BRIEFING

Initial Appraisal of a European Commission Impact Assessment

Payment service providers and the fight against e-commerce VAT fraud

Impact assessment (SWD(2018) 488, SWD(2018) 487 (summary) accompanying the Commission proposals for a Council directive amending Directive 2006/112/EC as regards introducing certain requirements for payment service providers and for a Council regulation amending Regulation (EU) No 904/2010 as regards measures to strengthen administrative cooperation in order to combat VAT fraud (COM(2018) 812, COM(2018) 813

This briefing provides an initial analysis of the strengths and weaknesses of the impact assessment (IA) accompanying the above-mentioned proposals, submitted on 12 December 2018 and referred to the Committee on Economic and Monetary Affairs (ECON).

These proposals complement existing EU legislation on value added tax (VAT) for e-commerce that was adopted in December 2017 and will come into force in January 2021. They are designed to tackle VAT-fraud in business-to-consumer (B2C) cross-border e-commerce, where the 'destination principle', i.e. the taxation in the Member State of consumption has applied since 2015 (IA, pp. 5-9). Suppliers can register via a simplified system (a mini one-stop shop (MOSS)), allowing them to comply with all VAT obligations: identification, declaration and payments.

More specifically, this IA addresses the lack of information that prevents Member States' tax authorities from detecting VAT fraud on account of the fact that online businesses' locations often remain unclear, favouring VAT non-compliance (IA, p. 7). Since payment service providers hold VAT-relevant information, the IA suggests that they transmit it to the anti-fraud services of the tax authorities to enable them to detect fraudsters and develop mutual exchange and cooperation systems, both within and beyond EU borders.

The IA indicates that it was conducted over a short time-frame, 'back to back' with an evaluation of Council regulation (EU) 904/2010 on administrative cooperation and combating fraud in the field of VAT (IA, pp. 32, 54, 67). The IA also clarifies that the proposals cover the detection of fraudsters, but *not* the subsequent step of enforcing compliance with VAT obligations (IA, p. 8).

Problem definition

The IA begins with a (partial) description of the political and legal context of the initiative, in particular the measures adopted in 2017 to modernise the EU VAT system on cross-border supplies, including e-commerce (IA, pp. 5-8). These do not address VAT fraud, which the IA defines as the problem tackled by this initiative, namely the following **patterns of cross-border e-commerce VAT fraud**: no VAT registration, no VAT declaration or payment, under-declaration of the value of supplies, false description of imports and declaration of VAT in the wrong place (i.e. the place with the lower VAT rate, even if it is not the place of consumption) (IA, pp. 9-15).

The problem **drivers** identified by the IA are consistent and relate firstly to the fact that the Member States of consumption do not receive information about fraudsters in other Member States and that consumers, unlike businesses, are not obliged to register or keep records of sale transactions (IA, pp. 15-18). Secondly, online sales allow the seller to remain anonymous, keeping the real location and turnover of the business in the Member State of consumption in the dark (if they do not

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register). Thirdly, the IA emphasises the complexity of the information at stake, as the turnover of cross-border online purchases in the EU-28 was estimated at around €600 billion in 2017 (IA, p. 18). The current lack of harmonisation of access to payment data means that some Member States research and receive information, whereas most do not (IA, p. 23, 34). Lastly, the IA notes that customs controls also influence the situation of VAT payments in the sense that below the customs threshold (€150 per parcel) controls are generally rare and fraud remains undetected. This last problem driver is, however, beyond the scope of this IA (IA, p. 18).

The problems defined concern cross-border supplies of *services*, for instance online television or digital games, as well as cross-border sales of *goods*, both intra-EU and from suppliers outside the EU (imports from sellers located in third countries) (IA, pp. 10-12). The IA points out that fraudsters of the latter type are even more challenging to identify than inside the EU, because the administrative (anti-VAT fraud) cooperation level is lower, and customs rules make the situation more complex (IA, p. 8). As regards the **scale of the problem**, the IA admits that the unavailability of data at Member State level makes 'measuring the scale of the VAT loss on B2C cross-border supplies...very challenging' (IA, p. 12). Moreover, as the development of the e-commerce sector differs considerably between Member States (up to seven times more or less), so does the volume of VAT loss. Notwithstanding the acknowledgement of these limitations, the IA cites a UK estimation of online VAT fraud, and, applying the same methodology on an EU scale, estimates EU-wide VAT losses at €2.6 to € 3.8 billion per year, with additional €1.05 billion lost on postal shipments into the EU (IA, p. 14).[1] While the method used in the UK calculation is explained in a footnote, its use for all EU areas alike may not be entirely well-founded as it does not take into account the regional diversity of market concentration, fraud levels or anti-fraud activities in cross-border e-commerce. Therefore, a more diversified and precise approach to assessing the situation in different EU countries would have been useful.[2]

The important distinction between the origin of the supplies and their place of consumption (intra-EU or involving third countries) could have been indicated more precisely throughout the IA. In some instances, it is not specified, for example in the context of total VAT loss calculations (IA, pp. 13-14, 21-22). Moreover, it is difficult for the reader to get a clear picture of the situation and to compare items, given that some references are missing, unclear or changing (for instance, references to total e-commerce turnover for 2014 and 2017, to percentages of the turnover of 'EU-28' businesses and web sales (for 2014), or to total numbers for 'Europe' (unspecified). Neither is it always clear whether the indications refer to cross-border or total online supplies, to goods, services or both, or to intra-EU sales or sales involving a third country (IA, pp. 13-14, 18, 44).[3]

The IA stresses that the expectation of further increases in cross-border e-commerce in the coming years demands action, as soon as possible, to complement the 2017 VAT system reform with anti-fraud measures – both to detect fraud and to incentivise suppliers to use the new simplified MOSS system (IA, p. 14). It also cites a special report of the European Court of Auditors on e-commerce and cross-border data that found Member States' administrative cooperation insufficient to fill the present payment data gap (IA, pp. 18-19). Positive experiences of cooperation in the field of direct taxation and anti-money laundering are mentioned as examples to follow (IA, p. 23, Annex 11).

Objectives of the initiative

In line with the above defined problems, the IA's two **general** objectives consist of reducing Member States' VAT losses and levelling the playing field for legitimate business in the EU (that is affected by unfair competition from fraudsters) (IA, p. 19). The only **specific** objective is to provide tax authorities with efficient and effective instruments to detect non-compliant businesses and thereby to reduce e-commerce VAT fraud. This is broken down into three **operational** objectives:

- to give EU Member State tax authorities access to relevant third party data;
- to improve the identification and targeting of potential e-commerce VAT fraud; and
- to provide new or improved channels for tax authorities to access and share third party VAT information.

While the definition of the general objectives (Treaty-based) and the specific objective appears to be in line with the Better Regulation Guidelines, the operational objectives lack clarity and specificity. They seem to be 'specific' objectives, rather than clear deliverables for individual policy actions, as requested by the Better Regulation Guidelines (Tool 16)). The first and third operational objectives seem similar and are not specifically linked to the preferred option of the IA. Therefore, they do not seem to fulfil all of the 'S.M.A.R.T.' criteria of being specific, measurable, achievable, relevant and time-bound, as defined by the Better Regulation Guidelines in order to enable the effective monitoring and evaluation of their achievement. Notwithstanding these weaknesses, the objectives are coherent with – and complementary to – the EU's 2016 action plan to modernise VAT in the EU, the VAT digital single market package and the VAT e-commerce package.

Range of options considered

Before presenting the policy options to address the above problems and objectives, the IA comes back to the measures on VAT loss adopted in 2017, particularly the provisions on 'deemed suppliers' that consider online market places and portals responsible for sales of goods via their site (IA, pp. 21-22, 39-40). This section would have fitted better in the problem section of the IA as it seems out of place here. The same is true of the explanations regarding payment service providers (90 % of online purchases use credit transfers, direct debits and card payments, providing the VAT-relevant payment data), and of the positive experiences of cooperation between tax authorities and payment service providers to fight e-commerce VAT-fraud in countries such as Finland (in other parts, the IA also cites Slovenia, Norway, Australia and the United States as good examples, IA, pp. 23, 32, 44, 94, 118).

All three policy options presented by the IA concern data relating to the above-mentioned most-used cross-border online payments (virtual currencies are not covered) (IA, p. 24). More specifically, the relevant data include: the identification of the supplier, the total amount of the payment transaction, the country of origin of the payment, a description of the supply (good or service), if available, and the 'unique identifier' for a payment transaction as defined in Directive (EU) 2015/2366:[4]

- **Option 1**: Baseline scenario: Each Member State has a different approach to fighting e-commerce VAT fraud, with only some Member States collecting data from payment service providers.[5]
- **Option 2**: Non-regulatory guidelines are set out by the Commission to help national tax authorities across the EU develop or enhance cooperation with payment service providers if they so wish.
- **Option 3**: Amendments are made to the existing EU legal VAT framework to add binding rules for the collection and exchange of payment data between tax authorities and payment service providers (above a threshold of more than 25 payments in a quarter).
  The IA looks at two versions of this option, both envisaging that payment providers would keep records of transactions for two years and transmit them quarterly to the tax authorities, which would store them (IA, pp. 27-30). **Option 3a)** provides for national databases to be connected via an electronic interface, where the anti-fraud officials responsible could search for the payment transactions of a given supplier in a given period. This system would not aggregate all payment data of a given supplier across all Member States, but would store it for 10 years. **Option 3 b),** on the contrary, allows for two-year central storage and aggregation of all payment data for a given supplier on a new central EU interface, to be developed and managed by the Commission.[6] Based on targeted search functions and a joint risk analysis of the data (in the Eurofisc framework), the anti-fraud officials could activate their administration to pursue further research and anti-fraud procedures (IA, pp. 31-32). This is the preferred option of the IA 'in grey above'.

The IA defines a baseline scenario limited to the 'status quo' in the sense that it does not expect any impact whatsoever from the recently adopted VAT rules (IA, pp. 26-27, 37). The reasoning behind this presumption could have been better explained and substantiated. Furthermore, the IA discarded the options of direct access of national tax authorities to payment service providers' databases, considered disproportionate owing to the disclosure of consumer information beyond VAT relevance, as well as the option of splitting VAT payments from the taxable base, a measure whose benefit was assessed in a recent study as being limited, compared with its costs (IA, p. 31).

While the description of the options is clear and coherent overall, their range complies with just the minimum requirement of the Better Regulation Guidelines (two alternative options to the baseline).The regulatory option 3 is described in more detail than the others and seems to have been preferred from the outset (IA, pp. 27-31). This impression is confirmed by the fact that even before the assessment of potential impacts, the IA stresses the added value of the regulatory option compared with the VAT measures adopted in 2017 (IA, pp. 34-35). Some details regarding the management and sharing of data are not specified, including the question as to how all Member States would manage to establish the administrative framework necessary for the preferred option to function effectively.

Scope of the impact assessment

The IA explains that the analysis of potential impacts of the options is largely qualitative, owing to the lack of both relevant data and time (IA, p. 32). At the same time, it argues that even without these constraints, *ex ante* impact assessment of this initiative constitutes a challenge, because the effects will depend 'to a large extent' on implementation by individual Member States, on the quality of administrative cooperation between Member States and on the degree of cooperation with third country jurisdictions in enforcing EU VAT law – the latter being the most uncertain aspect, prone to counterproductive effects, in particular trade diversion by extra EU-suppliers to countries that would not enforce anti-fraud measures (IA, pp. 35-36, 40-41). More details of the generally cited 'behavioural economics' would have been helpful to assess the extent of this trade diversion risk.

At the core of the IA are economic impacts on the volume of Member States' VAT losses in the area of e-commerce, as well as the administrative burden and compliance costs for administrations. Under the (admittedly uncertain) assumption of closer cooperation with third country authorities, the IA concludes that options 2 and 3 would reduce VAT loss, without, however, providing specific substantiation or quantification of the benefits for each option (IA, pp. 36-39). It is suggested early on that option 3.2 is the most efficient and effective option, with an expected €1.2 billion, or thereabouts, in VAT recovery for each 1 % of fraud, which would exceed the anticipated total costs (IA, p. 43-44). For these costs, the IA provides 'preliminary' estimates of one-off and recurrent costs for the Commission (for setting up and managing the IT infrastructure) and for Member States (EU-average, for transmitting data either case by case to other Member States' or to a new central system) (IA, pp. 42-43). Based on an extrapolation of the costs from the existing EU Customs Information System, the total set-up costs for option 2 are estimated at approximately €0.2 million (for the Commission, with no estimate for the Member States) and around €290 million for option 3.1 (€1.8 million for the Commission and around €10.3 million per Member State).[7] The preferred option 3.2 is expected to cost approximately €221 million (€11.8 million for the Commission and €7.5 million per Member State).

The assessment includes information on option 2 and to a lesser extent option 1, but focuses mainly on the two versions of option 3. Not all elements of the equation seem entirely convincing. Average costs per Member States do not take into account regional concentrations of cross-border e-commerce or the differences in anti-VAT fraud activities in the Member States. It can be assumed that costs and other effects of the initiative would diverge greatly territorially, with high costs in areas with high VAT loss and few or no effective anti-VAT fraud activities. However, despite repeated acknowledgement of this diversity, territorial impacts are not assessed in the IA. A regional perspective is mentioned only generally in relation to third countries, in the context of potential trade diversion and distortion of competition (IA, pp. 39-41).

The IA indicates that no evidence was available for any quantification of costs (or savings) for payment service providers, but reiterates the importance of their data for VAT collection, based on examples from Finland and Slovenia, where it was used in audits (IA, pp. 44-45). The relevance of these two case studies for all EU countries could have been clarified, as well as the question of the potential impact on the prices of goods and services, which the IA seems to expect in cases of highly price-sensitive goods from dominant suppliers, without providing further analysis (IA, pp. 45-46).

The IA mentions very briefly and in general terms 'negligible' employment effects among retailers subject to unfair competition and potential 'positive but limited environmental impacts', implying a reduction in transport of online sales from extra-EU countries (IA, p. 46). Both aspects merited a more thorough discussion and substantiation.

The IA dedicates a section to the fundamental right to **protection of personal data**, indicating that the current rules and safeguards for data collection and exchange would be extended to payment data, abiding fully by the General Data Protection Regulation throughout the whole process (IA, pp. 46-47). It argues that only data connected with potential e-commerce VAT-fraud is proposed to be transmitted to identify fraudsters, excluding other consumer data. It stresses that only the anti-fraud officials responsible in the EU would have access to the data, and that the data would be stored for only two years. The IA also confirms that the central system for payment data would not have an internet interface, keeping the risk of cyber-attacks at levels similar to other EU centralised information systems. Finally, according to the IA, the automatic EU-level risk analysis to find high-risk suppliers under the preferred option and the double check, in line with the national legislation of the jurisdiction of the taxpayer concerned, also contribute to data protection in the event that the process of detecting an e-commerce fraudster is launched.

Subsidiarity / proportionality

The IA stresses that acting alone Member States have not managed to tackle e-commerce VAT fraud and considers amending the existing VAT regulation and directive to establish obligations to record and transmit relevant payment data as consistent with the principle of subsidiarity (IA, p. 50). In the same vein, it finds the preferred option to be proportionate in terms of costs and in terms of the balance between provision of information that cannot be obtained otherwise and data protection. It also shows how disproportionate options were discarded and how a threshold linked to the number of payments received per payee was developed, leaving lower payment volumes unaffected by the initiative (IA, p. 17, 25, 28, 51). The subsidiarity deadline for the proposals expired on 2 February 2019, without any national parliament having sent a reasoned opinion.[8]

Budgetary or public finance implications

The IA expects the recovery of VAT loss under the preferred option to outweigh the administrative costs for Member States (IA, pp. 42-43). The costs at national level are provided as an EU average, not reflecting differences between Member States (see comments on the scope of the IA above). Regarding the impact on the EU budget, namely the Commission's investments, the explanatory memorandum of the proposal for the Council directive outlines that the costs would be covered up until 2020 by allocations under the current Fiscalis 2020 programme, while the rest would be appropriated across several headings under the 2021-2027 multiannual financial framework (pp. 9-10).

SME test / Competitiveness

According to the IA, the payment service market is dominated by large businesses, so it does not refer specifically to SMEs, except for a brief section at the end (IA, p. 51). Annex 7 uses an interesting case study to illustrate the way in which apparent VAT fraudsters offer very competitive prices, at the expense of (VAT-) compliant sellers (IA, pp. 103-111). Despite admitting that no quantified data on potential costs or savings for businesses could be obtained (even by consulting them directly), the IA assumes they would benefit from the harmonisation of payment data requirements and the expected detection of more VAT-fraudsters, because this would improve the competitiveness of all legitimate businesses (IA, pp. 45, 51).

Relations with third countries

The IA supposes that the greater the VAT fraud, the greater also the distortion of competition (IA, p. 39). At the same time, it highlights the risk of unintended counterproductive impacts of harmonised EU rules that could incite 'unscrupulous' vendors to leave regulated (compliant) platforms and transfer their operations outside of the EU to avoid VAT obligations. They would concentrate in jurisdictions with no or limited cooperation with EU tax authorities. A 'non-cooperation scenario' of this kind could lead to significant trade diversion and even 'jeopardise the attainment of the objective of reducing overall VAT fraud' (IA, pp. 40-41). The IA does not specify which third (or EU) countries could be affected in this context, nor to what extent, acknowledging that no IA was carried out on this aspect. Still, it considers the domination of some online markets by extra-EU vendors, such as eBay or Amazon, as well as the recently adopted 'deemed supplier' provision (whose impacts have not been assessed yet either), as serious risks in this context. Therefore, a more thorough look at – and possibly some quantification of – the behaviour of extra-EU online traders and third countries would have been very useful (IA, p. 40). As it stands, the IA leaves the probability and impacts of a 'non-cooperation scenario' open (see Table under Point 6.2.2., p. 41). Its assessment could also have strengthened the justification of the initiative beyond the IA's references to a current momentum, following recent OECD activities in favour of more international cooperation in the area of VAT fraud and the introduction of a new VAT system based on OECD guidelines in China (IA, pp. 32-33).

Simplification and other regulatory implications

As complement to the 2017 VAT reform, the harmonisation of rules for the recording, collection and exchange of VAT relevant payment data would simplify the way payment service providers deal with data (whereas currently they have to react to a variety of information requests in the Member States that use these data to fight VAT fraud). At the same time, it is notable that the IA considers the adoption of follow-up rules to foster administrative cooperation with third countries as crucial to reduce the risk of major trade diversion. Thus, the initiative requires follow-up with EU and international negotiations and agreements to be effective (IA, pp. 9, 32). As regards technical details, the Commission would be empowered to adopt implementing rules.

Quality of data, research and analysis

The IA draws on the 'back-to-back' evaluation, several consultation activities (see below), the work of the VAT Forum's subgroup on e-commerce and, occasionally, on external studies and IAs undertaken for the preparation of the 2017 VAT reform package. It is transparent regarding the key assumptions and methods, as well as limitations owing to the lack of data or time for more research (IA, pp. 12, 16, 32-33, 42). It highlights the unpredictability of EU and third country' implementation and cooperation in the fight against VAT fraud in e-commerce. (IA, pp. 35, 60).

While the mostly qualitative analysis is logical and coherent overall, some of the selective quantified information shows inconsistencies, for example when it comes to the estimations of current VAT losses and their references or to the Member States already cooperating with payment service providers (seven, twelve or one third of Member States; estimations relating to total turnover, percentages of turnovers, and unspecified 'net sales' references to the EU-28, 'North, East and South region of Europe', or simply 'Europe', reference years 2015 or 2017) (IA, pp. 12-14, 26, 32-33, 44). As indicated above, the transferability of UK-related estimations on e-commerce to all EU countries alike seems questionable, as does the optimistic assumption of increased anti VAT fraud cooperation with third countries. Since both aspects seem important for the effectiveness of the initiative, they merited more thorough elaboration and substantiation (see above).

Stakeholder consultation

The Commission ran an open public consultation in the 23 official EU languages, between 27 February and 25 April 2017. Owing to time constraints, this procedure received a derogation to cut the normally required 12-week consultation short (IA, p. 56). It received 52 replies, 14 of which came from citizens and 38 mainly from businesses and associations, public authorities, consultancies and academia (IA, p. 58). In addition, several targeted consultations of tax authorities in all 28 Member States, payment providers and other businesses were undertaken in 2018. The short synopsis of all these consultations in Annex 2 of the IA provides some information on the respondents, but no comprehensive breakdowns or details regarding policy options, so some claims and conclusions of the IA cannot be checked (IA, pp. 56-66). Notably, the IA points out that the targeted enquiries received only a limited number of answers and, unexpectedly, no information on SMEs (IA, p. 60).

According to the IA, most respondents appear to have been in favour of regulatory EU action and a central repository, while some suggested waiting with new measures until the impact of the 2017 adopted VAT e-commerce package could be evaluated. This seems to challenge the IA's assumption that the 2017 package would not have any impact on VAT fraud (see remarks above on the baseline scenario) (IA, pp. 34, 62, 64). Finally, the IA concludes from the consultation of payment service providers that there is 'strong support' for EU-wide regulatory harmonisation.

Monitoring and evaluation

When it comes to measuring achievement of the three operational objectives, the IA presents two indicators for each, to be monitored on a yearly basis (IA, p. 52). The provisions for an evaluation of the initiative remain very vague ('after a few years'), noting that it would probably occur after the evaluation of the 2017 VAT e-commerce package. It is characteristic – not only concerning monitoring and evaluation – that the numerous recent legislative proposals in the area of VAT are closely interlinked, creating a complex system of rules, amendments and potentially overlapping impacts.

Commission Regulatory Scrutiny Board

The Regulatory Scrutiny Board (RSB) issued a positive opinion on the draft IA on 28 June 2018.[9] Its recommendations included improving the baseline scenario and it criticised the fact that the trade diversion risk had been underestimated. While the former issue persists in the final IA, the latter was partially addressed, as the trade diversion risk is highlighted repeatedly in the final report, albeit without providing substantial evidence or quantification.

Coherence between the Commission's legislative proposals and IA

The proposals appear to reflect the IA's preferred option.

Conclusions

The overall clear and coherent IA starts with a good definition of the problem and its underlying causes. It is generally transparent regarding the key assumptions, methods and limitations of the assessment, citing a lack of both relevant data and time for more research. A weaker point seems to be the limited range of policy options to tackle the problem, which includes two alternatives to a static baseline scenario. The preferred option appears to have been favoured early on. Moreover, the objectives of the initiative could have been more specific and precise with a view to any future evaluation of their achievement.

The IA focuses mostly on economic impacts, namely the potential recovery of VAT loss by Member States, which is expected to outweigh the costs of the initiative, even though benefits and costs could not be quantified with certainty. Considerable regional divergences are acknowledged, but not assessed by the IA, and social and environmental effects are mentioned in one paragraph only.

A key element concerns the IA's assumption of improved cooperation with third countries when it comes to the transfer and exchange of payment data. The IA admits that a 'non-cooperation' scenario could lead to more, instead of less, VAT loss, in the event that sellers divert towards extra-EU areas or platforms that would not enforce EU anti VAT-fraud rules. Since the IA provides no information about the probability or the extent of this potentially counterproductive effect, the questions regarding the effectiveness of the proposed measures remain partly unanswered.

ENDNOTES

1. A study and an IA carried out to prepare the 2017 VAT reform package estimated the total VAT loss for EU Member States on imports and intra-EU supplies of goods, but it is unclear from the IA whether or not services are included. On the method based on the UK estimation, calculated with a 20 % VAT rate, see IA, pp. 13-14, footnotes 54 and 55.
2. The IA does not mention the potential volume of recoverable VAT in this context, but indicates it later, in the discussion of impacts: based on the €600 billion annual turnover of cross-border e-commerce, each 1 % recovery of currently non-collected VAT would represent approximately €1.2 billion at EU-28 level (IA, p. 44).
3. Expected 'e-commerce turnover' of over €600 billion in 2017 (source: Ecommerce Europe European Ecommerce Report, IA, p 18, footnote 66); in another context, B2C online sales turnover in 2017 were estimated at €602 billion, excluding extra-EU suppliers, for 2015 or 2017 and for the 'North, East and South region of Europe' (IA, p. 44, footnote 141).
4. Article 4(33): 'unique identifier' means a combination of letters, numbers or symbols specified to the payment service user by the payment service provider and to be provided by the payment service user to identify unambiguously another payment service user and/or the payment account of that other payment service user for a payment transaction.
5. The IA speaks about 'one third' of the Member States – based on seven out of 21 Member States that replied to a 2016 survey (IA, pp. 16, 26, footnote 10). Later on, the IA mentions that 'twelve tax administrations already cooperate with public service providers to collect payment data or have put in place payment data monitoring' citing in particular the Finnish tax administration (IA, p. 34).
6. The IA stresses that Commission will have access only for maintenance and development of the system, but does not explain if or how this would be checked (p. 30).
7. These are one-off costs for the entire lifetime of the project (based on prior experience estimated at 10 to 15 years in the IA, p.42). The IA estimates the annual recurrent costs per Member State at €3.9 million for option 3.1 and at €2.9 million for option 3.2, not including labour costs to exploit the data (IA, p. 43). For the Commission, the IA expects €0.96 million or €4.5 million running costs for these two options respectively.
8. In a political dialogue, the German Bundesrat raised questions about the complexity, administrative burden and feasibility of the proposals in all Member States (Drucksache 638/18, 15 March 2019).
9. Or July, the Ares reference number was overwritten and illegible.

This briefing, prepared for the ECON committee, analyses whether the principal criteria laid down in the Commission's own Better Regulation Guidelines, as well as additional factors identified by the Parliament in its Impact Assessment Handbook, appear to be met by the IA. It does not attempt to deal with the substance of the proposal.

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