Amending budget 4/2021: update of revenue; revised forecast of own resources and other revenue

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PURPOSE: presentation of Draft Amending Budget (DAB) No 4 to the 2021 budget in order to update the revenue following the entry into force on 1 June 2021 of Council Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union, the revised forecast of own resources and other revenue.

CONTENT: this DAB covers the adjustments for 2021 related to the **new provisions introduced by ORD 2020** (Own Resource Directive) and the revised forecasts of own resources and other revenue approved by the Advisory Committee on Own Resources (ACOR) on 26 May 2021.

As a reminder, the main changes introduced by ORD 2020 are the following:

- the increased own resources ceilings;

- an increased rate of collection costs for customs duties for the Member States (25 % instead of 20 % under ORD 2014);

- a uniform VAT call rate without exception and a simplified definition of the VAT base;

- a new own resource based on non-recycled plastic packaging waste; and

- modified gross reductions in the Gross National Income (GNI)-based own resource for Denmark, Germany, the Netherlands, Austria and Sweden.

Change of own resources ceilings

The ORD 2020 sets the overall ceiling for own resources in 2021 at 1.40% of the total EU GNI and the maximum amount for commitments at 1.46% of EU GNI. Both ceilings are temporarily increased by 0.6 percentage points to cover all liabilities of the Union resulting from the borrowing for NextGenerationEU until all such liabilities have ceased to exist, and at the latest by 31 December 2058.

The total amount of own resources (Title 1 in the revenue part of the budget) needed to finance the appropriations for payments in the Budget 2021 is the equivalent of 1.13 % of the EU GNI. It is almost exclusively related to the financing of expenditure counted against the permanent ceiling for own resources of 1.40% EU GNI, leaving a margin of 0.27% EU GNI. The amount of own resources for financing liabilities stemming from NextGenerationEU and counted against the temporary increase of 0.6% EU GNI is marginal in 2021 (i.e. less than 0.0003% EU GNI).

Update of revenue

The revised forecasts for 2021 agreed in the 181st ACOR meeting on 26 May 2021 are based on ORD 2020. The following adjustments of the revenue side of the budget are required:

(1) An **update of the estimates** for Traditional Own Resources (TOR) as well as for the own resources based on the Value Added Tax (VAT) and Gross National Income (GNI), to take account of more recent economic forecasts and new provisions in ORD 2020.

The Commission's revenue projections are based on the Commission 2021 Spring economic forecast, which predicts that the EU economy will return to its pre-crisis level by the end of 2022.

(2) The introduction of a **new own resource based on non-recycled plastic packaging waste**.

The forecast of non-recycled plastic packaging waste in the EU was agreed in the 181st ACOR meeting on 26 May 2021 and amounts to 8 172 841.5 tons in 2021.

Member States' recycling rates are assumed to follow a linear convergence path between the recycling rate based on the latest available outturn data (2017/2018) and the EU recycling target of 50 % to be met by 2025. The increase of recycling rates is capped at 2 percentage points per year to ensure a realistic convergence path. The recycling rate of Member States having already reached or surpassed the target in 2017/2018 is kept constant.

(3) The introduction of the **gross reductions in the annual GNI-based contributions for Denmark, Germany, the Netherlands, Austria and Sweden**.

ORD 2020 grants five Member States a gross reduction in their annual GNI-based contributions for the 2021-2027 period. The annual gross reductions amount to EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands, EUR 565 million for Austria, and EUR 1 069 million for Sweden. These amounts are expressed in 2020 prices and need to be adjusted to current prices by applying the most recent gross domestic product deflator for the Union expressed in euro. The gross reductions are to be financed by all Member States.

Impact on the GNI-based own resource contribution for 2021

Taking into account the increased rate of collection costs for TOR, the simplified VAT base, and the new own resource based on non-recycled plastic packaging waste, the amount of own resources other than GNI increased by EUR 5 542 760 620. Together with the increase of the other revenues by EUR 55 964 750, this decreases the GNI contribution by EUR 5 598 725 370.

Other revenue

The amount of other revenues is updated to take into account the revised United Kingdom contribution, definitely cashed fines and penalty payments until June 2021, and the contribution from the European Coal and Steel Community in relation to the reimbursement of the United Kingdom's share of the net assets to the United Kingdom.