Predictability for Member States and procedures for dispute resolution when making available the traditional, VAT and GNI based own resources

2021/0161(NLE) - 25/06/2021 - Legislative proposal

PURPOSE: to enhance predictability for Member States and to clarify procedures for dispute resolution when making available the traditional, VAT and GNI based own resource.

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: while Council Regulation (EU, Euratom) No 609/2014 has provided a solid and stable anchor for the Union's financing mechanisms, the provisions on making own resources available need to be improved in order to increase predictability for Member States and clarify procedures for dispute resolution disputes.

In preparing this proposal, the Commission sent a detailed questionnaire to the Member States, the European Parliament and the European Court of Auditors to assess the content and practical functioning of Council Regulation (EU, Euratom) No 609/2014. The replies to this questionnaire confirmed the overall smooth functioning of the Regulation. However, Member States also made several requests for improvement.

CONTENT: the proposal aims to amend Council Regulation (EU, Euratom) No 609/2014 in order to establish the necessary provisions to determine the modalities and procedures for making own resources available. To this end, it sets out a carefully calibrated system to ensure regular and timely payments to the EU budget.

In concrete terms, the proposal:

- provides for the possibility for the Commission to set up a centralised ‘own resources’ account with a view to increasing efficiency and establishing a common approach to cash management;

- gives Member States the possibility, on a case-by-case basis, to make advance payments after having informed the Commission in advance;

- modifies the annual balances adjustment and postpones the making available by Member States of the adjustments to year N+2 in order to facilitate the national budgetary procedures;

- modifies the rules on interest on late payments: Council Regulation (EU, Euratom) 2016/804 had already capped the increase in interest above the base rate to 16 percentage points. The present proposal extends the capping on the increase of interests to all cases. In addition, it also raises the threshold to waive interest from EUR 500 to EUR 1,000. In addition, a time limit of 10 years is introduced for keeping traditional own resources amounts in the B accounts;

- amends the provisions of Regulation (EU, Euratom) No 609/2014 on irrecoverable amounts so as to introduce a general time limit for amounts to be taken out of that separate account to ensure that the cases in this separate account are regularly reviewed;

- establishes additional procedural deadlines for the Commission and the Member States to ensure timely follow-up of write-off reports and to support a swift and fully transparent assessment of the Member State' s decision not to make the irrecoverable amount of traditional own resources available, further procedural deadlines for the Commission and Member States should be introduced;

- formally establishes a review procedure to improve transparency and clarify Member States' rights of defence in cases of disagreement between Member States and the Commission on the making available of traditional own resources;

- introduces provisions to reflect the current practice of the payment under reservation, which opens the possibility to initiate an action for unjust enrichment against the Commission;

- includes Germany to the beneficiaries of lump-sum corrections, while the reference to the UK correction is deleted.

Budgetary implications

The proposal would not change the human and administrative resources required compared to Council Regulation (EU, Euratom) No 609/2014. However, the extension of the cap on the interest rate increase to all cases will lead to a decrease in the interest revenue collected for the EU budget. Its financial impact, based on reference amounts of the past years (as from the entry into force of Council Regulation (EU, Euratom) 2016/804) is estimated at EUR 27.5 million/year.