

Project Fiche: No. 10

Taxation and Customs IT interconnectivity and operational capacity

1. Basic information

- 1.1 CRIS Number:** 2009/021-704
- 1.2 Title:** Taxation and Customs IT interconnectivity and operational capacity
- 1.3 ELARG Statistical code:** 03.29 - Customs
- 1.4 Location:** Western Balkans: Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia as well as Kosovo under UNSCR 1244/99

Turkey

Implementing arrangements:

- 1.5 Contracting Authority (EC):** European Community represented by the Commission of the European Communities on behalf of the Beneficiaries. Implementation of this project will be cross sub-delegated from DG Enlargement to DG Taxation and the Customs Union.
- 1.6 Implementing Agency:** Not applicable
- 1.7 Beneficiaries:** The Customs and Taxation administrations of the Western Balkans and Turkey.

Financing:

- 1.8 Overall cost (VAT excluded)¹:** EUR 500 000
- 1.9 EC contribution:** EUR 500 000
- 1.10 Final date for contracting:** 30 November 2010
- 1.11 Final date for execution of contracts:** 30 November 2012
- 1.12 Final date for disbursements:** 30 November 2013

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated.

2. Overall Objective and Project Purpose

2.1 Overall Objective

To continue to assist the beneficiaries in their IT interconnectivity and interoperability preparations in the fields of customs and taxation.

2.2 Project purpose

The project aims to provide guidance and specialised assistance to the Candidate and Potential Candidates for accession to identify the technical requirements of their national IT strategies and plans thereby ensuring coherency with EU IT interconnectivity requirements.

2.3 Link with AP/NPAA / EP/ SAA²

This project is directly supporting, on a horizontal basis, the priorities in customs and taxation mentioned in the European Partnership / Accession Partnership with the Beneficiaries, priorities reflected also in the National Programme for the Adoption of the Acquis or the National Action Plan adopted by each Beneficiary (see Annex IV).

2.4 Link with MIPD

The IPA Multi-beneficiary Multi Annual Indicative Planning Document (MIPD) 2009-2011³, in particular section 2.3.3.6, underlines that a coordinated horizontal and specialised support managed by DG Taxation and the Customs Union is needed to ensure that the technical and functional solutions adopted by the beneficiaries are in line with EU requirements.

3. Description of project

3.1 Background and justification

The establishment of well-functioning Customs and Tax administrations in the Western Balkans and Turkey is critical to facilitating legitimate trade, combating illegal trade, protecting EU external borders, as well as ensuring the collection of taxes and customs duties. The establishment of well-functioning Customs and Tax administrations is also crucial from the perspective of eventual EU membership, as the Candidate and Potential Candidates for accession will need to implement and enforce the *acquis* in these areas, including managing the IT systems similar to those used for customs clearance and controls, transits, movement of excises goods or VAT interconnected with EU Member States

² AP = Accession Partnership; NPAA = National Programme for the Adoption of the Acquis (for Candidates), National Action Plan (for Potential Candidates); EP= European Partnership; SAA = Stabilisation and Association Agreement

³ C(2009)5418

The development of interconnected IT systems for customs and taxation systems by the EU is continually evolving. In order to continue to fulfil its institutional obligations, DG Taxation and Customs Union needs specialised technical support to guarantee that the technical and functional solutions adopted by the Candidate and Potential Candidates for accession are consistent with permanently changing EU requirements.

This specialised assistance extends also to all aspects of the IT business in Customs and Taxation, including organisational issues and operational capability. The project is designed as a constant and easily available support for the outstanding institution building needs of the beneficiaries in this very specific area of IT not covered by other projects. Until mid-2010, DG Taxation and Customs Union will be assisted by specialised IT external consultants to continue this project.

3.2 Assessment of project impact, catalytic effect, sustainability and cross-border impact

Past European Community assistance to former candidate countries in the areas of customs and taxation has made a significant contribution to achieving compliance with EU legislation as well as implementing the necessary administrative structures and IT systems to be interconnected with EU systems for the exchange of customs and tax information.

The beneficiaries of this project have made some progress in aligning their taxation and customs business procedures with EU requirements. Assistance of the same type as given in the past will be instrumental in assisting the Candidate and Potential Candidates in their preparations towards accession.

Long-term sustainability will be increased through training activities and help in updating the strategic IT plans expected to be performed by the contractor. Once identified, the challenges common to several administrations and/or to the region could be addressed through specific Multi-beneficiary projects.

3.3 Results and measurable indicators

1. Progress made by the beneficiaries in the field of operational capacity; IT interconnectivity with EU systems assessed; customised roadmaps for achieving interoperability with EU systems produced.
2. Support provided to the beneficiaries in the development of the IT systems and related business procedures used in the tax and customs fields for the exchange of information via IT infrastructure, including ad-hoc requests.

Measurable indicators:

- IT development status assessed on a regular basis (at least every year).
- Customised roadmaps for achieving interoperability with EU systems produced and/or updated on a regular basis (at least every year).
- Effective operational structures, related to IT interconnectivity, established.

3.4 Activities

1. Reviews / Assessment

- Assessments of the conformity of the national IT development plans and projects with the *acquis* throughout the duration of the project;
- Assessment of IT operational capacity and business procedures of the beneficiaries linked to the automatic exchange of information via the above-mentioned IT systems within the various National Administrations, such as the assessment of staff availability, training, recruiting procedures, the beneficiaries' IT expertise as well as the ability of the concerned Authorities to retain staff.
- Production of customised roadmaps for each of the beneficiaries on the proposed way of achieving interoperability with the EU systems.

2. IT support

- Draft generic high-level IT management strategies for Customs and Taxation IT projects or provide further assistance to EU accession preparation where necessary;
- Help in revising the strategic plans and training the beneficiaries' IT staff ;
- Assist beneficiaries to develop and implement appropriate migration and development strategies in view of accession to the EU;
- Assist all other beneficiaries to improve their IT systems and operations with a view to closer cooperation with the EU;
- Assess the terms of reference for IT systems and interconnectivity relating to the automatic exchange of information in the fields of customs and taxation;
- Assess the coherence and consistency of countries' business procedures and operational capacity with the IT systems necessary for automatic exchange of information;
- Collect and disseminate documentation, monitor activities and continue to support DG Taxation and Customs Union in its assistance to the Beneficiaries;
- Make ad-hoc studies on the planned development or update of computerised systems used by the beneficiaries.

3.5 Conditionality and sequencing

Not applicable

3.6 Linked activities

Albania:

IPA 2007: TAX administration: IT⁴ advice and training with Twinning; IT equipments (planned)

IPA 2008: Customs: Support to the alignment of customs procedures; Logistic support (planned (planned)). National budget: Installation of Asycuda World (planned)

Bosnia and Herzegovina:

IPA 2008: Integrated Border Management, including support to *acquis* alignment of ITA

The former Yugoslav Republic of Macedonia:

IPA 2007: Customs: Support to the implementation of Customs Reform Strategy (Development of CDPS, alignment of legislation, border controls);

IPA 2007: Taxation: Support to Tax Reform;

IPA 2008: Customs: Interoperability of the Customs Administration's IT system with the EU customs IT systems;

IPA 2009: Customs: Strengthening the capacity of the Customs Administration (planned)

Kosovo⁵:

IPA 2008: Customs: IT enabling and support (planned)

Taxation: Support the improvement of IT structure in the Tax Administration and assess the compatibility with the EU requirements and standards (planned).

Montenegro:

IPA 2008: Customs: Development of administrative capacity

Turkey:

Phare 2006: Customs: NCTS, ITMS, CCN/CSI

IPA 2008: Customs: Inspection system at railroad border points

Other donors:

Sweden (SIDA): In 2008, the Swedish Government provided support to modernise and make the property tax IT system in Kosovo more efficient. The European Commission will liaise closely with

⁴ See list of abbreviations in Annex VI

⁵ under UNSCR 1244/99

SIDA when implementing the project proposed in this project fiche to ensure that there are no overlaps.

4. Indicative Budget (amounts in EUR)

			SOURCES OF FUNDING									
			TOTAL EXP.RE	IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	EUR (a)=(b)+(c)+(d)	EUR (b)	% (2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1	x		500 000	500 000	100	–	–	–	–	–	–	–
contract 1	–	–	500 000	500 000	100	–	–	–	–	–	–	–
TOTAL IB			500 000	500 000	100	–	–	–	–	–	–	–
TOTAL INV			-	-	-	–	–	–	–	–	–	–
TOTAL PROJECT			500 000	500 000	100	–	–	–	–	–	–	–

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1	Q1 2010	Q3 2010	Q4 2011

6. Cross-cutting issues

6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

6.2 Environment

This project will respect all the applicable rules on the environmental impact, including those pertaining to recycling/disposal of legacy IT equipment and documentation.

ANNEXES

- I. Logical framework matrix in standard format
- II. Amounts (in EUR) contracted and disbursed per quarter over the full duration of project
- III. Description of Institutional Framework
- IV. Reference to laws, regulations and strategic documents:
 - V. Details per EC funded contract (where applicable)
- VI. List of Acronyms

ANNEX I: Logical framework matrix in standard format Please ensure information provided in the Logframe and Main text are consistent.

LOGFRAME PLANNING MATRIX FOR Project Fiche	Programme name and number <i>Taxation and Customs IT interconnectivity and operational capacity</i>	2009/021-704
	Contracting period expires 30 November 2010	Disbursement period expires 30 November 2013
	Total budget: EUR 500 000	IPA budget: EUR 500 000

Overall objective	Objectively verifiable indicators	Sources of Verification	
To continue to assist the beneficiaries in their IT interconnectivity and interoperability preparations in the fields of customs and taxation	Fully tested IT systems and related organisational structures and procedures in place by the date of accession	Reports produced under the contract Monitoring missions on-site	
Project purpose The project aims to provide guidance and specialised assistance to the Candidate and Potential Candidates for accession to identify the technical requirements of their national IT strategies and plans thereby ensuring coherency with EU IT interconnectivity requirements.	Objectively verifiable indicators <ul style="list-style-type: none"> - Monitoring / assessment missions performed and reports delivered - IT side ready for interconnectivity and interoperability - Updated strategies and roadmaps 	Sources of Verification <ul style="list-style-type: none"> - Project reports - DG TAXUD monitoring and/or assessment reports - Country Reports issued by the European Commission - Projects for Customs and Taxation approved under IPA 2011 and onwards - Beneficiary Administrations revised strategies and actions plans - Reports on ad-hoc requests 	Assumptions Commitment of national authorities to the reform process

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>1. Progress registered by the beneficiaries in the field of operational capacity and IT interconnectivity with EU systems assessed; customised roadmaps for achieving interoperability with EU systems produced.</p> <p>2. Support provided to the beneficiaries in the development of the IT systems and related business procedures used in the tax and customs fields for the exchange of information via IT infrastructure, including ad-hoc requests.</p>	<ul style="list-style-type: none"> - IT development status assessed on a regular basis (at least every year) - Customised roadmaps for achieving interoperability with EU systems produced and/or updated on a regular basis (at least every year) - Effective operational structures, related to IT interconnectivity, established 	<ul style="list-style-type: none"> - Project reports - DG TAXUD monitoring and/or assessment reports - Projects for Customs and Taxation approved under IPA 2011 and onwards - Beneficiary Administrations revised strategies and actions plans - Training reports - Ad-hoc reports 	
Activities	Means	Costs	Assumptions
<p>Reviews / assessment:</p> <ul style="list-style-type: none"> - Assessments of the conformity of the national IT development plans and projects with the <i>acquis</i> throughout the duration of the project; - Assessment of IT operational capacity and business procedures of the beneficiaries linked to the automatic exchange of information via the above-mentioned IT systems, within the various National Administrations, such as the assessment of staff availability, training, recruiting procedures, the beneficiaries' IT expertise as well as the ability of the concerned Authorities to retain staff. - Produce customised roadmaps for each of the beneficiaries on the proposed way of achieving interoperability with the EU systems 	Service Contract	Technical Assistance: EUR 500 000	Availability of experts and good co-operation between stakeholders

<p>IT support</p> <ul style="list-style-type: none"> - Draft generic high-level IT management strategies for Customs and Taxation IT projects or providing further assistance to EU accession preparation where necessary; - Help in revising the strategic plans and training the beneficiaries' IT staff ; - Assist beneficiaries to develop and implement appropriate migration and development strategies in view of accession to the EU; - Assist all other beneficiaries to improve their IT systems and operations with a view to closer cooperation with the EU; - Assess the terms of reference for IT systems and interconnectivity relating to the automatic exchange of information in the fields of customs and taxation; - Assess the coherence and consistency of countries' business procedures and operational capacity with the IT systems necessary for automatic exchange of information; - Collect and disseminate documentation, monitor activities and continue to support DG Taxation and Customs Union in the assistance to the beneficiaries; - Make ad-hoc studies on the planned development or update of computerised systems used by the beneficiaries. 			
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ANNEX II: Amounts (in EUR) contracted and disbursed per quarter over the full duration of project Please complete.

Contracted	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Contract 1			500 000								
Cumulated			500 000								
Disbursed	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Contract 1				100 000		150 000			200 000		50 000
Cumulated				100 000		250 000			450 000		500 000

ANNEX III: Description of Institutional Framework

Albania

Customs: Headquarters (Tirana), 17 Customs Offices and 5 Customs points, 1,200 staff.

General Tax Directorate: Headquarters (Tirana), 15 regional tax offices and 21 service offices, 1,230 staff.

Bosnia and Herzegovina

Indirect Taxation Authority (Customs and Taxation): Headquarters (Banja Luka), 4 Regional Centres, 30 customs sub-offices and 59 customs posts

Croatia

Customs: Headquarters (Zagreb), 13 regional Custom Houses, 109 Custom Offices and 119 Custom Units, 3,200 staff

Tax: Headquarters (Zagreb), 20 regional Tax Offices, 120 Branch Offices, 4,000 staff

Kosovo

Tax Administration: Headquarters (Pristina), 8 Regional offices + large taxpayer unit, 640 staff

Customs Service: Headquarters (Pristina), customs offices, 570 staff

The former Yugoslav Republic of Macedonia

Customs: Headquarter (Skopje), 5 Customs Houses, 41 Customs offices, 1,200 staff

Public Revenue Office: Headquarter (Skopje), tax offices, 1,250 staff

Montenegro

Customs: Headquarters (Podgoriça), customs offices, 520 staff

Tax Administration: Headquarters (Podgoriça), tax offices, 620 staff

Serbia

Customs: Headquarters (Belgrade), 13 customs houses, 140 customs posts/units/points, 2,600 staff

Tax Administration: Headquarters (Belgrade), 5 Regional centres, 201 offices/units/points, 6,600 staff

Turkey

Customs Undersecretariat: Headquarters (Ankara), 18 Regional Customs and 4 Customs Enforcement Directorates, 143 Customs Offices and Customs Enforcement Offices, 8,960 staff

Tax (Revenue) Administration: Headquarters (Ankara), 29 Regional Directorates, 489 offices, 45,000 staff

ANNEX IV: Reference to laws, regulations and strategic documents

- European Partnership / Accession Partnership priorities for Customs and Taxation:
http://ec.europa.eu/dgs/enlargement/index_en.htm
- Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code
- Commission Regulation (EEC) No 2454/93 of 2 July 1993 laying down provisions for the implementation of Council Regulation (EEC) No 2913/92 establishing the Community Customs Code.
- Council Regulation (EEC) No 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff [Official Journal L 256 of 7.9.1987]

ANNEX V: Details per EC funded contract

A service contract will be awarded following a restricted call for tenders, to be launched in the first quarter 2010.

	Type of Contract	Amount in EUR	Duration
Contract 1	Service Contract	500 000	24 months

Annex VI – List of Acronyms

Abbreviation	Full description
Asycuda	Automated System for Customs Data
CCN / CSI	Common Communications Network / Common Systems Interface
CCN / TC	Common Communications Network / Technical Centre
CDPS	Customs Declaration Processing System
CTC	Common Transit Convention
DG TAXUD	European Commission Directorate General responsible for Taxation and Customs Union
EC	European Commission
EMCS	Excise Movement Control System
EU	European Union
IT	Information Technology
ITA	Indirect Tax Authority (Bosnia and Herzegovina)
ITMS	Integrated Tariff Management System
MS	Member State
NCTS	New Computerised Transit System
TARIC	<i>Tarif Intégré Communautaire</i>
VIIES	VAT Information Exchange Systems