

Brussels, 05/07/2019  
SG.A2/JL/DV

## Opinion

**Title: Evaluation / Administrative cooperation in the field of direct taxation**

**Overall opinion: POSITIVE**

### (A) Context

EU citizens and businesses move, operate and invest freely in the Internal Market. The tax authorities in the EU aim to ensure that all taxpayers pay their fair share, irrespective of where they do business, work, retire, or hold a bank account. In 2011, tax authorities agreed to cooperate more closely to better apply direct taxes, and to combat tax fraud and evasion. The Directive on administrative cooperation (DAC) provides the necessary procedures and structure for a secure data exchange.

This is the first evaluation of the Directive, which follows the legal obligation in the original text. It precedes possible new proposals of the next Commission.

The aim of this evaluation is to assess the performance of the Directive. Thus, the report explores how well it has worked so far. The purpose is to make an evidence-based judgment about whether the initiative is fit for its intended purpose.

### (B) Main considerations

**The Board acknowledges good use of targeted stakeholder consultations.**

**The Board gives a positive opinion. The Board also considers that the report should further improve with respect to the following key aspects:**

- (1) The report's conclusions are not sufficiently anchored in the available evidence. The report is not sufficiently transparent about what is not known.**
- (2) The report does not explain that the initiative which it evaluates involves broad administrative cooperation going beyond the tax sources of wages, pensions and local property.**
- (3) The report does not draw lessons for the future on data availability.**

### **(C) Further considerations and recommendations**

(1) The report should better explain the timing and the scope of the evaluation. It should clarify why the evaluation was conducted now, even though there was only some information on the implementation of the first DAC. It should better explain how the results of the evaluation of DAC1 could be used as a basis for improving the functioning of DACs 2-6.

(2) Given limited evidence, the report presents an overly optimistic view of effectiveness. It should present a more nuanced assessment of DAC effectiveness based on currently available information. The report should be more transparent about the lack of data, explain its causes, and discuss how it limits conclusions the report can confidently draw at this point. The analysis could be more specific and transparent about the performance of individual Member States. It would be useful to discuss good practices to monitor future performance.

(3) The report gives the impression that it evaluates exchanges of information on wage, pension and local property taxes. It should make clear that it sets up a broad framework for cooperation between tax administrations, also to accommodate the later DAC2 and DAC3. It should point out that the fixed costs reported in the efficiency part will serve this broad framework.

(4) The report should develop a more nuanced assessment of costs and benefits. This analysis should be done per type of data exchange and be based on disaggregated efficiency findings. The efficiency conclusions should reflect this more nuanced analysis.

(5) The report should better explain the difficulties of establishing a useful baseline. If this report is to serve as a basis for future action, it should more clearly explain how success of the initiative would look like. It should articulate objectives and propose criteria and indicators to measure the success.

(6) The report should better explain how the initiative respects EU privacy standards. The analysis of coherence should reflect how the initiative aligns with privacy rights legislation, and provides protection despite the complexity of DAC data. It should also clarify why this does not unduly limit data exchange between Member States.

*Some more technical comments have been transmitted directly to the author DG.*

### **(D) RSB scrutiny process**

**The Board advises the DG to take these recommendations into account before launching the interservice consultation.**

Full title	Evaluation of the Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC
Reference number	PLAN/2017/2103
Date of RSB meeting	3 July 2019