



***EUROPEAN COMMISSION  
DIRECTORATE GENERAL TAXUD  
TAXATION AND CUSTOMS UNION  
TAX POLICY***

***Administrative cooperation and fight against fiscal fraud***



# Prevention of tax evasion and avoidance



- 1 January 1993: creation of the Internal Market
  - = free movement of goods
- For excise products: MS wanted to continue to closely monitor movements of excise products, to establish the chargeability of the duty
  - = Council Directive 92/12/CEE of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products
  - = the movement document (AAD) was introduced



## ***Background - 2***

- High Level Group on fraud in tobacco and alcohol sectors: 1998 (report)
- Ad-hoc Working Group on fiscal fraud (2000)

→ recommendations:

1. Main recommendation = to set up an integrated computerized system to link all the traders via their national administrations and to replace the current paper AAD system.
2. Other recommendation = to reinforce mutual assistance in the field of indirect taxation and mainly excise duties



# 1. Administrative cooperation in the field of excise duties :

## Regulation 2073/2004





# Regulation 2073/2004

- Adopted on 16 November 2004
- Entirely devoted to administrative cooperation in the excise field
  - Directive 77/799/EEC and 92/12/EEC do not contain anymore provisions on administrative cooperation
  - All the tools are concentrated in one text



# Regulation 2073/2004

Divided in 8 chapters:

- I. General provisions
- II. Cooperation on request
- III. Exchange of information without prior request
- IV. Storage and exchange of information specific to intra-community transactions (SEED)
- V. Relations with the Commission
- VI. Relations with third countries
- VII. Conditions governing the exchange of information
- VIII. General and final provisions



# Regulation 2073/2004

## I. General provisions :

- Central liaison offices (ELO) and tasks
- Other designated authorities or officials to exchange information





## II. Cooperation on request

- Request for information and for administrative enquiries
- Time limit for providing information
- Presence in administrative offices and participation in administrative enquiries
- Simultaneous controls
- Request for notification of administrative decisions and measures



## III. Exchange of information without prior request

The following cases are provided for:

- *1. Where an irregularity or an infringement of excise duty legislation has occurred or is suspected to have occurred in the other MS*
- *2. Where an irregularity or an infringement of excise duty legislation which has occurred, or is suspected to have occurred, in the territory of one MS may have repercussions in another MS*
- *3. Where there is a risk of fraud or a loss of excise duty in the other MS*



## IV. Storage and exchange of information specific to intra-community transactions

### 1. SEED:

- Data have to be included in 2 registers (persons and premises authorised as tax warehouses)
- Guarantors and other persons involved on an occasional basis in the movement of excisable products have to be registered (“temporary registered traders”)
- Detailed information, detailed arrangements for introducing and updating, harmonised standards for recording identification numbers and collecting the information and arrangements for making available to the MS shall be defined.



# **SEED IS THE CORNER STONE FOR EMCS**



## 2. Early warning system (EWSE)

- Provides for the MSA of dispatch to send an information or a warning message (high risk) to the MSA of destination
- Based on risk analysis on the AAD information as soon as available
- Will be different in EMCS (e.g. no information message to be sent as such as it is replaced by automatic sending of each e-AAD)



## 3. Movement verification system (MVS)

- . MSA may request information and control actions for certain movements (after or during the movement) to another involved MSA
- . Carried on on the basis of a standard verification document
- . Will be integrated in EMCS (certain actions will become obsolete)



## V. RELATIONS WITH THE COMMISSION

- Statistics to be provided
- Information concerning methods or practices used to contravene excise duty legislation
- Any other available information with a view to evaluating the effectiveness of the system of administrative cooperation



Art. 28 mentions that information communicated pursuant to the Regulation shall, as far as possible, be provided by electronic means under the arrangements to be adopted



**Has been taken into account for the excise computerised system (EMCS) specifications**





## ***Implementing Regulation of Regulation 2073/2004***

- Is necessary for the implementation of Art. 6, 18, 22 (5), 23 (2), 24 (2) and 28
- State of play : will be drafted together with other implementing tools needed for EMCS (still to be discussed with MS) and according to the agreed functional specification for EMCS



## 2. EXCISE MOVEMENT AND CONTROL SYSTEM

# EMCS

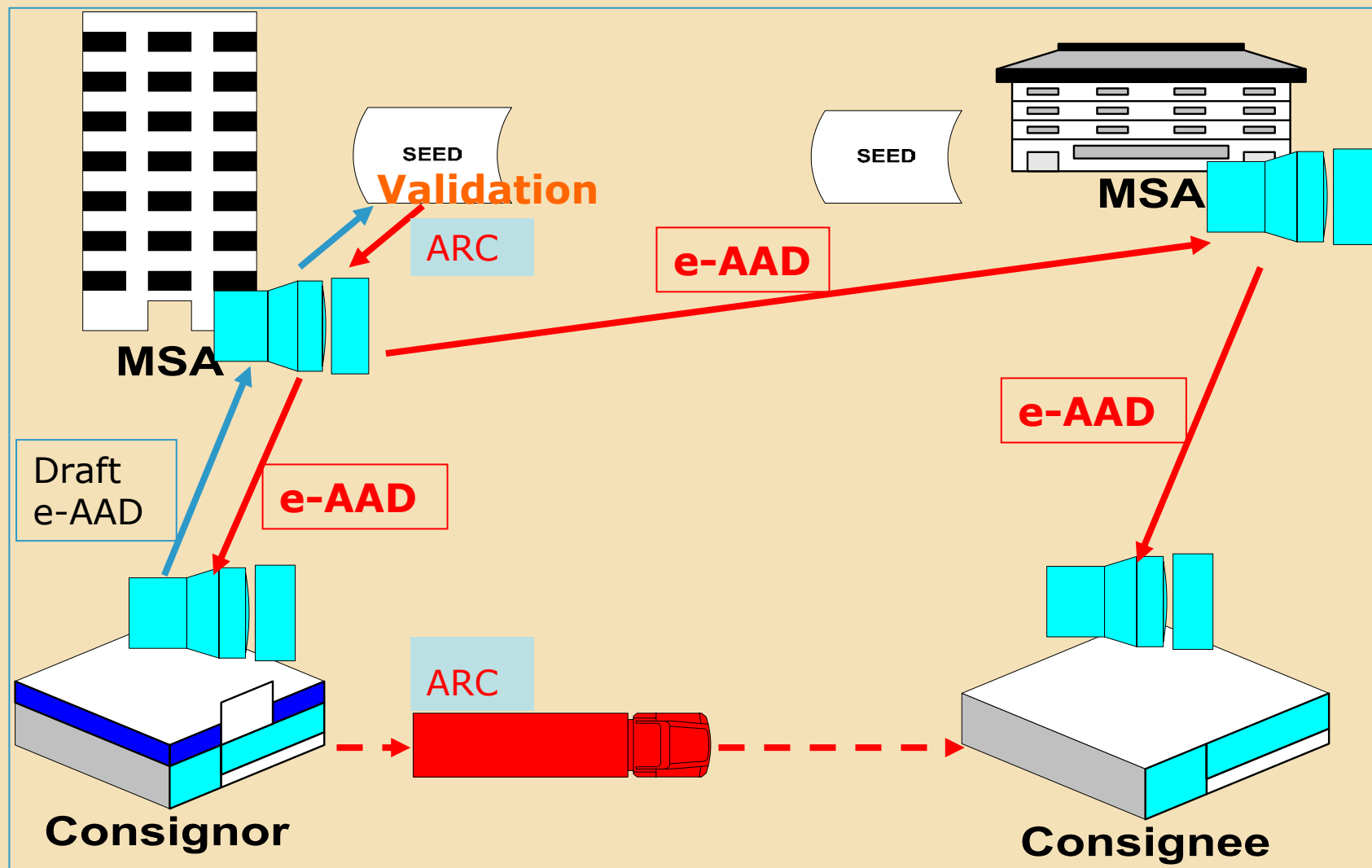




- Will replace the AAD paper-based system with a fully computerized trader-to-trader link via the National Administrations
- Decision 1152/2003 of 16.06.2003
- Full entry into application : 01/07/2009
- Is in itself a tool for exchange of information and will serve for administrative cooperation purposes

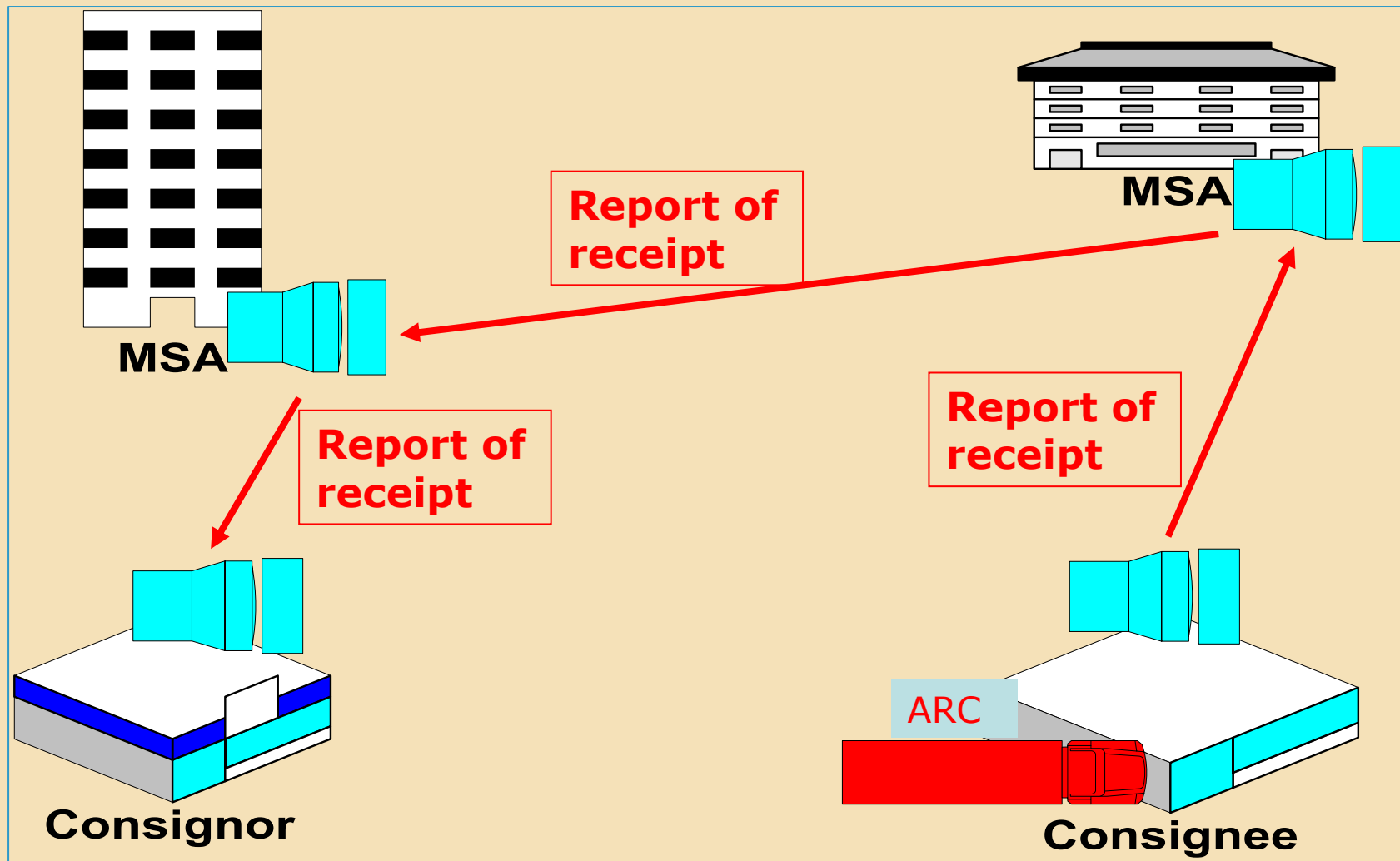


# EMCS at dispatch





# EMCS at destination





## EMCS main advantages

- Tools of administrative cooperation integrated (EWSE, MVS, road control report, report on event, general query for control or investigation).
- EMCS contains the information on the movement as well as different tools to monitor that movement during its life and/or after its closure.
- Electronic report of receipt is a security and an advantage for the consignor : no risk to lose a paper copy and quickly release of his guarantee on the movement. No risk of fraud with false stamps on that report



## EMCS FUNCTIONAL SPECIFICATION (FESSv2)

- Contains EMCS functional processes
- Publication on CIRCA expected at the end of September 2006



# Thanks for your attention