



Annual Activity Report 2023

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 to the Director-General.

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.”

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

Date **31 March 2024**

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 (2021)
86.7	Decrease	Decrease	81.2
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 (2030)	Latest known results (2022)
19.1%	20%	32%	23%
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 (2023)	
0%	100% of actions implemented	50% of the actions implemented 22% of them on hold or to be rescheduled.	

Main outputs in 2023				
New policy initiatives				
Output	Indicator	Target	Latest Result	Known Result
<ul style="list-style-type: none"> Proposal for a Carbon Border Adjustment Mechanism 	Support work of co-legislators to reach adoption by co-legislators	Throughout 2023	Regulation (EU) 2023/956 of 10 May 2023	Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023

• Proposal for a review of the Energy Taxation Directive	Support work of co-legislators to reach adoption by co-legislators	Throughout 2023	Council negotiations continue
Evaluation and Fitness Checks			
Output/ Result	Indicator	Target	Latest Known Result
Study of the impact of free zones and proposals for guidelines on their future modernisation in light of the European Green Deal	Study completed	Q1 2023	Study published in October 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 (2022)
42.7% (goods)	Increase	Increase	51,9%
10.1% (services)	Increase	Increase	10.7%
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 (2023)
0%	100 % of actions implemented		50% 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 (2023)
• Number of infringement cases closed		• 54	• 68

<ul style="list-style-type: none"> • 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"> • 35 • 102 • 25 • 9 	<ul style="list-style-type: none"> • 39 • 52 (34+18) • 43 • 14
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Main outputs in 2023			
New policy initiatives			
Output	Indicator	Target	Latest Known Result
<ul style="list-style-type: none"> • Proposal for a Directive on Business in Europe: Framework for Income Taxation (BEFIT) 	Adoption by College	Q3 2023	COM(2023)532 12 September 2023
<ul style="list-style-type: none"> • Proposal for a Directive on Transfer Pricing 	Adoption by College	Q3 2023	COM(2023)529 12 September 2023
<ul style="list-style-type: none"> • Proposal for a Directive establishing a Head Office Tax System for SMEs 	Adoption by College	Q3 2023	COM(2023)528 12 September 2023
Proposal to implement the globally agreed re-allocation of taxing rights (Pillar 1)	Adoption by College	Q3 2023	Dependent on ongoing work at the OECD
Proposal for Withholding Tax Relief procedures	Adoption by College	Q2 2023	COM(2023)324 19 June 2023
Proposal for tackling the role of enablers involved in	Adoption by College	Q2 2023	On hold pending adoption of unshell

facilitating tax evasion and aggressive tax planning			
Evaluations and fitness checks			
Output	Indicator	Target	Latest Known Result
Evaluation of the VAT administrative cooperation (regulation 904/2010)	Staff Working Document published	Q1 2023	Evaluation to be launched in the context of the proposal to amend the EU Regulation 904/2010. It is expected in 2024.
Enforcement actions			
Output	Indicator	Target	Latest Known Result
Assessment of the completeness of transposition of the recast Excise Duties directive (2020/262/EU)	Transposition checks completed for 27 Member States or infringement action launched/continued	Q2 2023	Transposition checks completed for all Member States and 12 infringement procedures closed
Assessment of the conformity of transposition of the Recast Excise Duties directive (2020/262/EU)	Conformity checks for 27 Member States completed or infringement action launched/continued	Q4 2023	Conformity checks completed for all Member States
Assessment of the of the completeness of transposition of the Directive (2020/1151/EU) on alcohol excise duty	Transposition checks for 27 Member States completed or infringement action launched/continued	Q2 2023	Transposition checks completed for all Member States and 9 infringement procedures closed
Assessment of the conformity of the Directive (2020/1151/EU) on alcohol excise duty	Conformity checks for 27 Member States completed or infringement action launched/continued	Q4 2023	Conformity checks completed for all Member States
Assessment of the completeness of transposition of the Directive (2019/2235/EU) regarding defence efforts	Transposition checks for 27 Member States completed or infringement action launched/continued	Q2 2023	Transposition checks completed for all Member States and 5 infringement procedures closed
Assessment of the conformity of the Directive (2019/2235/EU) regarding defence efforts	Conformity checks for 27 Member States completed or infringement action launched/continued	Q4 2023	Conformity checks completed for all Member States
Assessment of the completeness of	Transposition checks for 27 Member States	Q1 2023	Transposition checks completed for all Member

transposition of ATAD2 – reverse hybrid mismatches (2017/952)	completed or infringement action launched/continued		States, 1 EU Pilot and 3 infringement procedures closed
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 2023	Conformity checks completed for 26 Member States
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	Q2 2023	Conformity checks completed for 26 Member States, 1 infringement procedure ongoing
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	Q2 2023	Conformity checks completed for 22 Member States, 5 checks still ongoing
Assessment of the conformity of transposition of DAC7 – reporting obligations on platforms (2021/514 amending 2011/16)	Transposition checks for 27 Member States completed or infringement action launched/continued	Q2 2023	Transposition checks completed for 13 Member States, 9 infringement procedures closed and 5 infringement procedures ongoing

External Communication Actions			
Output	Indicator	Target	Latest Known Result
Communication support to tax policies			
Online Social media	Impressions (organic): Impressions (paid): Avg. Engagement rate: Link clicks:	350.000 – 500.000 1.5-4 million 2.5% 2.100	350.000 5.300.000 4.00 % 1.800
Publications	Number of publications / updates (report, press material, factsheet): Number of downloads and views (report, press material, factsheet): AV material produced: Number of video views:	10 5.000 4 videos 1.000.000	250 110.000 (our website) 10 Stats are not accessible any longer

Press & media relations (output data is not available to DG TAXUD)	Press materials prepared: OpEds written:	20-30 OpEds written: 0-2	39 5
Website (Tax and Customs pages)	Visitors: Page views: Returning visitors:	14 Mio 45 Mio 8%	7.5 Mio 84 Mio 22%
Other important outputs			
Output	Indicator	Target	Latest Known Result
Article 59 Report to the Parliament and the Council on VAT administrative cooperation	Adoption by College	Q1 2023	The Report is planned to be adopted in 2024
Study on economic impact of VAT disputes	Study completed	Q2 2023	Study not commissioned (no convincing methodology offered)
Study on the evaluation of the Directive 2011/16 EU and its amendments	Study completed	Q4 2023	Study delivered by the contractor.

Specific objective 3.2: Implement the EU Programmes supporting EU tax and customs policy		Related to spending programme: Fiscalis Customs Customs Control Equipment Instrument
Result indicator 3: Programme Performance Indicator		
Description: It consists of three components: <ul style="list-style-type: none"> • Collaboration Robustness Indicator (KPI-3) • Availability of European Information Systems and of the Common Communication Network (KPI-4) 		
Source of data: DG TAXUD		
Results achieved under the Fiscalis and Customs programmes		
Baseline (2021)	Target (2024)	Latest known results (2023)
Availability of European electronic systems Fiscalis: 99.5%	The value that corresponds to the category of that specific EES	Taxation: 99.67% Customs:

Customs: 99.6%	<ul style="list-style-type: none"> - Gold – 99.8% - Silver – 99.6% - Bronze – 99.4% - Best Effort – 98.0% <p>Taxation: 99.5%</p> <p>Customs : 99.65%</p>	99.86%
Availability of the Common Communication Network Fiscalis: 99,8% Customs: 99.8%	Taxation: 99,8% Customs: 99.8%	Taxation: 99.99% Customs: 99.99%
Use of key European electronic systems aimed at increasing interconnectivity and moving to a paper-free Customs Union - Number of messages exchanged on the key EES/system components Customs: 0 Fiscalis: 0	Taxation: 1,440,000,000 throughout the programming cycle (2021-2027) Customs: 18,800,000,000 (18.8 billion) throughout the programming cycle (2021-2027)	Customs: 5,6 billion (5,605,486,568) Taxation: 2,4 billion (2,451,961,298)
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: 222 million (222,034,466) Taxation: 5,5 billion (5,548,931,974)
Union Customs Code completion rate Customs: 75%	100% by 2025	91%
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: 685,645 Taxation: 6,159,104

<p>IT simplified procedures for the national administrations and economic operators – Number of applications</p> <p>Fiscalis: 0 Customs: 0</p>	<p>Taxation: 877,000</p> <p>Customs: Stable or increase</p>	<p>Customs 42,187</p> <p>Taxation: 899,066</p>
<p>Results achieved under the Fiscalis and Customs programmes.</p>		
<p>Baseline (2021)</p>	<p>Target (2024)</p>	<p>Latest known results (2023)</p>
<p>Extent to which the target audience is aware of the programme (awareness rate):</p> <p>Customs: 48% awareness for Customs Fiscalis: 45% end of 2019 (data source programme poll done in 2019)</p>	<p>Customs: 50% by 2024, 60% by 2027 Fiscalis: 50% by 2024, 60% by 2027</p>	<p>Customs: 70.96% Fiscalis: 72%.</p>
<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 “occasionally”, “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. Fiscalis: 90% average agreement working opportunities and 70% of respondents reporting occasional, frequent, or very frequent contacts.</p>	<p>a) Network opportunity: Customs: 78.06% Fiscalis: 79%</p> <p>b) Percentage of respondents: Customs: 75.22% Fiscalis: 77%</p>

Result indicator 4: Customs Control Equipment Instrument Indicator

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).

Source of data: DG TAXUD

Baseline (2021)	Target (2024)	Latest known results (2023)
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 agreements was completed in 2022.	Ensure customs border crossing points and customs laboratories are equipped in line with the equipment as per the common list – conformity expected at 60%.	9,74% for all BCPs* <ul style="list-style-type: none"> • Air: 13% • Land: 7% • Mobile: 36% • Post: 14% • Rail: 9% • Sea: 10% 27,08% for all customs laboratories

* Based on data provided by Member States, data comprehensiveness rating is assessed at 67,1%.

Main outputs in 2023

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 2023.
Ensure availability of all applications	All applications available, e.g. 24/7 when relevant	Fully available	Full respect of the relevant Service Level Agreements for each system
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, the European Commission has delivered an average of 91.45% of projects in time (93.44% for new common components, and 89.71% upgrade to existing common components).
Adapt IT workplans inline with the conclusions of the Wise Persons Group	Update of the IT workplan when relevant	IT workplan updated when	Incorporated in the UCC Reform Package (legislative proposal from the Commission

and of the Tax Symposium.		conclusions are available	which is currently under negotiation with Council and Parliament)
2022 Customs programme progress report	Report adopted	Q2 2023	Report adopted on 5.4.2023 SWD(2023) 92 final
2022 Fiscalis programme progress report	Report adopted	Q2 2023	Report adopted on 5.4.2023 SWD(2023) 94 final
2022 CCEI programme progress report	Report adopted	Q2 2023	Report adopted on 6.7.2023 SWD(2023)251 final
2023-2024 CCEI Multiannual Work Programme and call launched	Programme adopted CCEI call launched	Q2 2023 Q3 2023	Multi-Annual Work Programme 2023-2024 adopted on 28.11.2023 CCEI Call launched on 12.12.2023

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 (2023)	
0%	100% of actions implemented	50% of the actions implemented 22% of them on hold or to be rescheduled.	
Main outputs in 2023			
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	Study completed	Q1 2023	Study delivered by the contractor

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 (2023)
0,30%	Significant Decrease	Significant Decrease	A decrease of the value of non compliant SDRs from 0,44% to 0,15% 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 (2023)	
65% of work programme implemented	100% of work programme implemented	91% 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 (2023)	
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 2024	
Result indicator 7: Implementation of security-related customs risk management actions indicator			
Source of data: DG TAXUD			
Baseline (2020)	Target (2024)	Latest known results (2023)	

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 (2023)
Start	100% implemented	100% implemented. Further progress made to improve risk-management capability at EU-level.

Main outputs in 2023				
New policy initiatives				
Output	Indicator	Target	Latest Result	Known
Proposal to amend the Union Customs Code	Adoption by College	by Q4 2023	Adopted 17 May 2023	
Implementing Act for the Union Customs Code Work Programme	Adoption by College	by Q4 2023	Adopted on 15 December 2023	
Implementing Act for the technical arrangements of the Union Customs Code	Adoption by College	Q1 2023	Adopted on 1 June 2023	
Delegated Act and implement Act amending the data elements related to the Union Customs Code	Adoption by College	Q2 2023	Adopted on 30 November 2023 and 10 January 2024	
Bi-annual amendments of Council Regulations for the autonomous suspensions and quotas	Adoption by College	May 2023 November 2023	Regulations adopted by the Council and measures entered into force on time.	
Implementing act laying down rules for the application of Regulation (EU) 2019/1020 as regards the details of the information to be transmitted from national customs systems to the information and communication system for market surveillance concerning products placed under the	Adoption by College	Q2 2023	Adopted on 5 December 2023 (Commission Implementing Regulation (EU) 2023/2712 of 5 December 2023)	

customs procedure 'release for free circulation'			
Proposal for Commission Decision establishing common risk criteria for security and safety and for harmonised application of customs controls (ICS2)	Adoption by College	Q1 2023	Adopted 14/11/2023 C(2023)7635 of 14 November 2023.
Expert team for establishment for multi-disciplinary collaboration of all Member States in the field of safety and security risk management within ICS2 central analytics capabilities	ICS2 central analytics used by all MS	Q3 2023	Activities moved to a sub-group of the Customs Risk Management Expert Group (CRMG/SSA) due to the impossibility to find a grant coordinator among MS. Call for interest launched in February 2024.
External communication actions			
Output/ Result	Indicator	Target	Latest Known Result
Communication support to customs policies			
Online Social media	Impressions (organic): Impressions (paid): Avg. Engagement rate: Link clicks:	200.000 – 350.000 3-6 million 2.5% 2.100	250.000 3.6 Mio 4.00% 1.000
Publications	Number of publications / updates (report, press material, factsheet): Number of downloads and views (report, press material, factsheet): AV material produced: Number of video views:	10 5.000 4 videos 4.000.000	10 5.000 5 3.59 Mio
Press & media relations	Press materials prepared: OpEds written:	15-20 OpEds written: 0-2	19 0

Other important outputs			
Output	Indicator	Target	Latest Result
UCC Annual Progress Report 2023	Adoption by College	Q4 2023	Postponed to Q1 2024
Multi-Annual Strategic Plan for electronic Customs (MASP-C)	Format of adoption dependent on outcome of the Wise Persons Group?	Q4 2023	Endorsed by the Customs Policy Group in December 2023
Study on the EU Single Window Environment for Customs business to government (B2G) features	Final Report delivered	Q2 2023	First version of the study delivered at the beginning of 2023. Follow-up to finalise by Q42024
Final report of the AEO fact finding visits	Report finalised and shared with MS	Q1 2023	Final final report submitted to Member States in June 2023.
Customs Union Performance 2022 Annual Report	Report published	Q3 2023	The report was sent to CPG members in October 2023
Customs Union Performance MIS System	System available	Q1 2023	All components of the system were made available by end June 2023.

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 (2023)
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 31.12.2023, there were 18 375 AEOs compared to 18.210 one year earlier. On 01.01.2021, 1 144 AEOs registered in the UK were

		no longer included in the EU27 list.
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Main outputs in 2023			
New policy initiatives			
Output	Indicator	Target	Latest Known Result
Proposal Binding Valuation Information (BVI)	Adoption by College	Q2 2023	Necessary legal provisions to be approved by Q2 2024.
Revision of the provisions on preferential origin in the UCC Implementing Act	Adoption by College	Q1 2023	Vote to be held in 2024.
Facilitation of digitalization of the electronic proofs of origin with the neighbouring countries	Adoption by College	Q1 2023	Foreseen Q4 2024
Other important outputs			
Output	Indicator	Target	Latest Known Result
Decision to request negotiating mandate for EU-China Administrative Cooperation agreement	Adopted by College	Q1 2023	Postponed Q4 2024
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 2023	Three monitoring visits to Member States undertaken in 2023. Questionnaire sent to Korea. Preparation for visit to Nigeria for GSP.
FTA negotiations on Rules of Origin with Indonesia, Australia and India	Completed	Q2 2023 (Australia, Indonesia) Q4 2023 (India)	Australia Rules of Origin chapter concluded. Negotiations with Rules of Origin with India and Indonesia ongoing.
FTA negotiations on Customs and Trade Facilitation with India	Completed	Q2 2023	Negotiations on Customs and Trade Facilitation with India ongoing.
Implementation of the Pan Euro Med transitional rules of origin among more than 51 Pan Euro Med countries	Adoption by the related Joint Bodies	Ongoing throughout 2023	Adoption by the Joint Committee of the PEM on 7 dec 2023 of the revised PEM Convention which will enter into force on 01/01/2025. Amendments of the bilateral agreements

			and technical updates to adapt the legislation is due in the course of 2024. Digitalisation of the issuance of certificates (e-poc project) is another area to develop in the future of the PEM convention.
Conclude AEO mutual recognition agreements	Adoption of decision	Q4 2024 Singapore Q4 2024 /Turkey /Ukraine	Adoption of AEO mutual recognition decision with Singapore subject to completion of IT work on exchange of AEO data.
Pilot project on exchange of information with UA	Agreement between the EU and UA	Throughout 2023	The pilot project is ongoing at UA-RO border and was extended to UA-RO-MD border end of 2023 Project runs until end of 2024.
Accession of Moldova and Georgia to the Common Transit Convention	Adoption of the Decision by the convention parties	Throughout 2023	Moldova works in order to join CTC in 2025
Enable the participation of third countries in the Customs and Fiscalis programmes (2021-2027)	International agreements concluded	Q2 2023	Moldova signed the agreements to participate in both programmes in February 2023. WB6, Ukraine, Georgia, Moldova now participate in both programmes, Türkiye joined the Customs programme only.
Deployment of ICS2–Release 2 by Norway and Switzerland	Implementation of ICS2–Release 2	Q1 2023	Norway and Switzerland entered the operations of the ICS2-Release 2 on 1 March 2023
Deployment of NCTS–Phase 5 by Norway and Switzerland	Implementation of NCTS–Phase 5	During 2023 - 2024	Norway carried out conformance testing for the NCTS–Phase 5 in April - November 2023; Switzerland entered the first stage of NCTS-Phase 5 operations in June 2023

ANNEX 3: DRAFT ANNUAL ACCOUNTS AND FINANCIAL REPORTS

Annex 3 Financial Reports - DG TAXUD - Financial Year 2023**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 2023 (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 ₂ cluster	0,33	0,33	100,00 %
	03 02	Single Market Programme	3,90	3,50	89,76 %
	03 03	Union Anti-Fraud Programme	0,26	0,26	100,00 %
	03 04	Cooperation in the field of taxation (FISCALIS)	38,56	36,83	95,53 %
	03 05	Cooperation in the field of customs (Customs)	123,04	117,70	95,66 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 03			166,09	158,63	95,50 %
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,40	0,40	100,00 %
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0,25	0,25	100,00 %
Total Title 08			0,65	0,65	100,00 %
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,84	0,84	100,00 %
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	4,15	4,15	100,00 %
Total Title 09			4,99	4,98	100,00 %
Title 11 Border Management					
11	11 01	Support administrative expenditure of the `Border Management ₂ cluster	0,00	0,00	0,00 %
	11 03	Integrated Border Management Fund (IBMF) ₂ Instrument for financial support for customs control equipment	140,87	140,87	100,00 %
Total Title 11			140,87	140,87	100,00 %
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1,28	1,28	100,00 %
Total Title 14			1,28	1,28	100,00 %
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,78	0,06	7,72 %
Total Title 20			0,78	0,06	7,72 %
Title 30 Reserves					
30	30 02	Reserves for operational expenditure	0,00	0,00	0,00 %
Total Title 30			0,00	0,00	0,00 %
Total Excluding NGEU			314,65	306,47	97,40 %
Total DG TAXUD			314,65	306,47	97,40 %

* 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 2023 for DG TAXUD

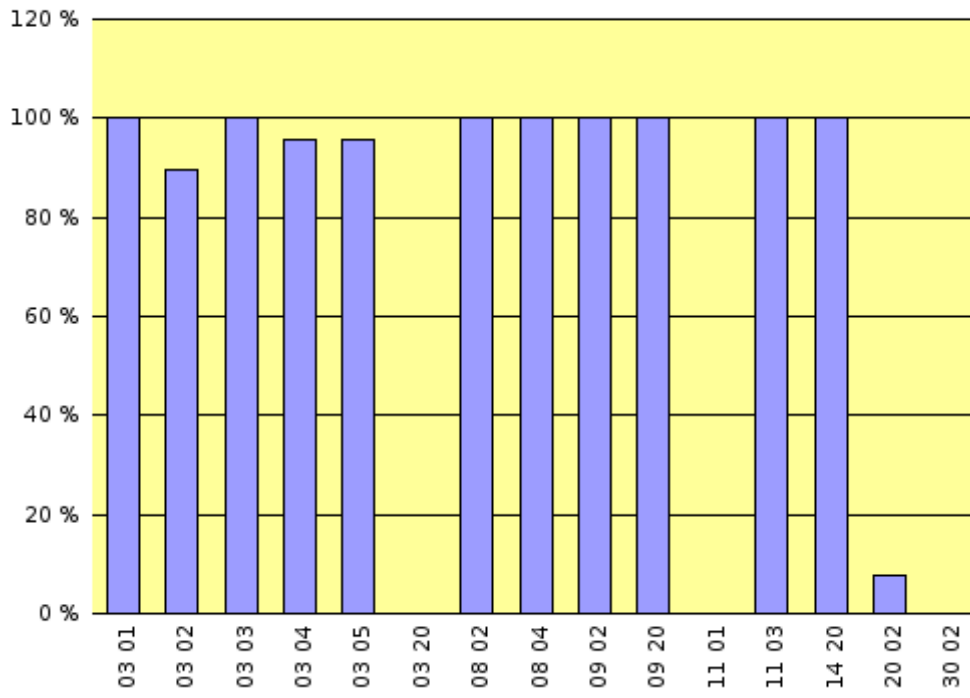


TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS in 2023 (in Mio €) for DG TAXUD					
			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 03 Single Market					
03	03 01	Support administrative expenditure of the `Single Market` cluster	0,55	0,25	44,87 %
	03 02	Single Market Programme	2,36	2,36	100,00 %
	03 03	Union Anti-Fraud Programme	0,24	0,24	100,00 %
	03 04	Cooperation in the field of taxation (FISCALIS)	37,85	37,51	99,09 %
	03 05	Cooperation in the field of customs (Customs)	116,81	111,86	95,76 %
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	1,02	1,02	100,00 %
Total Title 03			158,83	153,23	96,47%
Title 08 Agriculture and Maritime Policy					
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,00	0,00	0,00 %
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0,00	0,00	0,00 %
Total Title 08			0,00	0,00	0,00%
Title 09 Environment and Climate Action					
09	09 02	Programme for the Environment and Climate Action (LIFE)	0,80	0,76	94,71 %
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00 %
Total Title 09			0,80	0,76	94,71%
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	0,10	0,08	78,51 %
Total Title 11			0,10	0,08	78,51%
Title 14 External Action					
14	14 20	Pilot projects, preparatory actions, prerogatives and other actions	1,53	1,53	100,00 %
Total Title 14			1,53	1,53	100,00%
Title 20 Administrative expenditure of the European Commission					
20	20 02	Other staff and expenditure relating to persons	0,80	0,06	7,54 %
Total Title 20			0,80	0,06	7,54%
Title 30 Reserves					
30	30 02	Reserves for operational expenditure	0,00	0,00	0,00 %
Total Title 30			0,00	0,00	0,00%
Total Excluding NGEU			162,06	155,66	96,05%
Total DG TAXUD			162,06	155,66	96,05 %

* 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 2023 for DG TAXUD

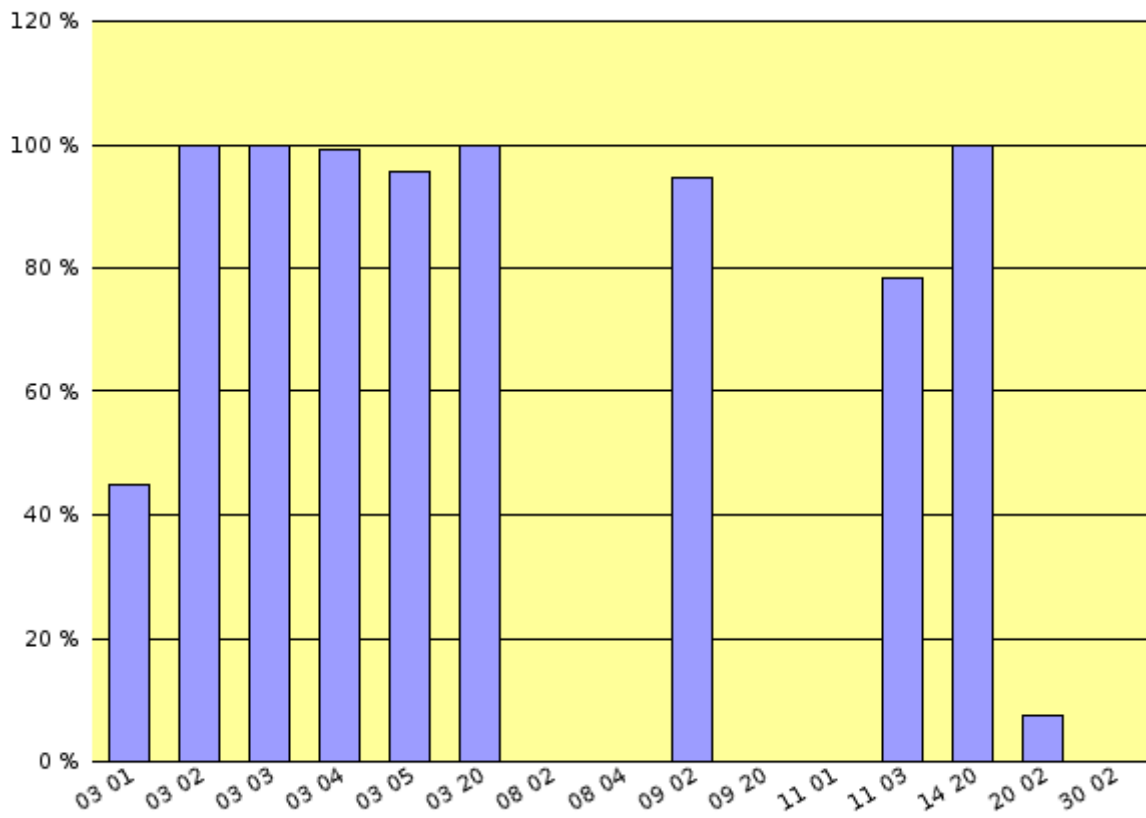


TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			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	0,33	0,03	0,30	91,49%	0,00	0,30	0,22
	03 02	Single Market Programme	3,50	0,45	3,05	87,16%	2,39	5,44	4,32
	03 03	Union Anti-Fraud Programme	0,26	0,00	0,26	100,00%	0,00	0,26	0,24
	03 04	Cooperation in the field of taxation (FISCALIS)	36,83	10,42	26,41	71,71%	13,68	40,09	41,20
	03 05	Cooperation in the field of customs (Customs)	117,70	24,59	93,12	79,11%	44,71	137,83	133,54
	03 20	Pilot projects, preparatory actions, prerogatives and other actions	0,00	0,00	0,00	0,00%	1,20	1,20	2,33
Total Title 03			158,63	35,48	123,14	77,63%	61,98	185,12	181,86
TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD									
Chapter			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
08	08 02	European Agricultural Guarantee Fund (EAGF)	0,40	0,00	0,40	100,00%	0,00	0,40	0,00
	08 04	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	0,25	0,00	0,25	100,00%	0,00	0,25	0,00
Total Title 08			0,65	0,00	0,65	100,00%	0,00	0,65	0,00

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			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)	0,84	0,07	0,77	92,03%	0,13	0,90	0,82
	09 20	Pilot projects, preparatory actions, prerogatives and other actions	4,15	0,00	4,15	100,00%	0,00	4,15	0,00
Total Title 09			4,98	0,07	4,92	98,66%	0,13	5,05	0,82

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			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	140,87	0,00	140,87	100,00%	136,68	277,55	136,76
Total Title 11			140,87	0,00	140,87	100,00%	136,68	277,55	136,76

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			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	1,28	1,20	0,08	6,25%	0,00	0,08	0,34
Total Title 14			1,28	1,20	0,08	6,25%	0,00	0,08	0,34

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
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	0,06	0,04	0,02	28,34%	0,00	0,02	0,02
Total Title 20			0,06	0,04	0,02	28,34%	0,00	0,02	0,02

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2023 (in Mio €) for DG TAXUD

			Commitments to be settled				Commitments to be settled from financial years previous to 2022	Total of commitments to be settled at end of financial year 2023	Total of commitments to be settled at end of financial year 2022
Chapter			Commitments	Payments	RAL	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
30	30 02	Reserves for operational expenditure	0,00	0,00	0,00	0,00%	0,00	0,00	0,00
Total Title 30			0,00	0,00	0,00	0,00%	0,00	0,00	0,00
Total Excluding NGEU			306,47	36,79	269,68	87,99%	198,80	468,47	319,80
Total for DG TAXUD			306,47	36,79	269,68	87,99 %	198,80	468,47	319,80

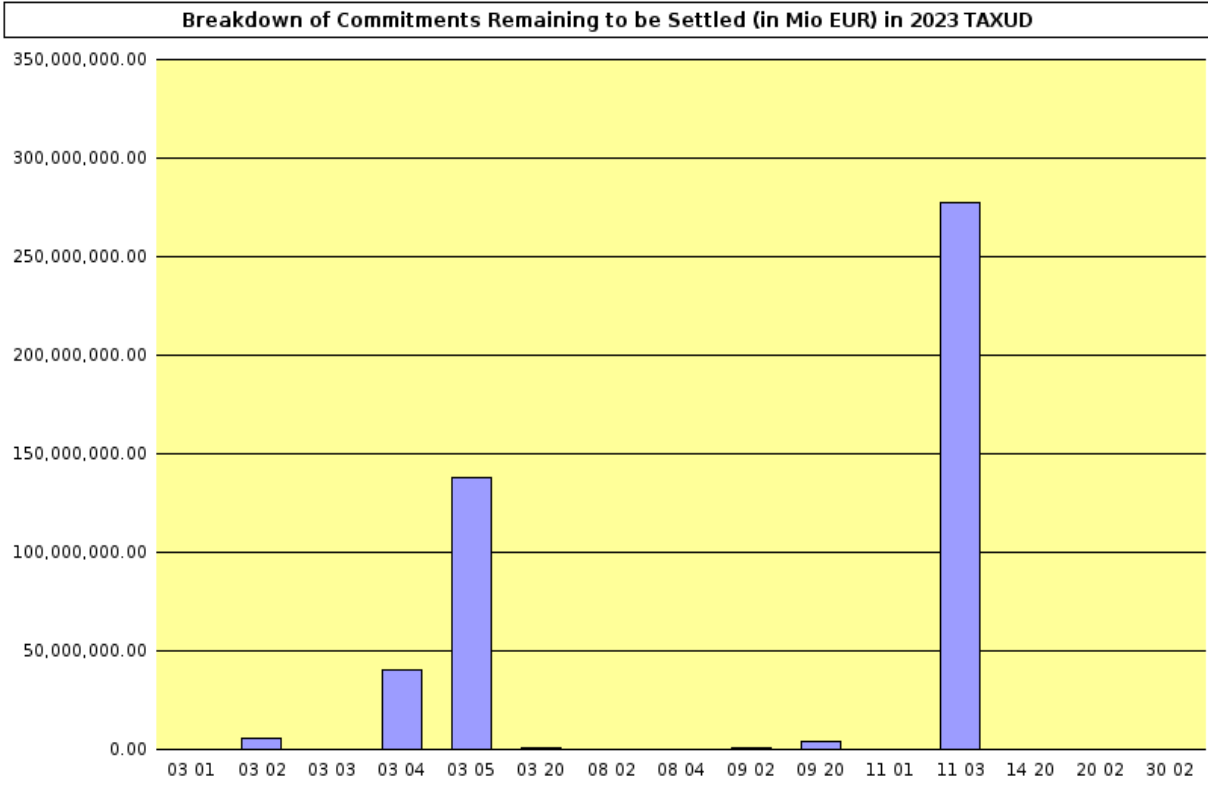


TABLE 4 : BALANCE SHEET for DG TAXUD

BALANCE SHEET	2023	2022
A.I. NON CURRENT ASSETS	-135.798.169.300,62	-27.223.581.471,76
A.I.1. Intangible Assets	394.126.789,28	423.481.330,63
A.I.2. Property, Plant and Equipment	8.784.411.151,61	9.592.216.040,92
A.I.3. Invstmnts Acctnd For Using Equity Meth	1.309.219.567,79	1.313.171.107,49
A.I.4. Non-Current Financial Assets	12.555.285.762,50	12.549.857.074,71
A.I.5. Non-Current Pre-Financing	6.139.190.043,98	47.368.137.654,84
A.I.6. Non-Cur Exch Receiv & Non-Ex Recoverab	-164.980.402.615,78	-98.470.444.680,35
A.II. CURRENT ASSETS	194.285.964.714,43	112.239.517.616,78
A.II.1. Current Financial Assets	1.358.322.026,59	1.358.878.447,59
A.II.2. Current Pre-Financing	136.785.789.998,07	53.906.986.564,20
A.II.3. Curr Exch Receiv & Non-Ex Recoverables	30.040.044.476,62	32.972.268.884,90
A.II.4. Inventories	21.998.811,99	21.998.811,99
A.II.6. Cash and Cash Equivalents	26.079.809.401,16	23.979.384.908,10
ASSETS	58.487.795.413,81	85.015.936.145,02
P.I. NON CURRENT LIABILITIES	-81.316.362.274,14	-78.433.457.821,93
P.I.1. Non-Current Pension & other Empl Benef	-80.116.186.971,25	-80.116.186.971,25
P.I.2. Non-Current Provisions	-307.197.126,97	-299.165.126,97
P.I.3. Non-Current Financial Liabilities	-892.992.461,92	1.981.894.276,29
P.I.4. Non-Cur Accrued Chrgs & Defrd Income	14.286,00	0,00
P.III. NET ASSETS/LIABILITIES	-146.800.130,98	-146.800.130,98
P.III.1. Reserves	-146.800.130,98	-146.800.130,98
P.II. CURRENT LIABILITIES	-19.114.646.311,02	-132.755.566.739,04
P.II.2. Current Provisions	-499.133.130,99	-498.833.130,99
P.II.3. Current Financial Liabilities	-6.654.782.192,44	-6.383.010.540,00
P.II.4. Current Payables	-3.548.950.876,01	-40.851.288.759,69
P.II.5. Current Accrued Charges & Defrd Income	-8.411.780.111,58	-85.022.434.308,36
LIABILITIES	-100.577.808.716,14	-211.335.824.691,95
NET ASSETS (ASSETS less LIABILITIES)	-42.090.013.302,33	-126.319.888.546,93
P.III.2. Accumulated Surplus/Deficit	128.836.995.880,74	37299408143
Non-allocated central (surplus)/deficit*	-86.746.982.578,41	89.020.480.403,51

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TOTAL DG TAXUD	0,00	0,00
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TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE for DG TAXUD

STATEMENT OF FINANCIAL PERFORMANCE	2023	2022
II.1 REVENUES	-159.620.399.871,44	-162.754.384.623,43
II.1.1. NON-EXCHANGE REVENUES	-160.417.508.238,64	-161.104.119.846,67
II.1.1.1. GNI RESOURCES	-101.286.568.148,04	-103.880.358.779,33
II.1.1.2. OWN RESOURCES	-15.870.429.579,32	-23.495.271.216,39
II.1.1.3. VAT	-22.505.480.387,00	-19.665.680.155,01
II.1.1.4. NEW OWN RESOURCES	-7.225.075.485,11	-6.337.336.836,38
II.1.1.5. FINES	-1.748.339.369,81	-914.607.638,04
II.1.1.6. RECOVERY OF EXPENSES	469.188.038,66	-1.215.671.988,74
II.1.1.7. UK WITHDRAWAL AGREEMENT	-8.258.251.274,98	0,00
II.1.1.8. OTHER NON-EXCHANGE REVENUES	-3.992.552.033,04	-5.595.193.232,78
II.1.2. EXCHANGE REVENUES	797.108.367,20	-1.650.264.776,76
II.1.2.1. FINANCIAL INCOME	1.415.186.345,89	-926.659.374,63
II.1.2.2. OTHER EXCHANGE REVENUE	-618.077.978,69	-723.605.402,13
II.2. EXPENSES	72.873.417.293,02	251.774.865.026,94
II.2. EXPENSES	72.873.417.293,02	251.774.865.026,94
II.2.11. OTHER EXPENSES	4.042.743.860,76	12.853.392.148,16
II.2.1. EXP IMPLM BY MEMBER STATES (SHARED)	44.739.572.518,81	118.317.647.842,30
II.2.2. EXP IMPLM BY COMMISS&EX.AGENC. (DM)	24.452.842.183,75	93.907.590.709,23
II.2.3. EXP IMPL BY OTH EU AGENC&BODIES (IM)	1.434.752.766,07	4.693.088.878,97
II.2.4. EXP IMPL BY 3RD CNTR & INT ORG (IM)	-1.749.711.226,73	5.280.506.058,31
II.2.5. EXP IMPLM BY OTHER ENTITIES (IM)	-6.595.929.028,04	4.743.369.683,29
II.2.6. STAFF AND PENSION COSTS	6.490.324.340,32	9.959.933.055,74
II.2.8. FINANCE COSTS	58.821.878,08	2.019.336.650,94
STATEMENT OF FINANCIAL PERFORMANCE	-86.746.982.578,42	89.020.480.403,51

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Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

TABLE 5bis : OFF BALANCE SHEET for DG TAXUD

OFF BALANCE	2023	2022
OB.1. Contingent Assets	9.977.617.599,47	9.651.766.107,40
GR for fines pending	9.323.588.461,59	9.065.743.031,78
GR for other	2.174.412,31	2.384.143,36
GR for performance	60.134.604,91	50.841.239,10
GR for pre-financing	576.554.079,98	513.736.368,48
OB.1.3. CA Other	15.166.040,68	19.061.324,68
OB.2. Contingent Liabilities	-5.795.453.923,64	-73.040.536.339,41
OB.2.1. Guarantees given for EU FI	0,00	-4.575.761.456,36
OB.2.2. Budgetary Guarantees given	0,00	-42.919.116.938,07
OB.2.3. CL legal cases AGRI	-193.596.678,44	-193.596.678,44
OB.2.4. CL Fines	-2.989.569.239,06	-2.989.569.239,06
OB.2.5. CL legal cases COHESION	0,00	0,00
OB.2.6. Budg Guar given - Signed,not yetdistr	0,00	-19.439.590.535,89
OB.2.6. CL Other	-36.463.787,72	-36.463.787,72
OB.2.7. CL Legal cases OTHER	-2.575.824.218,42	-2.886.437.703,87
OB.3. Other Significant Disclosures	-683.916.807.003,89	-865.739.106.573,72
OB.3.2. Comm against app. not yet consumed	-359.016.893.551,27	-359.016.893.551,27
OB.3.3.1 Structural operations	-308.942.641.367,14	-389.687.883.857,56
OB.3.3.21. LC - Horizon EU	-589.154.754,24	-322.104.754,24
OB.3.3.22. LC - EURATOM	-362.357.410,78	-362.357.410,78
OB.3.3.3.Fisheries agreement	-166.011.754,00	-265.165.508,00
OB.3.3.4.Galileo programme	-2.886.000.490,99	-3.547.920.916,23
OB.3.3.5.GMES programme COPERNICUS	0,00	
OB.3.3.65. BAR	-296.429.957,98	-296.429.957,98
OB.3.3.66. EUSF	-700.348.683,00	-700.348.683,00
OB.3.3.67. RESCEU	-252.982.939,29	
OB.3.3.6.TEN-T	-5.570.182.098,93	-1.811.180.314,59
OB.3.3.7.Other contractual commitments	-515.237.039,74	-515.237.039,74
OB.3.3.8.Budgetary Guarantees Ceiling	-1.273.500.000,00	-105.868.517.623,80
OB.3.3.9.NGEU non-reimbursable support	0,00	0,00
OB.3.4. Contributions to rel. organisations	-2.464.630.000,00	-2.464.630.000,00
OB.3.5. Operating lease commitments	-880.436.956,53	-880.436.956,53
OB.4. Balancing Accounts	679.734.643.328,06	929.127.876.805,73
OB.4. Balancing Accounts	679.734.643.328,06	929.127.876.805,73
OFF BALANCE	0,00	0,00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

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	1.149	1.141	99,30 %	15,45	8	0,70 %	49,25	1.588.246,34	1, %
45	5	5	100,00 %	25,00				0,00	0, %
60	7	5	71,43 %	41,60	2	#####	65,50	63.508,60	5, %
90	7	7	100,00 %	57,00				0,00	0, %

Total Number of Payments	1.168	1.158	99,14 %		10	0,86 %		1651754,94	1, %
Average Net Payment Time	16,16952055			15,86			52,50		
Average Gross Payment Time	17,65325342			17,32038			56,2		

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	33	52	4,45 %	1.168	8.525.444,19	5,51 %	154.780.615,12

Late Interest paid in 2023			
DG	GL Account	Description	Amount (Eur)
AGRI	65010100	Interest on late payment of charges New FR	235,63
CLIMA	65010100	Interest on late payment of charges New FR	249,86
COMM	65010100	Interest on late payment of charges New FR	23.894,14
COMP	65010100	Interest on late payment of charges New FR	0,00
DGT	65010100	Interest on late payment of charges New FR	297,72
DIGIT	65010000	Interest expense on late payment of charges	479,67
DIGIT	65010100	Interest on late payment of charges New FR	1.069,84
EAC	65010100	Interest on late payment of charges New FR	4.393,02
EACEA	65010000	Interest expense on late payment of charges	122,03
EACEA	65010100	Interest on late payment of charges New FR	102.747,56
EACI (EISMEA IEEA)	65010100	Interest on late payment of charges New FR	1.487,20
ECFIN	65010100	Interest on late payment of charges New FR	452,39
ECHO	65010000	Interest expense on late payment of charges	0,00
ECHO	65010100	Interest on late payment of charges New FR	42.860,22
EMPL	65010100	Interest on late payment of charges New FR	1.749,16
ENV	65010100	Interest on late payment of charges New FR	6.511,11
FPI	65010100	Interest on late payment of charges New FR	4.794,41
HADEA	65010100	Interest on late payment of charges New FR	2.456,71
HERA	65010100	Interest on late payment of charges New FR	3.456,61
HOME	65010100	Interest on late payment of charges New FR	4.476,93
HR	65010100	Interest on late payment of charges New FR	15.419,22
INEA	65010000	Interest expense on late payment of charges	0,00
INEA	65010100	Interest on late payment of charges New FR	1.216,96
INTPA	65010000	Interest expense on late payment of charges	3.261,69
INTPA	65010100	Interest on late payment of charges New FR	45.244,70
JUST	65010100	Interest on late payment of charges New FR	368,34
MARE	65010100	Interest on late payment of charges New FR	567,24
MOVE	65010100	Interest on late payment of charges New FR	327,15
NEAR	65010000	Interest expense on late payment of charges	3.162,00
NEAR	65010100	Interest on late payment of charges New FR	28.636,82
OIB	65010100	Interest on late payment of charges New FR	9.779,57
OIL	65010100	Interest on late payment of charges New FR	538,16
OP	65010100	Interest on late payment of charges New FR	2.708,64
REA	65010100	Interest on late payment of charges New FR	21.125,44
REFORM	65010100	Interest on late payment of charges New FR	3.442,16
REGIO	65010000	Interest expense on late payment of charges	461,36
REGIO	65010100	Interest on late payment of charges New FR	1.561,82
RTD	65010100	Interest on late payment of charges New FR	4.582,90
SANTE	65010000	Interest expense on late payment of charges	3.960.000,00
SANTE	65010100	Interest on late payment of charges New FR	2.647,17
TAXUD	65010100	Interest on late payment of charges New FR	2.187,14
			4.308.972,69

TABLE 7 : SITUATION ON REVENUE AND INCOME in 2023 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	7=3-6
33	Other administrative revenue	877.159,74		877.159,74	877.159,74		877.159,74	0,00
42	Fines and penalties	32.000.000,00	0,00	32.000.000,00	32.000.000,00	0,00	32.000.000,00	0,00
60	Single market, innovation and digital	3.614.849,41	1.653.530,97	5.268.380,38	3.486.944,41	1.653.530,97	5.140.475,38	127.905,00
66	Other contributions and refunds	123.487,00	78.190,56	201.677,56	46.307,00	78.190,56	124.497,56	77.180,00
Total DG TAXUD		36.615.496,15	1.731.721,53	38.347.217,68	36.410.411,15	1.731.721,53	38.142.132,68	205.085,00

TABLE 8 : FINANCIAL IMPACT OF EX-ANTE AND EX-POST CONTROLS in 2023 for DG TAXUD

EX-ANTE CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-ante amounts
NON ELIGIBLE IN COST CLAIMS	242.085.834,67	938.069,11	243.023.903,78
CREDIT NOTES	37.365.845,10	873.796,00	38.239.641,10
RECOVERY ORDERS ON PRE-FINANCING	8.012.804,41	410.736,54	8.423.540,95
Sub-Total	287.464.484,18	2.222.601,65	289.687.085,83

EX-POST CONTROLS BY TRANSACTION	Irregularity	OLAF notified	Total ex-post amounts
RECOVERY ORDERS OTHER THAN ON PRE-FINANCING	91.899.629,50	3.056.392,76	94.956.022,26
INCOME LINES IN INVOICES	10.229.664,81		10.229.664,81
Sub-Total	102.129.294,31	3.056.392,76	105.185.687,07
GRAND TOTAL (EX-ANTE + EX-POST)	389.593.778,49	5.278.994,41	394.872.772,90

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 12/31/2023 for DG TAXUD

	Number at 1/1/2023 1	Number at 12/31/2023	Evolution	Open Amount (Eur) at 1/1/2023 1	Open Amount (Eur) at 12/31/2023	Evolution
2022	6		-100,00 %	1.731.721,53		-100,00 %
2023		3			205.085,00	
	6	3	-50,00 %	1.731.721,53	205.085,00	-88,16 %

TABLE 10 :Recovery Order Waivers >= 60 000 € in 2023 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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There are no waivers below 60 000€.

TABLE 11: Negotiated Procedures in 2023 for DG TAXUD

Internal Procedures > € 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Annex 1 - 11.1 (a) - Follow-up of an open/restricted procedure where no (or no suitable) tenders/requests to participate have been submitted	1	354,780.00
Total	1	354,780.00

TABLE 12 : Summary of Procedures in 2023 for DG TAXUD

Internal Procedures > € 60,000

Procedure Legal base	Number of Procedures	Amount (€)
Negotiated procedure without prior publication (Annex 1 - 11.1)	1	354,780.00
Open procedure (FR 164 (1)(a))	2	31,230,000.00
Total	3	31,584,780.00

TABLE 13 : BUILDING CONTRACTS in 2023 for DG TAXUD

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

TABLE 14 : CONTRACTS DECLARED SECRET in 2023 for DG TAXUD

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

TABLE 15 : FPA duration exceeds 4 years - DG TAXUD

FPA Local Key (Root)	FPA In Force From Date	FPA Expiry Date	FPA Duration	Duration in Days	FPA Local Identifier	FPA User Reference	FPA Version Type	FPA Status Desc	FPA Type of Change
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TABLE 16 : Commitments co-delegation type 3 in 2023 for DG TAXUD

ANNEX 4: Financial scorecard

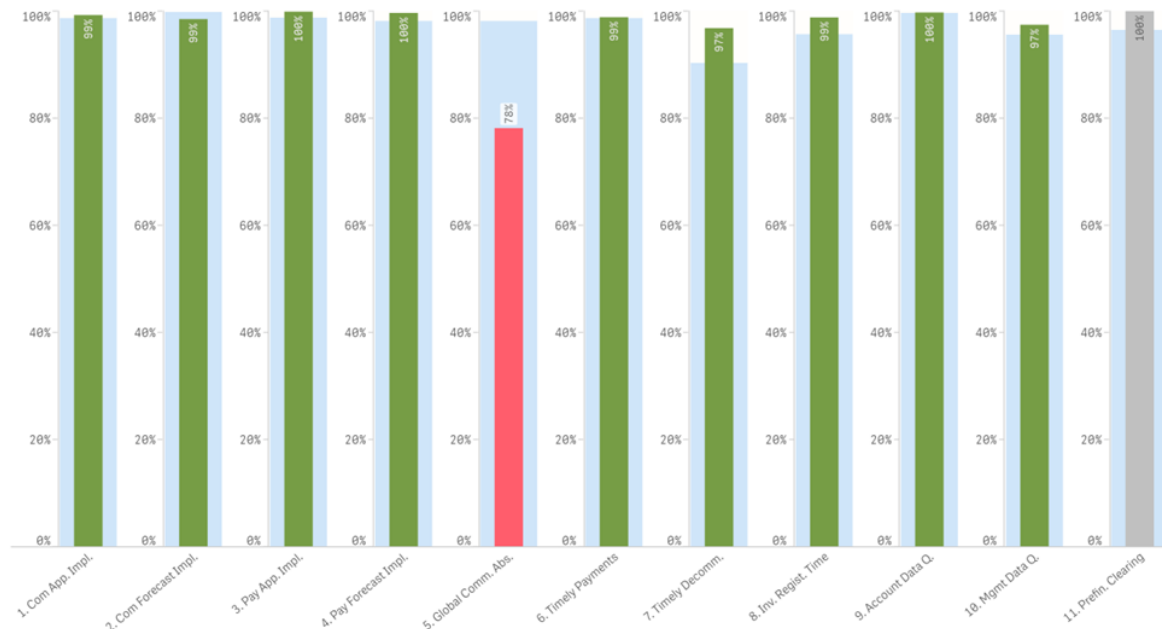
The Annex 4 of each Commission service summarises the annual result of the standard financial indicators measurement. Annexed to the Annual Activity Report 2022, 11 standard financial indicators are presented below, each with its objective and result for the Commission service and for the EC as a whole (for benchmarking purposes)²:

<ul style="list-style-type: none"> - Commitment Appropriations (CA) Implementation - CA Forecast Implementation - Payment Appropriations (PA) Implementation - PA Forecast Implementation - Global Commitment Absorption 	<ul style="list-style-type: none"> - Timely Payments - Timely Decommitments - Invoice Registration Time - Accounting Data Quality - Management Data Quality - Timely Invoice PF Clearing
--	--

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

TAXUD Indicator Scores for 2023 12



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

² 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.

Indicator	Objective	Comment	TAXUD Score	EC Score
1. Commitment Appropriations Implementation	Ensure efficient use of commitment appropriations expiring at the end of Financial Year	DG TAXUD scores at Commission average	99%	99%
2. Commitment Forecast Implementation	Ensure the cumulative alignment of the commitment implementation with the commitment forecast in a financial year	DG TAXUD scores close to the Commission average	99%	100%
3. Payment Appropriations Implementation	Ensure efficient use of payment appropriations expiring at the end of Financial Year	DG TAXUD scores above Commission average	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 above Commission average	100%	98%
5. Global Commitment Absorption ³	Ensure efficient use of already earmarked commitment appropriations (at L1 level)	A calculation error has been spotted, the score should be 99,81%. A request to DG BUDG has been issued and an updated version is expected	78%	98%
6. Timely Payments	Ensure efficient processing of payments within the legal deadlines	DG TAXUD scores at Commission average	99%	99%
7. Timely Decommitments	Ensure efficient decommitment of outstanding RAL at the end of commitment life cycle	DG TAXUD scores above Commission average	97%	90%
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	99%	96%

³ 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.

9. Accounting Data Quality	Ensure the good data quality of ABAC transactions with the focus on fields having a primary impact on the accounts		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		97%	96%
11. Timely Invoice PF clearing	Ensure efficient clearing by invoices of prefinancing payments within the invoice payment time limit		100%	100%

ANNEX 5: Materiality criteria

As outlined in Part 2 Internal control and financial management, 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), have been performed by selecting 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).

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.). The audit target was 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 2023 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, accomodation 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 2023, for the Customs and Fiscalis grants under the MMF 2021-2027, **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 Part 2 above).

4. CCEI

The Customs Control Equipment Instrument is a 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 shall be done by the Member States' National Authorities.

Due to the higher risk level, requests for 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 2023 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 Part 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 high value 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 high value planned open 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>Tendering specifications remain password protected until publication time.</p> <p>Paper versions are destroyed with shredders.</p> <p>Use of PPMT, eTendering (replaced by Funding and Tenders October 2023) 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 high value procurement specifications are scrutinised and validated by the AOS</p> <p>100% of high value procurement specifications are scrutinised by the financial unit (public procurement team) prior to publication</p> <p>100% of high value 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 of 'unfair' evaluation process</p>	<p>Formal evaluation process : opening and evaluation committee</p> <p>Opening and evaluation committee declares absence</p>	<p>100% of high value procurement procedures have a formally nominated opening and evaluation committee (except in duly justified cases, i.e. opening committee for reopening of competition)</p> <p>100% of members sign a formal declaration of conflict</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 procedure</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
	of conflict of interest	of interest and of confidentiality	Economy: cost of involved staff
	Opinion by DG TAXUD's Public Procurement Committee	100% of the procurement procedures are validated by the PPC: (1) award by written procedure if the procedure's value is above EUR 60 000 and below 10 million Euro and (2) during a formal meeting for all other procedures above 10 000 EUR	
	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 unless sole tenderer	

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</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 <ul style="list-style-type: none"> - 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>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-effectiveness indicators (three E's)
		impact on the DG)	

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 when preparing a new high value tender	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)
<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>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
<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>

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
<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>

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)
<p>The annual work programmes and the subsequent grants do not adequately reflect the policy objectives and priorities for the 7 years framework.</p>	<ul style="list-style-type: none"> - Horizontal and hierarchical validation within DG - Inter-service consultation, including all relevant DGs - Adoption by the Commission 	<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 validation of the</p>

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost- effectiveness indicators (three E's)
			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:</p> <p>Number of proposals evaluated</p> <p>Efficiency:</p> <p>% of Time-to-inform on time.</p> <p>Economy (costs) :</p> <p>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. Procedures do not comply	<ul style="list-style-type: none"> - Validation via financial and programme management circuits within the DG - Signature of the grant agreement by the AOSD - Checks on operational and legal aspects performed before signature of the GA 	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)
with regulatory framework.			

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:</p> <p>Number of payments (pre-financing and interim (incl. final)).</p> <p>Detected error rates.</p> <p>Efficiency :</p> <p>Time-to-pay</p> <p>Economy (costs) :</p> <p>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
<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>

ANNEX 7: Specific annexes related to "financial management"

1. Free content:

Comments on sections 2.2 Audit observations and recommendations of the AAR

In 2023, 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 13/2023	PUBLISHED	(3)
Statement of Assurance 2022	Annual AUDIT	PUBLISHED	(1)
Statement of Assurance 2023	Annual AUDIT	ON-GOING	n/a
Harmful tax competition in the EU	AUDIT: Special report	ON-GOING	n/a
VAT fraud on imports	AUDIT: Special report	ON-GOING	n/a
OTHER ECA TASKS WITH DG TAXUD CONTRIBUTIONS			
EU climate and energy targets	AUDIT: Special report 18/2023	PUBLISHED	(1)
Infringement procedures and enforcing EU law	AUDIT: Special report	ON-GOING	n/a
Military mobility	AUDIT: Special report	ON-GOING	n/a

European Court of Auditors' Special Report n° 13/2023 *“Authorised Economic Operators - Solid customs programme with untapped potential and uneven implementation”*. The performance audit assessed whether the EU AEO programme facilitates legitimate trade and supply chain security. More specifically it assessed whether the Commission provided a sound regulatory and monitoring framework and whether the Member States implemented the programme properly.

European Court of Auditors' Special Report n° 13/2023 *“EU climate and energy targets – 2020 targets achieved, but little indication that actions to reach the 2030 targets will be sufficient”*. The performance audit assessed whether the EU has built on successful actions to reach its 2030 energy and climate targets and whether the EU had learned lessons from

the achievement of 2020 targets which would help it to reach the more ambitious 2030 targets.

The ECA upcoming special reports 1) “*Harmful tax competition in the EU*” having as subject whether the EU framework is adequate to fight harmful tax competition; 2)“*VAT fraud on imports*” aiming at assessing whether import procedures (customs procedure 42 and the import one shop stop) are effective in protecting the EU budget and the single market against VAT fraud and to examine the implementation of the regulatory framework for these procedures in a number of member states.

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	1	1
Audit: financial management in DG TAXUD (ongoing)	n/a	n/a	n/a
Multi-DGs limited review: data protection (final report in 2024)	2	0	2
Limited review: implementation of the new Internal Control Framework (ICF)	n/a	n/a	n/a
TOTAL	4	1	3

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 financial management in DG TAXUD

The objective of the audit will be to assess the effectiveness and efficiency of the financial management DG TAXUD in compliance with the applicable rules.

2. Compulsory for all departments:

Table Y on the estimated “cost of controls” at Commission level

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

- 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	1,736,239.00 €	154,152,755.81 €	1.13%	- €	- €	0.00%	1,736,239.00 €	1.13%
Grants MFF 2014-2020	5,689.54 €	286,404.00 €	1.99%	- €	- €	0.00%	5,689.54 €	1.99%
Grants MFF 2021-2027	6,057.74 €	1,139,797.50 €	0.53%	- €	- €	0.00%	6,057.74 €	0.53%
CCEI	6,931.38 €	78,817.55 €	8.79%	- €	- €	0.00%	6,931.38 €	8.79%
	- €	- €	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	1,754,917.66 €	155,657,774.86 €	1.13%	- €	- €	0.00%	1,754,917.66 €	1.13%

20XX-2023 Detailed control results (audit opinion/error rate)

MS	Ref	Title	(1) MCS functioning effectively (Y/INA*); Y=Cat. 1-2; N=Cat. 3-4	Accounting year 20XX-2021	Accounting year 2021-2022			Accounting year 2022-2023			Issued Reservation for 2023 (Y/N)	Comments
				Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)	Confirmed error rates after EC's assessment (desk review of all OPs and risk-based compliance audits)			Reportable rates (reported by audit authorities and, where necessary, adjusted by EC following preliminary consistency checks)				
				(2) Total Error Rate	(3) Total Error Rate	(4) Residual Total Error Rate	(5) Residual Total Error Rate removing impact of advances to financial instruments	(6) Total Error Rate reportable by EC	(7) Residual Total Error Rate reportable by EC	(8) Relevant Expenditure (EUR)		
AT	20XXAT16RFOP001	Investments in Growth and Employment Austria 20XX-2023 - Operational Programme for the use of the ERDF funds	Y	0,56%	10,30%	2,85%	3,03%	4,72%	1,99%			Ongoing audit contradictory procedure. Once finalised and, if necessary, financial corrections will be applied to bring RTER down to 2%.
...			

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

Comments on section 2.3 Assessment of the effectiveness of internal control systems 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 following Court cases related to public procurement procedure have been closed in 2023:

-Case T-108/22 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 (2023;MEUR) -2	minus new prefinancing [plus retentions made] (in 2023;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2023;MEUR) -4	Relevant expenditure (for 2023;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2023;MEUR) -7	Adjusted Average Recoveries and Corrections (adjusted ARC, %) -8	Estimated future corrections [and deductions] (for 2023;MEUR) -9	Estimated risk at Closure (2023;MEUR) -10
Procurement	154.15	0.00	0.00	154.15	0.50% - 0.50%	0.77 - 0.77	0.19% - 0.19%	0.29 - 0.29	0.48 - 0.48
Grants MFF 2014-2020	0.29	- 0.29	0.00	0.00	1.45% - 1.45%	0.00 - 0.00	0.19% - 0.19%	0.00 - 0.00	0.00 - 0.00
Grants MFF 2021-2027	1.14	- 2.04	0.00	- 0.90	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
CCEI	0.08	0.00	0.10	0.18	0.00% - 0.00%	0.00 - 0.00	0.00% - 0.00%	0.00 - 0.00	0.00 - 0.00
DG total	155.66	- 2.33	0.10	153.43		0.77 - 0.77	0.19% - 0.19%	0.29 - 0.29	0.48 - 0.48
					Overall risk at payment in %	0.50% - 0.50% (7) / (5)		Overall risk at closure in %	0.31% - 0.31% (10) / (5)

Notes to the table X

(1) Relevant Control Systems [if possible] differentiated per relevant portfolio segments and at a level which is lower than the 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 departments. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments.

(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 departments, 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 [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] 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. [*Equivalents might be e.g. the "adjusted error rates", AGRI, or the "residual total error rates", REGIO, EMPL, MARE. In other cases, e.g. DEVCO and NEAR, they are derived by a backwards calculation based on results from the residual error rate studies; i.e. by adding the estimated future corrections (if not assumed to be zero) to the risk at closure.*]

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 department has a more precise estimate based on evidence.

Similarly the subsidies given by partner DGs to decentralised agencies as part of their establishment and core tasks are considered error-free types of expenditure and the rate which should be used is 0%.

(8) The adjusted average recovery and corrections percentage is [*mostly / to some extent*] based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls. The AOD [*has adjusted or replaced*] this historic average [*from ... to ...*] 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. [*+ summarize here the approach taken by the DG. This may include considering less and more recent years than the full 7-years-period, using*

an alternative estimation basis [e.g. AGRI, REGIO, EMPL, Research family, or even assuming that the ex-post future corrections would be 0.0% e.g. DGs with entirely ex-ante control systems.]

Please also analyse the correlation between estimated future corrections and implemented ⁽⁴⁾ amount of corrections and recoveries. Following the IAS audit report on corrective capacity, all DGs are requested to provide for estimated future and implemented financial corrections and recoveries an analysis of their evolution over time and correlation. In particular, you should compare an average of corrections, for the last 3 years at least (in order to limit the impact of the yearly variances) and identify possible trends. In case of significant differences, between the average of corrections and the estimated future corrections, please comment/explain, to the extent possible.

For example:

The average amount of the implemented corrections over the past 3 years (2020-2023) is XXXX (million) euros (X% of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of YYYY (million) euros (Y% of the average amount of relevant expenditure of that period). The deviation of XX% between the two averages is considered marginal and can be attributed to

(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.

⁽⁴⁾ **Remember:** with the term implemented we mean:

1. when the financial correction has been applied and recorded in the Commission accounts via the following financial transactions: recovery order, deduction from the interim or final payment claim (including payment claims used to clear pre-financing), payment order and/or a de-commitment transaction , or
2. For Cohesion pre-2014 programmes: in case no financial transaction will take place at the closure of the programme, the correction has been applied and included in the pre-closure/closure letter accepted by the Member State.
3. For Cohesion post-2014 programmes: the corrections implemented by Member states.
4. For the Member States' recoveries reported in department AGRI: when the Member States have issued the recovery orders (or equivalent) to the final beneficiaries and reported them accordingly to the Commission (AGRI) in the updated "debtors ledger" of year N (usually in February N+1).

2. Annex related to "Control results" - 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	1,736,239.00 €	154,152,755.81 €	1.13%	- €	- €	0.00%	1,736,239.00 €	1.13%
Grants MFF 2014-2020	5,689.54 €	286,404.00 €	1.99%	- €	- €	0.00%	5,689.54 €	1.99%
Grants MFF 2021-2027	6,057.74 €	1,139,797.50 €	0.53%	- €	- €	0.00%	6,057.74 €	0.53%
CCEI	6,931.38 €	78,817.55 €	8.79%	- €	- €	0.00%	6,931.38 €	8.79%
	- €	- €	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%
	- €	- €	0.00%	- €	- €	0.00%	- €	0.00%
OVERALL total estimated cost of control at EC level for expenditure	1,754,917.66 €	155,657,774.86 €	1.13%	- €	- €	0.00%	1,754,917.66 €	1.13%

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 2023:

Output	Indicator	Target	Latest Known Results
Corporate Indicators			
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 (2023-2024) 2 more first female appointments by end of 2024.	By the end of 2023 1 more first female appointments in Head of Unit positions was made. By the end of Q1 2024 the 100% target was reached with another first female appointment.
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 2023: EC = 73% and TAXUD = 70%
TAXUD Indicators			
Launch an in-house programme for female talent development	Number of participants in the programme	Enrolment of at least 20 participants in the programme	-24 participants enrolled in 2 sessions of 3 workshops -a follow-up workshop organised

Output	Indicator	Target	Latest Known Results
Increase diversity and inclusion among staff	Progress in implementing actions in the TAXUD Equality mainstreaming work plan after 18 months	TAXUD Equality mainstreaming work plan implemented as planned	TAXUD Equality Internal communication strategy implemented, including creating specific tools (sharepoint, visual identity, logo), as well as staff awareness events (f.e. European Month of Diversity, presentations at all staff events). <ul style="list-style-type: none"> - diversity issues addressed in recruitment and selection process (adapted vacancy notices, gender-balanced panels) - new managerial practices implemented (f.e. videos by Directors for all staff on diversity)
Encourage staff engagement and transform TAXUD culture	Progress in implementing actions in the 2021 Staff survey follow-up plan	Action plan following the 2021 Staff survey implemented as planned	18 actions implemented out of 22, including clarification of TAXUD's mission and establishment a Management Charter.

Output	Indicator	Target	Latest Known Results
Develop solid knowledge and data for informed HR decisions	<ul style="list-style-type: none"> • In-house skills assessment • In-house workload assessment 	<p>Overview of available and missing skills needed to deliver DG TAXUD objectives and for succession planning</p> <p>Overview of links between resources and priorities</p>	<p>Workforce planning & Learning priorities' exercise (led by DG.HR) overview of L&D and recruitment needs in relation to available & missing skills (sent to DG HR)</p> <p>ATLAS exercise organized on yearly-basis. Done for 2023</p> <p>Workload assessment new process presented to management.</p>
Inform about career possibilities for different staff profiles	<ul style="list-style-type: none"> • Certification information campaign for AST staff • Communication campaign on career guidance <p>Reviewed learning paths</p>	<p>Organising an event for AST staff on certification and a campaign for all staff on career</p> <p>Performing a thorough review of learning paths with an accompanying information to all staff</p>	<p>Certification: information session/testimonials organised</p> <p>TAXUD Training map 2023 updated.</p>

Output	Indicator	Target	Latest Known Results
Foster staff mobility	<ul style="list-style-type: none"> Pilot mobility project with family DGs Communication on mobility opportunities within the DG 	Implementing three actions within the family DG mobility project and organising three communication actions on internal mobility	<p>Internal call to all staff launched in February 2023, aimed at identifying colleagues interested in pursuing a career change within TAXUD</p> <p>Increased visibility of internal job openings within the DG through newsletters and a dedicated intranet page</p> <p>Staff exchange programme with DG COMP – call for interest in November 2023. No candidates from TAXUD, but ongoing talks with family DGs on other possibilities.</p>

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 2023:

Output	Indicator	Target	Latest Known Results
Implementation of the corporate principles for data governance for DG TAXUD's key data assets	Percentage of implementation of the corporate principles for data governance for DG TAXUD's key data assets	Interim milestone by 2023: 60%	75%

Output	Indicator	Target	Latest Known Results
All Information Systems in production managed in an optimal way	Service Level Agreements, Gold, Silver, Bronze or Best-Effort (as per the MASP-C and the MASP-T)	Full respect of the relevant Service Level Agreements for each system	Full respect of the relevant Service Level Agreements for each system. Framework contract extended Service to enable Gold SLA
All projects managed in an optimal way	Project Plans set in the relevant Vision Document or Project Charter (as per the MASP-C and the MASP-T)	Full respect of the relevant project plans and their milestones	Full respect of the relevant project plans and their milestones. 100% alignment to Corporate Governance and set planning for all IT systems developed and deployed in operations 2023
List of key actions on data protection	<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 2023 reaching 30% of the staff in the DG • Joint Controllership agreement signed in 2023. • 100% 	<p>Awareness raising</p> <ul style="list-style-type: none"> • Seven in-depth training sessions on data protection matters. • Individual training session for TAXUD Units. • Awareness raising for management within extended management meetings. <p>Awareness-rising rate is 84%.</p> <p>Joint controllership arrangement signature planned to be finalised in Q1 2024.</p> <p>All data protection records are uptodate.</p>

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"> • Single integrated framework for collaboration <p>Information management</p> <ul style="list-style-type: none"> • "Ask Your Questions" TAXUD internal helpdesk operational • Relations with external stakeholders assessed once per year. 	<p>Document Management</p> <ul style="list-style-type: none"> • Support to business owners on Single integrated framework for collaboration <p>Information Management</p> <ul style="list-style-type: none"> • Reply within two working days to the questions of DG TAXUD colleagues • Survey addressed to external stakeholders on external communication activities 	<p>Document Management</p> <ul style="list-style-type: none"> • Support provided. <p>Information management</p> <ul style="list-style-type: none"> • Reply provided within two days • External Stakeholder Survey completed Q1 2023.

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 2023:

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: 3	100% of DG TAXUD buildings participating	100% of DG TAXUD buildings participating

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Paperless working methods at DG level (such as paperless working: esignatories, financial circuits, collaborative working tools)	Remaining paper procedures	All internal workflows are paperless except if otherwise provided by the internal rules. TAXUD will adapt if the internal rules change.	All internal workflows are paperless except if otherwise provided by the internal rules. TAXUD will adapt if the internal rules change.
Staff awareness actions to reduce waste and energy use in the framework of EMAS corporate campaigns and/or awareness actions about DG's total energy consumption in collaboration with OIB	Number of events organised	At least once a year	1 event organised on the zero-waste campaign.

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	All staff regularly informed throughout the year.
	% of sustainable commuters ⁽⁵⁾ at DG/service	At least 20 % of sustainable commuters at DG/service (%)	77% sustainable commuters (bike, public transport, on foot)

⁽⁵⁾ Sustainable commuting usually refers to environmentally friendly travel modes, such as. Public transport (bus, tram, subway, light rail), walking, cycling, and carpooling.

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Gradual increased use of videoconference for meetings with stakeholders	% of meetings with Member States taking place online vs physical meetings	Only essential meetings take place physically	Estimated 90% meetings are or hybrid or online only.
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 to 50% by 2024	Reduction by 49% in 2023 compared to 2019
Analysis and monitoring of TAXUD CO ₂ emissions	Reports generated in MiPS provided by PMO	Reduction of CO ₂ emissions compared to 2019	Reduction by 49% in 2023 compared to 2019

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%	All internal TAXUD events were held as green events, invitations digital only and no printed paper.

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 relevant call for tenders now includes the requirement for tenderers to be EMAS compliant

Output	Indicator	Target (2019 as baseline)	Latest Known Results
Staff awareness actions on encouraging secretariats and staff to order sustainable office furniture (pens, notebooks, etc.) among EC office supplies' catalogue (for example, introduce a DG-specific office supplies' catalogue, including only 100% "green items").	Number of actions	Two actions per year	No actions were performed during 2023.

ANNEX 11: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission

Not applicable

ANNEX 12: EAMR of the Union Delegations

Not applicable

ANNEX 13: Decentralised agencies and/or EU Trust Funds

Not applicable