1. **BASIC INFORMATION**

1.1 CRIS Number: 4573/10

1.2 Title: Modernisation and Upgrading of the Operational Capacity of the Customs and Tax Departments (Phase III)

1.3 Sector: Customs Union and Taxation

1.4 Location: Malta

2. **OBJECTIVES**

2.1 **Overall Objectives**

*General Customs and Tax Activities*

To continue with the implementation of the Business Change Management Plan under the EU reform and Modernisation Programme for Customs and Taxation in order to upgrade the operational capacity of the tax departments (Customs, VAT and Inland Revenue) according to Customs and Taxation Blueprints.

*Customs*

To strengthen further the legal, administrative and operational capacity of the Department of Customs.

*Taxation*

To strengthen further the legal, administrative and operational capacity of the Tax Departments.

2.2 **Immediate Objectives**

*General Customs and Tax Activities*

- To continue with the development of the Departments and further progress interfacing of I.T. systems with those of the European Union.

- To further develop and enhance the role of the Training unit.

- To provide all necessary support and information to staff and VAT taxable persons to ensure successful implementation of the European Community’s transitional “intra-community transactions” system.
**Customs (including Excise activities under Taxation)**

- To continue and finalise the implementation of the recommendations of Organisational restructuring exercise so as to establish an operational base that would be capable of supporting all the functions and controls.

- To provide developmental support to the newly established Customs Intelligence Service.

- To further enhance border controls by providing expert assistance in enforcement and investigation fields and by developing comprehensive strategies.

- To provide all necessary support and information to staff and the trade on the successful implementation of the new Customs Integrated I.T. System.

- To further develop and enhance the role of the Training unit.

- To further implement recommendations received through current BCMP projects.

- To develop further the administrative capacity of the excise administration (technical support to assist with planning, methodology and structural approach which accession will entail).

**Taxation**

- To further implement recommendations received through BCMP projects carried out under Phase I and Phase II.

- To better integrate and enhance IT system at the VAT Department for the benefit of both the taxpayers and the staff of the Department.

### 2.3. Accession Partnership and NPAA priority

**Accession Partnership**

- Short term priorities / Internal Market / Customs: reinforce the institutional and administrative capacity including organisation, in particular intelligence, enforcement and training.

- Short term priorities / Internal Market / Taxation: Achieve alignment with the Acquis as regards Mutual Assistance and Administrative Co-operation, including work on the implementation of the VIES system.

**NPAA**

**Customs:**

Install the IT infrastructure necessary to manage the customs and indirect taxation provisions of the internal market. Provide additional training to staff and traders in the use of new I.T. systems and in the implementation of new operational provisions, systems, procedures and EU policies. To continue to improve the operational capacity of customs in terms of the Business Change Management Plan based on the analysis of the Customs Blueprints.
**Taxation:**
Ensure full alignment with the Acquis as regards mutual assistance and administrative co-operation directives and the interfacing of the department’s system with the VIES system at the time of accession. Continue to strengthen the administrative capacity of the revenue Departments of the Ministry of Finance within the framework of the Fiscal Blueprints exercise.

### 3. DESCRIPTION

#### 3.1 Background and Justification

The project is the continuation of Phase 1 and Phase 2 of the Project to implement the Business Change Management Plan (BCMP) relating to the EU Reform and Modernisation Programme for Tax and Customs Administrations, which was finalised in January 2000 (under the guidance of DG TAXUD). It followed the Gap and Needs Analysis process undertaken earlier (also in co-operation with DG TAXUD) on the basis of the Customs and Taxation Blueprints.

These Blueprints cover a number of operational and administrative areas relating to Tax and Customs:

- Legislation;
- Organisation and management, Training;
- Fiscal control, Revenue collection and enforcement, Taxpayers’ rights and obligations;
- Communication and Ethics;
- Administrative co-operation and mutual assistance;
- Equipment (Information technology, Laboratories);
- Border and inland controls;
- Trade facilitation and relations with businesses;
- Transit and movement of goods.

The project is intended to cover all the gaps and needs identified in these areas, so as to meet the priorities defined in the Accession Partnership and in the NPAA.

It comprises general activities (both customs and tax related), Customs specific activities and Tax specific activities.

#### 3.2 Linked Activities

- **Continuation of the Pre-Accession Unit (PAU)**
  Initial Activities included the setting up of a Pre-Accession Unit (PAU) to cater for Customs and Taxation matters. The PAU has the responsibility for the implementation of the Business Change Management Plan for Customs and Tax. The PAU carries out the management of the project, in particular the identification, specification and planning of tasks as well as the monitoring and evaluation of activities and reporting. The PAU reports to the Project Steering Committee (PSC). The Pre-Accession Unit will be continued to manage the Project described in this Project Fiche.

- **Harmonisation of tax (indirect and direct) and customs legislation with the whole Acquis**
  The harmonisation process will be continued through technical assistance provided by TAIEX funded under the Malta-EU Pre-Accession Regulation.
- Participation in EU programmes
  Malta will continue participation in CUSTOMS 2007 and FISCALIS 2007.

- Procurement of equipment
  Equipment to further enhance the Investigations and Enforcement structures of the Customs Department and the IT system of the VAT department.

3.3 Results

General Activities

- Specialised, trained and operational units in place.
- VAT Department staff and selected VAT taxable persons fully informed about VAT intra-community procedures and other changes in legislation.
- Efficient co-operation with counterpart departments in other Member States in place.
- Operational information exchange systems (VIES and SCENT) in place at the time of accession.

Customs

- Relevant control regimes developed, enhanced and implemented.
- Controls at the external border of illicit trade and traffic improved.
- Anti-smuggling, enforcement and surveillance methods improved.
- Computerised import and export declaration processing.
- Interconnectivity with EU IT systems achieved.
- Simplified procedures adopted.
- Intelligence-based risk management and risk assessment systems to support control activity developed further and enhanced. Additional units required supporting the necessary functions and operations set up.

Taxation

- Better integrated and enhanced IT system for the benefit of both the taxpayers and the staff of the Department

3.4. Activities

The results will be achieved through the following activities.

General Activities

- The training and ongoing support plan
- The development of a pre-accession training strategy & programme
- The promotion of uniform interpretation by staff and taxpayers on the theory and practice of the transitional EU VAT system for intra-community transactions
- The communication plan to be developed through targeted public relations campaigns to ensure that the public is aware of the (impact of) proposed changes in the VAT legislation and that all the taxable persons who need it are fully informed about the VAT intra-community procedures and other changes in the VAT legislation
- The development of a comprehensive public relations strategy
- The interfacing with EU systems
**Customs (including Excise activities under Taxation)**

- The implementation of the recommendations of Review of Organisational Structures exercise
- To provide developmental support to Customs Intelligence Service
- To further enhance border controls
- To provide all necessary support and information to staff and the trade on the successful implementation of the new Customs Integrated I.T. System
- To further develop and enhance the role of the Training unit
- To further enhance excise structures and administration

**Taxation**

- To further improve taxpayer record & account management through a review of the entire IT system used by the VAT Department in the light of all the separate changes brought about by the BCMP implementation project (Phase I and Phase II), determine how it can be further enhanced and made more effective by integrating and consolidating the various newly developed applications
- To re-design parts of the system if and as necessary, in line with the conclusions of the review

4. **INSTITUTIONAL FRAMEWORK**

The overall implementing authority will be the Ministry of Finance through the Project Steering Committee (PSC) composed of the Director (Office of Review) at the Ministry of Finance, together with the Directors General responsible for Customs, VAT and Inland Revenue, and a representative of the European Commission.

The Departments involved in the implementation of the Business Change Management Plan are the Customs Department, the VAT Department, the Inland Revenue Department and the Tax Compliance Unit, all falling under the Ministry of Finance.

**The Customs Department** is responsible for the collection and control of import duties (including excise duties and import VAT) and for enforcement functions. The Department is headed by the Comptroller of Customs (Director General) who is assisted by three Directors - Administration, Operations, and EU Matters. The Director Administration is responsible for the following three Branches: Finance and Personnel, Central Services, and Excise and Systems whilst the Director Operations is entrusted with: Landing and Releasing, Passenger Services, and Investigations. The Research and Foreign Relations Branch falls under the direct responsibility of the Comptroller of Customs. Each of these Branches is headed by an Assistant Director.

Director EU Matters main tasks are to co-ordinate and monitor all EU-oriented activities during the pre-accession period, to help establish the necessary structures within the Department, to maintain contact with entities involved with Malta's accession to the EU and to ensure that staff and traders are duly trained.

The main Document Processing Unit which deals with imports by sea as well as with all exports is located in Valletta next to the Customs Central Office which houses the top administrative and operational structures of the Department. The Customs Airfreight Station and the main Parcel Post Office function as self-contained units for the processing of documents, collection of revenue and release of goods within the legal provisions in force and under the general direction of Central Office. A number of offices and bonds are found in
various sites some of which are situated within walking distance of Central Office whilst others are easily reached, given the small size of the Maltese territory.

**The VAT Department** is responsible for the administration and management of VAT and is headed by the Commissioner of VAT (Director General) and assisted by two Directors: Director Support Services and Director Operations.

The Department of VAT is divided into seven sections, each headed by an Assistant Director as follows:

- Quality and Internal Audit
- Administration
- Policy - Legal and Enforcement
- Inspectorate and Assurance
- Investigations and Reviewing
- Collection and Refunds
- Systems Administration

**The Inland Revenue Department** is responsible for the administration and management of direct taxation and is headed by the Commissioner of Inland Revenue (Director General). He is assisted by four directors: Administration, Operations, International Taxation and Capital Transfer Duty and seven Assistant Directors:

- Administration and Enforcement
- Collections
- FSS Enforcement and Internal Audit
- Audit Investigations
- Assessments
- Assessments (Capital Transfer Duty)
- Computer Systems

**The Tax Compliance Unit (TCU)** is an autonomous Unit under the Ministry of Finance. The TCU’s principal functions are 1) to complement and support the investigative functions of the VAT, Inland Revenue, and Customs Departments and 2) to conduct continuous research into the earning patterns of various economic activities within business sectors to establish industry benchmarks and to supply information on taxpayers to the Revenue Departments concerned.

**MITTS (Malta Information Technology and Training Services) Limited**

MITTS is the Government in-house agency responsible for development and maintenance of the I.T. systems in the respective taxation departments, and it also enjoys the ownership of the source code for such I.T. systems. The implementation of I.T. related projects forming part of Business Change Management Plan will necessitate for the contractor to co-ordinate closely with MITTS.
5. DETAILED BUDGET

<table>
<thead>
<tr>
<th>Training &amp; technical assistance</th>
<th>EU Funding</th>
<th>National co-financing</th>
<th>Total budget</th>
</tr>
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<tr>
<td></td>
<td>Institution Building</td>
<td>Investment</td>
<td>Total</td>
</tr>
<tr>
<td>Training &amp; technical assistance</td>
<td>400,000</td>
<td>-</td>
<td>400,000</td>
</tr>
<tr>
<td>Customs technical assistance</td>
<td>200,000</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>600,000</td>
<td>-</td>
<td>600,000</td>
</tr>
</tbody>
</table>

(*) An additional EUR 350,000 is being provided from Malta funds to finance:
1. the Pre-Accession Unit – EUR 250,000 (linked activity);
2. the procurement of equipment for VAT and Customs – EUR 100,000 (linked activity).

6. IMPLEMENTATION ARRANGEMENTS

6.1 Implementing Agency

The overall implementing authority will be the Ministry of Finance through a Project Steering Committee (PSC) composed of the Director Review at the Ministry of Finance, together with the Directors General responsible for Customs, VAT and Inland Revenue, and a representative of the European Commission. The Director of Review at Ministry of Finance will be the Senior Programming Officer (SPO) who will be responsible for the administrative and financial management of the project.

This project will be managed by the Pre-Accession Unit (PAU) supported by the respective Customs and Taxation Departments. The PAU will be in operation for the whole duration of the implementation period of the Business Change Management Plan. It will be assisted by short-term technical experts in specific areas and will report to the PSC.

The Department of Contracts in the Ministry of Finance, acting as the CFCU, will be responsible for the tendering and contracting of the project, in accordance with the decentralised procedures defined by the Commission.

6.2 Twinning

None

6.3 Non-standard aspects

As indicated in the last par. of p.4, the implementation of I.T. related projects forming part of the Business Change Management Plan depends on the involvement of the Government inhouse agency, the Malta Information Technology and Training Services Ltd (MITTS), which is responsible for the development and maintenance of the I.T. systems in the respective taxation departments. This agency also enjoys the ownership of the source code for such I.T. systems. For this purpose it is specified that contracts for IT development work at the VAT Department will be awarded to MITTS on the condition that MITTS will only deliver such software for the Maltese VAT system that implies source-code or database dependencies.

The assistance to implement activities in the Customs Department will be provided by Eurocustoms. Eurocustoms is a non profit making consortium of Member States’ customs
administrations specifically created to carry out customs technical assistance projects and to provide a wide selection of customs experts from Member States' customs administrations.

6.4 Contracts

Contracts for services will be concluded in accordance with the procedures laid down in the “Practical guide to EC external aid”.

7. IMPLEMENTATION SCHEDULE

7.1 Start of Tendering/Call for proposals Phase III: 1st Quarter 2003

7.2 Start of Project Activity: 2nd Quarter 2003

7.3 Project Completion: 2nd Quarter 2004

8. EQUAL OPPORTUNITY

The Ministry of Finance is an equal opportunity employer.

9. ENVIRONMENT

Not applicable.

10. RATES OF RETURN

Not applicable

11. INVESTMENT CRITERIA

11.1 Overall effect

The EU contribution will ensure that the upgrading and modernisation of the Customs and Tax Departments is successfully finalised and the fulfilment of the need for Malta to harmonise and adjust to the acquis communautaire in these sectors is fully met.

11.2 Co-financing

The national co-finance will cover 7.7% of the total project costs. National funding contribution shall be used to cover additional activities related to the procurement of equipment and administrative costs (PAU).

11.3 Additionality

No other assistance (bi-lateral or mutual) will be displaced by this project.
11.4 **Project Readiness and size**

The project is the continuation of Phase 1 and Phase 2 of the Project to implement the Business Change Management Plan (BCMP) relating to the EU Reform and Modernisation Programme for Tax and Customs Administrations.

11.5 **Sustainability**

Relevant government policies ensure sustainability. The operational costs will be met out of public funds.

11.6 **Competition**

Services will be procured in line with EU Regulations.

12. **CONDITIONALITY AND SEQUENCING**

Related support activities mentioned under Linked Activities scheduled for the year 2000 are in progress. These include the harmonisation of tax legislation (indirect and direct) with the Acquis, such as the Community Customs Code and its implementing provisions, and the harmonisation of VAT legislation with the EU Sixth Directive and other relevant directives.

The implementation of the Business Change Management Plan has followed a pre-defined sequence commencing with the setting up of the Pre-Accession Unit. Given the stipulated time frame in the Business Change Management Plan and the inter-dependability between its components, it is considered that the co-ordination role of PAU is vital to the successful implementation of the whole plan.

If the commitments to be made by the Maltese Government are not met for reasons that are within its control, the Commission may review the programme with view to reallocating unused funds for other purposes and consistent with Malta’s Pre-Accession Programme and, if no such reallocation is made within a reasonable time to cancelling all or part of it.

**Annexes**

I Logframe planning Matrix

II Detailed implementation time schedule

III Cumulative contracting and disbursement schedule
## LOGFRAME PLANNING MATRIX

Modernisation and Upgrading the Operational Capacity of the Tax Departments (Customs, VAT and Inland Revenue)  
**PHASE III**

<table>
<thead>
<tr>
<th>Wider Objectives</th>
<th>Indicators of Achievement</th>
<th>Source of Verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| **GENERAL ACTIVITIES**  
To continue with the implementation of the Business Change Management Plan under the EU reform and Modernisation Programme for Customs and Taxation in order to upgrade the operational capacity of the tax departments (Customs, VAT and Inland Revenue) according to Customs and Taxation Blueprints | • Full readiness of the Customs and Taxation Departments to collect and control revenue up to the standards required by the EU.  
• Control of tax evasion.  
• Pre-accession Unit planning and progress reports.  
• Commission evaluation reports  
• Business Change Management Plan milestones.  
• Semi-annual concise account against the computerisation key indicators and report on progress against BCMP.  
• Status report by Pre-Accession Unit.  
• Management reports on control and enforcement activities by Taxation Departments. | • Adequate resource (external and internal) availability.  
• Policy change decisions within Government.  
• Absorption Capacity of the Department. | |
| **CUSTOMS**  
To further strengthen the legal, administrative and operational capacity of the Department of Customs | • Readiness of the Customs Department to adopt and implement acquis by time of accession. | | |
| **TAXATION**  
To further strengthen the legal, administrative and operational capacity of the Taxation Department | • Readiness of the VAT Department to implement acquis by time of accession. | | |
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<td>• Taxpayers’ response to change.</td>
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<td>• To provide – through public information campaigns and direct ad hoc training - all necessary support and information to staff and VAT taxable persons to ensure successful implementation of the European Community’s transitional “intra-community transactions” system</td>
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**CUSTOMS (including Excise activities under Taxation)**

- To continue and finalise the implementation of the recommendations of Organisational restructuring exercise so as to establish an operational base that would be capable of supporting all the functions and controls.
- To provide all necessary support and information to staff and the trade on the successful implementation of the new Customs Integrated I.T. System.
- To further enhance border controls by providing expert assistance in enforcement and investigation fields by developing comprehensive strategies.
- To provide all necessary support and information to staff and the trade on the successful implementation of the new Customs Integrated I.T. System.
- To further develop and enhance the role of the Training unit.
- To further implement recommendations received through current BCMP projects.
- To further enhance excise structures and administration.

- Successful implementation of all I.T. systems, in particular TARIC and QUOTA; SEED EMCS, NCTS.
- Strengthened capacity to combat fraud through Application of risk management process and well functioning Customs Intelligence Unit.
- A business support systems plan for existing systems.
- Trained users (staff and trade).
- Appropriate training delivered by efficient.
- Improved anti-smuggling and anti-fraud enforcement and surveillance methods in place.
- Strengthened administration capacity of the excise structures.

- Departmental Management reports and available statistics.
- Business Plans.
- Evaluation reports by the Pre Accession Unit.

- Full commitment of managerial staff.
- Availability of adequate resources, especially human.
- Taxpayers’ response to change.
- The involvement of MITTS.

**TAXATION**

- To further implement recommendations received through BCMP projects carried out under Phase I and Phase II.
- To better integrate and enhance IT system at the VAT Department for the benefit of both the taxpayers and the staff of the Department.

- Enhanced relevant compliance control and collection systems implemented.
- Relevant recommendations implemented properly.
- IT system enhanced and better integrated.

- Departmental Management reports and available statistics.
- Business Plans.
- Evaluation reports by the Pre Accession Unit.

- Full commitment of managerial staff.
- Availability of adequate resources, especially human.
- Taxpayers’ response to change.
- The involvement of MITTS.
<table>
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<th>Outputs</th>
<th>Indicators of Achievement</th>
<th>Source of Verification</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
</table>
| **GENERAL ACTIVITIES**  
• Specialised, trained and operational units in place.  
• VAT department staff and selected VAT taxable persons fully informed about VAT intra-community procedures and other changes in legislation through general public relation campaigns and direct training for taxpayers involved.  
• Efficient co-operation with counterpart departments in other member states in place.  
• Operational information exchange systems (VIES and SCENT) in place at the time of accession. | • Training of Department staff properly prepared and delivered by competent EU experts  
• Relevant taxpayers selected and training delivered on VAT intra-community system  
• VIES system tested and approved by EU DG TAXUD  
• Staff to operate VIES and CLO designated and trained | • The Project Steering Committee will approve and monitor budgets as well as evaluate the results of each of the listed activities.  
• The Pre-Accession Unit will manage, co-ordinate, monitor and evaluate the delivery of each of the listed activities and report to the Project Steering Committee accordingly. | • Timely availability of adequate resources.  
• Effective monitoring of progress reports.  
• Ability to select and recruit appropriate experts.  
• Policy change decisions within Government.  
• Involvement of MITTS. |
| **CUSTOMS**  
• Relevant control regimes developed, enhanced and implemented.  
• Controls at the external border of illicit trade and traffic improved.  
• Anti-smuggling, enforcement and surveillance methods improved.  
• Computerised import and export declaration processing.  
• Interconnectivity with EU IT systems achieved.  
• Simplified procedures adopted.  
• Intelligence-based risk management and risk assessment systems to support control activity developed further and enhanced.  
• Additional units required supporting the necessary functions and operations set up. | • Interconnectivity with EU IT systems tested and approved by EU DG TAXUD  
• Training of Department staff properly prepared and delivered  
• Relevant control regimes developed, enhanced and implemented.  
• Statistics show marked improvement in the areas of detection of smuggling, illicit trade and traffic  
• Simplified Procedure System enhanced.  
• Intelligence-based risk management and assessment systems to support control activity developed further and enhanced.  
• Specialised units operational. | | |
| **TAXATION**  
• Better integrated and enhanced it system for the benefit of both the taxpayers and the staff of the department | • IT system used at VAT Department produces information for compliance control and management information effectively and efficiently | | |
<table>
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<th><strong>Inputs</strong></th>
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</table>
| **General Activities**  
• The training and ongoing support plan  
• The development of a pre-accession training strategy & programme  
• The promotion of uniform interpretation by staff and tax payers on the theory and practice of the transitional EU VAT system for intra-community transactions  
• The communication plan to be developed through targeted public relations campaigns to ensure that the public is aware of the (impact of) proposed changes in the VAT legislation and that all the taxable persons who need it are fully informed about the VAT intra-community procedures and other changes in the VAT legislation.  
• The development of a comprehensive public relations strategy  
• The interfacing with EU systems |  
• Readiness of the VAT and Customs Departments to implement acquis by time of accession  
• the public is aware of the (impact of) proposed changes in the VAT legislation  
• VAT Department staff and selected VAT taxable persons fully and correctly informed about VAT intra-community procedures and other changes in legislation.  
• Comprehensive public relations strategy developed and implemented  
• Efficient co-operation with counterpart departments in other Member States in place.  
• Operational information exchange systems (VIES and SCENT) in place at the time of accession.  
• Training and ongoing support plan operational |  
• Control of tax evasion.  
• Business Change Management Plan milestones.  
• Pre-accession Unit planning, evaluation and progress reports.  
• Status report by Pre-Accession Unit.  
• Departmental Business Plans, Management reports and available statistics  
• Commission evaluation reports  
• Semi-annual concise account against the computerisation key indicators and report on progress against BCMP  
• Project Steering Committee documents recording approval and monitoring of budgets as well as evaluation of the results of each of the listed activities. |  
• Ability to select and recruit appropriate experts.  
• Adequate resource (external and internal) availability.  
• Policy change decisions within Government.  
• Absorption Capacity of the Departments.  
• Full commitment of managerial staff.  
• Taxpayer’s attitude and response to changes  
• The involvement of MITTS (Government in-house I.T. agency).  
• Effective monitoring of progress reports. |
| **Customs** | **Indicators of Achievement** | **Source of Verification** | **Assumptions and Risks** |
| **Customs (including Excise activities under Taxation)**  
• The implementation of the recommendations of Review of Organisational Structures exercise,  
• To provide developmental support to Customs Intelligence Service,  
• To further enhance border controls,  
• To provide all necessary support and information to staff and the trade on the successful implementation of the new Customs Integrated I.T. System.  
• To further develop and enhance the role of the Training unit.  
• To further enhance excise structures and administration |  
• Successful implementation of all I.T. systems, in particular TARIC and QUOTA, SEED EMCS, NCTS  
• Strengthened capacity to combat fraud through Application of risk management process and well functioning Customs Intelligence Unit.  
• A business support systems plan for existing systems operational.  
• Trained users (staff and trade).  
• Appropriate training delivered  
• Improved anti-smuggling and anti-fraud enforcement and surveillance methods in place |  
• Business Change Management Plan milestones.  
• Pre-accession Unit planning, evaluation and progress reports.  
• Status report by Pre-Accession Unit.  
• Departmental Business Plans, Management reports and available statistics  
• Commission evaluation reports  
• Semi-annual concise account against the computerisation key indicators and report on progress against BCMP  
• Project Steering Committee documents recording approval and monitoring of budgets as well as evaluation of the results of each of the listed activities. |  
• Ability to select and recruit appropriate experts.  
• Adequate resource (external and internal) availability.  
• Policy change decisions within Government.  
• Absorption Capacity of the Departments.  
• Full commitment of managerial staff.  
• Taxpayer’s attitude and response to changes  
• The involvement of MITTS (Government in-house I.T. agency).  
• Effective monitoring of progress reports. |
| **Taxation**  
• To further improve taxpayer record & account management through a review of the entire IT system used by the VAT Department in the light of all the separate changes brought about by the BCMP implementation project Phase I and Phase II), determine how it can be further enhanced and made more effective by integrating and consolidating the various newly developed applications;  
• to re-design parts of the system if and as necessary, in line with the conclusions of the review. |  
• Enhanced relevant compliance control and collection systems implemented.  
• Relevant recommendations implemented properly  
• IT system enhanced and better integrated |  
• Business Change Management Plan milestones.  
• Pre-accession Unit planning, evaluation and progress reports.  
• Status report by Pre-Accession Unit.  
• Departmental Business Plans, Management reports and available statistics  
• Commission evaluation reports  
• Semi-annual concise account against the computerisation key indicators and report on progress against BCMP  
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• Ability to select and recruit appropriate experts.  
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• Absorption Capacity of the Departments.  
• Full commitment of managerial staff.  
• Taxpayer’s attitude and response to changes  
• The involvement of MITTS (Government in-house I.T. agency).  
• Effective monitoring of progress reports. |
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**IMPLEMENTATION TIME SCHEDULE FOR THE PROJECT**

**Title:** Modernisation and Upgrading the Operational Capacity of the Tax Departments (Customs, VAT and Inland Revenue), PHASE III  
**CRIS ref. 4573/10**

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Annex II
**CONTRACTING AND DISBURSEMENT SCHEDULE OF EU FUNDING**

**Title:** Modernisation and Upgrading the Operational Capacity of the Tax Departments (Customs, VAT and Inland Revenue), PHASE III

(Euros 000s)

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CRIS ref. 4573/10