

# Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 09/11/2011 - Legislative proposal

**PURPOSE:** to determine the methods and procedure for making available the own resource based on the value added tax (VAT).

**PROPOSED ACT:** Council Regulation.

**BACKGROUND:** the own resource of the Union based on a share of the value added tax (VAT) referred to in the Council Decision on the system of own resources of the European Union should be made available to the Union in the best possible conditions and accordingly rules should be laid down for the Member States on making that resource available to the Commission.

This proposal forms part of a package, which also includes a proposal for a [proposal for a Council Regulation](#) concerning the arrangements for making available to the EU budget the own resource based on the financial transaction tax as well as an [amended recast of the existing Council Regulation](#) on making available the traditional own resources and the GNI based own resource. The Commission will examine the possibility to consolidate the provisions for determining and making available all the own resources of the Union in one single Regulation following an overall agreement on the own resources package.

**IMPACT ASSESSMENT:** no impact assessment was carried out.

**LEGAL BASIS:** Article 322(2) of the Treaty on the Functioning of the European Union, and in particular, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof.

**CONTENT:** the purpose of this proposal is to lay down the method Member States should use to calculate this new own resource and the procedures for making it available to the EU budget. These arrangements complement the provisions laid down in the ORD 2014 and the [implementing measures](#) laid down under Article 311(4) TFEU concerning control and supervision and supplementary reporting requirements.

**A new calculation method:** for the sake of simplicity and transparency, and in order to reduce administrative costs, an Union average proportion of the value of chargeable supplies compared to the value of total supplies should be determined. In summary, each month Member States make a simple calculation using their (adjusted) VAT receipts for the month, the single EU-wide average proportion of VAT receipts accruing from standard-rated supplies to final consumption provided by the Commission, their standard rate and the share defined for the new VAT own resource.

**Making the new VAT own resource available to the EU budget:** the proposed arrangements for making the own resource available and for the other accounting and administrative issues are a combination of the relevant elements from the previous VAT-based own resource arrangements together with those for traditional own resources. Two major features of the proposal need to be highlighted:

- the entitlement to the own resource will arise only when a Member State has actually collected the revenue. This will create a close and automatic link between the national VAT receipts and economic circumstances, and the EU budget. The new VAT own resource will be directly impacted by EU and national VAT policies;
- to enable the own resource to be collected more rapidly and more efficiently it is proposed that the revenue be made available via a system of monthly statements giving a clear date by which amounts of own resources must be made available. The amounts will be transferred to the same account as is used for the other own resources.

In this context, it should also be noted that with the [Green Paper on the future of VAT](#), the Commission launched an initiative to reform the VAT system in order inter alia to broaden the tax base and limit fraud and avoidance. The proposed new VAT own resource is sufficiently flexible to continue to work with the changes resulting from that reform.