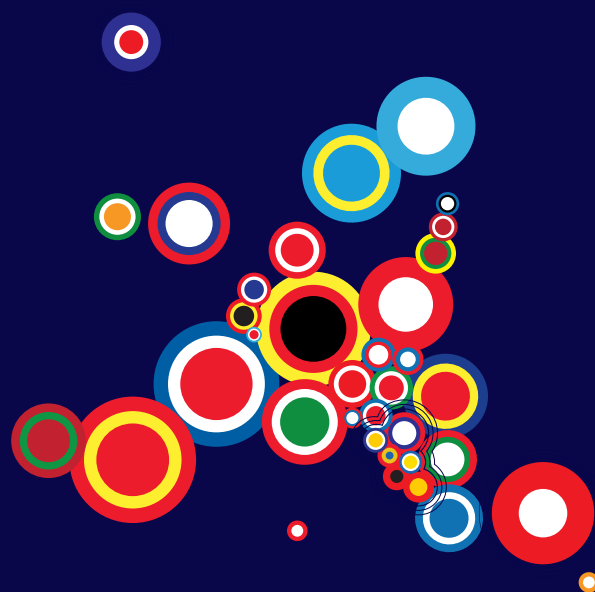




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### MONTENEGRO

#### Support to the Tax Administration



#### **Action summary**

This Action aims to support Montenegro in the process of fulfilling the EU pre-accession requirements especially with regard to adopting and integrating the EU standards in the operations of the Montenegrin Tax Administration (MTA).

The specific objective of the Action is strengthening of administrative and operational capacities of the Tax Administration in accordance with EU standards and requirements specified in Chapter 16 - Taxation of EU *acquis*.

Within its scope, the Action will encompass further improvements to the administrative capacity of the Tax Administration to implement (new) legal obligations and procedures in the field of indirect and direct taxation in accordance with EU *acquis*. In addition, it will prepare for future administrative cooperation and mutual assistance activities and enhance the operational capacity and computerization of the Tax Administration.

<b>Action Identification</b>	
<b>Action Programme Title</b>	Annual Action Programme for Montenegro (2014)
<b>Action Title</b>	Support to the Tax Administration
<b>Action Reference</b>	IPA /2014/ 032-022.1/ME/Tax
<b>Sector Information</b>	
<b>IPA II Sector(s)</b>	Democracy and Governance
<b>DAC Sector</b>	15111 Public finance management
<b>Budget</b>	
<b>Total cost</b>	EUR 1 million
<b>EU contribution</b>	EUR 900 000
<b>Management and Implementation</b>	
<b>Method of implementation</b>	Indirect management
<i>Indirect management:</i> <b>National authority or other implementing body</b>	Directorate for Finance and Contracting of the EU Assistance Funds (CFCU)
<b>Implementation responsibilities</b>	/
<b>Location</b>	
<b>Zone benefiting from the action</b>	Montenegro
<b>Specific implementation area(s)</b>	/
<b>Timeline</b>	
<b>Deadline for conclusion of the Financing Agreement</b>	At the latest by 31 December 2015
<b>Contracting deadline</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<b>End of operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement.

## 1. RATIONALE

### PROBLEM AND STAKEHOLDER ANALYSIS

*Montenegro 2013 Progress Report* states that Montenegro's alignment with the *acquis* in Chapter 16 is moderately advanced, while *Screening Report Montenegro for Chapter 16 – Taxation* outlines that Montenegro's tax system and administration are limited by certain banking secrecy provisions and that in order to enable effective administrative cooperation, substantial changes would have to be made with respect to the secrecy provisions in the tax and banking laws.

Although a certain degree of exchange of information is foreseen in the relevant provisions in some double taxation agreements, Montenegro has to be prepared to fulfil all requirements provided for in the *Administrative Cooperation Directive (2011/16/EU)*, particularly with regard to exchange of information on request, spontaneous and mandatory automatic exchange of information with all Member States as from the date of accession.

Planned adoption of the legislative and administrative measures related to the above mentioned requirements shall contribute to the fight against fraud, detection of VAT (Value-Added-Tax) fraud and avoidance and prevention of money laundering. Harmonization of the *Law on Tax Administration* of Montenegro with the *Savings Directive* shall contribute to the improvement of technical capacities of the tax authority to facilitate efficient exchange of information, as well as harmonization with *Council Directive 2008/118/EC* related to EMCS (Excise Movement and Control System).

In addition to this, the *Screening Report* outlines that Montenegro needs to make substantial efforts to endow its tax administration with the appropriate IT systems, procedures and personnel in order to implement and enforce the *acquis*. Therefore, Montenegro needs to develop strategy for the improvement of IT capacity and performance in this field and to create the conditions for interoperability and interconnectivity of its IT systems to allow the exchange of computerized data with the EU Member States. Development of this IT system shall enable monitoring and control of the trade, as well as, detection of irregularities on intra-EU level and support the exchange of information related to special scheme for e-Services provided by non-EU to EU citizens. There is a lack of efficiency in the IT system and the supporting infrastructure in the area of direct and indirect taxation, which is a tool for efficient support of the procedures and administration staff for implementation, monitoring, control and early detection of tax evasion and tax avoidance. As regards computerization in the field of VAT, Montenegro needs to adapt its IT systems to allow interoperability and interconnectivity with the EU systems (VIES-VAT Information Exchange System). Montenegro also needs to ensure that the exchange of information among Member States related to the special scheme for e-Services provided by non-EU traders to EU citizens is in place and inter-connected with EU systems, as well as for refund of VAT as envisaged by *Council Directive 2008/9/EC*.

Although there are other outstanding issues related to alignment to be fulfilled in the next period, the majority of discrepancies are evident under administrative cooperation and mutual assistance as well as operational capacity and computerization, which is a horizontal issue to be fulfilled also in other areas of public administration.

As total tax revenues account for almost 40% of annual GDP and represent the major share of revenues of central authorities, special attention shall be paid on prevention of tax loses, including fair and transparent market processes and regular market competition. Interoperability and interconnectivity of the IT systems on the state level and IT systems supporting the exchange of EU and internationally relevant information is therefore one of the most important horizontal tools to increase the efficiency in implementation of the tax policy in Montenegro.

Negotiations for Chapter 16 – Taxation are led by the Ministry of Finance. The most challenging activities in the implementation of the *acquis* are related to the Tax Administration, which require the significant investments in the IT infrastructure and capacity building. Planned activities will be closely coordinated with the Ministry for Information Society and Telecommunications and with the activities of other donors in order to avoid possible overlapping.

## **RELEVANCE WITH THE IPA II INDICATIVE STRATEGY PAPER (OR MULTI-COUNTRY STRATEGY PAPER) AND OTHER KEY REFERENCES**

The *Indicative Strategy Paper for Montenegro (2014-2020)* (the Strategy Paper) outlines that the customs and taxation are specific negotiation chapters with a number of EU accession related requirements, especially in terms of interoperability. Furthermore, Customs and taxation have a significant impact on good governance, in particular in the economic area, ensuring an appropriate spending of public funds and the efficient collection of the necessary budgetary revenues. Therefore, the main challenges will be to reinforce administrative capacity, improve the monitoring and control over tax/customs collection, align the legislation with EU *acquis* and develop interconnectivity and interoperability of customs and tax administration IT systems in line with EU standards.

*Montenegro 2013 Progress Report* informs that operational capacity and computerization of the Tax Administration, strengthening the IT systems for interconnectivity and interoperability with the EU systems remains one of the biggest challenges for the Tax Administration. Upgrading the administration's strategic management capacity and the training structure and capacity remains a major challenge. A comprehensive business and IT strategy, including training, needs to be put in place. Preparations in this area are not very advanced.

Activities envisaged in this Action also reflect the priorities defined in the *Program of Accession of Montenegro* – Chapter 16.

In addition to this, Montenegro adopted the *Strategy for the Development of Information Society 2012 – 2016*, specifying activities aimed at the utmost use of social and economic potential of ICT (Information and Communication Technology), especially interconnectivity and interoperability as an important instrument of economic and social activities and clearly defining goals and activities to be carried out. The Government of Montenegro also adopted the *National Interoperability Framework* in December 2011 (revised in 2013) as a strategic document defining the rules and manners of setting up interoperability in Montenegro and defined the *Annual Action Plan for e-Government* which treats interoperability with focus on cross-border cooperation as one of the important activities.

## **SECTOR APPROACH ASSESSMENT**

The Government of Montenegro adopted *Public Administration Reform Strategy for Period 2011-2016* along with *the Action Plan for its Implementation* on the session held on 31 March 2011. The main aim of the Strategy is the structural adjustment of public administration according to the best EU standards, public administration rationalization, increased efficiency and savings, improved coordination within public administration, openness, availability; strengthening legality of the work of local government bodies, achieving greater level of cooperation between local self-government units as well as between local self-government units and public services established by the state which provide services at the local level; systematic strengthening of public services and organizations exercising public functions.

Having in mind that implemented measures are not sufficient for the sustainability of public finances in short-term and mid-term, as well as that improved public administration efficiency requires analysis of realistic public sector the Government adopted the *Plan for Internal Restructuring of Public Sector* in 2013. This Plan represents the key instrument for further support of the programming, while priorities identified in this sector shall be also linked with those defined in the enlargement agenda.

Along with planned reorganization of public administration special attention will be given to the:

- strengthening of the system of public finances;
- enhancing information society (e-Government);
- strengthening EU integration process.

This sector policy is lead by the Ministry of Interior, being responsible for the enhancement of the institutional capacity and efficient public administration. The other ministries involved in this public

administration reform process are the Ministry of Finance and the Ministry for Information Society and Telecommunications. In Montenegro the functionality of the coordination within the government institutions and with other donors is satisfactory, even though there is room for further improvements within the sector and government level.

It's important to stress out that currently there is no sector budget and the allocations are placed in the budget within the line ministries/institutions. Expenses for IPA co-financing of the Actions will be planned in each consumer unit separately, within the total expenditure.

The *Law on the Budget and Fiscal Responsibility* is adopted by the Parliament and it will provide a base for a medium-term planning, which is the determination of medium-term budgetary framework, as well as with numerical fiscal rules.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

Technical assistance has been provided to the Tax Administration by EU Customs and Fiscal Assistance Office (CAFAO) between 2005 and 2007. The main objectives of the assistance were: strengthening of capacities related to the collection of revenues and audit for the purpose of fight against corruption and tax frauds, implementation of amended tax legislation aligned with the EU *acquis* and inspection and controls.

The Tax Administration was the beneficiary of the IPA 2007 Project *Strengthening the Efficiency and Functionality of the Tax Administration in Accordance with EU Standards* and IPA 2010 Project *Upgrade IT Capacity of Tax Administration*. Through IPA 2007 Project the risk management system (e-control and automated report generation) in VAT and direct taxes fields has been implemented. IPA 2010 project strengthened the capacity of the MTA through introduction of new IT solution which allows electronic submission of VAT returns, tax return, balance sheet and income statement.

Experiences gained through the above mentioned assistance clearly demonstrate the necessity to address weaknesses of the IT system. The Action should ensure that the pre-defined methodology standards are strictly followed, as well as that business modelling and testing methodologies are developed. This means that a comprehensive IT strategy should be developed and implemented. In addition to this Tax Administration shall have an active role in taking ownership for deliverables and IT and administrative capacities should be significantly strengthened as well.

Based on the previous experience and identified weakness, the Tax Administration of Montenegro has already taken the necessary steps to strengthen its IT and administrative capacities. Support previously provided through IPA reinforced the capacities of the IT Sector, which currently has 22 employees, 15 of which are working in the Department for Maintenance and Software Development and 7 in the Department for the Maintenance and Infrastructure Development.

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To fulfil the EU pre-accession requirements in field of taxation	Level of alignment with the EU taxation acquis (chapter 16)	EC Progress Reports DG TAXUD reports	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To strengthen the administrative and operational capacities of the Montenegrin Tax Administration (MTA) in accordance with EU standards and requirements specified in Chapter 16 –Taxation	% of indicators within particular chapters of Fiscal Blueprints successfully met by the tax administration services by the end of the Action  % of top level business managers trained on strategic and modern performance oriented management	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports	Commitment of the Government of Montenegro to accession process
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><b>R 1:</b> Montenegrin legal framework in the field of tax administrative cooperation further aligned and mutual assistance developed in line with EU <i>acquis</i> - indirect and direct taxes, as defined in Chapter 16 - Taxation</p> <p><b>R 2:</b> A comprehensive training programme implemented, consequently MTA organisation, risk management, administrative and control procedures enhanced</p> <p><b>R3:</b> Improved conditions for the administrative co-operation and mutual assistance with EU Member States</p> <p><b>R4:</b> Operational capacity and computerisation of Montenegrin Tax Administration strengthened further</p>	<p>Laws and bylaws needed for compliance with the EU <i>acquis</i> adopted (Law on Tax Administration and the Law on VAT and related Rulebooks)</p> <p>Relevant strategic documents, implementation plans, new procedures in place</p> <p>Number of training workshops/seminars delivered and number of trainers and experts trained in relation to EU standards which improve business operations</p> <p>Number of employees trained in accordance with EU accounting standards and best practices</p> <p>Capacity and operations of IT department of MTA increased to better meet obligations in order to support various business processes as defined in the Business Strategy</p>	<p>Official Gazette of Montenegro</p> <p>Ministry of Finance reports</p> <p>Action Progress Reports</p> <p>EC Progress Reports</p>	<p>Commitment of the Government to engage in reform process in line with the Fiscal Blueprints</p> <p>Timely and adequate resources of Ministry of Finance available</p> <p>Timely and adequate resources of MTA available</p> <p>Sufficient MTA capacity to implement recommendations</p>
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS
<p><b>R1 - A1:</b> Gap analysis and drafting legislation in the field of tax administrative cooperation and mutual assistance</p> <p><b>R1 - A2:</b> Review and revision if necessary of strategic document are in accordance with EU Fiscal Blueprint</p> <p><b>R2 - A1:</b> Training needs analysis performed and execution of comprehensive training programme</p> <p><b>R3 - A1:</b> Establishing necessary internal conditions in MTA for international cooperation and fulfilment of Montenegrin obligations under Chapter 16, especially for future administrative cooperation and mutual assistance</p> <p><b>R4 - A1:</b> Preparation of Initial elements for IT interoperability and interconnectivity with the EU in conjunction with enhancing operational capacity and computerisation of Montenegrin Tax Administration</p>	Twinning	EUR 1 000 000	<p>Timely and adequate resources for co-financing available</p> <p>Internal legislative timetable respected in accordance with the Accession Program of Montenegro and Government Annual Work Plan</p> <p>Sufficient human resource capacities to implement the Action in the Ministry of Finance and MTA</p> <p>MTA committed to Fiscal Blueprints benchmarking recommendations</p> <p>Business Strategy 2014-2018 adopted</p>

## **ADDITIONAL DESCRIPTION**

The overall objective of this Action is to support Montenegro in the process of fulfilling the EU pre-accession requirements in field of Taxation, especially with regard to adopting and integrating the EU standards in the operations of the Montenegrin Tax Administration. The purpose of this Action is strengthening of administrative and operational capacities of the Montenegrin Tax Administration in accordance with EU standards and requirements specified in Chapter 16 - Taxation.

The intended results of the Action are:

- Further aligned Montenegrin legal framework with EU *acquis* - indirect and direct taxes, as defined in Chapter 16 – Taxation;
- A comprehensive training programme implemented, consequently MTA organisation, risk management, administrative and control procedures enhanced;
- Improved administrative co-operation and mutual assistance with EU Member States;
- Further strengthened operational capacity and computerisation of Montenegrin Tax Administration.

In order to achieve these results, it is planned:

- To perform the analysis of the existing legislation in particular in the field of direct and indirect taxation, administrative cooperation and mutual assistance in accordance with the requirements set out in Chapter 16, resulting in the proposal of changes that would ensure full compliance with EU *acquis*;
- That relevant strategies will be reviewed in order to provide compliance with EU standards and requirements related to interconnectivity and interoperability;
- To prepare analysis of the existing organizational structure of MTA, which should satisfy the effective execution of new business processes (procedures, guidelines, rulebooks and manuals) in the field of VAT, administrative cooperation and mutual assistance. This activity will lead to the proposal for reorganization in line with the strategic objectives of the Fiscal Blueprints;
- To deliver comprehensive training for employees, including development of the wide-ranging training programme (train-the-trainer including training needs analysis, training schemes and training materials for tax administration services);
- To start with the preparatory activities that are prerequisites for the implementation of the interconnectivity and interoperability system including VAT Information Exchange System (VIES): analysis of existing IT systems with clear inputs of what is necessary to improve in order to connect with future VIES and defining requirements and documentation that will be the basis for the development of VIES (User Requirements, Action Initiation Document, PQP etc.).

As regards business processes in the Tax Administration, the preparation of the Business Strategy for 2014-2018 is on-going and it will be adopted by the Government in 2014. The Government is committed to support further development of the Tax Administration.

## **3. IMPLEMENTATION ARRANGEMENTS**

### **ROLES AND RESPONSIBILITIES**

The main beneficiaries of the Action will be the Ministry of Finance and Montenegrin Tax Administration.

The Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) being the Implementing Agency under IPA bears the sole responsibility for the proper implementation of all contracts in line with the relevant contractual provisions and the requirements governing the indirect management of EU assistance. The Project Implementation Unit (PIU) of the Ministry of Finance will

provide support to the CFCU whereby ensuring the proper technical implementation of the contract activities. In this regard, the CFCU and the PIU will closely cooperate throughout the contracts implementation process.

Implementation monitoring will be performed in order to obtain information on progress achieved and collect data required to prepare relevant reports for the National IPA Coordinator (NIPAC) Office and the CFCU, providing advices to contribute to tackle any issues and possible mistakes which could endanger the successful completion of the implementation. The major tools of the PIU for performing monitoring are: monitoring visits, participation in the regular progress meetings, participation in the Steering committees meetings, review of regular progress reports and participation at on-the-spot checks, carried out by the CFCU.

A Steering Committee (SC) will be established to review the Action progress, comprising of representatives of PIU of the Ministry of Finance, beneficiary institutions, NIPAC Office and the EUD. The SC may invite other organisations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the Action. Representatives of the other key stakeholders may also be invited to attend SC meetings.

#### **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

The activities will be implemented through twinning contract. The national co-financing will be provided jointly with the EU funds by the beneficiary of the Action i.e. Tax Administration.

### **4. PERFORMANCE MEASUREMENT**

#### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of indirect management and respecting the requirements and provisions of IPA II regulations and those that will be laid down in Framework Agreement and in respective Financing Agreement. Achieving of the Action results will be regularly monitored by the responsible national implementing body and National IPA Coordinator.

Implementation of this Action will be subject of special attention of Sectoral Monitoring Committee and IPA Monitoring Committee which shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. The sectoral monitoring committee will report to the IPA Monitoring Committee and will make proposals on any corrective action to ensure the achievement of the objectives of the Action and enhance its efficiency, effectiveness, impact and sustainability.

Moreover, in accordance with Article 8 of Commission Implementing Regulation (EU) no 447/2014 NIPAC shall take measures to ensure that the objectives set out in the Action are appropriately addressed during the implementation of EU assistance. Procedures for implementing monitoring activities will be set out in the revised Manuals of Procedures aligned with new IPA regulations. Best practices from the monitoring of implementation of previous actions and recommendations given by external monitoring in this sector will be also taken into consideration.

This Action shall be subject to evaluations, in accordance with Article 30(4) of Regulation (EU, EURATOM) No 966/2012 and with Article 22 of Commission Implementing Regulation (EU) no 447/2014. The results of evaluations shall be taken into account by the IPA Monitoring Committee and the Sectoral Monitoring Committee.



## INDICATOR MEASUREMENT

INDICATOR	DESCRIPTION	BASELINE (2010)	LAST (2013)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<b>OVERALL OBJECTIVE INDICATOR</b> Level of alignment with the EU taxation acquis (chapter 16)	Qualitative assessment of level of the alignment with the acquis (using 2015 assessment scales)	Legislation in Montenegro has some level of preparation with the EU acquis	Montenegro is moderately advanced in this area.	Montenegro has good level of preparation in this area.	Montenegro is well advanced in this area..	EC Progress Reports DG TAXUD reports
<b>ACTION OUTCOME INDICATOR 1</b> % of indicators within particular chapters of Fiscal Blueprints successfully met by the tax administration services by the end of the Action	The purpose of the fiscal blueprints is twofold: to provide a set of best practices and recommendations for tax administrations, to serve as a tool for the tax administration to provide fast and clear identification of its strengths and weaknesses.	0%	0%	20%	100%	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports
<b>ACTION OUTCOME INDICATOR 2</b> % of top level business managers trained on strategic and modern performance oriented management	To strengthen the administrative and operational capacities of the Montenegrin Tax Administration (MTA) in accordance with EU standards and requirements specified in Chapter 16 - Taxation	0%	20%	90%	100%	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports
<b>ACTION OUTPUT INDICATOR 1</b> Laws and bylaws needed for compliance with the EU <i>acquis</i> adopted (Law on Tax Administration and the Law on VAT and related Rulebooks)	Perform the analysis of the existing legislation in particular in the field of direct and indirect taxation, administrative cooperation and mutual assistance in accordance with the requirements set out in Chapter 16, resulting in the proposal of changes that would ensure full compliance with EU <i>acquis</i> . Montenegrin legislation is not harmonized with the <i>acquis</i> in terms of administrative cooperation and mutual assistance.	0%	0%	90%	100%	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports Action Progress Reports
<b>ACTION OUTPUT INDICATOR 2</b> Relevant strategic documents, implementation plans, new procedures in place	Support the Tax Administration with a comprehensive benchmarking exercise and preparation of a Business Change Management Plan (BCMP) based on the new Fiscal Blueprints. In addition, the Action is expected to assist the Tax Administration with the overall IT and Business strategy implementation in accordance with EU Fiscal Blueprints.	Relevant documents (see indicator description) not available	Relevant documents (see indicator description) not available	Relevant documents prepared at the end of the action	Relevant documents implemented	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports Action Progress Reports
<b>ACTION OUTPUT INDICATOR 3</b> Number of training workshops/seminars delivered and number of trainers and experts trained in relation to EU standards which improve business operations	Establish the criteria which will address the need for inspection and enable objectivity in the selection of taxpayers to be inspected- risk management; Commence development of an improved IT system focused particularly on the work of inspectors, improve links between databases for use during the course of inspection; Continue the work aimed at a reduction in the number of evasions and frauds in the VAT system through training the inspectors whose only duty will be to control computation and payment of VAT; Administrative and control procedures enhanced.	0	0	At least 8 training workshops/seminars delivered and minimum 5 trainers and 5 experts trained	MTA ready to implement <i>acquis</i>	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports Action Progress Reports
<b>ACTION OUTPUT INDICATOR 4</b> Number of employees trained in accordance with EU accounting standards and best practices	Tax inspectors are required to know accounting standards when comes to the Law on Accounting and Auditing in control of the financial statements that taxpayers are required to submit to the Tax Administration.	0	N/A	20	ALL	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports Action Progress Reports

INDICATOR	DESCRIPTION	BASELINE (2010)	LAST (2013)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<b><i>ACTION OUTPUT INDICATOR 5</i></b> Capacity and operations of IT department of MTA increased to better meet obligations to support various business processes as defined in the Business Strategy	Action includes upgrading the business and IT strategies, in order to create conditions for interoperability and interconnectivity of IT systems, which would allow for the exchange of information with EU member states. Preparation of initial elements for IT interoperability and interconnectivity with the EU will be done in conjunction with enhancing operational capacity and computerisation of MTA	0%	0%	20%	100%	EC Progress Reports DG TAXUD specific reports Ministry of Finance reports Action Progress Reports

## **5. CROSS-CUTTING ISSUES**

### **ENVIRONMENT AND CLIMATE CHANGE (AND IF RELEVANT DISASTER RESILIENCE)**

The activities envisaged under the present Action are not affecting the environment. During the design and implementation phase of the Action production of printed materials will be kept to the strictest minimum and therefore have positive influence on environment.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND IF RELEVANT OTHER NON-STATE STAKEHOLDERS)**

The various coordination mechanisms for external assistance, particularly the sector-based coordination group, have ensured that all the central-level stakeholders have been consulted on this Action. Likewise, all the primary stakeholders have been consulted during formulation of the intervention and will participate in the implementation both as direct beneficiaries and as members of the Steering Committee. The views of civil society will be sought during the implementation of the Action.

### **EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING**

There is extensive equal opportunity legislation in Montenegro. The proposed Action will ensure that the internal policies, structure or operating procedures of the beneficiary institutions conform with and promote equal opportunity. In supporting legislative harmonisation and further institutional and administrative capacity building, gender needs will be taken into consideration and provisions that enhance equal opportunities will be introduced. All of the planned activities will respect the principles of equal treatment and opportunities for women, especially trainings and awareness events.

### **MINORITIES AND VULNERABLE GROUPS**

Special attention to minorities and vulnerable groups will be integral part of any activity to be implemented within the Action. Being the multi-ethnic society, Montenegro is committed to preserve the culture, history, language and religion of the national minorities and of the majority. Thus the beneficiary institutions will implement mechanisms to ensure that in the legislative process, the internal policies, structure or operating procedures, the principle of equitable representation of ethnic minorities and the protection of their rights is taken into consideration.

## **6. SUSTAINABILITY**

Action should seek to build on the IT infrastructure already developed in the previous project and act as a platform for future taxation needs to support the adoption of the EU standards and the best practices in the field of VAT and VAT Information Exchange System (VIES) developments.

Hence, the Action should support transformation of the Tax Administration into an efficient institution to ensure interconnection and interoperability of the MTA's IT system with the EU systems, with the aim of good management and exchange of information. Therefore, legal and institutional results of the Action should be implemented in a consequent manner and sustainability of staff trained ensured.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

The use of *Communication and Visibility Manual for EU External Actions* is compulsory. The contractor shall use the appropriate stationery in letterheads or fax headers sheets and report presentation

format, but should add the phrase “*This Action/programme is funded by the European Union*” as well as the EU flag when relevant. Elements of the communication strategy may include: press release, press conferences, leaflets and/or brochures, newsletters, web pages, vehicle panels, promotional items, reports, audio-visual productions. Any supplies or equipment delivered under an EU-funded Action must be clearly identified and must visibly carry the EU logo and the mention “*Provided by the support of the EU*” in the operational language of the EU programme and in the local language.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA Monitoring Committee and the Sectoral Monitoring Committees.