



Directorate-General for

STRUCTURAL REFORM SUPPORT

**Revenue administration
and public financial
management**



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INTRODUCING THE DIRECTORATE-GENERAL FOR **STRUCTURAL REFORM SUPPORT**

The Directorate-General for Structural Reform Support (DG REFORM) helps EU Member States carry out reforms to stimulate job creation and sustainable growth. EU Member States can ask DG REFORM for support, which is then delivered in the form of tailor-made expertise.

Today, DG REFORM is engaged in **over 1 000 reform projects in all 27 EU Member States**.

PROGRAMME AND BUDGET

Since 2017, DG REFORM has been managing a dedicated programme – the Structural Reform Support Programme – with a budget of **EUR 222.8 million** for 2017 to 2020.

The programme is the main source of funding for **technical support projects** in EU Member States and does not require co-financing.

Member States can request help from the programme to implement the following:

- **reforms identified by the European Commission**, for example in its annual economic policy recommendations (the ‘European Semester’ process);
- measures they have to take to **implement EU priorities and EU law**;
- reforms undertaken on their **own initiative**.

HOW IT WORKS

DG REFORM provides Member States with expertise, which can take the form of:

- expert and fact-finding missions on the ground to assess the situation;
- diagnostic analyses and recommendations on ways to address the situation;
- sharing relevant best practices through seminars, conferences and workshops;
- developing and implementing targeted solutions to address the situation.

To deliver this support, DG REFORM uses a **wide range of experts** from national administrations (including through the TAIEX-SRSP Peer 2 Peer instrument), international organisations, private firms and consultancies, or expertise directly from the European Commission.



REVENUE ADMINISTRATION AND PUBLIC FINANCIAL MANAGEMENT

DG REFORM helps EU Member States reform their **tax policies** and **revenue administrations** in order to collect taxes in a fair, sustainable and efficient way. It also supports EU Member States in reforming their **public financial management** and **expenditure policies** to achieve an efficient allocation of public funds.

DG REFORM also helps public authorities in EU Member States design and implement **fiscal institutional reforms**. Public authorities include ministries of finance, revenue agencies, tax and customs administrations, fiscal councils, supreme audit institutions and other delegated and independent bodies. The technical support is tailor made and covers a wide range of topics.



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REVENUE ADMINISTRATION

ADMINISTRATION OF REVENUES

The revenue authorities of EU Member States are under pressure to deliver more with less. At the same time, they must ensure an effective deterrent for non-compliance. DG REFORM helps revenue authorities improve their core business functions and managerial processes. By making these functions and processes more efficient and effective, revenue authorities can ensure **sustainable revenues** for the government.



MODERNISING DEBT COLLECTION IN GREECE

DG REFORM has been supporting the Independent Agency for Public Revenue in Greece in consolidating the collection function in a model collection centre. The support has focused on:

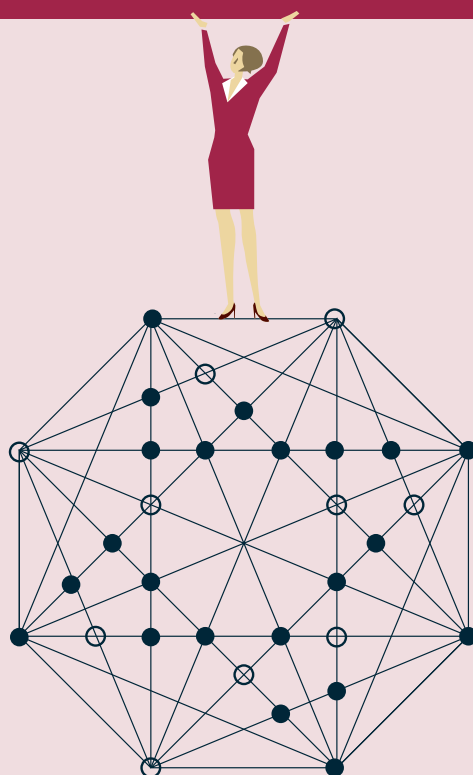
- mapping and revising existing collection processes;
- introducing lean management techniques in debt collection;
- advising on modern behavioural approaches.

The project produced a new set of practices and tools as well as increased capacity in collection operations. The project is expected to stimulate the modernisation of procedures across the Independent Agency for Public Revenue in line with best practices and to contribute to a change of working culture.



EXAMPLES OF SUPPORT

- Improving **taxpayer services**.
- Strengthening **dispute resolution mechanisms**.
- Modernising **debt collection** processes, operations and tools.
- Developing and implementing **strategic planning and performance management frameworks**.
- Fostering **internal control, organisational risk management** and **information security**.
- Enhancing **business processes** and **project and change management**.



REVENUE ADMINISTRATION

TAX COMPLIANCE

Enhancing **tax compliance** is a key component of effective resource mobilisation. Revenue authorities have been developing new approaches to increase voluntary compliance, manage non-compliance, minimise compliance costs and enhance overall trust in the tax system. DG REFORM provides technical support for the design and implementation of compliance management.



EXAMPLES OF SUPPORT

- Improving **compliance risk management** and **strategies**.
- Setting up **cooperative compliance programmes**.
- Enabling the implementation of **behavioural approaches**.
- Developing **communication and awareness campaigns**.



IMPLEMENTING COOPERATIVE TAX COMPLIANCE IN BELGIUM

DG REFORM is supporting Belgium in the pilot phase of a cooperative Tax Compliance Programme. The objective is to improve voluntary tax compliance and create a sustainable framework for mobilising tax revenue. The implementation of the Tax Compliance Programme is supported through tailored expert support in:

- building new relationships with large taxpayers, in particular through strengthening soft skills in the administration and creating awareness among taxpayers;
- implementing a tax control framework and related cooperative compliance assessment techniques;
- exchanging good practices and experiences on cooperative compliance, with experts from specialised units of other EU Member States' administrations and academia.

REVENUE ADMINISTRATION

AGGRESSIVE TAX PLANNING, TAX FRAUD AND EVASION

Curbing **aggressive tax planning, tax fraud and tax evasion** is an EU priority. It is essential for safeguarding the mobilisation of revenue, ensuring a fair sharing of the tax burden and avoiding distortion of competition. DG REFORM offers support for the setting up of mechanisms to avoid erosion of the tax base through cross-border profit shifting. Support is also provided for the design and implementation of anti-fraud strategies.



EXAMPLES OF SUPPORT

- Building capacity for the implementation of the EU **anti-tax avoidance package** and **base erosion and profit shifting actions**.
- Designing and implementing **anti-fraud strategies**.
- Tackling **missing trader fraud**.
- Supporting **administrative cooperation** and **exchange of information**.



BUILDING CAPACITY IN TRANSFER PRICING IN POLAND

DG REFORM is supporting Poland in tackling the erosion of the tax base caused by the inaccurate application of transfer pricing rules. The project aims at enhancing the skills of tax officials in the area of transfer pricing and building capacity to assess transfer pricing risks, audit and dispute resolution. The objective is to enhance revenue collection. The technical support focuses on:

- developing an internal capacity-building programme for tax officials;
- carrying out case-based analyses of selected transfer pricing issues;
- exchanging good practices with other EU Member States' administrations in the area of transfer pricing, large taxpayers and cross-border dispute resolution.

REVENUE ADMINISTRATION

DIGITALISATION OF REVENUE AUTHORITIES

The rapid growth of **information and communications technologies** (ICT) imposes challenges for revenue authorities in keeping up with the latest developments and trends. Digitalisation is essential for providing better taxpayer services, dealing with big data and detecting risks. It is also important for making revenue collection more effective and efficient. DG REFORM provides technical support for the design and implementation of ICT reforms in revenue authorities.



EXAMPLES OF SUPPORT

- Developing **ICT strategies and action plans**.
- Strengthening **data governance and management**.
- Drafting **business case and functional specifications**.
- Identifying a **funding framework for ICT investments**.



MODERNISING TAX FILING IN AUSTRIA

DG REFORM is supporting the Federal Ministry of Finance in modernising and digitalising the tax filing system in Austria. This project will pave the way for the development of a new IT system by providing the authorities with:

- an analytical report on strengthening the risk-based approach for assessing tax returns;
- technical specifications for a new IT solution with an algorithm for risk analysis.

Once implemented, the new IT solution will contribute to streamlining and automating the processes for assessing taxes; providing faster results with a higher quality of risk analysis and reducing the administrative burden for the tax authorities.



REVENUE ADMINISTRATION

CUSTOMS UNION

The **Customs Union** is important for protecting the EU's external borders and for safeguarding the fair and transparent collection of customs duties and other relevant taxes, such as excise and value-added tax. At the same time, it ensures a smooth flow of international trade across EU borders. DG REFORM provides technical support to national authorities to help design and implement customs reforms.



EXAMPLES OF SUPPORT

- Designing **strategies for digital transformation.**
- Mapping **digital customs solutions for the import and export of e-commerce consignments.**
- Modernising **risk management tools.**
- Designing **anti-smuggling strategies and awareness campaigns.**



STRENGTHENING PROJECT PORTFOLIO MANAGEMENT IN FINLAND

DG REFORM is supporting Finnish Customs in digitalising its project management and project portfolio management processes. The technical support will focus on:

- identifying the scope for improvement in Finnish Customs' project portfolio management;
- designing technical specifications for the new project portfolio management tool.

The new tool will improve the efficiency, transparency and cost-effectiveness of project and portfolio management in Finnish Customs. It will also help to streamline project management practices and improve cooperation and exchange of information between different customs departments and with partner organisations at national and EU level.



REVENUE ADMINISTRATION

TAX POLICY

Good **tax policies** meet revenue objectives and ensure that the tax system supports equitable, inclusive and sustainable growth. At the same time, they offer legal certainty and minimise administrative burden. DG REFORM provides technical support for designing and drafting tax legislation and analysing the costs and benefits of changes in tax policies. DG REFORM can also help develop methodologies for revenue analysis, simulation and forecasting.



EXAMPLES OF SUPPORT

- Building capacity for **microsimulations and modelling**.
- Assessing **tax policy and legislation**.
- Designing **green taxation reforms**.
- Developing **methodologies for estimating the tax gap**.



MICROSIMULATION TOOL OF THE TAX AND TRANSFER SYSTEM IN SLOVAKIA

DG REFORM is supporting the Council for Budget Responsibility in Slovakia in modernising their modelling methods for estimating the immediate, behavioural and aggregate fiscal effects of potential tax and transfer policy initiatives. The technical support focuses on:

- creating a data set based on administrative data;
- adjusting the microsimulation tool to enable it to run the new data set.

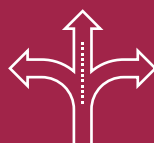
In the long run, the adapted tool will contribute to more reliable and improved estimates. These could improve the fiscal assessment of future tax reforms, the evaluation of income equality and poverty and the evaluation of the impact of tax reforms on individual and household disposable income.



PUBLIC FINANCIAL MANAGEMENT

EXPENDITURE POLICY

At a time when governments have to deal with increased pressure regarding public spending, it is even more crucial to improve the quality of **public finances**. Solid public finances ensure that expenditure policy supports sustainable economic growth and promotes equity. Improved efficiency and effectiveness of public spending helps alleviate budget constraints. DG REFORM provides support for designing, carrying out and institutionalising spending reviews. It also supports EU Member States in improving practices and capacity in public expenditure management, monitoring and evaluation.



EXAMPLES OF SUPPORT

- Supporting the design and conduct of **spending reviews**.
- Providing guidance for **better aligning spending reviews with the budgetary process and with other public financing management tools**.
- Building capacity and improving practices in **public expenditure evaluation**.



INSTITUTIONALISING SPENDING REVIEWS IN ESTONIA

DG REFORM is supporting the Estonian Ministry of Finance in its ambition to institutionalise the use of spending reviews as an analytical tool to improve efficiency in the allocation of public resources. The technical support focuses on:

- strengthening the linkages of spending reviews with the performance budget management system;
- building a community of practice on spending review methods.

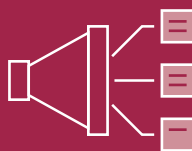
The technical support is helping the government carry out two pilot spending reviews. It is also strengthening capacities within the Ministry of Finance as well as among 'spending ministries' to effectively design and conduct spending reviews.



PUBLIC FINANCIAL MANAGEMENT

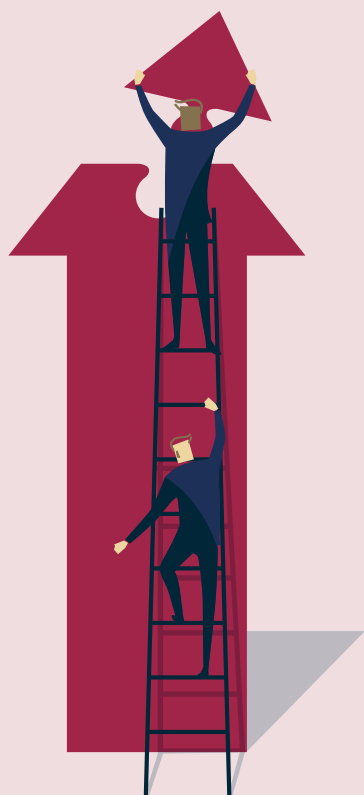
BUDGET PREPARATION AND IMPLEMENTATION

To bring tangible benefits to their citizens, governments need to carefully plan their budgets and implement them efficiently and in a timely manner. **Budget preparation** is crucial for achieving a resource allocation that reflects expenditure policy priorities. An efficient system of **budget execution** ensures that public funds are spent properly. DG REFORM helps national authorities improve the budgetary process. The technical support focuses on strengthening performance budgeting and the medium-term budget framework. DG REFORM also helps EU Member States improve budget execution practices.



EXAMPLES OF SUPPORT

- Strengthening the **performance budgeting framework**.
- Enhancing **green, gender and other priority budgeting frameworks**.
- Strengthening the **medium-term budget framework**.
- Improving **budget execution practices**.



IMPROVING THE QUALITY OF THE STATE BUDGET PREPARATION PROCESS IN **CROATIA**

DG REFORM is supporting the Croatian Ministry of Finance to improve the quality of the state budget preparation process. The support is contributing to improving the management of public resources and achieving greater efficiency and transparency of budget planning and spending. A successful pilot project focused on upgrading the quality of budget preparation and justification by state budget users in seven ministries. DG REFORM is providing further support to other state budget users in the administration.

PUBLIC FINANCIAL MANAGEMENT

PUBLIC SECTOR ACCOUNTING AND STATISTICS

Comprehensive, reliable and timely **accounting and reporting practices** are essential for high quality statistics. These help governments improve their understanding of their fiscal position and prospects. They also provide legislators, markets and citizens with the information they need to make efficient financial decisions. DG REFORM helps EU Member States modernise their fiscal reporting systems. It provides technical support for the design and implementation of accrual accounting reforms in line with European Public Sector Accounting Standards and for improving the quality of national accounts.



EXAMPLES OF SUPPORT

- Supporting the design and implementation of **accrual accounting reforms**.
- Improving the **quality of national accounts**.



PUBLIC ACCOUNTING REFORM IN IRELAND

DG REFORM is supporting Ireland in the design and implementation of a public accounting reform. The project includes:

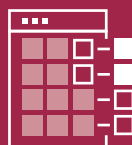
- assessing the gaps between the Irish system and international public sector accounting standards;
- designing an action plan to fill these gaps;
- preparing a new set of standards in line with international and EU good practice.

The action plan, which is endorsed by the Irish cabinet, is in its first phase of implementation. Once in full effect, the new public accounting framework will allow for more accurate and timely financial reporting by the central government. This will reinforce the accountability of public finances.

PUBLIC FINANCIAL MANAGEMENT

MACROFISCAL FRAMEWORK

A sound **macrofiscal framework** allows public administrations to set sustainable fiscal targets, determine policy choices, and prepare realistic expenditure projections. DG REFORM helps national authorities strengthen their macrofiscal framework. It provides technical support to improve the design and implementation of fiscal rules, enhance the quality of macro-fiscal forecasts, develop fiscal risk management frameworks and evaluate local government finances.



EXAMPLES OF SUPPORT

- Building capacity for **fiscal risk assessment and management**.
- Improving the quality of **macroeconomic and fiscal forecasts**.
- Supporting the design and implementation of **expenditure rules**.
- Improving practices in the **evaluation of local government public expenditure**.



STRENGTHENING GOVERNANCE IN RELATION TO FISCAL RISKS IN **DENMARK**

DG REFORM is supporting the Danish Ministry of Finance to develop a new framework for assessing fiscal risks when issuing government guarantees and loans. The support will focus on:

- sharing international and EU good practices;
- providing recommendations for the new risk assessment framework;
- preparing risk assessment manuals for the staff of the ministry in order to help apply the new framework.

The technical support will contribute to increasing the transparency in the state's risks related to contingent liabilities within the main balance sheet. The new risk assessment framework can be used as an instrument to promote green investments and innovation. This helps to speed up the green transition.

PUBLIC FINANCIAL MANAGEMENT

PUBLIC FINANCE OVERSIGHT

Independent fiscal institutions and supreme audit institutions are crucial for promoting fiscal responsibility and improving the quality of the fiscal policy debate. They do so by providing independent scrutiny of fiscal policies, plans, and performance. DG REFORM helps these institutions strengthen their institutional and technical capacities and improve the set of instruments available to carry out their mandate.



EXAMPLES OF SUPPORT

- Enhancing the **institutional and technical capacities of independent fiscal institutions.**
- Strengthening the **capacities of supreme audit institutions.**

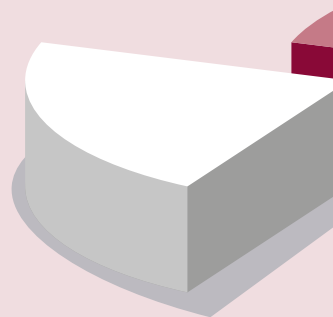


SUPPORT FOR THE **LATVIAN** FISCAL DISCIPLINE COUNCIL

DG REFORM will support the Latvian Fiscal Discipline Council in making an independent evaluation of its performance. It will also help to upgrade its macrofiscal forecasting tools. The project aims to inform the strategy and work plans of the Fiscal Discipline Council and improve the quality of its forecasts. The technical support will focus on:

- reviewing the context, inputs, outputs and impact of the work of the Fiscal Discipline Council;
- upgrading the tools and methodologies used to calculate and forecast the output gap, the structural balance and the fiscal effort.

The project will contribute to improving the independent oversight of Latvian fiscal policy.



PUBLIC FINANCIAL MANAGEMENT

DEBT AND CASH MANAGEMENT

Effective debt and **cash management practices** ensure that expenditures are smoothly financed during the year, that policy objectives are met and that the government's financing needs and obligations are met at the lowest possible cost. DG REFORM helps national authorities improve the efficiency and effectiveness of their cash and debt management operations.



EXAMPLES OF SUPPORT

- Optimising **cash management processes and tools**.
- Strengthening **debt management operations**.



IMPROVING CASH FORECASTS IN PORTUGAL



DG REFORM has been supporting Portugal in improving its cash forecasts. Building upon the experience of three other EU Member States (Ireland, Austria and Finland), the project delivered a new conceptual model on cash forecasting and management. Better cash forecasts resulted in the reduction of the cash buffer maintained by the Portuguese debt and cash management agency since the financial crisis. This allowed debt to be reduced and interest cost savings to be generated.

CONTACT DETAILS



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Main contact point for applying for the Structural Reform Support Programme

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Further details on the work related to revenue administration and public financial management

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Find out more

- DG REFORM:
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- Structural Reform Support Programme:
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