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COVER NOTE

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE EVALUATION of the COUNCIL DIRECTIVE 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC

Delegations will find attached document SWD(2019) 328 final.

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COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE EVALUATION
of the

COUNCIL DIRECTIVE 2011/16/EU
on administrative cooperation in the field of taxation and repealing Directive
77/799/EEC

{SWD(2019) 327 final}

EXECUTIVE SUMMARY

Council Directive 2011/16 on administrative cooperation in the field of direct taxation has applied since January 2013 and lays down legally binding rules and standardised procedures for cooperation between Member States to minimise double non-taxation and double taxation. This first evaluation is conducted largely on the basis of information provided by Member States' tax administrations for the period 2013 to 2017. Other sources of information include the results of a public consultation, relevant literature and a study conducted by an external contractor.

The evaluation suffers from limited data on the benefits of the intervention. Nevertheless, overall the Directive is deemed relevant, coherent with other interventions and offers EU added value. The key findings are the following:

Effectiveness

There is limited evidence that the Directive has been somehow effective in improving tax authorities' ability to fight tax fraud, evasion, and avoidance and has had some deterrent effect. Evidence is insufficient to allow overall conclusions on whether the intervention has contributed to the proper functioning of the internal market or to the perceived fairness of the tax system.

Efficiency

The evaluation quantifies cumulative costs: for Member States at about € 90 million; for financial institutions at about € 140 million over time, for an overall, estimated cost of about € 230 million. Evidence of quantified benefits is very limited. It is not possible to draw a reliable and robust conclusion on this. In a few cases, reported benefits are higher than reported costs for Member States. The sum of the very few estimates of (monetised) benefits of the intervention amounts to circa € 620 million overall.

The evaluation makes the case for collecting better quantitative evidence of the benefits of the intervention. Member States able to estimate the benefits of administrative cooperation should share their experiences and practices with the others.

Relevance, Coherence and EU Added Value

The Directive supports Member States to improve tax correctness, to enhance voluntary compliance to reduce tax avoidance and evasion, and reduce the administrative burden. The Directive created a framework for cooperation, which is considered to permit a substantially more efficient administrative cooperation than other international instruments. The Directive responds to the needs of Member States, is in line with the EU overarching fiscal policies and coherent with other relevant frameworks and provisions, in particular administrative cooperation in VAT and tax recovery matters and provisions on anti-money laundering.

In conclusion, the evaluation shows that the framework in place for administrative cooperation works well. Yet, not all Member States are exploiting the tools in the same way. There is scope to enhance the use of information, as well as to track the benefits of cooperation. To be able to analyse future performance and prepare for future reports, it is

important to redesign the process of monitoring for evaluation purposes, which has not been fully effective in collecting data on benefits and performance. Furthermore, the use of information exchanged is essential. Member States are encouraged to keep working together and to use more and better the information they exchange, contributing to fair taxation in the European Union.