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PROPOSAL

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Proposal for a

COUNCIL DIRECTIVE

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

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The European Council Conclusions of 18 December 2014 cite "an urgent need to advance efforts in the fight against tax avoidance and aggressive tax planning, both at the global and EU levels". Since December 2014, the Commission has quickly launched the first steps towards an EU approach. In the meanwhile the OECD has finalized its work in defining the global rules and standards to these ends.

This Directive amending Council Directive 2011/16/EU as part of the Commission's Anti-Tax Avoidance Package, addresses the political priority of fighting against tax avoidance and aggressive tax planning. It also responds to the demands from the European Parliament. It is also in line with the initiatives announced in the Commission's Action Plan on a Fairer Corporate Tax System (COM (2015) 302) to tackle tax avoidance.

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).

Unlike Small and medium companies or individual taxpayers, Multinational Enterprise (MNE) Groups are in a position that renders them capable of exploiting loopholes in domestic and international tax laws to shift profits from one country to the next in order to reduce their tax bill.

The global economic and financial crisis of the last years had made the public aware of the need to ensure that all contributors pay their fair share of tax payments. This should result in higher tax revenues that would contribute to the reduction of public sector deficits for the benefit of all.

In this context, tax authorities need comprehensive and relevant information on structure, transfer pricing policy and internal transactions with related parties of MNE Groups. With the aim to combat tax avoidance and aggressive tax planning, this Directive imposes transparency requirements on MNE Groups. It requires MNE Groups to provide annually and for each tax jurisdiction in which they do business certain information including the amount of revenue, the profit before income tax, the income tax paid and accrued, the number of employees, the stated capital, the retained earnings and the tangible assets. This information will enable the tax authorities to react to harmful tax practices through changes in the legislation or adequate risk assessments and tax audits. Increased transparency should also incentivize MNE Groups to pay their fair share of tax in the country where profits are made.

The new transparency requirements should ensure that the administrative burden imposed on businesses is minimized. EU MNE Groups should in principle not be obliged to submit the information to of all the EU Member States where they operates, but only to the tax

authorities of their of residence. The Directive requires Member States, once they have received the country-by-country report, to share the information with the Member States in which, on the basis of the information in the report, companies of the MNE Group are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment.

To ensure an appropriate balancing of reporting burden and benefit to tax administrations, only MNE Groups with total consolidated group revenue equal or higher than EUR 750 000 000, will be obliged to file the country-by-country report. According to the Organisation for Economic Development and Cooperation (OECD) estimations, approximately 85 to 90 percent of MNE groups will be excluded from the requirement, but the country-by-country report will nevertheless be filed by MNE groups controlling approximately 90 percent of corporate revenues.

Now more than ever, cooperation between Member States' tax authorities is crucial in order to tackle tax avoidance and aggressive tax planning. EU legislation provides for administrative cooperation between Member States' tax authorities, and sets out a series of instruments to help them to cooperate in collecting their due revenues, including exchange of information. However, the EU needs to continue reinforcing cooperation to ensure the proper functioning of the Internal Market in respect with fundamental rights as enshrined in the EU Charter of Fundamental Rights.

Council Directive 77/799/EEC[1] was the first response to Member States' need for enhanced mutual assistance in the field of taxation. It was replaced by Council Directive 2011/16/EU[2] (DAC) that was intended to increase the effectiveness of the previous Directive. In recent years, the Directive has been amended by Directive 2014/107/EU (DAC2) and by Directive EU 2015/2376 (DAC3) providing tax authorities with further instruments to tackle tax fraud and evasion and aggressive tax planning, in the field of financial accounts, tax rulings and advance pricing arrangements.

The purpose of the present proposal is to ensure that Directive 2011/16/EU continues providing for comprehensive and effective administrative co-operation between tax administrations by providing for the mandatory automatic exchange of information regarding country-by-country reports.

This Directive is in line with the international developments. On 5 October 2015 the OECD presented its final reports on the Action Plan on Base Erosion and Profit Shifting (BEPS) which is a major initiative for modifying existing international tax rules. On 15-16 November 2015 the OECD package was also endorsed by the G20 leaders. The work on Action 13 of the OECD's Action Plan on BEPS resulted in a set of standards for providing information on MNE Groups' transfer pricing positions, including the masterfile, the local file and the country-by-country report. The Directive contributes to the implementation in the Union of the country-by-country report.

Most Member States, in their capacity as OECD members, have committed to implementing the outputs contained in the Final Reports on the 15 Actions against BEPS. It is therefore essential for the good functioning of the Internal Market that Member States transpose political commitments under BEPS into their national systems in a coherent and sufficiently coordinated fashion. This should be the way ahead in order to maximise the positive effects

[1] OJ L 336, 27.12.1977, p. 15

[2] 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, 11.3.2011, p. 1).

for the Internal Market as a whole. If not, unilateral implementation of BEPS would risk national policy clashes and new obstacles in the Internal Market, which would continue to be fragmented in 28 constituent parts and suffer from mismatches and other distortions.

This initiative aims at achieving a certain degree of uniformity in implementing the BEPS Action 13 across the EU. The Directive also intends to foster fair competition between the different business operators and ultimately to protect the tax base of EU Member States.

The proposal has been specifically designed to allow the automatic information exchange on country-by-country reporting to build on the existing rules in Directive 2011/16/EU relating to the practical arrangements for exchanging information including the use of standard forms.

The Commission's commitment to making such a proposal for the AEOI on country-by-country reporting is reflected in the Commission's 2016 Work Programme.[3]

- **Consistency with existing policy provisions in the policy area**

Tax Transparency Package (COM (2015) 136)

The Package contained two main elements: (i) a proposal to introduce the AEOI between Member States on their tax rulings and (ii) an announcement that the Commission was assessing whether additional disclosure obligations of certain corporate tax information should be introduced.

This proposal does not preclude that the Commission decides in the future to propose imposing public disclosure obligations on companies.

Commission's Action Plan on a Fairer Corporate Tax System (COM (2015) 302)

This proposal is in line with the initiatives announced in the Action Plan to tackle tax avoidance.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The proposal modifies Directive 2011/16/EU as amended by Directive 2014/107/EU[4] and by Council Directive EU 2015/2376[5] by introducing a specific requirement for the AEOI on country-by-country report.

The modifications are contained in Article 1 of the proposal. In particular:

Article 3 (definitions) is amended.

[3] http://ec.europa.eu/priorities/work-programme/index_en.htm
[4] OJ L 359 of 16 December 2014.
[5] OJ L 332 of 18 December 2015.

Article 8aa requires Member States to oblige MNE Groups to submit the relevant information (the country by country report) and to automatically exchange that information received with the other Member States concerned.

Article 20 (6) refers to the standard form that will be used for the exchange and Article 21 (7) provides for the practical arrangements.

A new Article 25a on penalties is added.

A new Annex, including the definitions applicable to the proposal, the obligations for MNE Groups and the templates for the exchange of information, is added.

- **Subsidiarity (for non-exclusive competence)**

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. 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.

To ensure the proper functioning of the internal market, the EU needs to ensure fair competition and a level playing field between SME, non-EU and EU MNE Groups. MNE Groups have the possibility to engage in aggressive tax planning practices due to their cross border activities. For this reason, all MNEs, both EU Groups and non-EU Groups, should be subject to the reporting obligation. Without this element this initiative would be less effective in achieving the ultimate objective of ensuring the proper functioning of the Internal Market.

This proposal complies with the principles of Subsidiarity as set out in Article 5 paragraph 3 of the Treaty on the European Union.

Access by Member States to country-by-country reporting can therefore only be achieved effectively through action at Union level. The objective of ensuring that all Member States receive country-by-country reporting cannot be sufficiently achieved through non-coordinated action taken by each Member State individually. Moreover, the exchange of information that potentially affects the tax bases of more than one Member State requires a common and compulsory approach. It should be taken into account that as MNE Groups normally operate in different Member States, the cross-border element is inherent in the proposed action.

- **Proportionality**

The specific problem identified as the object of a policy response is the lack of transparency on corporate structures with cross-border relevance and important level of activity, which has negative effects, notably on the proper functioning of the Internal Market. The policy response is limited to addressing MNE Groups operating in several States, either within the European Union or with non-EU jurisdictions. Thus, the proposal represents the most proportionate answer to the identified problem. It is also based on the automatic exchange of basic information allowing each Member State where the company operates to receive information. The proposed amendments consequently do not go beyond what is necessary to address the issues at stake and, in that way, to achieve the Treaty's objectives of a proper and effective functioning of the Internal Market.

This proposal complies with the principles of proportionality as set out in Article 5, paragraph 4 of the Treaty on the European Union.

- **Choice of the instrument**

The present proposal will expand further the scope of Automatic Exchange of Information (AEOI) in the EU. An EU initiative is needed both from an internal market perspective and in terms of efficiency and effectiveness:

– An EU initiative ensures a coherent, consistent and comprehensive EU-wide approach to AEOI in the internal market. It would mean a single reporting approach across Member States which would lead to costs savings both for tax administrations and companies.

– An EU legal instrument would also ensure certainty for tax administrations and companies within the EU.

– An EU legal instrument would contribute to the development of the international standard of AEOI on country-by-country reports as discussed and agreed at the OECD.

– An EU legal instrument based on the DAC would involve the use of the IT arrangements already in place or under development to facilitate information reporting under the DAC. Under this Directive, EU Member States share information in specific formats using a specific communication channel. These formats could easily be extended so as to be usable also for the additional items now proposed for inclusion. As Member States have invested considerable time and money in developing these formats, there would be economies of scale if Member States also exchanged information on the new items using these formats.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

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

In its resolution on 21 May 2013,[6] the European Parliament 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.

[6] European Parliament Resolution of 21 May 2013 on fight against tax fraud, tax evasion and tax havens (Kleva Report) – 2013/2060 (INI).

The European Economic and Social Committee adopted an opinion on 17 April 2013.[7] 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. Conclusions of this Code of Conduct Group have been communicated to the Council on a regular basis in the form of reports.[8]

Most Member States are members of the OECD and have participated in lengthy and detailed discussions on the anti-BEPS Actions, including on the elaboration of technicalities, between 2013 and 2015. The OECD organised extensive public consultations with stakeholders on each of the anti-BEPS Actions. Furthermore, the Commission has debated internally and with OECD experts several BEPS topics, in particular where the Commission has had doubts about the compatibility of certain ideas and/or proposed solutions with EU law.

In the second half of 2014, the Italian Presidency of the Council launched the idea of an 'EU - BEPS Roadmap' and the Presidency encouraged consistency with parallel OECD initiatives, while respecting EU law. This approach was endorsed by the High Level Working Party on Taxation and pursued by the subsequent Presidencies. Discussions on the EU - BEPS Roadmap continued into 2015. The aim was to contribute to the OECD debate and pave the way towards a smooth implementation of the future OECD Recommendations, whilst taking account of EU specificities.

The Commission's public consultation on tax transparency provided stakeholders with the possibility to comment on different aspects of corporate transparency in particular on the basis of country-by-country reporting. The possible options presented were mainly focused on public reporting by enterprises but included the exchange of information between tax administrations as required by BEPS Action 13. The Commission received in total 422 responses, of which most provided useful feedback regarding either public or non-public tax transparency measures. As regards BEPS Action 13, although business were not keen on tax authorities exchanging such information the majority of other respondents were in favour.

Member States

This Directive is in line with international developments at the level of the OECD and its work on BEPS where most EU Member States participate. The European Commission has also been heavily involved and other jurisdictions and stakeholders were consulted widely.

- **Impact assessment**

After its report on Addressing Base Erosion and Profit Shifting was published in early 2013 and the so-called Action Plan on BEPS was endorsed by the G20 Leaders in September 2013, the OECD embarked on a 2-year period of intensive work which led to the delivery of 13 reports, in November 2015. These reports lay down new or reinforced international standards

[7] 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.

[8] Public Reports by the Code of Conduct Group (Business Taxation) are accessible

as well as concrete measures to help countries tackle BEPS. In this framework, OECD/G20 members are committed to this comprehensive package and to its consistent implementation.

Many Member States, in their capacity as OECD Members, have, in some areas very urgently, embarked on the transposition of the output of the BEPS project into their national laws. Considering this, it is critical to make fast progress on agreeing rules for coordinating the implementation of the conclusions on BEPS in the EU. In the light of a great risk of fragmentation of the internal market, which would possibly result from uncoordinated unilateral actions by Member States, the Commission is putting forward, in this proposal, solutions for achieving coherence a certain degree of uniformity in implementing the BEPS Action 13 across the EU.

The Commission has made every effort to respond simultaneously to both the urgency to act, and the imperative need to avoid that the functioning of the internal market is compromised either by unilateral measures adopted by Member States (whether OECD members or not) acting on their own, or lack of action by other Member States altogether. The possibility of proposing soft law was also considered as an option but was discarded as inappropriate for securing a coordinated approach.

To provide up-to-date analysis and evidence, a separate Staff Working Document (SWD) accompanying the proposal provides an extensive overview of existing academic work and economic evidence in the field of base erosion and profit shifting. This is based on recent studies, amongst others, by the OECD, the European Commission and European Parliament. The SWD highlights the drivers and most common identified mechanisms which, according to the OECD reports, are linked to aggressive tax planning. It summarises the conclusions of an in-depth review of key mechanisms for aggressive tax planning on a basis of analysis per Member State, as carried out on behalf of the Commission in 2015. The SWD outlines how implementation of BEPS Action 13 through this proposal complements other initiatives to implement the OECD BEPS reports in the EU and contribute towards a common minimum level of protection against tax avoidance.

Against this background, no impact assessment was carried out for this proposal on the following grounds: there is a strong link to the OECD BEPS work in particular with BEPS Action 13; the SWD supplies a significant body of evidence and analysis; stakeholders were extensively involved in consultations on the technical elements of the proposed rules at a previous stage; and, in particular, there is an urgent current demand for coordinated action in the EU on this matter of international political priority.

4. BUDGETARY IMPLICATIONS

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 to facilitate the communication of information between Member States 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.

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

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 113 and 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[9],

Having regard to the opinion of the European Economic and Social Committee[10],

Acting in accordance with a special legislative procedure,

Whereas:

(1) In recent years, the challenge posed by tax fraud and tax evasion has increased considerably and has become a major focus of concern within the Union and at global level. The automatic exchange of information constitutes an important tool in this regard and the Commission in its Communication of 6 December 2012 containing an Action plan to strengthen the fight against tax fraud and tax evasion highlighted the need to promote vigorously the automatic exchange of information as the future European and international standard for transparency and exchange of information in tax matters. The European Council in its conclusions of 22 May 2013 requested the extension of automatic information exchange at Union and global levels with a view to combatting tax fraud, tax evasion and aggressive tax planning.

(2) As Multi National Enterprise (MNE) Groups are active in different countries, they have the possibility of engaging in aggressive tax planning practices that are not available for domestic companies. When MNEs do so, purely domestic companies, normally small and medium-sized enterprises (SMEs) may be particularly affected as their tax burden is higher than that of MNE Groups. On the other hand, all Member States may suffer revenue losses and there is the risk of competition to attract MNE Groups by offering them further tax benefits. There is therefore a problem for the proper functioning of the Internal Market.

[9] OJ C , , p. .
[10] OJ C , , p. .

(3) Union tax authorities need comprehensive and relevant information on MNE Groups regarding their structure, transfer pricing policy and internal transactions in and outside the EU. That information will enable the tax authorities to react to harmful tax practices through changes in the legislation or adequate risk assessments and tax audits, and to identify whether companies have engaged in practices that have the effect of artificially shifting substantial amounts of income into tax-advantaged environments.

(4) Increased transparency towards tax authorities could have the effect of giving MNE Groups an incentive to abandon certain practices and pay their fair share of tax in the country where profits are made. Enhancing transparency for MNE Groups is therefore an essential part of tackling base erosion and profit shifting.

(5) Resolution of the Council and of the representatives of the governments of the Member States on a code of conduct on transfer pricing documentation for associated enterprises in the European Union (EU TPD) already provides EU MNE Groups in the Union with a method to provide tax authorities with information on global business operations and transfer pricing policies (masterfile) and information on the concrete transactions of the local entity (local file). However, the EU TPD dos not provide at present any mechanism for the provision of a country-by-country report.

(6) In the country-by-country report, MNEs Groups should provide annually and for each tax jurisdiction in which they do business the amount of revenue, profit before income tax and income tax paid and accrued. MNE Groups should also report number of their employees, stated capital, retained earnings and tangible assets in each tax jurisdiction. Finally, MNE Groups should identify each entity within the group doing business in a particular tax jurisdiction and should provide an indication of the business activities each entity engages in.

(7) In order to enhance the efficient use of public resources and reduce the administrative burden for MNE Groups, the reporting obligation should only apply to MNE Groups with annual consolidated group revenue exceeding a certain amount. The Directive should ensure that the same information is collected and made available to tax administrations in a timely manner throughout the EU.

(8) To ensure the proper functioning of the Internal Market, the EU has to provide for fair competition between EU MNE Groups and non-EU MNE Groups for which one or several of their entities are located in the EU. Both of them should therefore be subject to the reporting obligation.

(9) Member States should lay down rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and should ensure that those penalties are effective, proportionate and dissuasive and that they are implemented

(10) To ensure the proper functioning of the internal Market, it is necessary to ensure that Member States adopt coordinated rules on transparency obligations of MNE Groups.

(11) As regards exchange of information between Member States, Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC already provides for the mandatory automatic exchange of information in a number of fields. Its scope should be enlarged to provide

for the mandatory automatic exchange of country-by-country reports between Member States.

(12) The mandatory automatic exchange of country-by-country reports between Member States should in each case include the communication of a defined set of basic information that would be accessible to those Member States in which, on the basis of the information in the country-by-country report, one or more entities of the MNE Group are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment of an MNE Group.

(13) In order to minimise costs and administrative burdens both for tax administrations and for MNE Groups, it is necessary to provide rules that are in line with the international developments and contribute positively to their implementation. On 19 July 2013 the Organisation for Economic Development and Cooperation (OECD) published an Action Plan on Base Erosion and Profit Shifting (BEPS Action Plan) which is a major initiative for modifying existing international tax rules. On 5 October 2015 the OECD presented its final reports that were endorsed by the G20 Finance Ministers. During the meeting of 15 and 16 November 2015, the OECD package was also endorsed by the G20 leaders.

(14) The work on Action 13 of the BEPS Action Plan resulted in a set of standards for providing information for MNE Groups, including the masterfile, the local file and the country-by-country report. It is therefore appropriate to take into account the OECD standards when establishing the rules on the country-by-country report.

(15) Union action in the area of country-by-country reporting should continue to take particular account of future developments at OECD level. In implementing this Directive, Member States should use the 2015 Final Report on Action 13 of the OECD/G20 Base Erosion and Profit Shifting Project, developed by the OECD, as a source of illustration or interpretation of this Directive and in order to ensure consistency in application across Member States.

(16) It is necessary to specify linguistic requirements for the exchange of information between Member States on country-by-country report. It is also necessary to adopt the practical arrangements necessary for the upgrading of CCN network. In order to ensure uniform conditions for the implementation of Articles 20(6) and 21(7), implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.

(17) In order to enhance the efficient use of resources, facilitate the exchange of information and avoid the need for each Member State to make similar adjustments to their systems the exchange of information should be made through the common communication network (CCN) developed by the Union. The practical arrangements necessary for the upgrading of the system should be adopted by the Commission in accordance with the procedure referred to in Article 26(2) of Directive 2011/16/EU.

(18) The scope of mandatory exchange of information should therefore be extended to include the automatic exchange of information of the country-by-country report.

(19) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union.

(20) 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 and can therefore, 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 the 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.

(21) Directive 2011/16/EU should therefore be amended accordingly.

HAS ADOPTED THIS DIRECTIVE:

Article 1

Directive 2011/16/EU is amended as follows:

(1) In 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 Articles 8a and 8aa, 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.

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

(b) the following second subparagraph is added:

In the context of Articles 8(3a), 8(7a), 21(2) and 25(2) and (3) any capitalised term shall have the meaning that it has under the corresponding definitions set out in Annex I. In the context of Article 8aa and Annex III, any capitalised term shall have the meaning that it has under the corresponding definitions set out in Annex III."

(2) in Section II of Chapter II, the following Article 8aa is inserted:

"Article 8aa

Scope and conditions of mandatory automatic exchange of information on country-by-country report

1. Each Member State shall take the necessary measures to require the Ultimate Parent Entity of an MNE Group that is resident for tax purposes in its territory, or any other Reporting Entity in accordance with Section II of Annex III, to file a country-by-country report with respect to its Reporting Fiscal Year within 12 months after the last day of the Reporting Fiscal Year of the MNE Group in accordance with Section II of Annex III.

2. The competent authority of a Member State where the Country-by-Country Report was received pursuant to paragraph 1 shall, by means of automatic exchange, communicate the report to any other Member State in which, on the basis of the information in the country-by-country report, one or more Constituent Entities of the MNE Group of the Reporting Entity are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment within the deadline laid down in paragraph 4.

3. The country-by-country report shall contain the following information with respect to the MNE Group:

   (a) aggregate information relating to the amount of revenue, profit (loss) before income tax, income tax paid, income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNE Group operates;

   (b) an identification of each Constituent Entity of the MNE Group setting out the jurisdiction of tax residence of such Constituent Entity, and where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such Constituent Entity is organised, and the nature of the main business activity or activities of such Constituent Entity.

4. The communication shall take place within 15 months after the last day of the fiscal year of the MNE Group to which the country-by-country report relates. The first country-by-country report shall be communicated for the fiscal year of the MNE Group commencing on or after 1 January 2016.

5. Article 17(4) shall not apply to information exchanged in accordance with paragraphs 1 to 4 of this Article.";

(3) In Article 20, the following paragraph 6 is added:

6. The automatic exchange of information on country-by-country report pursuant to Article 8aa shall be carried out using the standard form provided in Tables 1, 2 and 3 of Section III of Annex III. The Commission shall, by means of implementing acts, adopt the linguistic arrangements for that exchange by 31 December 2016. They shall not preclude Member States from communicating information referred to in Article 8aa in any of the official and working language of the Union. However, those

linguistic arrangements may provide that the key elements of such information are sent also in another official language of the Union. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 26(2).";

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

"6. Information communicated pursuant to Article 8aa (2) shall be provided by electronic means using the CCN network. The Commission shall, by means of implementing acts, adopt the necessary practical arrangements for the upgrading of the CCN network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 26(2).";

(5) In Article 23, paragraph 3 is replaced by the following:

"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**,** Article 8a and 8aa as well as the practical results achieved. The Commission shall, by means of implementing acts, adopt the form and the conditions of communication of that yearly assessment. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 26(2).";

(6) the following Article 25a is inserted:

"Article 25a

Penalties

Member States shall lay down the rules on penalties applicable to infringements of national provisions adopted pursuant to this Directive and concerning Article 8aa, and shall take all measures necessary to ensure that they are implemented. The penalties provided for shall be effective, proportionate and dissuasive. Member States shall by 31 December 2016 notify the Commission of those rules and of those measures and shall notify it without delay of any subsequent amendment affecting them.";

(7) Article 26 is replaced by the following:

"Article 26

Committee procedure

1. The Commission shall be assisted by the Committee on administrative cooperation for taxation. That committee shall be a committee within the meaning of Regulation (EU)

No 182/2011 committee within the meaning of Regulation (EU) No 182/2011 of the European Parliament and of the Council[(*)].

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

(*) Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13.)";

(8) Annex III, the text of which is set out in the Annex I to this Directive, is added.

Article 2

1. Member States shall adopt and publish, by 31 December 2016 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 2017.

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

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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[11]

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**[12]

☐ 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. Following up on this, one key area for action in the Commission work programme for 2016 is to enhance transparency of the corporate tax system

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

[11] ABM: activity-based management; ABB: activity-based budgeting.

[12] 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 country by country reporting will mean that all Member States will be able to properly assess whether multinationals groups engage in aggressive tax planning and will be able to react accordingly.

Second, the fact that there is more transparency should create a greater incentive for ensuring that tax competition becomes fairer. Automatic exchange of information on country by country reports may also deter companies from aggressive tax planning, since 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 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

This proposal would require Member States, once they have received the country-by-country report, to share the information with the Member States in which, on the basis of the information in the report, companies of the MNE Group are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment

1.5.2. Added value of EU involvement

An EU initiative ensures a coherent, consistent and comprehensive EU-wide approach to AEOI in the internal market. It would mean a single reporting approach across Member States which would lead to costs savings both for tax administrations and companies.

An EU legal instrument would also ensure certainty for tax administrations and companies within the EU, contribute to the development of the international standard of AEOI on country-by-country reports as discussed and agreed at the OECD and would involve the use of the IT arrangements already in place or under development to facilitate information reporting under the DAC. Under this Directive, EU Member States share information in specific formats using a specific communication channel. These formats could easily be extended so as to be usable also for the additional items now proposed for inclusion. As Member States have invested considerable time and money in developing these formats, there would be economies of scale if Member States also exchanged information on the new items using these formats.

1.5.3. Lessons learned from similar experiences in the past

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 and aggressive tax planning.

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 2017

– followed by full-scale operation.

1.7. Management mode(s) planned[13]

☒ **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.*

[13] 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

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 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.

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 payments 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

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.[14]	from EFTA countries[15]	from candidate countries[16]	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

14 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

15 EFTA: European Free Trade Association.

16 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

EUR million (to three decimal places)

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

DG: TAXUD			Year 2016[17]	Year **2017**	Year **2018**	Year **2019**	**2020**			**TOTAL**
• Operational appropriations										
Number of budget line 14.0301	Commitments	(1)	0.300	0.300	0.300	0.050	0.050			1000
	Payments	(2)	0	0.300	0.300	0.300	0.050	0.050		1000
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[18]			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 for DG TAXUD	Commitments	=1+1a +3	0.300	0.300	0.300	0.050	0.050			1000
	Payments	=2+2a +3	0	0.300	0.300	0.300	0.050	0.050		1000

[17] 2016 is the year in which implementation of the proposal/initiative starts.

[18] 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 operational appropriations	Commitments	(4)	0.300	0.300	0.300	0.050	0.050			1000
	Payments	(5)	0	0.300	0.300	0.300	0.050	0.050		1000
• 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	0.300	0.300	0.050	0.050			1000
	Payments	=5+ 6	0	0.300	0.300	0.300	0.050	0.050		1000

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			2.640
• Other administrative expenditure		0.030	0.030	0.030	0.030	0.030			0.150
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			**2.790**

EUR million (to three decimal places)

		Year **2016**[19]	Year **2017**	Year **2018**	Year **2019**	Year 2020			**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	0.858	0.858	0.858	0.608	0.608			3.790
	Payments	0.558	0.858	0.858	0.858	0.608	0.50		3.790

[19] 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 [20]	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVE No 1 [21] …																		
- Output																		
- Output																		
- Output																		
Subtotal for specific objective No 1																		
SPECIFIC OBJECTIVE No 2 ...																		
- Output																		
Subtotal for specific objective No 2																		
TOTAL COST																		

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

[21] 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 tax-related information on entities which will put them in an informed position to target tax audits; ii) the general public may view the measure as an active step to ensure that all taxpayers pay their fair share of taxes; iii) companies might limit their aggressive tax planning structures. While Member States will have an increased administrative burden directly related to providing information on country-by-country reports, these costs are expected to be limited given the fact that the reports are prepared by the entities..

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 N [22]	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
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 [23] of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature								
Subtotal outside HEADING 5 of the multiannual financial framework								
TOTAL	0.558	0.558	0.558	0.558	0.558			

[22] Year N is the year in which implementation of the proposal/initiative starts.

[23] 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.

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)[24]								
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** [25]	- 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.	.	

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

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

XX 01 05 02 (AC, END, INT - Indirect research)	p.m.	p.m.	p.m.	p.m.	p.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[26]						
		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.

[26] 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.