System of the Communities' own resources: implementing Decision 94/728/EC, Euratom

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In accordance with Council Regulation (EC, Euratom) No 1150/2000, the Commission presented its eighth report from the Commission on the operation of the inspection arrangements for traditional own resources (2013–2015).

Traditional own resources (TOR): customs duties on products imported from third countries, plus sugar levies. Over the period 2013-2015 more than **EUR 50 billion was made available (net)**.

Inspections carried out by the Commission: to supervise the system for the collection of TOR several types of checks by the Commission are possible: checks on regulations, checks on documents and on-the-spot inspections.

During the period 2013-2015 the Commission carried out **86 inspections which gave rise to 288 findings.** 122 of these had a direct financial impact (42.36%) and 63 a regulatory impact (21.88%). The Commission has taken appropriate measures to ensure that Member States make available to the EU budget the amounts involved, where appropriate.

- In 2013 and 2015, the inspections focused on: (i) **the entry of goods in the customs territory of the EU**; (ii) the end-use customs procedure which was examined in 18 Member States; (iii) the follow-up of risk information relating to potential cases of frauds and irregularities.
- In 2015, five inspections concerning the management of tariff suspensions and quotas were carried.
- In addition, the management of preferential tariff measures was examined in four countries.

Inspections relating to accounting matters: the management of the separate account combined with the corrections of the normal account is a recurrent topic which is inspected in all Member States visited, in addition to the main customs topic.

- Comprehensive inspections were conducted in three Member States entirely on this topic. The inspections carried out over the period 2013-2015 on this topic confirmed that **most errors were one-off and that systematic errors were exceptional**. The Member States assumed the financial consequences resulting from the findings noted. Member States must sustain their efforts to ensure the diligent management of the separate account and the corrections of the normal account.
- A series of inspections was also carried out in six Member States on the **reliability of the normal and separate account statements**. The procedures in place to establish these statements complied with the EU provisions and ensured the protection of the EU's financial interests.

Outcome of disputes: some points in the rules remain a source of disagreement between the Member States and the Commission, whose only option then is to start an infringement procedure. During the period 2013-2015, infringements were either launched or closed with the following countries: Portugal, the Netherland, United Kingdom, Italy and Belgium.

Over the reference period (2013-2015) additional entitlements totalling more than EUR 124 million were paid to the Commission following observations made in the inspection reports and on the occasion of other inspection activities and as a result of the follow-up of Court of Auditors' findings and Court of Justice's decisions on TOR infringement procedures.

The interest for late payment paid by the Member States totalled more than **EUR 104 million**.

In its judgment of 15 November 2005 Commission versus Denmark, the European Court of Justice upheld the Commission's view that the obligation of the Member State to establish the EU's entitlement to TOR (and to make them available) arises as soon as the conditions laid down in the customs regulations are met under normal circumstances.

On the basis of this case-law, the Commission **followed up the administrative errors committed by the Member States to the detriment of the EU's financial interests** during the period 2013-2015 (on-the-spot inspections, national repayment or remission decisions due to administrative errors, etc.). As a result of this follow-up, the Commission asked the Member States to make available **EUR 32 704 818** over the period 2013-2015.

Main results: the results recorded from 2013 to 2015 show that the Commission's inspections of TOR and the systematic follow-up of the shortcomings observed continue to be indispensable and efficient **means to improve recovery of TOR** and provide reassurance that the financial interests of the EU are properly safeguarded in this domain.

The Commission considered that the inspections keep on being a key tool leveraging compliance with the EU rules. **Its financial impact is significant**, as illustrated by the additional net amount made available to the EU budget (including payments for irrecoverable amounts for reasons attributable to the Member States and payments related to Member States' financial responsibility for errors made by the national administrations) of around **EUR 348 million** during 2013-2015.

On top of this, the inspections contribute to ensure equality of treatment among the Member States, as regards both the application of the customs and accounting rules and the protection of the EU's financial interests, providing a powerful mechanism to fight and prevent damaging distortions of competition.

From 1 May 2016, a new customs legislation is applicable and, after ratification by the Member States, a new own resources legislative framework for the period 2014-2020 will be retroactively applied from 1 January 2014. Both require the Commission to continue its TOR inspection activities resolutely and effectively.