

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

2002/0015(COD) - 17/01/2002 - Legislative proposal

**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 exercise 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.