



Annual activity report 2022

annexes

DG TAXATION AND CUSTOMS UNION

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ANNEX 1: Statement of the Director in charge of Risk Management and Internal Control

“I declare that in accordance with the Commission’s communication on the internal control framework ⁽¹⁾, I have reported my advice and recommendations on the overall state of internal control in the DG Taxation and Customs Union

I hereby certify that the information provided in the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.”



30 March 2023

*eSigned
Priscila Fernández-Cañadas
Director*

⁽¹⁾ C(2017)2373 of 19.04.2017.


ANNEX 2: Performance tables

General objective 1: European Green Deal			
Impact indicator 1: Greenhouse gas emissions intensity of energy consumption			
Source of the data: Eurostat (Eurostat online data code: sdg_13_20)			
Baseline (2017)	Interim Milestone (2021)	Target (2024)	Latest known results (2020)
86.7	Decrease	Decrease	80.8
Impact indicator 2: Share of renewable energy in gross final energy consumption			
Source of the data: Eurostat (Eurostat online data code: sdg_07_40)			
Baseline (2018)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
19.1%	20%	32%	21,8%
Specific objective 1.1: Design EU tax policy actions that contributes to a carbon neutral continent by 2050			Related to spending programme: Fiscalis
Result indicator 1: Tax Action Plan Implementation Indicator (KPI-1)			
Source of data: DG TAXUD			
Baseline (2020)	Target (2024)	Latest known results (2022)	
0%	100% of actions implemented	41% of the actions implemented 22% of them on hold or to be rescheduled.	

Main outputs in 2022				
New policy initiatives				
Output	Indicator	Target	Latest Result	Known
 Proposal for a Carbon Border Adjustment Mechanism	Support work of co-legislators	Throughout 2022	Political agreement reached on 12 December between co-legislators.	
 Proposal for a review of the Energy Tax Directive	Support work of co-legislators	Throughout 2022	Council negotiations continue	
Evaluation and Fitness Checks				
Output/ Result	Indicator	Target	Latest Result	Known
Evaluation of the impact of free zones in light of the European Green Deal (PLAN/2021/12553)	Evaluation completed	Q3 2022	The evaluation will be finalised by Q2 2023	

General objective 3: An economy that works for the people			
Impact indicator 3: Intra-EU trade in goods and services (% of GDP)			
Source of the data: Eurostat, Balance of payments (Eurostat online data code: bop_gdp6_q)			
Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2021)
42.7% (goods)	Increase	Increase	46,2%
10.1% (services)	Increase	Increase	9.1%
Specific objective 3.1: Develop tax policy actions for a stronger, fairer and more efficient Single Market			Related to spending programme: Fiscalis
Result indicator 1: Tax Action Plan Implementation Indicator (KPI-1)			
Source of data: DG TAXUD			
Baseline (2020)	Target (2024)		Latest known results (2022)
0%	100 % of actions implemented		41% of the actions implemented 22% of them on hold or to be rescheduled.
Result indicator 2: Member States' compliance with EU Tax and Customs Law			
Source of data: DG TAXUD			
Baseline (2020)	Milestone (2020)	Milestone (2021)	Latest known results (2022)
<ul style="list-style-type: none"> • Number of infringement cases closed • Number of EU PILOT cases closed • Number of newly opened cases (both EU PILOT and infringements) • Number of non-communication cases closed • Number of newly opened non-communication cases 		<ul style="list-style-type: none"> • 54 • 35 • 102 • 25 • 9 	<ul style="list-style-type: none"> • 46 • 25 • 70 • 25 • 45

Main outputs in 2022

New policy initiatives			
Output	Indicator	Target	Latest Known Result
 Proposal to implement the globally agreed re-allocation of taxing rights (Pillar 1)	Adoption by College	Q4 2022	Delivery date has been postponed to Q3 2023 due to delay in OECD work
VAT in the Digital Age (PLAN/2021/11943)	Adoption by College	Q3 2022	8 Dec 2022 COM(2022) 701/3 (Council Dir) COM(2022) 703/2 (Council Reg) COM(2022) 704/2 (Council IR)
Proposal publishing the effective tax rate at which large groups pay corporate tax in each jurisdiction	Adoption by College	Q2 2022	Postponed
Proposal for a Debt equity bias reduction allowance (DEBRA) (PLAN/2021/10435)	Adoption by College	Q1 2022	COM(2022) 216/2 11 May 2022
Extension of the automatic exchange of information to cover crypto-currencies (DAC8) (PLAN/2020/8658)	Adoption by College	Q2 2022	COM(2022) 707/3 8 Dec 2022
Proposal for Withholding Tax Relief procedures (PLAN/2021/10794)	Adoption by College	Q4 2022	Planned for adoption June 2023
VAT Gap initiative (PLAN/2020/9825)	Adoption by College	Q3 2022	Abandoned
Proposal to extend the period of application of the optional reverse charge mechanism (PLAN/2021/12654)	Adoption by College	Q1 2022	COM(2022) 39 10 Feb 2022
Initiative on Taxpayers rights (PLAN/2020/8320 & 8581)	Adoption by College	Q1 2022	Postponed
Evaluations and fitness checks			
Output	Indicator	Target	Latest Known Result
Evaluation of the VAT administrative cooperation (regulation 904/2010) (PLAN/2021/12029)	Staff Working Document published	Q4 2022	Postponed till Q3 2023
Evaluation VAT e-commerce	Annex to the impact assessment of the VAT in the Digital Age Proposal published	Q4 2022	Annex 6 of SWD(2022) 393 final 8 Dec 2022
Enforcement actions			

Output	Indicator	Target	Latest Known Result
Assessment of Member States transposition of the VAT E-commerce directives (2017/2455/EU and 2019/1995/EU)	Transposition checks for 27 Member States completed	Q1 2022	11 INFR closed
Assessment of the completeness of transposition of the recast Excise Duties directive (2020/262/EU)	Transposition checks completed for 27 Member States	Q3 2022	18 INFR launched (of which 5 were pursued further)
Assessment of the completeness of transposition of ATAD2 – reverse hybrid mismatches (2017/952)	Transposition checks for 27 Member States completed or infringement action launched/continued	Q2 2022	25 MS OK 3 INFR launched (of which 2 closed) 1 INFR and 1 EUP still on-going
Assessment of the conformity of transposition of ATAD2 – hybrid mismatches (2017/952)	Conformity checks for 27 Member States completed or infringement action launched/continued	Q1 2022	25 MS OK 2 MS still on-going (No INFR)
Assessment of the conformity of transposition of the Dispute Resolution Mechanism Directive (DRM)(2017/1852)	Conformity checks for 27 Member States completed or infringement action launched/continued	Q1 2022	25 MS OK 2 MS still on-going (of which 1 INFR launched)
Assessment of the conformity of transposition of DAC6 – intermediaries (2018/822 as amended by 2020/876)	Conformity checks for 27 Member States completed or infringement action launched/continued	Q1 2022	22 MS OK 5 MS still on-going (No INFR)

External communication actions

Output/ Result	Indicator	Target	Latest Known Result
Tax Symposium	Number of events/workshops:	Up to 3 in different EU Member States (hybrid or physical)	1 big EU Tax Symposium in Brussels & two supporting events - one fully online, one hybrid
	Participants per event/workshop:	50-100 (depending on format)	More than 2.000 participants online (all three events) and over 300 participants onsite at the EU Tax Symposium
	Media reach for the event	500.000	around 5 million via social media and at least another million

			thanks to media relations
	Target audience	Either high-level ministerial or broader stakeholder audience	high-level ministerial and broader stakeholder audience
	Attendees considering the event useful	95-100%	99% (89% very useful or useful, 10% somewhat useful)* <small>*based on post event survey</small>
Social media campaign on corporate tax reform/ future of taxation	Online Social media	Impressions (organic): 20.000 Impressions (paid): 2 million Content engagement (shares, likes, clicks, etc.): 200.000 CTR: 0.1% Video views: 400.000	Due to shift in political priorities the campaign on corporate tax reform and future of taxation has not been implemented
	Publications	Number of publications / updates (press material, factsheet, video): 4 Number of downloads and views (press material, factsheet): 20.000	
VAT in the Digital Age Campaign	Online Social media	Impressions (organic): 20.000 Impressions (paid): 2 million Content engagement (shares, likes, clicks, etc.): 200.000 CTR: 0.1% Video views: 300.000	10,211 organic impressions 1,569,732 paid impressions 3,794 paid and organic content engagements 0,28% 244,487 video views

	Publications	Number of publications / updates (press material, factsheet, video): 4 Number of downloads and views (press material, factsheet): 20.000	6 NA
Other important outputs			
Output	Indicator	Target	Latest Known Result
Article 12 Report	Adoption by College	Q1 2022	COM(2022) 137/2 7 Apr 2022
VAT gap report	Report published	Q4 2022	KP-AK-22-001-EN-N ISBN 978-92-76-57876-5
Article 59 Report to the Parliament and the Council on VAT administrative cooperation (PLAN/2021/12439)	Adoption by College	Q4 2022	Postponed to Q3 2023
VAT in the Digital Age	Study completed	Q1 2022	Final report published at the same time as the VAT in the Digital Age proposal (8 December 2022)
VAT In the Digital Age impact Assessment	Staff Working Document published	Q3 2022	SWD(2022)393 final
Study on economic impact of VAT disputes	Study completed	Q4 2022	To be abandoned
Study on VAT in the travel and tourism sector	Study completed	Q1 2023	Final report delivered in 1/2023 and currently being processed
2022 Taxation Trends Report and Annual Report on Taxation	Published	July 2022	Final Report delivered in June 2022
Taxes in Europe Database	Database	Q4 2022	Fully updated twice in 2022
EU Cooperative Compliance Initiative	Launch pilot project	Q1 2022	Launched and will finalise Q1 2023
Proposal for a Standing Committee for dispute resolution	Creation of the standing committee	Q4 2022	Postponed to Q2 2023
Expert team for the collaborative	CESOP functionalities finalised	Q4 2022	Ongoing to be finalised by Q3 2023

development by Member States of a Central Electronic System Of Payment data exchange (CESOP)			
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Specific objective 3.2: Implement the EU Programmes supporting EU tax and customs policy	Related to spending programme: Fiscalis Customs Customs Control Equipment Instrument
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<p>Result indicator 3: Programme Performance Indicator</p> <p>Description:</p> <p>It consists of three components:</p> <ul style="list-style-type: none"> • Collaboration Robustness Indicator (KPI-3) • Availability of European Information Systems and of the Common Communication Network (KPI-4) • F&C2020 Learning Index <p>Source of data: DG TAXUD</p>
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Results achieved under the Fiscalis and Customs programmes

Baseline (2021)	Target (2024)	Latest known results (2022)
Availability of European electronic systems Fiscalis: 99.5% Customs: 99.6%	The value that corresponds to the category of that specific EES - Gold – 99.8% - Silver – 99.6% - Bronze – 99.4% - Best Effort – 98.0% Taxation: 99.5% Customs : 99.65%	Taxation: 99.97% Customs: 99.80%
Availability of the Common Communication Network Fiscalis: 99,8% Customs: 99.8%	Taxation: 99,8% Customs: 99.8%	Taxation: 99.49% Customs: 99.49%
Use of key European electronic systems aimed at	Taxation: 1,440,000,000 throughout the programming	Customs: 4 billion (4,416,349,075)

increasing interconnectivity and moving to a paper-free Customs Union - Number of messages exchanged on the key EES/system components Customs: 0 Fiscalis: 0	cycle (2021-2027) Customs: 18,800,000,000 (18.8 billion) throughout the programming cycle (2021-2027)	Taxation: 1,8 billion (1,804,642,742)
Use of key European electronic systems aimed at increasing interconnectivity and moving to a paper-free Customs Union - Number of consultations carried out Customs: 0 Fiscalis: 0	Taxation: 840,000,000 (840 million) throughout the programming cycle Customs: 767,000,000 (767 million) throughout the programming cycle (2021-2027)	Customs: 123 million (123,157,916) Taxation: 5 billion (5,318,567,960)
Union Customs Code completion rate Customs: 75%	100% by 2025	87%
IT simplified procedures for the national administrations and economic operators – Number of economic operators registered Fiscalis: 0 Customs: 0	Taxation: 6,882,571 Customs: Stable or increase	Customs: 744,613 Taxation: 7,399,972
IT simplified procedures for the national administrations and economic operators – Number of applications Fiscalis: 0 Customs: 0	Taxation: 877,000 Customs: Stable or increase	Customs 42,507 Taxation: 837,476
Results achieved under the Fiscalis and Customs programmes.		
Baseline (2021)	Target (2024)	Latest known results (2022)
Extent to which the target audience is aware of the programme (awareness rate): Customs: 48% awareness for Customs Fiscalis: 45% end of 2019 (data source programme poll done in 2019)	Customs: 50% by 2024, 60% by 2027 Fiscalis: 50% by 2024, 60% by 2027	Customs: 74.90% Fiscalis: 72%.

<p>Degree of networking generated by the programme activities</p> <p>a) Percentage of agreement with the statement “the programme generated networking opportunities” for colleagues in the national administrations of respondents (from “not at all agree”/0% to “fully agree” /100%)</p> <p>Customs: 80% Fiscalis: 85.2%</p> <p>b) Percentage of respondents reporting “occasion”, “frequent” or “very frequent” contacts</p> <p>Customs: N.A. Fiscalis: N.A.</p>	<p>Customs: 90% average agreement, and 70% of respondents reporting occasional, frequent, or very frequent contacts.</p> <p>Fiscalis: 90% average agreement working opportunities and 70% of respondents reporting occasional, frequent, or very frequent contacts.</p>	<p>a) Network opportunity: Customs: 79.06% Fiscalis: 81%</p> <p>b) Percentage of respondents: 72% Customs: Fiscalis: 76%</p>
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<p>Result indicator 4: Customs Control Equipment Instrument Indicator</p> <p>Description: (Percentage of) border crossing points and customs laboratories which have equipment that meets the common list of equipment that should be available per customs laboratory/type of border crossing point (i.e. land, sea, air, postal, rail).</p> <p>Source of data: DG TAXUD</p>		
Baseline (2021)	Target (2024)	Latest known results (2022)*
<p>The common list of equipment has been defined and adopted; however the exact baseline value will be defined in 2022 after analysing the data provided in the framework of the first CCEI call; due to the late adoption of the Regulation, the CCEI call resulting into the signature of CCEI grant</p>	<p>Ensure customs border crossing points and customs laboratories are equipped in line with the equipment as per the common list – conformity expected at 60%.</p>	<p>9.28% for all BCPs**</p> <ul style="list-style-type: none"> • Air: 11% • Land: 7% • Mobile: 23% • Post: 11% • Rail: 8% • Sea: 12%

agreements was completed in 2022.		
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* Indicator value presented only for BCPs. Degree of adherence to a common list of equipment that should be available at customs laboratories cannot be calculated for 2022, as a common list of equipment could not be established yet due to the complexity of the situations of the customs laboratories.

** Based on data provided by Member States, data comprehensiveness rating is assessed at 59,8%.

Main outputs in 2022			
New policy initiatives			
Output	Indicator	Target	Latest Known Result
Customs Programme Performance Measurement Framework	Delegated act and SWD adopted	Q3 2022	C(2022) 5976/3 11 Oct 2022 SWD(2023) 24 final 24 Jan 2023
Fiscalis Programme Performance Measurement Framework	Delegated act and SWD adopted	Q3 2022	C(2022) 6102 30 Aug 2022 SWD (2022) 416 final 6 Dec 2022
CCEI Performance Measurement Framework	Delegated act and SWD adopted	Q3 2022	C(2022) 4488 4 Jul 2022 SWD(2022)314 26 Sep 2022
Evaluations and fitness checks			
Output	Indicator	Target	Latest Known Result
Customs 2020 final evaluation	Final report adopted	Q1 2022	COM(2022) 635 18 Nov 2022
Fiscalis 2020 final evaluation	Final report adopted	Q1 2022	14 Dec 2022 COM(2022) 717 SWD (2022) 406 final 14 Dec 2022
Other important outputs			
Output	Indicator	Target	Latest Known Result
Ensure all networks are operational,	All networks operational e.g. 24/7 when relevant	Fully operational	All networks were operational during 2022.
Ensure availability of all applications	All applications available, e.g. 24/7 when relevant	Fully available	All applications were available according to their category (Gold, Silver, Bronze, Best Effort).
Deliver all the projects in line with their respective legal deadlines	Project deliver dates defined in the respective legal bases, e.g. in the UCC Work Programme, or in the MASP-C or the MASP-T.	Deliver all the projects within the pre-defined date.	Regarding the UCC Work Programme, on the European Commission side progress is in time for the implementation of the central services. MASP-T did not envisage the release of any project in 2022. As regards MASP-C, the projects that were planned for release in 2022 were delivered accordingly, except one. High Availability

			Gold Service was delivered with a quarter of delay.
Adapt IT workplans inline with the conclusions of the Wise Persons Group and of the Tax Symposium.	Update of the IT workplan when relevant	IT workplan updated when conclusions are available	Incorporated in the UCC Reform Package (planned for March 2023)
2021 Customs programme progress report	Report adopted	Q2 2022	SWD(2022) 94 final 28 Mar 2022
2021 Fiscalis programme progress report	Report adopted	Q2 2022	SWD(2022) 127 final 22 April 2022
2021 CCEI programme progress report	Report adopted	Q2 2022	SWD(2022) 56 final 8 March 2022
CCEI funding allocation exercise finalised	All grant agreements signed and pre-financing payments completed	Q3 2022	All CCEI grant agreements were signed in the second half of 2022.

Specific objective 3.3: Support wider EU policy priorities through taxation Related to spending programme: Fiscalis

Result indicator 1: Tax Action Plan Implementation Indicator (KPI-1)
Source of data: DG TAXUD

Baseline (2020)	Target (2024)	Latest known results (2022)
0%	100% of actions implemented	41% of the actions implemented 22% of them on hold or to be rescheduled.

Main outputs in 2022

New policy initiatives

Output	Indicator	Target	Latest Known Result
Proposal amending the structure and rates of excise duty applied to manufactured tobacco products (PLAN/2020/8656)	Adoption by College	Q2 2022	on hold
Cross-border acquisitions of excise goods by private individuals (PLAN/2020/8664)	Adoption by College	Q2 2022	on hold
Proposal for a Delegated Regulation laying down the general arrangements for excise duty (PLAN/2021/10318)	Adoption by College	Q2 2022	C(2022) 4494 5 Jul 2022
Proposal for an Implementing	Adoption by College	Q2 2022	C(2022) 4497

Regulation laying down the general arrangements for excise duty (PLAN/2021/10319)			5 Jul 2022
Public consultations			
Output	Indicator	Target	Latest Known Result
Evaluation of the rates and structures of excise duty on alcohol and alcoholic beverages	Public Consultation published	Q1 2022	OPC ended July 4 2022 - Summary report published
Other important outputs			
Output	Indicator	Target	Latest Known Result
Study on the evaluation of the rates and structures of excise duty on alcohol and alcoholic beverages	Report published	Q4 2022	study finalised – not published (on hold)
Initiative on distance selling of alcohol products	Launch Pilot Project	Q3 2022	Fiscalis Project Group (chair BE) launched

General objective 5: Protecting our European way of life			
Impact indicator 4: Baseline non-credible Surveillance Data Records (SDR)*			
Source of the data: DG TAXUD			
Baseline (2019)	Interim Milestone (2022)	Target (2024)	Latest known results (2022)
0,30%	Significant Decrease	Significant Decrease	A decrease of the value of non compliant SDRs from 0,44% to 0,25% of the total import value of codes under credibility checks registered.
Specific objective 5.1: Develop a more modern Customs Union, to facilitate trade, safeguard revenues and protect citizens and businesses			Related to spending programme: Customs
Result indicator 5: Modernisation and simplification of the Union Customs legislation (KPI-2)			
Source of data: DG TAXUD			
Baseline (2020)	Target (2025)	Latest known results (2022)	
65% of work programme implemented	100% of work programme implemented	87% of work programme implemented in terms of activities assigned to the Commission	
Result indicator 6: Member States' uniform implementation of the EU Tariff (CCT)			
Source of data: DG TAXUD			
Baseline (2020)	Target (2024)	Latest known results (2022)	
Baseline Credibility checks on 450 codes	300% increase of codes covered	Work delayed in view of resources devoted to the monitoring of the sanctions imposed due to the Ukrainian war till July 2023	
Result indicator 7: Implementation of security-related customs risk management actions indicator			
Source of data: DG TAXUD			
Baseline (2020)	Target (2024)	Latest known results (2022)	

100% of the existing action plan activities implemented	100% of the new action plan activities launched and implemented according to the timelines established	<i>The indicator is no longer relevant in the context of the forthcoming UCC Reform.</i>
Result indicator 8: Implementation of Joint Analytics Capacities initiative		
Source of data: DG TAXUD		
Baseline (2020)	Target (2024)	Latest known results (2022)
Start	100% implemented	100% implemented. JAC in place in cooperation with BUDG, OLAF and JRC

Main outputs in 2022				
New policy initiatives				
Output	Indicator	Target	Latest Result	Known
Proposal to amend the Union Customs Code (PLAN/2021/12806)	Adoption by College	Q4 2022	Customs reform proposal postponed till first half of 2023	
Proposal for establishing the European Union Single Window Environment for Customs	Adoption by co-legislators	Latest by December 2022	Adopted December 2022	
Implementing Act for the Union Customs Code Work Programme	Adoption by College	Q4 2022	Postponed till Q4 2023	
Implementing Act for the technical arrangements of the Union Customs Code	Adoption by College	Q4 2022	Postponed till Q1 2023	
Delegated Act amending the data elements related to the Union Customs Code	Adoption by College	Q4 2022	Postponed till Q1 2023	
Communication on new risk management strategy (PLAN/2021/10357)	Adoption by College	Q3 2022	Postponed	
Proposal to amend provisions on monitoring obligations for authorised economic operators	Adoption by College	Q1 2022	Included in the UCC Reform (March 2023)	
Bi-annual amendments of Council Regulations for the autonomous suspensions and quotas	Adoption by College	May 2022 November 2022	COM(2022) 183 26 Apr 2022 COM(2022)188 5 May 2022 COM(2022) 644 15 Nov 2022 COM(2022) 645 16 Nov 2022	
Proposal for Commission Decision establishing common risk criteria for	Adoption by College	Q3 2022	Postponed to Q3 2023, due to the fact that all Member States will be connected to ICS2 only on	

security and safety and for harmonised application of customs controls (ICS2)			1/7/23 at expiry of the derogation granted to 12 of them.
Evaluations and fitness checks			
Output	Indicator	Target	Latest Result Known
UCC midterm evaluation (PLAN/2019/5876)	Evaluation published	Q1 2022	SWD(2022)158 31 May 2022
Evaluation UCC	Staff Working Document published	Q4 2022	see above
Evaluation of the financial risk criteria decision	Submitted to Customs expert group	Q1 2022	Submitted in April 2022
Enforcement actions			
Output/ Result	Indicator	Target	Latest Result Known
Obtain list of beneficiaries on goods imported under Decision 2020/491	Value and relevance of beneficiary organisations	Q2 2022	Task completed, save for one delayed MS for which close follow-up action is undertaken
External communication actions			
Output/ Result	Indicator	Target	Latest Known Result
Campaign on the future of customs (Wise person group report)	Online Social media	Impressions (organic): 100.000 Impressions (paid): 1 million Content engagement (shares, likes, clicks, etc.): 100.000 CTR: 0.1%	Request for Campaign has been withdrawn by management
	Publications	Number of publications / updates (report, press material, factsheet): 3 Number of downloads and views (report, press material, factsheet): 5.000	
ICS2 Integrated Communication Campaign	Stakeholder engagement	Reach: Number of contacts (from the target audiences) reached by email: 250	247 contacts reached
		Number of contacts engaged 10-20%	8% contacts engaged
	Press & media relations (EU and 15 non-EU countries)	Number of news articles generated: 150	168 clippings
		Number of media contacts reached: 7.000	2,353 contacts reached
		Number of views of media releases: 500.000	n/a (reach of 2 billion people)
	Paid & Organic Social Media	Impressions (organic): 200.000	24,838 organic impressions

	(Twitter and LinkedIn)	Impressions (paid): 4 Million Video Views (paid & organic): 10.000 Content engagement (shares, likes, clicks, etc.): 15.000	15,093,505 paid impressions 3,622,470 paid & organic views 728,365 clicks
	Publication	Number of publications / updates (factsheets, infographics): 10 Number of downloads and views (factsheets, infographics)10.000	3 factsheets 4,805 downloads and views
	Website	Number of visits to the ICS2 dedicated page on the TAXUD website 20.000	159,823

Other important outputs				
Output	Indicator	Target	Latest Result	Known
Report of the Wise Persons Group	Report Published	Q2 2022	Published on 31 march 2022.	
Reflection group	Group launched	Q2 2022	Reflection group consultation process completed. 3 meetings took place between June and September 2022.	
UCC Annual Progress Report 2022	Adoption by College	Q4 2022	Adopted on 10/02/2023	
Multi-Annual Strategic Plan for electronic Customs (MASP-C)	Format of adoption dependent on outcome of the Wise Persons Group?	Q4 2022	Postponed till Q4 2023	
Central Clearance at Import	System available	Q3 2022	Partially completed ²	
Customs Union Performance MIS System	System available	Q1 2022	Postponed till Q1 2023	
Feasibility study interoperability SIS/Europol data and ICS2	Final Report delivered	Q2 2022	Delivered in August 2022	
Study on the EU Single Window Environment for Customs business to government (B2G) features	Final Report delivered	Q4 2022	Postponed to Q4 2023	

² Central Clearance at Import (CCI) is a decentralised system with common components and national components. DG TAXUD has completed its development activities in relation to CCI phase 1 by Q3 2022 and that part of the system is available. A substantial number of Member States has a development delay and have submitted formal derogation requests to the Commission. DG TAXUD is assessing these requests and will come forward with practical solutions for the CCI project implementation during 2023

Study on the impact of e-commerce on customs duty collection and assess the implications of removing the customs de minimis threshold	Study completed	Q2 2022	Postponed to Q1 2023
Update list of prohibition and restriction legislation to be applied to products entering the Union	List Published	Q4 2022	Postponed to Q1 2023
Progress report of the AEO programme	Report published	Q3 2022	Postponed
Update of the EU AEO Guidelines	Adoption by Customs Expert Group (CEG)	Q2 2022	Postponed
Expert Team to pool the knowledge in the field of data science and analytics to support the development of the ICS2 analytics capability	Launched	Q1 2022	Launched Q1 2022

Specific objective 5.2: Promote the EU's customs agenda internationally		Related to spending programme: Fiscalis Customs
Result indicator 9: Legitimate Trade Facilitating Indicator		
Source of data: DG TAXUD		
Baseline (2019)	Target (2024)	Latest known results (2022)
Uninterrupted response to quota/suspension requests	Uninterrupted	Target met in 2022
Number of traders with AEO status: 18 389	While the total number has decreased due to BREXIT, the number of traders of the EU27 continues to grow	On 31.12.2022, there were 18 210 AEOs compared to 18.090 one year earlier. On 01.01.2021, 1 144 AEOs registered in the UK were no longer included in the EU27 list.

Main outputs in 2022			
New policy initiatives			
Output	Indicator	Target	Latest Known Result
Proposal Binding Valuation Information (PLAN/2021/12693, PLAN/2021/12694)	Adoption by College	Q2 2022	C(2022) 8497 29 Nov 2022 Postponed for Q2 2023
Public consultations			
Output	Indicator	Target	Latest Known Result
Binding Valuation Information (BVI)	Closed	Q2 2022	Closed Q1 2023
Other important outputs			
Output	Indicator	Target	Latest Known Result
Decision to request negotiating mandate for EU-China AC agreement	Adopted	Q2 2022	Postponed Q2 2023
Monitoring of the functioning of preferential trade arrangements (rules of origin and administrative cooperation)	Monitoring actions undertaken; Requests for information answered; Specimen Management System (SMS) kept up-to-date.	Throughout 2022	Monitoring is an ongoing activity. Actions planned for 2022 completed
FTA negotiations on Rules of Origin with Indonesia, Australia and New Zealand	Completed	Q1 2022 (New Zealand) Q2 2022 (Australia, Indonesia)	New Zealand concluded Q2 2022 Australia and Indonesia postponed, Q2 2023
Negotiation of protocol on Rules of Origin with Cameroon (EU-Central Africa EPA)	Completed	Q2 2022	Concluded Q2 2022
Implementation of the Pan Euro Med transitional rules of origin among more than 45 Pan Euro Med countries	Adoption by the related Joint Bodies	Ongoing throughout 2022	2 decisions adopted in 2022
Conclude AEO mutual recognition agreements	Adoption of decision	<ul style="list-style-type: none"> Q2 2022 Canada Q3 2022 Singapore Q4 2022 Moldova/Turkiye 	Canada concluded October 2022 Singapore postponed Q3 2023 Moldova concluded Turkiye postponed to 2023
EU-UK TCA rules of origin: adoption of consultation procedure and interpretative notes	Adoption of decision of the Trade Specialised Committee on Customs Cooperation and Rules of Origin	Q1 2022	Adopted
EU-UK TCA (VAT/recovery): adoption of definitive	Adoption of decisions of the	Q1 2022	Postponed to 2023

arrangements	Trade Specialised Committee on Administrative Cooperation in VAT and Mutual Assistance on recovery		
Enable the participation of third countries in the Customs and Fiscalis programmes	International agreements concluded	Throughout 2022	<p>For the Customs programme: agreements with 6 countries signed in 2022 (Kosovo*, North Macedonia, Montenegro, Georgia, Ukraine, Turkiye). With 4 other countries - negotiations still on-going.</p> <p>For the Fiscalis programme: agreements with 6 countries signed in 2022 (Albania, Kosovo*, North Macedonia, Montenegro, Georgia, Ukraine). With 3 other countries negotiations still on-going and with 1 country (Turkiye) negotiations were concluded with no agreement.</p>

ANNEX 3: Draft annual accounts and financial reports

Annex 3 Financial Reports - DG TAXUD - Financial Year 2022**Table 1 : Commitments****Table 2 : Payments****Table 3 : Commitments to be settled****Table 4 : Balance Sheet****Table 5 : Statement of Financial Performance****Table 5 Bis: Off Balance Sheet****Table 6 : Average Payment Times****Table 7 : Income****Table 8 : Recovery of undue Payments****Table 9 : Ageing Balance of Recovery Orders****Table 10 : Waivers of Recovery Orders****Table 11 : Negotiated Procedures****Table 12 : Summary of Procedures****Table 13 : Building Contracts****Table 14 : Contracts declared Secret****Table 15 : FPA duration exceeds 4 years****Table 16 : Commitments co-delegation type 3 in 2022**

Additional comments

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2022 (in Mio €) for DG TAXUD					
			Commitment appropriations authorised*	Commitments made	%
			1	2	3=2/1
Title 03 Single Market					
03	03 01	Support administrative expenditure of the 'Single Market' cluster	0,30	0,30	100,00 %
	03 02	Single Market Programme	3,96	3,96	100,00 %
	03 03	EU Anti-Fraud Programme	0,24	0,24	100,00 %
	03 04	Cooperation in the field of taxation (FISCALIS)	39,45	36,80	93,27 %
	03 05	Cooperation in the field of customs (Customs)	131,06	126,65	96,64 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	1,20	1,20	100,00 %
Total Title 03			176,22	169,15	95,99 %
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,59	0,59	100,00 %
Total Title 09			0,59	0,59	100,00 %
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0,00	0,00	0,00 %
	11 03	Integrated Border Management Fund (IBMF) - Instrument for financial support for customs control equipment	138,11	138,11	100,00 %
Total Title 11			138,11	138,11	100,00 %
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1,20	1,20	100,00 %
Total Title 14			1,20	1,20	100,00 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,81	0,05	6,37 %
Total Title 20			0,81	0,05	6,37 %
Total Excluding NGEU			316,93	309,11	97,53 %
Total DG TAXUD			316,93	309,11	97,53 %

* Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).

% Outturn on Commitment Appropriations in 2022 for DG TAXUD

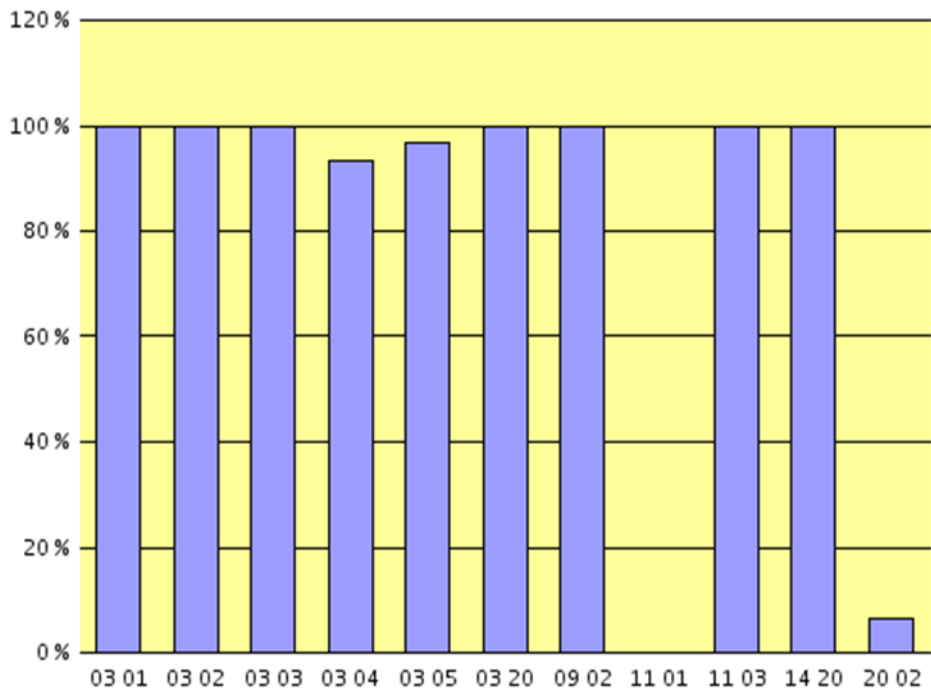


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2022 (in Mio €) for DG TAXUD					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 03 Single Market					
03	03 01	Support administrative expenditure of the 'Single Market' cluster	0,56	0,27	47,75 %
	03 02	Single Market Programme	1,58	1,58	100,00 %
	03 03	EU Anti-Fraud Programme	0,25	0,25	100,00 %
	03 04	Cooperation in the field of taxation (FISCALIS)	30,10	26,41	87,76 %
	03 05	Cooperation in the field of customs (Customs)	111,99	107,31	95,83 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,67	0,67	100,00 %
Total Title 03			145,15	136,49	94,04%
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,30	0,30	100,00 %
Total Title 09			0,30	0,30	100,00%
Title 11 Border Management					
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0,00	0,00	0,00 %
	11 03	Integrated Border Management Fund (IBMF) - Instrument for financial support for customs control equipment	136,76	136,76	100,00 %
Total Title 11			136,76	136,76	100,00%
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1,51	1,51	100,00 %
Total Title 14			1,51	1,51	100,00%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,83	0,04	4,36 %
Total Title 20			0,83	0,04	4,36%
Total Excluding NGEU			284,53	275,09	96,68%
Total DG TAXUD			284,53	275,09	96,68 %

* Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).

% Outturn on Payment Appropriations in 2022 for DG TAXUD

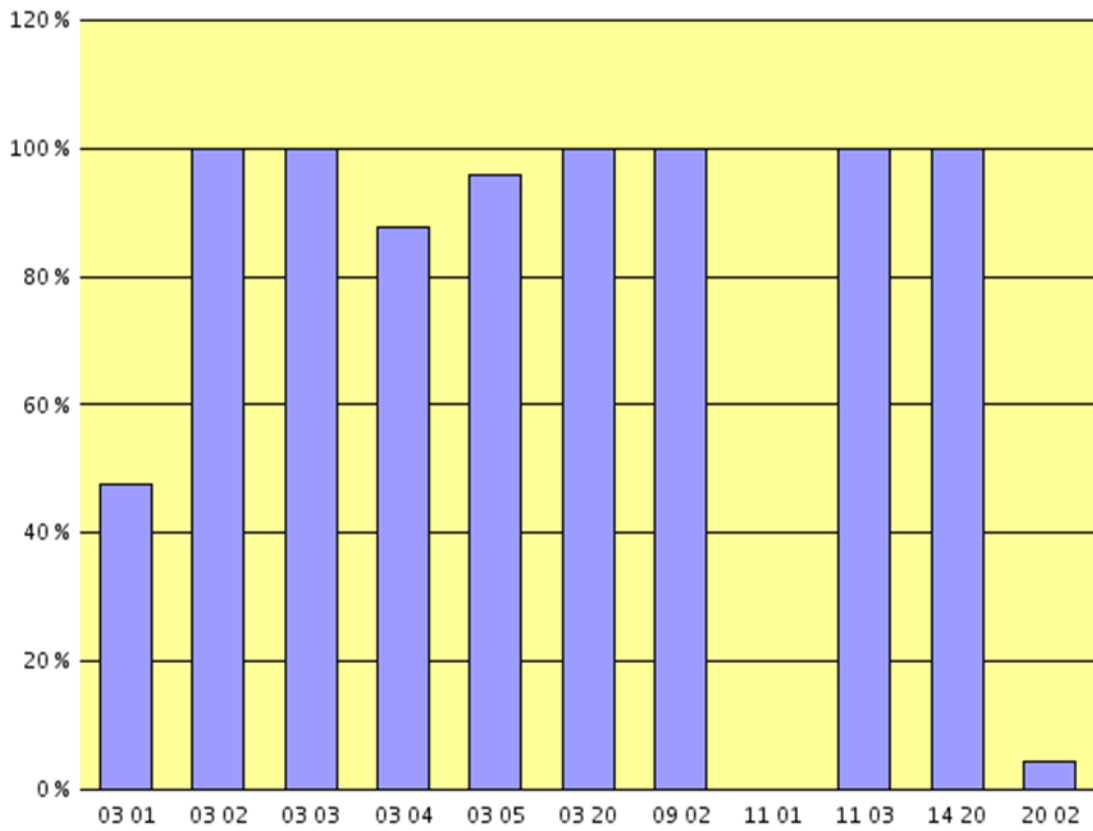


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
03	03 01	Support administrative expenditure of the 'Single Market' cluster	0,30	0,01	0,29	96,39%	0,00	0,29	0,26
	03 02	Single Market Programme	3,96	0,20	3,76	94,95%	0,56	4,32	2,03
	03 03	EU Anti-Fraud Programme	0,24	0,00	0,24	100,00%	0,00	0,24	0,25
	03 04	Cooperation in the field of taxation (FISCALIS)	36,80	7,71	29,08	79,04%	12,12	41,20	31,81
	03 05	Cooperation in the field of customs (Customs)	126,65	22,64	104,01	82,12%	29,62	133,63	116,79
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	1,20	0,00	1,20	100,00%	1,13	2,33	1,80
Total Title 03			169,15	30,57	138,58	81,93%	43,44	182,02	152,93
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,59	0,00	0,59	100,00%	0,23	0,82	0,53
Total Title 09			0,59	0,00	0,59	100,00%	0,23	0,82	0,53

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
11	11 01	Support administrative expenditure of the 'Border Management' cluster	0,00	0,00	0,00	0,00%	0,00	0,00	0,00
	11 03	Integrated Border Management Fund (IBMF) - Instrument for financial support for customs control equipment	138,11	73,35	64,76	46,89%	72,00	136,76	135,40
Total Title 11			138,11	73,35	64,76	46,89%	72,00	136,76	135,40
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1,20	1,20	0,00	0,00%	0,34	0,34	0,64
Total Title 14			1,20	1,20	0,00	0,00%	0,34	0,34	0,64

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2022 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2021	Total of commitments to be settled at end of financial year 2022	Total of commitments to be settled at end of financial year 2021
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
20	20 02	Other staff and expenditure relating to persons	0,05	0,03	0,02	38,18%	0,00	0,02	0,01
Total Title 20			0,05	0,03	0,02	38,18%	0,00	0,02	0,01
Total Excluding NGEU			309,11	105,15	203,96	65,98%	116,00	319,96	289,52
Total for DG TAXUD			309,11	105,15	203,96	65,98 %	116,00	319,96	289,52

Breakdown of Commitments Remaining to be Settled (in Mio EUR) in 2022 TAXUD

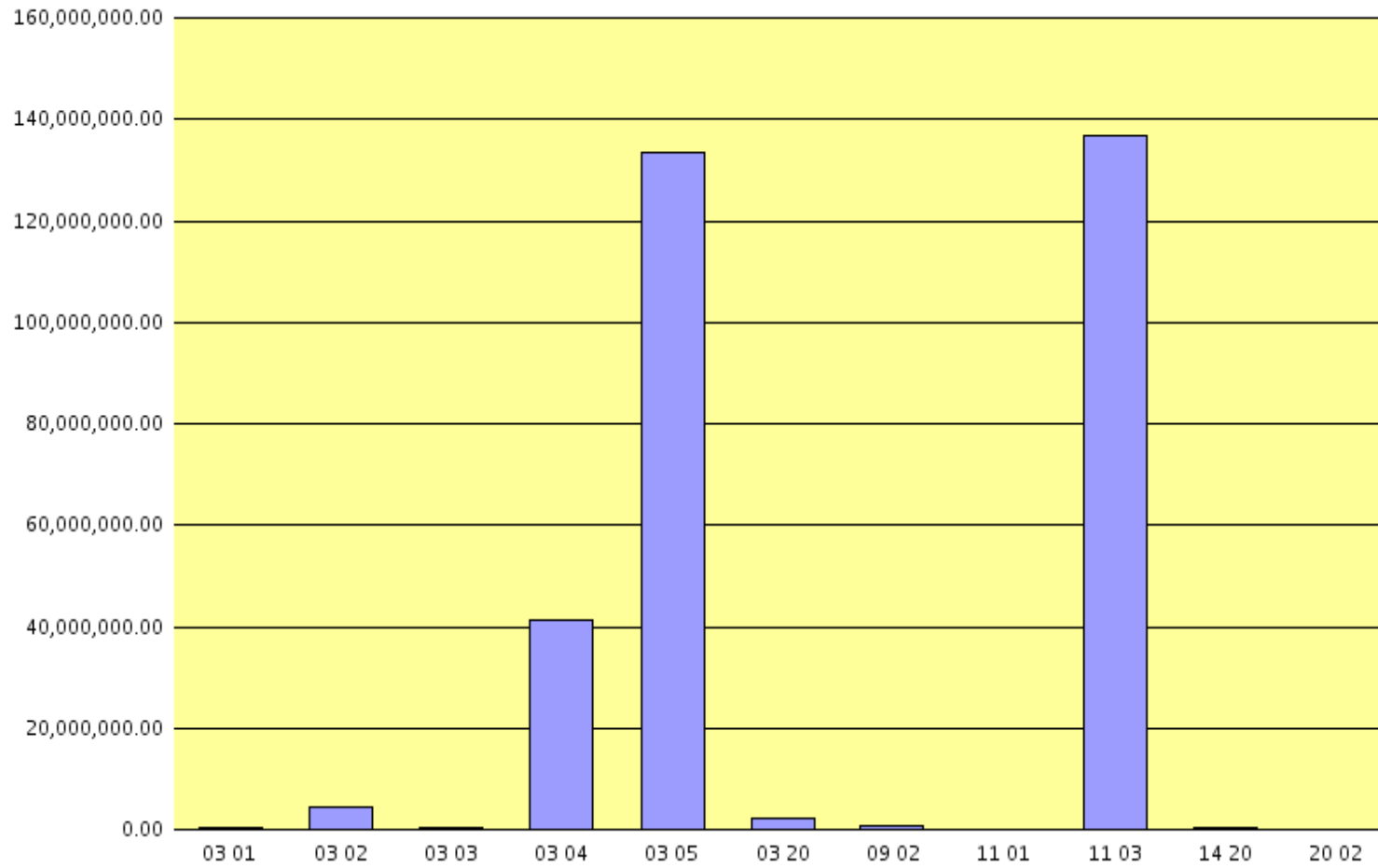


TABLE 4 : BALANCE SHEET for DG TAXUD

BALANCE SHEET	2022	2021
A.I. NON CURRENT ASSETS	63.129.035,50	61.995.320,83
A.I.1. Intangible Assets	54.036.307,40	54.036.307,40
A.I.2. Property, Plant and Equipment	9.092.728,10	7.959.013,43
A.II. CURRENT ASSETS	150.573.437,41	16.831.201,76
A.II.2. Current Pre-Financing	148.841.715,88	16.503.900,03
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	1.731.721,53	327.301,73
ASSETS	213.702.472,91	78.826.522,59
P.II. CURRENT LIABILITIES	-511.336,56	-456.002,86
P.II.4. Current Payables	-511.336,56	-456.002,86
P.II.5. Current Accrued Charges & Defrd Income	0,00	0,00
LIABILITIES	-511.336,56	-456.002,86
NET ASSETS (ASSETS less LIABILITIES)	213.191.136,35	78.370.519,73

P.III.2. Accumulated Surplus/Deficit		837.763.690,05
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Non-allocated central (surplus)/deficit*	-1.050.954.826,40	-801.626.978,06
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TOTAL DG TAXUD	0,00	0,00
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TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG TAXUD

STATEMENT OF FINANCIAL PERFORMANCE	2022	2021
II.1 REVENUES	-3.978.063,25	-2.331.820,49
II.1.1. NON-EXCHANGE REVENUES	-2.970.130,99	-1.072.996,28
II.1.1.5. FINES		-367.500,00
II.1.1.6. RECOVERY OF EXPENSES		-5.741,85
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-2.970.130,99	-699.754,43
II.1.2. EXCHANGE REVENUES	-1.007.932,26	-1.258.824,21
II.1.2.2. OTHER EXCHANGE REVENUE	-1.007.932,26	-1.258.824,21
II.2. EXPENSES	136.304.354,72	116.839.052,21
II.2. EXPENSES	136.304.354,72	116.839.052,21
II.2.10. OTHER EXPENSES	128.711.741,20	111.917.242,09
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	7.592.613,52	6.609.850,12
II.2.6. STAFF AND PENSION COSTS		-1.688.040,00
STATEMENT OF FINANCIAL PERFORMANCE	132.326.291,47	114.507.231,72

TABLE 5bis : OFF BALANCE SHEET for DG TAXUD

OFF BALANCE	2022	2021
OB.1. Contingent Assets	0,00	0,00
GR for pre-financing	0,00	0,00
OB.4. Balancing Accounts	0,00	0,00
OB.4. Balancing Accounts	0,00	0,00
OFF BALANCE	0,00	0,00

Legal Times									
Maximum Payment Time (Days)	Total Nbr of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)	Late Payments Amount	Percentage
30	1.118	1.099	98,30 %	15,11	19	1,70 %	35,05	1.745.645,83	1, %
45	7	7	100,00 %	29,57				0,00	0, %
60	9	8	88,89 %	20,50	1	11,11 %	61,00	136.452,00	16, %
90	21	20	95,24 %	26,20	1	4,76 %	92,00	1.967,00	0, %

Total Number of Payments	1.155	1.134	98,18 %		21	1,82 %		1884064,83	1, %
Average Net Payment Time	15,85714286			15,43			39,00		
Average Gross Payment Time	17,57489177			17,1137566			42,47619048		

Suspensions							
Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	35	56	4,85 %	1.155	7.082.821,53	2,58 %	274.546.802,99



DG	GL Account	Description	Amount (Eur)

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2022 for DG TAXUD

Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	
33	Other administrative revenue	542.008,47		542.008,47	542.008,47		542.008,47	0,00
60	Single market, innovation and digital	8.669.323,78	0,00	8.669.323,78	7.015.792,81	0,00	7.015.792,81	1.653.530,97
66	Other contributions and refunds	125.104,92	327.301,73	452.406,65	46.914,36	327.301,73	374.216,09	78.190,56
Total DG TAXUD		9.336.437,17	327.301,73	9.663.738,90	7.604.715,64	327.301,73	7.932.017,37	1.731.721,53

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in for DG TAXUD

EX-ANTE CONTROLS	Irregularity	OLAF Notified	Total undue payments recovered
	Amount	Amount	Amount
NON ELIGIBLE IN COST CLAIMS	1.965,50		1.965,50
CREDIT NOTES	7.115.481,57		7.115.481,57
RECOVERY ORDERS ON PRE-FINANCING			
Sub-Total	7.117.447,07		7.117.447,07

EX-POST CONTROLS	Irregularity	OLAF Notified	Total undue payments recovered
	Amount	Amount	Amount
INCOME LINES IN INVOICES			
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING			
Sub-Total			

GRAND TOTAL (EX-ANTE + EX-POST)	7.117.447,07		7.117.447,07
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TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2022 for DG TAXUD

	Number at 1/1/2022 1	Number at 12/31/2022	Evolution	Open Amount (Eur) at 1/1/2022 1	Open Amount (Eur) at 12/31/2022	Evolution
2021	1		-100,00 %	327.301,73		-100,00 %
2022		6			1.731.721,53	
	1	6	500,00 %	327.301,73	1.731.721,53	429,09 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2022 for DG TAXUD

Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments
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Total DG TAXUD	
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Number of RO waivers	
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TABLE 11 : Negotiated Procedures in 2022 for DG TAXUD**Internal Procedures > € 60,000**

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (e) - New services/works consisting in the repetition of similar services/works	1	3.889.000,00
Total	1	3.889.000,00

TABLE 12 : Summary of Procedures in 2022 for DG TAXUD

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	3.889.000,00
Open procedure (FR 164 (1)(a))	1	30.736.524,58
Total	2	34.625.524,58

TABLE 13 : BUILDING CONTRACTS in 2022 for DG TAXUD

Legal Base	Procedure subject	Contract Number	Contractor Name	Contract Subject	Contracted Amount (€)

TABLE 14 : CONTRACTS DECLARED SECRET in 2022 for DG TAXUD

Legal Base	LC Date	Contract Number	Contract Subject	Contracted Amount (€)

TABLE 15 : FPA duration exceeds 4 years - DG TAXUD

None of our FPA (if any) exceeds 4 years

TABLE 16 : Commitments co-delegation type 3 in 2022 for DG TAXUD

ANNEX 4: Financial scorecard

The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2022, 10 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)³:

- Commitment Appropriations (CA) Implementation	- Timely Payments
- CA Forecast Implementation	- Timely Decommitments
- Payment Appropriations (PA) Implementation	- Invoice Registration Time
- PA Forecast Implementation	- Accounting Data Quality
- Global Commitment Absorption	- Management Data Quality

For each indicator, its value (in %) for the Commission service is compared to the common target (in %). The difference between the indicator's value and the target is colour coded as follows:

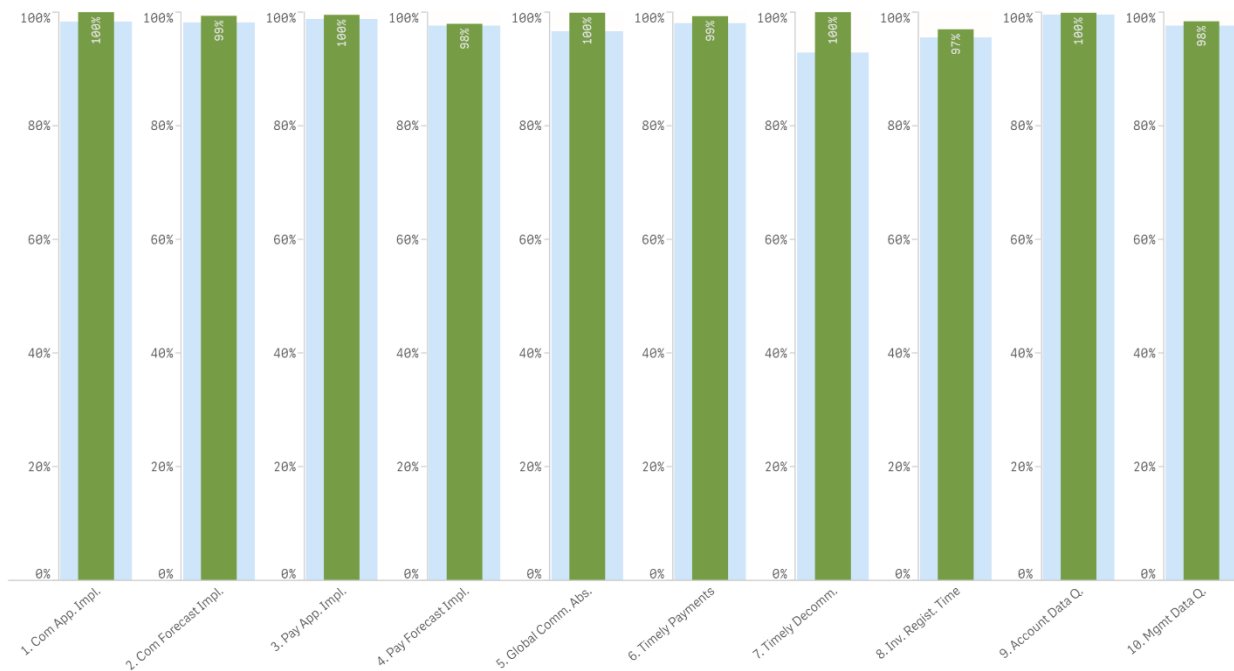
- 100 – >95% of the target: dark green
- 95 – >90% of the target: light green
- 90 – >85% of the target: yellow
- 85 – >80% of the target: light red
- 80 – 0% of the target: dark red

The Commission services are invited to provide commentary for each indicator's result in the dedicated comment section below the indicators scores as this can help the reader to understand the Commission's service context. In cases when the indicator's value achieves 80% or less of the target, the comment becomes mandatory.

The detailed definitions of the indicators are available on the internal DG BUDG site (BudgPedia) and managed by unit BUDG.C5 Financial Reporting.

³ If the EC service did not perform any transaction in the area measured by the indicator or the information is not available in the central financial system, the indicator is not calculated (i.e. displayed as “-”) in this Annex.

TAXUD Indicator Scores for 2022 12



For each indicator the light blue bar denotes the EC Score.

Indicator	Objective	Comment ⁴	TAXUD Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	DG TAXUD scores 100%	100%	98%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	DG TAXUD scores above Commission average	99%	98%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	DG TAXUD scores 100%	100%	99%
4. Payment Forecast Implementation	Ensure the cumulative alignment of the payment implementation with the payment forecast in a financial year	DG TAXUD scores at Commission average	98%	98%
5. Global Commitment Absorption ⁵	Ensure efficient use of already earmarked commitment	DG TAXUD scores 100%	100%	97%

⁴ An explanation behind the indicator result can be provided, e.g. the comment about the achievement itself, reference to the whole Commission performance (better or worse), reasons behind this achievement. The comment is mandatory for the 'Timely payments' indicator. For the rest of indicators the comment is mandatory only if the score is equal or below the target of 80%.

	appropriations (at L1 level)			
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	DG TAXUD scores above Commission average	99%	98%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	DG TAXUD scores 100%	100%	93%
8. Invoice Registration Time	Monitor the accounting risk stemming from late registration of invoices in the central accounting system ABAC	DG TAXUD scores above Commission average	97%	95%
9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts	DG TAXUD scores 100%	100%	100%
10. Management Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the management decisions	DG TAXUD scores at Commission average	98%	98%

From the 10 indicators, DG TAXUD has 5 indicators at 100%, 3 indicators with a score above Commission average and 2 indicators at Commission average. The timely payment indicator is above Commission average.

⁵ Due to technical limitation: 1. the indicator does not take into account the Com L1 Consumption between the FDC ILC date and the FA FDI allowed as an exception in the external actions for Com L1 of type GF, i.e. with Financing Agreement, under the FR2018 Article 114.2. 2. it is technically not possible to exclude the decommitment of RAL (C8) which is subsequently re-committed for a new purpose. As a result, the actual Indicator score may be slightly higher than the one reported for DGs using the GF commitments.

ANNEX 5: Materiality criteria

Since 2019⁽⁶⁾, a 'de minimis' threshold for financial reservations has been introduced. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed.

As outlined in section 2, a distinction is made between "procurement", "grants MFF 2014-2020", "grants MFF 2021-2027" and "CCEI".

1. Procurement

DG TAXUD's control strategy for procurement entirely relies on comprehensive ex-ante verifications for all transactions at multiple levels. Because of these extensive and complete ex-ante verifications, there are no errors left at the moment of payment. The error rate could therefore be 0. However, to estimate the error rate, DG TAXUD took a most conservative approach and estimated **the error rate for procurement to be 0,5% at most**.

2. Grants MFF 2014-2020

Until the last ex-post audit under the grants of the 2014-2020 MFF is completed, the present section will report on the materiality criteria for those grants.

The control strategy for the grant agreements (under the Customs 2020 and Fiscalis 2020 programmes) differs from the control strategy used for procurement :

- First of all, there is the obligatory use of the ART2 IT system, where all actions are planned, approved and reported (including the financial report). This system embeds several important controls and checks.
- After the final financial report is submitted by the countries, a quick and high-level ex-ante check (desk review) takes place before the payments or recoveries are made.
- Ex-post audits (on-the-spot or desk reviews), are done in a selection of countries, typically risk-based selected.

To be able to calculate the error rate and amount at risk, DG TAXUD calculates an average weighted error rate using the results of the on-the-spot audits. Since 2020, a multi-annual approach – using the results of all ex-post audits since 2015 – is considered more representative, in particular given the nature of the expenditure (repetitive, small amounts) and beneficiaries (National Customs and Taxation Administrations).

⁽⁶⁾ Agreement of the Corporate Management Board of 30/4/2019.

These audits examine the eligibility, correctness and accuracy of the costs declared in the annual financial reports, and of the transactions in the accounting records (i.e. copy of the invitation letter for each audited event, payment of invoices for travel and hotel expenses, daily allowances, etc.). DG TAXUD had targeted to audit 3 to 5 Member States per year with the intention to cover the majority of the Member States/Candidate Countries till the end of the programme period. For each audit, a statistical (random) method samples circa 15% of the total expenditure (“Audited amounts”). The results of the findings on the sample are extrapolated to the total expenditure of the audited countries to calculate the “Detected Error” (corresponding to the recovered amount) and subsequently the “Detected Error Rate (DER)”.

The results can be summarised as follows :

Year of Audit	Countries	Total costs claimed accepted after the ex-ante controls (€)	Audited amounts (€)	Size of the sample	Total costs claimed and accepted after the ex-post controls (€)	Detected error (Recovered amount) (€)	Detected Error Rate (%)
		(a)	(b)		(a)-(c)	(c)	(c)/(a)
2015	Country 1	428.849,86	147.231,27	34%	414.692,93	14.156,93	3,30%
	Country 2	653.406,32	162.605,16	25%	636.917,61	16.488,71	2,52%
	Country 3	591.390,26	199.538,04	34%	560.907,34	30.482,92	5,15%
2016	Country 4	1.177.710,54	314.252,01	27%	1.174.908,80	2.801,74	0,24%
2017	Country 5	525.229,30	179.331,28	34%	523.334,21	1.895,09	0,36%
	Country 6	956.227,26	272.160,13	28%	950.985,99	5.241,27	0,55%
2018	Country 7	881.287,93	137.942,50	16%	877.434,04	3.853,89	0,44%
	Country 8	1.184.898,59	173.147,20	15%	1.174.552,61	10.345,98	0,87%
2019	Country 9 (desk review)	377.908,46	59.585,14	16%	376.789,37	1.119,09	0,30%
	Country 10	819.908,67	131.683,61	16%	809.409,56	10.499,11	1,28%
	Country 11	971.988,35	165.114,08	17%	971.561,77	426,58	0,04%
	Country 12	1.070.975,59	219.827,70	21%	1.055.972,65	15.002,94	1,40%
2020	Country 1 again (desk review)	800.110,78	56.749,82	7%	798.827,64	1.283,14	0,16%
	Country 2 again (desk review)	1.109.392,69	48.009,82	4%	1.108.234,78	1.157,91	0,10%
	Country 3 again (desk review)	1.163.931,66	83.175,82	7%	1.067.435,43	96.496,23	8,29%
	Country 14 (desk review)	258.419,87	52.295,14	20%	258.269,81	150,06	0,06%
2021	Country 15 (desk review)	1.284.387,68	214.502,12	17%	1.278.645,83	5.741,85	0,45%
2022	Country 16 (desk review)	699.747,64	120.607,67	17%	699.747,64	-	0,00%
	TOTAL	14.955.771,45	2.737.758,51		14.738.628,01	217.143,44	
Average error rate for the audited population:						1,42%	
Weighted average error rate for the audited population:						1,45%	

The total estimated error rate for grants is an average weighted error rate of the results of the audited countries.

The above calculation, results in **a best possible estimated error rate for grants in 2022 of 1,45%**.

3. Grants MFF 2021-2027

The new Customs and Fiscalis programmes are slightly different than the previous programmes in that they recourse to a maximum extent to unit costs (for personnel cost,

travel, accommodation and subsistence) and use a flat rate of 7% for indirect costs. This will simplify controls and will have a positive impact on the potential error rate.

Considering that the new MFF and the new Customs and Fiscalis regulations were adopted late (11/03/2021 and 20/05/2021 respectively), the grant agreements could only be signed towards the end of the year 2021 and in 2022.

At the time of writing, only the first pre-financing payments were made. As the new grants are implemented via the new eGrants platform and that these payments follow the usual ex-ante checks, they are considered error free.

The error rate for 2022, for the new Customs and Fiscalis grants under the new MFF, **is therefore not applicable for the time being.**

Because of the similarity of the programmes compared to the previous MFF programmes, the control strategy will remain the same : 100% ex-ante verifications of all payments and ex-post audits upon closure of the grant agreements. Such ex-post audits will either be performed using in-house TAXUD staff or will be outsourced to external auditors.

The methodology to calculate the potential error rate will remain the same (see section 2 above).

4. CCEI

The new Customs Control Equipment Instrument is a new programme with a higher budget (EUR 1 billion) compared to the Customs and Fiscalis programmes.

The instrument is also considered to represent a higher risk of fraud than the Customs and Fiscalis programmes, although the beneficiaries are also public administrations. The procurement of the customs control equipment will be done by the Member States' National Authorities.

Due to the higher risk level, requests for interim and final payments shall be accompanied by a certificate on the financial statements – produced by a certified external auditor or, in the case of public bodies (which is the case for CCEI), by a competent and independent public officer - when the cumulative amounts of payment requests is at least €325.000.

Due to the late adoption of the 2021-2027 MFF and the CCEI regulation, all grants related to the work programme 2021/2022 have been signed in 2022. Only prefinancing payments were made. **The error rate for grants under the CCEI in 2021 is therefore not applicable for the time being.**

The control strategy for CCEI will be similar to the other grants, i.e. 100% of transactions to be controlled ex-ante combined with ex-post audits upon grant closure. These audits, given the particularities of the instrument, may be outsourced to external auditors.

The methodology to calculate the potential error rate will be the same as for the other grants (see section 2 above).

5. Conclusion

The overall error rate (procurement and grants combined) demonstrate that the error rate is below the materiality threshold of 2% (*see also table X in section 2.1*).

The benefits of controls have been quantified where possible: e.g. amounts recovered, irregularities prevented, detected and corrected by these controls (as per Annex 3, table 8). Most benefits however are non-quantifiable covering non-financial gains like: better value for money, deterrent effects, efficiency gains, system improvements, protection from reputational damage and, above all, compliance with regulatory provisions.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

6.1 Procurement

Stage 1: Procurement procedures

Planning, Needs assessment, Selection of the offer & evaluation

Main internal control objectives: Effectiveness, efficiency and economy. Compliance (legality and regularity)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The needs are not well defined (operationally and economically) and that the decision to procure was inappropriate to meet the operational objectives.</p> <p>Discontinuation of the services provided due to a late contracting (poor planning and organisation of the procurement process)</p>	<p>The financial unit scrutinises all procurement documents prior to publication of the procurement procedure.</p> <p>Long-term planning of procurement procedures and yearly check of consumption of contract ceilings to ensure timely preparation of procurement procedures.</p>	<p>100% of procurement procedures are thoroughly scrutinised prior to publication.</p> <p>100% of planned procurement procedures are defined in the appropriate financing decision.</p> <p>100% of planned procurement procedures are published on the TAXUD Europa website</p> <p>100% of planned procurement procedures justified – by note – by the concerned AOS</p>	<p>Effectiveness : number of planned procurement procedures cancelled</p> <p>Efficiency : cost of a tendering procedure</p> <p>Economy : cost of staff involved</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>Public procurement documents are leaked prior to publication and that the related procurement procedure needs to be cancelled</p>	<p>Use of SECEM for mail communication on tendering procedures.</p> <p>Tendering specifications remain password protected until publication time.</p> <p>Paper versions are destroyed with shredders.</p> <p>Use of PPMT, eTendering and eSubmission for the preparation and first stages of the procurement procedures</p>	<p>100% of tendering documents secured until publication time</p>	<p>Effectiveness: Number of times a procedures needs to be retendered due to leakages.</p> <p>Efficiency : cost of a tendering procedure</p> <p>Economy : cost of staff involved</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The best offer(s) are not submitted due to the poor definition of the tender specifications</p> <p>Due to the complexity of some procurement procedures, inconsistencies between tendering documents may occur</p>	<p>AOS approves the specifications</p> <p>Additional supervisory verification</p> <p>Detailed cross-review of all tendering documents</p>	<p>100% of the procurement specifications are scrutinised and validated by the AOS</p> <p>100% of the procurement specifications are scrutinised by the financial unit (public procurement team) prior to publication</p> <p>100% of all tendering documents scrutinised by the operational unit and crossreviewed and validated by the financial unit (public procurement team)</p>	<p>Effectiveness: number of procedures with no offers. number of tendering procedures not accepted by the financial unit</p> <p>Efficiency : average cost of a tendering procedure</p> <p>Economy : cost of staff involved</p>
<p>The most economically advantageous offer not being selected, due to a biased, inaccurate or 'unfair' evaluation process</p>	<p>Formal evaluation process : opening and evaluation committee</p> <p>Opening and evaluation committee declares absence of conflict of interest</p>	<p>100% of procurement procedures have a formally nominated opening and evaluation committee</p> <p>100% of members sign a formal declaration of conflict of interest and of confidentiality</p>	<p>Effectiveness: number of 'valid' complaints from unsuccessful tenderers. Number of procedures rejected by DG TAXUD's Public Procurement Committee (PPC)</p> <p>Efficiency : average cost of a tendering</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
	Opinion by DG TAXUD's Public Procurement Committee	100% of the procurement procedures are validated by the PPC: (1) by written procedure if the procedure's value is equal or less than 10 million Euro and (2) during a formal meeting for all other procedures	procedure Economy : cost of involved staff
	Exclusion criteria well documented	100% of procurement procedures have exclusion criteria checked by the AOS and validated by the financial unit (public procurement team)	
	Standstill period, opportunity for unsuccessful tenderers to put forward their concerns on the decision	100% respected	

Stage 2: Financial transactions – ex-ante controls (contracts, commitments, payments)

Main internal control objectives: Ensuring that the implementation of the contract is in compliance with the signed contract

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The products/services/works foreseen are not, totally or partially, provided in accordance with the technical description and requirements foreseen in the contract and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p> <p>Business discontinues because contractor fails to deliver</p>	<p>Operational and financial checks in accordance with the financial circuits.</p> <p>Operation authorisation by the AOS (commitments)</p> <p>Operational and financial checks in accordance with the financial circuits.</p> <p>Authorisation by the AOS (payments)</p>	<p>100% of the contracts are controlled</p> <p>100% of the payments are verified ex-ante following the controls embedded in the financial circuits</p> <p>Extra ex-ante verification of about 6,81% of the number of payments and 21,11% of the total amount paid; (frequency: several times per month; based on risk and potential impact on the DG)</p>	<p>Effectiveness: number/amount of credit note received</p> <p>Efficiency:</p> <ul style="list-style-type: none"> - Average cost per contract prepared. - % of costs dedicated to preparation and control of contracts over the total contracted amount - Average cost per payment processed. - % of costs dedicated to preparation and control of payments over the total paid amount <p>Economy : cost of staff involved</p>

Stage 3: Supervisory measures

Main internal control objectives: ensuring that any weakness in the tendering procedures is detected and corrected

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
Knowledge/experience of past procurement procedures is not retained and/or not taken into account when preparing/evaluating new procurement procedures	Systematic “lessons learned” exercise after each procurement procedure	50% of the procurement processes (risk-based selection) is scrutinised during a lessons learned exercise	Effectiveness: number reoccurrences of past detected procurement weaknesses. Efficiency : average cost of a tendering procedure Economy : cost of staff involved

6.2 Grants MFF 2014-2020

Joint Actions in the Customs 2020 and Fiscalis 2020 Programmes – Multi-beneficiary grant agreements

The programmes are managed in direct management mode. The grants awarded by DG TAXUD have certain specificities: the beneficiaries are Member States' customs and tax administrations and (potentially) candidate countries' customs and tax administrations, as provided for in the legal bases of the programmes. In this context, certain typical stages such as selection, evaluation and awarding and linked indicators are not applicable here.

Since 2022, no more new grant agreements on MFF 2014-2020 are awarded, therefore stage 1 Programming and stage 2 Contracting are not presented in this part of the annex.

Stage 3: Monitoring the execution and desk reviews

Monitoring the execution

Main internal control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.	<p>Verification of all financial transactions by the Financial Unit.</p> <p>Obligatory use of the ART2 IT system for declaring and following-up on costs of actions.</p>	<p>100% of the actual actions (linked to the proposals) are authorised via IT system considering the detail aspects of the actions (including relevant thresholds)</p> <p>100% of financial transactions are controlled ex-ante in line with the financial circuits</p>	<p>Effectiveness: number of rejected individual project proposals.</p> <p>Efficiency : % of total ex-ante controls/ total value of operational payments made</p> <p>Economy (costs) : cost of staff involved in the process</p>

Desk reviews

Main internal control objectives: Ensuring through the desk reviews that the declared expenditures comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information); ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>Declared expenditures do not comply with regulatory framework.</p>	<p>Carry out a brief desk review of the financial reports from the Member States Administrations.</p>	<p>100% coverage of financial reports.</p>	<p>Effectiveness: total amount of detected errors/irregularities</p> <p>Efficiency: % of total cost for desk reviews/ total value of operational payments made</p> <p>% of detected errors / total value of operational payments made</p> <p>Economy (costs) : cost of staff involved</p>

Stage 4: Ex-Post controls

Reviews, audits and monitoring and audit implementation

Main internal control objectives: Measuring the effectiveness of ex-ante controls by ex-post controls; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls (legality & regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on the analysis of the findings (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error..</p> <p>Declared expenditures do not comply with regulatory framework.</p>	<p>Ex-post control strategy:</p> <p>Based on the desk review, risk analysis and operational assessment, carry out on-the-spot audits performed by auditors from the financial and operational unit(s) or external auditors.</p> <p>Validation of recovery in accordance with financial circuits.</p> <p>Notification to OLAF and regular follow up of detected fraud.</p>	<p>Member State and candidate country's Administrations. based on sampling method.</p> <p>For the audit implementation, coverage: 100% of final audit results with a financial impact (according to financial guidance).</p> <p>For the audit implementation, depth: All audit results are examined in-depth in making the final recoveries (according to financial guidance). Systemic errors may be extrapolated.</p>	<p>Effectiveness: Representative and residual error rate identified Number of audits finalised Amounts being recovered or offset</p> <p>Efficiency : Value of audit results pending implementation, Value of audit results implemented.</p> <p>Economy: cost of on-the-spot audits (cost of staff and/or cost of appointment of audit firms).Economy (costs) :</p>

6.2 Grants MFF 2021-2027

Collaborative Activities and Expert Teams in the Customs and Fiscalis Programmes – Multi-beneficiary grant agreements

Customs Control Equipment Instrument grants

These are grants in the direct management mode.

Ex ante

Stage 1: Preparation, adoption and publication of the Annual Work Programme and Calls for proposals and Design of the business processes

Main internal control objectives: Ensuring that the grants contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity) and the efficiency and cost effectiveness of the controls.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
The annual work programmes and the subsequent grants do not adequately reflect the policy objectives and priorities for the 7 years framework.	<ul style="list-style-type: none"> - Horizontal and hierarchical validation within DG - Inter-service consultation, including all relevant DGs - Adoption by the 	<p>Coverage/Frequency:100%</p> <p>All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects.</p>	<p>Effectiveness: The work programme is adopted by the Commission</p> <p>Efficiency: % of total cost of the FTE involved in the process/ total budget of the grant agreements</p> <p>Economy (costs) : Estimation of cost of staff involved in the preparation and</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
	Commission		validation of the annual work programme

Stage 2: Selecting and awarding: Evaluation, ranking and selection of proposals

The beneficiaries of the grants in the scope of Customs 2027 and Fiscalis 2027 programmes (i.e. the Member States) are defined in the legal basis of both programmes. Main internal control objectives: ensuring that the most promising projects for meeting the policy objectives are among the proposals financed; Compliance; Prevention of fraud

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the eligibility criteria, or with the selection and award criteria defined in the annual work programme.	<ul style="list-style-type: none"> - Comprehensive IT system supporting this stage and allowing better monitoring of the process. - Validation by the AOSD. - Checks on operational and legal aspects performed before signature of the GA. 	Coverage: 100%	<p>Effectiveness: Number of proposals evaluated</p> <p>Efficiency: % of Time-to-inform on time.</p> <p>Economy (costs) : Estimation of cost of staff involved in the selecting and evaluation of proposals.</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
Procedures do not comply with regulatory framework.			

Stage 3: Contracting:

Main internal control objectives: Ensuring that projects that meet the policy objectives are among the proposals contracted; Sound financial management (optimal allocation of the budget available); Compliance (legality & regularity);

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the action.	<ul style="list-style-type: none"> - Validation via financial and programme management circuits within the DG - Signature of the grant agreement by the AOSD 	Coverage: 100% of draft grant agreements	<p>Effectiveness: total budget of the work programme concerned</p> <p>Efficiency: Time-to-grant</p> <p>Economy (costs) : estimation of cost of staff involved in the contracting process.</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
Procedures do not comply with regulatory framework.	<ul style="list-style-type: none"> - Checks on operational and legal aspects performed before signature of the GA 		

Stage 4: Monitoring the implementation

Main internal control objectives: ensuring that the operational results (deliverables) from the projects are of good quality and meet the objectives and conditions of the grant agreement (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality & regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement and/or the amounts paid exceed that due in accordance with the applicable contractual and regulatory provisions.</p> <p>Conflict of interest.</p>	<p>Operational and financial checks in accordance with the financial circuits.</p> <p>If needed: Application of suspension/interruption of payments</p> <p>Referring grant/beneficiary to OLAF.</p>	<p>100% of the projects are controlled.</p> <p>The depth depends on risk, to ensure a good balance between trust and control.</p> <p>Audit certificates required for any beneficiary claiming more than certain amount set in the grant agreement conditions.</p>	<p>Effectiveness: Number of payments (pre-financing and interim (incl. final)).</p> <p>Detected error rates.</p> <p>Efficiency : Time-to-pay</p> <p>Economy (costs) : Estimation of cost of staff involved in the ex-ante checks</p>

Stage 5: Ex-Post controls

Reviews, audits and monitoring and implementing results from ex-post audits/controls

Main internal control objectives: Measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation of ex-ante controls (legality & regularity; anti-fraud strategy); identifying systemic weaknesses in the ex-ante controls, (sound financial management); Ensuring appropriate accounting of the recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
<p>The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error.</p> <p>Declared expenditures do not comply with regulatory framework.</p>	<p>Ex-post control strategy:</p> <p>Based on the desk review, risk analysis and operational assessment, carry out on-the-spot audits performed by auditors from the financial and operational unit(s) or external auditors.</p> <p>Validation of recovery in accordance with financial circuits.</p> <p>Notification to OLAF and regular follow up of detected fraud.</p>	<p>Audit sampling methodology to be defined.</p> <p>For the audit implementation, coverage: 100% of final audit results with a financial impact.</p> <p>For the audit implementation, depth: All audit results are examined in-depth in making the final recoveries. Systemic errors may be extrapolated.</p>	<p>Effectiveness: Representative and residual error rate identified Number of audits finalised Amounts being recovered or offset</p> <p>Efficiency : Number/value/% of audit results pending implementation, Number/value/% of audit results implemented</p> <p>Economy (costs): cost of of on-the-spot audits (cost of staff and/or cost of appointment of audit firms).</p>

ANNEX 7: Specific annexes related to "financial management"

Comments on section 2.1.1 of the AAR

Cases of "Derogations from the principle of non-retroactivity of grants pursuant to Article 193 FR" (new Financial Regulation Article 193.2)

As indicated in section 2.1.1 of the AAR, there were cases of "Derogations from the principle of non-retroactivity of grants pursuant to Article 193 FR" (new Financial Regulation Article 193.2)". These concern 22 grant agreements signed in 2022 that derogated from the principle of non-retroactivity pursuant to Article 193 of the Financial Regulation. In each case, the project start date preceded the grant signature date, which is compliant with the legal framework of Customs programme for cooperation in the field of customs (1 case) and 'Fiscalis' programme for cooperation in the field of taxation (1 case) and the instrument for financial support for customs control equipment (20 cases). For the latter, in seven cases project started prior to the submission date of the proposal.

Comments on sections 2.1.2 of the AAR

In 2022, the following audits and implementation of action plans took place in DG TAXUD.

EUROPEAN COURT OF AUDITORS (ECA)

The table below summarises the ECA audits with recommendations addressed to DG TAXUD.

EUROPEAN COURT OF AUDITORS	TASK TYPE	STATUS END 2022	RECOMMENDATIONS (TAXUD LEAD SERVICE)
Authorised Economic Operators programme in the EU	AUDIT: Special report	ON-GOING ⁷	(4)
Statement of Assurance 2021	Annual AUDIT	PUBLISHED	(1)
Statement of Assurance 2022	Annual AUDIT	ON-GOING	n/a
A series of delays in Customs IT systems: what went wrong?	FOLLOW-UP of audit SR 26/2018	CLOSED ⁸	n/a
OTHER ECA TASKS WITH DG TAXUD CONTRIBUTIONS			
Protection of intellectual property right	AUDIT: Special report 6/2022	PUBLISHED	FOR DG GROW (2 ⁹)

The European Court of Auditors' special report **6/2022 – Protection of intellectual property rights (IPR)**: the audit assessed the protection of EU trademarks, designs, and geographical indications within the Single Market. Audit recommendations aim at improving the IPR regulatory framework, its implementation, and its enforcement. DG TAXUD implements two recommendations: sub-recommendation 1b and recommendation 5¹⁰ related to the EU IPR regulatory framework and its enforcement.

In 2022, the ECA **finalised Annual Report on 2021 budget execution** and formulated one recommendation in revenue area addressed to DG TAXUD.

The European Court of Auditors' upcoming special report – **Authorised Economic Operators programme in the EU** assessed the functioning of the AEOs programme, covering the regulatory framework, the programme's management and its effectiveness.

The follow-up of the ECA's special report **26/2018 – A series of delays in Customs IT systems: what went wrong?**: all recommendations were implemented fully or in most

⁷ Draft audit report received on 21 December 2022

⁸ Closing Letter received 1 March 2022

⁹ with DG GROW as co-lead

¹⁰ Draft special report as of January 2022.

respects, all within the timeframe set by the ECA.

Internal audit service (IAS) audits

Summary of the IAS audits dealt with in the reporting period:

IAS TASK	RECOMMENDATIONS		
	ISSUED	IMPLEMENTED	PENDING
Audit: Performance management in DG TAXUD	2	0	2
Audit: Effectiveness of DG TAXUD's cooperation with external stakeholders'	4	4	0
Audit: Management of human resources	5	5	0
Audit: Information technology application project management	n/a	n/a	n/a
Limited review: implementation of the new Internal Control Framework (ICF)	n/a	n/a	n/a
TOTAL	11	9	2

1) IAS Audit on performance management in DG TAXUD

The objective of the audit was to assess whether DG TAXUD has put in place an adequate performance management framework to plan, monitor and report on the achievement of its key policy objectives. The auditors formulated two important recommendations on improving *specific objectives and indicators* and on *reporting*. DG TAXUD accepted these two recommendations for implementation.

2) IAS Audit on effectiveness of DG TAXUD's cooperation with external stakeholders

The objective of the audit was to assess whether DG TAXUD has set up and implemented appropriate management and control systems to effectively organise, monitor and improve the cooperation with its external stakeholders.

DG TAXUD implemented all the four recommendations.

3) IAS Audit on Information technology application project management

The purpose of this audit was to assess IT application project management practices, specifically how IT systems supported the business processes delivering IT systems key to achieving the DG's policy objectives. After the preliminary audit phase, the IAS closed the audit with conclusion that DG TAXUD had well established IT processes. The IAS noted some IT issues and confirmed that the management actively manages them with different

mitigating measures monitored on a regular basis.

The IAS proposed to conduct audit work in the area of financial management, including in procurement processes within IT business.

4) IAS limited review implementation of the new Internal Control Framework

The conclusion of the limited review was that the Authorising Officer by Delegation of DG TAXUD performed an adequate assessment of the presence and functioning of all internal control principles and components as laid down in the European Commission communication on the revision of the internal control framework, adapted to its own circumstances.

5) IAS Audit on management of human resources in DG TAXUD

This overall objective of the audit was to assess whether DG TAXUD put in place an adequate system for managing its human resources that supports effectively the achievement of its operational objectives. DG TAXUD accepted all 5 audit recommendations (3 'very important') addressing the human resources management key challenges as well as promoting a healthy and collaborative environment that would enhance the performance of the staff and of the organisation towards the achievement of its operational objectives.

By the end of 2022, DG TAXUD implemented two remaining very important recommendations on mapping skills and on workload assessment and subsequently reported to the IAS that all audit recommendations had been fully implemented.

Table Y - Overview of DG's/EA's estimated cost of controls at Commission (EC) level:

NB. The absolute values are presented in million EUR.

Table Y - Overview of TAXUD's estimated cost of controls at Commission (EC) level

EXPENDITURE

The absolute values are presented in EUR

TAXUD	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** (a)/(b)	EC total costs	total value verified and/or audited	Ratio (%) (d)/(e)	EC total estimated cost of controls (a)+(d)	Ratio (%)** (g)/(b)
Procurement	1.608.244,18 €	135.884.135,53 €	1,18%	- €	- €	0,00%	1.608.244,18 €	1,18%
Grants MFF 2014-2020	5.456,23 €	318.045,04 €	1,72%	11.053,62 €	699.747,64 €	1,58%	16.509,85 €	5,19%
Grants MFF 2021-2027	3.637,48 €	2.129.998,97 €	0,17%	- €	- €	0,00%	3.637,48 €	0,17%
CCEI	26.068,63 €	136.756.631,92 €	0,02%	- €	- €	0,00%	26.068,63 €	0,02%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	1.643.406,52 €	275.088.811,46 €	0,60%	11.053,62 €	699.747,64 €	1,58%	1.654.460,14 €	0,60%

ANNEX 8: Specific annexes related to "assessment of the effectiveness of the internal control systems"

Comments on section 2.1.3 of the AAR

Notwithstanding the positive conclusion on the effectiveness of internal control systems, and for the sake of transparency, DG TAXUD wishes to highlight two on-going Court cases in the scope of a public procurement procedure:

-Case T-108/22: action brought on 1 March 2022 – Sopra Steria Benelux and Unisys Belgium v Commission;

-Case C-101/22 P: appeal brought on 10 February 2022 by the European Commission against the judgment of the General Court (Fifth Chamber) delivered on 1 December 2021 in Case T-546/20, Sopra Steria Benelux and Unisys Belgium v Commission.

ANNEX 9: Specific annexes related to "Control results" and "Assurance: Reservations"

1. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X : Estimated risk at payment and at closure

DG TAXUD -1	Payments made (2022;MEUR) -2	minus new prefinancing [plus retentions made] (in 2022;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2022;MEUR) -4	Relevant expenditure (for 2022;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2022;MEUR) -7	Adjusted Average Recoveries and Corrections (adjusted ARC, %) -8	Estimated future corrections [and deductions] (for 2022;MEUR) -9	Estimated risk at Closure (2022;MEUR) -10
Procurement	135,88	0,00	0,09	135,98	0,50% - 0,50%	0,68 - 0,68	0,19% - 0,19%	0,26 - 0,26	0,42 - 0,42
Grants MFF 2014-2020	0,32	- 0,05	1,76	2,02	1,45% - 1,45%	0,03 - 0,03	0,19% - 0,19%	0,00 - 0,00	0,03 - 0,03
Grants MFF 2021-2027	2,13	- 2,13	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
CCEI	136,76	- 136,76	0,00	0,00	0,00% - 0,00%	0,00 - 0,00	0,00% - 0,00%	0,00 - 0,00	0,00 - 0,00
DG total	275,09	- 138,94	1,85	138,00	0,51% - 0,51% (7) / (5)	0,71 - 0,71	0,19% - 0,19%	0,26 - 0,26	0,45 - 0,45 (10) / (5)
					Overall risk at payment in %			Overall risk at closure in %	

Notes to the table X

(1) Relevant Control Systems differentiated per relevant portfolio segments and at a level which is lower than the DG total

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

In all cases of Co-Delegations (Internal Rules Article 3), "payments made" are reported by the Delegated DGs. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating DGs.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department), as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

Retentions: in Cohesion, the 10% retention applied during the year.

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

Retentions: in Cohesion, the retentions released during the year by the Commission.

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out and adds the pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In this column, we disclose the detected error rates or equivalent estimates.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. *administrative expenditure, operating contributions to agencies*), the rate which should be used is 0.5% as a conservative estimate, unless the DG has a more precise estimate based on evidence.

(8) The adjusted average recovery and corrections percentage is based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years. The AOD *has adjusted* this historic average to 0,19 % to take into account any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that would no longer be relevant for the current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) or that corresponded to exceptional situations in order to come to the best and most conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes. In particular the commercial credit notes have been neutralised from the calculation of ARC.

(9) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

ANNEX 10: Reporting – Human resources, digital transformation and information management and sound environmental management

Objective: DG Taxation and Customs Union employs a competent and engaged workforce and contributes to gender equality at all levels of management to effectively deliver on the Commission’s priorities and core business.

Main outputs in 2022:

Output	Indicator	Target	Latest Known Results
Local female talent initiative	Launch of the initiative	Launch in 2022	Launched in March 2022
New equality strategy	Adoption of the equality strategy	Adoption in 2022	Adoption in December 2022
Action plan following the 2021 Staff survey	Adoption of the action plan	Adoption in 2022	Adoption in June 2022
Develop a knowledge and data basis for informed HR decisions	<ul style="list-style-type: none"> Skills mapping Workforce assessment 	<ul style="list-style-type: none"> Overview of available and missing skills needed to deliver DG TAXUD objectives and for succession planning Overview of links between resources and priorities 	<ul style="list-style-type: none"> Overview established and provided to DG HR in November 2022 Overview established and presented to the DG in December 2022
Clear learning possibilities for different staff profiles	<ul style="list-style-type: none"> Training maps with mandatory and recommended courses at entity or individual level. Organise TAXUD Academy Days Organise an inhouse coaching programme for staff in pre-management positions 	<ul style="list-style-type: none"> Training maps are in place after the evaluation dialogue 2022 TAXUD Academy Days organised by Q3 2022 One session in 2022 	<ul style="list-style-type: none"> Training maps in place after a thorough update in December 2022. Besides, they were presented to all staff and published on the intranet. TAXUD Academy replaced by TAX Talks and Coffee & Learn sessions. Two sessions of coaching programme organised in 2022.

Output	Indicator	Target	Latest Known Results
Reinforce Human Resources Management	<ul style="list-style-type: none"> Alignment of the local HR strategy with the new corporate HR Strategy Regular interaction with senior management on implementation of HR Strategy, including staff movement 	<ul style="list-style-type: none"> TAXUD HR Strategy is in line with the Corporate HR Strategy within one year after its adoption Quarterly reporting to senior management 	<ul style="list-style-type: none"> The review of the local HR strategy was carried out in 2022 In 2022, HR quarterly reports to senior management were replaced by monthly reports.
Indicator: Number and percentage of first female appointments to middle management positions	Baseline: female representation in management) (1 December 2019) 30% (6 out of 20)	Target (2024) 4 first female appointments by 2022 (the target will be reviewed for the period 2023-2024 in 2023)	3 first female appointments out of 4 completed by 31/12/2022
Indicator: Staff engagement Source: Staff Survey	Baseline (2018) EC=69% and TAXUD=75%	Target (2024) DG TAXUD aims to maintain a staff engagement index that is higher than the Commission average and at least as high as in 2018.	Staff Survey 2021: EC = 72% and TAXUD = 75%

DG Taxation and Customs Union is using innovative, trusted digital solutions for better policy-shaping, information management and administrative processes to forge a truly digitally transformed, user-focused and data-driven Commission.

Main outputs in 2022:

Output	Indicator	Target	Latest Known Results
<p>Key initiatives on digital transformation that will introduce modern paradigms and tools when developing digital solutions in DG TAXUD:</p> <ul style="list-style-type: none"> • DevSecOps@TAXUD • Cloud@TAXUD • Application Life Cycle management tools (CITNET corporate tools). • Cybersecurity strategy 	<ul style="list-style-type: none"> • Implement DevSecOps@TAXUD • Implement Cloud@TAXUD • Deploy Application Life Cycle management tools • Increase cybersecurity maturity (baselined from security posture) 	<ul style="list-style-type: none"> • All three in production by Q4 2022 	<ul style="list-style-type: none"> • DevSecOps@TAXUD implemented with DAC7; • Cloud@TAXUD is operational; • Application Life Cycle management tools are deployed and operational. • 4 projects out of 10 completed, security operations centre functioning
<p>List of key actions on data protection</p>	<ul style="list-style-type: none"> • Awareness raising sessions organised • Joint Controllership Agreement with Member States ready for signature • Data protection records are up-to-date 	<ul style="list-style-type: none"> • Two in 2022 reaching 30% of the staff in the DG • Joint Controllership agreement ready for signature by Q4 2022. • 100% 	<ul style="list-style-type: none"> • In 2022, there were three awareness raising sessions organised, reaching 12,2% of the staff of DG TAXUD. • Signature planned for Q2 2023. • 100% of the data protection records are up-to-date

Output	Indicator	Target	Latest Known Results
List of key actions on knowledge and information management	<p>Document Management</p> <ul style="list-style-type: none"> Revision of common retention list <p>Information management</p> <ul style="list-style-type: none"> Information nuggets for M365 use available M365 use cases designed for DG TAXUD “Ask Your Questions” TAXUD internal helpdesk operational 	<p>Document Management</p> <ul style="list-style-type: none"> Timely contribute to the interservice consultation <p>Information Management</p> <ul style="list-style-type: none"> Distribute 5 nuggets in 2022 Develop three use cases in 2022 Reply within two working days to the questions of DG TAXUD colleagues 	<ul style="list-style-type: none"> DG TAXUD contributed timely to the interservice consultation. The updated common retention list has been published as SEC(2022)400. 5 nuggets have been distributed in 2022 The development of use cases is still ongoing (see narrative) Questions were addressed within two working days.

Objective: DG Taxation and Customs Union takes account of its environmental impact in their actions and actively promotes measures to reduce the related day-to-day impact of the administration and its work, with the support its EMAS Correspondent.

Main outputs in 2022:

I. More efficient use of resources (energy, water, paper):

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Participation in the end of the year energy saving action, by closing down DG’s buildings during the Christmas and New Year’s holiday period.	Number of buildings participating	100% of DG TAXUD buildings participating	For the year-end period 2022/2023, J-79 and L-80 buildings (60%) were closed in DG TAXUD (source: Ares(2022)8484584)
Paperless working methods at DG level (such as paperless working: esignatories, financial circuits, collaborative working tools) and staff awareness actions to reduce office paper use in the framework of EMAS	Number of actions	1 action <i>(All internal workflows are paperless except if otherwise provided by the internal rules. TAXUD will adapt if the internal rules change).</i>	Most of the signatories are now using the Qualified Electronic Signature.

Output	Indicator	Target (2019 as baseline)	Latest Known Results
corporate campaigns and/or raise awareness about DG's office paper use in collaboration with OIB/OIL where appropriate.	% of staff informed	100 % of staff informed	100% of staff informed

II. Reducing CO₂, equivalent CO₂ and other atmospheric emissions

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Staff awareness actions on reducing GHG emissions (such as actions on sustainable commuting during EU Mobility week and VeloWalk corporate events) and/or raise staff awareness on sustainable commuting in collaboration with OIB or OIL (e.g. availability of bike parking facilities, lockers and showers, promote the reduction of parking spaces' use amongst staff).	% of staff informed	100 % of staff informed	100% of staff informed
	% of sustainable commuters ⁽¹¹⁾ at DG/service	Increase % of sustainable commuters at DG/service (%)	Increase by at least 10%
Gradual increased use (and number of) VC ⁽¹²⁾ meeting rooms for meetings with stakeholders (avoiding business trips) in the DG, in collaboration with DG SCIC, OIB and OIL.	Number of VC meeting rooms	5 more rooms equipped Q2 2022	5 rooms have been equipped in addition to the Director's office (5 offices)
Analysis of DG's missions trends /patterns (based on corporate EC-staff's professional trips (missions), optimise and gradually reduce CO ₂ emissions (e.g. by optimising the number of participants in the same mission, promoting more sustainable travelling options, promoting videoconferencing/ virtual events as an alternative).	CO ₂ (t) emissions from DG's missions (<i>% means of transportation used</i>)	Reduce DG's CO ₂ emissions from missions (%)	Reduction by 34% in 2022 compared to 2019 (source: Green deal reporting)

⁽¹¹⁾ Sustainable commuting usually refers to environmentally friendly travel modes, such as. Public transport (bus, tram, subway, light rail), walking, cycling, and carpooling.

⁽¹²⁾ VC (Videoconferencing) room

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Staff awareness on digital pollution and gradual change of behaviours avoiding heavy emails, encouraging the use of ICT platforms, avoiding unnecessary storage of data.	Number of actions to move towards the use of TEAMS	Organise at least 6 awareness raising actions in 2022.	Events are organised on a bi-weekly basis since 16 September 2022 to raise colleagues' awareness. (TAXUD M365 Q&A sessions)
III. Reducing and management of waste			
Output	Indicator	Target (2019 as baseline)	Latest Known Results
Implementation of the EC Guidelines for sustainable meetings and events , e.g. reduce/eliminate single-use plastics, gadgets/gifts.	% of events that are green	100%	100% of the internal events are green (use of the water fountain and reusable dishes)
IV. Promoting green public procurement (GPP)			
Output	Indicator	Target (2019 as baseline)	Latest Known Results
Gradual introduction of GPP criteria in contracts and starting to monitor the process.	% of contracts relevant for GPP criteria	100% of contracts relevant for GPP criteria by 2027.	All call for tenders now includes the requirement for tenderers to be EMAS compliant