European regulations in all matters relating to Customs tariff, classification and nomenclature. Throughout 2018, TAXUD will continue to support their work and to coordinate their activities through the **Customs Laboratories European Network**.

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 for the benefits of the Internal Market by means of (operational and concrete) 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 operational cooperation between participating countries, their tax authorities and their officials. As such, both programmes provide a unique framework for Member States to cooperate on concrete and operational issues, which is **more cost-effective than** setting up **individual cooperation** structures on a bilateral or multilateral basis.

As a result of the financing provided under the two programmes, in 2018 TAXUD will be able to:

- continue to operate and maintain its **portfolio of trans-European customs and tax systems**, focusing on IT continuity and security, and the availability of EU wide applicable decisions, such as the VIES, TARIC, Quota and BTIs, or the exchange of declarative information such as VAT declarations, Transit, Import, and Export;
- align some of the customs systems to the (new) Union Customs Code (UCC), in particular Surveillance 3, Economic Operator Identification and Classification;
- continue, in the background, to align to the UCC other ancillary IT systems, such as the next Customs Decisions system;
- conduct an Impact Assessment on the initiative for developing an **EU Single Window environment** for customs; and
- continue exploring the potential of using blockchain and other innovative technologies for customs and taxation processing.



To reduce the overall cost borne by Member States to develop taxation and customs transeuropean systems, TAXUD will continue to promote collaboration between Member States to jointly tackle IT challenges. In the area of taxation, willing Member States already commonly addressed a number of IT projects, notably the development of a system for gathering statistics on automatic exchanges between tax administrations of financial account information.

The programmes also provide the methodological, budgetary, operational and organisational framework that will allow in 2018 TAXUD to:

- undertake concrete and operational activities such as **joint multilateral controls, risk assessment and definition of methodologies**, thus fostering the integration and cooperation of tax and customs administrations,
- develop **training content** in cooperation with participating countries and making it available under different formats, including e-learning modules,
- implement the **EU competency framework for customs**,
- develop an **EU competency framework for taxation**.



As both programmes will end in 2020, TAXUD will prepare in 2018 the **next generation of programmes** to secure an appropriate post-2020 framework for cooperation and capacity-building activities in the customs and taxation fields. It is important in this respect that **the progress** of the programme activities is measured in order to determine how their implementation contributes to achieving a deeper and fairer Internal Market and a modern Customs Union.

2. A NEW BOOST FOR JOBS, GROWTH AND INVESTMENT

Since the global economic and financial crisis, the EU has been suffering from low levels of investment. Coordinated efforts at European level are needed to put Europe on the path of economic recovery. Better targeting tax policies (2.1.) and ensuring efficient customs will help fostering EU competitiveness (2.2.).

2.1. Taxation enhancing EU competitiveness

Taxation has a central role in shaping a **fair society and a strong economy**. Taxation can help to address inequalities, both by financing public spending to support social mobility and by reducing income inequalities. Likewise, tax policy can have a major influence on employment decisions, investment levels and the willingness of entrepreneurs to expand. In the present economic context, Europe needs to be innovative and competitive to maintain its leading position in the world's economy. This can be only achieved if also our tax rules fit today's realities.

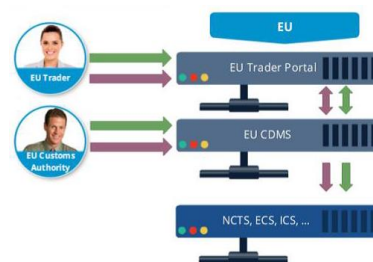


In order to achieve that goal, TAXUD will continue its analysis of tax policies of Member States in the context of the **European Semester**, focusing on the four priorities of facilitating investment, boosting employment, ensuring tax compliance and reducing inequalities. The monitoring of aggressive tax planning in the Euro Area will also be strengthened. This analysis will feed into the **Annual Growth Survey**, the country reports and the proposals for country-specific recommendations. In addition, TAXUD will work with the **Structural Reform Support Service** to provide technical assistance to member states' tax administrations upon request.

The work and negotiations on the definitive VAT regime also contribute to this objective with the work related to the reduction of **compliance costs**, in particular for businesses trading with other Member States. These bear proportionally higher VAT compliance costs than businesses trading exclusively in their own Member State. This results both from the complexity of domestic rules on VAT obligations and the need for cross-border traders to comply with the different sets of rules that are in place in the different Member States.

2.2. An efficient customs which fosters EU competitiveness

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 use of **simplifications** and **special procedures** are key to fostering trade and increasing competitiveness. In this context, in 2018 and 2019 TAXUD plans to further enhance the Customs Decisions System (CDS) and the EU Trader Portal.



TAXUD will continue its regular dialogue with business to ensure that the trade facilitation objectives are achieved, without jeopardising protection against financial, safety, security and other threats linked to the flow of goods across the EU external borders.



The **Authorised Economic Operator (AEO) programme** is based upon the Customs-to-Business partnership introduced by the World Customs Organisation (WCO). It is an essential supply chain security measure allowing compliant and trustworthy traders, who voluntarily meet a wide range of criteria, to benefit from maximum simplifications and facilitations. In 2018, TAXUD will continue to work on wider implementation of the measure

e.g. in relation to product safety standards and IPR enforcement.

To further strengthen end-to-end security of supply chains and to multiply benefits for traders, in 2018 TAXUD will continue:

- extending the Mutual Recognition of AEO programme, a key element of the WCO SAFE Framework of Standards, to new trading partners by either continuing ongoing negotiations or commencing new ones. This will complement the benefits for traders under the concluded and implemented Mutual Recognition of AEO programmes with Norway, Switzerland, Japan, the US and China; and
- implementing the Smart and Secure Trade Lanes (SSTL) pilot project with China and Hong Kong China, which provides for an advance exchange of data on goods exported by participating companies. Future work will concentrate on expanding the scope of the pilot project, increasing the volume of consignments, incorporating risk management techniques and developing a stable and sustainable data exchange mechanism.

In order to stimulate industrial activity in the EU, the suspended **collection of import duties** on raw materials, semi-finished goods and components, amounting to over 1.5 billion euro, will be extended throughout 2018. This should improve the competitive capacity of EU downstream industries and allow them to modernise their operations and maintain or create employment.

In 2018, TAXUD will bring forward a Commission Decision on **common risk criteria and standards for financial risks** related to risk-based customs controls carried out at clearance. These criteria will address risks associated with:

- undervaluation,
- antidumping,
- misclassification,
- origin,
- quotas,
- suspensions,
- simplified procedures, and
- customs procedure 42.



This initiative should enable Member States to address financial risks in an equivalent manner at the external border, without placing an undue burden on legitimate trade.

The high volume of **low value shipments** moved mainly by postal operators and express courier services will remain an important challenge in the foreseeable future,

necessitating rules that adequately balance between ensuring security and trade facilitation. TAXUD will work in 2018 and beyond in improving, in particular:

- the risk management systems,
- advance electronic data provision,
- streamlining of customs and tax procedures,
- the cooperation with international partners (e.g. OECD, World Customs Organisation, China, US), in developing a worldwide framework of standards and
- the engagement with stakeholders, including so-called "new" business models (e-platforms and vendors).



TAXUD will also pursue its support to the Member States to combat infringements on **intellectual property rights (IPR)**. Homogeneous implementation of customs enforcement of IPR across the European Union, enhancement of risk management in the IPR field and cooperation between authorities will be the main priorities.

In the field of prohibitions and restrictions, TAXUD will continue to work with other competent authorities and Member States concerning how customs control provisions in other legislations can be implemented in a harmonised way.

3. A SECURE EUROPEAN UNION

"We will never give in to terrorists who attack our security and our freedoms. Europeans demand that national governments and the EU tackle these risks with determination. The new actions announced today will help Member States to deprive terrorists of the means to carry out their evil acts and will also better protect our public spaces, and thus our way of life."

Frans Timmermans,
Commission First Vice President



To ensure an effective EU response to security threats, three priorities need to be addressed: tackling terrorism and preventing radicalisation, disrupting organised crime and fighting cybercrime. Repeated subsequent terrorist attacks have underlined the importance and urgency of making swift progress towards an operational and effective Security Union.

In this context, TAXUD plays its role in strengthening security and contributing to tackling terrorist financing.

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.

By implementing the **EU Strategy and Action Plan for customs risk management**, TAXUD contributes to the implementation of the **2015 European Agenda on Security**, a central component of the general objective to create an area of justice and fundamental rights.



As a result, in 2018 TAXUD will further develop the **Air cargo security cooperation** with Member States, third countries, industry stakeholders and international organisations to further refine global standards concerning electronic data submission modalities and referral processes to allow customs to prevent improvised explosive devices from being loaded on board of an airplane. TAXUD will in particular continue to develop necessary IT systems (ICS2) and common risk criteria and standards allowing effective security risk analysing of small packets, including postal shipments, entering the EU. In addition, TAXUD will continue to cooperate with e-commerce supply chain actors in exploring complementary solutions for more effective collection of VAT.

Co-operation of customs with other law enforcement authorities is also a key success factor for strengthening security and TAXUD will take further steps during 2018 to strengthen these relations and elaboration concrete tools and cooperation models, in particular with border guards and police, as well as Europol and Frontex.

TAXUD also supports **Member States' actions** that aim to improve the security at the external border. For instance, in 2018 the CELBET expert team will deepen further the operational cooperation amongst the eleven participating countries sharing the external land border. It will set up a network of Heads of BCP's (Border Crossing Points) which will be instrumental for implementing identified good practices on tasks such as risk management and, accordingly, for achieving harmonised and equivalent external border management.

TAXUD will continue to explore the value added of **data analytics** with the support of the JRC in 2018. The **Contraffice-ENS project** will provide a vision for integration of container status messages (CSM) in real-time risk management and maintain a shared service for identifying risky container movements and declaration compliance issues.

In 2018, TAXUD will closely follow, contribute to and shape the **interinstitutional negotiations** on the pending Commission proposals on **cash controls and import of cultural goods**. It will also monitor and strengthen the EU legislation on monitoring and control of trade in **drug precursors**.



4. EU AS A STRONG GLOBAL ACTOR

The EU needs a strong common foreign policy to:

- respond efficiently to global challenges, including the crises in its neighbourhood,
- project its values,
- reject protectionism and keep EU trade standards, and
- contribute to peace and prosperity in the world.

Developing international cooperation in the tax and customs areas helps to achieve these Commission priorities.

4.1. Developing international cooperation

Tax fraud and tax evasion occur not only within a country but also 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. The EU will continue to require from **third countries**, which currently do not adhere to international **tax good governance standards**, to do so. This will also help to support developing countries in getting a fairer share of global tax.



In this context, TAXUD will continue to **engage regularly with external partners** working on shared objectives and policies, such as the G20, OECD and the IMF. This includes in particular the field of digital taxation where there is close coordination between TAXUD and the OECD BEPS Action 1 Task Force on the **digital economy**.

We will also continue to develop the EU's international **administrative cooperation network in the area of VAT**, with the implementation of the EU-Norway Agreement, participation in OECD fora and exploratory talks with other non-EU countries.

The work of the Code of Conduct Group (Business Taxation)¹ to manage and monitor the **EU list of uncooperative jurisdictions** will continue, as will TAXUD's cooperation with the Group. In 2018, this will entail monitoring jurisdictions that committed to improve their tax systems during the 2017 screening process, as well as reviewing any changes in the tax practices of EU listed countries. The latter will be conducted in coordination with EU Delegations, the EEAS and other DGs.



¹ The Code of Conduct Group (Business Taxation) is one of the Council preparatory bodies. It mainly deals with anti-abuse rules, transparency and exchange of information in the area of transfer pricing, administrative practices, promotion of the principles of the code of conduct in non-EU countries.

In the area of **automatic exchange of information** TAXUD, in cooperation with the OECD, will ensure that **mandatory disclosure rules** will help to capture arrangements designed to circumvent reporting obligations.

Throughout 2018, TAXUD will actively continue to **promote good EU customs practice worldwide**. It will also work to prepare and implement international customs and trade agreements and arrangements to facilitate legitimate trade and secure the international supply chain.

TAXUD will continue during 2018 to represent the Union in the **World Customs Organisation**, in particular when defending the interests of the Union and its Members States on issues related to nomenclature and classification of goods, but also cross-cutting topics like e-commerce, tax and customs cooperation, and security and safety.

In order to deepen the international administrative cooperation in the area of customs, in 2018 TAXUD will propose to establish a legal framework allowing **systematic exchange of customs related information with third countries**. This will replace the current approach of case-by-case bilateral agreements at EU level.

With the aim of further improving and enhancing the EU's international trade framework, in 2018 TAXUD will:

- contribute to on-going and new negotiations of customs-related provisions in **preferential trade agreements**, in particular with Mercosur, Mexico, Indonesia, Chile, Australia and New-Zealand;
- continue the cooperation with the **countries of the Eastern neighbourhood, Caucasus and Central Asia, Western Balkans and Turkey** through different cooperation frameworks, with a view to promoting the alignment of their regulations with the EU;
- monitor the implementation of the **Pan-Euro-Mediterranean Convention on Preferential Rules of Origin** and lead the negotiations to finalise its revision;
- continue to discuss with the countries that have acceded to the **Convention on a common transit procedure** and work towards the implementation of the **New Computerised Transit System (NCTS)** in those countries and candidates for accession; and
- continue the **monitoring of the implementation of rules of origin in the EU preferential trade arrangements** and of the Member States' implementation of non-preferential rules of origin.

PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR

A. Human resource management

The year 2018 is a good opportunity to **adjust the organisational set-up** of the Directorate General in order to align it to the policy and delivery challenges it will face in the future. This will also facilitate the **reflection and long-term planning work** that will be undertaken during the second half of 2018.

In this respect, the organisational adjustment to enter into force on 1 February 2018, will require significant accompanying measures in order to make this new organisation a success. **Internal communication and teambuilding activities** will be necessary to support the new organisational set-up.



A very important element will also be the continued focus on a **culture of cross-directorate collaboration, proactive communication, staff inclusion and staff engagement**. Internal activities, such as "open fora" and lunch-time conferences, will provide occasions for in-depth reflections on different topics and for continued exchange and contact between colleagues. Encouraging fit@work activities and enlarging the use of the new well-being room, in collaboration with the AMC, will aim to increase job satisfaction and improve

the health of staff.

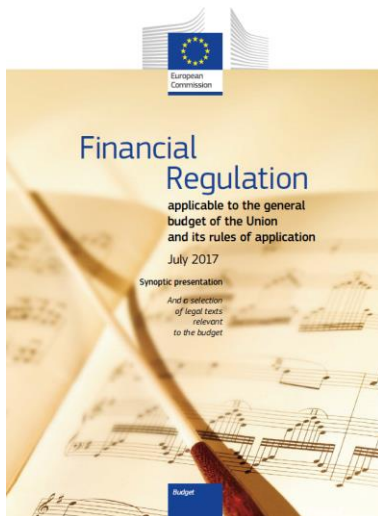
The **HR Modernisation project** has fundamentally changed the way that HR services are delivered. In order to make the new delivery model work, further revision of the processes and adjustments to the respective roles/interactions and responsibilities of the different actors (BC/AMC/CoE) will be necessary in 2018.

Further to the 2016 staff survey and a targeted 2017 TAXUD survey, additional efforts will be undertaken in 2018 to improve **career development** and **talent management**, including through adequate training activities. Specialised competitions in 2018 should contribute to maintain the high level of expertise that characterises TAXUD's staff and address the risks presented by a substantial number of colleagues reaching retirement age.



In 2018, TAXUD will continue working on the promotion and support of **first female managers**, in line with the Commission's target for female representation in management positions.

B. Financial Management: Internal control and Risk management



Throughout 2018, 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 new internal control framework will be fully applicable throughout 2018, results of which will be reported in the 2018 annual activity report.

The 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) was further fine-tuned in 2017, based on a risk analysis and taking cost efficiency into account. In 2018, four on-the-spot audits are planned to be performed.

There are no specific initiatives planned to improve the levels of controls as far as procurement is concerned, as they are considered cost-effective. However, the **financial circuits related to the payment of transactions** in the scope of the various IT contracts will be further streamlined² to avoid double controls, as highlighted in the IAS audit on financial management & IT procurement.

TAXUD's **Anti-Fraud Strategy** 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. The **action plan for 2016-2018** focuses on a high level of awareness amongst TAXUD staff on antifraud related matters. OLAF and IDOC will be invited to provide DG TAXUD's staff with a presentation on real-life examples in the area of anti-fraud and ethical behaviour.

As far as the in-house designed **training on IT, data and document security** in TAXUD is concerned, the staff turnover will be closely monitored and newcomers will be systematically invited.

As regards strengthening the **cooperation with OLAF**, DG TAXUD regularly 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 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.



² Depending on the risk associated to the concerned transaction

C. Better Regulation

The main planned outputs linked to the Better Regulation objective in the Strategic Plan are listed in annex 1 (in the tables under Part 1) under the relevant specific objective. They are presented in the tables under the headings "All new initiatives and REFIT initiatives from the Commission Work Programme" and "other important items".

D. Information management aspects

In 2018, TAXUD will continue contributing actively to the implementation of the corporate information management strategy.

Following its participation in a Pilot project, since September 2017 DG TAXUD makes accessible its documents in the corporate document management system ARES to all Commission colleagues. This allows them to access complete and reliable information from TAXUD relevant to their work. In the first months of 2018, DG TAXUD will launch an information campaign to raise awareness amongst TAXUD staff of these changes. It will focus on ensuring full understanding by staff of their responsibility to make correct use of the access settings for documents in ARES and the possibility to protect certain documents.

DG TAXUD will continue to explore the potential of data analysis. For instance, in early 2018 it will explore with JRC the potential of using big data and data analytics for evidence-based customs policy making.

Collaborative working will remain an important pillar of the TAXUD working culture. Staff will actively use collaborative drafting platforms and share information, thereby crossing the boundaries of Directorates and Units. When relevant, project teams will be created to organise new work streams.

TAXUD will continue to invest in internal communication to inform staff and raise awareness on key policy developments.

E. External communication activities

During 2018, communication actions will be undertaken to prepare the adoption of **new initiatives** by the Commission and to accompany the launch of new proposals. Communication actions will also continue in order to support the legislative process of such proposals in the Council and Parliament, and to reflect on their EU-added value after adoption and implementation.

Communication actions in 2018 will continue to promote the **pending and new fair tax initiatives**, such as the taxation of the digital economy, the CCTB and CCCTB proposals, and the proposals for a definitive VAT regime and associated VAT measures. Activities will mainly be targeted towards media and stakeholders, with a continued effort to carry out more localised initiatives.

The main communication activities in the customs area during 2018 will centre on marking the **50th Anniversary of the Customs Union**. The actions will be targeted towards both stakeholders and citizens. The work of customs authorities and officials will also contribute to the **EU Protects campaign** as a demonstration of their role in, for example:



- **protecting citizens** by stopping dangerous goods, medicines and illegal firearms from entering the EU, as well as by disrupting at the external borders the sources of terrorist financing,
- **protecting jobs and businesses** by enforcing anti-dumping duties,
- ensuring that operators pay their fair share in order to **safeguard the financial interests of the Member States and the EU**, and
- **protecting the environment** by seizing illegal imports of endangered species or of animal and plant species that may pose a threat to the EU's ecosystem.

As a follow up to the 50th anniversary of the Customs Union campaign, it is proposed that a **Eurobarometer survey** will be carried out to gauge citizen's awareness and understanding of the Customs Union.

In addition, we also propose to carry out a **Eurobarometer satisfaction survey** of economic operators on the Custom Union activities in general.

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

During 2017, TAXUD undertook a number of initiatives to improve economy and efficiency of non-financial activities of the DG, such as:

- **Crosscutting TAXUD project team on digital economy:** a project team crosscutting the directorates in TAXUD brainstormed and reflected on the digital economy since spring 2017. Their exploratory work has been key for the quick delivery of the Communication on "A Fair and Efficient Tax System in the European Union for the Digital Single Market" of 20 September 2017. The crosscutting nature of the team allowed to break the silos between colleagues, covering separate policy areas, and to bring together a wide range of expertise. It will be instrumental to cope with the challenging objective set up by the College to put forward proposals on the taxation of the digital economy by spring 2018.
- **Crosscutting team on tax-customs cooperation** – A cross-cutting project team considered in detail and reported internally on a range of areas where customs and tax services within the DG and within national administrations could cooperate better with each other. The team considered more specifically how to achieve the best balance between controls and trade facilitation, in particular by ensuring the best alignment of provisions and procedures in customs and tax policies. The efforts of the project team enabled TAXUD to contribute to the seminar on tax and customs cooperation organised by the Maltese Presidency in April 2017 for high level representatives of Member States. The team raised awareness within the DG and within Member States of the need for closer customs-tax cooperation in designing legislation and tackling problems such as cross-border fraud and of the value of sharing best practices and ensuring greater synergies between the two policy areas.

ANNEX 1. TABLES

PART 1. MAIN OUTPUTS FOR THE YEAR

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 2018:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Exchange of VAT related payment data (PLAN/2017/2023)	Adoption by College	Q2 2018
Expert team for the collaborative development by Member States of modules for the automatic exchange of financial account information ("AEOI/DAC 2")	Delivery of all Modules	Q2 2018
Transaction Network Analysis Tool	Entry into operation	Q4 2018
Activities organised under Fiscalis 2020 programme 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
Evaluation of the functioning of the Directive on administrative cooperation (DAC) (PLAN/2017/2103)	Adoption by the College	Q1 2019
Tax Competition Report (PLAN/2017/2135)	Adoption by the College	Q4 2018
VAT Gap study 2018	Publication	Q3 2018

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 2018:		
All new initiatives and REFIT initiatives from the Commission Work Programme		
Output	Indicator	Target
Digital taxation package (PLAN/2017/1873)	Adoption by College	March 2018
Revision of the Directive	Adoption by College	Q1 2018

determining the structures of excise duty applied to alcohol and alcoholic beverages (2017/TAXUD/005) (REFIT)		
Revision of general arrangements for excise duties (2018/TAXUD/003)	Adoption by College	Q1 2018
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
SME VAT Package (2017/TAXUD/008)	Adoption by college	Q1 2018
Reform of VAT Rates (2017/TAXUD/007)	Adoption by college	Q1 2018
Proposal for a Directive implementing the legal cornerstones for the definitive VAT regime (PLAN/2017/2121)	Adoption by college	Q2 2018
Activities organised under Fiscalis 2020 programme 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
Evaluation of VAT Invoicing Rules (PLAN/2018/1293)	Delivered by contractor	Q4 2018
Evaluation of the Energy Tax Directive (PLAN/2017/1028)	Adoption by College	Q3 2018
Evaluation of the excise duty rates applied to manufactured tobacco (PLAN/2017/1855)	Adoption by College	Q3 2019

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 2018:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Proposal for EU Single Window environment for Customs (PLAN/2017/1149)	Adoption by College	Q1 2019

Expert team pooling expertise to resolve complex cases of divergent tariff classification (BTI expert team)	Number of classification cases resolved	Q2 2018
Expert team to pool and share specific analytical expertise of Customs Laboratories at EU level (Customs Laboratories expert team - CLET)	Number of analysis	Q2 2018
Activities under the Customs 2020 programme supporting a modern and well-functioning Customs Union	Number of activities	Remain stable or grow
Other important outputs		
Output	Indicator	Target
Customs biennial report (PLAN/2017/1652)	Adoption by college	Q1 2018
Report on implementation of the UCC and on the exercise of the delegation of power (PLAN/2017/1856)	Adoption by College	Q1 2018
Amendment to Article 278 UCC (PLAN/2017/1876)	Adoption by College	Q1 2018
Update TARIC database	Daily update on working days	Throughout 2018

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 2018:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Post-2020 Customs proposal	Adopted by college	Q2 2018
Post-2020 Fiscalis proposal	Adopted by college	Q2 2018
European Information systems in operation for taxation	Number of European Information systems in operation for taxation, as per Annex 1 of Fiscalis 2020 regulation	
European Information systems in operation for customs	Number of European Information Systems in operation, as per Annex 1 of Customs 2020 Regulation	
IT collaboration expert team facilitating the implementation of IT	Final report for 2017-2018 submitted and	Q3 2018

collaboration	implementation plan / grant agreement for 2018-2019 work submitted/signed	
Other important outputs		
Output	Indicator	Target
Customs 2018 and Fiscalis 2018 Annual Work Programmes (PLAN/2017/1540)	Adopted by College	Q1 2018
Customs 2020 midterm evaluation (PLAN/2017/932)	Final report	Q2 2018
Fiscalis 2020 midterm evaluation (PLAN/2017/933)	Final report	Q2 2018

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 2018:		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Financial risk criteria in the UCC (PLAN/2017/1593)	Adoption by college	Q2 2018
Activities under the Customs 2020 programme supporting an efficient customs fostering EU competitiveness and addressing the challenges presented by e-commerce, in particular in regard to low-value consignments	Number of activities	Stable or grow

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 2018:		
All new initiatives and REFIT initiatives from the Commission Work Programme		
Important items from work programmes/financing decisions/operational programmes		
Output	Indicator	Target
Cooperation with other law enforcement agencies	Number of activities with Europol	Q4 2018
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.	Successor expert team (CELBET 2) operational	Q2 2018
Activities under the Customs 2020 programme supporting a secure Europe	Number of activities	Stable or grow
Other important outputs		
Output	Indicator	Target
Second report on the implementation of the EU Strategy and Action Plan for Customs Risk Management (PLAN/2017/1950)	Report to the Council	Q2 2018
Report on the export of cultural goods PLAN/2017/2152	Adoption by College	Q3 2018

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 2018:		
Other important outputs		
Output	Indicator	Target
Initiative to enhance the exchange of customs-related information with third countries (TAXUD/2017/009)	Adoption by College	Q2 2018
Proposals for Council Decisions on the Decisions of the EU-Norway Joint Committee on administrative assistance in the area of VAT	Adoption by the College	Q3 2018

PART 2. MAIN ORGANISATIONAL MANAGEMENT OUTPUTS FOR THE YEAR

A. Human resource management

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 2018:

Output	Indicator	Target
Female representation in MM or Gender Balance Middle Management	% of women in MM posts: Baseline 01/01/2017:23,8%	With 31,8% the 33,3% target set for 2017 was almost reached The formal 40% in target for 2020 was replaced by a new nomination target of 3 female Heads of Unit by end 2019. A survey was launched in 2017 to examine amongst others the preparedness of TAXUD AD staff in general and female staff in particular to take up management responsibilities. Results of this survey are brought to management level proposing to further develop the results through focus groups organised in 2018. In the meantime TAXUD (Senior) Management continues to personally motivate and coach female candidates to apply for upcoming middle management vacancies.
Staff satisfaction index	Commission staff survey: baseline 2016 staff survey (I feel that the Commission cares about my wellbeing" 25%)	At least Commission average in 2018 survey
Staff engagement index	Commission staff survey: Baseline 2016 Staff Survey (66%)	At least Commission average in 2018 survey
Talent/Succession Management	Design and launch a new policy	Q1 2018
Fit@work	Reflection on the opportunities to design and launch a new policy	Taking into account that since the introduction of the new HR model, AMC is taking over the actions aiming at the improvement of the mental and physical health of staff, a Fit@work strategy, including

		action list, is proposed to TAXUD Management. The actions proposed at TAXUD level focus on connecting people (working together) and motivation and satisfaction of staff.
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B. Financial Management: Internal control and Risk management

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 2018:

Output	Indicator	Target
Estimated residual error rate	Residual error rate (%)	< 2% of all payments made
Estimated overall amount at risk for the year for the entire budget under the DGs responsibility	Amount at risk (€)	< 2% 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 2018:

Output	Indicator	Target
Timely execution of payments	Percentage of payments made within the time limits (all budgets)	>95%
Open recommendations from European Court of Auditors (ECA) on the regularity and legality of sampled financial transactions	Number of critical recommendations from ECA overdue for more than 6 months	None
Conclusion reached on cost effectiveness of controls	Positive or negative conclusion	Positive conclusion

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

Main outputs in 2018:

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
Implementation of the new internal control framework	Adoption of the new internal control framework (17 principles) in DG TAXUD	Adoption by Senior Management before 31/12/2018

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 2018:

Output	Indicator	Target
Updated anti-fraud strategy (AFS) of DG TAXUD elaborated on the basis of the updated OLAF methodology	Updated AFS	Updated AFS with the Traditional Own Resources and fraud proofing of legislation aspects, adopted by the Management.
Increase level of anti-fraud awareness	Number of anti-fraud related training sessions for TAXUD staff	2 sessions per year
Reporting on progress of the AFS implementation	Report to the Management Meeting	Reporting to the Management by end 2018

E. External communication activities

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 2018:

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 2017 2. Maintain number of unique visitors at level of 2017 3. 10% increase over 2016 annual figures
Social media outreach	Number of followers/subscribers on social media	10% increase over 2017 annual figures
Customs 50 th Anniversary campaign	increase in citizens' awareness of the Customs activities	2% increase in awareness of customs activities compared to 2015 Eurobarometer survey

Annual communication spending:

Baseline (2017)	Estimated commitments (2018)
800.000 EUR (<i>estimated</i>)	800.000 EUR