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2015/0068 (CNS)

Proposal for a

COUNCIL DIRECTIVE

amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

{SWD(2015) 60 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. General context

Businesses have traditionally viewed tax planning as legitimate on the grounds that they use legal arrangements to reduce their tax liabilities. However, tax planning has become more elaborate in recent years, developing across jurisdictions and shifting taxable profits towards states with beneficial tax regimes. This "aggressive" form of tax planning can take a multitude of forms, such as taking advantage of the technicalities of a tax system or of mismatches between two or more tax systems for the purpose of reducing or avoiding tax liabilities. Its consequences include double deductions (e.g. the same expense is deducted in both the state of source and the state of residence) and double non-taxation (e.g. income is not taxed in either its state of source or in the recipient's state of residence).[1] Such practices are in many cases assisted by the rulings issued by national administrations, which confirm to a company how a specific transaction will be taxed under existing legislation and therefore provide legal certainty for the structure put in place. Even though Member States are obliged to ensure that they issue tax rulings in compliance with existing EU and national law, a lack of transparency regarding such rulings may impact on other countries which have links with the beneficiaries of the rulings.

Tax avoidance, as well as tax fraud and tax evasion, have an important cross-border dimension. Globalisation and the increasing mobility of taxpayers can make it difficult for Member States to assess tax bases properly. This phenomenon can affect the functioning of taxation systems and entail tax avoidance and tax evasion and thus jeopardise the functioning of the Internal Market.

Therefore Member States can only address this problem effectively if they agree to take common action. For this reason, improving administrative cooperation between Member States' tax administrations is a key objective of the Commission's strategy.

Council Directive 2011/16/EU was adopted to replace an earlier Directive dealing with assistance between Member States (Council Directive 77/799/EEC), as a response to Member States' need for enhanced administrative cooperation in the field of taxation.

The purpose of the present proposal is to ensure that Directive 2011/16/EU provides for comprehensive and effective administrative co-operation between tax administrations by providing for the mandatory automatic exchange of information regarding advance cross-border rulings and advance pricing arrangements, a particular type of advance cross border ruling used in the area of transfer pricing. Tax driven structures which lead to a low level of taxation of income in the Member State issuing the ruling may leave only low amounts of income to be taxed in other Member States involved thus eroding their tax bases.

The proposal requires Member States to automatically exchange basic information about advance cross-border rulings and advance pricing arrangements with all other Member States. This is based on the principle that it is other Member States which are best placed to assess the potential impact and relevance of such rulings, rather than the Member State giving the ruling. In appropriate cases the Member States receiving the information can request further more detailed information.

The proposal has been specifically designed to allow the automatic information exchange on rulings to build on the existing rules in Directive 2011/16/EU relating to the practical

[1] Commission Recommendation of 6.12.2012 on aggressive tax planning.

arrangements for exchanging information including the use of standard forms. It is also in line with international developments at the level of the OECD and its work on BEPS.

During 2012, the Code of Conduct Group for Business Taxation[2] reviewed developments in Member States' procedures regarding tax rulings. The Group identified the types of cross-border rulings on which information should be exchanged spontaneously and recommended the development of a "Model Instruction" that could be used as a reference by the Member States for internal application.[3] The Model Instruction specified that information on cross-border rulings should be sent spontaneously in accordance with Article 9 of Directive 2011/16/EU, using standard electronic forms, by the electronic means provided for in the Directive, at the latest one month after the ruling is issued in line with the deadline in Article 10 of the Directive. It also required Member States to ensure proper communication channels on this subject between Member States and good quality training and guidance for those issuing rulings. It also provided guidance on the content of the information to be provided spontaneously. However, this Model Instruction is not legally binding. There is, in practice, little information exchange between Member States on their advance tax rulings or transfer pricing arrangements even where these have an impact on other countries.

Therefore a more systematic and binding approach to information exchange on rulings appears necessary within the EU so as to ensure that, where one Member State issues an advance tax ruling or transfer pricing arrangement, any other Member State affected is in a position to take any necessary corresponding action.

The Commission committed to making such a proposal for the automatic exchange of information on cross-border rulings on 16 December 2014 and this is reflected in the Commission's 2015 Work Programme.[4]

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

2.1. Consultations in the context of the Action Plan on tax fraud and tax evasion and of the Recommendations (COM (2012) 722) and other fora

The European Parliament adopted a resolution on 21 May 2013,[5] whereby it welcomed the Commission's Action Plan and its Recommendations, urged Member States to follow up their commitments and embrace the Action Plan, and emphasised that the EU should take a leading role in global discussions on the fight against tax fraud, tax avoidance and tax havens, in particular in relation to promoting the exchange of information.

The European Economic and Social Committee adopted an opinion on 17 April 2013.[6] The Committee endorsed the Commission's Action Plan and supported its efforts to find practical solutions aimed at reducing tax fraud and tax evasion.

Over recent years, Member States have worked in the Code of Conduct Group to improve the exchange of information regarding cross-border rulings and in the area of transfer pricing.

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[2] *OJ* 98/C 2/01.

[3] Document 10903/12 FISC 77

[4] http://ec.europa.eu/priorities/work-programme/index_en.htm

[5] European Parliament Resolution of 21 May 2013 on fight against tax fraud, tax evasion and tax havens (Kleva Report) – 2013/2025 (INI).

[6] European Economic and Social Committee Opinion of 17 April 2013 on the Communication from the Commission to the European Parliament and the Council – An action plan to strengthen the fight against tax fraud and tax evasion COM(2012) 722 final (Dandea Report) – CESE 101/2013.

Conclusions of this Code of Conduct Group have been communicated to the Council on a regular basis in the form of reports.[7]

2.2. Member States

This Directive is based on the Model Instruction agreed among the Member States in 2014 and therefore reflects work already done by Member States' delegates in several European fora. Member States have been discussing the principle of information exchange on tax rulings for some time; however this has not so far led to an effective framework for such an exchange.

2.3. Subsidiarity and Proportionality

This proposal complies with the principles of Subsidiarity and Proportionality as set out in Article 5, paragraphs 3 and 4, respectively, of the Treaty on European Union.

Article 115 TFEU provides for the approximation of such laws, regulations or administrative provisions of the Member States which directly affect the establishment or functioning of the internal market and make the approximation of laws necessary.

The objective of ensuring that all Member States have sufficient information on advance CBRs and APAs cannot be sufficiently achieved through non-coordinated action implemented by each Member State individually. Thus, the exchange of information on rulings that potentially affect the tax bases of more than one Member State requires a common and compulsory approach. Moreover, the cross-border element is inherent in the proposed action. Effective information on advance cross-border rulings and advance pricing arrangements can therefore only be achieved through action at Union level.

While the Model Instruction may be regarded as improving matters, a legislative basis is regarded as more effective. Moreover, as long as the issuing Member State is the one having to assess, based on its own legal framework, the relevance of a given ruling for other Member States, a lack of transparency will remain. Taxpayers may take advantage of the absence of common rules for the exchange of information to set up structures that shift profits to low-tax countries, which may not be the countries where economic activities generating the profits are performed and where value is created. [8] As tax rulings are often granted for cross-border structures, Member States depend on each other to get the complete picture. For this reason Member States working together are in a better position than each Member State acting individually to ensure the effectiveness and completeness of the system of exchange of information on tax rulings. A harmonized EU approach would be more effective to ensure tax transparency and cooperation between tax administrations in fighting tax avoidance.

The specific problem identified as the object of a policy response is the lack of transparency on tax rulings with cross-border relevance, which has negative effects, notably on the proper functioning of the Internal Market. The policy response is limited to addressing the rulings with a cross-border element. It consists of a two-step approach according to which a basic set of information as defined in the Directive would have to be provided to all EU Member States. The information to be shared has to strike the balance between being on the one hand as concise as possible and on the other hand providing sufficient information for the receiving Member State to judge whether it should request more information. In a second step, those Member States that can demonstrate that the information is foreseeably relevant to them can request more detailed information under the existing provisions of the Directive. Thus, the proposal represents the most proportionate answer to the identified problem because it limits

[7] Public Reports by the Code of Conduct Group (Business Taxation) are accessible here.
[8] As examined in the BEPS project of the OECD

itself to advance tax rulings and advance pricing arrangements with a cross-border element. It is also based on the automatic exchange of basic information intended to allow each Member State to determine whether further more detailed information should be requested. The proposed amendments consequently do not go beyond what is necessary to address the issues at stake and, in that way, to achieve the Treaties' objectives of a proper and effective functioning of the Internal Market.

2.4. Staff Working Document

The accompanying Staff Working Document evaluates the policy options on the basis of the criteria of effectiveness, efficiency, coherence and social impacts and fundamental rights. An analysis of options has been prepared by the Commission to support the policy option chosen.

3. LEGAL ELEMENTS OF THE PROPOSAL

The objective of this proposal is to ensure that information on advance cross-border rulings and advance pricing arrangements is automatically exchanged between Member States when the conditions laid down in the new Article 8a are fulfilled.

For this purpose, the proposal modifies Directive 2011/16/EU as amended by Directive 2014/107/EU[9] by introducing a specific requirement for the automatic exchange of information on advance cross-border rulings and advance pricing arrangements.

In particular, Article 1(3) of the proposed Directive inserts a new Article 8a into the existing Directive, which sets out the scope and conditions for the mandatory automatic exchange of information on types of tax rulings and transfer pricing arrangements as defined in the proposed Directive, inserted by Article 1(1) of the proposal. Article 8a(1) provides that the competent authorities of a Member State shall, by automatic exchange, communicate information about defined tax rulings that they issue or amend to the competent authorities of all other Member States. This obligation is extended to rulings issued in the ten years before the date on which the proposed Directive takes effect that are still valid on the date of entry into force of the Directive (Article 8a(2)).

Article 1(6) of the proposed Directive enables the possible creation by the Commission of a secure central directory concerning information communicated in the framework of this proposal. This central directory would both facilitate the exchange of information and support Member States in their job of studying and reacting to rulings exchanged between Member States.

The proposed Directive also updates the rules in the 2011 Directive concerning the provision of feedback, the practical arrangements for information exchange and the evaluation of the administrative cooperation so as to extend them to the automatic information exchange on advance cross-border rulings and advance pricing arrangements.

The subject-matter of these modifications falls within the same legal basis as Directive 2011/16/EU, i.e. Article 115 of the Treaty on the Functioning of the European Union (TFEU), which aims to ensure the proper functioning of the Internal Market.

4. BUDGETARY IMPLICATION

The impact of the proposal on the EU Budget is presented in the financial statement accompanying the proposal, and will be met within available resources. The costs of the additional IT tools and the possible central directory that the Commission may develop in the

[9] OJ L 359 of 16 December 2014.

future to facilitate the communication of information between Member States as well as to provide for its storage would be funded out of the FISCALIS 2020 programme provided for in Regulation (EU) 1286/2013 which provides financial support for activities to improve administrative cooperation between tax authorities in the EU.

2015/0068 (CNS)

Proposal for a

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 115 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Parliament[10],

Having regard to the opinion of the European Economic and Social Committee[11],

Having regard to the opinion of the Committee of the Regions[12],

Acting in accordance with a special legislative procedure,

Whereas:

(1) The challenge posed by cross-border tax avoidance, aggressive tax planning and harmful tax competition has increased considerably and has become a major focus of concern within the Union and at global level. Tax base erosion is considerably reducing national tax revenues, which hinders Member States in applying growth-friendly tax policies. In particular, rulings concerning tax-driven structures lead to a low level of taxation of artificially high amounts of income in the country giving the advance ruling and may leave artificially low amounts of income to be taxed in any other countries involved. An increase in transparency is therefore urgently required. The tools and mechanisms established by Council Directive 2011/16/EU[13] need to be enhanced in order to achieve this.

(2) The European Council, in its conclusions of 18 December 2014, underlined the urgent need to advance efforts in the fight against tax avoidance and aggressive tax planning, both at the global and Union levels. Stressing the importance of transparency, the European Council welcomed the Commission's intention to submit a proposal on the automatic exchange of information on tax rulings in the Union.

(3) Directive 2011/16/EU provides for mandatory spontaneous exchange of information between Member States in five specific cases and within certain deadlines. The spontaneous exchange of information in cases where the competent authority of one Member State has grounds for supposing that there may be a loss of tax in another

[10] OJ C , , p. .
[11] OJ C , , p. .
[12] OJ C , , p. .
[13] Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ L 64 of 11.3.2011, p. 1).

Member State already applies to tax rulings that a Member State gives to a specific taxpayer regarding the interpretation or application of tax provisions in the future and that have a cross-border dimension.

(4) However, the efficient spontaneous exchange of information in respect of advance cross-border rulings and advance pricing arrangements is hindered by several important practical difficulties such as the discretion permitted to the issuing Member State to decide which other Member States should be informed.

(5) The possibility that the provision of information may be refused where it would lead to the disclosure of a commercial, industrial or professional secret or of a commercial process, or of information whose disclosure would be contrary to public policy should not apply to provisions of mandatory automatic exchange of information on advance cross-border rulings and advance pricing arrangements in order not to reduce the effectiveness of these exchanges. The limited nature of the information that is required to be shared with all Member States should ensure sufficient protection of those commercial interests.

(6) In order to reap the benefits of the mandatory automatic exchange of advance cross-border rulings and advance pricing arrangements, the information should be communicated promptly after they are issued and therefore regular intervals for the communication of the information should be established.

(7) The mandatory automatic exchange of advance cross-border rulings and advance pricing arrangements should in each case include communication of a defined set of basic information to all Member States. The Commission should adopt any measures necessary to standardise the communication of such information under the procedure laid down in Directive 2011/16/EC for establishing a standard form to be used for the exchange of information. That procedure should also be used in the adoption of any necessary measures and practical arrangements for the implementation of the information exchange.

(8) Member States should exchange the basic information to be communicated also with the Commission. This would enable the Commission at any point in time to monitor and evaluate the effective application of the automatic exchange of information on advance cross-border rulings and advance pricing arrangements. Such communication will not discharge a Member State from its obligations to notify any state aid to the Commission.

(9) Feedback by the receiving Member State to the Member State sending the information is a necessary element of the operation of an effective system of automatic information exchange. It is therefore appropriate to provide for measures enabling the provision of feedback in cases where the information has been used and where no feedback can be provided under other provisions of Directive 2011/16/EU.

(10) A Member State should be able to rely on Article 5 of Directive 2011/16/EU as regards the exchange of information on request to obtain additional information, including the full text of advance cross-border rulings or advance pricing arrangements, from the Member State having issued such rulings or arrangements.

(11) Member States should take all measures necessary to remove any obstacle that might hinder the effective and widest possible mandatory automatic exchange of information on advance cross-border rulings and advance pricing arrangements.

(12) In order to enhance the efficient use of resources, facilitate the exchange of information and avoid the need for Member States each to make similar developments

to their systems to store information, specific provision should be made for the establishment of a central directory accessible to all Member States and the Commission where Member States would upload and store information instead of exchanging it by email. The practical arrangements necessary for the establishment of such a directory should be adopted by the Commission in accordance with the procedure referred to in Article 26(2) of Directive 2011/16/EU.

(13) Having regard to the nature and extent of the changes introduced by Directive 2014/107/EU and this Directive, the timeframe for the submission of information, statistics and reports provided for under Directive 2011/16/EU should be extended. Such an extension should ensure the information to be provided can take into account the experience resulting from those changes. The extension should apply both to the statistics and other information to be submitted by Member States before 1 July 2016 and to the report and, if appropriate, the proposal to be submitted by the Commission before 1 July 2017.

(14) In the spirit of the incremental approach advocated in Directive 2011/16/EU, it is appropriate to adapt the time limits for the existing mandatory automatic exchange of information provided for in Article 8(1) of Directive 2011/16/EU in order to ensure that the available information on the categories is communicated within nine months after the end of the tax year to which it relates.

(15) The existing provisions regarding confidentiality should be amended to reflect the extension of mandatory automatic exchange of information to advance cross-border rulings and advance pricing arrangements.

(16) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Directive seeks to ensure full respect for the right to the protection of personal data and the freedom to conduct a business.

(17) Since the objective of this Directive, namely the efficient administrative cooperation between Member States under conditions compatible with the proper functioning of the Internal Market, cannot be sufficiently achieved by the Member States but can rather, by reason of the uniformity and effectiveness required, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary in order to achieve that objective.

(18) In accordance with the Joint Political Declaration of Member States and the Commission of 28 September 2011 on explanatory documents[14], Member States have undertaken to accompany, in justified cases, the notification of their transposition measures with one or more documents explaining the relationship between the components of a Directive and the corresponding parts of national transposition instruments. With regard to this Directive, the legislator considers the transmission of such documents to be justified.

(19) Directive 2011/16/EU should therefore be amended accordingly,

[14] OJ C 369, 17.12.2011, p. 14.

HAS ADOPTED THIS DIRECTIVE:

Article 1

Directive 2011/16/EU is amended as follows:

(1) Article 3 is amended as follows:

(a) Point 9 is replaced by the following:

"9. 'automatic exchange' means,

(a) for the purposes of Article 8(1) and Article 8a, the systematic communication of predefined information to another Member State, without prior request, at pre-established regular intervals. For the purposes of Article 8(1), reference to available information relates to information in the tax files of the Member State communicating the information, which is retrievable in accordance with the procedures for gathering and processing information in that Member State.

(b) for the purposes of Article 8(3a), the systematic communication of predefined information on residents in other Member States to the relevant Member State of residence, without prior request, at pre-established regular intervals. In the context of Article 8(3a), Article 8(7a), Article 21(2) and Article 25(2) and (3) any capitalised term shall have the meaning that it has under the corresponding definitions set out in Annex I;

(c) for the purposes of all provisions other than Article 8(1), 8(3a) and 8a, the systematic communication of predefined information provided in accordance with points (a) and (b) of this point."

(b) The following points 14, 15 and 16 are added**:**

"14. 'advance cross-border ruling' means any agreement, communication, or any other instrument or action with similar effects, including one issued in the context of a tax audit, which:

(a) is given by, or on behalf of, the government or the tax authority of a Member State, or any territorial or administrative subdivisions thereof, to any person;

(b) concerns the interpretation or application of a legal or administrative provision concerning the administration or enforcement of national laws relating to taxes of the Member State, or its territorial or administrative subdivisions;

(c) relates to a cross-border transaction or to the question of whether or not activities carried on by a legal person in the other Member State create a permanent establishment, and;

(d) is made in advance of the transactions or of the activities in the other Member State potentially creating a permanent establishment or of the filing of a tax return covering the period in which the transaction or series of transactions or activities took place.

The cross-border transaction may involve, but is not restricted to, the making of investments, the provision of goods, services, finance or the use of tangible or intangible assets and does not have to directly involve the person receiving the advance cross-border ruling;

15. 'advance pricing arrangement' means any agreement, communication or any other instrument or action with similar effects, including one issued in the context of a tax

audit, given by, or on behalf of, the government or the tax authority of one or more Member States, including any territorial or administrative subdivision thereof, to any person that determines in advance of cross-border transactions between associated enterprises, an appropriate set of criteria for the determination of the transfer pricing for those transactions or determines the attribution of profits to a permanent establishment.

Enterprises are associated enterprises where one enterprise participates directly or indirectly in the management, control or capital of another enterprise or the same persons participate directly or indirectly in the management, control or capital of the enterprises.

Transfer prices are the prices at which an enterprise transfers physical goods and intangible property or provides services to associated enterprises, and "transfer pricing" is to be construed accordingly;

16. For the purpose of point 14 'cross-border transaction' means a transaction or series of transactions where:

(a) not all the parties to the transaction or series of transactions are resident for tax purposes in the Member State giving the advance cross-border ruling, or;

(b) any of the parties to the transaction or series of transactions is simultaneously resident for tax purposes in more than one jurisdiction, or;

(c) one of the parties to the transaction or series of transactions carries on business in another Member State through a permanent establishment and the transaction or series of transactions forms part or the whole of the business of the permanent establishment. A cross-border transaction or series of transactions shall also include arrangements made by a single legal person in respect of business activities in another Member State which that person carries on through a permanent establishment.

For the purpose of point 15 'cross-border transaction' means a transaction or series of transactions involving associated enterprises which are not all resident for tax purposes in the territory of a single Member State."

(2) Article 8 is amended as follows:

(a) Paragraphs 4 and 5 are deleted.

(b) Paragraph 6 is replaced by the following:

"6. The communication of information shall take place as follows:

(a) for the categories laid down in paragraph 1: at least once a year, within nine months following the end of the tax year of the Member State to which the information relates;

(b) for the information laid down in paragraph 3a: annually, within nine months following the end of the calendar year or other appropriate reporting period to which the information relates."

(3) The following Articles 8a and 8b are inserted:

"Article 8a

Scope and conditions of mandatory automatic exchange of information on advance cross-border rulings and advance pricing arrangements

1. The competent authority of a Member State issuing or amending an advance cross-border ruling or an advance pricing arrangement after the date of entry into force of this Directive shall, by automatic exchange, communicate information thereon to the competent authorities of all other Member States as well as to the European Commission.

2. The competent authority of a Member State shall also communicate information to the competent authorities of all other Member States as well as to the European Commission on advance cross-border rulings and advance pricing arrangements issued within a period beginning ten years before the entry into force but still valid on the date of entry into force of this Directive;

3. Paragraph 1 shall not apply in a case where an advance cross-border ruling exclusively concerns and involves the tax affairs of one or more natural persons.

4. The exchange of information shall take place as follows:

(a) in respect of the information exchanged pursuant to paragraph 1: within one month following the end of the quarter during which the advance cross-border rulings or advance pricing arrangements have been issued or amended.

(b) in respect of the information exchanged pursuant to paragraph 2: before 31 December 2016;

5. The information to be communicated by a Member State pursuant to this Article shall as a minimum include the following information:

(a) the identification of the taxpayer and where appropriate the group of companies to which it belongs;

(b) the content of the advance cross-border ruling or advance pricing arrangement, including a description of the relevant business activities or transactions or series of transactions;

(c) the description of the set of criteria used for the determination of the transfer pricing or transfer price itself in the case of an advance pricing arrangement;

(d) the identification of the other Member States likely to be directly or indirectly concerned by the advance cross-border ruling or advance pricing arrangement;

(e) the identification of any person, other than a natural person, in the other Member States likely to be directly or indirectly affected by the advance cross-border ruling or advance pricing arrangement (indicating to which Member State the affected persons are linked).

6. To facilitate the exchange the Commission shall adopt any measures and practical arrangements necessary for the implementation of this Article, including measures to standardise the communication of the information set out in paragraph 5 of this Article, as part of the procedure for establishing the standard form provided in Article 20(5).

7. The competent authority to which information is communicated pursuant to paragraph 1 shall confirm, if possible by electronic means, the receipt of the information to the competent authority which provided the information immediately and in any event no later than seven working days.

8. Member States may, in accordance with Article 5, request additional information, including the full text of an advance cross-border ruling or an advance pricing arrangement, from the Member State which issued it.

9. Article 17(4) shall not apply to information exchanged in accordance with paragraphs 1 and 2 of this Article.

Article 8b

Statistics on automatic exchanges

1. Before 1 October 2017, Member States shall provide the Commission on an annual basis with statistics on the volume of automatic exchanges under Articles 8 and 8a and, to the extent possible, with information on the administrative and other relevant costs and benefits relating to exchanges that have taken place and any potential changes, for both tax administrations and third parties.

2. Before 1 October 2018, the Commission shall submit a report that provides an overview and an assessment of the statistics and information received under paragraph 1 of this Article, on issues such as the administrative and other relevant costs and benefits of the automatic exchange of information, as well as practical aspects linked thereto. If appropriate, the Commission shall present a proposal to the Council regarding the categories of income and capital and/or the conditions laid down in Article 8(1), including the condition that information concerning residents in other Member States has to be available."

(4) In Article 14 the following paragraph 3 is added:

"3. Where a Member State makes use of any information communicated by another Member State in accordance with Article 8a, it shall send feedback thereon to the competent authority which provided the information as soon as possible, and no later than three months after the outcome of the use of the requested information is known, except if feedback has already been provided pursuant to paragraph 1 of this Article. The Commission shall determine the practical arrangements in accordance with the procedure referred to in Article 26(2)."

(5) In Article 20, the following paragraph 5 is added:

"5. The automatic exchange of information on advance cross-border rulings and advance pricing arrangements pursuant to Article 8a shall be carried out using a standard form once that form has been adopted by the Commission in accordance with the procedure referred to in Article 26(2)."

(6) In Article 21, the following paragraph 5 is added**:**

"5. The Commission shall develop a secure central directory where information to be communicated in the framework of Article 8a of this Directive may be recorded in order to satisfy the automatic exchange provided for in paragraphs 1 and 2 of Article 8a. The Commission shall have access to the information recorded in this directory. The necessary practical arrangements shall be adopted by the Commission in accordance with the procedure referred to in Article 26(2)."

(7) Article 23 is amended as follows:

(a) Paragraph 3 is replaced by:

"3. Member States shall communicate to the Commission a yearly assessment of the effectiveness of the automatic exchange of information referred to in Article 8 and

Article 8a as well as the practical results achieved. The form and the conditions of communication of that yearly assessment shall be adopted by the Commission in accordance with the procedure referred to in Article 26(2)."

(b) Paragraphs 5 and 6 are deleted.

(8**)** The following Article 23a is inserted:

"Article 23a

Confidentiality of information

1. Information communicated to the Commission pursuant to this Directive shall be kept confidential by the Commission in accordance with the provisions applicable to Union authorities.

2. Information communicated to the Commission by a Member State under Article 23, as well as any report or document produced by the Commission using such information, may be transmitted to other Member States. Such transmitted information shall be covered by the obligation of official secrecy and enjoy the protection extended to similar information under the national law of the Member State which received it.

Reports and documents produced by the Commission referred to in the first subparagraph may only be used by the Member States for analytical purposes but shall not be published or made available to any other person or body without express agreement of the Commission."

(9**)** In Article 25, the following paragraph 1a is inserted:

"1a. Regulation (EC) No 45/2001 applies to any processing of personal data under this Directive by the Union institutions and bodies. However, for the purpose of the correct application of this Directive, the scope of the obligations and rights provided for in Article 11, Article 12(1), Articles 13 to 17 of Regulation (EC) No 45/2001 is restricted to the extent required in order to safeguard the interests referred to in Article 20(1)(b) of that Regulation."

Article 2

1. Member States shall adopt and publish, by 31 December 2015 at the latest, the laws, regulations and administrative provisions necessary to comply with this Directive. They shall forthwith communicate to the Commission the text of those provisions.

   They shall apply those provisions from 1 January 2016.

   When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Article 3

This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 4

This Directive is addressed to the Member States.

Done at Brussels,

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

1.2. Policy area(s) concerned in the ABM/ABB structure

1.3. Nature of the proposal/initiative

1.4. Objective(s)

1.5. Grounds for the proposal/initiative

1.6. Duration and financial impact

1.7. Management mode(s) planned

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

2.2. Management and control system

2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

3.2.2. Estimated impact on operational appropriations

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.4. Compatibility with the current multiannual financial framework

3.2.5. Third-party contributions

3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Council Directive amending Directive 2011/16/EU as regards the exchange of information in the field of taxation

1.2. Policy area(s) concerned in the ABM/ABB structure[15]

14

14.03

1.3. Nature of the proposal/initiative

☒ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[16]

☐ The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

The Commission work programme for 2015 lists among its priorities that of A Fairer Approach to Taxation including by ensuring "automatic exchange of information on tax rulings" which is precisely the purpose of the present proposal.

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objective

Specific objective of the FISCALIS programme is to support the fight against tax fraud, tax evasion and aggressive tax planning and the implementation of Union law in the field of taxation by ensuring exchange of information, by supporting administrative cooperation and, where necessary and appropriate, by enhancing the administrative capacity of participating countries with a view to assisting in reducing the administrative burden on tax authorities and the compliance costs for taxpayers.

ABM/ABB activity(ies) concerned

ABB 3

15 ABM: activity-based management; ABB: activity-based budgeting.

16 As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

1.4.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

First, automatic exchange of information between Member States on tax rulings will mean that all Member States will be able to properly assess whether another Member State's tax rulings impact on them (even if unintentionally) and will be able to react accordingly.

Second, the fact that there is more transparency on tax rulings should create a greater incentive for ensuring that tax competition becomes fairer. Automatic exchange of information on tax rulings may also deter companies from aggressive tax planning on the basis of tax rulings, since other Member States will now have the information needed to detect and react to artificial arrangements and profit shifting.

1.4.4. Indicators of results and impact

Specify the indicators for monitoring implementation of the proposal/initiative.

The proposal will be governed by the requirements in the Directive that it is amending (i.e. Directive 2011/16) for i) the provision by Member States on an annual basis of statistics of information exchange, ii) the submission of a report by the Commission on the basis of those statistics, and iii) the provision by Member States on an annual basis of an evaluation of the effectiveness of the automatic exchange of information.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

While, under the Directive on Administrative Cooperation (2011/16), there is a requirement on a Member State which issues a tax ruling to disclose information to any other Member States concerned, it is left to the Member State issuing the ruling to decide to which other Member States the information might be relevant. However, the Member State issuing the ruling may not always be in a position to know which other Member States might be affected. Furthermore, there are currently several exemptions from the disclosure requirement. This proposal would require a Member State issuing rulings to provide information automatically to all other Member States, so that the decision on relevance would be made by a receiving rather than issuing Member State, and would eliminate the current exemptions from the disclosure requirement.

1.5.2. Added value of EU involvement

Member States acting individually might not be able to obtain full information on rulings issued by other Member States even where those rulings concern their tax base. A binding EU approach is the only way to ensure complete transparency and cooperation in this matter.

1.5.3. Lessons learned from similar experiences in the past

The present non-automatic approach to exchange of information on rulings has not, so far, led to transparency in this field. Currently, some taxpayers are taking advance of the lack of transparency to set up structures that shift profits to low-tax countries, which may not be the countries where economic activities generating the profits are performed and where value is created. The automatic exchange of information between tax administrations which applies in other tax fields, such as for savings

income, has led to good results. Automatic exchange is now accepted at global level as the best tool available to tax administrations to tackle tax avoidance and evasion.

1.5.4. Compatibility and possible synergy with other appropriate instruments

As the proposal is designed to amend the Directive on Administrative Cooperation (2011/16), the procedures, arrangements and IT tools already established or under development under that Directive will be available for use for the purposes of this proposal.

1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

– ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ Financial impact from YYYY to YYYY

☒ Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– The proposal will take effect from 1 January 2016

– followed by full-scale operation.

1.7. Management mode(s) planned[17]

☒ **Direct management** by the Commission

– ☒ by its departments, including by its staff in the Union delegations; the Fiscalis 2020 programme is managed in direct mode

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– ☐ international organisations and their agencies (to be specified);

– ☐the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 208 and 209 of the Financial Regulation;

– ☐ public law bodies;

– ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

Nothing as regards management would change under this proposal. Under Article 21 of Directive 2011/16, the Commission, in comitology in conjunction with Member States, develops the standardised forms and formats for information exchange. As regards the CCN network necessary to permit the exchange of information between Member States, the Commission is responsible for whatever development of the CCN network is necessary to permit the exchange of that information while Member States are responsible for whatever development of their systems is necessary to enable information in question to be exchanged using the CCN network.

[17] Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

Under the FISCALIS programme, the monitoring and reporting is dealt with as follows…….

Preparatory activities required for this initiative and other joint actions and common training activities are monitored regularly through input collected from the participants and action managers. The input is collected via standardised forms and feeds in indicators established in the Fiscalis 2020 programme performance measurement framework (PMF). Other expenditure related to the exchange of information is monitored according to the mechanism described under section 1.4.4 and also consolidated under PMF.

2.2. Management and control system

2.2.1. Risk(s) identified

The potential risks for the implementation of the initiative with the Fiscalis 2020 support relate to:

Implementation of the grant agreement signed with the consortium of the Member States and Candidate Countries

Implementation of the procurement contracts concluded under the programme.

2.2.2. Information concerning the internal control system set up

The set up of internal control system is identical to the Fiscalis 2020 programme, which will be covering all operational expenditures of the initiative.

The main elements of the control strategy applied are:

For procurement contracts:

The control procedures for procurement defined in the Financial Regulation are applied. Any procurement contract is established following the established procedure of verification by the services of the Commission for payment, taking into account contractual obligations and sound financial and general management. Anti-fraud measures (controls, reports, etc.) are foreseen in all contracts concluded between the Commission and the beneficiaries. Detailed terms of reference are drafted and form the basis of each specific contract. The acceptance process follows strictly the TAXUD TEMPO methodology: deliverables are reviewed, amended if necessary and finally explicitly accepted (or rejected). No invoice can be paid without an "acceptance letter".

Technical verification for procurement

DG TAXUD performs controls of deliverables and supervises operations and services carried out by contractors. It also conducts quality and security audits of their contractors on a regular basis. Quality audits verify the compliance of the contractors' actual processes against the rules and procedures defined in their quality plans. Security audits focus on the specific processes, procedures and set-up.

In addition to the above controls, DG TAXUD performs the traditional financial controls:

Ex-ante verification of commitments:

All commitments in DG TAXUD are verified by the head of the HR and Finances Unit. Consequently, 100% of the committed amounts are covered by the ex-ante verification. This procedure gives a high level of assurance as to the legality and regularity of transactions.

Ex-ante verification of payments:

100% of pyaments are verified ex-ante. Moreover, at least one payment (from all categories of expenditures) per week is randomly selected for additional ex-ante verification performed by the head of the HR and Finances Unit. There is no target concerning the coverage, as the purpose of this verification is to check payments "randomly" in order to verify that all payments were prepared in line with the requirements. The remaining payments are processed according to the rules in force on a daily basis.

Declarations of the AOSD:

All the Authorising Officers by Sub-Delegations sign declarations supporting the Annual Activity Report for the year concerned. These declarations cover the operations under the programme. The AOSD declare that the operations connected with the implementation of the budget have been executed in accordance with the principles of the sound financial management, that the management and control systems in place provided satisfactory assurance concerning the legality and regularity of the transactions and that the risks associated to these operations have been properly identified, reported and that mitigating actions have been implemented.

2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error

The controls established enable DG TAXUD to have sufficient assurance of the quality and regularity of the expenditure and reduce the risk of non-compliance. The above control strategy measures reduce the potential risks bellow the target of 2% and it reaches all beneficiaries Any additional measures for further risk reduction would result in disproportionate high costs and are therefore not envisaged.

The overall costs entailed to implement the above control strategy – for all expenditures under Fiscalis 2020 programme – are limited to 1.6 % of the total payments made. It is expected to remain at the same ratio for this initiative.

The programme control strategy is deemed efficient to limit the risk of non-compliance to virtually zero and to be proportionate with the risks entailed.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council (1) and Council Regulation (Euratom, EC) No 2185/96 (2) with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under this Regulation.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines – fully covered by the Fiscalis 2020 programme

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number 1A Competitiveness for growth and jobs	Diff./Non-diff.[18]	from EFTA countries[19]	from candidate countries[20]	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	14.0301 (Improving the proper functioning of the taxation systems)	Diff.	NO	NO	NO	NO

- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number [Heading……]	Diff./Non-diff.	from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	[XX.YY.YY.YY]		YES/NO	YES/NO	YES/NO	YES/NO

[18] Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

[19] EFTA: European Free Trade Association.

[20] Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

[This section should be filled in using the **spreadsheet on budget data of an administrative nature** (second document in annex to this financial statement) and uploaded to CISNET for interservice consultation purposes.]

3.2.1. Summary of estimated impact on expenditure

The applications mentioned below are included in the financial envelope of the FISCALIS 2020 programme. No additional appropriations will be necessary

EUR million (to three decimal places)

Heading of multiannual financial framework	Number	1A Competitiveness for growth and jobs

DG: TAXUD			Year 2016[21]	Year **2017**	Year **2018**	Year **2019**	**2020**			**TOTAL**
• Operational appropriations										
Number of budget line 14.0301	Commitments	(1)	0.300	1.000	0.400	0.200	0.200			2100
	Payments	(2)	0.000	0.300	1.000	0.400	0.200	0.200		2100
Number of budget line	Commitments	(1a)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
	Payments	(2a)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
Appropriations of an administrative nature financed from the envelope of specific programmes[22]			p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
Number of budget line		(3)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
TOTAL appropriations	Commitments	=1+1a +3	0.300	1.000	0.400	0.200	0.200			2100

[21] 2016 is the year in which implementation of the proposal/initiative starts.

[22] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

for DG TAXUD	Payments	=2+2a +3	0.000	0.300	1.000	0.400	0.200	0.200		2100

• TOTAL operational appropriations	Commitments	(4)	0.300	1.000	0.400	0.200	0.200			2100
	Payments	(5)	0.000	0.300	1.000	0.400	0.200	0.200		2100
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
TOTAL appropriations under HEADING 1A of the multiannual financial framework	Commitments	=4+ 6	0.300	1.000	0.400	0.200	0.200			2100
	Payments	=5+ 6	0.000	0.300	1.000	0.400	0.200	0.200		2100

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations	Commitments	(4)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
	Payments	(5)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	
	Payments	=5+ 6	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	

Heading of multiannual financial framework	**5**	'Administrative expenditure'

EUR million (to three decimal places)

		Year **2016**	Year **2017**	Year **2018**	Year **2019**	Year **2020**			**TOTAL**
DG: TAXUD									
• Human resources		0.528	0.528	0.528	0.528	0.528			
• Other administrative expenditure		0.030	0.030	0.030	0.030	0.030			
TOTAL DG TAXUD	Appropriations	0.558	0.558	0.558	0.558	0.558			

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0.558	0.558	0.558	0.558	0.558			

EUR million (to three decimal places)

		Year **2016**[23]	Year **2017**	Year **2018**	Year **2019**	Year 2020			**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	0.858	1.558	0.958	0.758	0.758			
	Payments	0.558	0.858	1.558	0.958	0.758			

[23] 2016 is the year in which implementation of the proposal/initiative starts.

3.2.2. Estimated impact on operational appropriations

– ☐ The proposal/initiative does not require the use of operational appropriations

– ☒ The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			Year **2016**		Year **2017**		Year **2018**		Year **2019**		2020						**TOTAL**	
	OUTPUTS																	
	Type[24]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1[25]…																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTAL COST																		

[24] Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

[25] As described in point 1.4.2. 'Specific objective(s)…'

NOTE

The anticipated positive output of this proposal is that i) Member States will receive information on tax rulings in other countries which will put them in an informed position to apply counter-measures as they see fit; ii) the general public may view the measure as an active step to ensure that all taxpayers pay their fair share of taxes; iii) peer pressure might mean that Member States will modify their rulings practices; iv) companies might limit their aggressive tax planning structures. While Member States issuing tax rulings will have an increased administrative burden and compliance costs directly related to providing information on rulings, these costs are expected to be limited given the limited nature of the information to be provided. Moreover, the information should have been provided already (i.e. the proposal largely simply clarifies and confirms existing information exchange obligations).

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

– ☐ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year **2016**[26]	Year **2017**	Year **2018**	Year **2019**	**2020**			**TOTAL**
HEADING 5 of the multiannual financial framework								
Human resources	0.528	0.528	0.528	0.528	0.528			
Other administrative expenditure	0.030	0.030	0.030	0.030	0.030			
Subtotal HEADING 5 of the multiannual financial framework	0.558	0.558	0.558	0.558	0.558			

Outside HEADING 5[27] **of the multiannual financial framework**								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								

[26] 2016 is the year in which implementation of the proposal/initiative starts.

[27] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

TOTAL	0.558	0.558	0.558	0.558	0.558			

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.3.2. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources.

– ☒ The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

		Year **2016**	Year **2017**	Year **2018**	Year **2019**	2020		
• Establishment plan posts (officials and temporary staff)								
XX 01 01 01 (Headquarters and Commission's Representation Offices)		4	4	4	4	4		
XX 01 01 02 (Delegations)		p.m.	p.m.	p.m.	p.m.	p.m.	.	.
XX 01 05 01 (Indirect research)		p.m.	p.m.	p.m.	p.m.	p.m.	.	.
10 01 05 01 (Direct research)		p.m.	p.m.	p.m.	p.m.	p.m.	.	
• External staff (in Full Time Equivalent unit: FTE)[28]								
XX 01 02 01 (AC, END, INT from the 'global envelope')		p.m.	p.m.	p.m.	p.m.	p.m.		
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)		p.m.	p.m.	p.m.	p.m.	p.m.	.	
XX 01 04 **yy** [29]	- at Headquarters	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.
	- in Delegations	p.m.	p.m.	p.m.	p.m.	p.m.	.	
XX 01 05 02 (AC, END, INT - Indirect research)		p.m.	p.m.	p.m.	p.	p.		m

[28] AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

[29] Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

				m.	m.		.
10 01 05 02 (AC, END, INT - Direct research)	p.m.	p.m.	p.m.	p. m.	p. m.		
Other budget lines (specify)	p.m.	p.m.	p.m.	p. m.	p. m.		
TOTAL	4	4	4	4	4		

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	Preparation of meetings and correspondence with MS; (depending on discussions with Member States) work on forms, IT formats and central directory; commissioning of outside contractors to do work on the IT system
External staff	N/A

3.2.4. Compatibility with the current multiannual financial framework

– ☒ The proposal/initiative is compatible the current multiannual financial framework.

– ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

– ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. Third-party contributions

– The proposal/initiative does not provide for co-financing by third parties.

– ~~The proposal/initiative provides for the co-financing estimated below~~:

Appropriations in EUR million (to three decimal places)

	Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

– ☒ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

– ☐ on own resources

– ☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[30]						
		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article …….								

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

Specify the method for calculating the impact on revenue.

[30] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.