

System of own resources of the European Union

2021/0430(CNS) - 22/12/2021 - Legislative proposal

PURPOSE: to introduce new own resources to provide the EU with the necessary resources to cover, in particular, the new budgetary expenditure related to the reimbursement of the financing costs of the NextGenerationEU loans and the Social Climate Fund.

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: **NextGenerationEU** will deploy EUR 750 billion in 2018 prices, raised on capital markets, to fund specific recovery and resilience actions in a limited period of time, in order to boost economic growth and invest in resilience and a greener and digital future.

The repayment of the principal of such funds to be used for expenditure under the European Union Recovery Instrument and the related interest due will have to be financed by the general budget of the Union, including by **sufficient proceeds from new own resources** introduced after 2021.

In the framework of the [Interinstitutional Agreement](#) of 16 December 2020 on new own resources, including a roadmap for the introduction of new own resources, the European Parliament, the Council and the Commission acknowledged that expenditure from the Union budget related to the repayment of the European Union Recovery Instrument should not lead to an undue reduction in programme expenditure or investment instruments under the Multiannual Financial Framework (MFF).

To address possible social impacts in relation to the introduction of emissions trading for road transport and buildings, the Commission has proposed to establish a **Social Climate Fund**.

Considering the close link of emissions trading to the climate policy objectives of the Union, it is appropriate to allocate a share of the revenues concerned to the Union budget. The close link of the carbon border adjustment mechanism to the Union's climate policy also justifies a share of the revenues from the sale of certificates should be transferred to the Union budget as an own resource.

Lastly, in October 2021, the Organisation for Economic Co-operation and Development and the G20 Inclusive Framework on Base Erosion and Profit Shifting reached an agreement on the allocation to participating market jurisdictions of 25% of residual profits of large multinational enterprises above the profitability threshold of 10% (OECD/G20 IF Pillar 1 Agreement). The own resource should consist in applying a uniform call rate to the share of residual profits of the multinational enterprises, re-allocated to Member States pursuant to the Directive on implementation of the global agreement on re-allocation of taxing rights.

CONTENT: in line with the commitment made in the roadmap agreed in the Interinstitutional Agreement of 16 December 2020, the Commission proposes to amend the [Own Resources Decision](#) to establish the following new own resources for the EU budget:

(1) A share of the revenue obtained in accordance with the EU Emissions Trading Scheme (EU ETS) Directive

The amended proposal specifies that 25% of most revenues generated from allowances to be auctioned from the emissions trading will accrue to the EU budget. This includes revenues from the current Emissions Trading System for stationary installations and aviation for which additional allowances would be auctioned as well as its extension to maritime transport and the introduction of a separate emission trading for road transport and buildings.

The total financial envelope of the Fund for the 2025-32 period will be EUR 72.2 billion in current prices, corresponding in principle to an amount equivalent to around 25% of the expected revenue from the new emissions trading system for buildings and road transport for the period 2026-2032.

(2) A share of revenues from the border carbon adjustment mechanism

This proposal establishes that a share of the revenues from the sale of carbon border adjustment mechanism certificates will be transferred to the EU budget as own resources in the form of a national contribution.

(3) Applying a uniform call rate to the share of residual profits of multinational companies reallocated to Member States

The proposal provides that Member States will make a national contribution to the EU budget based on the share of the residual profits of the largest and most profitable multinational enterprises re-allocated to Member States in case they are end market jurisdictions where goods or services are used or consumed under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting agreement.