



**MONTENEGRO
MINISTRY OF FINANCE**

GOVERNMENT OF MONTENEGRO

**ACTION PLAN
FOR THE IMPLEMENTATION OF OWN RESOURCES SYSTEM OF THE EUROPEAN UNION IN MONTENEGRO**

Chapter 33 – Financial and Budgetary Provisions

March 2016

1. GENERAL ADMINISTRATIVE REQUIREMENTS IN THE FIELD OF OWN RESOURCES

GOAL	PLANNED ACTIVITIES	COMPETENT BODY	DEADLINE	IMPLEMENTATION OF ACTIVITIES
IMPROVING ADMINISTRATIVE CAPACITY IN THE FIELD OF COORDINATION OF THE EU OWN RESOURCE SYSTEM	<p>Strengthening of the administrative capacities of the Directorate for coordination and management of own resources of the EU</p> <p>Examining of the experiences regarding the functioning of the EU's own resources in other EU member states</p>	<p>The Ministry of Finance (MF), Directorate General for Budget, Directorate for coordination and management of own funds of the EU MF, Directorate-General for Budget, the Directorate for coordination and management of own funds of the EU (Directorate)</p>	<p>2016</p> <p>Continuously</p>	
DEFINING PROCEDURES OF MANAGEMENT SYSTEM OF OWN EU RESOURCES IN MONTENEGRO	<p>Development of Manual for the management of the system of own resources of the EU in Montenegro</p>	<p>MF, Directorate General of Budget, Directorate</p>	<p>2017</p>	<p>TWINNING LIGHT PROJECT</p>
DEVELOPMENT OF ADEQUATE LEVEL OF ADMINISTRATIVE CAPACITY FOR PROPER BUDGET SIMULATIONS	<p>Definition of models for the assessment of own resources and calculations of budgetary balances</p>	<p>MF, Directorate General of Budget, Directorate</p>	<p>2017</p>	<p>TWINNING LIGHT PROJECT</p>

OF PARTICULAR TYPES OF OWN RESOURCES				
OPENING OF ACCOUNT FOR OWN RESOURCES IN THE NAME OF THE EUROPEAN COMMISSION AT THE CENTRAL BANK	<p>Collecting and exchange of experiences with EU Member States and development of materials related to opening and operations for the account of the own resources of the EU</p> <p>Request for opening the account</p> <p>Technical opening of the account</p> <p>EC seminar regarding the activities on the own resources account</p>	<p>The Central Bank of Montenegro (CBM)</p> <p>MF - State Treasury</p> <p>CBCG</p> <p>DG Budget</p>	<p>2016</p> <p>Before joining the EU</p> <p>Before joining the EU</p> <p>6 Months before joining the EU – BUDG seminar</p>	
HUMAN RESOURCES DEVELOPMENT - EDUCATION AND PROFESSIONAL IMPROVEMENT	Workshops for specific areas of own resources of the EU	MF - Directorate, State Treasury, Customs, Tax Administration, Monstat	2017	TWINNING LIGHT PROJECT

	Examination of the system structure of own resources, procedures and experience of other EU member states	MF - Directorate, State Treasury, Customs, Tax Administration, Monstat	Continuously	
AMENDMENTS AND ADDENDUMS TO THE REGULATORY FRAMEWORK	Analysis of the best practices regarding regulation of the area of own resources in the EU member states	MF - Directorate	2016	TWINNING LIGHT PROJECT
	Analysis of the national legislation which regulates issue of the management of the own resources of the EU in Montenegro and eventually proposing amendments and addendums to current regulations	MF - Directorate	2017	TWINNING LIGHT PROJECT

2. TRADITIONAL OWN RESOURCES

Using IPA 2014-2020 program, MCA are preparing Action Document, Reference IPA 2014/032022.3/ME/Customs - Support to the Customs Administration.

The specific objective of the Action is to strengthen the operational capacity of the Montenegrin Customs Administration in order to implement Customs transit procedures fully aligned to the external and internal Common/Community transit procedures of the European Union and in order to implement New Computerised Transit System (NCTS) current version. Total cost : 3.3 mil. National implementation is expected for 2018.

Other EU project will follow according with updated IIS strategy (coordination with EU/ DG TAXUD authorities).

GOAL	PLANNED ACTIVITIES	COMPETENT BODY	DEADLINE	IMPLEMENTATION OF ACTIVITIES
ESTABLISHMENT OF INFORMATION SYSTEM AND PROCEDURES FOR RUNNING ACCOUNTS A AND B	According to recommendations from the report of DG Budget in 'GLOBAL ASSESSMENT OF MONTENEGRO S ABILITY TO APPLY THE OWN RESOURCES SYSTEM "from June 2015: establishing of the project team (PT), whose primary task will be defining and establishing of procedures necessary for running A and B accounts of traditional own resources (TOR)	Ministry of Finance - Customs Administration	February 2016	done
	In order to establish accounts A and B, the overall organization of the management process of TOR should be determined, along with the responsibilities of the organizational	Ministry of Finance - Customs Administration	Jan– Apr 2016.	PT

	<p>units involved in the management of TOR system, defining procedures and deadlines regarding entry, billing, collection of payments and reporting, coordination between organizational units included in the TOR system</p> <p>Study regulations and requests of EU related to TOR accounting system</p> <p>Preparation of the accounting rules analysis of TOR system based on the A and B accounts, in line with experiences obtained from study visits to EU member states</p> <p>Preparatory activities concerning amendments and addendums of the Customs laws or other regulations that would regulate the forced execution on movable and immovable property (given that, according to article 226 of the Customs law, levy is prescribed on financial claims conducted by the CBM), to which the accounting records should adapted</p> <p>Define and label revenues that will be classified in separate accounts A and B, according to whether the claims are paid, unpaid but secured, unsecured or contested</p> <p>The preparatory activities for the adoption of</p>	<p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance – Customs, Tax Administration,</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance -</p>	<p>May 2016</p> <p>November 2016</p> <p>May 2017</p> <p>III quarter of 2017</p>	<p>PT TAIEX CUSTOMS 2020</p> <p>TAIEX CUSTOMS 2020</p> <p>PT TAIEX CUSTOMS 2020</p> <p>TAIEX CUSTOMS 2020</p> <p>TAIEX CUSTOMS 2020</p>
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	<p>the Guidelines for the implementation of the TOR system of the EU in the Customs Administration in Montenegro. Guidelines would define more precisely sources of TOR, TOR accounts (A and B) emerging of claims, bookkeeping deadlines, recording receivables on accounts A and B, reporting forms for the purposes of Customs Administration</p> <p>Development of Guidelines for the implementation of TOR system of the EU in the Customs Administration in Montenegro. Guidelines would define sources of TOR, TOR accounts (A and B) occurrence of claims, bookkeeping deadlines, recording receivables on accounts A and B, reporting forms for the purposes of Customs Administration</p> <p>Specification of functional requirements (Technical specification, procurement procedures) for the introduction of the application for managing accounts A and B, Reporting system and upgrading of existing applications</p> <p>Upgrading of existing Information system, as well as addition to the section concerning reporting of the subsequent control and</p>	<p>Customs Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p>	<p>IV quarter of 2017</p> <p>IV quarter of 2017</p> <p>IV quarter of 2017</p> <p>September 2018</p>	<p></p> <p>PT</p> <p>TAIEX CUSTOMS 2020</p> <p>TWINNING LIGHT PROJECT</p>
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	<p>development of applicative solutions for the automatic generation of reports of A and B in accordance with Decision of Commission 97/245 / EC, with the implementation plan</p> <p>Adoption of the Guidelines for the implementation of the TOR system in the EU in the Customs Administration in Montenegro. Guidelines should define more precisely sources of TOR, TOR accounts (A and B) the occurrence of claims, bookkeeping deadlines, recording receivables on accounts A and B, reporting forms for the purposes of Customs Administration</p> <p>Based on the adopted Guidelines and reporting procedures of TOR, it is necessary to implement the management of the accounts A and B through the accounting system and consequently to develop the information system performance monitoring and supervision of A and B accounts.</p> <p>In accordance with the IT solution adopt a Manual for its use.</p>	<p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p>	<p>October 2018</p> <p>November 2018</p> <p>December of 2018</p>	<p>PT TWINNING LIGHT PROJECT</p> <p>TAIEX CUSTOMS 2020 TWINNING LIGHT PROJECT</p> <p>TWINING LIGHT PROJECT</p>
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	Testing of IT solutions for accounts A and B	Ministry of Finance - Customs Administration	Middle of 2019	PT
	The implementation of the updated IS in pilot center	Ministry of Finance - Customs Administration	September 2019	PT
	Internal Audit revision of accounting system and IT solutions by internal audit body	Ministry of Finance - Customs	October 2019	PT MF
	Training of employees	Ministry of Finance - Customs Administration	November 2019	PT
	Simulation of running A and B account (manual system)	Ministry of Finance - Customs Administration	IV quarter of 2016, I,II,III,IV quarter of 2017,2018	PT CUSTOM ADMINISTRATION
ESTABLISHMENT OF THE REPORTING	Developing and establishing procedures necessary to prepare the annual reports on the	Ministry of Finance - Customs Administration	IV quarter of 2017	TAIEX, CUSTOM 2020

SYSTEM REGARDING TRADITIONAL OWN RESOURCES COLLECTED ON THE BASIS OF RESULTS OF DISCOVERED CASES OF FRAUD AND IRREGULARITIES	<p>results of inspections pursuant to Article 17.5 of Council Regulation 1150/2000</p>			
	<p>Testing Reporting IT application</p>	<p>Ministry of Finance - Customs Administration</p>	<p>Mid 2019</p>	
	<p>Preparation of the pilot project related to reporting of detected cases of fraud and irregularities with the description, where the amounts exceed 10,000 €</p>	<p>Ministry of Finance - Customs Administration</p>	<p>Jan - Mar 2019</p>	<p>PT, TAIEX, CUSTOM 2020</p>
	<p>Analysis of report with a description of detected cases of frauds and irregularities, and gradual introduction of a unified reporting obligations for the entire custom system of Montenegro</p>	<p>Ministry of Finance - Customs Administration</p>	<p>November 2019</p>	<p>PT, TAIEX, CUSTOM 2020</p>
	<p>Submission of the simulation on reporting with a description of detected cases of frauds and irregularities involving traditional own resources in the amount of more than 10,000 €</p>	<p>Ministry of Finance - Customs Administration</p>	<p>December 2018</p>	<p>PT, TAIEX, CUSTOM 2020</p>
	<p>Seminar held by European Commission on OWNRES program and WOMIS IT program</p>	<p>Ministry of Finance - Customs Administration (EK)</p>	<p>Before joining the EU,</p>	<p>CUSTOM 2020</p>

	<p>Preparation of the report on the obligations set out in subsequent controls, for which there is no guaranty of a customs debt, and that should be recorded in the account B (further development of the audit after customs procedure)</p> <p>Preparation of the report on confiscated goods through OWNERS program</p>	<p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p>	<p>according to the instructions of the EC</p> <p>III quarter 2019 (continuous)</p> <p>mid 2019</p>	<p>PT, TAIEX, CUSTOM 2020</p> <p>PT, TAIEX, CUSTOM 2020</p>
<p>HARMONIZATION OF THE REGULATION ON THE IMPLEMENTATION OF MONTENEGRIN CUSTOM LAWS WITH EU REGULATION WITH SPECIAL REFERENCE TO HARMONIZATION OF SYSTEM CUSTOMS DEBT WRITE-OFF TO</p>	<p>Adoption of appropriate national regulations to harmonize the system of custom debt write-off with the Article 17 (2) of Council Regulation no. 1150/2000</p>	<p>Ministry of Finance - Customs Administration</p>	<p>IV quarter of 2017</p>	<p>TAIEX, CUSTOM 2020</p>
	<p>The establishment and implementation of the EU system for writing off uncollectible debts (procedures)</p>	<p>Ministry of Finance - Customs Administration</p>	<p>Upon accession to the EU</p>	<p>TAIEX, CUSTOM 2020</p>

<p>THE ARTICLE 17 (2) of COUNCIL REGULATION NO. 1150/2000 ON THE IMPLEMENTATION OF DECISION 94/728 / EC, BY EURATOM ON THE SYSTEM OF OWN RESOURCES IN COMMUNITY</p>				
<p>HARMONIZATION OF CUSTOM LAW WITH THE EU AQUIS</p>	<p>Adoption of the Law on Amendments and Addendums to the Custom Law which will transpose provision of Article 220, paragraph 2, point b. in Community Customs Code</p> <p>Adoption of the Regulation on Amendments and Addendums to the Regulation for the implementation of the Customs Act which will harmonize the provisions of the Regulation with the European customs legislation regarding the amount to which it will carry out subsequent entry of the import or export duties</p> <p>Continuation of the preparation of the Custom Administration for the implementation of anti-dumping measures</p>	<p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration</p>	<p>II quarter 2016</p> <p>IV quarter of 2016</p> <p>Continuing to EU accession</p>	<p>TAIEX, CUSTOM 2020</p> <p>TAIEX, CUSTOM 2020</p> <p>TAIEX, CUSTOM 2020</p>

3. VAT-BASED ON OWN RESOURCES

GOAL	PLANNED ACTIVITIES	COMPETENT BODY	DEADLINE	IMPLEMENTATION OF ACTIVITIES
<p>CALCULATION OF THE AVERAGE WEIGHTED VAT RATES AND POSITIVE AND NEGATIVE COMPENSATIONS</p>	<p>Compilation of the first Supply and Use table (SUT), compilation of theoretical VAT and its distribution by products and activities with aim to create inputs which are will be included in SUT and providing all required data for compilation of VAT weighted average rate from statistical system institutions. in creating input for involvement in SUT and securing statistical data for calculation for weighted VAT rate</p>	<p>Statistical Office of Montenegro, Ministry of Finance and Tax Administration</p>	<p>December 2018</p>	<p>Statistical Office works on preparation of the first Supply and Use table (SUT) for 2013. that should be available in December 2016. SUT will be starting point for calculation of theoretical VAT. Work on calculation of the theoretical VAT will be conducted during 2017-2018 in order to create inputs for calculation of weighted average VAT rate. Calculation of VAT weighted average rate (WAR) will be joint activity by Statistical Office and Tax administration. Tax administration have to provide necessary inputs for business entities that are in the system of VAT, business entities out of VAT and inputs on VAT data by</p>

				products and activities in order to calculate theoretical VAT and its involvement in SUT, that will create conditions for calculation of VAT weighted average rate.
PREPARATION OF SIMULATION OF THE VAT STATEMENT	Development of simulation exercises on VAT for 2014	Ministry of finance, Statistical Office of Montenegro and Tax administration	30 March 2016	
	Experimental calculation of VAT weighted average rate for 2014.	Statistical Office of Montenegro	30 March 2016	MONSTAT calculated the draft WAR only for Household final consumption expenditure (HFCE) for 2014. Currently it is only possible to compile WAR for HFCE because the this GDP components are available by Classification of individual consumption by purpose (COICOP). MONSTAT in the next period will work on compilation of SUT and exhaustiveness

	Verification of the simulation exercise by the EU Commission	DG Budget and Eurostat	II quarter of 2016	improvements and that will be good base for estimation of the WAR for all required GDP component.
HARMONISATION OF THE VALUE ADDED TAX ACT WITH THE EU ACQUIS COMMUNAUTAIRE	Law on Value Added Tax - harmonization with the EU acquis in the area of VAT and provisions of Directive 2006/112 / EC	Ministry of Finance - Tax Administration	IV quarter of 2016	In accordance with the plan of the program of accession of Montenegro, it is stated that the Law on Amendments and Addendums to the Law on Value Added Tax will be adopted in the fourth quarter of 2016. Given that in the forthcoming period it is planned revision of the mentioned document, there is a possibility that this deadline will be postponed.

4. OWN RESOURCES BASED ON GROSS NATIONAL INCOME

GOAL	PLANNED ACTIVITIES	COMPETENT BODY	DEADLINE	IMPLEMENTATION OF ACTIVITIES
HARMONIZATION OF GDP-GNI DATA	Calculation of GNI during 2015	Statistical Office of Montenegro	December 2015	MONSTAT compiled and published gross national income (GNI) for the period 2010-2014 according to ESA 2010 methodology in December 2015. It was done transition of gross domestic product (GDP) data by applying international methodology and based on the Balance of payment statistical data produced by Central Bank of Montenegro.
	Pilot calculation of GDP according to the income approach during 2016 and 2017. Publishing of data during 2017	Statistical Office of Montenegro	December 2017	Defining sources and analysis of data which are necessary for the calculation of GDP according to the income approach during 2016 and 2017.god. The IPA 2013 national project will cover the

	<p>Improvement of calculating exhaustiveness estimation of GDP and GNI is a continuous process that will continue in the next period and it will cover the inclusion of illegal activities by the end 2018</p>	<p>Statistical Office of Montenegro</p>	<p>December 2018</p>	<p>activity on the estimation of the GDP by income approach.</p> <p>The calculated GDP partly includes an assessment of the non-observed economy for legal activities (sub-reporting). The forthcoming IPA 2013 national project which is going to start on the beginning of 2016 with duration of 2 years will cover the work on improving GDP exhaustiveness estimation following the Eurostat tabular approach. Collecting data from potential sources, defining methodology and calculation of illegal activities during 2016. and 2017.</p>
	<p>Preparation of the first Supply and use table for 2013</p>	<p>Statistical Office of Montenegro</p>	<p>December 2016</p>	<p>MONSTAT carried out statistical survey for collecting detail data on the income, expenditure and inventories structure in November 2014 with the technical support of the finalized IPA 2010 national project. The work on</p>

	Preparation of the documents GNI Inventory	Statistical Office of Montenegro	December 2017	<p>compilation of balanced SUT table will be continued with IPA 2013 national project.</p> <p>Monstat has prepared a document "Description of the sources and methods for calculating GDP" which is regularly updated and will be the basis for creating a new document "GNI Inventory" by the end of 2017. The preparation of GNI Inventory is supported with IPA 2014 multi-beneficiary project.</p>
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5. PROTOCOL ON PRIVILEGES AND IMMUNITIES (PPI)

GOAL	PLANNED ACTIVITIES	COMPETENT BODY	DEADLINE	IMPLEMENTATION OF ACTIVITIES
<p>HARMONIZATION WITH DIRECTIVE OF COUNCIL 2006/79 EC FROM OCTOBER 5. 2006. ON EXEMPTION FROM TAXES ON IMPORTS OF SMALL CONSIGNMENTS OF GOODS OF NON-COMMERCIAL NATURE FROM THIRD COUNTRIES</p> <p>HARMONIZATION WITH DIRECTIVE OF COUNCIL 2007/74/EU ON THE EXEMPTION FROM VALUE ADDED TAX AND EXCISE DUTIES ON GOODS IMPORTED FOR PEOPLE TRAVELING FROM THIRD COUNTRIES</p>	<p>Amendments to the Law on Value Added Tax (This is also relates to exemptions of excise duties and VAT for supplies to diplomats and international organizations such as the NATO and the EU delegation in the EU)</p> <p>Amendments to the Customs Laws</p> <p>Regulation on the procedure for obtaining exemption from customs duties</p>	<p>Ministry of Finance - Tax Administration</p> <p>Ministry of Finance - Customs Administration</p> <p>Ministry of Finance - Customs Administration and Tax Administration</p>	<p>October 2016</p> <p>To EU accession</p> <p>To EU accession</p>	

