Union's budget: system of the European Communities' own resources, adjustment of the United Kingdom correction, financial framework 2007-2013

2006/0039(CNS) - 07/06/2007 - Final act

PURPOSE: to implement the conclusions of the European Council with regard to financing the EU. LEGISLATIVE ACT: Council Decision 2007/436/EC on the system of the European Communities' own resources.

CONTENT: the Council adopted a Decision amending the EU's system of own resources for the financing of its general budget. The Decision gives effect to the conclusions of the European Council meeting of December 2005 as regards the EU's budgetary framework for 2007-2013, introducing adjustments to update the existing decision on own resources. These concern in particular the budgetary correction mechanism in favour of the United Kingdom, which remains in full for all expenditure, except that in relation to Member States which joined the EU after 30 April 2004.

The principal adjustments are as follows:

Own resources: the general budget of the EU will be financed wholly from the Communities' own resources. Revenue from the following will constitute own resources:

a) levies, premiums, additional or compensatory amounts, additional amounts or factors, Common Customs Tariff duties and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries, customs duties on products under the expired Treaty establishing the European Coal and Steel Community as well as contributions and other duties provided for within the framework of the common organisation of the markets in sugar;

b) the application of a uniform rate valid for all Member States to the harmonised VAT assessment bases determined according to Community rules. The assessment base to be taken into account for this purpose shall not exceed 50 % of GNI for each Member State;

c) the application of a uniform rate — to be determined pursuant to the budgetary procedure in the light of the total of all other revenue — to the sum of all the Member States' GNIs;

d) revenue deriving from any new charges introduced within the framework of a common policy, in accordance with the EC Treaty or the Euratom Treaty.

Fixed rate of call of VAT: the rate of call of VAT shall be fixed at 0.30 % of Member States' capped VAT bases. For the period 2007–2013, four countries shall benefit from reduced rates of call of VAT to reduce their respective budgetary burden. During this period the rate of call of VAT for Austria shall be fixed at 0.225 %, for Germany at 0.15 % and for the Netherlands and Sweden at 0.10 %.

Temporary reductions in the GNI contributions for specific Member States: for the period 2007–2013, the Netherlands shall benefit from a gross annual reduction in its GNI contribution of EUR 605 million and Sweden from a gross annual reduction in its GNI contribution of EUR 150 million, expressed in 2004 prices. These gross reductions will be financed by all Member States, including the Netherlands and Sweden.

Ceiling on own resources and appropriations: the total amount of own resources allocated to the

Communities to cover annual appropriations for payments shall not exceed 1,24 % of the sum of all the Member States' GNIs, and the total annual amount of appropriations for commitments shall not exceed 1,31 % of the sum of all the Member States' GNIs.

Adjustment of the UK correction to enlargement: the correction of budgetary imbalances in favour of the United Kingdom shall remain in full except for expenditure in the Member States which have acceded to the EU after 30 April 2004. Expenditure in these new Member States, with the exception of CAP market expenditure (agricultural direct payments and market-related expenditure as well as that part of rural development expenditure originating from the EAGGF guarantee section), shall therefore be excluded from total allocated expenditure for the purpose of calculating the UK correction. The reduction of total allocated expenditure shall be progressively phased in. Accordingly, the percentage of enlargement-related expenditure to be excluded from the calculation of the UK correction is: in 2009-20%; 2010-70%; 2011-100%.

During the period 2007–2013, the total adjustment of the amount of the UK correction resulting from this reduction of allocated expenditure shall not exceed EUR 10.5 billion, in 2004 prices. The Commission shall verify each year whether the cumulated adjustment of the UK correction exceeds this amount. If it does, the UK contribution to the budget shall be reduced accordingly. The amount of EUR 10.5 billion shall, furthermore, be adjusted upwards in case of further enlargement before 2013, except for the accession of Romania and Bulgaria.

As soon as it has been phased in and provided that the ceiling of EUR 10.5 billion for the period 2007–2013 is not breached, this adjustment of the UK correction mechanism will ensure that the UK fully participates in the financing of enlargement, with the exception of the agricultural expenditure.

The enlargement-related adjustment in the current Own Resources Decision shall cease to apply as from the 2013 correction to be budgeted for the first time in 2014.

Review of the own resources system: in the framework of the full, wide-ranging review covering all aspects of EU spending, including the CAP, and of resources, including the United Kingdom rebate, on which it shall report in 2008/2009, the Commission shall undertake a general review of the own resources system.

Entry into force and effect: the new Own Resources Decision shall be adopted so that the ratification process for the new decision may be completed by all Member States to allow entry into force from the beginning of 2009 at the latest, with retroactive effect as from 1 January 2007.