Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements. Recast

2011/0185(CNS) - 09/11/2011 - Initial legislative proposal

PURPOSE: to ensure that cash requirements will be met under the new structure of EU financing introduced by the proposal for a Council Decision on the system of own resources of the European Union.

PROPOSED ACT: Council Regulation (amended proposal).

BACKGROUND: on 29 June 2011 the Commission adopted, as part of a broad package of proposals on the own resources system, a proposal for a Council Regulation on the methods and procedure for making available the traditional and GNI-based own resources and on the measures to meet cash requirements (*please see the summary of 29 June 2011*).

It announced that it would present the relevant detailed regulations or amendments to existing legal acts as well as the related regulations.

Accordingly, the Commission adopted a proposal for a Council Directive on a common system of financial transaction tax ("the FTT Directive") on 28 September 2011. In addition, Council Regulations on making the own resource based on the financial transaction tax (FTT) available to the EU budget and on calculating and making available the own resource based on value added tax (VAT) are proposed at the same time as this proposal.

CONTENT: the purpose of this amended proposal is to ensure that cash requirements will be met under the new structure of EU financing introduced by the proposal for a Council Decision on the system of own resources of the European Union and these new proposals.

Only one change of substance is included in this amended proposal compared to the proposal made on 29 June 2011.

It concerns the analysis of the current system which shows that up to two twelfths of GNI-based and current VAT own resources are systematically brought forward in the first quarter of the year to cover cash requirements, due mainly to expenditure of the European Agricultural Guarantee Fund (EAGF).

The structure of EU financing for the period 2012 - 2020 is expected to change considerably with the ending of the current VAT own resource and the introduction of new own resources as from 1 January 2014.

Since it can be assumed that cash requirements will be in excess of the assets of the accounts in the first quarter of every year, even after calling in advance two GNI twelfths, it is proposed to double the number of twelfths available in advance (from two to four) in order to compensate the decrease of the GNI share in the EU financing. This is a mechanical adjustment of the existing system, which will ensure the same capacity to face cash requirements of the EU budget as is the case today.