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DG TAXUD  
Unit R3

**Pilot project of the EP on 'Digital tax education and tax payments' Business Case**

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Date: 19/04/2016  
Doc. Version: 1.0 - Final

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## 1. CONTEXT

### 1.1. Background

The EU budget 2016 has been adopted in November 2015 by the budgetary authority including two Pilot Projects (PP) for DG TAXUD. They have been introduced into the Union budget on the European Parliament's request.

European Parliament Pilot project —Digital tax education system and tax payments (14 03 77 01) set out as its intended objectives the following:

*This pilot project will create a European network of national and local digital promoters of tax education and tax payments. By exchanging best practices and campaign models, an expert group will develop a European online and social media campaign designed to improve tax payment rates. The project will create a user friendly online platform attractive to young people, with an offline application and educational software for individuals and schools.*

*The project seeks to improve tax education for European citizens, especially young people, and to cut tax evasion and fraud throughout Europe. It will also assess the tax payment impact of digital tax education and social media.*

DG TAXUD recognises the value of the proposed pilot project. The role of taxes and their importance for the functioning of the state and society is rarely addressed in the public discourse. European citizens, and especially young people, often do not have the opportunity to learn about taxes and discuss their importance for their daily lives and their own future. DG TAXUD reminds that as a pilot project this initiative is limited in time and resources and can consequently not address all relevant aspects of this topic.

Hence, DG TAXUD proposes to implement the pilot project in the following ways:

- **Focus it on tax education of young people.**

Young people, in their role as future tax payers, are especially affected by a lack of knowledge on taxes. They are also the age group that can be most easily and directly reached through educational programmes. The experience of the pilot project focused on youth tax education could thus also serve as a valuable basis for the rolling out of further educational programs targeting adult population.

- **Focus the project on the creation of common tax educational material and exchange of best campaign models, whilst not starting for the time being common Europe-wide campaigns**

Tax education as such is a relatively novel phenomenon in Europe. It requires, in the first instance, a focused approach to understand better its various practices in Europe, build the Member States' capacities in the area and evaluate tax education's impact. Following on this experience, Europe-wide campaigns on this subject could represent the next step. Also, for practical and cost reasons, the creation and running of Europe-wide campaigns already at this stage would take too much from the resources available under this pilot project.

- **Focus the evaluation of tax education on attitudes towards tax payments**

For similar reasons, the objective of evaluating the impact of digital tax education on tax payment is narrowed down to evaluate more specifically its impact on attitudes to tax payments. A meaningful impact evaluation on tax payment as such would require a

by far longer timeframe than envisaged by this pilot project. On the other hand, attitudes toward tax payments could be evaluated in a rather straightforward manner and provide good indication of the impact on future tax payments.

## **1.2. Legal framework for the project**

European Parliament Pilot project —Digital tax education system and tax payments (14 03 77 01)

Pilot project within the meaning of Article 54(2) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

## **2. PROJECT MAIN ELEMENTS**

### **2.1. Project description**

This project will pilot the creation of an European network of national and, where possible, local digital promoters of tax education for young people. By exchanging best practices and campaign models, the network would also gather and/or develop common tax education materials. The project will create a user friendly online platform attractive to young people, with an offline application and educational software for individuals and schools.

The project seeks to improve tax education for young people and to cut tax evasion and fraud throughout Europe. It will also assess the impact of digital tax education and on attitudes toward tax payments.

Commitment appropriations were voted for this pilot project under the 2016 Budget (budget: 500,000 €).

### **2.2. Overall Objective**

- Contribute to the fiscal education of European citizens, especially young people.
- Reduce tax evasion and fraud across Europe.
- Provide European citizens with information regarding areas that benefit from the taxes they pay:
  - Education;
  - Public transportation;
  - Healthcare;
  - Welfare.

### **2.3. Specific Objectives**

- Establishing a European network of national and – where possible - local digital promoters of tax education and tax payment, to exchange and promote best practices and information/communication campaign models with the objective to increase the amount of tax payments in the long term;
- Working towards the creation of a user-friendly and appealing for young people digital online platform with an extension in an offline application and educational software that can be used by individual users or by schools;

- Evaluating and assessing the possible impact that digital tax education and social media have on attitudes towards paying taxes, based on the experience of this project.

#### 2.4. Main target audience

- Next generation of taxpayers
  - Elementary school pupils
  - College / High school pupils
  - University students
  - New entries to the job market
- Educators
  - Teachers or trainers working with youth in the areas of citizenship education, economics and entrepreneurship education, career guidance and similar
- Tax authorities
  - Member States' tax authorities working on tax payers' education and information services

#### 2.5. Impact on Stakeholders

More specifically, the project aims to impact the following main stakeholder groups:

Young people in Europe will be most directly impacted. The educational material produced and the approach will be differentiated according to main youth age groups. For the youngest age groups, the emphasis will be placed on explaining what taxes are and why paying them is important. For older young age groups, the project will aim to raise additional understanding on the importance of paying taxes for their own future, as well as providing knowledge on how to protect themselves against tax evasion either as employees or younger entrepreneurs.

School / informal educators will be equally impacted as they will be offered free educational materials that can be used in school or informal educational settings for introducing young people to taxes.

The Member States' tax administrations will be impacted in the longer term through the expected increase in the rate of tax compliance among young people as future taxpayers. In the more immediate term, the internal capacity of tax administrations for communicating on taxes and promoting tax compliance will be enhanced. They will also benefit from a developed network for exchange of educational and communication materials on tax education, pooling best practices from across Europe. This should help spread the best practices and reduce individual administrations' costs for development and running of their own educational projects.

The evaluation part of the project will equally provide valuable policy advice to the decision makers, both at national and European level, regarding future activities in this area.

#### 2.6. Benefits and EU added value

The challenges in this area are shared among the Member States. The solutions in terms of national campaigns and educational activities are different, with varying success rates. The EU-wide network will make it easier for individual Member States to identify the best approaches and implement them nationally. The exchange of already produced

materials, which can be adapted to national circumstances and translated in different languages, will equally have cost-reduction benefits for some Member States, leading to the implementation of activities that otherwise would not have taken place for cost reasons.

## **2.7. Success Criteria**

In the long-term, the impact level indicator, measuring success in relation to the overall objective, is the increase in tax compliance of the participating Member States.

In the medium-term, the result level success criteria, related to specific objectives, will be the change in attitudes to paying taxes among young people who participated in the Pilot Project activities, as well as their satisfaction with the produced materials (educational and communication material).

Immediate, output level indicators include: the number of participating countries, the number of participating schools / educational facilities, the number of exchanged / created material through the network and the number of young people reached through the activities.

## **2.8. Collaboration arrangements**

The pilot project would use DG TAXUD's online collaboration platform PICS for collaboration among various actors and stakeholders involved. Live meetings with representatives of Member States and the external contractor working on communication and technical solutions are also envisaged.

## **2.9. Assumptions**

This project is based on the assumption that the Member States' tax administrations are willing to dedicate needed resources on their side for the creation of a network of digital tax promoters, and engage in the exchange, creation and running of campaigns in this field. While a number of Member States have already indicated interest, others are yet to do so.

Another assumption is that the subject matter expertise in the field of taxes will be provided by both the Member States and DG TAXUD business units for the preparation of the deliverables.

A further assumption is that the allocated budget will be sufficient for the development of IT applications and the running of various working groups. In case of need, it will be possible to finance physical meetings of the working groups from the Fiscalis 2020 programme budget.

A further assumption is that DG COMM will approve the creation of the digital platform, either as a standalone website or portal, or as an extension of EUROPA taxation pages.

Final assumption is that the longevity of the digital platform will be ensured past the project's finalisation by securing other sources of funding and needed human resources involved in its maintenance and running, on the side of DG TAXUD and the Member States.

### 3. IMPLEMENTATION ELEMENTS

#### 3.1. Working groups to support the implementation of the project

The successful realisation of this project will require the set-up of several working groups bringing together various categories of experts.

##### **Working Group for the creation of '*digital tax education promotor network*'**

The pilot project would incorporate and rely in part on the work of the Fiscalis 2020 Project Group "Communication Working group on a common strategy to present the tax system in schools". This working group is chaired by DG TAXUD communication unit R2 and has for its goal to gather interested Member States, identify the best practice examples of tax educational materials and establish a network of national contact points for communication on tax education at national level. This network will help shape common guidelines concerning communication on taxes for young people.

##### **Working group to support the development of digital platform and educational software**

This working group will be established as part of the pilot project. It will aim to bring together communication and subject matter experts on tax from the Member States and DG TAXUD. The group will serve the purpose of providing the necessary expertise and feedback to the contractor for the development of the digital platform, educational software and any other supporting materials envisaged by the project.

##### **Working group on evaluation**

This group will bring together evaluation experts and representatives of DG TAXUD and the Member States. The aim of the group will be to help the work of the contractor in evaluating and assessing the possible impact that fiscal digital education and social media have on attitudes towards tax payments, based on the experience of this project.

#### 3.2. Deliverable 1: Network of digital tax education promoters

This deliverable will be achieved through the **Working Group for the creation of '*digital tax education promotor network*'**. At the moment the group is operating as a pilot phase with the participation of a smaller number of Member States. It is intended for the group to open up to all Member States and transform into a functional network for promotion of fiscal education across member states, as envisaged under the pilot project. The network's primary aim will be to identify the best practice examples of tax educational materials from across Member States, make them available for wider use and promote certain materials that could be translated into all the languages and used across Europe.

The network will use the digital platform created under the pilot project for the dissemination of outputs of their work.

#### 3.3. Deliverable 2: Digital online platform with an extension in an offline application and educational software

The overall project implementation for this deliverable could be based on one or several of the below listed lead concepts:

- development of a couple of personas that will hold the leading role in the online platform and communication material (e.g. cartoon-like figures);
- creation of a common/solid pattern to guide all the materials, to convey uniformity of messages;
- development of a hyper-motto, which will be supported by various other mottos building on it, while promoting smaller-scale deliverables;

### **3.3.1. Digital platform**

The main vehicle to realise this deliverable will be an online platform (most probably realised in form of an extensions to current EUROPA Tax pages or as a separate website), which will be used as an information centre.

The platform, in order to be appealing to the younger parts of the population, needs to be based on playful content and gamification – without undermining the importance and seriousness of the issue (tax and fiscal discipline). Fiscal and tax issues can be unattractive for large parts of the population and especially for teens. For this reason, content will need to be wrapped attractively, to entice young people to the fiscal information (through use of applications, eLearning modules and interactivity).

The platform/pages would be developed in Drupal, to align with the general Commission website shift (Drupal as of 1 Jan 2017) and to allow for various advanced and user-friendly features and functionalities. The online platform/portal/pages could host (among others):

- information material presented through quizzes, interactive lists and infographics, gifs, app(s), use of personas, trivia, ranking, flip cards;
- attractive eLearning modules;
- an educational simulation game;
- library of educational resources, video series, etc. – organized by country, language, age group;
- Links to national/regional educational resources.
- Information on contact points at national/regional level.

The pilot platform/pages and content would be in English. Possible further translation into other EU languages would need to be determined per project- and/or content element (requires case-by-case decision, governed by longer-term availability of project specific budget/staff resources).

### **3.3.2. Educational software**

Next to the development of a series of EU eLearning material and further various information resources for the envisaged target population, the online platform could host an educational simulation game which would have the ability to be also played offline. Such gaming approach could further result in a pan-European school contest (first by country and eventually across countries – national winners will compete in the final round).



*Possible Concept:* simulation game, where users will need to form their start-up company and be fully compliant with tax and fiscal authorities. This interactive simulation will enable tax compliant users see their business environment grow and improve and, thus, their business opportunities and business in general to thrive (the more tax responsible the user, the better the business environment). The game could be further supported by the creation of a mobile app.

### **3.3.3. Outreach Channels**

Apart from the tax educational content that will be developed and/or uploaded on the online platform, the focus may lie on innovative promotion, to embrace the communication and information seeking attitude of young parts of the population.

The envisaged project strategy should encompass the use of cross-links and piggybacking on similar projects and platforms (e.g. 'Consumer Classroom', 'Open Education Europa' or national taxation/education authorities' sites and material), of traditional social media platforms (like Facebook and YouTube) and more innovative of social media channels that are massively used by the youngest parts of the population (eg. Twitter, Instagram...).

### **3.4. Deliverable 3: evaluating and assessing the possible impact of digital tax education and social media on attitudes towards tax payments**

This deliverable will be supported through the working group on evaluation and the contractor.

The aim of the evaluation deliverable will be to assess whether the activities undertaken by this pilot project have led to any difference toward tax payments among the target audiences.

For both practical and financial reasons, the evaluation will not look into the entire stakeholder group, which is too vast (all young people in Europe, and/or all taxpayers), but will rather focus on any discernible change in attitudes towards tax payments between those young people who have received digital tax education through the materials developed or provided by the pilot project, and those who haven't. The evaluation will also look into any differences in approaches used and most effective tactics / messages to be included. The aim of the evaluation is to be of use to decision makers, nationally and at European level, when considering tax education projects and how best to conceptualise them.

## **4. FINANCING/CONTRACTING MODALITIES**

The external service provision (point 3.3 and 3.4) - including the development of e-material and platform – are planned to be realised under TAXUD's BTRAIN3 FWC contract, making use of the specific project budget of 500.000 €. The meetings of the working groups (point 3.1, 3.2 and 3.4) could be further supported through the Fiscalis 2020 programme.

#### 4.1. Contract based: BTRAIN3 500.000 €

The project is planned to be predominately carried out through a procurement process under the existing BTRAIN3 framework contract, managed by DG TAXUD. During the third quarter of 2016, a specific contract (BTRAIN3/N0°2) would be launched under FWC BTRAIN3 with the aim to support the production of all the deliverables defined and agreed under this initiative (see point 3). The specific contract would provide for an 'on demand' service delivery/product provision package, that could be activated per specific e-project (platform) and/or e-material (eLearnings, games etc) development by means of standard RfE/RfA contract procedures over the run-time of BTRAIN3/SC02. The 'on demand' work package of BTRAIN3/SC02 for this project would encompass the full project value of 500.000 €.

#### 5. FORECAST

The resources allocated to this pilot projected are planned to be committed in 2016.

The indicative timetable of implementation of the 2016 appropriations is as follows:

ACTION	DATE
Adoption of the Commission financing decision	Second Quarter 2016
Draft terms of reference	Third Quarter 2016
Budgetary commitment and Specific Contract signature	Fourth quarter 2016
Interim payment	Second quarter 2017
Final payment	First quarter 2018

First results of the project are not expected before the fourth quarter 2017.

#### 6. STEPS AND TIMELINES

Milestone	Who	What	Start date	End date
Planning phase	R3/R2	Business case draft	March 2016	March 2016
Planning phase	R3	Business case information – DG TAXUD (C1/C4/D1/D2/D4)	March 2016	April 2016
Planning phase	R3	Business case informal pre-consultation - EP	April 2016	April 2016
Planning phase	R1	Business case information/financial reporting – DG BUDG	April 2016	April 2016
Implementation phase	R3/R1	Specific contract BTRAIN3 and contracting of external experts	June 2016	October 2016
Implementation	R3 / R2 /	Project group/s to	October	December

phase	experts from MS and TAXUD policy units/ BTRAIN3 contractor	support the production of digital platform and educational software	2016	2017
Implementation phase	R2 / MS experts	Network of digital tax education promoters is established	October 2016	December 2017
Implementation phase	R3 / R2 / MS contractor	Development of the digital platform	November 2016	December 2017
Implementation phase	R3 / R2 / experts (MS/TAXUD) / contractor	Production of the educational software	November 2016	December 2017
Implementation phase	R3 / R2 / experts (MS/TAXUD)	Project group for evaluation	August 2017	December 2017
Evaluation phase	R3 / R2 / BT3 contractor / experts (MS/TAXUD)	Evaluation conducted and report with recommendations produced	August 2017	February 2018
Final report	R3 / R2	Final reporting on the pilot project	March 2018	March 2018

## 7. ORGANISATIONAL SET UP

### 7.1. Project manager

TAXUD/R3: [REDACTED]

TAXUD/R2: [REDACTED]

### 7.2. Management, steering and reporting

The project will be managed under the lead of TAXUD/R3 in close collaboration with R2 and in application of existing TAXUD project- and contract management procedures. In this context, R2 takes the lead for the project part realisation addressed under item 3.2 and R3 takes the specific lead for the realisation of project parts as addressed under item 3.3 and 3.4.

Regular information, collaboration and cooperation measures towards and/or with national (tax administrations), TAXUD internal (policy units) and external stakeholders (schools/contractors) will be put in place to accompany the project implementation.

Progress and result reporting will be provided towards all involved or interested parties (DG BUDG, EP) as required.

## APPENDIX: REFERENCES AND RELATED DOCUMENTS

ID	Reference or Related Document	Source or Link/Location
1	EP Project Request	(14 03 77 01)
2	TAXUD 1 <sup>st</sup> interim report to DG BUDG	TAXUD.R1(2016)796699
3	FWC BTRAIN 3	FWC BTRAIN3 - TAXUD/2015/CC/135