

Brussels, 17 July 2002

**OPINION**

of the  
Economic and Social Committee  
on the

**Proposal for a Decision of the European Parliament and of the Council adopting  
a Community programme to improve the operation of taxation systems in the  
internal market (Fiscalis 2007 programme)**  
(COM(2002) 10 final – 2002/0015 (COD))

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On 31 January 2002, the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the

*Proposal for a Decision of the European Parliament and of the Council adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2007 programme)*  
(COM(2002) 10 final – 2002/0015 (COD)).

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 25 June 2002. The rapporteur was **Mr Bento Gonçalves**.

At its 392<sup>nd</sup> plenary session of 17 and 18 July 2002 (meeting of 17 July 2002), the Economic and Social Committee adopted the following opinion by 124 votes in favour and one against, with one abstention.

## 1. Introduction

1.1 The draft Decision is basically an extension of the Fiscalis programme adopted by the European Parliament and the Council in 1998<sup>1</sup> and intended to run from 1998 to 2002.

1.1.1 The interim evaluation<sup>2</sup> of the first three years of the programme allowed the Commission to conclude that the impact had been encouraging, thus giving good grounds for its continuation.

1.2 The draft Decision establishes the Fiscalis 2007 programme, which is largely a continuation of the Fiscalis programme adopted in 1998.

1.2.1 However, some significant modifications are proposed, most notably the introduction into the programme of cooperation measures between Member States, their tax administrations and officials in the field of direct taxation, which was not included in the earlier Fiscalis.

1.3 The objectives of Fiscalis 2007 are also more directly linked to the concrete objectives of fiscal policies set for different types of Community-level taxes.

1.3.1 An example of this is the explicit reference in the field of VAT to support for the European Union VAT strategy as an objective of Fiscalis 2007.

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<sup>1</sup> Decision No 888/98/EC of the European Parliament and of the Council, of 30 March 1998, establishing a programme of Community action to ameliorate the indirect taxation systems of the internal market (Fiscalis programme).

<sup>2</sup> SEC(2001) 1328

1.3.2 Even in the field of direct taxation, where there is little history of Community measures to harmonise and coordinate policies, the aim for Fiscalis 2 is to "raise awareness of Community policies".

## 2. Gist of the draft Decision

2.1 The draft Decision on Fiscalis 2007 is similar in structure to the first Fiscalis adopted in 1998.

2.1.1 It covers the four basic elements of the programme:

- scope and objectives;
- programme activities;
- financial provisions;
- follow-up and monitoring provisions.

2.2 The inclusion of direct taxation is an innovation in the scope defined for Fiscalis 2007.

2.3 The objectives of Fiscalis 2007 – set out in Article 3 of the draft Decision – are structured with greater precision and linked to specific fiscal policies.

2.4 The activities covered by Fiscalis 2007 are identical to those under Fiscalis, which ran from 1998 to 2002.

2.5 On the question of financing, the Commission provides for an increase in the overall funding over five years from EUR 40 million to 56 million, on the grounds not only of the broader scope of the programme, with the inclusion of direct taxation, but also of the need to increase and enhance the level of involvement in the programme of the candidate countries.

2.6 For follow-up and monitoring, Article 13 of the draft Decision provides for the creation of a Fiscalis Committee to perform the functions of the former Standing Committee on Administrative Cooperation in the field of Indirect Taxation.

## 3. Specific comments

3.1 In its assessment of the draft Decision establishing the Fiscalis 2007 programme, the Economic and Social Committee would draw attention to its previous opinion on Fiscalis drawn up in 1997<sup>3</sup>, which endorsed the initiative overall.

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<sup>3</sup> OJ C 19 of 21.1.1998, p. 48

3.2 The Committee would emphasise the need for this kind of cooperation programme between the Member States, especially in the field of taxation, where national tax administrations face new problems and challenges every day, particularly in the growing area of electronic commerce.

3.3 Fiscalis 2007 should not be seen merely as a training programme in the field of taxation.

3.3.1 Without detracting from the importance of the training component – training activities, seminars, exchanges of officials – Fiscalis 2007 should be seen mainly as a cooperation programme between Member States and candidate countries which will produce results in the fight against tax evasion and fraud, at both Community and national level, so as to ensure uniform application of Community law, guaranteeing sufficient financial resources for both the Member States and the European Union to meet the political commitments they have made to their citizens.

3.4 A positive development, which the Committee would highlight, is the broadening of the scope of Fiscalis 2007 to include direct taxation. It hopes that the programme might help to overcome the difficulties the Community has experienced in coordinating fiscal policy in the field of direct taxation.

3.5 Importantly as regards VAT, Fiscalis 2007 can be another instrument to facilitate adoption of definitive VAT rules **based on taxation in the country of origin, in line with the positions adopted by the Committee in this respect.**

3.6 The Committee is convinced that effectiveness and success in pursuing the objectives of Fiscalis 2007 will also depend on there being **a programme with similar objectives in the field of customs duties**<sup>4</sup>, and on the possibility of combining specific and complementary actions under the two programmes.

3.6.1 It is also important in this field to **ensure that customs controls are effective in making sure that the physical quantities of goods entering the Community area are put through the tax system properly.**

3.7 Given the importance of the objectives of the Fiscalis 2007 programme for the success of the EU's entire fiscal policy, the Committee feels obliged to recommend that, with enlargement imminent, the candidate countries should be strongly encouraged to take part in the programme, an aim which will be easier to achieve if the costs involved in taking part are not particularly substantial.

3.8 Lastly, the Committee feels that, in its interim and final assessment of Fiscalis 2007, the Commission should try to quantify the impact of programme measures, in addition to presenting a

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<sup>4</sup> Already proposed in COM(2002) 26 final "Customs 2007", currently being examined by the European Parliament and the ESC (CES 837/2002 – 2002/0029 COD)

qualitative assessment, specifically in terms of results in combating tax evasion and fraud, as this would certainly serve to motivate and increase the commitment of the participating States.

#### 4. Conclusions

4.1 Without prejudice to the comments and recommendations made in the previous section, the Committee congratulates the Commission on its proposal to extend the first Fiscalis programme, adapting it to the new circumstances in the world of economics and taxation, devoting particular attention to the candidate countries and – as the Committee had cause to recommend in 1997<sup>5</sup> – broadening Fiscalis 2007 to take in the important area of direct taxation.

4.2 The success of this objective will depend on how effective customs controls are able to be, as mentioned in point 3.6.1 of this opinion.

4.3 **The Council and the Commission should introduce the long-promised definitive VAT rules, based on the country of origin, as the Committee has been proposing.**

Brussels, 17 July 2002.

The President  
of the  
Economic and Social Committee

The Secretary-General  
of the  
Economic and Social Committee

**Göke Frerichs**

**Patrick Venturini**

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<sup>5</sup> OJ C 19 of 21.1.1998, p. 48