Collection of own resources accruing from value added tax

2018/0133(NLE) - 02/05/2018 - Legislative proposal

PURPOSE: to simplify the arrangements for the collection of own resources accruing from value added tax.

PROPOSED ACT: Council Regulation.

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

BACKGROUND: this proposal constitutes an integral part of the reform of the own resources system as set out in the proposal for a Council Decision on the system of own resources of the European Union.

The proposal draws on past experiences in administering own resources and aims to simplify the calculation of the own resource based on value added tax. It also streamlines the practical arrangements.

CONTENT: the aim of the proposal is to **simplify considerably the own resources aspects of value added tax** by amending Regulation (EEC, Euratom) No 1553/89. It now focuses on **standard-rated supplies** (so the weighted average rate will not be needed), while the number of corrections are reduced to an absolute minimum and the financial compensations have been removed.

For the sake of simplicity and transparency, and in order to reduce administrative burden, the standard rated value added tax own resource should be calculated on the basis of a common Union share of standard rated transactions. That share should represent the average of the lowest shares of standard rated supplies to final consumption in Member States over a period of five years that has been calculated using national accounts and fiscal data approved by the Advisory Committee on Own Resources.

The arrangements for calculating the standard rated value added tax own resource base should be determined in a uniform manner starting from actually collected receipts for every given calendar year as the sole definitive method for determining the standard rated value added tax own resource base.