European Economic and Social Committee

ECO/470
Fiscalis for 2021-2027

OPINION

European Economic and Social Committee

Proposal for a Regulation of the European Parliament and of the Council establishing the 'Fiscalis' programme for cooperation in the field of taxation

[COM(2018) 443 final – 2018/0233 (COD)]

Rapporteur: **Krister ANDERSSON**

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Consultation	European Parliament, 14/06/2018 Council of the European Union, 04/07/2018
Legal basis	Articles 114 and 304 of the Treaty on the Functioning of the European Union
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	03/10/2018
Adopted at plenary	17/10/2018
Plenary session No	538
Outcome of vote (for/against/abstentions)	194/2/0

1. **Conclusions and recommendations**

1.1 The EESC welcomes the Commission proposal for a regulation on a new Fiscalis programme. National tax authorities still suffer from insufficient capacity and insufficient cooperation and the EESC agrees that there is an urgent need to improve the operation of tax policy, including administrative cooperation and support to the tax authorities.

1.2 The EESC concurs that higher efficiency between tax authorities is important for the coherence and functioning of the single market and the EESC agrees that such a degree of cooperation and coordination can only be achieved at EU level.

1.3 The EESC is concerned that the proposed budget of EUR 270 million may not suffice, considering the extensive programme proposed by the Commission and the rapid ongoing digitalisation. The EESC therefore recommends a mid-term review of the adequacy of the funding.

1.4 The EESC believes that it is important to take into consideration digital development and is pleased by the Commission's aim to ensure the coordination of European electronic systems with other relevant actions in relation to e-Government at EU level.

1.5 The EESC encourages the Commission to engage with Member States in developing a common basic training course for tax authorities in order to improve the functioning of the single market. The EESC believes that a common educational effort could possibly lead to the creation of a future EU Tax Academy for tax authorities.

1.6 The EESC notes from the outcome of the evaluation of the current programme that actions on joint audits, project groups, working visits and expert teams for IT collaboration have been among the most successful tools and urges the Commission to give these actions priority in the new Fiscalis programme.

1.7 The EESC welcomes the introduction of multiannual work programmes to reduce the administrative burden for both the Commission and Member States.

1.8 The EESC believes that it is important that civil society at large becomes an active part of the Fiscalis programme.

2. **Introduction and background**

2.1 Within its package on the next *Multiannual Financial Framework 2021-2027*[1], adopted on 2 May 2017, the Commission has published a proposal for a renewed financial commitment for the Fiscalis programme.

2.2 The Commission's proposal relates to the extension of the ongoing Fiscalis 2020 programme that was established by Regulation (EU) No 1286/2013 of the European Parliament and the

1 COM(2018) 321 final

Council and is implemented by the Commission in cooperation with the Member States and associated countries.

2.3 The Commission's proposal aims to facilitate simplifications and adjustments: (1) extended use of lump sums/unit costs (2) simplification and reduction in the typology of actions to provide more flexibility (3) an improved definition of common components and national components reflecting better the reality of IT projects, and the integration of their features and (4) the possibility to adopt multi-annual work programmes to avoid the annual administrative burden of comitology.

2.4 The scope of the programme would also be adjusted and would be open for participation to Member States, acceding countries, candidate countries and potential candidates as well as countries of the European Neighbourhood Policy and third countries if certain conditions are fulfilled.

2.5 The Commission proposes a budget of EUR 270 million for the period 2021-2027 for the Fiscalis programme, up from EUR 223.2 million in the period 2014-2020. Furthermore, the vast majority of the budget would be spent on IT capacity-building activities.

2.6 The Programme has the general objective to support tax authorities and taxation to enhance the functioning of the single market, foster Union competitiveness and protect the financial and economic interests of the Union and its Member States.

2.7 The Commission believes this programme will support tax policy and tax authorities through administrative and information technology (IT) capacity-building activities and operational cooperation; thus providing quick and joint responses to emerging problems such as tax fraud, tax evasion and tax avoidance, digitalisation and new business models, while at the same time preventing unnecessary administrative burdens for citizens and businesses in cross-border transactions.

3. General comments

3.1 The EESC welcomes the Commission proposal for a regulation on a new Fiscalis programme. National tax authorities still suffer from insufficient capacity and insufficient cooperation, both within the EU and with third countries, and the EESC agrees that there is an urgent need to improve the operation of tax policy, including administrative cooperation and support to the tax authorities.

3.2 The EESC concurs that higher efficiency between tax authorities is important for the coherence and functioning of the single market and the EESC agrees that such a degree of cooperation and coordination can only be achieved at EU level. The EESC also believes that a Union framework is likely to enhance the participation rate and consequently increase the potential and competitiveness of the single market.

3.3 The EESC concurs that a Union level approach with a new orientation focusing on providing support to national tax authorities would contribute to preventing and fighting tax fraud, tax evasion and tax avoidance and at the same time reduce unnecessary administrative burdens for citizens and businesses in cross-border transactions. The EESC agrees that it will also enhance the functioning of the single market, foster Union competitiveness and protect the financial and economic interests of the Union and its Member States.

3.4 The EESC is concerned that the proposed budget of EUR 270 million may not suffice, considering the extensive programme proposed by the Commission and the rapid ongoing digitalisation. The EESC therefore recommends a mid-term review of the adequacy of the funding.

3.5 The EESC believes that it is important to take into consideration digital development and is pleased by the Commission's aim to ensure the coordination of European electronic systems with other relevant actions in relation to e-Government at EU level.

3.6 The EESC notes from the outcome of the evaluation of the current programme that actions on joint audits, project groups, working visits and expert teams for IT collaboration have been among the most successful tools. Consequently, the EESC would like to see these actions given priority in the new Fiscalis programme.

3.7 The EESC encourages the Commission to engage with Member States in developing a common basic training course for tax authorities in order to improve the functioning of the single market. The EESC believes that a common educational effort could possibly lead to the creation of a future EU Tax Academy for tax authorities.

3.8 The EESC welcomes the introduction of multiannual work programmes to improve the effectiveness of the single market and to reduce the administrative burden for both the Commission and Member States.

3.9 The EESC understands that currently, exchange of information only relates to sending information not processing information. To achieve deep and successful cooperation between Member States, with respect to IT capacity-building, the EESC believes that the processing function of information exchange needs to be further developed.

3.10 The EESC believes that it is important that civil society at large becomes an active part of the Fiscalis programme in order to engage with and monitor the progress as the programme evolves.

3.11 The EESC recognises the novelty of, and is positive to, the more straightforward and easier mechanism to adapt or extend the European electronic system for cooperation with third countries not associated with the Programme and with international organisations.

3.12 The EESC is pleased that the proposal is consistent with other proposed EU action programmes that act on related objectives aiming at reducing fraudulent behaviour, pursuing more effective institutions and supporting measures to achieve better functioning of the single market.

3.13 The EESC supports most of the proposed budget being spent on IT capacity-building activities. The EESC also assents to the selection of an IT architecture with a combination of common and national components rather than a fully centralised one. A European electronic model based on national preferences, requirements and constraints will facilitate the achievement of interoperability and interconnectivity for the sake of the internal market in a proportionate manner.

3.14 The EESC emphasises the Commission's division of responsibilities between itself and the Member States as an important principle to jointly ensure the development and operation of the European electronic systems. This facilitates finding a proper solution for both a more holistic EU view and what is applicable and functional for each Member State, hopefully resulting in optimised cooperation between the participants.

3.15 Not only tax administrations would benefit from more effective administration. The EESC believes that a more favourable tax environment also will boost the EU business community and enhance growth. By reducing compliance costs and administrative burdens businesses can focus on their main activities, creating growth and job opportunities.

Brussels, 17 October 2018

Luca JAHIER
The President of the European Economic and Social Committee

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