

# System of own resources of the EU

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On 29 June 2011, the Commission proposed replacing the current system of financing for the EU budget with a new system making full use of the possibilities introduced by the Lisbon Treaty (*see the summary of this date*).

This **amended proposal** for a Council Decision on the system of own resources of the European Union refines and complements the proposal made on 29 June. It ensures coherence with:

- the [proposed Council Directive](#) on a common system of financial transaction tax (FTT Directive") adopted on 28 September 2011;
- and with the proposals for Council Regulations on making the own resource [based on the FTT](#) available to the EU budget and on calculating and making available the own resource based on [value added tax \(VAT\)](#) as well as the amended proposal for a Council Regulation implementing the own resources Decision, adopted together with this proposal.

The proposals only bear on aspects dealing with the two new own resources based, respectively, on the financial transaction tax and the value added tax. Other issues, such as corrections, are not affected by these proposals.

**Proposed changes in the ‘own resources’ decision (ORD):** the proposal made on 29 June 2011 includes the list of new own resources, together with the timing for their introduction and relevant limits to their application. It contains in particular a maximum limit to the rates applicable to the new own resources, whereas the proposed implementing regulation presents actual rates to be applied.

This amended proposal simplifies greatly the way the FTT-based own resource is determined by referring to the rates defined in the FTT Directive for the purpose of determining the FTT based own resource. Possible adjustments to the rates would be made only in the FTT Directive. This ensures full coherence between the FTT Directive and the rules set out for the own resources system. In line with the FTT Directive, it is now proposed to use the FTT as an own resource as of 1 January 2014. This means that from the start of its implementation the FTT will partly be used as an own resource. Minor changes are also brought to provisions regarding the new VAT own resource, in order to ensure full consistency with the provisions set out in the amended proposal for a Regulation on the implementation of the ORD and the new proposal on the making available of this resource. For consistency, the timing for the introduction of the new VAT resource is aligned to that of the FTT.

Lastly, changes are brought to provisions relating to the administration and collection of the own resource to ensure coherence with the other parts of the legislation.

**Proposed changes in the regulation implementing the ORD:** three main changes are included in the amended proposal.

- explicit reference to the various types of financial transactions to which the rates would be applied is redundant with provisions laid down in the FTT Directive and the amended proposal for the ORD. It is now proposed to specify the share of the minimum rates defined in the FTT Directive that should be used for the purpose of the FTT-based own resource. Consequently, this share of the receipts resulting from the application of the minimum rates defined in the FTT Directive will accrue to the EU budget and the rest will accrue to the Member States budgets;

- the original proposal envisaged the possibility that the FTT would be collected by economic operators rather than by the Member States. In line with the FTT Directive, the Member States administrations will be responsible for collecting the FTT. Therefore, reference to economic operators is no longer necessary;
- lastly, regarding the new VAT own resource, the text now refers explicitly to the calculation method (set out in the proposal on the making available of the new VAT resource) which determines the basis on which to apply the call rate of the resource.

**Making the FTT-based and the VAT-based own resources available to the EU budget:** as a complement to the own resources Decision, a new proposal for a Council Regulation comprises the elements concerning the methods and procedures for making the FTT-based own resources available to the EU budget. A new proposal for a Council Regulation includes the arrangements on calculating and making available to the EU budget the own resource based on value added tax (VAT).

These proposals include the rules on the establishment of the two own resources, treasury and accounting arrangements, entry in the accounts and corrections, reporting and conservation of supporting documents. Moreover, regarding specifically the new VAT resource, detailed provisions on the calculation method are included in the texts.