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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the final evaluation of the Fiscalis 2020 programme

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BACKGROUND

The Fiscalis 2020 programme was set up by Regulation (EU) No 1286/2013 of the European Parliament and of the Council of 11 December 2013 establishing an action programme to "*improve the proper functioning of the taxation systems in the internal market by enhancing cooperation between participating countries, their tax authorities and their officials*"[1]. The programme follows up on previous similar programmes[2]. From 2014 to 2020, it was one of the principal tools used to support the coherent implementation of EU law in the field of taxation and the fight against tax fraud, tax evasion and aggressive tax planning, by ensuring the exchange of information, supporting administrative cooperation and enhancing participating countries' administrative capacity.

In compliance with Article 17 of the Regulation, the Commission, assisted by independent external evaluators, conducted a study to support the final evaluation of the programme, just as it had done with the mid-term evaluation[3]. The detailed results of the evaluation are presented in the staff working document accompanying this report and constitute the basis for this report. The purpose of the final evaluation is to assess the programme's performance from 2014 to 2020[4] and the extent to which results achieved will be sustained in the longer term. The scope of the evaluation covers the programme's years of operation (2014-2020) and incorporates the findings of the mid-term evaluation conducted in 2018. The final evaluation assesses the degree to which those findings were implemented and brought about improvements. The evaluation covered all participating countries, i.e. the EU Member States[5], candidate countries (Albania, North Macedonia, Montenegro, Serbia and Turkey) and potential candidates (Bosnia and Herzegovina and Kosovo*). The evaluation takes into account the full range of funded and management activities and all relevant stakeholders (national administrations, Commission services and economic operators) from all participating countries.

The current report aims to present the results of the final evaluation on: (i) effectiveness i.e. the extent to which the programme achieved its purpose; (ii) efficiency i.e. the extent to which the programme achieved its purpose vis-à-vis the resources used; (iii) the coherence of the programme

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[1] OJ L 347, 20.12.2013, p. 25

[2] The Fiscalis 2020 programme was built on predecessor programmes. The first programme was called Matthaeus-Tax, started in October 1993 and ran until end-December 1995. Rebranded Fiscalis, there have now been four Fiscalis programmes, including the one evaluated here: the first Fiscalis programme (1998-2002); the second Fiscalis programme (2003-2007); the third Fiscalis programme (2008-2013) and the fourth Fiscalis programme (2014-2020) or Fiscalis 2020 evaluated here. Regulation (EU) 2021/847 of the European Parliament and of the Council of 20 May 2021 establishing the 'Fiscalis' programme for cooperation in the field of taxation from 2021 to 2027 and repeals Regulation (EU) No 1286/2013.

[3] Fiscalis 2020 mid-term evaluation SWD (europa.eu)

[4] A number of the 2020 Fiscalis programme activities continue in 2021 as most grant agreements have been prolonged to 2021.

[5] The United Kingdom withdrew from the EU and became a third country as of 1 February 2020. It was therefore considered a participating EU country for most of the programme duration. In total, 35 countries fell within the Fiscalis 2020 framework: the 27 EU Member States plus the UK while it was an EU Member State and 7 candidate and potential candidate countries.

with the EU's broader policies and priorities; (iv) the value added of this EU level intervention and how it made a difference and (v) the relevance of the programme.

1. EFFECTIVENESS: THE EXTENT TO WHICH THE PROGRAMME ACHIEVED ITS PURPOSE

The programme aims to support the proper functioning of taxation systems in the internal market by ensuring the exchange of information, supporting administrative cooperation and enhancing participating countries' administrative capacity, which in turn can support the coherent implementation of EU law in the field of taxation and the fight against tax fraud, tax evasion and aggressive tax planning.

Collected evidence under the evaluation confirmed that the Fiscalis 2020 Programme was a **key instrument** to support the attainment of such objectives. The programme has been crucial: a) to the **development and functioning of the European information systems (EIS) enabling** a common/harmonised basis for **the automatic and secure exchange of information, standardising and simplifying procedures**; b) in providing a wide range of joint actions that **created a collaborative environment where authorities worked together, exchanged knowledge and identified best practices** regarding administrative procedures and guidelines, EU law and IT systems**;** and c) **in providing training that enhanced staff skills and competences and administrative capacity**.

In so doing, the programme contributed to the **fight against tax fraud, tax evasion and aggressive tax planning** as the quality and scope of information enabled by Fiscalis funded IT infrastructure and IT systems allowed for cross-border checks that detected potential fraudulent transactions, leading to joint action by authorities. Interviewees also said that the automatic exchange of information enabled by EIS worked as a deterrent to fraudulent behaviour and thus contributed to fighting tax fraud, tax evasion and aggressive tax planning. The EIS also reduced compliance costs and increased legal certainty for economic operators, increasing general compliance by taxpayers and enabling authorities and economic operators to reduce the time and resources required to carry out their activities. In addition, about 44% of all joint action proposals submitted were linked to fighting tax fraud, evasion and aggressive tax planning. Case studies suggested that Fiscalis may have contributed to additional tax revenue, as a result.

The programme also **facilitated a better and shared understanding of EU tax law** among both tax authorities and economic operators, contributing to **its smoother and coherent implementation**. Joint actions and training modules directly intended to improve understanding and implementing of Union taxation law, were considered very useful and achieved their intended result. More generally, the programme has also built trust between officials, promoting exchanges that continued beyond the specific programme activities. Overall, it contributed to the well-functioning of tax systems in the EU.

Regarding the **secure exchange of data** between national tax administrations and with economic operators and other governmental authorities it can be seen that **the volume of data exchanged**

steadily increased since 2014, reaching 32.23 terabytes in 2019 compared to just 4.3 terabytes in 2014. EIS helped Member States communicate with each other securely and efficiently and hence **the number of messages exchanged between administrations through the various systems supported by the programme increased significantly and continuously since 2014**.[6] Moreover, **the administrative burden for tax administrations and businesses declined** and **compliance costs for business were found to be 95 % lower** for those using the relevant IT system compared to those not using it.

Regarding joint actions, over 1500 joint actions, comprising more than 3,500 events, took place during the 2014-2020 period. The number of participants in the Fiscalis 2020's joint actions remained at a high constant level, leading to more than 30,000 participants overall. **Working visits** were used for officials to acquire or increase tax expertise or knowledge. Member States also exchanged tax knowledge and experiences through **project groups,** often used to discuss, develop and implement EIS. **Workshops**, although used less frequently, sought to improve tax administrations' procedures. **Capacity building actions** consisted mainly of technical assistance to a few Member States. **Multilateral controls and participation in administrative enquiries** are examples of direct administrative cooperation between tax authorities. While less common, there were working groups and seminars for specific IT systems or for sharing EU taxation law information.

Participants and action managers of joint actions were positive about their effectiveness and usefulness. Interviewees indicated that all actions were useful and fostered mutual learning. 93% of respondents agreed that their participation in joint actions provided a good opportunity for them to expand their network of (and contacts with) officials abroad. 95% **of participants reported having shared their experiences and 77 % of them declared that such exchanges had led to changes/improvements in their administrations' working practices**. Note that in 2020, as a result of the COVID-19 pandemic, the participation rate was somewhat reduced due to imposed restrictions and until, after a while, on-line activities replaced physical ones.

The great majority of interviewed Fiscalis coordinators considered **training** to be key to enhancing administrations' administrative capacities. The Commission procured 267 EU eLearning modules and organised 141 skills and competences training sessions for IT systems. Participants' training quality scores were high (average 72.7 score on a 0-100 scale). Similarly, the share of tax officials who found IT training met their expectations or was useful are consistently over 90 %. The number of tax officials trained is growing, as more and more tax officials have been trained using EU common materials also in national contexts. **ELearning modules trained about 130,500**

[6] For example, 14,000 messages in 2020 vs. 12,800 messages in 2017 for DAC1 related systems; 29,700 messages in 2020 vs. only 4,600 in 2017 for DAC2 systems; 992,292 messages in 2020 vs. 689,839 messages in 2017 for the MOSS system.

participants from tax authorities and almost one million additional people from businesses and public.

Note that interviewed non-EU countries also appreciated the joint actions for networking opportunities, but felt they were not sufficiently addressing their needs, as actions prioritise EU countries and centred on EIS to which candidate countries have no access.

2. EFFICIENCY: THE EXTENT TO WHICH THE PROGRAMME ACHIEVED ITS PURPOSE VIS-À-VIS THE RESOURCES USED

When evaluating efficiency, the external study looked at the extent to which programme resources had achieved the intended results in the least costly manner. An attempt was made to estimate the costs and benefits, and where possible to monetise them. While costs are available, it is more difficult to quantify the benefits. The definition of the benefits was also defined by the interviews held with the programme stakeholders.

The Fiscalis 2020 programme committed a budget of about EUR 222 million for the period 2014-2020. **Around 75% of the budget has been spent on developing, maintaining and operating the EIS for taxation purposes (EUR 168 million).** In addition, Member States also incurred costs for acquiring, developing, installing, maintaining and day-to-day operating of the national components of the EIS. Other stakeholders (e.g. businesses, financial institutions) can indirectly incur costs for these systems. These common IT infrastructure and systems are clearly resource-intensive. However, they are indispensable for the day-to-day work of tax administrations and bring a range of benefits in all areas of their activities. The case studies conducted as part of this evaluation revealed concrete examples of benefits outweighing costs for specific systems. The EIS have standardised and simplified procedures and have reduced the administrative burden for authorities and businesses, reduced compliance costs for businesses, and helped detect potential fraudulent transactions. By developing and operating the common components for the EIS, the EU level programme has led to important economies of scale, ensured interoperability and avoided the duplication of efforts for Member States. As a result, the EIS enabled the secured exchange of information, supported administrative cooperation and administrative capacity, facilitating a more effective implementation and consistent application of EU law on taxation and the fight against tax fraud, evasion and aggressive tax planning. The evaluation provided an overall positive picture of their efficiency.

The Fiscalis 2020 programme provided financial support for a wide range of joint actions, which represented about EUR 33 million (15% of all programme funding). Based on the results of surveys, the evaluation judged the joint actions to overall have made a strong contribution to the programme's objectives. Joint actions included seminars, workshops, project groups, bilateral or multilateral controls, other administrative cooperation activities, working visits, PAOEs, capacity building activities and expert teams. As said, there were more than 30,000 participants overall. With the exception of expert teams, to ensure full involvement of the participating countries, reimbursement at the level of 100% of the eligible costs of travel, accommodation and cost linked to organisation of events and daily allowances was possible where it was necessary to achieve fully the objectives of Fiscalis 2020.[7] The average cost per participant per action for all types of joint actions (with the exception of expert teams) remained relatively stable throughout the period with a slight overall decrease in more recent years, which might perhaps signal improved efficiency. Regular Fiscalis programme poll (survey) results were overwhelmingly positive, suggesting actions' benefits are high for those involved. The majority of tax authorities agreed that the benefits outweighed costs. Joint actions investments were considered worthwhile and cost-effective when considering the costs versus the outcomes achieved. Participation in expert teams was not fully reimbursable by Fiscalis 2020 (travel and subsistence costs were fully reimbursed, while only 50% of personnel costs were covered). These expert teams were nevertheless crucial in the development of some of the Fiscalis IT systems which might not exist without them. They provide the opportunity for Member States to pool resources and expertise, rather than acting separately. Hence, they were quite cost-effective. Overall, joint actions have enhanced administrative cooperation and capacity and improved working relationships among participants. They have helped exchange experiences and identify best practices for administrative procedures and in turn supported the effective implementation of EU tax legislation and increased compliance.

About EUR 6.9 million was committed for common tax training. The majority of the Fiscalis 2020 training budget (EUR 4.7 million) was allocated to eLearning modules. These modules trained 130,470 individuals from tax authorities and 941,938 additional people from businesses and the public. Thus, the training modules cost EUR 4.9 per person trained, which is very low. Tax authorities described eLearning as useful and effective in increasing their capacity, as well as being helpful for other stakeholders. Other Fiscalis training activities taking place as part of project groups or capacity building activities (notably IT trainings) were considered to have increased their administrative capacity and facilitated tax authorities' coordination and cooperation.

Following from the mid-term evaluation, there have been efforts to reduce paperwork costs associated with joining, initiating and providing feedback on joint actions and to optimise procedures and resources for joint actions and keep workload manageable, which appears to be visible in the latter half of Fiscalis 2020, as no participating country considered the burden too high compared to their benefits. Note that a couple of non-EU authorities have suggested that their costs are relatively high, considering the extent to which they can participate. They would see additional value if they could access more aspects of these actions.

[7] Note that the funding relates to the collaborative aspect of the joint actions i.e. funding allows for the action to take place if in the remit of the programme, but in many instances the national authorities are largely or fully responsible for organising the action. The Commission may act as the initiator of or participate in for example Fiscalis Project Groups, Workshops and Seminars while with MLCs, there is no Commission participation in line with the provisions in the relevant legal basis of the MLC.

3. COHERENCE: THE COHERENCE OF THE PROGRAMME WITH THE EU'S BROADER POLICIES AND PRIORITIES

The evaluation exercise analysed the extent to which the Fiscalis 2020 was coherent with broader EU policies and other EU funding programmes. The final evaluation confirmed the conclusions of the Fiscalis 2020 mid-term evaluation, i.e. that **the programme actions were aligned to and coherent with the Commission overall strategic priorities.** There also appears to be **coherence between Fiscalis 2020 and other similar instruments.**

The Fiscalis 2020 objectives are clearly aligned with the Commission priority "**An economy that works for people**", aiming at "…tackling tax abuse, ensuring sustainable revenues and supporting a better business environment in the Single Market." Further, the Fiscalis 2020 funded actions are coherent with the Commission priority "**Europe fit for the digital age**", under which the Commission aims to modernise public administrations. Fiscalis funded the development, improvement and implementation of IT infrastructure and IT systems that can enhance administrative capacity of tax authorities of participating countries. More recently the Commission released the 2020 **Package for fair and simple taxation** containing 25 taxation initiatives to support the economic recovery and the transition into a green and digital economy[8]. The successor of the Fiscalis programme will be able to support such initiatives.

The evaluation found that the **programme has both supported other EU programmes and benefited from them**. Complementarities and synergies exist between the Fiscalis 2020 and the **Customs 2020 programme**. There are efficiency gains derived from the Commission managing the two systems together. Several operational features are co-funded by both programmes and available for both customs and tax administrations. This is the case for key IT infrastructure systems such as CCN or common training materials. Economies of scale and system compatibility can be explored while it enables customs and tax administrations to exchange information and share knowledge better. Fiscalis 2020 was also complementary to the **Structural Reform Support Programme (SRSP) 2017-2020** and synergies were identified. For example, challenges identified via joint actions could then receive tailored technical support by the SRSP. Complementarities between Fiscalis 2020 and the **Hercule III programme** managed by the EU Anti-Fraud Office (OLAF) also exist, without an overlap. However, despite their complementarity, there seems to be limited active cooperation or actively sought synergies between the two programmes.

The Fiscalis programme also **plays a role in and is coherent with programmes for candidate and potential candidate countries such as TAIEX**. Seven non-EU Member States participated in Fiscalis 2020' joint actions and training activities and, as such, knowledge and best practices were exchanged with EU countries. This led to reforms in non-EU Member States, supporting the accession process and help building trust and goodwill between countries. Candidate country

[8] Communication from the Commission to the European Parliament and the Council an Action Plan for fair and simple Taxation Supporting the Recovery Strategy:
https://ec.europa.eu/taxation_customs/sites/default/files/2020_tax_package_tax_action_plan_en.pdf

interviewees highlighted the benefits of access to both instruments, as Fiscalis was deemed more flexible, providing short-term outcomes, while TAIEX enabled non-EU Member States to pursue longer-term reform processes.

Several mechanisms were used to ensure this coherence across different EU programmes including inter-services meetings, inter-service consultations, participation of observers from various Commission services in project group meetings or activities, sharing of work programmes or the assessment of project proposals by officials from different Commission services. Despite the observed positive results, the evaluation found room for further complementarities and synergies in certain areas such as with the successor of the Hercule III programme.

4. EU ADDED VALUE OF THE PROGRAMME

The implementation of EU law in the field of taxation lays with Member States. Supporting measures such as those as provided by the Fiscalis 2020 programme can contribute to ensuring that EU law is applied in more coherent and consistent way at national level.

The Fiscalis 2020 programme has **provided for the financial sustainability of the EIS, which are crucial in ensuring the availability and sharing of information**. IT infrastructure and systems made complying easier and more effective. In doing so, the programme has brought about **economies of scale** and **efficiency gains and additional security levels**, helping national administrations (and economic operators) to save time and resources, in particular for participating countries with smaller tax administrations and fewer resources. The interoperability and interconnectivity of central IT infrastructure and systems and their symbiotic features constitute EU added value. Moreover, the development of EIS has supported national tax administrations to modernise and digitalise their internal systems and tools.

Joint actions have provided considerable EU added value giving the administrations **unequalled opportunities for cooperation, communication and networking**. Workshops, seminars, working visits, amongst others, have pooled expertise and knowledge of participating countries, helped national authorities gain a better understanding of EU law, and supported the development and implementation of IT systems. They helped build trust and informal cooperation after the events and led to greater convergence of approaches and practices. For example, some tax reforms have been designed with the help and advice of coordinators from other countries. Tax authorities, who have provided consistent positive feedback on joint actions' ability to meet objectives, indicated that their limited resources (time and money) to invest in planning, organising and carrying out such actions would translate in fewer actions without Fiscalis.

The same goes for training activities, especially **e-Learning modules**, which have improved national tax administration officials' knowledge and in turn have helped national tax administrations better understand and implement EU tax legislation and its related procedures in a more uniform manner. They also help with officials' ability to work with the IT systems. They have improved the capacity and the effectiveness and efficiency of administrations. Fiscalis-funded eLearning modules added value beyond the participants as they were also used internally to teach, for example. The large number of people trained [9] is evidence that they were considered useful. These training activities and modules would likely not have been developed, or at least not to the same extent and by all authorities, if Fiscalis had not been in place. They would have been too costly, missing out the scale element. Training has helped establish trust and create a shared vision.

Based on the evidence presented and the scale of the programme actions, it is fair to say that without Fiscalis one would not have the same scale and scope of EIS, joint actions and training that were instrumental in implementing EU taxation law and fighting tax fraud, evasion and aggressive tax planning. Cooperation would have likely been there but would have been uneven, based on unstructured relations and more time-consuming channels and reciprocity agreements. It would have been difficult to achieve the same versatility of topics and the European dimension or pan-European participation in actions and training observed with Fiscalis 2020. While there may have been bilateral or multilateral efforts, these would not have benefitted from the economies of scale generated by Fiscalis and the cost and time to implement and maintain action by national authorities would also have been higher/longer. As for the EIS, Fiscalis 2020 ensured the continuous development and maintenance of such IT infrastructure and systems. Without Fiscalis, they would risk becoming obsolete or be discontinued due to the lack of resources vis-a-vis- the high costs. The economies of scale and reductions in overall costs would be lost.

Fiscalis 2020 has created tangible outputs as a result of interconnected systems and consistent information exchange and helped officials in tax administrations to acquire skills and exchange experiences through a wide range of joint actions and training. It is likely that many of the programme's actions and outputs would likely fade and be discontinued in the medium-term at least compared to the current scale and scope. The current networks between tax administrations built over the years would fade. As a result, the implementation of EU law would be less harmonious with more room for economic agents to exploit the lack of coordination across borders as 'loopholes' to avoid taxes or to commit fraud. Indeed, tax fraud challenges cannot be tackled if Member States do not look beyond the borders of their administrative territories or cooperate intensively with counterparts.

With increasing digitalisation, globalisation and movement of workers, the implementation of EU tax law and the fight against fraud, avoidance and aggressive tax planning will be increasingly important and as a result the programme's added value is also likely to continue increasing.

5. RELEVANCE OF THE PROGRAMME

Globalisation and digitalisation combined create new opportunities and challenges to tax systems' ability to collect tax revenue. They generate new ways of working (hybrid and remote work) and

[9] DG TAXUD eLearning data

conducting business (without physical presence) which are not fully in sync with the way tax systems are still designed and tax authorities conduct their activities. They can also create potential for tax avoidance or evasion if tax administrations and systems do not keep up with change.

To face such challenges, a range of tax-related legislative changes were already adopted during the 2014-2020 period and Fiscalis 2020 actions closely supported the implementation of these initiatives. For instance, the 2015 VAT place of supply rule changes were accompanied by the introduction of the so-called MOSS system to facilitate cross-border trade in digital services. The Directives on Administrative Cooperation were introduced to facilitate the automatic exchange of information between tax administrations and to ensure the fair payment of taxes for taxpayers (individual or entities) who generate income in cross-border activities. Preparatory work was done to introduce IT support to the implementation of the e-commerce directive, which became operational on 1 July 2021.

The trend is there to stay, and authorities and economic operators will need to keep up with the increasingly digitalised, globalised world. This emphasises the need to reinforce tax administration cooperation and national authorities' administrative capacities and hence the **relevance of the programme to support Member States in the digitalisation and modernisation of procedures**. Given its past success, future Fiscalis programmes are found to remain relevant to facilitate Member States' exchange of information, cooperation and coordination via IT systems, joint actions and training and as such contribute to the effective and efficient functioning of the internal market in this context.

When looking at relevance, the evaluation looked at the needs of national tax administrations and economic operators. The final evaluation showed that **the programme continues to be both relevant and necessary.** Indeed, Fiscalis 2020 was deemed **highly relevant to addresses tax administrations' major challenges and meet their needs**. The IT infrastructure and systems were reported to be highly relevant for tax officials' daily work, as they are the main communication platforms through which Member States can exchange relevant data to fight tax fraud and evasion and implement EU law. This in turn fosters mutual assistance and coordination. Training and joint actions are also considered relevant to enhance administrative capacity such as knowledge building and networking. Through the exchange of information, good practices and guidelines, Fiscalis supports policymaking and the more equal and predictable application of EU law and the fight against tax fraud, evasion and aggressive tax planning. A level playing field and fair competition is key **for economic operators** to perform their activities. Moreover, excessive administrative burden and tax compliance costs can prevent some businesses from carrying out economic activities, particularly across borders. Fiscalis IT systems were deemed especially relevant for economic operators, simplifying compliance by making information easily available or for example alleviating the administrative burden on companies providing telecommunications, broadcasting and electronic services by avoiding filing VAT returns in each country where services are supplied (and increasing tax compliance).

Some tax authorities suggested that Fiscalis could support the creation of a database on Member States' legislative developments in the tax field, covering emerging developments affecting taxation such as virtual currencies for instance. Fiscalis coordinators in candidate countries pointed out their limited capacity to benefit fully from Fiscalis-funded actions due to its EU-oriented nature. This adds to the fact that these countries do not have access to all IT systems, which affects their ability to take part in related training components.

6. CONCLUSIONS AND LESSONS LEARNT

The evaluation showed that the programme has been effective in achieving its objectives of enabling secure exchange of information, supporting administrative cooperation and enhancing participating countries administrative capacity. In turn, it also supported the implementation of EU tax legislation to fight tax fraud, tax evasion and aggressive tax planning.

Fiscalis 2020 contributed to enhancing cross-country cooperation and tax authorities' administrative capacity through the development and maintenance of EU IT infrastructure and systems, joint actions and common training activities. Fiscalis contributed to more harmonised approaches and simplified procedures, lowering administrative burdens and reducing compliance cost for taxpayers.

Through the IT infrastructure and systems it helped develop and maintain, Fiscalis improved the information available and secured information exchanges. By replacing manual checks and making use of advanced data-analytics and by allowing easier cross-country checks, it enabled a better identification of potential fraud cases, in a more efficient way. It may also have had a deterrence effect, increasing compliance and preventing tax fraud, evasion and aggressive tax planning. While difficult to establish causality, the evaluation study showed that several of the key indicators on tax fraud, tax evasion and aggressive tax planning show signs of improvement during the duration of the programme.

Evidence assessed by the external evaluator indicated that joint actions and training fostered tax authorities' cooperation and provided space to exchange ideas among counterparts if a specific need was identified. They created networks for participating tax authorities (including informal networks beyond the programme events), enabling further coordination and knowledge sharing, fostering mutual learning and leading in some instances to cross-country cooperation in implementing tax reforms. Information sharing and knowledge transfer enabled by the programme has contributed to a better and more common understanding of legislation and therefore its more coherent implementation. In other words, the Fiscalis programme provides a framework within which to develop cooperation activities (joint actions) with participating authorities in many instances strongly responsible for organising the various aspects of a joint action.

From an efficiency perspective, and despite the difficulties in monetising benefits and establishing causality, the resources invested into Fiscalis 2020 and its components were deemed worthwhile considering the achieved results. In other words, the evaluation concluded that the programme had provided value for the EU and national tax authorities at a reasonable cost. Fiscalis 2020 was aligned and coherent to the Commission overall political objectives, especially to the Europe 2020 strategy. It flexibly adapted to changing priorities and new legislation, fulfilling its role as a funding programme that supports the implementation of EU law on taxation.

The evaluation considered that Fiscalis will likely continue to be a relevant tool at EU level to achieve the goals of supporting the implementation of EU tax legislation and the fight against tax fraud, tax evasion and aggressive tax planning in a world that is changing due to ageing, digitalisation and globalisation, amongst others, and therefore posing challenges to tax systems and administrations. Indeed, Fiscalis remains a relevant instrument to fund the development, implementation and operation of IT infrastructure and systems in the field of taxation, exploring economies of scale. They are resource intensive and it would be difficult for all countries to have the same scope and scale provided by the EU programme. Fiscalis also has been shown to be useful to allow for coordination and mutual learning across countries. IT systems, joint actions and training activities each play a role, in a complementary way, in the achievement of Fiscalis objectives. Fiscalis components are mutually reinforcing. The evaluation showed wide consensus among key stakeholders that the Fiscalis 2020 was necessary, relevant and corresponded to key actors' needs. The design of the programme has therefore been deemed to be fit-for-purpose and should be maintained.

Nevertheless, the evaluation also pointed to some areas where improvements could be made. The findings indicate that the IT systems assessed in the study are generating benefits which outweigh the costs, in terms of simplification, potential fraud detection and compliance with taxation law. However, the evidence on costs and benefits is weak, and it could be worthwhile for the Commission and Member States to explore ways of better measuring the costs and benefits of the investments made. More comprehensive data on costs (investments in IT systems) and benefits (tax revenue collected, simplification) could feed into further prioritisation and decision making. It should be noted as well that most of the costs borne by the Fiscalis programme in the field of IT consist mainly in interconnecting 27 heterogeneous national IT systems via exchanges of messages instead of developing central solutions based on data sharing. This architectural decision follows the agreed legal basis of the corresponding Taxation European Information Systems. However, it can lead to higher costs at EU level while limiting the capability of data processing with a possible impact on the cost / benefits ratio.

Moreover, the evaluation reports that non-EU countries felt that they should be able to participate in a wider set of activities as they are very relevant and appropriate, thus making their financial investments even more worthwhile. Note that the Commission services have already made moves to address this in the new Fiscalis 2021-2027, by ensuring that invitations are sent to non-EU participating countries, unless otherwise justified.

In addition, while Fiscalis 2020 was deemed coherent and consistent with EU priorities and appropriately complementing other funding programmes such as Customs 2020 and the Structural Reform Support Programme (now Technical Support Instrument), there is scope to improve synergies with Hercule III. The coordination within the Commission was deemed good but the evaluation emphasised the importance to continue to explore ways to better coordinate with other services in view of a fast-changing world.

The evaluation also showed that work continues in terms of implementing the recommendations from the mid-term evaluation and for the future. Following the mid-term evaluation, the Commission set up an internal action plan with 13 action areas to address the 13 recommendations, which included 48 sub-actions. In March 2022, the vast majority (75%+) of the actions have been completed and several are ongoing. In particular, 'Monitoring and reporting' and 'Communication' are the two main areas where work is still ongoing. The Commission acknowledges and endeavours to address them under the implementation of the Fiscalis programme 2021-2027 or under the next Multiannual Financial Framework. The Commission also endeavours to continuously improve and adjust the Programme to new realities as relevant beyond the recommendations included in this evaluation and notably in view of the future mid-term evaluation.