



# **DG TAXATION AND CUSTOMS UNION**

## **Management Plan 2013**



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## 1. Mission Statement

The Directorate General Taxation and Customs Union's mission is to develop and manage the Customs Union, a foundation of the European Union, and to develop and implement tax policy across the EU for the benefit of citizens, businesses and the Member States. Particular attention is given to the Internal Market, by making sure it functions smoothly and efficiently.

## 2. Message from the Director General: Main Priorities for 2013

In the current economic climate our policies have to concentrate on helping Member States to consolidate their public finances through effective and efficient revenue collection and in parallel concentrate on measures to spur competitiveness, growth and employment while contributing to the application of the common commercial policy and ensuring an adequate protection of our society and citizens against various types of goods-related threats at the Union external borders.

In the last two years we have put forward important initiatives (Common Consolidated Corporate Tax Base, Financial Transaction Tax, Energy Taxation, Future of VAT, mutual recognition of trade partnerships with Japan and US, customs enforcement of intellectual property rights and renewal of the tax and customs programmes). Progress has been recorded with the adoption and implementation of the mutual recognition of trade partnerships with Japan and US. A group of 11 Member States have decided to introduce an FTT under the enhanced cooperation procedure. For the other proposals to deploy their effects, our top priority in 2013 must be their adoption by Council and their implementation by Member States! In this context, the control of application of the EU law will also be particularly relevant.

In order to contribute our share to the economic and financial recovery, we will need to prioritize initiatives to pursue differentiated **growth-friendly fiscal consolidation**, strengthen coordination between Member States and improve and modernise the tax and customs environment, so that business and citizens can benefit from the **full potential of the Internal Market** and of global trade. Facilitation of trade in goods has to be counterbalanced by the need to protect citizens from security and safety risks posed by international trade in goods and to counter fraud and illicit traffic.

We will also continue to play an active role in promoting EU interests in the area of taxation and customs in international organizations and fora such as the OECD, G20 and WCO and in bilateral relations with third countries.

**Our top priority in 2013 will be the fight against customs and tax fraud.**

In the **customs** area, the follow-up of the Commission Communications on the State of Customs Union and on Risk Management and supply chain security will allow to identify, together with the Council and the European Parliament, the priority areas for immediate action and to draft an Action plan for the years to come. Simultaneously, we will actively contribute to the proposal of OLAF on fighting **cigarettes smuggling also with practical actions as this is undoubtedly one of the well identified areas of customs fraud**. We will also table a proposal aiming at

**approximating the national regimes of customs infringements and sanctions**, notably to ensure a level playing field and effective implementation and law enforcement in the area of customs legislation.

In the **tax** area, the focus will be:

- to ensure effective implementation in the Member States of the recommendations made in 2012 in the area of **aggressive tax planning and regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters**. We will also support the work of the Code of Conduct group on business taxation in the Council.
- to **follow up the Action Plan to combat tax fraud** with the preparation of guidelines for an EU taxpayer's charter and the preparatory work for an EU Tax Identification Number (TIN) which will make more difficult for fraudsters to evade tax by operating cross border.
- and last but not least, to contribute to the adoption in 2013 of legislative proposals under discussions in the Council:
  - the **Quick Reaction Mechanism in the VAT area** to speed up the EU reaction to massive and unexpected fraud schemes before they start having a considerable impact on national budgets.
  - the amendments to the existing **Savings** directive and the mandates to review the Savings Tax agreements with the 5 neighbouring non-EU countries.

As requested by the European Council in our efforts towards **budgetary consolidation**, we will continue to support **structured discussions on tax policy issues**, particularly through actions linked to the European Semester. We will notably continue to ensure that tax policy plays its part in the EU economic governance processes. In their search for new resources, Member States are introducing Financial Transactions Taxes. We will actively support the enhanced cooperation procedure with a view to introduce a **harmonised FTT within a smaller group of Member States** by early 2014. Finally, the **review of VAT rates** which is scheduled in 2013 needs also to be seen in the context of budgetary consolidation, notably if it leads to the abolition of reduced rates causing distortions of competition.

The promotion of **growth-friendly taxation solutions** will also be pursued.

In **2013** the Council should finalise its technical work on the CCCTB as quickly as possible, so that the Council is in the position to take appropriate decisions on this important work. We will continue to pursue our policy to **tackle cross-border tax obstacles**, by improving information, removing discrimination and double taxation and tackling compliance and other cross-border tax problems in the Internal Market for the benefit of both individuals and businesses. We will table an initiative on the **double taxation** problems that arise when **dividends** are paid across borders to portfolio investors. We will also table an initiative on **arbitration in cross-border tax disputes** by providing a dispute settlement mechanism in the EU in order to resolve the cases of unrelieved double taxation within the EU.

We will pursue the **reform of the EU VAT system**, according to the priorities identified in the Commission's Communication of 6 December 2011. Our actions will focus on simplifying the VAT system, making it more fraud proof, reducing compliance costs and stabilising Member States' revenue raising capacities.

Work towards the **EU VAT web portal** will be continued. It will provide businesses in a coordinated and timely manner with accurate and reliable information on national VAT systems. This information is a key in facilitating compliance and decreasing the costs of managing VAT for businesses, in particular SME's. In order to reduce burdens on business, we will also table a legislative proposal for a **standard VAT declaration** which should be available in all languages and optional for businesses across the EU.

Finally, **active support in the negotiations in Council** will be given in order to reach a satisfactory compromise on the Commission's proposal for revising the **Energy Tax Directive**: a compromise that could offer an opportunity for stimulating green-growth investments.

**In the area of customs**, in addition to the initiatives to better tackle customs fraud, we will continue to strive getting **the right balance between trade facilitation and protection of security and safety** with the practical implementation of the Air Cargo security and the new IPR Action Plan (2013-2017) high on our priority list.

The urgent priority will be the recast of the Modernised Customs Code (MCC) through the adoption of the **Union Customs Code** in time, to allow its entry into force before the legal deadline of 24 June 2013, as fixed in the MCC. We will give full support to the European Parliament and the Council in the negotiations. Together with the adoption of that proposal by the European Parliament and the Council our top priority will be to prepare the resulting draft Commission **delegated and implementing acts** and to finalise the **IT master plan** for the implementation of the required IT systems. Furthermore, the Commission will continue to support the adoption by the European Parliament and the Council of its proposal on the customs enforcement of IPR at the beginning of 2013, start preparing its implementation and the roll-up of the COPIS database.

A major progress in finding the right balance between customs formalities and controls on the one hand, and trade facilitation on the other, is also expected from the joint MOVE-TAXUD legislative proposal in the framework of the Single Market Act II: its key action 2 on '**Blue Belt**' **aims at allowing Union goods to freely move from one Union port to another by sea vessels without having to prove their Union status**. This would in practice enhance the benefits of the single market in maritime transport.

The Commission Communication on the State of Customs Union should enable us to concentrate on the challenges that require a European response and to outline a course of actions to counter these challenges and provide a more performing, robust and unified customs union by 2020.

The protection of the EU, its citizens and its environment against the dangers posed by international trade requires a strong action by customs: We will develop and implement **a strategy for a joint approach to protect health, safety and the environment**.

As regards **customs cooperation with third countries**, we will continue focusing, as appropriate, on trade facilitation and supply chain security including the mutual recognition of Authorised Economic Operator programmes. Reliable traders should continue to gain in competitiveness with the mutual recognition with Japan and the US. We will continue to work towards mutual recognition with other countries (Switzerland, Norway,

China, Canada, South Korea, Singapore and New Zealand). A renewed Action Plan with China on IPR enforcement shall be adopted and implemented in 2013.

We will also continue our efforts to pursue even deeper cooperation with the **Eastern neighbours of the EU** in order to facilitate trade while ensuring safety and security, fighting fraud and helping them modernise their customs administrations by the Strategic Frameworks for customs cooperation already agreed with Russia, Moldova and Ukraine and by exploring the possibilities to agree a similar framework with Belarus.

Last but not least, we will actively support negotiations with Council and Parliament for the adoption of the **FISCALIS 2020 and Customs 2020** programmes that provide for the funding of the trans-European IT networks and the cooperation among tax and among customs authorities, respectively. We envisage completing the negotiations in 2013 and have a smooth transition from the present Customs and Fiscalis 2013 programme to the new programmes as from 1 January 2014.

We have a busy and demanding year ahead. I count on your good cooperation and hard work.

### 3. General Objectives

In 2013 TAXUD's activities will serve the fulfilment of two general objectives accompanied by impact indicators listed in the table below. For each impact indicator the “current situation” refers to the results achieved by the end of 2012 unless indicated otherwise. The long-term target described the expected situation in 2020 and the milestones refer to the progress to be achieved by 2016.

It has to be mentioned that DG TAXUD has generally only a subsidiary control of impact indicators. Since taxation falls to a large extent within the competence of Member States, DG TAXUD has limited impact on the concrete measures taken at national level. Most impact indicators only become relevant if used over time. Some long-term changes in economic aggregates depend on many other factors, notably the overall worldwide economic situation, and are therefore only partially due to the achievements in the fields of taxation and customs.

POLICY AREA: TAXATION AND CUSTOMS				
GENERAL OBJECTIVES	IMPACT INDICATORS			
	Indicator	Target	Milestones	Current situation
<b>1 To create a simpler and more efficient tax environment in order to fully exploit the economic potential of the Internal Market</b>	Ease of paying taxes indicator (source: "Paying taxes 2013: The global picture", World Bank and Pricewaterhouse Coopers Report – 2012).	All Member States within the top 100, those Member States which are already in the top 100 in 2010 move to the top 50.	No Member State below the rank of 120.	As of June 2012 the situation has improved as follows: <ul style="list-style-type: none"> <li>– 11 within the top 50 (2011: 10, 2010: 9)</li> <li>– 11 between the ranks 51-100; (2011/2010: 10)</li> <li>– 3 between the ranks 101-120; (2011/2010: 2)</li> <li>– 2 below the rank 120 (2011: 4, 2010: 5);</li> </ul> <p><i>See the detailed ranking in Annex 6.8.1.</i></p>

<b>2 To ensure that EU customs policy protects society, facilitates trade and supports the competitiveness of the European economy</b>	International Logistics Performance Index (source: " <i>Connecting to Compete – Trade Logistics in the Global Economy, 2012</i> ", World Bank Report - 2012).	All Member States within the top 50.	No Member State below the rank 60.	In the 2012 ranking from 27 Member States: - 15 within the top 30 (2010: 15); - 9 between the ranks 31-60 (2010: 10); - 3 below the rank 60 (2010: 3).  <i>See the detailed ranking in Annex 6.8.2.</i>
	Protection of society: Number of policies for the protection of citizens and the environment for which guidelines for the harmonised implementation by customs exist	Existence of guidelines for harmonised import and export control procedures in the ten most important policy areas for the protection of citizens and the environment	Existence of guidelines for harmonised import and export control procedures in eight policy areas for the protection of citizens and the environment	Existence of guidelines for four areas (like the guidelines on import control on product safety)

These two general long term objectives are sub-divided in specific medium term objectives. The latter and their corresponding result indicators are presented in a coherent structure under chapter 4. This structure is the following:



**General Objective 1: To create a simpler and more efficient tax environment in order to fully exploit the economic potential of the Internal Market and foster growth**

Related specific objectives:

- ABB05/1: To strengthen the framework for tax administrations to efficiently combat fraud and tax evasion with a view to secure Member States' tax revenues;
- ABB05/2: To reduce administrative costs and to tackle tax obstacles in the Internal Market by simplifying and enforcing legislation and strengthen coordination amongst Member States;
- ABB05/3: To develop new tax initiatives and actions to support EU policy objectives;
- ABB03/1: To protect EU society and its economic and financial interests through international cooperation in the taxation area.

**General Objective 2: To ensure that EU customs policy protects society, facilitates trade and supports the competitiveness of the European economy**

Related specific objectives:

- ABB04/1: To protect citizens from the security and safety risks posed by the international trade in goods and to support the fight against illicit traffic and fraud by improving the capacity of the Commission and Member States to act;
- ABB04/2: To modernise and streamline the functioning of the Customs Union, by improving its functioning for the benefits of the economic operators and Customs administrations;
- ABB04/3: To ensure effective management of the Customs Union through the development of high quality customs legislation, IT systems and their uniform application;
- ABB03/2: To develop international cooperation to support the effective management of the Customs Union; to protect EU society and its economic and financial interests; to facilitate trade and to contribute to the broader external policy objectives of the Union

Besides the specific objectives directly related to taxation or customs policy, DG TAXUD has also objectives related to its horizontal activities (administrative support and policy strategy). These objectives and their corresponding result indicators are presented under Chapter 5.

For each result indicator under chapters 4 and 5, the “latest known result” summarises the 2012 achievements and the medium-term target refers to a two-to-three year timeframe unless indicated otherwise.

## 4. Main Specific Objectives for Operational Activities

Under the Activity Based Budgeting (ABB) structure, DG Taxation and Customs Union is responsible for 3 operational activities:

- Taxation Policy (ABB 05);
- Customs Policy (ABB 04);
- International Aspects of Taxation and Customs (ABB 03).

### 4.1. Tax Policy

Tax policy is one of the pillars of the Internal Market and the growth strategy. It addresses concerns of businesses and individuals operating within the Internal Market by focusing on the elimination of tax obstacles to all forms of cross-border economic activities, the elimination of features of Member States' tax laws that are incompatible with the EU Treaty and the enhancement of cooperation among Member States' tax authorities. In this context tax policy supports wider EU policy goals, such as competitiveness, economic growth and sustainable development.

More specifically this activity aims at:

- Developing an overall EU tax policy based on sound analysis and ensuring the proper level of co-ordination of national tax policies in order to achieve an effective Internal Market for EU citizens and companies, and increase the competitiveness of EU companies, using both legislative and non-legislative tools;
- Fighting against fraud and evasion through the improvement of administrative cooperation and mutual assistance and tax information exchange systems as well as by promoting a high efficiency of tax administration;
- Fighting against harmful tax competition in particular through better co-ordination between Member States;
- Ensure application of EU tax law in a uniform manner in order to improve the transparency and create a non-discriminatory tax environment by exercising the Commission's role of guardian of the Treaties;
- Ensuring the availability, continuity and expansion of the on-line electronic services delivered to citizens, traders and national administrations in support of EU policy in the area of taxation and excise.

The main financial instrument to support the implementation of this policy is the Fiscalis 2013 Programme and its possible successors.

**Pursuing policy activities in the tax area at EU level is clearly justified and brings high added value:**

The implementation and the smooth functioning of the Internal Market needs to be ensured in the tax area so as to avoid any cross-border distortions. For both indirect and direct taxation, the fight against (cross-border) fraud and the work towards simplification must be pursued.

**In the indirect tax field**, a certain degree of harmonisation has already been achieved but the current EU VAT system still has many shortcomings, hampering businesses to reap the full benefits of a true single market. In its Communication of 7 December 2011 the Commission sets out the objectives and priority areas of action for establishing a future EU VAT system that can continue ensuring its function as a revenue raiser whilst increasing the competitiveness of the EU. The implementation of a VAT system tailored to the single market, ensuring that doing business across the EU must be as simple and as safe as engaging in purely domestic transactions and should not trigger supplementary costs, is a first priority area.

Tax policy can usefully support other EU policies and specific indirect taxes can be a very powerful instrument to stimulate consumer behaviour since it directly impacts on prices. Other taxes or subsidies might be used to create specific incentives. To support global efforts to address climate change, one of the most pressing challenges - the reform of the Energy Taxation Directive - will need to be concluded, if a meaningful contribution to the Europe 2020 objectives is still to be achieved and the desirable parallelism with the reform of the EU Emission Trading System maintained. In fact, uncoordinated national CO2 tax strategies risk creating distortions in competition as they will tax inputs for industrial activity impacting directly on the competitiveness of business within the Internal Market.

The recent global economic and financial crisis had a serious impact on our economies and the public finances. There is a strong consensus within Europe and internationally that the financial sector should contribute to the costs of the crisis and the recovery.

To support the efforts for a safer financial sector and to ensure that financial institutions make a fair contribution to covering the costs of the crisis, the proposal for a EU Financial Transaction Tax should be pushed in order to implement it by 2014. In fact, uncoordinated actions by Member States could lead to distortions in the Internal Market.

As a result of the outfall of the financial crisis, increasing the efficiency and effectiveness of tax administration has become a core factor contributing to fiscal consolidation. This opens a new dimension where best practices can be pooled, benchmarks set in order to assist particular Member States, inter alia by providing and coordinating technical assistance with a view to help tackling problems related to the functioning of their tax administration.

**In the direct tax field**, several ongoing initiatives aim at creating a more favorable tax environment for cross-border activities. Such initiatives need to be pursued at EU level, because their very nature implies a multi-lateral approach (e.g. work on double tax treaties, tackling cross-border tax problems facing citizens, taxation of savings income, promotion of good governance in the tax field, simplification of tax relief procedures for securities income, activities of the Joint Transfer Pricing Forum), or because they concern inconsistencies between Member States' tax systems (removal of harmful tax regimes by the Code of Conduct Group on business taxation, coordination of tax systems so as to eliminate distortions and obstacles to cross-border activities). It is intended to pursue the work of the high level Tax Policy Group in 2013 to give greater political impetus to tax policy coordinators. Particular attention will need to focus on the tax policy aspects of the formulation and coordination of credible fiscal consolidation and structural reform measures including work on "quality of revenue" with an emphasis on the promotion of growth-friendly tax regimes and fairness of tax systems. Continuing work at EU level on the Common

Consolidated Corporate Tax Base (CCCTB) could lead to an EU solution to problems which companies have across the whole of the EU and a common set of tax rules for all Member States could provide compliance cost savings and ensure cross-border loss relief.

**Combatting tax fraud and evasion,** in the current context of budget consolidation Member States should have all the necessary tools and information to collect taxes that are due, in particular in cross-border situations. The Commission adopted on 5 December 2012 an action plan and two recommendations on fighting tax fraud and evasion. More coordination, reinforced administrative cooperation and exchange of best practices are essential to ensure that Member States can collect taxes due without generating obstacles to the Single Market.

Infringement proceedings play a vital role in enabling the Commission to effectively exercise its role of 'Guardian of the Treaties'. This is particularly important in areas where there is relatively limited secondary legislation at Community level. Infringement action in this area is particularly aimed at ensuring that Member States respect their basic Treaty obligations. At the same time, targeted infringement action can play a useful role in supporting and completing ongoing policy initiatives in the tax area where decision making is governed by the unanimity rule.

The following medium term specific objectives contribute to the achievement of the long-term general objectives:

<b>ACTIVITY: TAX POLICY (ABB 05)</b>		
<b>SPECIFIC OBJECTIVE 1: To strengthen the framework for tax administrations to efficiently combat fraud and tax evasion with a view to secure Member States' tax revenues</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Monitoring of the VAT gap indicator.  (VAT GAP is the difference between the theoretical and effective tax receipts).	The exact amount of money involved in VAT fraud is difficult to quantify. The result of the "Study to quantify and analyze the VAT gap in the EU-25 Member States" showed that the VAT gap <sup>1</sup> is around 12% (difference between theoretical and effective tax receipts), which amounted to around 107 billion EUR (25 Member States) in 2006. This study is currently being updated and the results will be published during 2013.	Alert the Member States when the VAT gap is above 15%. The VAT gap management is purely a Member State responsibility and cannot be managed by the Commission.
Level of administrative cooperation in combating VAT fraud measured by:  – the number of multilateral controls; – the number of requests for information; – the number of automatic exchanges of information between Member States.	The figures for 2011 are the following: – 52 multilateral controls were initiated (2010: 57, 2009: 61); – 35.624 requests for information were sent between Member States (2010: 34.658, 2009: 32.674); – 485.253 automatic exchanges of information between Member States (2010: 382.837, 2009: 420.267).	– Increase the number of multilateral controls (55 in 2013) especially in the field of excise duties; – Similar level of requests for information in 2013; – Decrease in the number of automatic exchanges of information in 2013, as exchange of information takes place through Eurofisc and through the automated refund procedure as well: <i>Encourage Member States to make efficient use of the information exchanged in the framework of Eurofisc in their fight against VAT fraud;</i> <i>Encourage a risk analysis carried out at EU level and not solely at national level.</i>
Level of efficiency and effectiveness of tax administrations, in particular with regard to tax	TAXUD contributes to assist the Greek government in the structural reform of their tax	Identify good practices of effective tax collection, in specific fields in the different Member States

<sup>1</sup> The estimate of the VAT gap is based on a comparison of accrued VAT receipts with a theoretical net VAT liability for the economy as a whole.

collection.	administration. Similar work has started for Romania and Portugal and may extend to other MS under Economic Adjustment Programmes in the course of 2013. Simultaneously pooling best practices is an ongoing activity under the FISCALIS programme.	and facilitate their adaption and implementation in other Member States.
Follow-up of the special report No 13/2011 of the European Court of Auditors (ECA) on VAT collection under the customs 42 procedure, measured by the number of accepted recommendations followed-up.	The Special Report published on 13 December 2011 contains 8 recommendations, out of which the Commission accepted 5.  4 out of the 5 accepted recommendations have been implemented* before the completion date of 31/12/2012. The implementation of the remaining one recommendation is on-going and planned to be finalised by the expected completion date of 31/05/2013.  <i>* For technical reasons recommendation 1 has been only partially addressed: the missing element (reference to local clearance procedures) will be dealt with in the follow up to ECA report 1/2010 on simplified procedures.</i>	All accepted recommendations followed-up by the expected completion date:  • Recommendation 3 (guidance to MS clarifying when to use mutual assistance or administrative cooperation) to be completed by 31/05/2013.
Excise Movements and Control System (EMCS): – Availability of EMCS  – Number of EMCS movements  – Extension of EMCS to Candidate Countries	– Availability: Jan- Oct 2012: 98,6%  – 11/2011 – 10/2012: 2.954.000 (compared to 11/2010 – 10/2011: 2.524.000) – Trainings delivered to Croatia Q3-Q4/2012. Conformance testing started Q4.	– Availability: 97% of time. This is a continuous service requirement throughout the year. – By end 2013: over 2.500.000 movements annually – Accession of Croatia by 1 July 2013.

## Main policy outputs

### Administrative cooperation

1. New implementing regulation concerning administrative cooperation in the field of excise duty on the basis of the new Council Regulation – 2013;  
There are three implementing acts:
  - An implementing act for SEED - *submitted for inter-service consultation before the end of 2012;*
  - An implementing act for exchange of information – *to be submitted for approval in the first half of 2013;*
  - An implementing act for the automatic collection of Member State data for the production of business statistics - *to be submitted for approval in the first half of 2013;*

### Follow up on the Action Plan on tax fraud and tax evasion, in particular:

2. Preparation of guidelines for an EU taxpayers' charter – *Q4 2013;*
3. Preparatory work for an EU Tax Identification Number (TIN) – *Q4 2013;*
4. Development of schemas for automatic exchange of information - *Q4 2013;*
5. Creation of a platform for Tax Good Governance – *Q1 2013;*
6. Review of the anti-abuse provisions of the corporate tax directives (parent-subsidiary, merger, interest and royalties) with a view to appropriate amendments – *Q2 2013;*
7. Proposal amending the Parent Subsidiary Directive in relation to mismatches – 2013;

*See the detailed list of actions in Annex 6.8.3.*

### Savings interest taxation

8. Adoption by the Council of the amending proposal on taxation of savings income in the form of interest payments – *adoption expected by Q4 2013;*

### VAT

9. Adoption by the Council of a Directive amending Directive 2006/112/EC on the common system of VAT with a view of introducing anti-fraud measures (joint and several liability) – *discussions currently stalled in the Council;*
10. Adoption by the Council of a Directive setting up a quick reaction mechanism against VAT fraud – *adoption expected in 1<sup>st</sup> half 2013;*
11. Adoption by the Council of the 2<sup>nd</sup> part of the Commission proposal on an experimental use of the reverse charge mechanism in the fight against carousel fraud - *under discussion in the relevant Council working group;*
12. Adoption by the Council of the Commission proposal on the VAT treatment of transactions involving vouchers - *adoption expected in second half of 2013;*
13. Adoption by the Council of the Commission proposal of an Implementing Regulation preparing the changes of place of taxation in 2015 of telecom, broadcasting and electronic services - *adoption expected in second half of 2013;*
14. Report to the Council and the European Parliament on VAT control and collection procedures in the Member States (Article 12 Regulation EC/1553/89) - *Q2 2013;*

15. Report on the functioning of Regulation on administrative cooperation (Regulation(EU) 904/2010) - *by Q4 2013*;

#### **Excise duties**

16. Preparing the adoption of an implementing Regulation amending the Annex to Regulation (EC) No 3199/93 on the mutual recognition of procedures for the completely and partly denaturing of alcohol for the purpose of exemption from excise duty:

- Fiscalis working groups preparing the kick-off subjects for the next phase of work in the Excise Committee – *Q4 2013*;
- Discussions with the JRC;
- Technical Vademecum in 3 working languages - *in the second half of 2013*;

#### **Good governance**

17. Follow up on the Recommendations on tax havens and aggressive tax planning – *2013/2014*;

#### **Follow-up to audits**

18. Follow-up on the recommendations of the Court of Auditor's special report on VAT collection by monitoring the situation how MS grant their customs access to VIES data in the forthcoming Article 12 report - *Replies will be received during Q2 2013 and then reworked and presented during Q3 2013 (linked to output 10)*;

#### **IT related**

19. Development of an IT Security Policy applicable to Taxation systems – *initiated in 2012; approval by ITSC expected in 2013*;

#### **Other**

20. Fiscalis 2013 Annual Work Programme for 2013 (core business) – *preparation in 2012, adoption foreseen early 2013*;

21. Adoption by Council and European Parliament of the proposed new Fiscalis 2020 Programme [COM(2012)465] – *scheduled for the latest second half of 2013*;

22. Fiscalis 2014 Annual Work Programme – *pending the adoption of the Fiscalis 2020 programme which will also determine the date of adoption of the Fiscalis 2014 Annual Work Programme (outside TAXUD control)*.

### ***Main expenditure-related outputs***

1. Preparatory work for developing formats for automatic exchange of information under Directive 2011/16/EU – *to be continued in 2013*;
2. Implementation of Council Regulation (EU) No 904/2010 on administrative cooperation and combating fraud in the field of value-added tax - *IT systems fully operational by January 2013. The parts of the IT systems related to the mini-one-stop-shop are due to be in operation in January 2015*;
3. Update to EMCS to include information exchange on request and spontaneous exchanges for 'duty paid' B2B movements - *Implementing Regulation covering this for Commission approval by end Q2 2013. Production as part of EMCS revision by March 2014*;

#### **Studies**

4. Study on movement and control issues related to 'duty paid' intra-EU Business to Business transactions and Business to Consumer (distance selling)



transactions:

- Kick off meeting with Member States (major issues to be covered: simplifications and possible automation of B2B movements and distance selling) - *in the first half of 2013*;
- Final study with recommendations to feed into report on functioning of Directive 2008/118/EC due in 2015 - *Q2 2014*;
- 5. Study on the benefits and costs of track and trace technologies for support of the WHO FCTC on the control of tobacco and other possible uses - *Project plan and scope will be finalized based on outcome of Seoul Meeting of WHO in November 2012 by Q4/2013*;
- 6. Studies on elements of tax competition in relation to the work of the Code of Conduct – *commitment to be done in 2013, delivery July 2013*;

**Other**

- 7. Execution of the 2013 Annual Work Programme of the Fiscalis 2013 Programme (core business) – *following the adoption of the AWP 2012 (acting as a Financing Decision)*;
- 8. Study on identification of indicators for the Fiscalis programme – *commitment in 2013*;
- 9. Final Evaluation of the Fiscalis 2013 programme – *Q2 2014*.

**ACTIVITY: TAX POLICY (ABB 05)**

**SPECIFIC OBJECTIVE 2: To reduce administrative costs and to tackle tax obstacles in the Internal Market by simplifying and enforcing legislation and strengthen coordination amongst Member States**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Reduction of compliance costs and compliance time for companies engaged in intra-Community business.	Proposal on CCCTB tabled by Commission; discussions in Council ongoing.	Compliance costs for companies engaged in intra-Community business reduced by between 1% and 5% and compliance time reduced by 8%. Depending on the attractiveness of the final provisions for the CCCTB as agreed in Council, the first significant reductions will be seen two or four years after adoption by Council.
Reduction of cross-border tax obstacles for citizens by improving communication and encouraging best practices between Member States	Communication adopted by the Commission (COM/2010/769) and discussed with Member States, Council conclusions adopted. Follow up to dedicated FISCALIS Workshop held in December 2012 to improve communication to citizens by sharing best practices in eliminating double taxation, launching of discussions to improve forms and launching discussion on a Taxpayers Charter.	<ul style="list-style-type: none"> <li>– Simplification of claim forms used by individuals – to be reviewed in 2014;</li> <li>– Exchanges of best practices between Member States in information provision and continuous improvement of websites.</li> </ul>
Level of progress made in executing the Code of Conduct work programme agreed at December 2011 ECOFIN and in identifying new areas of work.	<p>ECOFIN – Dec 2011 and June 2012 report:</p> <ul style="list-style-type: none"> <li>– New Work Programme 2011 was approved in December 2011.</li> <li>– Discussions on all items of the Work Programme have started and progressed in 2012.</li> <li>– Under annual review of standstill commitment, 1 regime found harmful and rolled back, 1 regime still under discussion.</li> <li>– No new regimes were notified in 2011;</li> <li>– A formal dialogue with Switzerland started in June 2012. First intermediate results will be reported to the December 2012 ECOFIN.</li> </ul>	<p>ECOFIN Council conclusions on elements of the agreed work programme at the end of each Presidency.</p> <p>To support the completion of the Code Group work programme in particular by:</p> <ul style="list-style-type: none"> <li>– Finalising the dialogue with Switzerland to persuade them to amend or remove tax measures that are of concern to Member States;</li> <li>– Completing the technical analysis related to hybrid entities and Permanent Establishments (mismatches) in a sub-group with a view to agreeing co-ordinated solutions.</li> </ul>

		<ul style="list-style-type: none"> <li>– Finalising application notes for some specific type of regimes (interest, royalty, intermediate and free zones).</li> <li>– Following a monitoring exercise on MS' implementation of guidance on inbound profit transfers, progress on clarifying and improving the guidance.</li> <li>– Ensuring the continued identification of new national harmful tax regimes.</li> </ul>
Level of simplification and rationalisation of VAT legislation measured by level of administrative burden for business.	<p>Administrative burden for business linked to VAT estimated at €69 billion (measured by EU Standard cost model)<sup>2</sup>. Final report "EU project on baseline measurement and reduction of administrative costs", 5 March 2009.</p> <p>Objective of 25% reduction already achieved in 2010.</p>	Further simplification by legislative proposals in the follow-up to the Green Paper on the Future of VAT by another +/- 3 % by 2015.
Number of infringement cases closed in NIF as a result of compliance with EU law.	<p><u>C3 (indirect taxation)</u> 2012: 40 infringement cases closed</p> <p><u>D3 (direct taxation)</u> 2012: 35 infringement cases closed</p>	Attaining compliance with EU tax law by Member States.
Number of EU PILOT procedures closed as a result of compliance with EU tax law.	<p><u>C3 (indirect taxation)</u> 2012: 23 procedures closed</p> <p><u>D3 (direct taxation)</u> By 30/11/2012: 33 procedures closed</p>	Attaining compliance with EU tax law by Member States at the stage of EU PILOT.
Percentage of infringement cases proposed for a Commission decision during the year out of the total number of pending infringement cases, excluding those outside of the control of DG TAXUD. <sup>3</sup>	<p><u>C3 (indirect taxation)</u> 2012: 71% out of 108 pending infringement cases</p> <p><u>D3 (direct taxation)</u> 2012: 80% out of 106 pending infringement cases</p>	Attaining at least 60% of pending infringement cases proposed for a Commission decision in an infringements-decision-making cycle during the year.

<sup>2</sup> VAT proposals have contributed EUR 24 billion towards reducing burdens on business (Electronic invoicing EUR 18.8 billion, VAT refund Directive EUR 447 million, change to place of supply of services EUR 463 million, One Stop Shop and increased thresholds for SME and distance sales EUR 4.4 billion). See Communication (COM(2009)544) and accompanying annex for details. [[Communication of the Commission on administrative burdens](#) (22 October 2009), [Annex](#)]

<sup>3</sup> Legislative changes pending in the MS, ISC pending with the LS, cases pending in the Court of Justice or other JSP based justifications.

Number of non-communication cases pending for DG TAXUD Directives.	<u>C3 (indirect taxation)</u> 2012: 2 cases  <u>D3 (direct taxation)</u> 2012: 2 cases	Maintaining a low number of non-communication cases.
Number of requests to VIES-on-the-Web supported per month.	22 million requests supported per month. Number of requests increased by more than 100% from 2011 to 2012 (10 million requests in 2011).	Efficiently support the continuously increasing number of requests.
Availability of:  – Taxation IT systems and other systems for administrative cooperation; – Common Communication Network/Common System Interface (CCN/CSI).	Availability:  – 99,81+% of time between 08:00 and 20:00; 85+% otherwise; – 99,94% of time.	Availability:  – 95% of time between 08:00 and 20:00; 85% otherwise; – 98+% of time.

### ***Main policy outputs***

#### **Direct taxation**

1. Commission inputs to all areas of the Code of Conduct (business taxation) work programme and the Code Group report – *progress assessed by the end of each Presidency*;  
This includes execution of the 2011 Work package, e.g.:
  - developing guidance notes on taxation of passive income (interest & royalties);
  - support progress in solving the Profit Participating Loans issue and deepen the discussion on other mismatches (hybrid entities and PE's) in a sub-group while ensuring consistence with alternative approaches with a view to agreeing solutions within the Code Group (Communication on aggressive tax planning and tax havens & accompanying Recommendations);
  - ensure continuation of a constructive dialogue with Switzerland to maximize EU input in the pending Swiss corporate tax reform;
2. Follow up in the Council the Communication on the work of the EU Joint Transfer Pricing Forum in the period July 2010 to June 2012 and related proposals [COM (2012)516] – *endorsement by the Ecofin Council expected in Q1 2013*;
3. Proposal on elimination of double taxation on dividend payments to portfolio investors – *IA commenced, to be completed by Q2 2013; tabled by the Commission – Q3 2013*;
4. Complete the examination of tax obstacles to cross-border venture capital investment with a view to presenting solutions in 2013 aimed at eliminating the obstacles while at the same time preventing tax avoidance and evasion:
  - Public consultation to obtain factual evidence for existing cases of direct tax problems (including cases of non-taxation – in particular on substance, size and cost of the problems, who is affected and which are the Member States concerned) - *closed in Q4 2012*;
  - Public consultation contributions to be analysed -*2012/2013*;
5. Initiative on arbitration in cross-border tax disputes – *IA work and ISG started in 2012, study launched end 2012; proposal to be tabled for 2013*;

6. Adoption by the Council of the proposal for a Common Consolidated Corporate Tax Base (CCCTB) – *end 2013 or 2014*;
7. Adoption by the Council of the proposal for a Council Directive amending the Directive on a common system of taxation application to interest and royalty payments between associated companies of different Member States (recast version) – *reopening discussion in Council in 2013*;
8. Preparation of the Follow-up Report to the Citizens Communication of 2010 (Fiscalis Workshop in Dec 2012) - *Q4 2013*;
9. Preparatory work for evaluation report on how Member States have followed up on the Recommendation to tackle cross-border inheritance tax problems – *preparatory work in 2013 for evaluation report in 2014*;
10. Follow up work on Commission 2009 Recommendation on simplification of withholding tax procedures on securities income (mainly dividends and interest) coupled with information exchange, in particular possible Commission initiative/Communication on relief at source following the completion of the study and developments concerning FATCA - *Q3/Q4 2013*;
11. Horizontal infringement action on tax discrimination against cross-border workers: ongoing follow-up of the horizontal infringement action, progressively launching EU Pilot procedures and open infringement cases against non-compliant Member States – *2013/2014*;
12. Horizontal infringement action on tax discrimination against mobile persons: study on tax discrimination against mobile persons - *foreseen by Q3 2013*. Once delivered, analyse the results of the study and progressively launch EU Pilot procedures and open infringement cases against non-compliant Member States – *from Q4 2013-2015*;

#### **Uniform application - infringements:**

13. Launch and follow up infringement procedures, deal with complaints and inquiries from citizens and EP questions and petitions;
14. Verify compliance with the provisions, regulations and decisions set out in the relevant EU-law and provide input on questions for preliminary rulings;
15. Verify national transposition measures for Directives and compliance with relevant EU acquis;
16. Targeted horizontal infringement procedures in order to eliminate discriminatory and distorting effects of national tax legislation prioritizing cases with negative impact on own resources (indirect taxation), as a follow-up to the increasing number of ECJ case law (direct taxation) and cases having horizontal effect (both sectors) (*see points 12 and 13 above*);

#### **Indirect taxation**

##### **VAT**

17. Legislative proposal on a standard VAT declaration – *IA: 1<sup>st</sup> half 2013, planned for Q3 2013*;
18. Adoption by the Council of the proposal for a Council Implementing Regulation on the 2015 changes to the place of supply of telecom, broadcasting and electronic services – *proposal: Q4 2012; to be adopted by the Council by end 2013*;
19. Preparation of guidelines for taxable persons / tax administrations on the practical use of the mini One Stop Shop – *by mid-2013*;
20. Adoption by the Council of the proposals on the VAT treatment of exempt financial and insurance services – *discussions currently stalled in the Council*;
21. Preparatory work for legislative proposal for a definitive VAT system based on the destination principle (consultation of business in the VAT Expert Group (VEG) and Member States in the Group on the Future of VAT (GFV)) – *IA planned for 2013, proposal to be tabled in 2014*;
22. Preparatory work, including discussions with Member States and other interested parties on possible guidelines for cost sharing schemes which qualify for exemption from VAT under Article 132.1(f) of the VAT Directive – *2013*;

23. Proposal for a Council Directive on the review of VAT rates structure – *Q4 2013*;
  - *Public consultation launched on 8 October 2012, study to be launched Q4 2012*;
24. Preparatory work for a possible legislative initiative on VAT on public authorities and exemptions (stakeholder conference, business and Member States consultations), based on the outcome of the last study – *IA: Yes; initiative planned for 2014*;

**Passenger car taxation/excise duties/financial transactions**

25. Follow-up to the Commission Communication "Strengthening the Single Market by removing cross-border tax obstacles for passenger cars" - *adopted by the Commission on 14/12/2012; Council meeting and possible creation of Commission working group in first half of 2013*;
26. Follow-up of the proposal for a directive on a common system of Financial Transaction Tax (implementation under the enhanced cooperation procedure) – *adoption by Commission unclear. The Commission can adopt and table the implementing proposal only after authorization has been given by ECOFIN. Foreseen timing is December 2012 to February 2013*;
27. Preparatory work for a report on the functioning of Council Directive 2008/7/EC of 12 February 2008 concerning indirect taxes on the raising of capital - *report planned after the conclusion of the FTT file in 2015*;
28. Preparatory work for the 2014 revision of the Tobacco taxation Directive (main subjects planned to be addressed are: classification of taxed products; track & trace systems; minimum taxation rate/ thresholds; anti-forestalling measures):
  - *Fiscalis seminar – Q2 2013*;
  - *Finalizing technical WP2-discussions – Q3 2013*;
  - *Starting Excise Committee discussion on the basis of a Vademecum on MS's rules – Q4 2013*;
29. Analysing the necessity and feasibility of a Mini-one-stop-shop for excise products covering B2B and B2C scenarios:
  - *Commissioning of a smaller economic study on the necessity and feasibility of a Mini-one-stop-shop for excise products – Q1 2013*;
  - *Preparing a comprehensive working paper for the Excise Committee on the way forward as a follow-up of the economic study<sup>4</sup> – Q3 2013*;
30. Guidelines on excise relief thresholds for travellers:
  - *Technical and legal working paper on how to apply the relief thresholds – Q1 2013*;
  - *First draft of guidelines – Q2 2013*;
  - *Adoption of guidelines in the Excise Committee – Q4 2013*;

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<sup>4</sup> Linked to the study under ABB 5, specific objective 1, expenditure related output 5

## ***Main expenditure-related outputs***

### **Direct taxation**

1. Study on the economic effects of double taxation for the Impact Assessment of the initiative to address double taxation within the EU, including a resolution mechanism for double taxation disputes – *launched end 2012, to be completed by Q2 2013*;
2. Further study on the costs and benefits of implementing a relief at source system as proposed in the FISCO recommendation on withholding tax relief procedures, to adapt report to new developments (FATCA) – *commitment in Q4 2012 for delivery in Q1 2013*;
3. Study on infringements in the area of persons changing their MS of residence – *to be completed by Q3 2013*;
4. The provision of effective tax rates in the context of an enlarged European Union and related supporting services – *recurrent activity, annual commitment in 2012*;
5. A study on the European Tax Identification Number (EU TIN) as a follow-up action to the Anti-Fraud Action Plan – *Q2 2013*.

### **Indirect taxation**

6. Study on the implementation of the destination principle for intra-EU trade – *Q4/2013*;
7. Preparatory work on follow-up study on VAT on pan-EU businesses including in particular implications for the future definitive VAT system – *2013/2014*;
8. Study on the economic effects of the current VAT rates structure - *Q3/2013*;

### **IT related**

9. Development of Taxation IT systems (shared with specific objectives 1 and 3) – *core business*;
10. Operation and support of Taxation IT systems (shared with specific objectives 1 and 3) – *core business*;
11. Maintenance and development of the Common Communication Network/Common System Interface (shared with specific objectives 1 and 3) – *core business*;
12. Project support to all IT systems - quality assurance, TEMPO methodology, supply management, human resources, budget, IT governance, Security Management, procurement (shared with specific objectives 1 and 3) – *core business*;
13. IT architecture model of Taxation IT systems (shared with specific objectives 1 and 3) – *mid 2013*.

**ACTIVITY: TAX POLICY (ABB 05)**

**SPECIFIC OBJECTIVE 3: To develop new tax initiatives and actions to support EU policy objectives**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
CO2-price signal for sectors falling outside the Emission Trading System (ETS), at a similar level as the CO2-price for sectors covered by ETS in the whole EU.	Only few Member States have so far introduced national CO2 taxes providing for such a CO2 price signal.	Application of a CO2 tax providing for such CO2 price signal (or equivalent) in those Member States who have to reduce CO2 emission according to the effort sharing decision <sup>5</sup> . The target should be measurable once the Energy Tax Directive is adopted. The number of MS applying an explicit CO2 tax will be known. As regards equal treatment of ETS and non-ETS sectors, it will be possible to compare the overall financial burden resulting from the combined application of the ETS and energy taxation.
Coverage of Taxes in Europe Database (TEDB).	For the first year all main taxes of EU Member States collecting over 0.1% GDP as revenue were covered. The indicator is maintained to ensure that all new taxes will be covered in the future,	Cover all main taxes of EU member States collecting over 0.1% GDP as revenue.
Availability of Taxes in Europe Database (TEDB).	Availability:  – 99,4% of time in average	Availability:  – 95% of time between 08:00 and 20:00; – 85% otherwise.
<b>Main policy outputs</b>		
<p><b><u>Direct taxation</u></b></p> <ol style="list-style-type: none"> <li>1. Analysis of tax policy conclusions within the Taxation Policy Group (TPG) in particular to give further direction to policy initiatives arising from new initiatives under point 7 (below) – <i>3 meetings planned in 2013</i>;</li> <li>2. Preparation of the annual report on 'Tax reforms in the Member States' for the Economic Policy Committee – <i>2013</i>;</li> <li>3. Organization of the conference "Brussels Tax Forum" (to be decided – possibly on VAT) – <i>Q2 or Q3 2013</i>;</li> </ol>		

<sup>5</sup> Decision No 406/2009/EC of the European Parliament and the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2010.



4. Publication of tax information (including the "Taxes in Europe and Tax reform Database" which will constitute the portal on tax reforms mentioned in the Annex to the Annual Growth Survey) – *June 2013*;
5. Publication of the annual report "Taxation Trends in the EU: Data for the EU Member States, Iceland and Norway" – *publication 2013*;
6. Provision of economic analysis on ongoing tax policy issues (e.g. quality of taxation) – *2013*;
7. Development and implementation of a strategy to fully integrate taxation into the EU governance processes with particular emphasis on the concept of quality of taxation, including:
  - aspects related to the European Semester exercise – *2013*;
  - thematic fiches on taxation – *2013*;
  - Country specific recommendations on taxation for Member States - *spring 2013*;

#### **Indirect taxation**

8. Adoption by the Council of a Directive on reforming the Energy Tax System – *adoption foreseen in 2013*;

#### ***Main expenditure-related output***

1. Study on taxation of non-residents and tax barriers to the mobility of workers – *to be completed by Q3 2013*;
2. Modelling actions for tax policy issues in the financial sector – *commitment in Q2 2013*;
3. Study on fiscal union – *commitment Q2 2013*;
4. Study on the tax policy aspects of the European Semester (eg. R&D, property taxation to be decided following publication of the AGS 2013) – *delivery by Q3 2013*;
5. Maintenance and operations of "Taxes in Europe Database" – *ongoing*.

## ***4.2. Customs Policy***

The Customs Union is one of the foundations of the European Union. While no customs duties are imposed on trade in goods between the Member States, a common external tariff – the Common Customs Tariff – is applied on goods imported from third countries. More generally, the customs union shall contribute to the implementation of the common commercial policy and customs administrations, legislation and procedures shall support the implementation of other European Union policies having an impact on trade. Customs policy is developed under the responsibility of the European Union and is implemented by the Member States. The role of the Commission is to launch initiatives to develop customs policy, propose legislation, ensure coordination between the national administrations and gather opinions and information from business and industry. Currently the European Union customs policy is focusing on three main areas: safety and security including the fight against goods infringing intellectual property rights, extending the use of IT systems and facilitating trade.

More specifically this activity aims at:

- Optimal management of the Customs Union by ensuring the uniform application of customs rules and other regulations applicable to goods moving across the EU and day-to-day decisions on customs procedures and tariffs;
- Simplification of trade and cost reduction (modernisation of customs legislation, electronic customs and reforms undertaken in the field of preferential rules of origin);
- Coordination of the control of goods at the border;
- Protection of the EU from fraud, criminal activities and terrorism;
- Overall supply chain security and facilitation on trustworthy traders;
- Ensure the proper deployment and application of the common risk management framework;
- Strengthening administrative cooperation among national administrations;
- Ensuring the availability, continuity and expansion of the on-line electronic services delivered to citizens, economic operators and national administrations in support of the community customs policy;
- Supply the secure and high quality IT systems enabling the implementation of Customs Union policies and obligations stemming from international agreements).

The main financial instrument to support the implementation of this policy is the Customs 2013 programme, and its possible successors.

**Pursuing policy activities in the customs area at EU level is clearly justified and brings high added value:**

The Common Commercial Policy and the management of the Customs Union are areas of EU exclusive competences. Basic Union customs acts are adopted on a proposal from the European Commission by the European Parliament and/or the Council, which may also empower the Commission to adopt provisions to amend, supplement or implement those basic acts. Nevertheless the Member States have the primary responsibility to ensure the application of EU customs law and the Commission shall oversee and ensure that application. In accordance with the Treaty, coordination and legislation has therefore to be done at the level of the EU in order to ensure that the 27 (28 on 1 July 2013) customs administrations in the Member States work consistently and coherently, without discrimination, regardless of the place where goods enter or leave the EU.

The main body of customs legislation, the almost twenty-year old Community Customs Code, has undergone a complete overhaul through the adoption of the Modernised Customs Code in 2008. The application of the new Code shall however be postponed beyond the initially planned date of 2013 to align it on the procedural requirements of the Treaty of Lisbon, introduce some necessary adaptations and allow for a staggered deployment of IT systems required for its full implementation. When fully operational, that new customs legal framework, will bring **improvements and simplifications** for industry and operators. In parallel the Commission is developing the e-customs project aiming at a paperless environment using state-of-the art information and communication technologies. It covers the introduction of certain number of IT systems at Commission, national and business levels gradually over the next years.

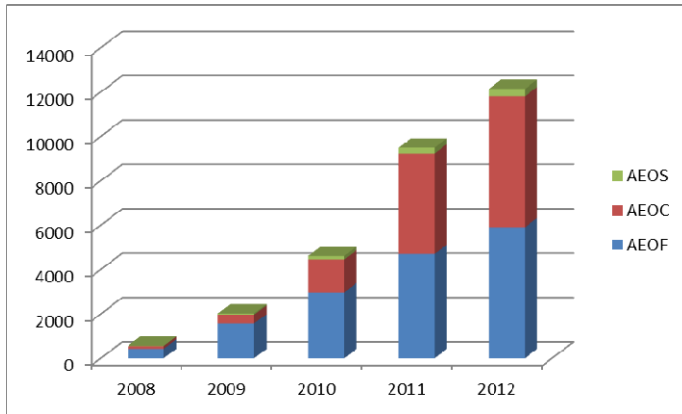
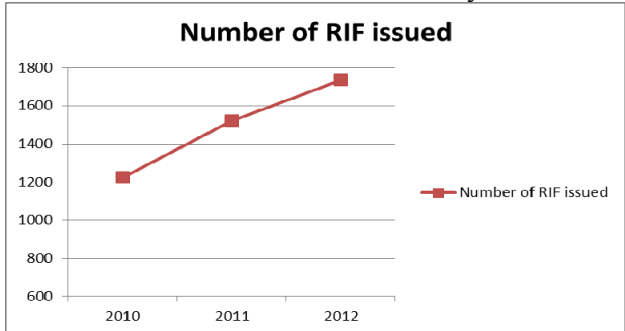
**Combating customs fraud** as indicated will be high on the agenda and we expect that the moves forward in the area of risk management together with the new IPR Action Plan would help to reinforce the effectiveness of customs in combating all types of frauds (security, safety and financial).

**ACTIVITY: CUSTOMS POLICY (ABB 04)**

**SPECIFIC OBJECTIVE 1: To protect citizens from the security and safety risks posed by the international trade in goods and to support the fight against illicit traffic and fraud by improving the capacity of the Commission and Member States to act**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Capacity to receive and process safety and security data.	<p>All Member States have the capacity to receive entry summary declarations and to exchange risk info via the Import Control System where necessary and via CRMS where additional info is deemed required.</p> <p>For Exit summary declarations: 25 Member States are operational (Ireland and Luxembourg have no business case). Greece and Romania finished implementation of EXS functionality in 2012. Except Luxembourg using a fall back solution, all 4 tasks were met by all EU Member States.</p> <p>For the processing of safety and security data:</p> <p>a) The Common Risk Criteria for export, exit and entry operations were partially implemented in the national risk analysis systems of the Member States before 22nd January 2012. The level of implementation of each Common Risk Criteria (CRC) for entry operations was significantly improved in 2012: all the MSs have implemented automatic risk analyses but still some MSs to implement few CRCs. The CRC for export, exit operations were adopted in July 2011 and all CRC were implemented by the majority of MSs in 2012 but still some MSs to implement few CRCs.</p> <p>b) All the MSs implemented automated risk analyses for entry and exit operations.</p>	<p>All Member States able to fulfil the 4 tasks (receiving entry and exit summary declarations, capacity to implement automatic risk analysis for import and export and to implement all Common Risk Criteria in an automated way).</p> <p>Target for 2013:</p> <p>Operations continued without major problems, keep quality of the operations of ICS/ECS/NCTS in relation safety and security.</p>
Quality and timely availability of the data collected by the Import Control System (ICS) for risk analyses	<p>Latest results are:</p> <ul style="list-style-type: none"> <li>- Recommendations of the ICS/Risk management workshop in Richmond</li> <li>- Study of Price Waterhouse Coopers</li> </ul>	<p>Good quality and timely available data through creating the necessary legal basis and ensuring its implementation covering the IT and business process modelling aspects as well.</p>

	<ul style="list-style-type: none"> <li>- Draft Commission Communication on risk management and security of the supply chain</li> <li>- Outcome of the express courier pilot project (=preparatory action)</li> </ul>	<p>On the basis of the action plan foreseen to be agreed between the units in the beginning of 2013 (following the December CPG discussion) the next steps for 2013-2017 should be:</p> <ul style="list-style-type: none"> <li>- Drafting and proposal for updated implementing provisions of the Customs Code</li> <li>- Creation and agreement on a detailed implementation roadmap</li> <li>- Take into account recommendations from the Council and EP on the planned Commission Communication</li> </ul>
<p>All new legislative proposals for protecting citizens or the environment contain harmonised and standardised procedures for customs controls.</p>	<p>Unclear and diverging procedures for customs controls in current legislation for protecting citizens or the environment.</p> <p><u>Examples of recent achievements:</u></p> <p>Adoption of Commission regulations 297/2011, 961/2001, 284/2012 following the nuclear accident in Japan to prevent food contaminated with radioactivity entering the EU. This legislation contains as well important elements for harmonised and standardised procedures (eg link to the customs procedure "release for free circulation", clear rules for co-operation between customs and health authorities by the requirement of the presentation of a document endorsed by customs.</p>	<p>Member States implement harmonised procedures for controlling goods in the area of citizens safety and the environment (phased-in approach in 2013-2014).</p>
<p>Number of Member States where customs controls on product safety exist.</p>	<p>Some Member States already carry out customs controls on product safety but there is a lack of capacity and knowledge by customs.</p>	<p>All Member States carry out customs controls on product safety and have concluded Memoranda of Understanding for cooperation with Market Surveillance Authorities.</p>

<p>Number of Authorized Economic Operators (AEO).</p> <p>Degree of implementation of AEO throughout the EU:</p> <ul style="list-style-type: none"> <li>- Involvement of AEO certified operators in overall trade volumes (import, export and transit)</li> <li>- Involvement of AEO in other certification programmes</li> </ul>	<p>Figures at EU level (F-Full, S-Security, C-Customs):</p>  <table border="1"> <caption>Estimated data for AEO figures (2008-2012)</caption> <thead> <tr> <th>Year</th> <th>AEOC</th> <th>AEOF</th> <th>AEOS</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2008</td> <td>~100</td> <td>~500</td> <td>~50</td> <td>~650</td> </tr> <tr> <td>2009</td> <td>~200</td> <td>~1,000</td> <td>~100</td> <td>~1,300</td> </tr> <tr> <td>2010</td> <td>~500</td> <td>~2,500</td> <td>~200</td> <td>~3,200</td> </tr> <tr> <td>2011</td> <td>~4,000</td> <td>~5,000</td> <td>~500</td> <td>~9,500</td> </tr> <tr> <td>2012</td> <td>~6,000</td> <td>~6,500</td> <td>~1,000</td> <td>~13,500</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>- Trade volumes of AEOs in 2011 is on average more than 40% considering data related to import, export and transit. This data should be read considering that the number of AEOs represents just around 0.4% of the economic operators EORI registered.</li> <li>- Recognition of AEO by other similar EU programmes: 1 to date (DG MARE) and work on-going with DG MOVE</li> </ul>	Year	AEOC	AEOF	AEOS	Total	2008	~100	~500	~50	~650	2009	~200	~1,000	~100	~1,300	2010	~500	~2,500	~200	~3,200	2011	~4,000	~5,000	~500	~9,500	2012	~6,000	~6,500	~1,000	~13,500	<p>Number of issued certificates: 20.000 by 2017</p> <ul style="list-style-type: none"> <li>- Trade volumes of AEOs to represent 60% of EU trade in 2020</li> <li>- Recognition of the AEO status by all other EU similar programmes</li> </ul>
Year	AEOC	AEOF	AEOS	Total																												
2008	~100	~500	~50	~650																												
2009	~200	~1,000	~100	~1,300																												
2010	~500	~2,500	~200	~3,200																												
2011	~4,000	~5,000	~500	~9,500																												
2012	~6,000	~6,500	~1,000	~13,500																												
<p>Improved exchange of risk information between Member States via the Customs Risk Management System (CRMS) measured by:</p> <ul style="list-style-type: none"> <li>- the number of Risk Information Form (RIF) issued</li> </ul> <ul style="list-style-type: none"> <li>- Priority Control Areas (PCA) exercises performed.</li> </ul>	<p>Number of RIFs issued between January and October:</p>  <table border="1"> <caption>Estimated data for Number of RIF issued (2010-2012)</caption> <thead> <tr> <th>Year</th> <th>Number of RIF issued</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>~1,200</td> </tr> <tr> <td>2011</td> <td>~1,500</td> </tr> <tr> <td>2012</td> <td>~1,750</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>- 2011/2012: PCA Discount on undervaluation performed, recommendations adopted.</li> </ul>	Year	Number of RIF issued	2010	~1,200	2011	~1,500	2012	~1,750	<ul style="list-style-type: none"> <li>- Fully operational CRMS system in which a significant number of RIF issued and followed-up.</li> <li>- 1 PCA in 2013</li> </ul>																						
Year	Number of RIF issued																															
2010	~1,200																															
2011	~1,500																															
2012	~1,750																															

## **Main policy outputs**

### **Intellectual Property Rights**

1. Adoption by the Council and the European Parliament of the Commission's proposal for a new regulation on the Customs Enforcement of IPR and adoption of the implementing acts – *in the first half of 2013*;
2. Implementation of activities of the new EU Customs Action Plan to combat IPR infringements, including annual reviews of implementation of the Action Plan – *2013-2017*;
3. Annual statistical report on EU customs enforcement on IPR – *Q3 2013*;

### **Cash control**

4. Financial Action Task Force evaluation of the EU's compliance with Recommendation 32 on cash couriers – *2013/2014*;
5. Updated handbook of guidelines on Cash Controls – *2013*;

### **Drug precursors**

6. Adoption by the Council and the European Parliament of the Commission's proposal [COM(2012)521] amending Council Regulation (EC) No 111/2005 laying down rules for the monitoring of trade between the Community and third countries in drug precursors – *Q4 2013*;

### **Product safety**

7. Implementation of joint activities on import controls on product safety and co-operation between customs and market surveillance authorities and the new market surveillance package of the SMA II including:
  - Development of a Common risk approach – *launch the project in 2013, Common risk strategy in this area in place from 2014 onwards*;
  - Extension of the Guidelines for import controls in the area of product safety and compliance - *2013/2014*;
  - Communication project under the European Year of the Citizen – *2013*;
  - Collection of statistical data of product safety and compliance controls - *from 1<sup>st</sup> January 2013 onwards*;
  - EU Annual report on results of controls on product safety and compliance at import - *first annual report to be produced in 2014*;

### **Prohibitions and restrictions**

8. Strategy for a joint customs approach to protect health, safety and the environment: adoption of a Staff Working Document following the Communication on the State of the Customs Union and implementation of a roadmap – *SWD in 2013; implementation of a roadmap in 2013-2014*;
9. Toolbox of standardised procedures for the customs implementation of legislations for protecting citizens and the environment – *2013*;
10. Guidelines for customs on the implementation of the FLEGT (Forest Law Enforcement Governance and Trade) legislation – *workshop under Danish Presidency on 'Customs and the environment', guidelines foreseen for 2013-2014*;
11. Guidelines on customs controls on waste shipments exported from EU to third countries (Council conclusions on the raw materials initiative): follow up to the recommendations from the DG TAXUD study on ASEM presented in 2011 – *workshop under Danish Presidency on 'Customs and the environment', guidelines foreseen for 2013 (Linked to output 5 on classification of waste under ABB 02, Specific Objective 2)*;
12. Contribution to the review of the REACH Regulation (enforcement), together with DG ENTR – *2013*;

## **Security and customs controls**

### **A. Risk management**

13. Establishment of the Action Plan to implement the Communication on EU Risk Management and Supply Chain Security – *1<sup>st</sup> half 2013 and follow-up afterwards*;
14. Implement a Priority Control Action (coordinated with OLAF) for 2013 – *end 2013*;
15. Finalise the handbook on operational customs controls – *2013*;
16. Further development of the EU customs audit guide in answer to the Court of Auditor's request – *Q2 2013 (a testing will follow afterwards)*;
17. CRMS: evaluate the adequacy of CRMS to the present and future objectives of Risk Management (CRMS has been operational for 7 years) – *2013*;

### **B. Security**

18. Air-cargo: Implementation of the EU action plan on strengthening the air cargo security from the customs angle – *2012 and beyond*:
  - Amendment of the Customs Code implementing Provisions to increase advance air cargo data quality for increased security risk analysis taking into account experiences from possible pilot projects; advance air cargo timelines to allow taking action prior to loading; introduce "do-not-load" provision for air cargo; remove ENS exemptions for low value and postal consignments and develop a "policy of transition";
  - Alignment of the trader scheme in the customs (AEO) and the air transport area (RA-Regulated agent and KC-Known consignor);
19. Implementation of the recognition of Authorised Economic Operators (AEOs) in the declaration systems (entry, transit and export/exit) – *entry declarations as of 01/01/2013; transit and export/exit declaration not defined yet*;
20. Support for the development of AEO mutual recognition agreements where data requirements and EORI are concerned. This includes work on the legal basis for the EORI-alike numbers – *ongoing to 30/12/2013*;
21. Promote and use new technologies for customs controls and security (in cooperation with ENTR, RTD, INFSO and JRC):
  - Identification of most suitable combination of detection technology equipment for different volumetrics of trade and different modes of transport – *end 2013*;

### **Other**

22. 3 to 4 High-level Steering Group meetings TAXUD-OLAF in order to further improve the cooperation between these two services.

### **Core business**

23. Management of the existing legislation in the field of customs enforcement of IPR (including statistics), export of cultural goods, cash control (including statistics), control of international trade in drug precursors (including statistics) and advice to other Commission services on customs controls for protecting citizens and the environment - *2013*;
24. Establish a list of needed upgrades on the Customs Risk Management System – *recurrent action done yearly*;
25. Management of common risk criteria implementation- daily work plus annual reporting;
26. Management of AEO implementation by Member States.



### ***Main expenditure-related outputs***

1. COPIS: an electronic database providing a management tool for the applications for customs action and for the detentions in the area of Intellectual Property Rights protection - *start of operation in all Member States rescheduled to 1/4/2013 (from 1/1/2013) in line with Multi-Annual Strategic Plan (MASP)*;
2. Maintain IT systems (New Computerised Transit System, Import and Export Control Systems) for the reception and transmission of security/safety related information – *continuous*;
3. Creation and implementation of new systems/functionalities related to the Air Cargo, Express Couriers, Postal consignments and Maritime transport security improvements following the agreed legal changes and business solutions (e.g. to develop a functionality for postal consignments) – *programmed until 2015*.

<b>ACTIVITY: CUSTOMS POLICY (ABB 04)</b>		
<b>SPECIFIC OBJECTIVE 2: To modernise and streamline the functioning of the Customs Union, by improving its functioning for the benefits of the economic operators and Customs administrations</b>		
<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
Ratio of paperless transactions (declarations made by computerised procedure).	Normal procedures: 86% for import and 99% for export. Simplified procedures: 99% for import and 99% for export. <i>(source: Measurement of Results - annual report 2011)</i>	To reach 99% for all procedures with the entry into application of the Union Customs Code (UCC). Adoption of the UCC is foreseen to take place in June 2013.
Degree of simplification of rules due to the implementation of the Union Customs Code.	Union Customs Code was adopted in April 2008, to be applied in 2013. However, the Commission will propose in 2012 to recast it to align it on the requirements of the Treaty of Lisbon, introduce some necessary adjustments and postpone its application beyond 2015 to allow for a staggered deployment of the IT systems required for its implementation.	Minimum target of 25% of reduction of the Administrative Burden (maximum target of 39%, according to CEPS report for the Stoiber HLG & IA of the UCC) is expected to be achieved within 5 years following the application of the UCC (2020).
Number of movements (NCTS including EU-Russia exchanges, ECS and ICS) supported.	24 million movements supported per quarter (2011: 16.1 million; 2010: 5,2 million).	Full support of increasing number of movements.
Availability of:  – centralized IT customs applications (including tariff systems); – NCTS, ECS, and ICS;  – CCN/CSI system.	Availability:  – 99,11% of time during business hours; 95+% of time otherwise; – 98+% of time during business hours; 98+% otherwise; – 99,94% of time.	Availability:  – 97% of time during business hours; 95% of time otherwise; – 97% of time during business hours; 95% otherwise; – 98+% of time.
Timely availability of Business Process Models (BPM) for the meetings of the Customs Code Committee and the Electronic Customs Group.	In 2012 all agreed BPM were timely available for the meetings.	100% timely availability of BPM for the meetings

### **Main policy outputs**

1. Implementation of the eCustoms decision within the deadlines legally defined and in accordance with its legally required implementation plan – *ongoing; implementation of Phase 1 of Single Windows (SW) – until Q4/2015;*
2. Multi-Annual Strategic Plan (MASP) covering eCustoms, Union Customs Code (UCC), and other safety and security policies – *ongoing annual review (preparation of version 12 in 2013);*
3. Development of the Systems Based Approach concept and its different building blocks – *ongoing - report on Phase IV to CPG end of 2013;*
4. Contribute to the customs aspects of the EU maritime and eFreight initiatives launched by DG MOVE in the context of the Single Market Act II package (SMAII) – *ongoing;*  
Including proposal to implement the 'Blue Belt' initiative – *Q2 2013;*
5. Customs 2013 Annual Work Programme for 2013 (core business) – *preparation in 2012, adoption foreseen early 2013;*
6. Adoption by Council and European Parliament of the proposed Customs 2020 Programme [COM(2012)464] – *at the latest in the second half of 2013 (Shared with objectives 1 and 3);*
7. Customs 2014 Annual Work Programme – the date of adoption of the Customs 2020 programme will determine the date of adoption of the Customs 2014 Annual Work Programme (outside TAXUD control) *(Shared with objectives 1 and 3).*

### **Main expenditure-related outputs**

1. IT systems related to the Union Customs Code and the eCustoms decision:  
UCC development of IT systems in accordance with the priorities defined and agreed in the MASP. First development activities for the UCC pilot projects (2015-2018):
  - Customs Decisions - *inception initiated in 2012, functional systems specification to be finalised by January 2014;*
  - Proof of Union Status – *to be initiated late 2013/early 2014;*
2. Data centre consolidation: setup two data centre facilities in Luxembourg and deploy the initial infrastructure required to start hosting the various DG TAXUD information systems – *delayed by one semester due to longer than expected ordering procedure for electricity, cabling, etc. - operational by mid 2013;*
3. CCN2: new Call for Tender - *by mid 2012;* award of contract – *by mid 2013;*
4. Study the access by Traders to new Customs systems: clarify requirements, elaborate solution and agreement with the Member States – *study initiated mid 2012; final results expected Q3 2013;*
5. Execution of the 2013 Annual Work Programme of the Customs 2013 Programme (core business) – *following the adoption of the AWP 2013 (acting as a Financing Decision);*
6. Final Evaluation of the Customs 2013 programme – *Q2 2014;*
7. Study on identification of indicators for the Customs programme – *commitment in 2013;*
8. Execution of the 2013 work programme for eLearning modules, including updating and localisation of EU eLearning Courses – *core business;*
9. Development of an EU Competency Framework for the Customs profession: *part 'public service' to be finalised by mid 2013, part 'private sector' to be started mid 2013 (to be finalised by 2014);*
10. On-going support and maintenance of existing IT systems (such as AEO, BTI, Surveillance2, CN, CRMS, DDS2, EBTI3, ECICS2, EOS-EORI, ISPP, QUOTA2, RSS, SMS, Suspensions, TARIC3, etc.) – *core business.*

**ACTIVITY: CUSTOMS POLICY (ABB 04)**

**SPECIFIC OBJECTIVE 3: To ensure effective management of the Customs Union through the development of high quality customs legislation, IT systems and their uniform application**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>								
Follow-up of the Special Report No 01/2010 of the European Court of Auditors (ECA) on simplified customs procedures for imports measured by the number of accepted recommendations followed-up.	<p>The Special Report published on 07 June 2010 contains 12 recommendations accepted by the Commission.</p> <p>5 out of the 12 recommendations have been already implemented. The implementation of the remaining 7 recommendations is on-going and planned to be finalised by the expected completion date.</p>	All accepted recommendations followed-up by the end of 2013 (end of 2015 for the recommendation requiring computerisation).								
Efficiency of the customs process by customs and other border agencies measured by the position of Member States in the ranking of the 'Enabling Trade Index: Sub-index B on Border administration' (Source: <i>The Global Enabling Trade Report, World Economic Forum – 2012</i> )	<p>22 out of the 26 Member States listed in the 2012 ranking (Malta is excluded) is below the rank 50.</p> <p><i>See the detailed ranking in Annex 6.8.4.</i></p>	To improve the overall efficiency of the clearance process and deal with high volume of customs declarations (around 40 millions) with a view to improve Member States' position in the ranking of the Enabling Trade Index: 'Sub-index B on Border Administration' by 2015.								
Number of quotas and suspensions opened for the next year.	<p>The evolution of the autonomous duty suspensions over the last three years is shown in the graph below:</p> <div style="text-align: center;"> <table border="1"> <caption>Number of products with autonomous tariff suspensions</caption> <thead> <tr> <th>Year</th> <th>Number of products</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>~1480</td> </tr> <tr> <td>2012</td> <td>~1580</td> </tr> <tr> <td>2013</td> <td>~1750</td> </tr> </tbody> </table> </div> <p><i>(The 2013 figure refers to the number of tariff suspensions which will be in force on 01.01.2013.)</i></p>	Year	Number of products	2011	~1480	2012	~1580	2013	~1750	<p>Ensure the administrative response to the EU industry requests for tariff suspensions and quotas, which are expected to rise by 5 %, in each of the years 2013, 2014 and 2015 in view of the campaign made at SME level in 2012.</p> <p>The uncollected duty due to tariff suspensions and quotas, which is to the benefit of the EU industry, is currently just below 1 billion €. The target will be to have an increase relative to the increase of the number of suspensions.</p>
Year	Number of products									
2011	~1480									
2012	~1580									
2013	~1750									

	The activity on quotas is rather regular involving in the opening and closing of around 8 quotas per annum leaving the total number of open tariff quota 55 (+-1).	
Amount of data provided for tariff classification of goods: – updated measures; – updated goods descriptions in TARIC; – drawing requests on EU tariff quotas; – amount of surveillance data.	The targets set for 2011 were achieved in particular: – 99.285 updated measures; – 99.626 updated goods descriptions; – 200.000 drawing requests; – 175 million surveillance data records.  <i>See the graphs presenting the evolution over the last years in Annex 6.8.5.</i>	2013: – 90.000 updated measures; – 80.000 updated goods descriptions; – 200.000 drawing requests; – 220 million surveillance data records.
Number of infringement cases closed in NIF	2012: 0 infringement cases closed	Attaining compliance with EU law by the Member States
Number of EU Pilot cases closed	2012: 3 procedures closed	Attaining compliance with EU law by the Member States at the stage of EU Pilot
Percentage of infringement cases proposed for a Commission Decision	2012: 18% out of 11 pending infringements	Attaining at least 50% of pending infringement cases proposed for a Commission decision in an infringements-decision-making cycle during the year
Percentage of CHAP complaints that respect SG Temporary benchmarks	2012: 100% out of 15 CHAP complaints	Attain a 50% compliance rate with the SG temporal benchmarks for handling CHAP complaints
Percentage of EU Pilot procedures and NIF infringements that respect SG Temporary benchmarks	2012: 77% out of 47 EU Pilot and NIF	Attain a 50% compliance rate with the SG temporal benchmarks for handling EU Pilot and NIF
Number of cases opened	2012: 12 cases opened	For information purposes (the number of cases opened does not depend on the Commission)
Percentage of monitoring visit reports sent on time	2012: 30% out of 11 monitoring reports	Achieve a 80% compliance rate of monitoring reports sent on time
Percentage of 1 year monitoring enquiry letters sent to the Member States on time	2012: 30% out of 13 1 year monitoring enquiry letters	Achieve a 80% compliance rate of 1 year monitoring enquiry letters
Time taken for resolving of divergent tariff classification cases.	– average time for solving of different classification cases in 2012 was 10 months (2011: 11 months, 2010: 18 months); – 27% of all new cases were solved within 6 months	Targets for 2014: – average time 10 months;  – 60% of all new cases solved within 6 months and;

	(2011: 28%); – 69% of all new cases were solved within 1 year (2011: 65%).	– 100% of all new cases solved within 1 year since the first discussion at the Customs Code Committee except for individual cases e.g. where policy considerations hinder the adoption of a solution timely.
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### **Main policy outputs**

#### **Customs strategy**

1. Follow-up the Communication on the State of the Customs Union: *proposal tabled 2012, follow up actions depending on Council and EP conclusions;*
2. Development/regular update of an integrated implementation plan for the customs strategy to integrate the different planning coming from all customs areas such as the IT plan, the action plan to combat IPR infringements, the action plan on air cargo security as well as the implementation plan for the Union's Customs Code and the strategy for a joint customs approach to protect health, safety and the environment – *update to be presented to the Customs Policy Group by end 2013;*
3. Single Window: following favourable MS decision in Q1 2012, development of TAXUD central services for the Single Window Common Veterinary Entry Document (CVED) project 2012 - *by Q4 2015:*
  - Level 4 BPM and the technical system specifications for the CVED project to be approved - *by end 2013;*
  - Possible ways forward: identification of new areas to be included into the Single Window – *by end 2013;*

#### **General customs legislation**

4. Union Customs Code recast - adoption of the Commission proposal [COM(2012)64] by the European Parliament and the Council – *first half of 2013;*
5. Union Customs Code Delegated and Implementing Acts – *draft Commission acts within 1 year of the adoption of UCC recast (see output 4);*
6. Approximation of national regimes of customs infringements and sanctions – *Commission proposal Q2 2013;*

#### **Facilitation of customs treatment of low value consignments**

7. Proposal for specific CN codes in Chapter 99 of the CN (Part II) – *No IA needed and likely no ISC launched before the end of 2013 pending the green light from the Cabinet;*

#### **IT governance**

8. Coherent and coordinated development among the EU customs administrations of information systems impacting day to day efficiency and effectiveness of Customs and European trade – *continuous;*

#### **Core business**

9. Management of customs legislation in the area of customs debt and guarantees, general customs legislation, customs procedures and formalities, data integration and harmonisation, combined nomenclature and tariff measures, including the management of the relevant sections of the customs code committee and working groups;
10. Uniform application of customs legislation:

- Legal analysis and coordination of the Customs 2013 Monitoring programme, handling of complaints, infringements, court cases and WTO dispute settlements, legal assistance and advice on customs matters;
- 11. Management of projects and processes - production of a Business Process modelling methodology, policy and actual customs business process models, project management and continued development of electronic customs;
- 12. Preparation and adoption of technical data-related proposals triggered by IT and legal changes related to the Customs Code which need to be reflected in the annexes covering the data elements.

### ***Main expenditure-related outputs***

1. Update of the databases – *ongoing*:
  - TARIC (database containing the Community tariff and trade legislation, for public dissemination and to support automatic customs clearance);
  - Quota (database for the management of Community tariff quotas via the First Come First Served method);
  - Surveillance (monitoring on imports and exports of goods);
2. Integration of credibility checks into TARIC in order to enhance the uniform and proper implementation of the EU Customs Tariff:
  - Implementation of step 1 ("legal" checks) – *on 01.02.2013*;
  - Analysis of step 2 ("physical" checks) – *to be completed by 31.12.2012 for implementation in 2013*;
  - Analysis of step 3 ("reference values") – *to be completed by April 2013*;
3. Maintenance and continuous operation of CCN/CSI (Common Communication Network / Common System Interface) – shared with specific objectives 1 and 2 - *core business*;
4. Maintenance of existing Customs IT systems – shared with specific objectives 1 and 2 – *core business*;
5. Project support to all IT systems - quality assurance, TEMPO methodology, supply management, human resources, budget, IT governance, procurement - shared with specific objectives 1 and 2 – *core business*;
6. Ensure quality of the operations concerning call handling and infringements – *core business*;
7. Study on new working methods in the area of Binding Tariff Information (BTI) and classification – *launch in 2013, delivery in 2014*;
8. Feasibility study on the Classification Information data base – *launch in 2013, delivery in 2014*;
9. Follow-up of the European Binding Tariff Information (EBTI) monitoring – *ongoing*.

### ***4.3. International Aspects of Customs and Taxation***

The growth in political relations with countries and groups of countries leading to trade and cooperation agreements with customs and tax aspects has increased the need for cooperation and mutual assistance between national administrations in the EU and in third countries.

The EU has customs cooperation and trade facilitation agreements with a growing number of trading partners covering customs and trade facilitation and rules of origin, as well as safety and security matters and IPR enforcement. The EU also engages in multilateral agreements and cooperation, notably in the WTO and the WCO as regards trade facilitation, safety and security, rules of origin and customs valuation. It is a member of the World Customs Organization and a contracting party to a number of international conventions in the area of customs (e.g. the Revised Kyoto Convention, the Harmonised System Convention, the Container Convention) as well as to the WHO Framework Convention on Tobacco Control (FCTC)). It participates actively in other international bodies, in particular in the OECD (Tax Dialogue).

In 2013 the focus is expected to be mainly on:

- Strengthening the security of the supply chain and the implementation of mutual recognition of authorized economic operators, inter alia with Switzerland, Norway, China and Korea;
- Developing customs cooperation with Eastern Neighbours, in particular in the context of strategic frameworks for customs cooperation with Russia, Ukraine and Moldova and the preparations for enlargement;
- Reinforcing the coverage of customs and taxation aspects (including IPR border management) in a broad range of trade related agreements;
- In the multilateral context, concentrating on higher security standards for air cargo, implementation and further development of the SAFE Framework of Standards and the interconnectivity of customs networks worldwide; and on trade facilitation by contributing to the WTO negotiations for a Trade Facilitation Agreement;
- In the area of taxation, the inclusion of good governance clauses in relevant trade agreements and actions in relation to tax havens.

We will work on preparing the accession of Croatia (July 2013), the accession negotiations for Chapter 16 (Taxation) and Chapter 29 (Customs Union) with the candidate countries and will assist the customs and tax administrations of the potential candidates in their efforts to enhance their administrative capacity and to align their legislation with the *acquis*.

The EU has also made commitments to other countries with a view to implementing training and information programmes and helping third countries to modernise their taxation and customs administrations and working methods. Finally, customs cooperation with Russia, Moldova, Ukraine and possibly Belarus will be further developed in the context of a Strategic Framework with the threefold objective of 1) fluid and safe trade lanes, 2) risk management and the fight against fraud and 3) customs modernisation including possible interconnection of transit systems. Cooperation with concerned Commission services in order to prevent smuggling and fraud on the Eastern Border will be enhanced.



For Taxation the main challenge arises from the need to ensure the promotion of and commitments on the principles of good governance in the tax area thereby ensuring transparency, exchange of information and fair tax competition. This supports fair competition for businesses and contributes to effective tax collection. One of the specific challenges is to enhance cooperation with Eastern neighbouring countries in the area of harmonisation of indirect taxation, in particular with a view to obtain simultaneous convergence of excise rates.

**Pursuing policy activities in the customs and tax area at international level brings high added value:**

The Common Commercial Policy is an EU exclusive competence. The EU has an obligation and a strategic interest to reinforce the capacity of EU customs in handling the increasing trade volumes and emerging security, safety and IPR risks while facilitating trade. Internal measures are ineffective unless they are accompanied by international cooperation; hence the need to develop international cooperation bilaterally with third countries and multilaterally in international organisations, notably the World Customs Organisation. This is also an important contribution to the wider external policies and objectives of the EU.

The European Union has become a member (with rights and obligations akin to membership) of the World Customs Organisation bringing together customs administrations from around the world (the WCO currently has 179 members). The EU will continue to use this forum to influence international customs policy and to promote EU standards and procedures world-wide, focussing on security, safety and facilitation. The EU will promote Globally Networked Customs to establish and implement international standards and protocols for exchange of information with a view to facilitate international trade, ensure compliance and implement international agreements.

**ACTIVITY: INTERNATIONAL ASPECTS OF TAXATION AND CUSTOMS (ABB 03)**

**SPECIFIC OBJECTIVE 1: To protect EU society and its economic and financial interests through international cooperation in the taxation area**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>																																				
Number of tax good governance clauses and agreements in ongoing negotiations with individual third countries or groupings (among which the Pacific and African countries, Asian countries).	<table border="1"> <caption>Bar Chart Data: Negotiations from 2005 to 2012</caption> <thead> <tr> <th>Year</th> <th>Opened negotiations</th> <th>Ongoing negotiations</th> <th>Closed negotiations</th> </tr> </thead> <tbody> <tr><td>2005</td><td>1</td><td>1</td><td>0</td></tr> <tr><td>2006</td><td>4</td><td>5</td><td>0</td></tr> <tr><td>2007</td><td>6</td><td>9</td><td>2</td></tr> <tr><td>2008</td><td>5</td><td>14</td><td>0</td></tr> <tr><td>2009</td><td>5</td><td>16</td><td>3</td></tr> <tr><td>2010</td><td>8</td><td>15</td><td>9</td></tr> <tr><td>2011</td><td>3</td><td>16</td><td>2</td></tr> <tr><td>2012</td><td>3</td><td>17</td><td>4</td></tr> </tbody> </table>	Year	Opened negotiations	Ongoing negotiations	Closed negotiations	2005	1	1	0	2006	4	5	0	2007	6	9	2	2008	5	14	0	2009	5	16	3	2010	8	15	9	2011	3	16	2	2012	3	17	4	Inclusion and implementation of good governance clauses in the tax area in all agreements negotiated with trading partners and regional groups of countries.
Year	Opened negotiations	Ongoing negotiations	Closed negotiations																																			
2005	1	1	0																																			
2006	4	5	0																																			
2007	6	9	2																																			
2008	5	14	0																																			
2009	5	16	3																																			
2010	8	15	9																																			
2011	3	16	2																																			
2012	3	17	4																																			
Provisions on harmonisation of excise policies and convergence of rates included in the Association Agreements currently under negotiation (Eastern neighbouring countries).	Negotiations concluded with Ukraine, Moldova and Armenia. Negotiations started with Georgia and Azerbaijan and to start with Russia.	Full harmonization within the region of excise structures and rates within 10 years of entry into force of the Association Agreements.																																				
Number of bilateral agreements with third countries on administrative cooperation in the field of indirect taxes.	Opinion of Legal Service requested on the EU legal basis for such bilateral agreements.	Obtain mandate from Council to start negotiations with some third neighboring countries																																				
Number of third countries engaged in a dialogue and alignment to the principles of the Code of Conduct, removing measures contrary to the Code.	Following positive developments, dialogue with Liechtenstein suspended, awaiting progress with CH. Dialogue with CH ongoing.	Find political agreement with third countries, first on procedure, then on substance (legislative amendments) and on monitoring in 2013																																				
<b>Main policy outputs</b>																																						
<ol style="list-style-type: none"> <li>1. Follow up on the international aspects of the Action plan against tax fraud and evasions adopted by the Commission on 6/12/2012 – 2013;</li> <li>2. Political agreement with Switzerland and Liechtenstein regarding the future process and the substance of legislative amendments to remove harmful tax regimes - 2013;</li> </ol>																																						

3. Proposal to sign and approve the draft EU/Liechtenstein agreement on anti-fraud and tax cooperation matters – 2013;
4. Adoption by Council of the draft mandate authorising the Commission to negotiate similar anti-fraud and tax cooperation agreements with Andorra, Monaco, San Marino and Switzerland – *negotiations to be carried out in 2013;*  
*For VAT; mandate to negotiate agreements with certain countries to be sought in 2013. Any consequential final agreements only likely to be approved in 2014 at the earliest.*
5. Agreement to be concluded with Norway on savings taxation depending on progress in Council on the amending directive – *completion in Q2 2013;*
6. Adoption by Council of the draft mandate authorising the Commission to negotiate with Switzerland, Andorra, Liechtenstein, Monaco and San Marino to update their respective agreements on savings in line with the evolution of the EU Savings Directive – *completion Q1 2013;*
7. Inclusion of provisions on harmonization of excise policies and convergences of rates in the Association agreements with Georgia, Azerbaijan and Russia – 2012/2013;
8. Finalise agreement with France on behalf of St Barthélemy on administrative cooperation and savings taxation – *Q4 2012 – Q1 2013;*
9. Possible adoption of Commission Recommendation requesting Council to open negotiations with dependent & associated territories on savings – *Q4 2013.*

#### ***Main expenditure-related outputs***

1. ITD (International Tax Dialogue) membership – *ongoing;*
2. Actions linked to the promoting of good governance in tax matters in developing countries: *implementation of the budget line on good governance in the tax area; promotion of international cooperation and coordination in the ITD and the ITD work;*
3. Extension of Taxation applications to OECD countries: CCN/Mail, eForm in Direct Tax, Recovery and Taxes in Europe Database –*when requested by policy units and legal base available.*

**ACTIVITY: INTERNATIONAL ASPECTS OF TAXATION AND CUSTOMS (ABB 03)**

**SPECIFIC OBJECTIVE 2: To develop international cooperation to support the effective management of the Customs Union; to protect EU society and its economic and financial interests; to facilitate trade and to contribute to the broader external policy objectives of the Union**

<i>Result Indicators</i>	<i>Latest known result</i>	<i>Target</i>
<p><b>WCO:</b> Degree of reflection of the EU policy and positions in the WCO work to secure and facilitate trade.</p>	<ul style="list-style-type: none"> <li>– Coordinated Border Management, including Single Window, and trade recovery have been included in SAFE. A definition of "High risk Cargo" was adopted;</li> <li>– The GNC<sup>6</sup> Feasibility Study was endorsed and the proof-of-concept phase launched by the WCO Council in June 2012.</li> </ul>	<ul style="list-style-type: none"> <li>– Continue to drive the SAFE review to reflect new developments in supply chain security and enhance trade facilitation. The full review is scheduled to be completed by June 2015;</li> <li>– Conduct GNC proof-of-concepts phase, to be completed in 2015. The EU will actively contribute to the pilot phase.</li> </ul>
<p><b>GSP:</b> Degree of implementation of reformed preferential rules of origin.</p>	<p>Seminar organised on 14-16 November 2012 with a view to endorsing/completing results of REX project group (BPM, user requirements and legislative adjustments)</p>	<p>1 January 2017: An additional three year period for countries who will not be able to meet this deadline.</p>
<p><b>Alignment with legislation and implementation of agreements:</b> Degree of alignment of the candidate and the potential candidate countries' legislation with the EU 'acquis'.</p>	<ul style="list-style-type: none"> <li>– Accession treaty with Croatia signed on 9 December 2011;</li> <li>– Croatia joined the Common Transit and S.A.D. Conventions on 01/07/2012 as a prelude to the full accession to EU;</li> <li>– Turkey joined the Common Transit and S.A.D. Conventions on 01/12/2012;</li> <li>– Iceland opened the negotiations on Chapter 29 Customs Union (October 2012) and Chapter 16 Taxation (December 2012 tbc).</li> </ul>	<p>Progress in the degree of alignment based on the evaluation published in the next Progress Reports. Continuous alignment of legislation, modernisation of tax and customs administrations, including completion of IT systems for the exchange of information upon accession.</p>
<p>Customs cooperation and trade facilitation with Eastern partners and Mediterranean countries.</p>	<p><u>Eastern Partners:</u></p> <ul style="list-style-type: none"> <li>– A Strategic Framework on customs cooperation was agreed by the EU and Russia in December</li> </ul>	<ul style="list-style-type: none"> <li>– Progress in the degree of implementation of the Strategic Frameworks and the Eastern Border</li> </ul>

<sup>6</sup> GNC: Globally Networked Customs

	<p>2010.</p> <ul style="list-style-type: none"> <li>- Similar Strategic Frameworks were agreed with Moldova in November 2011 and Ukraine in May 2012. Negotiations may start at some point in time with Belarus.</li> <li>- Negotiations to strengthen customs cooperation provisions have started with Georgia, Armenia, Moldova, Azerbaijan and Kazakhstan.</li> </ul> <p><u>Mediterranean countries</u> Legislative and administrative progress made by the MED countries in tax and customs issues contained in the ENP action plans.</p>	<p>action plan, including facilitation of trade, ensuring security and safety, fighting fraud and convergence of legislation and procedures;</p> <ul style="list-style-type: none"> <li>- Conclude the negotiations of the customs and trade facilitation chapters of the DCFTA with Georgia, Armenia and Moldova and progress in negotiations of Association Agreement with Azerbaijan and of the enhanced Partnership and Cooperation Agreement with Kazakhstan;</li> <li>- Integration of Ukraine, Georgia, Armenia and Moldova into Pan-Euro-Med cumulation zone by 2015.</li> </ul> <p>Progress towards a certain degree of alignment with EU customs and tax standards.</p>
<p><b>Supply chain security:</b> Degree of implementation of facilitation and security agreements.</p>	<p><u>US:</u> Concrete results achieved in implementation of June 2011 joint statement on supply-chain security, in coordination with relevant COM services.</p> <p><u>Norway, Switzerland</u></p> <ul style="list-style-type: none"> <li>- Adoption of Joint Committee Decisions to align Annexes 1 and 2 to the Community acquis.</li> <li>- Assessment missions to Norway and Switzerland on implementation of AEO and risk management carried out.</li> </ul>	<p>Further deepen EU-US cooperation on supply-chain security with new US Administration (2013).</p> <p>Implement IT AEO mutual recognition (2013). Constantly maintain the agreements in line with the acquis.</p>
<p><b>MR-AEO:</b> Degree of implementation of mutual recognition (MR) of AEOs with important trading partners.</p>	<p><u>US:</u></p> <ul style="list-style-type: none"> <li>- US MR Decision signed on 4 May 2012;</li> <li>- First phase of implementation (transmission of AEO data to the US) effective since 1 August 2012, allowing benefits to be granted to EU AEOs;</li> </ul>	<p>Granting of benefits to qualified US C-TPAT members by target date of January 2013, thereby establishing reciprocity in EU-US mutual recognition.</p>

	<p>– Preparatory work underway for implementation of second phase (reciprocal benefits to qualified US C-TPAT members) to apply in January 2013.</p> <p><u>Canada:</u> Legislative process underway (Council decision on signing adopted, EP review started) for conclusion of EU-Canada agreement on supply-chain security in the first half of 2013. This will provide legal basis for conclusion of MR AEO with Canada.</p> <p><u>China:</u> Equivalency of legislation established; EU-China JCCC in June 2012 agreed to start negotiations of a JCCC Decision on AEO MR.</p> <p><u>Japan:</u> MR agreement concluded in 2011, implementation is ongoing.</p>	<p>– Signing and concluding of EU-Canada agreement on supply-chain security in the first half of 2013.</p> <p>– Following the completion of technical preparatory work, negotiate and conclude AEO MR decision with Canada in 2014.</p> <p>Start formal negotiations by the end of 2012, aim to conclude and implement by 2014.</p> <p>Review of the implementation to introduce automatic information exchange, identification of new additional benefits (2013).</p>
<b>IPR:</b> Degree of implementation of the EU-China IPR Action Plan, based on jointly agreed evaluation criteria.	Implementation of all Key Actions under the 2010-2012 Action Plan is ongoing. Evaluation report planned by end of 2012.	Extension of the Action Plan until 2014.
Availability of Single Portal for Entry and Exit Data (SPEED).	Availability: 99,98+% of time during working hours.	Availability: 97% of time during working hours.
<b>Main policy outputs</b>		
<p><b>WCO</b></p> <ol style="list-style-type: none"> <li>1. Coordinate Union positions, represent the Union, provide documents and contributions to the different WCO committees on supply chain security, trade facilitation, IPR Customs enforcement and HS nomenclature;</li> <li>2. Implementation of the GNC proof-of-concept phase based on an agreed GNC strategy under development; alignment of international data exchange projects to GNC, in particular on the basis of the AEO Mutual Recognition ("your AEO is my AEO") and Control Mutual Recognition ("your exit is my security") Utility Blocks. <i>Ongoing, 2012-2015;</i></li> </ol>		

3. Development of an agreed strategy for the use of the standard IT approach for exchange of AEO data with third countries – *end 2013*;

#### **Contribution to TRADE negotiations**

4. Participation in the WTO work in particular regarding the ITA review, the Pharma GATT arrangement review, the negotiation of a Trade Facilitation Agreement, the implementation of the Civil Aircraft agreement and the elaboration of the WTO Tariff Schedule – *multi-annual*;
5. Finalisation of the customs and trade facilitation chapters and border measure chapters (IPR) of various trade agreements (incl. free trade, economic partnership and association agreements) with **Eastern Partners** (Russia, Ukraine, Moldova, Armenia, Georgia, Azerbaijan, Kazakhstan), **East and South Asia, Pacific** (India, Singapore, Malaysia, Vietnam), **Africa** (Morocco, ACP), **Latin America** (Mercosur) – *ongoing*;
6. Implementation of existing Association agreements, free trade agreements, partnership and cooperation agreements and customs cooperation agreements through the framework of customs committees and sub-committees – *ongoing*;

#### **Enlargement**

7. Contribution to reinforcement of the stabilisation and association process with the Western Balkan countries in the light of their European perspective – *ongoing*;
8. Contribution to accession negotiations with candidate countries, in order to ensure harmonisation of their customs and fiscal legislation and strengthening of their administrative capacity to apply the customs and tax acquis including IT interconnectivity – *ongoing*;
9. Revision of the customs blueprints – *2013/2014*;
10. Adoption by the Council of the proposal for a Council Regulation on the waiver from the requirement to submit entry and exit summary declarations for Union goods that are moved across the Neum corridor (Art. 43 of the Act concerning the Conditions of Accession of Croatia): *Commission proposal tabled end 2012, early 2013; adoption by the Council before 31.05.2012*;

#### **Western Europe**

11. Management of the Customs Union with Turkey, Andorra and San Marino – *ongoing*;
12. Implementation of the agreements with Switzerland, Norway and Andorra on customs security measures: *Practical implementation of EU-CH and EU-NO mutual recognition agreements – ongoing*;

#### **Eastern Partners**

13. Signature and conclusion of the EU Russia Agreement on the Control of trade in drug precursors – *first half of 2013; first meeting of the Joint Follow-up Group Q4 2013*;
14. Accession of the Former Yugoslav Republic of Macedonia to the Common Transit and S.A.D. Conventions – *expected in 2014/2015*;
15. Development of customs cooperation with Eastern neighbouring countries:
  - Implementation of the customs and taxation priorities of the European Neighbourhood Policy action plans of the Ukraine Association Agenda – *ongoing – update of EU Ukraine Association Agenda foreseen by beginning of 2013*;
  - Implementation of the Strategic Frameworks for customs cooperation with Russia, Ukraine and Moldova – *2013*;
  - Conclusion of strategic frameworks with Belarus – *2013, political situation permitting*;
  - Conclusion of the study on information exchanges with Eastern neighbouring countries – *early 2013*;

- Implementation of the action plan to fight against smuggling of cigarettes and alcohol along the EU Eastern border (joint initiative with OLAF) and contribution to the preparation of the cigarette smuggling Communication of OLAF – 2013;

#### **Mediterranean neighbours**

16. Implementation of revised rules of origin for Pan-Euro-Med after consensus reached by members of the Pan-Euro-Med zone on articles and list rules. Integration into Pan-Euro-Med cumulation zone of Ukraine, Georgia, Armenia and Moldova – *ongoing*;

#### **Transatlantic cooperation**

17. Practical implementation of EU-US Mutual recognition agreement – *the implementation of phase 2 is ongoing; start full reciprocal implementation in early 2013; regular monitoring of implementation from 2013 onwards*;
18. Joint Statement on supply-chain security with the US: implementation in cooperation with the other relevant services – *ongoing most probably by end 2014*;
19. Management of the EU bilateral agreements on drug precursors with the US, including joint follow-up group meeting and one cooperation activity – *2013*;
20. Launch negotiation of EU-Canada AEO mutual recognition – *to be finalised and implemented in 2014*;  
The legal basis is the EU-Canada Supply Chain Security Agreement – EP consent and Council decision to conclude the Agreement pending the signing of the Agreement – *foreseen for Q1 2013*;

#### **China**

21. Implementation of the Strategic Framework for Cooperation with China (2<sup>nd</sup> phase) - *2013-2014*;
22. Mutual recognition of AEO-programme's between EU and China – *start negotiations at the end of 2012 or early 2013; strive to finalise and implement in 2014*;
23. EU-China Smart and Secure Trade Lanes (SSTL) pilot project:
  - Continuation and evaluation of SSTL phase II – *by end 2013*;
  - Planning for the expansion of the pilot project to a third phase based on GNC Utility Block 2 – *2014*;
24. Extension of the EU-China IPR Action Plan followed by implementation – *2013*;
25. Management of the EU bilateral agreements on drug precursors with China, including Joint Follow-up Group meeting and one cooperation activity – *2013*;

#### **East and South Asia, Pacific**

26. EU-Japan: Continue implementation of AEO MR, improve the IT aspects (automate data exchange) and identify future benefits – *2013*;
27. Launch negotiations of a Customs Cooperation and Mutual Administrative Assistance Agreement (including supply chain security) with New Zealand – *in 2013; to be finalised in 2014*;
28. Reinforce cooperation on IPR with Hong Kong – *2013/2014*;
29. ASEM: monitor, coordinate and facilitate the ASEM work and customs cooperation:
  - coordinate and organise the ASEM Customs Working Group – *May 2013, Prague*;
  - coordinate and organise the ASEM DGs meetings – *October 2013, Austria*;



### **Latin America**

30. Management of the EU bilateral agreements on drug precursors with Latin American countries, including Joint Follow-up Group meeting and one cooperation activity – 2013; *B1*

### **Rules of origin**

31. Establishing the certification system for registered exporters (REX) in EU Member States, GSP beneficiary countries, Norway, Switzerland and Turkey. Management of the related database and online publication – *by 1 January 2017*:
  - Development of functional specifications - *by end 2013*;
  - Presentation of user requirements to operators and third countries - *end 2013 to beginning of 2014*;
  - IT technical specifications to be elaborated - *by end 2014*;
32. Preferential rules of origin:
  - Implementation, where appropriate, of reformed preferential rules of origin in new trade agreements still to be negotiated with 3<sup>rd</sup> countries, during the test period in the framework of the Generalised System of Preferences – *ongoing 2013 and subsequent years*;
  - Revision of the OCT-rules of origin (Overseas Countries and Territories): Commission to follow-up on the adoption procedure and defend the legislative proposal, as regards the revised Protocol on rules of origin included in a new OAD (Overseas Association Decision) in the Council - *the revised decision is foreseen to enter into force on 1 January 2014*.

### **Main expenditure-related outputs**

1. WCO membership – yearly EU contribution: WCO is one of the few international organizations in which the EU has membership rights and obligations, and can fully exercise its competences; with a view to developing and influencing customs policy, standards and procedures worldwide – *continuous*;
2. Deployment of second version of SPEED – *Delayed due to technical difficulties. Expected operational in Q1 2013 (instead of Q3 2012)*;
3. Maintenance and operations of TIR data exchange system with Russia – *continuous activity*;
4. Extension of NCTS/ICS/ECS systems to Candidate Countries – *as needed, with 18 months notice*;
5. Extension of NCTS to third countries (new contracting parties to the transit convention) - *as needed, with 18 months notice*;
6. Extension of exchange of data to Third Countries – *as needed, with 18 months notice*;
7. GNC proof of concept phase implementation; Convergence of the IT implementation of international data exchange projects towards the GNC standards with the support of CUSTDEV2 - *ongoing 2013-2014*;
8. Participation in the ITA Committee – *as needed*.

## **5. Specific objectives for horizontal activities**

Under the Activity Based Budgeting (ABB) structure, DG Taxation and Customs Union is responsible for 2 horizontal activities:

- Administrative Support (ABB 06);
- Policy Strategy and Coordination (ABB 02).

### ***5.1. Administrative Support***

The ABB Activity Administrative Support covers activities performed by the Management of the Human and Financial Resources Unit, the Internal Audit and further two units of DG TAXUD dealing with information, training, management of programmes and trans-European systems. This activity includes the following functions:

- Human resources management;
- Financial management;
- Management of information and communication technologies (ICT);
- Internal audit designed to provide assurance of the soundness of internal controls, of operational management and of accounting and reporting systems.

**ACTIVITY: ADMINISTRATIVE SUPPORT (ABB 06)**

**SPECIFIC OBJECTIVE 1: Recruit, train, assess, motivate and retain highly qualified staff so that effective and efficient operation of the DG, as well as promotion of equal opportunities within the DG are ensured**

<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
EUR 10 and EUR2 recruitment targets reached.	EUR10 AD&AST targets reached in 2010: >100% EUR10 Middle Managers targets reached in 2010: 100% EUR2 AD targets reached in 2010: 154% EUR2 AST targets reached in 2010: 133% EUR2 Middle Managers: 100%	100%
Occupancy rate for TAXUD posts	95% (96,7 % in 2011 and 94% in 2010)	95%
% of female administrators recruitments	50% (33% in 2011 and 53% in 2010)	55%
% of new female middle managers	0% (only 1 MM position filled in 2012)	30%
% of accepted applications for flexible work arrangements	100%	100%
Average number of training days per staff member	10,1 days per person in 2012	≥10 (Commission-wide target)

<b>ACTIVITY: ADMINISTRATIVE SUPPORT (ABB 06)</b>		
<b>SPECIFIC OBJECTIVE 2: Plan, perform, monitor and report on the spending of financial resources so that sound financial management is ensured throughout the DG's activities</b>		
<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
% of budget execution (commitments) with respect to annual and final budgets.	As on 30/09/2012 about 81% committed	> 90%
Distribution rate of commitments during the year.	As on 31/8/2012 about 62% committed (84% on 31/8/2011).	To commit 60% of all yearly commitment appropriations by 31/08 of given year.
Average delay for payments.	As on 30/09/2012: 24 days.	< 30 days
Amount of potentially abnormal RAL.	As on 30/09/2012 no potentially abnormal RAL.	No potentially abnormal RAL.
Number of late payments resulting in an obligation to pay interest.	For budgetary year 2012 (till 30/09/2012) there was € 522 paid as late interests.	No late payments resulting in an obligation to pay interest.
% of awarded tenders in a given year in comparison with the planned ones (planning established at the beginning of each year).	2012: 100%	100%

<b>ACTIVITY: ADMINISTRATIVE SUPPORT (ABB 06)</b>		
<b>SPECIFIC OBJECTIVE 3: Define, plan, set-up, maintain and develop high quality Information Technology (IT) infrastructure, tools and services so that the staff is adequately supported in their operation</b>		
<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
% of lost or unaccounted Office Automation inventory items.	0 %	< 0,5%
Global end user satisfaction with Office Automation helpdesk services.	Above 9/10	Global satisfaction score of minimum 7/10.

**ACTIVITY: ADMINISTRATIVE SUPPORT (ABB 06)**

**SPECIFIC OBJECTIVE 4: Implement and maintain an effective internal control system so that reasonable assurance can be given that resources assigned to the activities are used in accordance with the principles of sound financial management and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions**

<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Coverage of ex-ante verification of commitments.	As on 30/09/2012: 100% commitments are verified ex-ante.	100% of commitments to be verified ex-ante.
Coverage of ex-ante controls of payments.	As on 30/09/2012: the ex-ante controls of payments covered about: - 6 % of number of payments paid by DG TAXUD (5% in 2011); - 21 % of the total amount paid by DG TAXUD (28% in 2011).	Ex-ante control of at minimum one payment a week (which means with current volume of payment the coverage of about 4%); - No target concerning the amount coverage as the purpose is to check the payments "randomly" and not based on the amount.
% of DG TAXUD staff participating in training sessions related to ethics and fraud prevention.	70% in 2012 (20% in 2011)	> 70% in 2013
Degree of compliance with the ICS.	Full compliance in 2012 (partial compliance in relation with 2 standards in 2011)	Full compliance.
Number of reservations in the AAR.	None in AAR 2011.	None in AAR 2012.

## ***5.2. Policy Strategy and Coordination***

The ABB Activity Policy Strategy and Coordination for DG TAXUD gives the necessary impulse to the policy definition, preparation and implementation in order to achieve the overall mission of the DG. To this end this activity promotes the development of a strategic planning and a smart regulation culture so that legislative proposals and non-legislative acts pass efficiently through the institutional system. In addition, this activity contributes to the achievement of the DG's goals through efficient liaison with Directorates and Units within the DG, other DGs, the Cabinet, European institutions, stakeholders and citizens.

This activity includes the following functions:

- Policy strategy definition and coordination;
- Strategic planning and programming;
- Internal and external communication;
- Coordination of institutional affairs;
- Evaluation;
- Document management.

**ACTIVITY: POLICY STRATEGY AND COORDINATION (ABB 02)**

**SPECIFIC OBJECTIVE 1: To ensure efficient policy coordination in accordance with the DG's strategic objectives and priorities so that the overall mission of TAXUD is coherently planned and fulfilled**

<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Delivery rate/adoption by the College of initiatives included in the Commission Work Programme (CWP).	<p>From the 6 initiatives included in the CWP 2012 the below 5 were tabled in 2012:</p> <ul style="list-style-type: none"> <li>- Good governance in relation to tax havens – 06/12/2012;</li> <li>- Drug precursors –27/09/2012;</li> <li>- A Quick Reaction Mechanism against VAT fraud – 31/07/2012;</li> <li>- Car taxation – 14/12/2012;</li> <li>- The state of the Customs Union – 21/12/2012.</li> </ul> <p>The below item has been postponed to 2013:</p> <ul style="list-style-type: none"> <li>- Eliminating double taxation on cross-border dividend payments to portfolio investors – Q3 2013</li> </ul> <p>Apart from the planned CWP items above, TAXUD tabled a new political initiative on the 'Enhanced cooperation in the area of Financial Transaction Tax' on 23/10/2012.</p> <p>Leftovers from CWP 2010: The proposal on 'Vouchers and other promotions schemes' was tabled in 2012.</p>	Adoption in accordance with the CWP.
Degree of involvement of Directorates in the SPP cycle.	100% in 2012.	Maintain the same degree.
Degree of respect of the rules on data protection measured by the number of outstanding notifications.	As of 30/11/2012: 10 notifications in the Register and 3 notifications in progress (77% notifications completed).	Completion of pending notifications and notification of relevant new IT systems.

**ACTIVITY: POLICY STRATEGY AND COORDINATION (ABB 02)**

**SPECIFIC OBJECTIVE 2: To secure efficient relations with external partners such as the Institutions, stakeholders, civil society so that the overall strategy and activities of the DG are reinforced and better understood**

<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
% of timely replies to questions addressed by MEP.	100%	100%
% of positive answers to requests for access to documents under Regulation 1049/2001.	All the requests were answered. In the case of 69% of the requests full or partial access was granted (by 30/11/2012).	Answer all requests in due time. Maintain a high percentage concerning the actual access to documents.
Coverage of CWP priority items in DG TAXUD's press activities.	100 % covered.	100 % covered.
Number of pages views on DG TAXUD's website on EUROPA.	Number of page views: 165.000.000 (until 30 September 2012).	Maintain the number of pages views at the 2011 level (135.500.000).
Number of coordination activities of European Customs Laboratories.	12 coordination activities in 2012	To organize 12 coordination activities per year.

***Main outputs***

1. Coordination of European Customs Laboratories, in particular in relation to tariff classification and tariff implementation of Community legislation: *ongoing – around 12 coordination activities (steering group, working groups, seminar, etc.) foreseen for 2012/13;*

***Main expenditure-related outputs***

1. Communication campaigns – *on demand;*
2. Scientific and technical assistance - Revision and translation of IUPAC names in ECICS database: a new Framework Contract of 4 years – *ongoing till 2016;*
3. Technical assistance and secretariat for coordination of European Customs Laboratories: – *ongoing till 2015;*
4. Scientific and technical assistance for improvement of sampling procedures – *a Framework Contract of 4 years – ongoing till 2016;*
5. Waste – Provisions of studies and consultancy in the area of Scientific Customs-Expertise in waste and dangerous products (feed into the guidelines on customs controls on waste shipments – see output 11 under ABB 04 Specific Objective 1) - *ongoing till 2015;*
6. Scientific assistance and secretariat for the update and the enrichment of the European Customs Inventory of Chemical Substances database (ECICS) – *ongoing till 2015;*
7. Measures clarifying the distinction between food supplements and medicines in the CN: Provision of studies and consultancy in the area of Scientific Customs-Expertise in pharmaceutical science – *ongoing till 2015.*



**ACTIVITY: POLICY STRATEGY AND COORDINATION (ABB 02)**

**SPECIFIC OBJECTIVE 3: To ensure effective operation of the Directorate-General through efficient internal co-ordination and communication**

<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Implementation of document management IT systems.	<ul style="list-style-type: none"> <li>– Regular fine-tuning of ARES with SG/DIGIT and DMOs of the other DGs: deployment of one updated version of Ares and Nomcom in 2012;</li> <li>– Exclusive use of e-signatories for all documents since April 2012;</li> <li>– Quality control of registered documents and files (done by sampling) at 50% of all TAXUD units.</li> </ul>	<ul style="list-style-type: none"> <li>– All units file their documents correctly and manage their files autonomously (applying LCC and first review), before sending them to the Historical Archives in collaboration with the DMO, by mid-2013;</li> <li>– Quality control of registered documents and files (done by sampling) at all TAXUD units by beginning 2014.</li> </ul>
Internal Communication: e.g. number of structured opportunities/tools to ensure two-way communication between management and staff.	<ul style="list-style-type: none"> <li>– Number of visits on the Intranet of DG TAXUD: 287.547 between January 2012 – 15 October 2012 (211.000 between January and November 2011);</li> </ul> <p><i>The increase is of a technical nature. It is due to the launch of the new intranet in June whose software uses a different method to count the number of visits.</i></p>	<ul style="list-style-type: none"> <li>– Maintain the number of visits at the 2011 level;</li> </ul>
<b>Main outputs</b>		
<ol style="list-style-type: none"> <li>1. Weekly internal newsflash and special issues;</li> <li>2. External newsflashes;</li> </ol>		

<b>ACTIVITY: POLICY STRATEGY AND COORDINATION (ABB 02)</b>		
<b>SPECIFIC OBJECTIVE 4: To contribute to a smart regulatory approach in key policy areas of the DG TAXUD by strengthening ex-post evaluation and by conducting studies</b>		
<i>Performance Indicators</i>	<i>Latest known result</i>	<i>Target (mid-term)</i>
Number of ex-post evaluations of expenditure programmes.	Customs 2013: mid-term evaluation finalized in 2011;  Fiscalis 2013: mid-term evaluation finalized in 2011.	To launch and complete two final programme evaluations on time and to submit evaluation reports to other institutions by set deadlines: Customs 2013 final: before 1 August 2014; Fiscalis final: by 31 July 2014.
Number of ex-post evaluations of other activities than expenditure programmes (policy evaluation, evaluation of regulatory measures).	<ul style="list-style-type: none"> <li>– Evaluation of the elements of the VAT (2011);</li> <li>– Evaluation of the State of the Customs Union (2012);</li> <li>– Evaluation of the autonomous tariff suspension scheme (ongoing).</li> </ul>	Evaluations of the most pertinent policy areas within the remit of DG TAXUD, in accordance with the evaluation requirements of the Commission and the CWP.
<b><i>Main outputs</i></b>		
For output on evaluations, see under separate chapter 6.4.		

## 6. Annexes

### 6.1. Communication strategy

No	Communication Objective(s)	Message	Audience	Proposed actions/ type of activity	Date/ location	DG COMM Services <sup>7</sup>	Ex-ante evaluation	Budget
<b>Communication actions 2013</b>								
Below are the main actions planned under the DG's priorities. The actions may be revised in the light of political developments and priorities during the year.								
<b>Tax policy – specific objective 1 - Tax fraud and tax avoidance</b> - As the key priority for the DG in 2013 a communication campaign will be developed following on from the action plan on tax fraud and tax evasion and recommendations on aggressive tax planning and 'tax havens' adopted by the Commission in December 2012. The campaign will raise awareness of the consequences of these amongst citizens and business and also promote and support the proposed actions for Member State cooperation and exchange of best practice.								
1	To raise awareness of the implications of tax fraud and tax avoidance in terms of lost central revenue and hence reduced common goods for society (both business and the individual) in order to encourage payment of taxes and for Member States to work more closely together	One trillion of EU wide tax revenue is lost per annum – lost improvements in roads, rail, community services, health care, welfare support, etc	General public	Activity will primarily be on-line, possibly a video and use of social media	To be determined			
			Business/ Member States	To be determined				

<sup>7</sup> Please consult DG COMM/A1 on how COMM services can best support your activities. The full list of DG COMM services can be consulted here: [http://www.cc.cec/home/dgserv/comm/helping\\_you\\_communicate/index\\_en.htm](http://www.cc.cec/home/dgserv/comm/helping_you_communicate/index_en.htm)

No	Communication Objective(s)	Message	Audience	Proposed actions/ type of activity	Date/ location	DG COMM Services <sup>8</sup>	Ex-ante evaluation	Budget
<p><b>Customs policy – specific objective 1 – cash controls</b> – under Customs policy /specific objective 1 is to protect citizens from the security and safety risks posed by the international trade in goods and to support the fight against illicit traffic and fraud by improving the capacity of the Commission and Member States to act. One of the policy outputs is cash controls and a comprehensive uniform EU awareness campaign on cash controls was carried out in 2011 building on activities in previous years. In 2013 additional work will continue concentrating primarily on more long term communication actions.</p>								
1	Awareness raising	Make a declaration at customs if you are carrying €10000 or more (or equivalent in other currencies)	All travellers in and out of the EU carrying €10000 or more (or equivalent in other currencies)	Promotion of new declaration form Further promotion of video clip/on-line banners at airports, ports, etc Further contact with travel industry organisations Promoting the standard templates for information material for use by MSs	Throughout 2013			

<sup>8</sup> Please consult DG COMM/A1 on how COMM services can best support your activities. The full list of DG COMM services can be consulted here: [http://www.cc.cec/home/dgserv/comm/helping\\_you\\_communicate/index\\_en.htm](http://www.cc.cec/home/dgserv/comm/helping_you_communicate/index_en.htm)

No	Communication Objective(s)	Message	Audience	Proposed actions/ type of activity	Date/ location	DG COMM Services <sup>9</sup>	Ex-ante evaluation	Budget
<p><b>Tax policy and customs policy general objectives - Promote tax and customs related eGovernment services</b> -In 2010 and 2011 DG TAXUD participated in events in various Member States to promote the data dissemination system (DDS 2); the customs information portal (ECIP) and the broad range of eLearning courses - eSASP (eLearning module on Single Authorisation for Simplified procedures), eEORI (Economic Operators Registration and Information number), eVAT (eLearning on VAT System Directive); DPC-C (eLearning on Drug Precursor controls for Customs), EMCS e-learning second module etc.</p>								
1	Awareness raising of the services		Business – especially SME's	<p>Working through the EEN (European Enterprise Network) and other multipliers.</p> <p>Promotion of services via website, newsflashes, articles, advertorials in both printed and on-line media</p>				

<sup>9</sup> Please consult DG COMM/A1 on how COMM services can best support your activities. The full list of DG COMM services can be consulted here: [http://www.cc.cec/home/dgserv/comm/helping\\_you\\_communicate/index\\_en.htm](http://www.cc.cec/home/dgserv/comm/helping_you_communicate/index_en.htm)

## 6.2. Tables quoted in the Management Plan

### 6.2.1. Paying taxes rankings indicator

Rank	Country	Rank	Country	Rank	Country
6	Ireland	42	Cyprus	77	Austria
13	Denmark	50	Estonia	78*	Portugal
14	Luxembourg	52	Latvia	91	Bulgaria
16	United Kingdom	53	France	100	Slovak Republic
23	Finland	56	Greece	114	Poland
27	Malta	60	Lithuania	118	Hungary
29	Netherlands	63	Slovenia	120	Czech Republic
34	Spain	72	Germany	131	Italy
38	Sweden	75	Belgium	136	Romania

Source: Paying taxes rankings of the publication "[Paying taxes 2013: The global picture](#)", World Bank and PricewaterhouseCoopers Report – 2012 (p. 149-150)

Note: No information available for Malta; overall 183 countries were looked at. The Paying Taxes indicator covers the cost of taxes that are borne by the case study company, as well as the administrative burden of tax compliance for the company. They are measured using three sub-indicators: The Total Tax Rate (the cost of all taxes borne), the time needed to comply with the major taxes (profit taxes, labour taxes, mandatory contributions and consumption taxes); the number of tax payments.

\* Printing error in the publication, both Austria and Portugal are indicated as 77<sup>th</sup> in the total ranking and there is no 78<sup>th</sup>. The simple average of the three sub-indicators suggests that Austria is the 77<sup>th</sup> and Portugal the 78<sup>th</sup>.

### 6.2.2. International Logistics Performance Index

Rank	Country	Rank	Country	Rank	Country
3	Finland	15	Luxembourg	40	Hungary
4	Germany	20	Spain	43	Malta
5	Netherlands	24	Italy	44	Czech Republic
6	Denmark	25	Ireland	51	Slovak Republic
7	Belgium	28	Portugal	54	Romania
10	United Kingdom	30	Poland	58	Lithuania
11	Austria	34	Slovenia	65	Estonia
12	France	35	Cyprus	69	Greece
13	Sweden	36	Bulgaria	76	Latvia

Source: International Logistics Performance Index rankings of the publication "[Connecting to Compete – Trade Logistics in the Global Economy](#)", World Bank Report– 2012 (p. 36-39)

### 6.2.3. Action Plan on tax fraud and tax evasion – detailed list of actions

<b>Better use of existing instruments and Commission initiatives to be progressed</b>		
1	New framework for administrative cooperation	
2	Proposal to amend the Savings Taxation Directive	
3	Proposal for a negotiating mandate to seek corresponding changes to the existing savings taxation agreements with Switzerland, Andorra, Monaco, Liechtenstein and San Marino	
4	Proposal to sign and approve the draft EU/Liechtenstein agreement on anti-fraud and tax cooperation matters	
5	Proposal for a negotiating mandate to open similar negotiations with Andorra, Monaco, San Marino and Switzerland	
6	Proposal for a quick reaction mechanism in the field of VAT	
7	Proposal for an optional application of the VAT reverse charge mechanism	
8	Commission Decision establishing an EU VAT forum	
<b>New Commission initiatives</b>		
9	Recommendation on tax havens	05/12/2012
10	Recommendation on aggressive tax planning	05/12/2012
11	Improvements in the area of harmful business taxation	12/2012 and ongoing



12	TIN on EUROPA" portal	05/12/2012
13	Standard forms for exchange of information in the field of taxation: implementing regulation of Directive 2011/16/EU on administrative cooperation in the field of taxation	05/12/2012
14	A Euro denaturant for completely and partly denatured alcohol	05/12/2012
<b>Future initiatives: actions to be undertaken in the short term (December 2013)</b>		
15	A revision of the parent subsidiary directive (2011/96/EU)	12/2013
16	A review of the anti-abuse provisions of the Directives on Interest and Royalties, Mergers and Parent-Subsidiary with a view to implement the principles underlying its Recommendation on aggressive tax planning	Q2/2013
17	Creation of a Platform for Tax Good Governance to provide assistance in preparing its report on the application of the two Recommendations, and its on-going work on aggressive tax planning and good governance in tax matters	Q1/2013
18	Promote the standard of automatic exchange of information in international forums and the EU IT tools	12/2013
19	A European taxpayer's charter	12/2013
20	Reinforced cooperation with other law enforcement bodies	12/2013
21	Promote the use of simultaneous controls and the presence of foreign officials for audits	12/2013
<b>Future initiatives: actions to be undertaken in the medium term (December 2014)</b>		
22	Develop computerised formats for automatic exchange of information	12/2014
23	Use of an EU Tax Identification Number (TIN)	12/2014

24	Rationalise IT instruments	12/2014
25	Guidelines for tracing money flows	12/2014
26	Enhancing risk management techniques and in particular compliance risk management	12/2014
27	Extend EUROFISC to direct taxation	12/2014
28	Creation of a one-stop shop approach in all Member States	12/2014
29	Developing motivational incentives including voluntary disclosure programmes	12/2014
30	Develop a tax web portal	12/2014
31	Propose an alignment of administrative and criminal sanctions	12/2014
32	Develop an EU Standard Audit File for Tax (SAF-T)	12/2014
33	Obtain an authorisation from Council to start negotiations with third countries for bilateral agreements on administrative cooperation in the field of VAT	12/2014
<b>Future initiatives: actions to be undertaken in the longer term (beyond 2014)</b>		
34	A methodology for joint audits by dedicated teams of trained auditors	
35	Develop mutual direct access to national data bases	
36	Elaborate a single legal instrument for administrative cooperation for all taxes	

#### 6.2.4. The Enabling Trade Index 2012: Sub-index B – Border administration

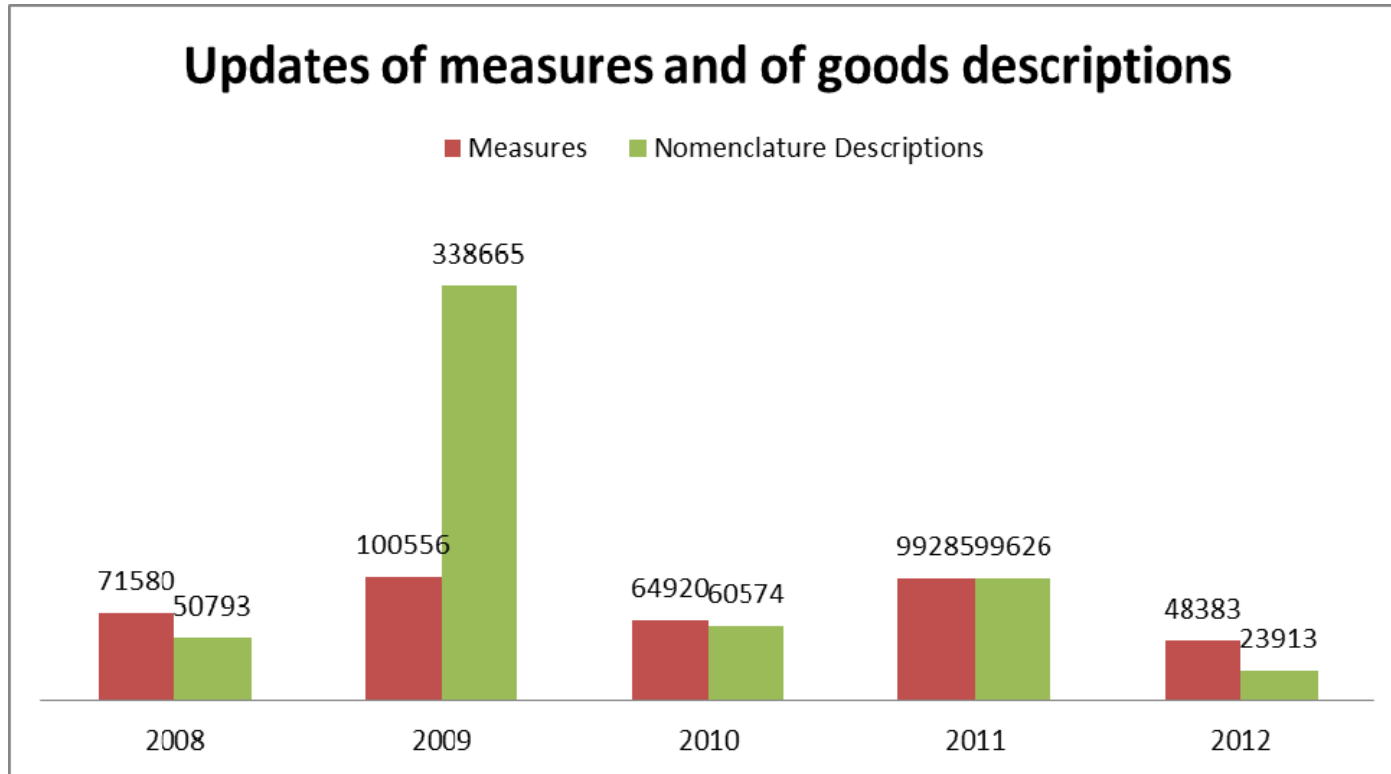
Rank	Country	Rank	Country	Rank	Country
2	Sweden	19	France	40	Lithuania
3	Denmark	21	Luxembourg	41	Czech Republic
5	Netherlands	27	Belgium	43	Latvia
7	Finland	28	Spain	49	Slovak Republic
9	United Kingdom	29	Slovenia	55	Italy
10	Ireland	32	Cyprus	57	Romania
13	Austria	35	Hungary	74	Bulgaria
16	Estonia	36	Portugal	79	Greece
18	Germany	38	Poland	-	Malta*

Source: [The Global Enabling Trade Report 2012](#), World Economic Forum – 2012 (see country pages: 114-350)

Note: The Enabling Trade Index consists of four sub-indexes. From customs perspective sub-index B on border administration is suitable to measure performance. Sub-index B covers three pillars: Efficiency of customs administration; Efficiency of import-export procedures and Transparency of border administration. Limitation of Sub-index B as customs performance indicator is that the third pillar referring to 'Transparency of border administration' is not influenced by customs.

\* Malta is not in the ranking.

### 6.2.5. Evolution of data provided for tariff classification of goods



Note: The number of measures and goods descriptions depends very much on the number of amendments made to the CN and on the number of Regulations to be integrated into TARIC.

**Number of active declarations recorded in Surveillance 2 database**

