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Committee on Budgets

2006/0076(COD)

27.2.2007

OPINION

of the Committee on Budgets

for the Committee on Economic and Monetary Affairs

on the proposal for a decision of the European Parliament and of the Council
establishing a Community programme to improve the operation of taxation
systems in the internal market (Fiscalis 2013)
(COM(2006)0202 - C6-0159/2006 - 2006/0076(COD))

Draftsman: Ralf Walter

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SHORT JUSTIFICATION

The Commission proposal to continue the Fiscalis programme to 2013 and to strengthen it is extremely welcome.

It is entirely consistent with the efforts which the Committee on Budgets and your draftsman have made over many years to increase awareness of the problem of VAT fraud. For example, in 2005, at your draftsman's instigation, OLAF set up a body with the aim of taking more effective action against VAT fraud, and this objective has also been explicitly incorporated into the remarks against the OLAF heading in the EU budget. In addition, the Commission was asked to draw up a study into VAT fraud and possible measures to combat it, even before the start of the broad consultations on a revision of Community tax provisions.

I. The proposal

Fiscalis 2007-2013 is a Community programme which seeks to improve cooperation among the Member States' financial authorities and the operation of taxation systems. The overarching objective is the improved operation of the internal market, and the proposal for a decision is indeed based on Article 95 of the Treaty. The programme covers the following forms of taxation: VAT, excise duties, taxes on income and capital and taxes on insurance premiums. It is intended to enable the Community to fund a variety of measures with the aim of improving the operation of taxation systems, such as:

- improved infrastructure: hardware and software and the networking of systems (Article 6)
- measures to improve knowledge of Community law among national tax officials (seminars, project groups) (Article 8)
- working visits for financial officials (Article 9)
- training activities (Article 10).

II. Amendments

Funding: Your draftsman is proposing that an additional € 19.95 m should be made available for the programme, so that the fight against VAT fraud in particular can be given an appropriate boost. Every euro which is defrauded penalises honest taxpayers and undermines their confidence in national and European institutions. This sum is to be used to improve IT infrastructure, i.e. the VAT and excise duty information exchange systems (MIAS and EMCS).

Infrastructure development: The programme provides for funding for the development of the infrastructure required for training activities. This arrangement, which is no doubt very attractive to the Member States, would appear to breach the principle of budgetary specificity, since infrastructure (classrooms, buses, etc.) can naturally be used for a variety of purposes. It must therefore be made clear that infrastructure can mean only IT infrastructure.

Other activities: The provision that 'any other activities required for the realisation of the objectives of the programme' may be funded is very vaguely worded. A ceiling, in the form of

a percentage of overall funding, will ensure that the programme retains its flexibility, without endangering other activities.

Financial control: Clear provision should be made for carrying out audits not only on the spot, but also without prior notice.

Comitology procedure: Even in the case of a programme which is primarily intended to provide support for the Member States, although it does implement EU policy and is funded from the EU budget, the Council should not be at an advantage vis-à-vis Parliament when it comes to establishing the work programme. For that reason, an advisory committee would be a more suitable arrangement than a management committee. By the same token, there can be no question of giving the Commission a free hand to adopt 'any necessary measures for the budget management of the programme' by means of the comitology procedure, which is anything but transparent.

III. Conclusion

To sum up, the objectives of the programme can be said to be entirely consistent with the efforts made over many years to increase awareness of the problem of VAT fraud, to improve the vital cooperation among the authorities of the Member States and, in this way, to contribute to the more effective operation of the internal market, to the benefit of everyone, and the EU budget. However, amendments are needed to improve the funding arrangements and the transparency of the procedures. Unfortunately, the drafting also leaves much to be desired and the most serious errors at least need to be put right in the language versions which display shortcomings.

AMENDMENTS

The Committee on Budgets calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Draft legislative resolution

Amendment 1 Paragraph 1 a (new)

1a. Takes the view that the financial framework referred to in the legislative proposal must be consistent with the ceiling for Heading 1A of the new multiannual financial framework, and points out that the annual amount will be laid down during the annual budgetary procedure, pursuant to the provisions of Point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the European Commission on budgetary discipline and sound financial management¹;

¹ OJ C 139, 14.6.2006, p. 1.

Proposal for a decision

Text proposed by the Commission

Amendments by Parliament

Amendment 2 Recital 1

(1) The major objectives for the Community over the next years are to create growth and jobs, as laid down in the re-launch of the Lisbon strategy. Decision No 888/98/EC of the European Parliament and the Council of 30 March 1998 establishing a programme of Community action to ameliorate the indirect taxation systems of the internal market (Fiscalis programme) (hereinafter 'the 2002 programme') and Decision No 2235/2002/EC of the European Parliament and the Council of 3 December 2002 adopting a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2003 – 2007) (hereinafter 'the 2007 programme') have significantly contributed to the achievement of those objectives for the periods 1998 to 2002 and 2003 to 2007. It is therefore appropriate to continue the activities commenced under those programmes. This programme should be established for a period of six years to align its duration with that of the Multi-Annual Financial Framework contained in the Inter-institutional agreement of *(date to be inserted)* between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management.

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Amendment 3

Recital 12

(12) This Decision establishes a financial framework for the entire duration of the programme, which is to be the principal point of reference for the budgetary authority, within the meaning of point 33 of the Inter-institutional agreement of **6 May 1999** between the European Parliament, the Council and the Commission on budgetary discipline and ***improvement of the budgetary procedure***.

(12) This Decision establishes a financial *envelope* for the entire duration of the programme, which is to be the *prime* reference for the budgetary authority *during the annual budgetary procedure*, within the meaning of point 37 of the Inter-institutional agreement of **17 May 2006** between the European Parliament, the Council and the *European* Commission on budgetary discipline and ***sound financial management***.

Amendment 4

Article 5, paragraph 1 a (new)

The work programme shall contain indicators for the programme objectives referred to in Article 4(2) which shall be used for the mid-term and final evaluations of the programme under Article 18.

Justification

In both programmes (Customs and Fiscalis 2013), for all measures taken under them, precisely defined objectives and measurable indicators should be laid down and analysed and form the basis for the decision on measures eligible for assistance. Incorporating indicators into the work programme would make it easier to draw up the mid-term and final reports.

Amendment 5

Article 6, paragraph 2, letter (e)

Does not apply to the English version.

Amendment 6
Article 10

1. ***The Commission, in cooperation with the participating countries***, shall facilitate structured co-operation between national training bodies and officials responsible for training in taxation administrations, and in particular by the following means:

(a) the development of existing training programmes and, where necessary, new programmes to provide a common core of training for officials so as to enable them to acquire the necessary professional skills and knowledge;

(b) where appropriate, ***the coordination of the opening, to officials from all participating countries, of training courses in taxation*** where such courses are provided by a participating country for its own officials;

(c) where appropriate, the development of the necessary ***infrastructure and tools for common tax training and tax management***.

2. Participating countries shall ***ensure that common training programmes and the common tax training infrastructure referred to in paragraph 1(c) are fully integrated*** within their national training programmes.

Participating countries shall also ensure that their officials receive the initial and continuous training necessary to acquire the common professional skills and knowledge in accordance with the training programmes and the linguistic training necessary for ***them to ascertain*** a sufficient standard of linguistic competence for participation in the programme.

1. ***The participating countries, in cooperation with the Commission***, shall facilitate structured co-operation between national training bodies and officials responsible for training in taxation administrations, and in particular by the following means:

(a) the development of existing training programmes and, where necessary, new programmes to provide a common core of training for officials so as to enable them to acquire the necessary professional skills and knowledge;

(b) where appropriate, the opening ***of training courses in the taxation field*** to officials from all participating countries, where such courses are provided by a participating country for its own officials;

(c) where appropriate, the development of the necessary tools for common tax training.

2. Participating countries shall, ***where appropriate, integrate the commonly developed*** training programmes referred to in ***paragraph 1(a)*** within their national training programmes.

Participating countries shall ensure that their officials receive the initial and continuous training necessary to acquire the common professional skills and knowledge in accordance with the training programmes and the linguistic training necessary for ***those officials to attain*** a sufficient standard of linguistic competence for participation in the programme.

Justification

Compromise amendment replacing Ams 5, 6 and 7 and improving the text as agreed with Council and Commission.

Amendment 7
Article 13, paragraph 1

1. The financial framework for the implementation of the programme for the period 1 January 2008 to 31 December 2013 is hereby set at EUR **156.9** million.

1. The financial *envelope* for the implementation of the programme for the period 1 January 2008 to 31 December 2013 is hereby set at EUR **176.85** million.

Justification

An improved anti-fraud strategy will necessitate changes to the VAT and excise duty information exchange systems (MIAS and EMCS) in order to make for quicker exchanges of information between taxable persons and the financial authorities, on the one hand, and between financial authorities, on the other. The additional funding should be allocated as follows: MIAS EUR 32.35 million instead of EUR 31 million, EMCS EUR 22 million instead of EUR 19.5 million, and IT development EUR 34.9 million instead of EUR 18.8 million.

Amendment 8
Article 13, paragraph 2

2. The annual appropriations shall be authorised by the budgetary authority within the limits of the multi-annual ***scheme of the financial perspectives***.

2. The annual appropriations shall be authorised by the budgetary authority within the limits of the multi-annual ***financial framework, pursuant to point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the European Commission on budgetary discipline and sound financial management***.

Amendment 9
Article 14, paragraph 2, letter (e)

(e) the costs of any other activity referred to in point f of Article 1(2).

(e) the costs of any other activity referred to in point f of Article 1(2), ***up to a maximum of 5% of the overall cost of the programme***.

Justification

The provision stipulating that 'any other activities required for the realisation of the objectives of the programme' may be funded is very vaguely worded. With a view to ensuring that the desired flexibility does not work to the detriment of other activities under the Fiscalis 2013 programme, a 5% ceiling, as agreed in the Council working party, should also be incorporated into the text of the decision.

Amendment 10
Article 14, paragraph 4

4. The Commission shall, in accordance with the procedure referred to in Article 16(2), adopt any necessary measures for the budget management of the programme.

4. The Commission shall, in accordance with the procedure referred to in Article 16(2), adopt any necessary measures for the budget management of the programme. ***The Commission shall submit the draft implementing measures to Parliament in good time so that, where necessary, Parliament may deliver its opinion in accordance with Article 8 of Decision 1999/468/EC before the measure is adopted.***

Justification

Replaces Amendment 11 and makes it possible to adopt non-legislative measures under the comitology method in order to permit the requisite flexibility. Since, regrettably, the Commission often forwards the information required under Decision 1999/468/EC so late that Parliament can no longer make an appropriate response, however, that provision should also be included.

Amendment 11

Article 14, paragraph 5, subparagraph 1 a (new)

The share of administrative expenditure shall in general not exceed 5% of the overall cost of the programme, including administrative expenditure attributed to the Commission.

Amendment 12

Article 14 a (new)

Article 14a

Applicability of the Financial Regulation

The provisions of Title VI of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹ (hereinafter 'the Financial Regulation') shall apply to all grants within the meaning of that Title VI awarded pursuant to this Decision. In particular, a prior written agreement within the meaning of Article 108 of the Financial

Regulation and its detailed implementing rules must be concluded with the beneficiaries in which the latter state their acceptance to an audit by the European Court of Auditors into the use made of the financing granted. Such audits may be performed without prior notice

¹ OJ L 248, 16.9.2002, p. 1. Amended by Regulation No 1995/2006 (OJ L 390, 30.12.2006, p. 1).

Justification

Should the Commission conclude framework partnership agreements, it should comply with the relevant provisions of the Financial Regulation without exception. Since those provisions do not deal exclusively with financial control, the applicability of the Financial Regulation should be laid down in a separate article.

Amendment 13 Article 15

Financing decisions and any agreements or contracts resulting from this Decision shall be subject to financial control, and if necessary, on the spot audits by the Commission, including the European Anti-Fraud Office (OLAF), and by the European Court of Auditors. ***Any grants made pursuant to this Decision shall be subject to agreement in writing, in advance, by the beneficiaries. Such agreement shall contain the acceptance of the beneficiaries to an audit by the European Court of Auditors into the use made of the financing granted.***

Financing decisions and any agreements or contracts resulting from this Decision shall be subject to financial control, and if necessary, on the spot audits by the Commission, *in particular* the European Anti-Fraud Office (OLAF), and by the European Court of Auditors.

Justification

Audits are much more effective if performed without prior notice. For that reason, a provision requiring the Member States to accept such audits should be incorporated into the text of the decision. The contracting parties' obligations under the Financial Regulation do not concern only financial control and are therefore dealt with in a separate, new Article 14a, 'Applicability of the Financial Regulation'.

Amendment 14

Article 16, paragraph 2

2. Where reference is made to this paragraph, the procedure laid down in **Article 4** of Decision 1999/468/EC shall apply, in compliance with **Articles 7 and 8** thereof.

2. Where reference is made to this paragraph, the procedure laid down in **Articles 3 and 7** of Decision 1999/468/EC shall apply, in compliance with **Article 8** thereof.

The period provided for in Article 4(3) of Decision 1999/468/EC shall be three months.

Justification

In the case of a programme which is primarily intended to provide support for the Member States, but which does implement EU policy and is funded from the EU budget, the Council should not be at an advantage vis-à-vis Parliament. For that reason, an advisory committee would be more appropriate than a management committee.

Amendment 15

Article 18, paragraph 3, subparagraph 1, letters (a) and (b)

(a) by **30 September** 2011 at the latest, a mid-term evaluation report and a communication on the desirability of continuing the programme, accompanied, where appropriate, by a proposal;

(b) by **30 September** 2014 at the latest, the final evaluation report.

(a) by **31 July** 2011 at the latest, a mid-term evaluation report and a communication on the desirability of continuing the programme, accompanied, where appropriate, by a proposal;

(b) by **31 July** 2014 at the latest, the final evaluation report.

Justification

The dates for the submission of reports by the Commission to Parliament, the ESC and the CoR do not take sufficient account of the timetable for Parliament's budget procedure. Those deadlines should therefore be brought forward from 30 September to 31 July.

PROCEDURE

Title	Fiscalis 2013 programme
References	COM(2006)0202 - C6-0159/2006 - 2006/0076(COD)
Committee responsible	ECON
Opinion by Date announced in plenary	BUDG 13.6.2006
Drafts(wo)man Date appointed	Ralf Walter 15.6.2006
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Result of final vote	+ : 28 - : 0 0 : 0
Members present for the final vote	Richard James Ashworth, Reimer Böge, Herbert Bösch, Gérard Deprez, Valdis Dombrovskis, Hynek Fajmon, Göran Färm, Szabolcs Fazakas, Ingeborg Gräßle, Louis Grech, Catherine Guy-Quint, Jutta Haug, Ville Itälä, Anne E. Jensen, Sergej Kozlík, Wiesław Stefan Kuc, Janusz Lewandowski, Nils Lundgren, Vladimír Maňka, Mario Mauro, Jan Mulder, Gérard Onesta, Umberto Pirilli, Gianni Pittella, Esko Seppänen, Nina Škottová, László Surján, Helga Trüpel, Ralf Walter