

# Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources

2015/0204(NLE) - 14/09/2015 - Legislative proposal

PURPOSE: to amend Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND : the own resources **legislative package** consists of [Decision 335/2014](#) on the system of Union's own resources (the Own Resources Decision), [Regulation No 608/2014](#) laying down implementing measures and Regulation No 609/2014 which is a recast of Regulation No 1150/2000.

[Regulation No 609/2014](#) deals with the rules on making own resources available and the measures to meet cash requirements. It contains practical arrangements in respect of the establishment of traditional own resources, conservation of supporting documents, administrative cooperation, the applicable rate for the GNI-based own resource, accounts to be kept for own resources, the timing for making them available and for making adjustments and provisions concerning cash management and irrecoverable amounts.

The new Regulations 608/2014 and 609/2014 will enter into force on the same day as Decision 335/2014, after all Member States in accordance with their respective constitutional requirements have approved the latter Decision. The package will apply retroactively from 1 January 2014.

In a **joint declaration** by the Commission and Council agreed when the own resources legislative package was adopted, the Commission undertook to submit a proposal for Article 12 of Regulation 609/2014 in order to allow a **revision of the procedure for calculating the interest on amounts made available belatedly**.

Apart from the rules on interest, this proposal also deals with the **procedure for the annual adjustment of the VAT and GNI-based own resources** as the most recent amendment introduced in the context of the unprecedented size of the adjustments in 2014 will no longer apply after the entry into force of Regulation No 609/2014.

In addition, some **other clarifications and improvements** to the current arrangements, mainly of technical nature, are proposed. These reflect the most recent experience and lessons learnt as regards the accounts for own resources, the management of Commission's treasury resources in the first semester, the assessment of GNI data by the Commission (Eurostat), the impact of criminal investigations on the establishment and making available of traditional own resources and the reporting of irrecoverable amounts of traditional own resources.

CONTENT: the Commission proposes to make the following amendments to Regulation (EU, Euratom) n° 609/2014 :

**1) Accounts of the Commission for own resources (Article 9 of Regulation No 609/2014):** the proposals introduces provisions specifying the entities responsible for opening and keeping the account, as well as provisions ensuring that own resources accounts are **kept free of any charge and negative interest**. Member States applying charges or negative interest to the Commission account for own resources concerned should **compensate** the EU budget.

It is further clarified that the Commission's own resources accounts may only be debited on the **Commission's instruction** where the net amount of own resources due on a given date is negative (i.e. where a Member State is to receive funds).

**2) Bringing forward monthly twelfths of VAT and GNI-based own resources (Article 10(3) of Regulation No 609/2014):** pursuant to the Regulation 609/2014, depending on the Union's cash position, Member States may be invited to bring forward by one or two months in the first quarter of the year monthly twelfths of the VAT and GNI-based own resource. In order to reduce the risk of payment delays experienced in past years due to temporary shortages of treasury resources, the Commission will be allowed to bring forward **up to one more twelfth**, in so far as it is justified by cash requirements

**3) Streamlining the annual adjustments to the VAT and GNI-based own resources (Article 10(4) to (7) of Regulation No 609/2014):** in the interest of simplification and in order to limit the fiscal strain on Member States and the Commission, in particular towards the end of the year, there will be **more time** between the formal notification of the amounts to Member States and the date to enter them in the Commission's own resources account. The notification and the due date for the entry in the accounts will occur in the same year, that year being also relevant for recording the impact on the government accounts and for the purposes of the Stability and Growth Pact.

Moreover there will be **an immediate redistribution** of the total amount of adjustments among Member States according to their respective shares in the GNI-based own resource.

**4) Interest rate (Article 12 of Regulation No 609/2014):** the interest rate in Article 12 currently provides for a fixed annual increase by 2 percentage points and a variable increase by 0.25 of a percentage point per month of delay. The rate is applicable to the whole period of delay. In order to ensure the proportionality of the system while maintaining the deterrent effect, the commission proposes that **the maximum annual increase to the basic rate should be limited to 20 percentage points**. Furthermore, and in order to further reinforce the smooth functioning of the system the fixed rate of increase should be raised to **3.5 percentage points**.

**5) Possibility of releasing Member States from financial responsibility in cases of deferred entry in the accounts or deferred notification of the customs debt in order not to prejudice criminal investigations (Article 13(2) of Regulation No 609/2014):** in order to promote effective protection of the financial interests of the Union, it is proposed to introduce an explicit provision allowing to release - under certain conditions to be observed strictly – Member States from their financial responsibility for amounts of traditional own resources that may prove irrecoverable due to deferred notification of customs debts in order not to prejudice criminal investigations and fight against fraud.

The threshold for Member States to report to the Commission cases of traditional own resources declared or deemed irrecoverable should be increased in order to reduce administrative burden for Member States and for the Commission.

For reasons of consistency, the Regulation should **enter into force on the same day as Regulation (EU, Euratom) No 609/2014** and should also apply from the date of application of that Regulation.