



Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Decision	2002/0015(COD) Procedure completed
Indirect taxation in the internal market: Fiscalis programme 2003-2007 Amended by 2003/0304(COD) Repealed by 2006/0076(COD)	
Subject 2.70.02 Indirect taxation, VAT, excise duties	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		19/02/2002
		PPE-DE GARCÍA-MARGALLO Y MARFIL José Manuel	
	Former committee responsible		19/02/2002
	ECON Economic and Monetary Affairs		19/02/2002
		PPE-DE GARCÍA-MARGALLO Y MARFIL José Manuel	
	Former committee for opinion		26/02/2002
	BUDG Budgets		26/02/2002
		PSE HAUG Jutta	
	CONT Budgetary Control		16/04/2002
		ELDR SØRENSEN Ole B.	
Council of the European Union	Council configuration Economic and Financial Affairs ECOFIN	Meeting 2432	Date 04/06/2002
European Commission	Commission DG Taxation and Customs Union	Commissioner	

Key events			
17/01/2002	Legislative proposal published	COM(2002)0010	Summary
04/02/2002	Committee referral announced in Parliament, 1st reading		
22/05/2002	Vote in committee, 1st reading		Summary
22/05/2002	Committee report tabled for plenary, 1st reading	A5-0182/2002	

12/06/2002	Debate in Parliament		
13/06/2002	Decision by Parliament, 1st reading	T5-0310/2002	Summary
26/07/2002	Council position published	10612/2/2002	Summary
05/09/2002	Committee referral announced in Parliament, 2nd reading		
02/10/2002	Vote in committee, 2nd reading		Summary
02/10/2002	Committee recommendation tabled for plenary, 2nd reading	A5-0320/2002	
23/10/2002	Debate in Parliament		
24/10/2002	Decision by Parliament, 2nd reading	T5-0512/2002	Summary
02/12/2002	Final act signed		
03/12/2002	End of procedure in Parliament		
17/12/2002	Final act published in Official Journal		

Technical information

Procedure reference	2002/0015(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	Amended by 2003/0304(COD) Repealed by 2006/0076(COD)
Legal basis	EC Treaty (after Amsterdam) EC 095
Stage reached in procedure	Procedure completed
Committee dossier	ECON/5/16386

Documentation gateway

Legislative proposal	COM(2002)0010 OJ C 103 30.04.2002, p. 0361 E	17/01/2002	EC	Summary
Committee report tabled for plenary, 1st reading/single reading	A5-0182/2002	22/05/2002	EP	
Text adopted by Parliament, 1st reading/single reading	T5-0310/2002 OJ C 261 30.10.2003, p. 0386-0497 E	13/06/2002	EP	Summary
Economic and Social Committee: opinion, report	CES0851/2002 OJ C 241 07.10.2002, p. 0081	17/07/2002	ESC	
Council position	10612/2/2002 OJ C 228 25.09.2002, p. 0034 E	26/07/2002	CSL	Summary
Commission communication on Council's position	SEC(2002)0892	20/08/2002	EC	Summary
Committee recommendation tabled for plenary, 2nd reading	A5-0320/2002	02/10/2002	EP	
Text adopted by Parliament, 2nd reading	T5-0512/2002 OJ C 300 11.12.2003, p.	24/10/2002	EP	Summary

Follow-up document	SEC(2005)1045	29/07/2005	EC	Summary
Follow-up document	COM(2008)0623	09/10/2008	EC	Summary

Additional information

European Commission

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Final act

[Decision 2002/2235](#)[OJ L 341 17.12.2002, p. 0001-0005](#) Summary

Indirect taxation in the internal market: Fiscalis programme 2003-2007

PURPOSE : to adopt a Community programme to improve the operation of taxation systems in the internal market (Fiscalis 2007 programme).
CONTENT : the Fiscalis programme was adopted in 1998 as a five-year programme of Community action to improve the indirect taxation systems of the internal market. The Fiscalis programme has been subject to a mid-term evaluation based on interim reports from Member States. Based on this evaluation, in accordance with Article 12 of the Fiscalis Decision, the Commission is required to submit a communication to the European Parliament and the Council on the desirability of continuing the programme, accompanied, if necessary, by a suitable proposal. The Commission has evaluated the first three years' operation of the Fiscalis programme and considers that the programme activities have proved to be a worthwhile investment, and should therefore be continued. The information exchange systems now administered under the Fiscalis programme are a key factor in the smooth functioning of the internal market, and without such effective and efficient systems as the VAT Information Exchange System (VIES) Member States would not be able to assure the control of exempt intra-Community supplies of goods. While the essential elements of the Fiscalis programme should continue to apply, certain changes are nevertheless necessary. For this reason, the Commission has decided to propose a new programme, the Fiscalis 2007 programme. The Fiscalis 2007 programme has as its aim the continuous reinforcement of the functioning of the taxation systems of the internal market. It will provide both the Community infrastructure and the stimulus without which the existing and new Member States acting alone would not be able to assure the proper functioning of the taxation systems of the single market. This infrastructure and stimulus will bring about important improvements to the functioning of the taxation systems (the efficacy with which participating countries cooperate, for example). The European Union tax policy to serve this goal is being implemented, focusing on removal of tax obstacles and distortions to the exercise of the four freedoms of the Single market, not only as regards the indirect taxes, value added tax and excise duties, covered by the existing Fiscalis programme but is equally valid for the direct tax field, or even more so, since there exists hardly any harmonisation or coordination at Community level. The general objectives of the programme are: - value added tax: to support the European Union VAT strategy as outlined in the Communication from the Commission to the Council and the European Parliament, entitled "A Strategy to improve the operation of the VAT system within the context of the Internal Market", or any future such strategy adopted by the Commission. The four main objectives in this field are simplification and modernisation of rules, together with a more uniform application of rules and a new approach to administrative co-operation; - excise duties: to improve the cooperation between Member States, ensuring a more uniform application of existing rules and developing a common approach on legal and administrative aspects in the excise field; - direct taxation: to raise awareness of Community policies in the field of direct taxation and providing support for pooling experiences, information exchange and other administrative co-operation; - applicant countries: in order to ensure the effective application of the tax acquis by the applicant countries, to meet the specific needs of the applicant countries, to reinforce their administrative, organisational and technical measures. The financial framework for the implementation of the programme for the period 1 January 2003 to 31 December 2007 is hereby set at EUR 56 million.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The committee adopted the report by José Manuel GARCÍA-MARGALLO Y MARFIL (EPP-ED, E) broadly supporting the proposal under the codecision procedure (1st reading), subject to a few amendments. One amendment, on the objectives in the field of value added tax, stated that the programme should facilitate the gradual move towards the definitive VAT system based on the country of origin principle, by supporting information exchange. As regards direct taxes, another amendment stipulated that the programme should aim to promote administrative cooperation regarding the tax treatment of savings of non-residents. Other amendments sought to ensure that Parliament received the annual progress reports for the programme and called on the Commission to examine ways of organising the joint use or development of information systems or infrastructure serving similar Community programmes. ?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The European Parliament adopted a resolution drafted by Jose Manuel GARCIA-MARGALLO Y MARFIL (EPP-ED, Spain) which amends the common position. (Please refer to the document dated 22/05/02.) In addition, Parliament inserted a clause stating that all actions will: -have defined objectives and measurable indicators to ensure monitoring by means of yearly follow-up reports drawn up by the Commission and evaluation by means of the reports drawn up by the Commission and the Member States; -have a clear anticipation of anticipated costs; and -be devised to ensure the results achieve value for money and generate impacts.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The common position fully supports the thrust of the Commission's proposal, including the extension of the programme activities to direct taxation. In its common position, the Council has taken one of the amendments proposed by the Parliament into account. This amendment relates to the submission to the European Parliament of the report which the Commission will establish annually setting out the progress of the programme's activities in terms of implementation and results in relation to the annual action plan. Two of the amendments proposed by the Parliament amend the programme objectives in relation to value added tax and direct taxation. The Council decided unanimously to amend the Commission proposal in respect of these objectives. The reason that the Council amended these objectives was to underline that Fiscalis 2007 was not a "political" programme, but rather a programme designed to enhance administrative cooperation between Member States' tax officials. The Commission agrees that it is not the purpose of the programme to harmonise tax legislation, and is happy to have a minutes statement inserted to this effect. Two amendments proposed by the Parliament have not been accepted by the Commission or the Council. These amendments relate to the actions of the programme and the development of synergy with future programmes. A number of new elements have been proposed by the Council. With the exception of the change in the financial framework of the programme, all the other new elements are of a drafting nature, which in the view of the Council, clarify the text. The Council stipulates that the number of participants in the exchanges of officials may be limited for practical reasons and, in line with the amendment on multilateral controls, the exchanges may be restricted to officials in respect of indirect taxation. In addition, the financial framework for the implementation of the programme may not exceed EUR 44 million for the period from 1 January 2003 to 31 December 2007.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The Commission notes with satisfaction that the Council has endorsed the general approach of the Commission's original proposal. It notes that the Council supports the continuation of the actions currently carried on under the existing Fiscalis programme and particularly welcomes the Council's support to extend these actions to the direct tax area. The Commission is disappointed, however, that the Council has decided to reduce its proposal for funding of the programme from EUR 56 million to EUR 44 million. Reducing the budget to this extent may well mean that certain actions foreseen under the programme can not be implemented. Nevertheless, some of the proposed budget related to activities which had not yet been approved by the Council, particularly in the IT field. Should the Council decide to go ahead with the system for the exchange information on cross-border deduction of VAT and the creation of a new system for the control of e-commerce, the Commission will, if there are insufficient funds in the Fiscalis 2007 budget, propose to the European parliament and the Council that the budget be increased. This re-examination of the budget is in line with the desire expressed by Parliament that the Budgetary Authority should be re-consulted on this programme in 2006.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The committee adopted the report by José GARCÍA-MARGALLO Y MARFIL (EPP-ED, E) approving the Council's common position without amendment under the 2nd reading of the codecision procedure.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

The European Parliament adopted a resolution drafted by Jose GARCIA-MARGALLO Y MARFIL (EPP-ED, Spain) approving the Council's common position.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

PURPOSE : to establish the Fiscalis programme to improve the functioning of the taxation systems in the internal market. **COMMUNITY MEASURE :** Decision 2235/2002/EC of the European Parliament and of the Council adopting a Community programme to improve the operation of the taxation systems in the internal market. **CONTENT :** this Decision establishes the Fiscalis Programme for the period 1 January 2003 to 31 December 2007 to improve the operation of the taxation systems in the internal market. The activities of the programme consist of communication and information-exchange systems, multilateral controls involving Member States and those candidate countries which have bilateral or multilateral agreements either with one another or with Member States permitting such activity, as well as seminars, exchanges, training activities, and other similar activities. The overall objective of the programme is to improve the proper functioning of the taxation systems in the internal market by increasing cooperation between participating countries, their administrations and officials. The specific objectives of the programme are as follows: 1) for value added tax and excise duties: - to enable officials to achieve a high common standard of understanding of Community law and of its implementation in Member States; - to secure efficient, effective and extensive cooperation among Member States; - to ensure the continuing improvement of administration procedures to take account of the needs of administrations and taxpayers through the development and dissemination of good administrative practice; 2) for direct taxation: - to provide support for information exchange in the field of mutual assistance and to raise awareness of Community law applicable in the field of direct taxation; 3) for taxes on insurance premiums: - to improve cooperation between Member States, ensuring better application of the existing rules; 4) for the candidate countries: - to meet the special needs of candidate countries so that they take the necessary measures for accession in the field of tax legislation and administrative capacity. The financial framework for the implementation of the programmes for the period 1 January 2003 to 31 December 2007 is EUR 44 million. The Regulation sets out which types of expenditure will be borne by the Community and which expenditure will be borne by the participating countries. **ENTRY INTO FORCE :** 17/12/02. **DATE OF APPLICATION :** 01/01/03.?

Indirect taxation in the internal market: Fiscalis programme 2003-2007

PURPOSE: A mid-term evaluation of the FISCALIS 2007 programme.

CONTENT: The purpose of this evaluation is to analyse the impact of actions financed and organised by the Fiscalis 2007 programme during its first two years of operation. It examines to what extent the objectives of the Programme have been achieved and their effectiveness in terms of a cost/efficiency ratio. Its relevance as a financial programme has also been examined by comparing the Fiscalis programme to the needs of the administrations concerned. To recall, the total budget of the programme was increased in 2004 to EUR 67 250 million with around 70% earmarked for IT applications and the remaining 30% for other related actions, such as seminars, training activities and the exchange of officials.

The conclusions of the mid-term review find that:

- Both financial and human resources are used in an efficient manner. Fiscalis participants also agree that its activities offer value for money.
- The seminars and projects groups appear to be efficiently run. There is widespread satisfaction with seminars and it would appear that the cost per participant to seminars is the lowest of all joint actions. Group exchanges, on the other hand, are sometimes perceived as being too long, while their cost is relatively high.
- Flexible financial arrangements for joint actions continue to give cause for concern. For project groups, funding per participating country has, at times been too limited to permit the attendance of experts needed for the discussion of specialised technical issues.
- MVS and EWSE information is updated on a timely basis and provides accurate data. MVS seems to be a more effective tool to detect irregularity than EWSE.
- VIES appears to offer good value for money, even if the accuracy of information can be further improved upon.
- There have been no major staff changes in the period 2003-2004. Typically, the number of staff involved in the operation and development of VAT applications (VIES) within a participating country seem to be in the range of 3 to 7 persons, devoting roughly half of their time to this work.

Based on its conclusions, the Commission recommends that the organisation of exchanges, particularly group exchanges, should be reviewed for the sake of increased efficiency. Other recommendations include providing interpreters for seminars, running joint activities in smaller groups in order to facilitate individual interaction with similar languages and professional skills and monitoring the selection of participants to ensure that the most qualified people attend the right actions.

Indirect taxation in the internal market: Fiscalis programme 2003-2007

In accordance with Decision 2235/2002/EC, the Commission presented the final evaluation of the Fiscalis programme 2003-2007 which aims to assess the effectiveness and efficiency of the programme's activities in relation to the objectives. The latter's relevance had already been examined at the time of the mid-term evaluation, carried out in 2004-05.

The final evaluation was launched in November 2007 and finalised in June 2008. It covered the entire scheme (2003-2007). The European Commission commissioned Deloitte to perform the final evaluation of the Fiscalis programme 2003-2007. Four evaluation criteria were examined: i) Effectiveness of Fiscalis in reaching its objectives; ii) Efficiency, considering the resources used and the results obtained; iii) Utility of the programme results vis-à-vis the needs identified and the resolution of problems; v) Sustainability of the programme results in the medium and long term.

The report concludes that Fiscalis 2003-2007 was an efficient programme as the formal and informal cooperation created was highly valuable compared to the programme's cost. As regards the informal cooperation, it should be continuously supported by the programme in the future to maintain the existing networks and to extend their scope (on new subjects and with additional national tax officials).

The evaluation recommends that the Commission (EC) and/or the participating countries (PC):

- continue ensuring the flexibility of the programme (EC);
- create a taxonomy of programme activities, linking each type of action to the programme objectives and making information on programme activities and their outputs more accessible to the stakeholders (EC);
- develop performance and result indicators for the programme, in addition to the performance indicators already existing for the communication and information-exchange systems, in order to systematically measure the impact of the programme (EC);
- collect information on actual results in a structured manner and establish an audit trail for the different activities. The use of web-based evaluation and reporting tools should be explored. Additional reporting duties should put as little additional strain on resources as possible (EC/PC);
- improve and structure the information dissemination of the programme outputs (EC);
- raise awareness of senior managers within national administrations by developing specific activities to increase dissemination of information and support the programme's development. Senior managers should be more informed about the possibilities offered by the programme to respond to their needs (EC/PC);
- ensure the sustainability of networks of officials, beyond Fiscalis activities. The use of online collaboration tools (e.g. meetings on the web) should be explored, taking into account the legal constraints for exchange of information (EC);
- continue optimising the communication and information-exchange systems and urge national stakeholders to improve the speed and accuracy of data exchanged. The relation with the joint actions should be strengthened in order to allow Member States to formally express their needs and expectations from the communication and information-exchange systems (EC/PC);
- develop common training modules on taxation topics and continue supporting blended learning (EC/PC);
- encourage the use of multilateral controls by all Member States when appropriate. Multilateral controls are a very important tool, indispensable to effectively control the correct application of Community legislation, to fight fraud and to deal with tax avoidance. Furthermore, they have a strong dissuasive effect on taxpayers who want to abuse the tax system (EC/PC);
- consider developing activities on insurance premium taxes and further stimulate activities on direct taxation (EC/PC);
- continue using the programme to encourage brainstorming on existing and prospective issues ahead of the legislative process (EC/PC);
- enhance the Fiscalis programme identity and make it a synonym for tax cooperation in the EU. This could include wider use of the

Fiscalis logo to identify programme tools, activities and outputs (EC/PC).