

**Report to the federal Parliament:
Implementation of the Court's recommendations with regard to tax fraud**

8 June 2011 – The parliamentary commission of inquiry responsible for the examination of the major tax fraud files requested the Court to monitor on a regular basis the implementation of the recommendations it had made with regard to tax fraud.

In order to be able to carry out its assessment the Court based itself on the following considerations.

In order for the Federal Public Service Finance (FPS Finance) to go about its activities in an efficient way at least three prerequisites need to be fulfilled :

1. the FPS' structure needs to be operational.
2. this structure needs to have the right staff in the right place.
3. The computer support needed should be provided to the staff.
Additionally, in order to ensure an optimal functioning of its audit activities (and thus counter tax fraud) a fourth prerequisite needs to be met :
4. The selection of high risk fraud files which are to be subjected to an in-depth control needs to be based on a relevant risk analysis.

The Court examined to what extent these prerequisites related to its recommendations have been met.

The Coperfinplan provided for a new structure for the FPS Finance. According to this new structure the Tax Administration would not be subdivided by type of tax but by target group and would be made up of three separate 'pillars': 'Private Individuals', 'Small and Medium-sized Companies' (SMC) and 'Large Companies'. Although an administrator had already been appointed on 1st May 2003 to head each pillar, the effective restructuring is lagging behind. Only the Control centre 'Large companies' in Brussels has been set up. Additionally there are 5 regional control centres 'Large Companies', 27 centres SMC and 18 centres 'Private Individuals'. The Finance Minister as well as the State Secretary for the FPS Finance's Modernisation, for Environmental Taxation and for the Fight against Tax Fraud pointed out that the implementation of the new structures requires a decision taken by a government with full powers and has thus been delayed due to the present political context.

As far as staff assignment is concerned, the Court had already stressed in several audits that staff needs as well as staff availability and adequacy had to be monitored in a transparent way. It, however, found that such systems are still underdeveloped.

Computerization at the FPS Finance has moved considerably forward these last few years. Adequate computer tools that will help the FPS perform its core tasks are in a developing stage. A case in point is the design of a single file in preparation, which would be a single unified electronic tax file for each taxpayer centralizing all information from the various databases involved. The registration, the processing and the administration of tax returns has also been computerized. Finally, the electronic file administration is in full development too. It will be used as an e-support throughout the whole tax inspection process.

To ensure the control measures produce a maximum output the Court has several times stressed the need to select files on the basis of a risk analysis. In this respect it has recognized the significance of the systems that have already been developed and which ensure the incorporation of a risk analysis within the administration.

The Court concluded that notwithstanding the difficulties the administration is still confronted with because a final restructuring of the FPS Finance is not yet complete, over the last few years it has committed itself in the implementation of projects related to advanced computerization as well as the setting up of a robust risk management.

These projects contribute to an efficient and operational functioning of the tax administration and thus also to the fight against tax fraud.