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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE  
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE  
COMMITTEE OF THE REGIONS**

**Midterm evaluation of the Fiscalis 2013 programme**

## **1. CONTEXT**

With the abolition of physical and tax controls on goods crossing the EU's internal borders, it became evident that inconsistencies between the tax systems of the EU Member States risked giving rise to: (1) distortions of competition, (2) deflection of trade or (3) erosion of EU financial resources (greater fraud and tax evasion). It became necessary to foster intensive cooperation at all levels in indirect taxation administrations with a view to improving the functioning of taxation systems in the European Union. This was the direct rationale behind the multi-annual Community action programmes in the field of taxation: Matthaueus-Tax established in 1993, Fiscalis (1998-2002), Fiscalis 2003-2007 and Fiscalis 2013.

Fiscalis 2013 is the latest in this series of Community programmes, which help to ensure the proper functioning of the taxation systems in the internal market by increasing cooperation between participating countries, their administrations and officials. The programme facilitates cooperation activities and processes, and the dissemination of knowledge and best practices between the national tax administrations of the Member States, candidate countries and potential candidates. These mainly take the form of joint actions such as seminars and workshops, multilateral controls, project groups, working visits, and training tools. Moreover, Fiscalis 2013, which covers the period 2007 to 2013, continues to place particular emphasis on IT-supported information exchange systems as the foundation of cooperation between the Member States. About 70% of the budget was spent on these systems. The remaining 30% was invested in training and cooperation activities for national tax officials.

Under Article 19 (1) of the Fiscalis 2013 Decision<sup>1</sup> the programme is subject to a midterm evaluation carried out by the Commission based on input from the Member States. In order to ensure consistent methodology and coherent approach to the evaluation, the evaluation was contracted out to an external consultant with a specific expertise in carrying out evaluations, "Ramboll Management". Commission staff and participating countries have since then guided and supported the work of the consultants by means of a Steering Group which met repeatedly throughout the course of the project.

This report, adopted by the Commission, meets the obligation to communicate the results of the midterm evaluation to the Council, the European Parliament, the European Economic and Social Committee, and the Committee of the Regions. The final evaluation report by the external consultants is available for download at the Europa website of DG TAXUD.

## **2. THE PURPOSE OF THE EVALUATION**

The midterm evaluation assesses the impacts of the activities carried out under the programme from 2008 to March 2011. It also looks into action taken in prior programmes in order to enable a more systemic perspective, taking into account both the development of Fiscalis and tax cooperation in the EU in general.

The evaluation examines the progress made so far in the programming period and the extent to which the objectives of the programme have been achieved (effectiveness) at a reasonable cost (efficiency). It also analyses whether the objectives correspond to needs in the area of tax

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<sup>1</sup> Decision No 1482/2007/EC of the European Parliament and the Council of 11 December 2007.

cooperation (relevance) and the extent to which the programme provides EU added value, i.e. whether the programme's objectives can be better achieved through a Community programme than by Member States.

The objective of the midterm evaluation is both to evaluate the desirability of continuing the programme and whether adjustments to the programme may be needed for the remaining years in terms of activity planning. The results of the evaluation also feed into the ongoing impact assessment on the future Fiscalis 2020 programme<sup>2</sup>. However, the conclusions in this communication are without prejudice to the future decisions that the Commission may take in that context.

### **3. METHODOLOGY**

The external consultants developed a detailed methodology, closely following the standards and guidelines set by the Commission for drafting evaluations. The consultants' assessment is based on findings using several data collection methods (interviews, surveys, quantitative data collection tools, etc.). The data was filtered through a comprehensive set of evaluation and judgment criteria which was developed with the assistance of the Steering Group consisting of Commission staff and participants from the national tax administrations. The validity of the findings has also been ensured through meetings with the Steering Group in which the findings of the external consultants were discussed and commented on. Overall, the evaluation has benefited from high response rates to the surveys distributed among tax officials in the Member States and the active cooperation of the national Fiscalis coordinators.

### **4. ASSESSMENT**

The final evaluation report delivered by the external consultant provides a thorough and detailed analysis of the Fiscalis programme, including a comprehensive synopsis of the activities and actions undertaken since 2008.

#### **Findings**

The evaluation shows that the programme operates at very high levels of efficiency and effectiveness, and it clearly identifies its EU added value. Respondents to the surveys indicated their satisfaction with the programme and the actions financed through Fiscalis 2013 continue to be relevant to the needs of the stakeholders, both in the Commission and in the national tax administrations.

The external consultants evaluated the management of the programme very positively. The report explicitly acknowledges the steps taken to ensure increased value for money. In this context, it also highlights that further improvements in the monitoring and the reporting of activities are possible, although the limited human resources available in both the European Commission and the participating countries' tax administrations for managing the programme have been highlighted as a possible constraint in achieving this objective.

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<sup>2</sup> *Communication from the Commission. A Budget for Europe 2020 - Part II - Policy Fiches*, COM (2011) 500/II of 29 June 2011.

The Commission acknowledges the overwhelmingly positive assessment by all stakeholders involved and the conclusions by the external consultants on the considerable EU added value of the Fiscalis programme at EU level. The Commission thus concludes on the general desirability of continuing the programme.

### **Recommendations for the remaining programming period**

The recommendations for further improvements are based on a thorough methodology, extensive research, the analysis of survey data and direct interviews with all stakeholders involved. The detailed recommendations are presented in the evaluation. The main suggestions for even better performance in the remaining years until 2013 are the following:

- (1) Give higher priority to cooperation in the field of direct taxation, in particular to fight fraud more effectively and efficiently.
- (2) In the future, make it a specific objective of Fiscalis to reduce administrative burdens on taxpayers.
- (3) Set up a results-based monitoring and evaluation system.
- (4) Improve dissemination and application of knowledge and best practices in national administrations.
- (5) Explore the potential for further improvement and development of the value-added tax information exchange system (VIES).
- (6) Introduce a dedicated planning, monitoring and reporting system for the organisation and follow-up of working visits.
- (7) Involve a larger community of stakeholders.
- (8) Ensure proportionate programme management capacity.

The Commission generally endorses the recommendations. As a follow up to the project, the Commission will draw up an action plan that will respond to each of the recommendations outlined in the evaluation report and clarify the extent to which they can be implemented for the remaining years of activity planning.

For example, the current Fiscalis 2013 programme already includes activities that contribute to reducing administrative burden. Moreover, the proposal for the next programme will take up the consultants' recommendation that reducing administrative burdens should be one of its specific objectives.

Similarly, introducing a monitoring and evaluation system, as proposed by the external consultants, will be addressed in the implementation of the current programme. The recommendation on involving of a larger community of stakeholders is in line with the Commission's internal analysis on this issue.