



COMMISSION OF THE EUROPEAN COMMUNITIES

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**REPORT FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT**

**ON THE EXECUTION OF THE MATTHAEUS-TAX PROGRAMME FROM
1 JANUARY 1995 TO 31 DECEMBER 1995**

(ARTICLE 11 OF THE COUNCIL DECISION OF 29 OCTOBER 1993)

INTRODUCTION

1. The Matthaeus-Tax programme is a small but important cog in the Internal Market machine. Since July 1993, it has proved to be a vital tool in fostering the mutual assistance and administrative cooperation between national indirect tax administrations, without which the Internal Market in the indirect tax area would not work.

BACKGROUND

2. The achievement of the Single Market in the indirect taxation area from 1 January 1993 was based on the establishment of the Value Added Tax (VAT) transitional regime¹, the harmonised Excise regime², and the regulation on VAT administrative cooperation³. To ensure that the removal of frontier controls which the Single Market entailed did not encourage fraud, evasion and distortions of competition, it was necessary to foster a deep and enduring cooperation between national indirect tax administrations at all levels. Mutual understanding, which leads to mutual confidence, is central to this better cooperation. There was therefore a need to deepen the understanding of national indirect tax officials, both of the Community dimension of their work and of the organisation and procedures of other Member States.

3. To this end, the Commission proposed a pilot project for the organisation of seminars and the exchange of indirect taxation officials⁴, which took place from 1991 to early 1993. The experience of this pilot programme and the similar Matthaeus programme in the Customs area led the Commission to propose an action programme for the training of indirect tax officials. This "Matthaeus-Tax" programme was adopted by the Council on 29 October 1993⁵.

4. The objectives of the programme, set out in Article 3 of the decision, were, in summary:

- to prepare national officials for the implications of the Internal Market and administrative cooperation;
- to make national officials aware of the Community dimension of their work and to build mutual confidence between administrations;
- to provide supplementary training for national officials;
- to spread understanding of the indirect tax administrations of the Community, thereby improving the management of the Internal Market;
- to stimulate cooperation at all levels of national administrations.

¹ Council Directive 91/680/CEE of 16.12.1991, OJ n° L376 of 31.12.91

² Council Directive 92/12/CEE of 25.2.1992, OJ n° L76 of 23.2.1992

³ Council Regulation 218/92/CEE of 27.1.1992, OJ n° L24 of 1.2.1992

⁴ Interfisc programme COM (89) 422

⁵ Council Decision of 29.10.1993, OJ n° L280 of 13.11.1993

5. These objectives were to be achieved through four means: exchanges of officials; training seminars; coordinated vocational training programmes; and language training for officials likely to participate in exchanges.

6. These activities began on 1 July 1993. The Commission report to Council and Parliament COM (95) 663 covered the programme from 1 July 1993 to 31 December 1994.

MATTHAEUS-TAX ACTIVITIES IN 1995

7. The most important innovation in 1995 was the integration of the three new Member States fully into the programme. The details of this are set out below under each activity.

Exchanges

Objectives

8. The main objective of the exchanges is to provide to indirect tax officials a better mutual understanding of the organisation, methods and procedures applied in different Member States. This understanding should be on both a practical and a theoretical level. This encourages better cooperation and the dissemination of best practice.

Organisation

9. For 1993 and 1994, the Commission and the Member States agreed, for each Member State, both the officials to be sent and the officials to be received. For 1995, the Commission and the Member States decided that only half of all the exchanges would be pre-arranged in this way. The remaining exchanges were allocated between the Member States on a pro-rata basis but the choice of host destination was left open to the Member State to agree bilaterally. This added flexibility, reported in the 1993-94 Annual report, has permitted the Member States to focus their use of the exchange programme more accurately on their priorities.

10. To ensure that the exchanges better met the needs of the officials participating, the Commission and the Member States agreed on changes to the preparation and evaluation forms for the exchanges to ensure that the objectives of the official were better understood in advance and that performance against these objectives was better monitored.

Activities

11. 116 exchanges took place in 1995 (95 in 1994, 88 in 1993). Most significantly, the three new Member States were smoothly integrated into the exchange programme. The total of 20 officials from the new Member States account for nearly all the increase in the size of the exchange programme from 1994. More details on the officials exchanged are set out in Annex A to this report.

Evaluation

12. The exchanges are monitored throughout the year by the Commission and the Member States. In addition the evaluation forms completed by the officials provide feedback in terms of statistics and comments on their experiences. This feedback has already been integrated into the 1996 programme. Details are set out in Annex A.

13. The general message from the participants is that the exchanges have improved mutual understanding. They are now better focused towards the objectives of participants and the experience gained has a greater usefulness and applicability at home. The likelihood of administrative changes at home resulting from the exchanges has also grown. The written comments supplied by the officials give some real examples and suggest improvements. The officials want the exchanges to be better prepared in advance, by the host and their own administration. They want more practical experience and programmes more targeted to their area of expertise.

Future developments

14. The Commission and the Member States have made a number of significant amendments to the organisation of the exchange programme to meet the criticisms expressed by officials. From 1996, the system of "grouped" exchanges of officials (two weeks of a general introduction to the host administration) will become less common. This system had benefits in administrative terms and in fostering contacts between officials from several Member States. However it did not permit the subject matter of the exchanges to be sufficiently targeted to the needs of the official nor to be sufficiently practical.

15. From 1996, officials will tend to take part in "single" or "targeted" exchanges. The former will permit the official to work with a suitable opposite number during the exchange. The latter will permit the official to study a particular subject of interest in the host administration. The objectives of the official will be more clearly communicated than in the past and the host administration will create a more individual programme to meet the needs of the official. A new evaluation form will also be proposed by the Commission to assess the views of the managers of the participants six months after the exchange.

16. From 1996, the Member States will be permitted to choose the host Member State of all of their officials, within certain conditions (to maintain an even geographical spread). This will better enable the Member States to select candidates and host Member States according to their priorities and personnel, thereby maximising the benefit of the programme. A future priority will be to address the need to set Community priorities, to ensure a certain level of exchanges in areas of indirect tax administration where there is a Community priority. This will happen in 1996 on a pilot basis in the Excise area.

17. From 1996 the size of the exchange programme will be increased, largely due to the better use of resources set out under the section on management below. Even so, the Commission believes that the volume of the exchange programme should continue to grow. The officials who currently participate in exchanges are a tiny proportion of the officials in the Member States with a Community aspect to their work. As this aspect continues to grow, the demand for a better understanding of other Member States will increase. At present, the Member States have numbers of applicants for exchanges which far outstrip the resources available.

Seminars

Objective

18. The objective of the seminar programme is to provide the best forum for the structured exchange of ideas between officials from national administrations. The seminars provide the opportunity for: the dissemination of best practice among Member States; the analysis of common problems and solutions; the training of officials in the Community dimension of their work; and the enhancement of administrative cooperation. The seminars may also lead to suggestions for the improvement of the Community legal instruments in force.

Organisation

19. The subjects, dates and host administration for each seminar are set by the Commission and the Member States. Seminars are attended by two or more representatives of each Member State, some of whom will also make presentations. The Commission and the host administration also participate, especially with the aim of encouraging the participation of all representatives and drawing conclusions. Finally all participants report to their administrations and complete evaluation forms. In due course the Commission circulates records of the seminar, together with the working papers, to follow-up the results and permit the wider dissemination of the work of the seminar. Six months later, each seminar is evaluated by the Member States for its longer term impact.

Activities

20. In 1995 ten seminars took place. Amongst these were one seminar each solely for the benefit of officials from the three new Member States. The new Member States also participated fully in the other seminars. Two more were postponed to early 1996 but are covered in this report, as they were funded from the 1995 budget. In addition one seminar held jointly with the Matthaëus (Customs) programme took place in 1995. This compares to six seminars in the half year of 1993 and 8 in 1994. More details of these seminars are set out in Annex B. In total about 350 officials attended the seminars open to all the Member States. In addition about 300 officials in total attended the seminars organised for the new Member States.

Evaluation

21. In general, according to the participants, the seminars have maintained the high standards set in 1993-94. The questionnaires completed by participants show that one innovation in 1995 has been a particular success. There was a danger that the seminars were becoming too passive. Accordingly for 8 of the seminars, a large proportion of the time was devoted to "workshops". Following an introduction to the subject from one speaker, the seminar sub-divides into three groups, along linguistic lines, to debate the key questions. This formula has proved to be more effective in maximising the participation of all the delegates. More detail on the evaluation of the seminars is set out in Annex B.

22. On a policy level, the seminars have proved to be for the Member States and the Commission an invaluable forum for sharing approaches to common problems. Mutual understanding of the control systems in the Member States has been considerably advanced. This mutual understanding has contributed to improved confidence between the Member States. On a personal level, the seminars have permitted contacts to be made between experts in a wide variety of fields. Frequently the participants have never been to a Community meeting before. The benefit of the seminar is maximised by the reports produced by the Commission and by the participants themselves. The success of the seminars is also demonstrated by the ways in which they have been followed up. Member States have arranged further bilateral visits to study systems or procedures. Active cases have been pursued bilaterally. On a Community level, seminars have led to several policy discussions and proposals. The Commission has also found the seminars invaluable for deepening its understanding of the national administrations and for pursuing common problems in greater depth with the Member States.

23. The seminars organised solely for the benefit of the officials from the new Member States have played an important part in the successful introduction of the indirect tax Internal Market in those Member States. In each case, a significant proportion of all the officials of these Member States heard from and questioned Commission and "old" Member State experts about the operation of the Internal Market.

Future developments

24. 1995 has seen a considerable development in the sophistication of the seminars. This has required greater efforts on the part of the Commission, the host Member States and the participants. In the future, the Commission will emphasise even greater effort in the preparation, execution and follow-up of the seminars. In contrast to the exchange programme, the number of seminars should be roughly maintained and the focus of the efforts of the Commission and the Member States should be on improving the quality of the seminars. This reflects the limits on the Commission's resources (interpretation and administration).

25. The Commission believes that in future the subject areas for seminars should be more closely co-ordinated with the areas covered by the exchange programme. The Commission will, from 1997, propose an annual plan for the programme to identify the key policy areas for the Community, both for exchanges and for the seminars. To an extent, the focus since the beginning of the programme on administrative cooperation and the control regimes of the Member States have guided these choices. In the future, these links should be more explicit.

Common training programme

Objective

26. The Commission adopted a decision⁶, following consultation with the Member States, setting out a common programme of vocational training as required by Article 4 (c) of the Matthaues-Tax decision. The programme sets out the subjects which should be covered by the initial training programmes and continuing training programmes of the Member States. The aim of the programme is to give Member States' indirect tax officials a basic level of uniform training vital to a sound understanding of their duties and to the performance of their work.

Activities

27. The decision only came into force on 1 June 1995 and therefore it has not been fully implemented. However, most Member States had already made a considerable effort to implement the common training programme in 1996. Details of this implementation are set out in Annex C.

Evaluation

28. Of course, the effect of the common training programme has not been to change completely the training of indirect tax officials. Important elements of the programme, notably training in Community law in indirect taxation (the principles and application of Community VAT and Excise law), were already the core of Member States' training of their own officials. The most significant effect of the common training programme has been to give added emphasis to some basic training in the organisation and policies of the Communities, the sources of Community law and the administrative cooperation and mutual assistance provisions of Community law.

Future developments

29. The common training programme adopted in 1995 is a first step. The Commission and the Member States will be considering what value could be added by further common training programmes, which would be more explicit about the basic training all officials should receive. Responsibility for training officials rests with the Member States, under the Matthaues-Tax decision.

Language training

Objective

30. The Commission's experience of the operation of the indirect tax Internal Market in general and the Matthaues-Tax programme in particular, has confirmed the centrality of the need to break down linguistic barriers. Whilst linguistic training is vital for all aspects of the operation of the Internal Market, the exchange, and to a lesser extent, the seminar part of the Matthaues-Tax programme are particularly dependent on a reasonable standard of linguistic ability of participants.

⁶ Commission Decision 95/279/EC of 12 July 1995 - OJ No L 172 of 22.7.95, p 24

Activities

31. The percentage of officials fluent in the language of the host Member State has fallen since 1993-94. As the table set out in Annex D shows, figures for the global language training carried out by the Member States are still rather patchy. However, the questionnaires completed by exchange officials show that 21 per cent of them received language training in advance of their exchange and most found it useful.

Evaluation

32. The decline in the ability of exchange officials to communicate as well as in the past on their exchanges is understandable. This reflects the exhaustion of an initial pool of exchange candidates with existing language skills. The Commission has repeatedly urged the Member States, who are responsible for language training, to build up a stock of suitably trained officials to take advantage of exchange opportunities. The fact that 21 per cent of the exchange officials had received language training and that they found it useful, is nevertheless encouraging. From a wider perspective it is encouraging to note that all the Member States do have policies to fund language training for their officials. This ranges from a policy of providing voluntary training to essential post holders in some Member States to setting targets in others for each tax unit.

Future developments

33. The Commission will encourage the Member States to think in a more long term way in providing suitable language training for their officials. This will enable a pool of suitably trained candidates to be developed. The greater freedom given to the Member States to choose the host administrations of their officials encourages this more long-term thinking. In addition the Commission, as part of its broader task to foster administrative cooperation will investigate the development of tax-specific linguistic aids.

MANAGEMENT AND FINANCIAL ASPECTS

Management

34. The management structure established in 1993-94 was broadly continued. The programme is run by a central coordinator in each Member State (usually two where the Excise and VAT administrations are separate) and the Commission services. The Commission and the coordinators met three times in 1995 in the Matthaeus-Tax committee. The main business of the committee was the planning and monitoring of the 1995 exchange and seminar programme and the elaboration of the 1996 programme. The committee also discussed the draft Commission decision on the common training programme.

Budget

35. For procedural reasons, Budget line B5-3051 covers both the Matthaesus (Customs) and the Matthaesus-Tax programme. In 1995 3,500,000 ecu was allocated to this budget line and of this the Commission allocated 712,000 ecu to the Matthaesus-Tax programme. 100 per cent of these funds were committed on behalf of the Matthaesus-Tax programme.

Financial Management

36. As for 1993-94, the Member States received the bulk of funds for the exchanges and seminars at the beginning of the year and are responsible for their management. At the end of the year the Member States provide the Commission with a recapitulative statement of their costs with the necessary justification.

Future developments

37. From 1996, the management of the programme has been put on a sounder basis as the experience of the first three years has been consolidated. The Commission and the Member States have agreed a manual of procedures covering all the practical aspects of the exchange and seminar programmes. The manual is largely an aide-memoire for the Matthaesus-Tax coordinators but also provides comprehensive guidance and advice for all the actors in the programme: potential exchange officials, actual exchange officials, their line managers, host officials, organisers of seminars and chairmen of seminars. This codification of existing best practice has already considerably helped the execution of the programme and improved quality.

38. For 1996 the Commission and the Member States have also agreed on a more flexible management of the resources of the programme to ensure their maximum use. In line with the increasing flexibility given to the Member States in choosing the host Member State for their exchanges (set out above), exchange resources in 1996 have been allocated in terms of ecu, rather than a number of exchanges. Member States are encouraged to use these funds to arrange as many exchanges as possible and at least a required minimum. This avoids the problem that the cost per exchange can vary considerably. This change in the financial management has already led to a few more exchanges being funded by the programme than would otherwise have been possible.

39. The financial control procedures have also been reorganised. The Member States are more fully responsible for the use of the funds. However detailed financial returns, on computerised forms provided by the Commission, have to be provided twice a year. The first form, provided at the half year, contains estimates for the full year expenditure, as well as actual expenditure to date. The second form contains the final breakdown of all expenditure. Member States are required to keep available for inspection all necessary justification for expenditure for five years.

40. This procedure enables any underspends to be identified in time for valuable exchange resources to be allocated to those Member States better able to utilise them. It also amply fulfils the Commission's financial management responsibilities.

41. To improve the monitoring and evaluation of the programme as a whole the Commission and the Member States have agreed on a set of objectives and targets for each part of the programme. These are operational objectives, derived from the higher objectives of the programme, but which are linked to the responses given in questionnaires following exchanges and seminars. They represent a commitment to try to attain a certain level of quality in the delivery of the programme, according to its main customers, the officials who participate. The Commission will also be able to compare the relative performance of the Member States. The Commission will continue to work with the Member States to create further methods of evaluation, in particular to better quantify the success of the programme in meeting the objectives of the Member States and the Community.

42. Finally, 1996 will see a major new development in the programme in that officials from the associated countries of Central and Eastern Europe, Malta and Cyprus will participate in the exchange and seminar programmes on a pilot basis. This fulfils the commitment of the Commission to pursue preparations for extending the Community programme to these countries as stipulated in the White Paper on preparation of the associated countries of Central and Eastern Europe for integration into the Internal Market of the Union and the Common Resolutions on the establishment of a structured dialogue between the European Union and Malta and Cyprus respectively.

43. The impact of all these developments will be reported in detail in the next annual report.

CONCLUSION

44. 1995 has been an effective year of consolidation for the Matthaëus-Tax programme, building on the experience of the first two years. The seminar and exchange programmes have delivered real benefits to the officials who have participated. The benefits of the programme have not stopped there: lessons learned have been disseminated throughout national administrations to the benefit of the Member States and the Community as a whole. The integration of the three new Member States and the development and implementation of a common training programme have also been accomplished smoothly. The proof of these achievements is in what the Member States and the participants say. Objective evidence is harder to quantify. Nevertheless, the use of the Community instruments of administrative cooperation (the provision of information in control and recovery) has shown a marked growth in recent years. In some part, the Commission believes that the Matthaëus-Tax programme has contributed to this greater use and its greater effectiveness.

45. The programme has also represented value for money. Use of the relatively small amount of money available for the programme has been maximised in several ways. Through the use of follow up reports of seminars and of exchanges the benefit of the original travel and subsistence costs of the participants has been multiplied throughout the national administrations. The programme has led to real changes in national administrations.

46. 1995 has also been the year of looking ahead. Several new initiatives have been devised which will bear fruit in 1996. The aim of these initiatives has been twofold: to tailor the programme more closely to the needs of the officials who participate, their administrations and the Internal Market; and to make the greatest possible use of the limited resources available through careful expenditure and through multiplying the effect

of the expenditure. 1996 will also see the programme dealing with the challenge of the participation of non-EU countries.

47. The legal base for the programme expires in June 1997. The Commission is fully convinced that the programme should be renewed and accordingly will present proposals in the second half of 1996. They will build on the achievements of the programme to date and the new initiatives which will be implemented in 1996.

48. The new programme will also be a key part of the first phase of the implementation of the common VAT system for the single market. An intense cooperation between individuals will be essential to the successful functioning of the new system. This cooperation needs to be ingrained as a working habit of the administrations. Clearly this needs to be done before the entry into force of the new system, as this part of the new system will be built on the spirit of cooperation developed under the current system. It is not therefore a question of a new departure but rather an intensification of the current aims. The broad methods of encouraging this cooperation developed by the Matthaeus-Tax programme (structured contact between individuals at seminar or exchanges; common training programmes and language training programme) will be the basis of the new programme. Finally, the benefits of such a renewed programme would also accrue directly to the operation of the existing VAT and Excise tax systems, before the introduction of a new VAT system.

Annex A: Exchanges

Table 1 shows the distribution of exchanges between the Member States in 1995, aggregating those agreed in advance and those decided upon by the Member States themselves. Table 2 aggregates the figures for 1993 and 1994 with those for 1995, reflecting the picture since the programme began. It is expected that the completion of the 1996 exchange programme will mean that an official from nearly all of the Member States will have visited every other Member State.

The breakdown of the officials who participated follows the pattern in 1993-94, with some changes. 30 per cent of the participants were women (up from 23 per cent) (table 3). The average age of participants remained about 40 (table 4). VAT continued to account for about 80 percent of the exchanges, Excise duties the balance (table 5). The breakdown between officials of different management levels remained broadly unchanged, with a reasonable balance maintained (table 6). The new evaluation forms for 1995 give a greater insight into the work areas of the participants (table 7). The bulk of participants were tax controllers or auditors, which is to be expected and is welcome. The next highest group is from central administration. At around 20 per cent of participants, this is about the optimum balance between central offices and the field. There seems to be a good mix of reasons why candidates were chosen (table 8).

Evaluation

Tables 9-18 aggregate the results of participants' answers to the given questions. The results are overwhelmingly positive, with some signs that the efforts to improve the programme have had an effect. The percentage who feel that the programme should be continued as it is (rather than with changes) has risen dramatically from 26 per cent to 58 percent (table 18). This is supported by the key results: the success in meeting objectives (table 10); the relation of the exchange to work (table 11) the usefulness of the experience gained (table 12); and the overall value of the exchange to the administration (table 17).

It is also positive that 99 percent would be able to apply their experience in their administrations in some way. Another positive improvement over 1993-94 is the increase from 12 to 27 per cent of participants who could foresee administrative change in their administration. 70 per cent of the participants in the programme found two weeks to be just right and only a few found it too long (table 16).

Two areas that have already been identified for improvement in 1996 are the need to set objectives for the administration before the exchange (table 9). All participants in 1996 should agree a set of objectives in advance. They should also all complete a written report of their exchange (table 15).

The written comments attached to the questionnaires give an insight into the concrete results of the exchanges. When asked to mention changes which were foreseen as resulting from the exchange there was a great variety of answers. For example, a Finnish Excise official said that a proposal for a handbook of excise duties for Finnish officials would be pursued. A British official said that the UK's Retail Export scheme would be completely rethought. A Belgian official said that improvements would be made in the control of mineral oil producers. A common remark was that the use of intra-Community transaction data (principally the VIES) would be enhanced and that information exchange between the Member States would be improved.

Participants were asked only to suggest ways in which the programme could be improved. Nevertheless several commented favourably on the programme: "the programme is perfect as it is" said a Greek official. "The stay ... responded completely to my expectations of the programme" said a Belgian official. Most of the suggestions for improvement were calls for better preparation, more practical content and more targeted towards the individual needs of the official. Several officials also found the grouping of their exchange with officials from other Member States beneficial. All the innovations in the exchange programme for 1996 have these ends in mind. Indeed the feedback from these questionnaires and these lessons was relayed to the Member States before the 1996 programme began.

Table 1: Breakdown of exchanges in 1995

Home Member State	Number of officials sent	Host Member State														
		B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
		Number of officials received														
B	8		1	1	0	0	1	1	0	0	1	1	1	1	0	0
DK	7	0		0	0	1	1	1	1	0	1	0	0	0	1	1
D	11	1	0		0	2	0	1	2	1	1	1	0	1	1	0
EL	9	0	1	0		1	1	0	3	0	1	0	0	0	1	1
E	8	0	0	1	1		1	0	1	0	1	0	0	0	1	2
F	8	1	1	0	0	1		1	0	0	0	1	1	0	1	1
IRL	5	0	1	0	0	0	0		0	0	1	0	0	1	1	1
I	11	0	0	2	1	1	1	0		0	1	1	2	1	0	1
L	3	1	0	1	0	0	0	0	0		0	1	0	0	0	0
NL	7	1	0	0	0	0	0	0	1	1		0	1	2	1	0
A	7	0	0	3	0	0	1	1	0	1	0		0	0	1	0
P	8	2	0	0	0	0	1	1	1	0	1	0		0	0	2
FIN	6	1	1	2	0	0	0	0	0	0	1	0	0		0	1
S	7	0	1	1	1	0	0	1	0	0	1	1	0	0		1
UK	11	0	1	1	1	1	1	0	1	0	1	0	1	1	2	
TOTAL	116	7	7	12	4	7	8	7	10	3	11	6	6	7	10	11

Table 2: Breakdown of exchanges 1993-95

Home Member State	Number of officials sent	Host Member State														
		B	DK	D	EL	E	F	IRL	I	L	NL	A	P	FIN	S	UK
		Number of officials received														
B	24		2	3	1	2	3	2	1	0	2	1	2	1	0	4
DK	21	1		1	1	2	3	2	2	1	3	0	0	0	1	4
D	29	3	2		2	2	2	4	4	1	2	1	1	1	1	3
EL	23	1	1	2		2	3	0	5	0	3	0	1	0	1	3
E	24	2	0	3	2		3	1	2	1	3	0	0	0	1	5
F	26	4	1	2	2	3		2	2	0	2	1	2	0	1	2
IRL	18	1	1	3	2	1	1		2	0	2	0	1	1	1	1
I	31	2	0	4	3	2	4	2		1	3	1	5	1	0	2
L	11	2	0	2	0	0	0	1	0		1	1	1	0	0	2
NL	21	2	0	2	1	1	2	1	3	1		0	2	2	1	2
A	7	0	0	3	0	0	1	1	0	1	0		0	0	1	0
P	18	3	0	0	0	1	3	2	2	0	2	0		0	0	4
FIN	6	1	1	2	0	0	0	0	0	0	1	0	0		0	1
S	7	0	1	1	1	0	0	1	0	0	1	1	0	0		1
UK	33	3	1	3	2	3	5	1	3	1	4	0	3	1	2	
TOTAL	299	25	20	31	17	19	30	20	26	7	29	6	18	7	10	34

Tables 3-18: Profile and evaluation of exchange participants

NB: Indicators marked with an * do not have comparable figures for 1993-94.

Table 3: Gender

	1995	1993-94
Male	70%	77%
Female	30%	23%

Table 4: Average Age

1995	1993-94
41	39

Table 5: Work Area

	1995	1993-94
VAT	79%	80%
Excise	18%	20%
Both	3%	0%

Table 6: Grade Code

	1995	1993-94
Officials with directing responsibilities	23%	24%
Officials having management and controlling responsibilities, possibly with some operational duties	48%	40%
Officials having only operational responsibilities but who may take decisions on the ground	30%	36%

Table 7: Work in own administration and work undertaken on exchange*

1995	Work in own administration	Work undertaken on exchange
Tax Audit (Tax Control)	47%	50%
Tax Collection	5%	10%
Central Administration	20%	23%
Heads of Division	9%	4%
Anti-fraud investigation	4%	1%
Training	1%	2%
Others ⁷	14%	10%

⁷ includes experts in legislation, administrative cooperation and relations with the public

Table 8: Why do you believe you were you selected?

	1995	1993-94
volunteered	28%	26%
technical knowledge	22%	24%
linguistic skills	18%	25%
function in administration	26%	23%
other	5%	2%

Table 9: Did you set specific objectives for your administration, in advance, for the exchange*

Yes	74%
No	26%

Table 10: If yes, were you able to meet these objectives ?*

Yes, completely	Mostly	Partly	No, not at all
26%	61%	9%	4%

Table 11: How closely was the exchange related to your work ?*

Very closely	36%	42%	18%	5%	0%	not at all
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Table 12: How useful was the experience gained from the exchange ?*

Very useful	50%	37%	12%	1%	0%	not at all useful
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Table 13: How much of this experience were you able to apply in your own administration ?*

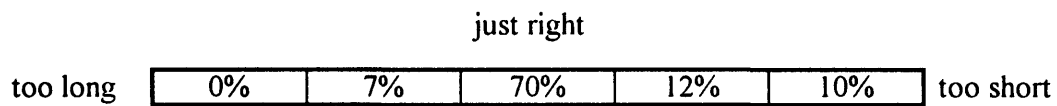
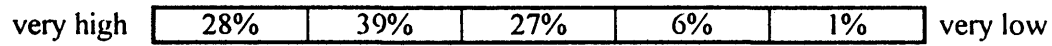
All of it	11%	26%	47%	15%	1%	none of it
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Table 14: As a result of your exchange, can you foresee any administrative changes?

	1995	1993-94
Yes	27%	12%
No	73%	88%

Table 15: Did you complete a report of your visit

	1995	1993-94
- in writing?	52%	64%
- orally?	11%	10%
- both?	37%	26%
TOTAL	100%	100%

Table 16: Was the length of the exchange ***Table 17: Overall, how would you rate the value of the exchange for your administration ?*****Table 18: Do you think the programme should be continued?**

	1995	1993-94
Yes, as it is	58%	26%
Yes, with some changes	42%	74%
No	0%	0%

Annex B: Seminars

Activities

Brühl (Germany) 25-27 January 1995: "VAT control: integrating Community needs into national controls"

This seminar examined in detail the ways in which the Member States have integrated Community aspects into national control systems. The creation of the Internal Market has permitted the control of intra-Community trade to be integrated with that of purely domestic trade, giving a more coherent control of companies. The VAT Information Exchange System (VIES) is the significant tool for controlling this trade. The seminar examined and compared the different ways in which the VIES data had been integrated into national systems of control.

Nevers (France) 3-4 May 1995: "The training of VAT officials"

This seminar brought together heads of training schools and trainers from the Member States to compare initial and continuing training programmes. The seminar was instrumental in helping to develop the approach to the first common training programme.

Bad-Hofgastein (Austria) 15-18 May 1995, Stockholm (Sweden) 4-7 September 1995, Helsinki (Finland) 11-14 September 1995: "Introduction to the Community for officials from the new Member States"

These three seminars were a series undertaken primarily for the benefit of the new Member States. They consisted of two days covering Excise duties and two days covering VAT. Representatives from a sample of the Member States (Germany, Spain, the Netherlands, the United Kingdom) and the Commission explained how Community law had been applied in the Member States. There was a particular emphasis on national control regimes and the operation of mutual assistance and administrative cooperation between administrations. Officials from the new Member States were given a detailed picture of the practical and everyday implications of the Community VAT and Excise duty regimes.

Elsinore (Denmark) 18-20 September 1995: "Quality in indirect tax administration"

This seminar examined and compared the different systems in place in the Member States for ensuring quality in their performance. Several Member States described how, at various levels of their administration, management tools were being rethought to ensure that objectives were achieved. The seminar split into workshops to examine and compare the differing approaches to the problems of setting objectives, monitoring performance, evaluation and consequent resource allocation. Case studies of particular areas of administration were examined to compare approaches.

Ravenna (Italy) 18-20 October 1995: "Cooperation between Member States in the Excise sector"

This seminar brought together experts in the Excise area to consider ways to improve cooperation between the Member States in the control of Excise duties. The seminar split into workshops to consider: the development of simultaneous controls on multinational companies operating in several Member States; the gathering and analysis of information to develop targeted controls; and the development of a wider and more systematic dialogue between the Member States.

Estoril (Portugal) 19-20 October 1995: "Heads of Central Liaison Offices"

This seminar brought together the heads of the Central Liaison Offices (CLO's) of the Member States to analyse the growth of requests for mutual assistance and the implications for the Member States. The seminar also analysed the information needs and resources available in the Member States and compared the tasks and evaluation systems of the CLO's.

Crawley (United Kingdom) 23-25 October 1995: "VAT control and the textile sector"

This seminar brought together control experts to consider the particular problems concerned with the control of the textile sector. The seminar considered the most commonly encountered methods of fraud in the textile sector and ways to combat these. The importance of greater cooperation between the Member States in information exchange and simultaneous control were highlighted.

Elsinore (Denmark) 20-22 November 1995: "The role of an information policy in the Customs, VAT Excise control of companies"

This was a joint seminar between the Matthaeus-Tax and Matthaeus programmes, bringing together experts in information policy. The seminar, working largely in workshops, sought to establish: the basic principles of an information policy; the integration of an information policy with control policy; and evaluation of information policy.

Viterbo (Italy) 14-15 December 1995: "Sanctions applicable in the VAT area"

This seminar brought together experts in the application of sanctions in the VAT area. Splitting into workshops, it compared the different approaches to sanctions in the Member States, concentrating on sanctions designed to ensure that traders meet their obligations and sanctions designed to deter tax evasion. The seminar also considered the repercussions of sanctions in the wider relationship with the trader.

Malmö (Sweden) 7-9 February 1996: "Computer audit for VAT control"

The seminar brought together experts in the control of companies using computers for their records and the use of computers to carry out controls. Splitting into workshops, the seminar compared the different approaches to controlling companies with computer records and the implications for exchange of information between administrations and the training of staff. The seminar also examined three major computer systems currently used in the Member States to assist control. The legal implications of the use of these systems were also examined.

Rovaniemi (Finland) 28-29 March 1996

This seminar brought together experts in the control of Excise dutiable products. Working in workshops, the seminar: considered the role of the Accompanying Administrative document (AAD) in the control of intra-Community movements; examined the problems associated with the misuse of the AAD; explored ways to solve these problems; and compared the different approaches to sanctions in this area.

Evaluation

The principal evaluation method of the seminars is through a one-page evaluation questionnaire completed by participants at the end of the seminar. Table 19 which follows shows the aggregated responses to the questionnaire for the 1995 seminars, compared to the 1993-94 seminars. In making a comparison it should be noted that data for only six of the fourteen seminars in 1993-94 was available, whilst data for nine of the twelve sole Matthaesus-Tax seminars is included for 1995.

The questionnaire as a method of evaluation has merits and weaknesses. Its main merit is its simplicity, which ensures easy data gathering and manipulation. There are however limits as to what the responses to the questions say about the seminar. On a basic level however, the questionnaires do give a simple signal about the quality of the seminar product as viewed by its main clients, the participants. The Commission reports these results with its record of the seminar and uses them together with the impressions of the Commission representatives to make an immediate evaluation of the seminar. These evaluations then feed into the ongoing management of the seminar programme by the Commission and the Member States. The change to a more workshop-based approach is partly a result of this evaluation.

The global results of this evaluation set out in table 19 are nevertheless interesting. The key questions (1, 2 and 7) which express the overall view of the seminar, are overwhelmingly positive and are either about the same or marginally improved in 1995 over 1993-94. On a positive note, the reduction in the number of presentations (question 3) in favour of workshops has clearly been welcomed. On the other hand, the slight reductions in satisfaction with some aspects of the organisation of the seminars (questions 4,5 and 6) show that even more effort needs to be put into their organisation.

In addition there is further evidence that each seminar has had a direct effect on policy development at a Community and Member State level as the results of the seminars. For example, the seminar in Estoril has launched a debate about the resourcing of the CLO's which are at the heart of mutual assistance. The seminar in Malmo has led to several bilateral contacts between Member States interested in the audit software and techniques developed by other Member States. The Commission is also pursuing this at Community level. The seminar in Elsinore has encouraged a cross-fertilisation between the Member States on how to obtain quality from their administrations and has led to follow-up visits. The seminar in Rovaniemi has laid the foundations for the development of a mutual assistance liaison network for Excise duties. The seminar in Crawley led to exchanges of information between two Member States about suspicious textile companies trading between them. Finally the seminars for the new Member States have played a vital part in the training of their officials and therefore the successful introduction of the indirect tax Internal Market.

In 1995 it was agreed that the Member States would complete another evaluation form for each seminar on behalf of their administration. This is to be done six months after the end of the seminar in order to quantify the long term benefits of the seminar and the follow-up carried out. Due to the six month delay, the results of these evaluations of the 1995 seminar programme are not available for this report. The results will however be evaluated by the Commission and the Member States, particularly with a view to preparing the 1997 seminar programme. This new evaluation tool will permit a better evaluation of the longer term value of the programme to the Member States.

Table 19: Participants' evaluation of seminars (all figures are in percentages)

	yes		mostly		partly		no	
	93-94	95	93-94	95	93-94	95	93-94	95
1. Did the seminar meet (or exceed) your expectations?	74	67	22	27	4	6	1	0
2. Did the seminar cover the subjects you expected it to?	67	72	25	23	9	5	0	1
3. Were there too many presentations?	19	4	4	2	8	7	68	87
4. Was there enough time for discussion?	70	60	16	21	9	12	5	7
5. Was there enough time to talk to delegates from other Member States?	71	63	16	21	9	11	4	5
6. Were there enough documents available?	85	63	7	16	7	14	0	7
7. Would you say that overall the seminar was useful to your administration?	74	72	17	21	9	6	0	0
8. Was it a good environment for the seminar?	82	87	15	12	3	1	0	0
9. Were the translation facilities satisfactory?	69	56	17	21	7	14	6	9

Annex C: The Common training programme

Following extensive consultation at the seminar in Nevers, the Commission services drew up a draft common training programme as required by Article 4(c) of the Matthaesus-Tax decision. The Matthaesus-Tax committee was consulted and approved the draft decision unanimously. It was adopted by the Commission on 12 July 1995⁸.

The decision is aimed primarily at new indirect tax officials undergoing initial training and is designed to provide them with a common basis of training and one which will help them understand the Community dimension of their work better. The decision lists the subjects to be covered in the initial training of all new indirect tax officials. These subjects will also form the basis of continuing training for officials.

Although the decision only came into force during 1995, by the end of the year most of the Member States had implemented it. All the Member States already included a large proportion of the programme's contents in their training programme, notably Community indirect tax law. The most significant effect of the programme has been to give an added emphasis to the general context of the Community (the sources of Community law, the institutions and Community policies) and to Community legal instruments for administrative cooperation and mutual assistance.

Table 20 sets out such figures for the implementation of the programme that the Member States currently have. Whilst some Member States have difficulties in collecting this data on a common basis, it appears that, even in 1995, a significant number of new officials received training on the subjects of the common training programme. It is encouraging to note that few new officials received training which was not linked to the common training programme.

The figures on continuing training are even more patchy and difficult to interpret. Anecdotal evidence suggests that the Member States have been making an effort to broaden the Community dimension of the training of their officials, in particular in the use of the mutual assistance and administrative cooperation instruments, which is of immediate practical use.

In the future the Commission will endeavour to establish with the Member States a better statistical basis for the evaluation of the common training programmes. Better evaluation will also permit reflection on the next stage in the common training programmes, in particular whether the common training programme should be deepened, to include details of the key elements in each subject area to be included in each training programme.

⁸ Commission decision 95/279/EC of 12 July 1995 OJ No L 172 of 22 July 1995, p 24

Table 20: Initial and continuing training in the Member States.

1995	INITIAL TRAINING		CONTINUAL TRAINING ON SUBJECTS OF COMMON TRAINING PROGRAMME	
	TOTAL NUMBER OF OFFICIALS HAVING RECEIVED TRAINING	OFFICIALS TRAINED UNDER COMMON TRAINING PROGRAMME	OFFICIALS ELIGIBLE	OFFICIALS HAVING RECEIVED TRAINING
B	622	622	2300	2300
DK	114	114	1400	350
D	4800	4800	n/a	n/a
EL	not available (n/a)	n/a	n/a	950
E	483	483	n/a	2751
F^{a b}	449	388	7800	n/a
IRL	52	0	69 ^b	69 ^b
I^c	1607	407	n/a	713
L^d	39	20	0 ^a	0 ^a
NL	255	255	n/a	n/a
A	775	190	2000	820
P	0	0	n/a	n/a
FIN	100	100	300 ^e	120 ^e
S	n/a	100	n/a	2013
UK	84	84	n/a	n/a

^a only VAT officials

^b These figures include direct tax as well as VAT officials, as they cannot be identified separately

^c Includes only figures for VAT officials of the Ministry of Finance and the Guardia di Finanza

^d Includes customs officials as well as VAT and Excise officials

^e only includes Excise officials

Annex D: Language training

Article 6 of the Matthaesus-Tax decision says that the Member States are responsible for providing the necessary language training for those of their officials likely to participate in the programme.

The evidence from the questionnaire's submitted by participants in 1995 (set out in table 21) show that the fluency in the language of the host country has dropped. Nevertheless the ability to communicate (table 24) is high. 21 percent of the participants (table 22) did participate in a language training course before the exchange and these courses seem to have been very important to those who went on them (table 23).

Table 25 provides some basic statistics on the language training the Member States provide for their officials. Whilst the figures are incomplete and difficult to compare, there is evidence of a consistent effort by some Member States to promote linguistic training. The Member States do all have a policy of language training. In some Member States this may simply be making available a programme on a voluntary basis. In other Member States targets are set for all units in the administration. Policy on specific training for Matthaesus-Tax candidates varies. Most Member States simply integrate this training into general training. Others offer voluntary specialist training, especially when the language of the host Member State is one of the less widely spoken Community languages.

Again the Commission will need to work with the Member States to provide a better statistical basis for evaluation of language training efforts. The Commission will continue to encourage a long term approach to language training to provide a sufficient pool of candidates for the exchange programme.

Profile of linguistic abilities of exchange participants

Table 21: Could you speak the language of the host country?

	1995	1993-94
Yes, fluently	45%	66%
Basic level only	26%	13%
No	29%	21%

Table 22: Did you follow a language training course to participate in the Matthaesus-Tax programme ?*

Yes	21%
No	79%

Table 23: If you did follow a language course, how useful was it to your exchange ?*

very useful	52%	26%	4%	15%	4%	not at all useful
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Table 24: To what degree did you feel you were able to communicate in the host country ?*

very well	54%	33%	12%	1%	0%	not at all
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Table 25: Overall language training in the Member States

1995		B	DK	D	EL ^a	E	F ^{b c}	IRL ^b	I ^d	L ^e	NL	A	P	FIN ^a	S ^{c f}	UK
English	number of officials	103	n/a	n/a	15	183	n/a	-	437	4	n/a	n/a	88	143	80	-
	hours/official	50	n/a	n/a	n/a	92	n/a	-	n/a	300	n/a	n/a	n/a	30	31	-
French	number of officials	75	n/a	n/a	3	66	-	58	116	-	n/a	n/a	41	67	n/a	346
	hours/official	75	n/a	n/a	n/a	130	-	118	n/a	-	n/a	n/a	n/a	30	n/a	60
German	number of officials	35	n/a	-	1	3	n/a	17	87	-	n/a	n/a	n/a	29	n/a	20
	hours/official	58	n/a	-	n/a	88	n/a	118	n/a	-	n/a	n/a	n/a	30	n/a	80
Spanish	number of officials	20	n/a	n/a	n/a	-	n/a	9	93	2	n/a	n/a	n/a	2	n/a	107
	hours/official	112	n/a	n/a	n/a	-	n/a	118	n/a	300	n/a	n/a	n/a	30	n/a	80
Other	number of officials	29	n/a	n/a	4	-	n/a	5	-	-	n/a	n/a	n/a	n/a	n/a	10
	hours/official	80	n/a	n/a	n/a	-	n/a	118	-	-	n/a	n/a	n/a	n/a	n/a	65
Total	number of officials	262	n/a	1200 ^a	22	252	80	89+66 ^g	733	6	n/a	150	129	241	80	527
Average	hours/official	66	n/a	n/a	n/a	102	n/a	118	n/a	300	n/a	n/a	n/a	30	31	60

^a Includes only Customs and Excise data

^b only VAT officials

^c These figures include direct tax as well as VAT officials, as they cannot be identified separately

^d Includes only figures for VAT officials of the Ministry of Finance and the Guardia di Finanza

^e Includes customs officials as well as VAT and Excise officials

^f includes 6 months of 1994 as well

^g 66 excise officials

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