



TSI 2023 Flagship Technical Support Project

TAXATION

Enhancing the quality and use of tax information exchanged between Member States in the context of the Directive on Administrative Cooperation (DAC)

DESCRIPTION OF THE FLAGSHIP

This Flagship Technical Support Project aims to support capacity-building in Member States to design and implement structural reforms in the field of revenue administration. It is targeted at Member States wishing to improve their fight against cross-border tax fraud, evasion, and avoidance through a better use of tax information exchanged between Member States in the context of the Directive on Administrative Cooperation (DAC). The flagship project would support the enforcement of tax rules, fair taxation, the safeguard of revenue mobilisation, fair market competition and economic growth. To this end, the flagship project proposes activity packages focused on ensuring high quality data, proper risk analysis and an optimal use of internationally exchanged data.

IMPACT OF THE FLAGSHIP

Envisaged impact at the national level:

- Improved efficiency and effectiveness of tax administrations across the EU
- More uniform practical implementation by tax authorities
- Higher trust and strengthened cooperation between Member States
- Additional revenue raised

Envisaged impact at the EU level:

- Working towards EU's objectives of fair and effective taxation
- Addressing recommendations and weaknesses identified by the European Court of Auditors
- Spill-overs to several Member States due to the cross-border aspects of the flagship

OBJECTIVES

✓ Ensuring an increased and improved use of received tax information in the context of DAC

✓ Ensuring a higher quality of tax information sent by revenue authorities to other EU Member States in the context of DAC

✓ Enhancing the monitoring and evaluation of the quality, use and outcome of using the internationally exchanged tax data in the context of DAC

MEASURES OF TECHNICAL SUPPORT PROVIDED

This flagship project identifies three work packages, each with their own set of deliverables that will be tailored to each Member State. Member States can request support for one or more work packages, with the work package on data quality of outgoing tax information being included by default.



DATA QUALITY OF OUTGOING TAX INFORMATION

- Diagnostic report assessing the state-of-play of outgoing information
- Recommendations and practical guidelines on processes and procedures related to quality control mechanisms
- Implementation strategy and action plan
- Trainings

USE OF INCOMING TAX INFORMATION

- Diagnostic report assessing the state-of-play
- Recommendations on processes and procedures related to processing and using the internationally exchanged tax information
- Implementation strategy and action plan
- Practical operational guidelines/manual
- Specifications for an IT solution
- Trainings

PERFORMANCE MONITORING AND EVALUATION OF TAX INFORMATION

- Diagnostic report assessing the state-of-play;
- Recommendations for the development of performance monitoring and evaluation mechanisms;
- Implementation strategy and action plan;
- Practical operational guidelines/manual;
- Trainings.

RRF/RRP RELEVANCE

This flagship project is well aligned with the policy areas under Pillar 5 of the Recovery and Resilience Facility – Health, economic, social and institutional resilience. A large majority of the approved Recovery and Resilience Plans (RRPs) contain reforms and investments targeting fiscal policy and governance and, in particular, i) measures to tackle tax fraud and tax evasion and ii) well-designed environmental taxes to address the green transition in areas such as energy, transport and pollution. In a context in which novel green taxes are being supported by the Recovery and Resilience Facility, it is of utmost importance to further enhance and adapt the fiscal architecture in the Member States so as to properly respond to existing and upcoming fiscal challenges.

