

# FINAL REPORT

## PROVISION OF SUPPORT TO THE GREEK REVENUE ADMINISTRATION



ENABEL REF: GRE160051T

EU REF: SRSS/S2018/013

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*The report is prepared in line with Article 4 of the Special Conditions of the Agreement and Article 3.8 of Annex II, General Conditions.*

## Acronyms

AEOs	Authorised Economic Operators
Enabel	Belgian Development Agency
EC	European Commission
EU	European Union
GC	General Conditions
GSPR	General Secretariat for Public Revenue
HWIAC	High Wealth Individual Audit and Collection Centre
IAPR	Independent Authority of Public Revenue
MoF	Ministry of Finance
MoU	Memorandum of Understanding signed the European Commission on behalf of the Eurogroup, the European Central Bank (ECB) and the International Monetary Fund (IMF) as part of the Economic adjustment programme for Greece (August 2015)
OECD	Organisation for Economic Cooperation and Development
RA	Revenue Administration
sMoU	Supplemental Memorandum of Understanding (4th Review of the ESM Programme)
SRSS	Structural Reform Support Service
TA	Technical assistance or Technical assistant
TFGR	Task Force for Greece
TMOU	Technical Memorandum of Understanding (22 March 2018)
TS	Technical Support
UNECE	United Nations Economic Commission for Europe
WCO	World Customs Organisation

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## Summary of the Action

Intervention name	Provision of support to the Greek Revenue Administration
Intervention Code	Enabel REF: GRE160051T EU REF: SRSS/S2018/013
Location	Greece
Budget	2.099.757 EUR
Funding source	100% EU
Type of contract	EU P.A. Grant agreement (version 03/2018)
Partner Institution	Structural Reform Support Service (SRSS)
Implementation period	09/03/2018 – 08/11/2019
Target groups	The Independent Authority of Public Revenue (IAPR) and the Greek Ministry of Finance.
Impact	Strengthened the capacity of the IAPR to manage and successfully implement parts of the reform agenda.
Overall Objective	To contribute to the modernisation and improved functioning of the IAPR and the core functions of this administration to deliver sustainable public finances that support growth and jobs in the context of the current Economic adjustment program.
Specific Objective	A reorganised and improved tax administration and customs core functions and processes, as well as an enhanced RA staff capacity.
Results	The resident or intermittent experts provide TA to the Greek authorities in selected areas of revenue administration (audit of HWI-HISE; audit strategy, debt collection, fight against excise (fuel and tobacco smuggling) and VAT fraud, and build-up of a policy and legislation function inside the tax administration, etc.). This should enhance both the administrative capacity – in particular the operational capability, as well as the management capacity of the IAPR in implementing the reform agenda in the areas mentioned above, provided the underlying assumptions materialise and that identified risks do not negatively affect the TA project.
Period covered by the report	09/03/2018 – 8.11.2019 (Final report)

## 1 Background and overview

1. The Agreement entered into force with a retroactivity clause on the 9<sup>th</sup> of March 2018.
2. Section II provides an assessment of implementation of the action in three parts:
  - a. A summary of the project implementation;
  - b. A narrative overview of progress made through the end of the project, including activities undertaken, outputs delivered, risks and mitigation actions and results achieved;
  - c. An assessment of which extent the objectives and outcomes have been achieved.
3. Section IV provides an overview of the financial status of the project through end of the project, including the utilisation of the budget (in line with Annex III of the Agreement).
4. No assets were acquired under the project. A transfer of assets to the beneficiary was therefore not required.

## 2 Assessment of implementation of the action

### 2.1 Project and Implementation Description

1. The provision of technical assistance by the support of SRSS and ENABEL was in 2015 – 2017 delivered under the PA Grant Agreement VS/2015/0059: “Technical assistance support for the Greek Revenue administration and PFM in Greece.” This was a phased project. This project provided technical support to the Greek authorities in the area of Revenue Administration.

#### 2.1.1 Summary of implementation of the Project activities

2. The support to the IAPR continued in 2018 by means of the Grant Agreement SRSS S-2018/013 (March 2018 – November 2019).

The project included the following outputs provided through long-term/resident experts’ advice, short-term experts’ visits and targeted capacity development activities implemented during the period July 2018 – September 2019:

#	Output	Summary of support measures
1	Technical Support overall coordination	Support was provided by the resident experts: <ul style="list-style-type: none"><li>• <b>Mr Tom Parr</b> (corporate tax specialist from HMRC’s Large Business directorate) – <i>(March 2018 – November 2018)</i></li><li>• <b>Ms Jocelyn Pierre</b> (tax specialist from the French tax administration) - <i>(May 2019 – September 2019)</i></li></ul>
2	Support to tax audit and investigation functions:	Support was provided by the following resident advisors: <ul style="list-style-type: none"><li>• <b>Mr Tom Parr</b>; support to the tax audit function of the IAPR with a special focus on the Large Taxpayer Audit Centre (LTAC) - <i>(March 2018 – November 2018)</i></li><li>• <b>Mr Jean Francois Blazy</b> (tax specialist from the French tax administration); special focus on the High Wealth Individuals</li></ul>

		<p>Audit Centre (HWIAC) of the IAPR - <i>(March 2018 – August 2018)</i></p> <ul style="list-style-type: none"> <li>• <b>Mr Hakan Olsson</b> (tax specialist from the Swedish tax administration); support to the tax investigation function of the IAPR - <i>(March 2018 – August 2018)</i></li> <li>• <b>Ms Dimitra Vasilara</b> (tax specialist from the Danish tax administration); support to the tax audit function of the IAPR - <i>(May 2019 – September 2019)</i></li> </ul>
3	Support to the establishment of a specific IAPR training capacity	<p>Support was provided by the following resident experts:</p> <ul style="list-style-type: none"> <li>• <b>Mr Jean Francois Blazy</b> - <i>(March 2018 – August 2018)</i></li> <li>• <b>Ms Jocelyn Pierre</b> - <i>(May 2019 – September 2019)</i></li> </ul>
4	Support to debt collection function	<p>Support was provided by the following resident experts:</p> <ul style="list-style-type: none"> <li>• <b>Mr Manuel António de Bessa Vieira</b> (specialist in tax debt collection and management from the Portuguese Tax Administration) - <i>(March 2018 – July 2019)</i></li> <li>• <b>Mr Dyre Sorensen</b> (specialist in tax debt collection from the Danish tax administration) – <i>(June 2019 – November 2019)</i></li> </ul>
5	Support to Customs and excise function	<p>Support was provided by the resident expert:</p> <ul style="list-style-type: none"> <li>• <b>Mr Stephen Henderson</b> (customs and excise administration from the HMRC) - <i>(March 2018 – September 2019)</i></li> </ul>
6	Short term Experts' visits in the field of customs reorganisation, tax investigation and property valuation exercise	<p>Support was provided by means of short-term experts' visits as follows:</p> <ul style="list-style-type: none"> <li>• <b>Mr Michel Boudet</b> delivered 14 missions - <i>(March 2018 – September 2019)</i></li> <li>• <b>Mr Haakan Olsson</b> delivered 3 missions - <i>(May 2019 – September 2019)</i></li> <li>• <b>Prof. William McCluskey</b> delivered 8 missions - <i>(July 2018 – September 2019)</i></li> </ul>
7	Targeted expert services to the development of tools and solutions to improve the IAPR processes and functions	<p>Support was provided by two Quality Assurance experts who monitored the implementation of an ICT project portfolio concerning support delivered to the IAPR and the General Secretariat of Information Systems (GSIS) of the Greek Ministry of Finance as follows:</p> <ul style="list-style-type: none"> <li>• <b>Mr Paraskevas Bayias</b> - <i>(April 2018 – September 2019)</i></li> <li>• <b>Mr Antonios Stasis</b> <i>(May 2018 – September 2019)</i></li> </ul> <p>Further, expert advice was provided by means of selected projects through procurement as follows:</p> <ul style="list-style-type: none"> <li>• Advice and workshop delivered for the implementation of <b>Indirect Audit Methods</b> to IAPR's tax auditors <i>(Tender documents Bxl 1741 16/05/2019)</i></li> <li>• Training on <b>project management and Leadership skills</b> based on two business cases delivered to selected IAPR staff <i>(Tender documents Bxl 1740 26/04/2019)</i></li> <li>• Training on <b>Transfer Pricing</b> delivered to selected IAPR staff <i>(Tender documents Bxl 1736 04/04/2019)</i></li> </ul>

## 2.2 Implementation

3. This project financed a number of long-term experts as resident advisors to provide TS to the IAPR, a number of short-term experts and specific sub-projects through procurement. This described below in this section.

### 2.2.1 Output 1: Coordination support to improve revenue administration in

4. A corporate tax specialist from HMRC's Large Business directorate, Mr. Tom Parr, provided TS for the period of March 2018 – November 2018. The expert coordinated the support provided by all resident experts in the field of tax administration, held regular meetings with the Governor of the IAPR, the SRSS hierarchy and policy officers and ensured consistency of the advice provided to the authorities overall.
5. A specialist in horizontal matters of tax administrations with focus on training needs of tax and customs officials, Ms Jocelyn Pierre, seconded from the French tax administration for the period of May 2019 – November 2019. The expert provided advice to the IAPR as regards the monitoring, sequencing of implementation, coordination and progress reporting of the multiple on-going projects included in the IAPR's Blueprint (Reform plan) for the period 2019-2021. Besides, the expert provided hands-on advice for the reorganisation of the taxpayers' services function of the IAPR from the point of view of reorganisation and competences required.

### 2.2.2 Output 2: Support to tax audit and tax and customs investigation function

6. A corporate tax specialist from HMRC's Large Business directorate, Mr. Tom Parr, seconded for the period of March 2018 – November 2018. Mr Parr provided technical support to the Large Taxpayers Audit Centre (LTAC), the Audits Directorate and local tax offices with the view to building capacity in audit techniques and procedures.
7. A specialist in tax audit of High Wealth Individuals and training from the French Tax Administration, Mr. Jean-François BLAZY, who provided TS for the period of March 2018 – August 2018. The expert provided advice to the High Wealth Individual Audit centre with the view to building capacity in audit techniques and procedures for the specific taxpayers segment.
8. A specialist in tax audit, Ms Dimitra Vasilara, seconded from the Danish Tax Administration for the period May 2019 –September 2019. The TS provided by the expert focused on hands-on consultancy for the performance of tax audits by junior and senior tax auditors, gathering of information to assist the authorities in developing manuals for several types of tax audits based on taxpayers segmentation, support to the Dispute Resolution Unit of the IAPR as regards the implementation of Indirect Audit Methods (IAM) and the level of proof required based on the Danish experience.
9. A specialist in tax audit, investigations and fight against fraud from the Swedish tax administration, Mr Haakan Olsson, was seconded. Mr Olsson provided support to the IAPR as a resident advisor for the period of March – August 2018 on the implementation for a new structure of the Ministry of Finance, dealing with investigation of tax evasion cases initiated by

prosecutors, VAT fraud and the capacity building of the investigation capacity of the IAPR in YEDDE and DIPAAE (investigation and risk analysis services of IAPR, respectively).

### **2.2.3 Output 3: Support to establishment of a specific IAPR training capacity**

10. A specialist in tax audit of High Wealth Individuals and training from the French Tax Administration, Mr. Jean-François BLAZY (March 2018 – August 2018) and a specialist in horizontal matters of tax administrations with focus on training needs of tax and customs officials, Ms Jocelyn Pierre from the French tax administration (May 2019 – November 2019) provided advice focused on the development of a training programme for the training academy of the IAPR including consultation with the Director General of Human Resources, the business units of the IAPR, the advisor of the Governor of the IAPR for training matters and the Director of the IAPR academy.

### **2.2.4 Output 4: Support to an improved and more efficient debt collection function**

11. A specialist in tax debt collection and management from the Portuguese Tax Administration, Mr. Manuel António de Bessa Vieira, who provided TS for the period of March 2018 – July 2019. The provided support focused on the implementation of the National Collection Strategy developed by the IAPR Collections' Directorate (for 2018 – 2021), advice on the valuations of immovable properties for fiscal purposes based on the Portuguese experience, advice on taxpayers' services and the implementation of e-accounting, consultancy on the taxation of digital economy (e.g. AIRBNB taxation) and means of control in case of tax evasion. Besides this, advice on the automation of debt collection procedures and consolidation of collection functions in view of the implementation of the model collection centre was provided.
12. A specialist from the Danish Tax Administration in the field of tax debt collection and the establishment of model collection centre (incl. consolidating several collection functions), Mr Dyre Sorensen was seconded for the period of June 2019 – November 2019.

### **2.2.5 Output 5: Support to an improved and more effective customs and excise administration function**

13. A specialist in customs and excise administration from the HMRC, Mr Stephen Henderson, provided support for the period July 2019 – November 2019. Technical support was provided for strengthening capacity of the IAPR in the fight against fuel smuggling, gathering and handling of intelligence relating to smuggling and other customs-related offences and support for the empowerment and efficient operation of the mobile units.

### **2.2.6 Output 6: Short-term expert visits**

14. A number of short-term expert missions (14)<sup>1</sup> took place by the peripatetic advisor in the field of customs reorganisation, Mr Michel Boudet, during the reporting period. The technical support provided focused firstly on the development and operationalisation of management indicators allowing the Director General for Customs to monitor the customs offices network and

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<sup>1</sup> • 12-16 March 2018, 23-27 April 2018, 14-18 May 2018, 18-22 June 2018, 9-13 July 2018, 17-21 September 2018, 29 October to 2 November 2018, 3-7 December 2018, 28 January to 1 February 2019, 4-8 March 2019, 15-19 April 2019, 27 May to 7 June 2019, 1-9 July 2019, 17-26 September 2019,



ensuring uniformity of law implementation. Secondly, technical support was provided for trade facilitation and in particular the promotion of the regime of Authorised Economic Operators in Greece. Finally, technical advice was delivered for the methodology of customs control performance with the view to improving risk analysis and increasing public revenue.

15. 8 short-term expert visits<sup>2</sup> by the expert, Prof. William McCluskey, in the field of property valuation took place during the reporting period. The technical support provided focused on assisting the newly set-up Valuation Unit (Ministry of Finance) in developing a methodology and implementing projects to improve the assessment of property values for tax purposes, as well as development of relevant statistical techniques, new working tools and expertise.<sup>3</sup>
16. A specialist in tax audit, investigations and fight against fraud from the Swedish Tax Administration, Mr Haakan Olsson, provided support by 3 short-term expert visits in 2019<sup>4</sup>. They concerned the following activities: stock-taking of the restructuring of the investigation Directorate, the target-setting of tax investigations service of the IAPR, i.e. the so-called YEDDE and DIPAE respectively, the preparation of the Greek authorities for the implementation of new software Transaction Network Analysis (TNA) aiming at strengthening the cooperation and coordination of preventative and repressive measures in order to ensure fast and effective action in the work with deregistration of missing traders from the VIES system, the handling of tax investigation reports with the view to increasing collectability of tax assessments based on the investigation reports, EU case law concerning missing traders, and provision of a workshop by the short-term expert (Mr Olsson) and two Swedish experts in the field of carousel fraud about the European court ruling on how to deny buyer claims of input tax on transactions with missing traders.

### 2.2.7 Output 7: Expert services to support the development and implementation of key tools and processes linked to the improvement of the IAPR operations and functions

17. Two specialists in the field of ICT monitored, steered and ensured quality of implementation of ICT projects throughout their life-cycle from the design up until the execution and closure phase as follows:
  - Mr Paraskevas Bayias for the period April 2018 to September 2019;
  - Mr Antonis Stasis for the period May 2018 to September 2019.

The IT specialists monitored a number of IT projects (ICT Projects Portfolio) by preparing the relevant Requests for Estimate (RfEs), Requests for Action (RfAs), evaluating the effort included in the contractor's offers required for the implementation of the portfolio projects. Moreover, they monitored the proper execution of the projects while suggesting measures for mitigating risks related to the implementation of the set projects. The ICT projects portfolio concern the enhancement of IT systems of the IAPR and the GSIS of the Greek Ministry of Finance with the view to ensuring smooth implementation of the Service Level Agreement (SLA) signed between the two organisations and supporting the IT systems relating to business ser-

<sup>2</sup> 1) 2-6 of July 2018, 2) 10-14 of September 2018, 3) 22-26 of October 2018, 4) 7-11 of January 2019, 5) 4-8 of March 2019, 6) 13-17 of May 2019, 7) 8-12 of July 2019, and 8) 23-27 of September 2019.

<sup>3</sup> In this context, three study visits, financed through the Fiscalis Programme, were conducted to Estonia, Lithuania and Slovenia that were identified as by the expert as good EU examples in case of data and modelling techniques for property valuation.

<sup>4</sup> 1) 13-17 of May 2019, 2) 15-17 of July 2019, and 23-27 of September 2019.

vices of the tax and customs administration, tax evasion and smuggling, property valuation and accrual accounting of government expenditure.

18. A number of projects were implemented during the reporting period through procurement procedures organised by ENABEL.

- **Support for the implementation of Indirect Audit Methods (IAM) to IAPR tax auditors:**

In this respect, the objective of the consultancy was to deliver targeted and customised expert assistance to contribute to one main key area of work under the ENABEL grant agreement to support the modernisation and improve the IAPR, i.e. improving tax audit techniques and building capacity in using and developing IAM. The provider selected by ENABEL was a team of highly qualified tax experts of Ernst & Young. This project comprised 5 deliverables:

- Organisation of kick-off meeting and inception report, which took place on 24/6/2019.
- Comparative analysis including benchmarks of IAM and good practices in selected EU Member States (Italy, Spain, France, Belgium and the Netherlands) delivered on 4/8/2019.
- An analysis justifying the legality of IAM application in the Greek legal order.
- Recommendations and advice on how to perform an audit based on IAM.
- Organisation and follow-up documentation of a workshop with the IAPR Governor, senior management and advisors to advocate and discuss the practical implementation of IAM on 12-13/9 and 23-25/9.

- **Building capacity in project management (PM<sup>2</sup>-method) and leadership skills:** The objective of this consultancy was to deliver targeted and customised expert assistance to support the modernisation and improvement of the IAPR management capacity. In particular, by i.e. improving the functioning of cross cutting functions and good operations of all Directorates in the IAPR based on best practices, tools and methodologies in project management, leadership approaches and championing change in line with IAPR's strategy/Blue print. This support was delivered on the basis on two business cases based on two key projects from the Blue print (Unification of customs and tax liabilities and strategic plan for customs offices – MAPS) with reference to international good practices and approaches and included the following:

- Organisation of the kick-off meeting and inception report, which took place on 15/7/2019;
- Delivery of two building capacity (BC) events on Project Management and Management/Leadership skills for change management to respectively staff spanning from the executive level to project officer level and mainly executive level from the IAPR in September 2019.

- **Building capacity on transfer pricing (TP):** As part of the technical support of SRSS and Enabel to the Independent Authority of Public Revenue (IAPR) under Grant Agreement SRSS/S2018/013 "Support to improve Revenue Administration in Greece", a targeted short term expertise in the area of transfer pricing (TP) audits has been provided. The provider selected by Enabel within the procurement procedure to deliver the technical support is Ludovici Piccone and Partners from Italy, with a team of highly skilled and

knowledgeable tax experts in the area of transfer pricing audits. The project comprised the following deliverables:

- Kick-off meeting held on 11/9 in IAPR premises. During a meeting with representatives of all stakeholders it was agreed to conduct two weeks of workshops on TP and aggressive tax planning, tailor-made for IAPR purposes. Focus of the training is capacity building (training tax inspectors), delivered in two modules – for auditors specialising in transfer pricing area (advanced) and less experienced auditors (beginners). The core team from IAPR to be trained in transfer pricing has been composed of experts from different directorates, in particular from Large Taxpayers Audit Centre and team dealing with Advance Pricing Agreements. The focus of the workshops has been put on practical audit examples.
- The July workshop held on 11-17/7/2019 covered the following topics: Introductory TP workshop, Regulatory Background, Introduction and Recent Transfer Pricing Developments at OECD/UN, Overview of TP Methods, Permanent Establishment (PE), Recent developments in profit allocation to PEs in the context of the digitalised economy, Reviewing documentation requirements, Value Chain Analysis and Method Selection, Financial Transactions, Management Fees, Intangibles, Application of the transactional net margin method.
- The September workshop held on 16 – 20 September 2019 was focused on revision of crucial theoretical TP aspects and discussion on case studies developed by the trainers (for the beginner session) and case studies provided by IAPR (advanced workshop).

## 2.3 Overview of Progress and Results Achieved

19. The Technical Support under this project has built upon the support provided under the previous grant agreement in relation to the IAPR. This project mainly focused on assisting the RA in the reorganisation and modernisation of its core functions at a mature stage of implementation, including coordination of advice provided to the IAPR. During 2018, a number of resident advisors returned to their home administrations (Mr Parr, Mr Blazy and Mr Olsson), while new resident advisors joined the team in the second quarter of 2019 (Ms Pierre, Ms Vasilara and Mr Sorensen). The overview of the progress and results achieved during the reporting period per area of intervention are set out below in turn.

### 2.3.1 Output 1: Coordination support to improve revenue administration in Greece

20. The role of coordination of technical support was performed initially by Mr Thomas Parr (March 2018 – November 2018) and partly afterwards by Ms Jocelyn Pierre (May 2019 – November 2019). The objective was to help to improve levels of communication and greater coordination with the IAPR's Governor's office. Both objectives were achieved. Regular reports were submitted summarising developments in each expert's field as well as real-time updates on matters likely to be of particular and urgent interest. Regular meetings were simultaneously held with the Head of the Governor's office to ensure updated on progress across key areas. A feature of the coordination role was to facilitate regular team meetings between the seconded experts. These meetings helped to generate a useful exchange of views and allowed the experts to gain a greater awareness of the reform progress across the

IAPR as a whole. Equally importantly, it helped to build a sense of cohesion and mutual support between the experts.

21. The work under this grant agreement has been fully coordinated with other actors working in the field of modernisation and improved functioning of the IAPR (the Blueprint strategy) to secure no double financing. The experts contracted by ENABEL have therefore had a close coordination and cooperation with the experts contracted by IMF.

### 2.3.2 Output 2: Support to tax audit and tax and customs investigation functions

#### Tax audit

22. Consistent technical support was provided to auditors of the IAPR and more specifically to officials of the Directorate for Audits, officials of the HWIAC, the LTAC and the Legal Support Directorate to build capacity and knowledge within basic audit tools and methodologies, as well advanced techniques in the field of Indirect Audit Methods and Transfer Pricing in line with international best practices and OECD guidelines.

Achievements and results in this area remain to be seen in the future when secondary legislation for the implementation of these tools and techniques will be adopted by the IAPR and applied by tax auditors.

#### Tax investigation

23. Advice in the area of audit and tax investigation functions built on the progress achieved in the context of the previous grant. In particular upon i) the technical support in the restructuring of DIPAE and YEDDE (risk analysis and investigation units respectively), ii) the technical support focused on advice for performance of intelligence-led activities with an effective risk-based investigation, and iii) the audit program in accordance with good international practice. The technical support's main concentration was to strengthen the competence and capacity within DIPAE in the areas of risk assessment, analysis, and evaluation. It also involved the development of operational processes for risk assessment, procedures to identify and address sectors with revenue at risk, and audit and investigation techniques for each sector.
24. Moreover, increased focus was put on addressing issues of missing traders in the field of VAT fraud and the implementation of the new software Transaction Network Analysis (TNA) developed by EUROFISC. In particular, support was provided to all involved parties in the IAPR regarding the implementation of the TNA, including the preparation of realistic targets in the 2020 Business Plan of the IAPR, to strengthening the cooperation and coordination of preventive and repressive measures in order to ensure fast and effective actions to deregistration of missing traders from the VIES system.
25. Finally, the workshop on missing traders organised in September 2019 focused on the issue of EU precedents concerning the rejection of buyer's claims as input for transactions, including missing traders. Legal issues were addressed and examples of Swedish case studies were presented to the IAPR participants, to form the basis for the IAPR to build similar court cases in the future, which could stand legal challenges.

### 2.3.3 Output 3: Support to establishment of a specific IAPR training capacity

26. Technical support built on the technical assistance provided under the previous grant agreement for the establishment of the Training Academy of the IAPR, technical support focused on a Strategic training programme covering the horizontal training needs of the IAPR in relation to tax and customs issues. In particular, the arrangement of a working group has been proposed to the Greek authorities to create training modules that fit the needs of the Business/Core functions Directorates, which is pragmatically feasible by the Academy. The set working group will i) design a process for collecting the training needs of the IAPR, ii) set priorities of the Training Academy, iii) align resources, and iv) formalise them in an annual plan. The working group will be able to raise questions and possible answers about training material, trainers, trainees, modalities of teaching, selection and certification. The working group will also assist with incorporation of these training modules into the global training plan (including educational paths according to competency framework, selection and certification, annual plan of training, etc.). A list of topics for trainings have been identified while approval by the newly appointed DG for Human Resources is pending. The list concerns among others data security, precautionary measures/contingency plan for natural disasters, taxpayer services- interaction, preventive audits, anti-smuggling, IT requirements, tax collection for newcomers, criminal investigation and appraisal of staff.

### 2.3.4 Output 4: Support to an improved and more efficient debt collection function

27. In the function of debt collection, technical support builds on the advice provided under the previous grant agreement. In particular, support was provided for the implementation of the IAPR's National Collection Strategy (NCS) covering the period 2019 – 2021. Assistance was delivered on issues directly or indirectly connected with the NCS including collection of overdue taxes, the effectiveness of the procedures and the improvement of efficiency of Tax Administration. Moreover, the resident expert in the field of collection steered and provided advice on the implementation of the Model Collection Centre, which aims at consolidating the collection function in centralised offices with the purpose of increasing efficiency in collection. Collection is currently performed by several dispersed local tax offices.
28. The following achievements can be named:
- Improvement of the processes pertaining to the write-off of uncollectible debt;
  - Development of an action-plan on curbing the regular increase in public tax debt;
  - Introduction of a case prioritisation system based on risk criteria;
  - Promotion of rationalisation of enforcement measures by adopting a targeted methodology based on debtors' profiles;
  - Development of a plan for automating case management for insolvency purposes;
  - Systematic advice for the implementation of e-garnishments;
  - Harmonisation of the risk criteria for audits and collection;
  - Development of Key Performance Indicators (KPIs) for debt collection;
  - Input on policy guidelines promoting voluntary compliance with the view to reduce an increase of new debts;
  - Targeted advice for the improvement of the standard instalment scheme for tax debts;

- Training in lean methods to selected IAPR staff on the basis of a pre-defined debt collection process.

### 2.3.5 Output 5: Support to an improved and more effective customs and excise administration function

#### Customs

29. The technical assistance to the customs and excise administration function involved significant technical support advice on the introduction of a sustainable Strategic Plan for Customs to enhance effectiveness, which would be in line with the IAPR Blueprint. In 2019 a new Director General was appointed. The General reviews the projects before validating and endorsing them and in some cases even changed them to be in line with his own vision of customs action (December 2018). During the first quarter of 2019, the technical assistance had to explain the meaning of the initial proposals and increase the number of opinions and observations on the reformulation of certain aspects of the strategic plan. At the same time, it has maintained a constant argumentation line on its concept of the future vision of customs administration, which underlies its action and inspires its proposals. In particular, advice was provided in five crucial areas for customs modernisation:

- i) Customs' administration strategic plan

The implementation of the strategic plan had been delayed due to lengthy exchanges between the Customs General Directorate and the General Directorates of the IAPR, including the Organisation and Strategic Planning Directorates responsible for preparing the Board's work. Moreover, due to the overly detailed character of the initial draft Strategic Plan, technical support was provided for clarifying the main lines of the reform to the satisfaction of the authorities.

- ii) AEOs

A new administrative culture was promoted, with the view to support economic activity with the deployment of the AEO, emblematic of a customs service closer to international trade operators. The working group led by the technical assistance adopted an innovative working method marked by the launch of a questionnaire addressed to some 130 operators already qualified as AEO. The survey showed that most of them were customs clearance professionals and logistics companies. Their motivation was related to the international recognition of the AEO status required by most of their foreign partners. On the other hand, it appeared that the advantages of the AEO did not benefit operators themselves, particularly small and medium-sized enterprises, and that bespoke customs assistance was the best solution to enable them to benefit from appropriate procedures, thus reduce the cost of formalities.

- iii) Simplification and modernisation of processes

A concern for the simplification and modernisation of processes is expressed by the proposal to create an Innovation structure in the office of the Director General for Customs. The purpose of this structure is in particular to help overcome the resistance inherent in any change process, which is particularly strong within the Greek customs. This internal resistance is explained partly by the fear of not being able to control change and partly by the risks inherent in the taking on of responsibilities. They are also due to the lack of a real consideration of us-

ers' needs and suggestions by the services, which often go unanswered. Central management usually confines itself to issue regulatory standards and control instructions that are sometimes not applicable because they do not take proper account of the constraints of international trade.

The new innovation structure is intended to drive modernisation by identifying the needs of users and services, monitoring reflection work with the possible introduction of impact studies and finally supporting the measures adopted. The number of sectors that have been the subject of technical assistance studies and proposals without truly tangible results militates in favour of the creation of such a structure. This applies, for example, to the taxation of vehicles put into the market, ship supplies, obsolete procedural controls or export controls on fruit and vegetables. Little progress has been achieved in this area.

#### iv) Efficiency and optimisation of customs resources

In search for efficiency and optimisation of customs resources, an operational department was created, bringing together ELYT - the service in charge of audits in businesses- and the mobile units. This was created based on advice by technical support, but the department's role and positioning in the fight against major fraud and organised crime do not meet the objectives set.

ELYT is an efficient but isolated structure that lacks the human resources necessary to carry out an - in principle increasing - number of controls in companies. For their part, the mobile units sometimes operate in a dispersed way and are occupied by the tasks prescribed by the offices to which they are attached, on the one hand, and by the administration, on the other. This remoteness from their original missions should be rectified by their connection to the new ELYT structure that has just been created and whose ramp-up will take place from the end of the year to reach its cruising speed in 2020. Technical support was provided for the finalisation and delineation of the missions and competences of the new structure.

In addition, the methodology of documentary controls is based on a logic that needs to be modernised. At present, the services are involved in carrying out prescribed controls in an autonomous and compartmentalised manner without any real coordination, except for the orientations resulting from risk analysis. The objective is to specialise the services and train them in the types of control that they are responsible for, acting in a complementary way through national-level management. Technical support was provided with reference to best practices from other Member States to define the different types of customs controls by the customs officials.

#### v) Implementation of management indicators

The implementation of an efficient management method of the customs network based on indicators was firmly promoted by technical support. The prototype dashboard of management indicators presented to the Governor in July 2019 was a first step in this respect, which requires further work. The conclusions drawn of the Governor, the Director General for Customs as well as the Customs Directors focused on the following: Data must be made more reliable, new indicators must be created to refine the analysis of results, such as the effectiveness of scheduled controls, and finally the use of indicators as a network management support must be built.

This method of steering the network should lead to a more collective operating mode with the definition of shared objectives reflecting the priority objectives of customs and involving the regions and senior managers more closely in a logic of accountability. In this respect, it is in line with the renovation process undertaken within the IAPR in terms of human resources management.

Indicator-based management can quickly become the most powerful pillar for change. It allows all aspects of the operation to be addressed through a dynamic approach to the results obtained on priorities. It is intended to raise questions about their analysis and the means to be used to improve them.

Based on technical support and input by the IT Directorate of the IAPR, a dashboard of customs activity was created through indicators representing the 3 missions of customs administration: active of the 3 key sectors of its intervention:

- taxation and structure of collections by type of tax;
- litigation results obtained and effectiveness of the targeting of controls;
- facilitation and impact on customs clearance relief: Delay, control rate.

#### Fight against smuggling

In the area of fight against smuggling, the support provided built on the work already initiated under the previous grant agreement. Assistance focused on the following priorities:

i. Mobile units

At the request of the Governor the Mobile Units (KOE) are to be re-organised to improve their effectiveness by clearly defining the operational role of the Units. During the reporting period a number of proposed structures have been put forward. On each occasion TA has been consulted and assisted DG Customs by providing a written, detailed analysis of each proposal highlighting the pros and cons of the suggested structures. Finally, it's been determined that the KOEs should merge with ELYT (Governor's Decision: 1091257 EE 2019); which was the preferred option advocated by technical support. The new Directorate will be called EYTE and will become operational on 15th October 2019.

The DG Customs has requested TA assistance to train the KOEs, as well as helping to develop best practices and devise Standard Operating Procedures, ensuring tasks are carried out consistently, lawfully and safely. As a first step in this process technical support prepared a discussion document detailing the issues associated with the Mobile Units and how these might be addressed. Upon this basis a working group was set up which put forward specific recommendations to the DG Customs.

ii. Coordination centre for fight of smuggling for excisable goods (SEK)

SEK has performed well in its initial operational period, achieving good results, and has benefited from the continuing advice and support of technical support.

Technical support has helped this ongoing development by organising relevant training seminars as well as introductions to useful contacts who share an interest in the illicit trade (Liaison Officers and Anti-Illicit Trade Staff). TA has also been instrumental in preparation of



amended SEK legislation that will re-define the secondment conditions of the Board Members and staff, amongst other positive adjustments. The new legislation is awaiting Parliamentary consideration. The longer secondment periods will facilitate greater stability that in turn should enhance operational effectiveness. Because of the change in Government the new law has been delayed causing issues within SEK. Technical support has closely monitored the situation and ensured that the relevant Post-Programme commitment of Greece has been duly met.

iii. Fuel smuggling

A detailed paper on fuel smuggling, *The Illicit Trade in Oil Products in Greece*, has been researched and written by technical support and presented to DG Customs. The objectives of the paper were to clarify, precisely, what the issues are, what smuggling techniques are prevalent, what the problem areas are in the market, industry and supply chain and finally what can be done to address these. A total of 14 recommendations have been formulated and are being considered by the DG Customs (e.g. Intelligence driven operations, enhancement of working relationship with international organisations such as Europol, Eurojust, OLAF, review of penalty regime and judicial process, optimization of the use of X-Ray scanning equipment. Moreover, the procurement of a fuel marker system is a vital element in the fight against fuel smuggling, but the procurement process has been difficult and suffered numerous delays. By constantly monitoring, assisting the IAPR staff and reporting regularly to the Institutions, technical support has been able to drive the process forward. As a result, a Joint Ministerial Decision was finalised and published in the Official Gazette, Reference No 30/004/000/539/4-3-2019. Later, on 24th May 2019 the Invitation to Tender was uploaded on to the websites of the IAPR and the State Laboratory.

iv. Handling of intelligence

The Intelligence Working Group (IWG) was set up to critically review how Customs handles intelligence with the purpose of improving and modernising the processes and procedures. Technical support worked closely with the Intelligence Working Group (IWG), initially by arranging meetings with the Police Intelligence Unit and other similar law enforcement organisations, Coast Guard, Financial Intelligence Unit and HMRC. The IWG thoroughly reviewed current practices and implemented some innovative initiatives, mainly based on the Police and HMRC models. It's formulated a much more concise type of intelligence reporting system that contains easily understood handling codes for precise dissemination. A Manual of Intelligence Management was prepared, this was reviewed by technical support and extensive feedback provided to improve the manual and make it more user friendly.

In the course of their work and through consultation with technical support a number of legislative gaps have been identified, regarding Information Legal Gateways, Human Sources of Intelligence and Directed Surveillance. The technical support advisor has provided detailed guidance, assistance and training to highlight what action could be undertaken, what process might be introduced to remedy these issues as well as the benefits of change/implementation. Similarly, technical support has worked with D33 (Directorate for risk analysis and strategic planning of customs controls) to have the extant legislation and the domestic Customs Code amended to allow for controlled deliveries of excisable goods; another legislative gap. A submission is currently with the Governor for onward transmission to the Ministry of Justice.

The IWG's final report is now in a draft form. Technical support has given extensive written feedback, suggesting that the report should be presented in a structured, concise manner to ensure its impact can be fully understood and its content assimilated quickly. All the advice offered has been readily accepted.

Although much remains to be done, extensive progress has been made towards turning Customs Intelligence into a modern organisation with effective, contemporary working practices. In the fullness of time and with technical support it's hope the processes developed by Customs can be adopted across the IAPR.

v. Tobacco smuggling

A thorough paper has been researched and prepared exploring the changing issues surrounding tobacco smuggling, The Illicit Trade in Tobacco Products. The material has been used to open a dialogue with the DG Customs, including recommendations on design to tackle this ever changing and very costly problem.

### 2.3.6 Output 6: Short-term expert visits

30. Progress and results from Output 6 is covered by the description of the other outputs.
31. The technical assistance on property taxation involved significant technical advice on setting up a Property Valuation Unit with appropriate resources and skills. Technical support has provided guidance throughout the revaluation of more than 10,000 value zones in 2018, as well as technical advice on projects regarding the digitization of value zones and data inventory. Technical advice has been provided for improving valuation methodology and procedures as well as recommendations on statistical processing and modelling techniques. In this context, specific aspects of the current system were identified where valuation techniques could be improved, such as i) valuation of commercial properties and ii) reference property and adjustment coefficients currently used for the valuation of residential properties. Recommendations have been provided as well as possible avenues for further analysis. The provided assistance also included supporting the authorities for the preparation of the next revision of value zones and subsequent transition to a new property valuation system. For the latter, technical support was provided with reference to best practices from other Member States in view of defining potential amendments to legislation as well as data and technological requirements.

### 2.3.7 Output 7: Expert services to support the development and implementation of key tools and processes linked to the improvement of the IAPR operations and functions

Support in the area of IT focused on the monitoring of implementation of the aforementioned IT projects delivered to the IAPR. In particular, the quality assurance experts provided advice for the finalisation of RfAs for the contractor, evaluation of the offers received in terms of effort required, finalisation of the RfAs sent to the contractor for the delivery of the IT projects, monitoring of the execution of the IT projects while reporting to the SRSS on the progress achieved, effectively mitigating the risks associated with the execution of the IT projects and identification of solutions where appropriate, provision of comments on the quality of the deliverables on IT projects and consolidation of comments from the authorities where

appropriate, approval of deliverables of the IT projects satisfying appropriate quality standards.

### 3 Implementation issues and risks, and measures to mitigate them

#### Political commitment and capacity to absorb the technical support

1. During the reporting period (March 2018 – September 2019), Greece exited the 3<sup>rd</sup> Adjustment Programme (July 2018) and entered into an enhanced surveillance post-programme regime (August 2018), including the commitment to continue reforms aiming at increasing capacity of revenue administration to tackle tax evasion, increasing revenue collected and fight smuggling. During the 3<sup>rd</sup> Adjustment Programme the Greek revenue administration experienced an incredible transformation of fundamental pieces of legislation and organisational structures. It is unlikely that any national tax administration would have been able to absorb such changes without experiencing any difficulties. Greece is no exception. It is expected that the transition to a stable and mature operational phase will continue to present challenges. Technical Support has focused on promoting change and it will continue to play an important role in driving the process forward.

External Risk Analysis and Mitigation Efforts	
Risk	<p>Did this risk exist (or any other risk)?</p> <p>Mitigation approach taken (illustration &amp; comment)</p>
<b><i>Lack of political support.</i></b>	<p><i>Encourage clear communication of the action's benefits and risks involved including impact on revenue collection. Involvement of the economic support program(s).</i></p> <p>Lack of political support was initially considered to be a limiting factor for the Supply Chain Legislation and the enhancement of the Coordination Centre, but by working with the Institutions this risk was mitigated.</p> <p>Lack of political support to progress with the HR reforms in the IAPR has reduced the incentives of the IAPR to remain committed to the reforms at speed. Despite the slow pace, the customs strategic plan was finalised and adopted in 2019 based on strong engagement by technical support.</p>
<p><b><i>Lack of management support and commitment.</i></b></p> <p><i>Resistance from senior managers and managers, as well as difficulty to mobilise management levels within the IAPR given other priorities</i></p>	<p><i>The beneficiary will facilitate transparency and obtain strong support from the upper level (link to political support) while maintaining an open dialog on the action development and implementation.</i></p> <p>Radical change can produce uncertainty, and in the field of audit many senior staffs have been forced to set aside many years' of working practices and instead implement new legislation and new procedures. Some people have responded to these challenges by demonstrating resistance and recidivist instincts to revert to the old laws.</p>

	<p>This is a risk area that can be mitigated through continual education and training. The failures of the previous tax regime are well documented; TA worked to educate senior management in the potential benefits of reform.</p> <p>A number of new laws and working methods have been established in the field of audits. The implementation changes the existing audit culture within the IAPR. As a result of these major changes, many experienced managers and auditors feel insecure and oppose the reforms and want to return to old laws and working methods.</p> <p>This risk was mitigated through close cooperation of the resident advisor with managers of the IAPR who invited TS to provide concrete examples in the area of basic auditing techniques (July-September 2019). The resident advisor presented examples of auditing experience in Denmark and described realistic challenges of non-Greek auditors, which are similar to the challenges that IAPR staff faces.</p> <p>TS has always enjoyed a good working relationship with customs middle-level managers, which allowed uninterrupted cooperation when the former DG Customs was replaced by the Director of the Customs office of Piraeus. Upon the basis of sincere cooperation built in the previous years with the Director and current DG Customs, engagement of the authorities with TS remained intact, though slower pace of implementation was observed due to the change. This relationship has been a key factor in ensuring buy-in from his senior leadership team.</p> <p>Finally, the working relationship of trust developed between Technical support and the IAPR senior management has allowed the smooth implementation of the projects despite impediments posed by trade unionists who had initially misinterpreted the scope of the assistance provided in the field of transfer pricing and indirect audit methods. Based on interventions by the Governor, the DG Tax Administration, the communication department of the IAPR, the trainings were successfully delivered at the end.</p>
<p><b><i>Lack of capacity to obtain results.</i></b></p> <p><i>The IAPR absorption capacity is a risk due to the extensive reform agenda &amp; strategic plan implementation and other priorities</i></p>	<p><i>The Beneficiary team will encourage greater flexibility and more inclusive ownership of reform within the IAPR by extending participation in project actions to operational managers.</i></p> <p>The IAPR will not become a highly functioning administration overnight and it is possible all reforms will be not fully implemented in the short term. If a saturation point is reached, then TA must help identify the key reform areas and ensure they are implemented in order of priority. The overall framework for change is in place; the timeline for implementation may require a degree of pragmatism and an acknowledgement of the scale of change in recent years.</p> <p>The DIPAE and YEDDE could not implement an effective risk-based investigation program under the former arrangements</p>

	<p>with prosecutors when thousands of audit orders were sent to them. To mitigate this risk TA initiated a MoU requirement for the Greek government to create a new investigative body, the new structure, which would have sole responsibility for dealing with Prosecutor's referrals. This body has now been established in law</p> <p>Lack of capacity is an ever-present risk. However, well-designed technical support can mobilise managers and staff as in the case of Indirect audit methods, transfer pricing and project management training where additional number of officials were requested by the authorities to be trained. The good use of trained staff by the IAPR in the future and their deployment in crucial positions must be duly considered by the Greek authorities.</p> <p>Whilst there is a willingness to engage and develop, frequently there are simply no suitable officers with the required skills and spare capacity to assist or be deployed.</p> <p>Had the coordination centre (SEK) not been committed MOU would not be fully operational. Although plans exist to recruit staff, this problem will persist in the medium and possibly long term.</p>
<p><b><i>Delays in mobilising the EU MSS' Revenue Administration specialised capacity.</i></b></p> <p>Difficulty to mobilise relevant sectorial expertise for the Revenue Administration TS effort, given high workload and reduced resources in EU MSS' tax and customs administrations as well as short period notices</p>	<p><i>The Beneficiary team will anticipate and plan needs while developing a strong expert network in close cooperation with the SRSS and the EU MSS' tax and customs administrations. Developing framework agreements with EU MSS' Revenue Administrations. Possibilities to target other sources of expertise (e.g. international consulting companies) - Adapt organisation and agenda of workshops, trainings and seminars.</i></p> <p>The risk was mitigated through cooperation with the SRSS and the mobilisation of the channels of communication of the European Commission, other international organisations and liaison officials in national tax administrations who facilitated the timely awareness of potential candidates and the successful recruitment of three new experts in May 2019.</p>
<p><b><i>Delays in mobilising the IAPR internal specialised capacity</i></b></p>	<p><i>ENABEL is committed to promote a realistic level of ambition and an adequate prioritisation of projects and actions.</i></p> <p>Despite the significant reform agenda, the IAPR senior management identified appropriate and specialised staff of the IAPR who cooperated closely with the technical support providers in the field of collection, audits, project management and IT.</p>

#### Operational support

- Operational support was readily available throughout the lifetime of the contract. The directors of the main audit centres encouraged their staff to assist TS and there was a strong willingness to provide TS with all necessary support. This was true at all levels of the administration, including the Governor's office and his advisers.

If there were shortcomings, they were the operational shortcomings experienced by the IAPR staff in general. For instance, the revenue authority has an under-resourced IT capacity (a problem being addressed by a TS project) and TS often experienced problems securing fast responses to data requests. This was due to an under-resourced IT capacity mainly, but also to the usual difficulties of different departments mobilisation (e.g.: e-gov/MIS, external communication department) and the channelling of information only after IAPR cabinet approval.

On audit issues, technical assistance was provided through the cooperation with the Heads of LTAC, HWIAC and the Audit Directorate. Depending on the subjects, discussions were held and decisions taken during regular meetings within the HWIAC (with the Director or sub-directors and sometimes directly with the employees and/or under the direct instructions of the dedicated advisors to the audit Directorate (participation in several working groups). The most important issues were directly discussed between the Directors of audit and the TS resident advisors.

On debt collection issues, operational support was available during the major part of contract lifetime. The support of Debt Collection and Large Debtors Unit (LDU) Directorates were always in place.

3. As regards investigation, The TS was dependent on the operational capacity of DIPAE and YEDDE, and the leadership of DIPAE and YEDDE region Attica together with analysts and supervisors have been key counterparts in the work.
4. As regards interventions in customs reforms and the fight against smuggling, cooperation with the former and the current DG Customs (December 2018) as well as the project group coordinators has always been constructive.
5. The individual projects on transfer pricing, indirect audit methods, project management and leadership skills were satisfactorily coordinated and facilitated by the Governor's office throughout the design and implementation phases.
6. The projects on transversal functions such the ICT projects portfolio benefited from strong ownership within the organisations of the beneficiaries ranging from the top managerial level to lower managerial levels of staff and project coordinators in the IAPR, the GSIS, the GAO and the GSEP.

### 3.1 Project Assessment

#### Project Objective

Objective	Verifiable Indicators	Comments on Achievements
Contribute to the improvement and strengthening of the IAPR core functions	Collection, control and compliance of taxes ensured Quality of taxpayer service and taxpayer compliance costs improved Adoption of the relevant implementation regulation Standardised key functions and processes and improved	Strong progress has been made across a range of areas. Risk assessment is more targeted and levels of cooperation between various directorates are much improved thanks to TS intervention.  The Greek authorities implemented in 2019 a new prioritisation and case selection system based on which debt enforcement measures would be adopted focusing on different analytical tools with

Objective	Verifiable Indicators	Comments on Achievements
	transparency in place.	the aim to accurately targeting the assets to be seized, reduce costs and avoid measures for non-collectible debts. Based on the Tax Administration Monitor (TAM), the collection of new debts in the current year (percent of new debt in the year) increased from 15.2 % in Q1 of 2019 to 22.7 % at the end of Q2 of 2019.

### 3.2 Project Outcomes

7. This project has one main outcome: The improvement of the functioning and modernisation of the Greek Tax and Customs Administration (IAPR). In cooperation with the SRSS, ENABEL shall provide capacity-building assistance as regards the improvement of the core functions and processes of the IAPR. Building capacity in specific areas of the Tax Administration such as audit techniques, risk assessment, taxpayer services, debt collection is a priority in the Greek authorities' agenda. The project aims at enhancing capacity in these areas by providing targeted and hands-on advice and expertise with some targeted support delivered on key processes or tools, which are instrumental for the good functioning of a modern tax administration.

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
<u>Output 1:</u> Coordination of the support vis-à-vis the Greek authorities and other TS providers and contribution to the definition of technical needs	Regular coordination meetings with the Greek Authorities and IAPR providers	March 2018 – September 2019	<p>Meetings were held with each expert on a regular basis. Constant support was provided to other experts and an emphasis placed on developing a joined-up approach regarding provision of TS to the IAPR.</p> <p>Written summaries on progress in their particular field were provided to the SRSS management.</p> <p>Meetings were held with the Governor's office on a regular basis to provide feedback on TS work and act as a conduit for any issues which may require wider discussion.</p> <p>Written summaries on progress in their particular field were provided to the SRSS management.</p> <p>The implementation of the Blueprint of the IAPR has been regularly monitored and advice has been provided for the sequencing of the relevant actions.</p> <p>Briefing including best practices concerning organisational set-up of a three-level service provision to taxpayers was delivered to the</p>

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
			IAPR with input from all resident advisors - and in particular for the creation of a new Directorate for Taxpayer Services.
Output 2: Tax audit and investigation function	<p>1) Appropriate organisation and key implementation regulations are in place</p> <p>2) Proposals on management and government structure, staffing, processing and training are delivered</p> <p>3) Case selection procedures and case management systems designed in line with international good practices for HWIAC and LTAC</p> <p>4) Tax audit and investigation</p>	March 2018 – September 2019	<p>Comments were provided to a draft proposal for the Audit Directorate Reorganisation, which has however not been adopted by the authorities.</p> <p>Weekly meetings were held with each Director with whom TS has developed a strong relationship based on cooperation and trust. A tangible outcome of the TS is increased levels of cooperation between two directorates with over-lapping competences who historically have operated separately.</p> <p>Building on prior support, TS has helped develop a greatly enhanced risk assessment capacity within these directorates, building awareness of financial ratios analysis and indirect audit techniques. Much work has also been done in encouraging identification of non-filers (simple informal economy and also more involved issues such as Permanent Establishments).</p> <p>Several workshops in basic audit techniques have been held in the period of July 2019 – October 2019.</p> <p>A project on Indirect Audit Methods and legal issues of implementation in Greece took place in the period July 2019 – September 2019 with increased buy-in from the staff and managers of the IAPR central audit and legal services. The input and training materials will be used by the IAPR for the issuance of relevant circulars pertaining to the application of Indirect Audit Methods on legal persons.</p> <p>A project on international developments in transfer pricing techniques was delivered in the period July 2019 – September 2019 with</p>



Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
	<p>techniques developed</p> <p>5) Training courses and material developed</p> <p>6) Developed training packages to emphasise the importance of proper governance</p>		<p>increasing staff participation in both basic and advanced learners training courses.</p> <p>Based on the TAM, the percentage of fresh tax audit cases in total completed audits increased from 54.7 % in Q1/2019 to 64.7 % at the end of Q2/2019.</p> <p>The percentage of total tax paid on time for VAT, Income and Property taxes increased from 81.7 % in Q1/2019 to 83 % at the end of Q2/2019, exceeding the Key Performance Indicator set at 81.5%.</p> <p>Several dedicated short-term experts missions took place in the period of May – September 2019 focusing on building capacity of the Investigation Directorate and the Risk Analysis for Investigation purposes. A dedicate workshop concerning the application of EU case law in case of missing traders was well received by the IAPR staff, and further support was requested in the field of investigations based on intelligence stemming from social media.</p>
<u>Output 3:</u> Targeted long term support to the establishment of a specific IAPR training capacity	<p>Proposals for structure, staffing, curriculums and material delivered.</p> <p>Course tutors have been provided with relevant training and support.</p> <p>Curriculum, delivery schedule, training plan and methodologies in place with objectives and design of acquired skills.</p> <p>Basic and key</p>	March 2018 – September 2019	<p>Building on TS provided since 2016, the Training Academy of the IAPR is operational and housing issues have been resolved.</p> <p>However, cooperation with the Director of the Training Academy for developing and implementing a comprehensive training plan including induction and permanent training has proven unfruitful.</p> <p>Against this background, TS has delivered a concept note to the IAPR Governor including a three-fold training plan covering three ambitions:</p> <ul style="list-style-type: none"> <li>- motivated and competent staff;</li> <li>- skills corresponding to professional needs;</li> <li>- an operational and dedicated supplier providing most of the training offer.</li> </ul> <p>Advice was provided in October 2019 to the newly appointed DG for Human Resources for enhancing IAPR's training capacity focusing on the following:</p> <ul style="list-style-type: none"> <li>- elaboration of an IAPR Strategic Training Plan;</li> <li>- design of incentives for the permanent and</li> </ul>

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
	training modules are developed.		non-permanent trainers; - plan to develop syllabus pilot business Working Groups; - international cooperation of the Greek academy.
Output 4: tax debt collection function	<p>1) Amount of money owed which is identified and collected.</p> <p>2) A debt collection strategy is developed.</p> <p>3) Circulars and methodologies developed for the development of robust debt management system which prioritises collectible debt and enables the write offs of uncollectible debts.</p> <p>4) Key performance indicators for debt collection identified and monitored.</p>	March 2018 – September 2019	<p>Based on the TAM, the collection of tax debts as of the end of the previous year (Dec 2018) (in millions of €) increased from 923.88 in Q1/2019 to 1,629.03 at the end of Q2/2019.</p> <p>A national collection strategy for 2018 – 2021 with a four years vision is now in place and is being implemented accordingly with the projected timeframe.</p> <p>For the first time it is provided in a document, the internal vision of the entire business, the desired goals and the program to mitigate risks, promote compliance and tackle evasion in the end of the fiscal process. The recovery units are now working oriented by the strategy and are pursuing quantified indicators.</p> <p>The results achieved in the recovery of old arrears, and the 2018 results until May, demonstrated the success of the plan defined by the Collection Directorate, TS, and the EU Institutions.</p> <p>KPIs have been developed and are monitored in the Tax Administration Monitoring (TAM). They have exceeded targets.</p>

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
	<p>5) Appropriate responses developed to address efficiency gaps.</p> <p>6) Screening and risk assessment of current legislation, regulations, completed and key recommendations delivered for improvement.</p> <p>7) Targeted tools and solutions are developed to enable business to enter into debt restructuring arrangements with the IAPR and other creditors.</p>		<p>The operationalisation of the model collection centre which will consolidate collection functions and will operate on the basis of lean methods and tools is expected to address efficiency gaps once implemented (January 2020) and based on relevant TS provided.</p> <p>The Greek authorities implemented in 2019 a new prioritisation and case selection system based on which debt enforcement measures would be adopted focusing on different analytical tools with the aim to accurately targeting the assets to be seized, reduce costs and avoid measures for non-collectible debts.</p> <p>Based on the TAM, the collection of new debts in the current year (percent of new debt in the year) increased from 15.2 % in Q1/2019 to 22.7 % at the end of Q2/2019.</p> <p>A new scheme for revising the standard instalment scheme for debt collection is currently being designed by the authorities with advice from TS.</p>
Output 5: Customs and fight against fraud in the excise area	1) Enhanced operational processes developed and implemented (incl. for equipment)		<p>The coordination centre responsible for the fight against excisable goods is applying new operational processes for joint actions.</p> <p>SEK is a multi-agency co-ordination centre and with the assistance of TA has quickly become an effective tool in combatting the smuggling of excisable goods by harnessing the combined abilities of several law enforcement agencies. It has, after only a few operational months, achieved the largest seizures of illicit cigarettes in Europe this year.</p> <p>The procurement of a fuel marker system is a</p>

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
	<p>2) Investigation and control techniques are developed.</p>		<p>vital element in the fight against fuel smuggling, but the procurement process has been difficult and suffered numerous delays.</p> <p>By constantly monitoring, assisting the IAPR staff and reporting regularly to the Institutions, TA has been able to drive the process forward.</p> <p>As a result, a Joint Ministerial Decision was finalised and published in the Official Gazette, Reference No 30/004000/539/4-3-2019. Later, on 24th May 2019 the Invitation to Tender was uploaded on to the websites of the IAPR and the State Laboratory.</p> <p>At the request of the Governor the Mobile Units (KOE) are to be re-organised to improve their effectiveness by clearly defining the operational role of the Units.</p> <p>During the period a number of proposed structures have been put forward. On each occasion TS has been consulted and assisted DG Customs by providing a written, detailed analysis of each proposal highlighting the pros and cons of the suggested structures.</p> <p>Finally, it's been determined that the KOE's should merge with ELYT (Governor's Decision: 1091257 EΞ 2019); which was the preferred option advocated in the TA advice. The new Directorate will be called EYTE and will become operational on 15th October 2019.</p> <p>The DG Customs has requested TS assistance to train the KOE's, as well as helping to develop best practices and devise Standard Operating Procedures, ensuring tasks are carried out consistently, lawfully and safely. As a first step in this process TA has prepared a discussion document detailing the issues associated with the Mobile Units and how these might be addressed. The principle suggestion is that a working group should be</p>

Outcome Description	Verifiable Indicators	Completion Date	Comments on Achievements
	3) Trade facilitation techniques and procedures are developed.		<p>formed with active TA participation.</p> <p>According to the authorities, the number of AEO authorisations increased with 50 % between 2016 and mid-2019 (from 104 to 157) based on simplification of rules for granting the relevant advantage aiming to trade facilitation of operators. (See Annex 3 – July 2019 Customs mission report of Mr Boudet)</p> <p>According to the authorities, a modernisation of processes and adaptation of working methods resulted in a time decrease for import customs clearance from 31:00 to 13:00 between 2016 and 2018. (See Annex 3 – July 2019 Customs mission report of Mr Boudet)</p>
<u>Output 6:</u> Targeted hands on support on customs and excise administration and tax property reforms (experts' visits)	Advisory session or training mission organised, planned and delivered.		<p>12 short-term expert missions were performed by the customs expert, Mr Boudet, during the reporting period.</p> <p>8 short-term expert missions were performed by the property valuation expert, Prof. McCluskey, during the reporting period.</p> <p>3 short-term expert missions were performed by the investigations expert, Mr Olsson, in the period May 2019 – September 2019.</p>
<u>Output 7:</u> Targeted services to support key tools and process development and enhance the RA core functions	Service deliverable agreed and completed.		<p>17 Requests for Estimate and Requests for Action were prepared and sent by the Quality assurance experts in the field of IT services, while the implementation of the ICT Projects portfolio was successfully monitored, including mitigation of relevant risks.</p> <p>Agreed service procurement procedures in training within the areas of transfer pricing, Indirect Audit Methods, and project management and leadership skills were successfully completed in the period July – September 2019. Relevant reports and training materials were submitted.</p>

## 4 Financial overview

### 4.1 Budget utilisation

A-Total budget of the Action	2.099.757,00 EUR
B-First pre-financing	1.889.781,00 EUR
C- Further pre-financing instalment	0,00 EUR
D-Total direct eligible costs (maximum 326.810,00 EUR)	1.962.071,23 EUR
E-Total indirect eligible costs (7% of D)	137.344,99 EUR
F-Final Amount for the EU Contribution to be paid to Enabel = (D+E) - (B+C)	209.635,22 EUR

For more detailed information, see the financial report attached to this narrative report.

### 4.2 Contact information of counterpart authorities

Revenue Administration

Name: Governor Mr. George Pitsilis

Agency: Independent Authority for Public Revenue

E-mail: [gj.pitsilis@aade.gr](mailto:gj.pitsilis@aade.gr)

## 5 List of Annexes

Annex 1: Historical background of technical assistance provided to the Greek Customs Administration

Annex 2: Details on some specific achievements

Annex 3: Customs mission report July 2019