European Commission – Taxation and Customs Union

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EMCS NEWS

How to stay informed about EMCS?

The most up-to-date information regarding the project's progress can be found on the EMCS part of the website of the European Commission's Directorate-General Taxation and Customs Union at http://ec.europa.eu/emcs. You may subscribe to this newsletter, download background documents and run the Business Prototype, which illustrates the most important functionalities of EMCS. A series of links refer to the EMCS dedicated websites of Member State Administrations.

SEED-on-EUROPA

Since 16 October 2006, SEED-on-EUROPA has allowed economic operators to check on-line the validity of an excise authorisation number and the product categories for which it is valid. This on-line service can be reached at http://ec.europa.eu/taxation_customs/dds/en/seedcau.htm which displays the following screen:
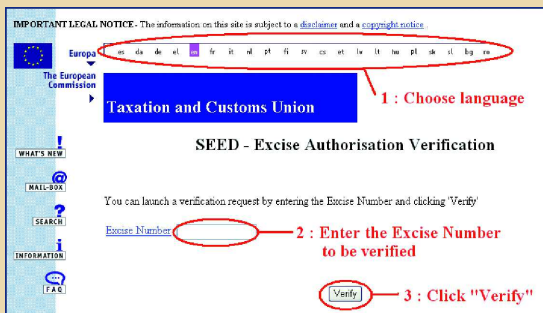
In case of a valid excise number, the operator's licensed categories of goods are displayed. Otherwise, an error message is shown.

Editorial – Phasing in EMCS

The progressive deployment of EMCS is the subject of the Phasing and Scope Specification (PSS), which was approved by the Excise Committee in January 2007. Two implementation stages are envisaged.

The first implementation stage is currently scheduled to start in April 2009. It covers most of the EMCS functions relating to the electronic validation and discharge of e-AADs, and can be described as follows:

- Paper-based AADs and e-AADs will co-exist.
- All movements started under EMCS will be discharged through EMCS.
- From the beginning of this stage, the early adopters among Member States ("Initial Member States") and economic operators ("Initial Economic Operators") will use EMCS.
- As soon as Member States start using EMCS, their economic operators may gradually start movements electronically and send e-AADs.
- An effort will be made to include export situations in this first stage, which requires a link between EMCS and the Export Control System (ECS).
- At the end of the first stage (approximately after nine months), all movements will be carried out using EMCS, which also marks the end of the paper-based system.

At present **the second implementation stage** is set to start towards the end of 2010, with progressive deployment until EMCS is fully operational in 2011. This stage mainly adds functionalities for cooperation between Member States excise authorities, plus a number of outstanding functions for economic operators – e.g. the possibility of issuing a warning on or rejecting an e-AAD.
You can read more about the phasing of EMCS in the PSS Information Paper, which can be found in the EMCS section of the European Commission's website at http://ec.europa.eu/emcs

In this newsletter you can find out why the Danish EMCS project team has decided to make Denmark a pioneer of EMCS, a so-called Initial Member State. What are the advantages and challenges of being an early adopter implementing the EMCS functionality?

Implementing EMCS – The Danish perspective

The decision to phase in the Excise Movement and Control System (EMCS) has had an important impact on EMCS planning in Denmark as that country had to decide whether or not to be an early adopter ('Initial Member State') in the development of EMCS. This article describes some of the challenges the Danish EMCS team had to face.

**By Tine Berg,
Member of the Danish project team**

An **Initial Member State** is a Member State operating the EMCS functionality as of the starting milestone.
An **Initial Economic Operator** is a trader in an Initial Member State who operates the EMCS functionality as of the starting milestone.

Being one of the Initial Member States

Since the adoption of Decision 1152/2003/EC on computerising excise movements, the Danish Tax and Customs Administration (called SKAT in Danish) has been preparing to join the future EMCS. A team was established to take the responsibility of managing the Danish EMCS project. The work of the team includes participating in Commission initiatives, developing national applications and launching national communication activities. One of the most important decisions was about whether Denmark should be an early adopter as an Initial Member State in developing EMCS.

Even though Denmark is a small EU Member State, the Danish EMCS project is ambitious. In deciding whether or not Denmark should become an Initial Member State, the team considered that the country has relatively few tax warehouses and registered traders, most of them are well organised with respect to bookkeeping, computerisation and connecting to the outside world. Moreover, the Danish Tax and Customs Administration itself is following an active policy of introducing e-government practices, in order to improve services provided to taxpayers and companies. Therefore, monitoring excise movements electronically in real-time and reducing the administrative burden for companies go hand in hand with SKAT's IT strategy. In this respect, Danish companies are already used to electronic solutions in the tax and customs area.

"Being at the forefront of EMCS implementation gives Danish companies the benefit of facilitating operations at an early stage. It is a serious challenge that all development is bound to happen in a limited time and some implementation problems can always be expected, even if you are not an early adopter", explains the head of the Danish project team, Project Manager Peter Borg. "The companies in Initial Member States would have the benefit of having the maximum migration period for moving from a paper-based system to EMCS ".

When choosing to become an Initial Member State, the project team realised how dependent it is on the participation of Danish companies. The best scenario will be that at least one company in every line of excise business (wine, spirits, tobacco, energy products) will agree to participate at the same level as the administration and to be involved in conformance testing of the EMCS system before entry into operation.

Developing two EMCS solutions

Danish traders do not only have to choose whether or not they will participate in testing the system. They will also be offered two options for connecting to EMCS. They can either decide to develop their own interface or choose to use the web-based solution which will be provided by SKAT. If a company chooses to develop its own EMCS interface, SKAT will provide the system specifications needed and it will be up to the company to develop applications. Obviously, this will be the solution for companies intending to integrate EMCS as part of their corporate computerised systems. The web-based interface will be made available free of charge by SKAT.

Launching communication activities

In order to inform companies of the phasing-in strategy, the project team visits a number of Danish traders. The objective is also to get a better picture of the end-user as well as of what kind of business process the Danish EMCS will be a part of.
The project team obtains support from the Danish trade federations arranging the visits. The team has chosen to involve the different groups of excise traders and transport companies via a reference group involving representatives from several trade federations and some major companies. In this reference group implementation planning is discussed as well as forthcoming communication activities at both national and EU level.
Besides the reference group and company visits,

electronic communication is one of the main tools for informing Danish traders about EMCS and the deployment. One medium used is an electronic newsletter and, in addition, the project team is in charge of a dedicated EMCS section on SKAT's website (www.skat.dk/emcs).

> "For training purposes, we have discussed the possibility of introducing a test environment on the website where the user can practise the various functionalities of EMCS. What kind of training we will end up with will depend on resources available at that time", says Communication Co-ordinator Tine Berg.

Clearly, with EMCS moving to the phase of development and later on implementation, many things need to be considered. The project team makes a point of opening lines of communication with "its" traders, not just to inform and to discuss, but also to co-operate on issues of mutual interest. Strengthening this relationship should be seen in the light of a fair promotion of the future Danish EMCS.

Statistics
(approximate numbers 2007):

Number of authorised warehouse keepers	450
Number of registered traders	3000
Yearly number of excise movements crossing the Danish border.	12.000

State of play

The major achievement in the EMCS project's progress is the adoption of all the EMCS system specifications by the Member States. These specifications cover the functional, technical, security and progressive deployment issues of the EMCS and the design requirements to be followed by the Member States.

Work in progress

For the upcoming six months both the Member State Administrations and the Commission will start developing their respective EMCS components.
On the legal side, the Commission is working on the revision of the Excise Directive 92/12/EEC to lay down the essential requirements for the functioning of EMCS. The Commission will present a proposal to the Council and European Parliament by mid 2007.
In the meantime, the Commission will continue to publish specific EMCS information:

• The Commission's website will be updated continuously;

• A PSS information paper will be published in June 2007;

• The third edition of EMCS NEWS will be issued in October 2007;

• A compilation of EMCS information is scheduled to be released by the end of 2008.

The Excise Contact Group

The Excise Contact Group (ECG), comprising representatives of the European Trade Federations, the Member States and the Commission, meets twice a year in order to exchange views on the development of the system. The minutes of these meetings are published on the Commission's website.

EMCS abbreviations

AAD   Accompanying Administrative Document

e-AAD   Electronic Accompanying Administrative Document

ECG   Excise Contact Group

EMCS   Excise Movement and Control System

IEO   Initial Economic Operator

IMS   Initial Member State

PSS   Phasing and Scope Specification

SEED   System for Exchange of Excise Data

More abbreviations can be found on the European Commission's website at http://ec.europa.eu/emcs.