Own Resources: A new start for EU finances. A new start for Europe

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The European Parliament adopted by 356 votes to 199, with 65 abstentions, a resolution on own resources: a new start for EU finances, a new start for Europe.

Need to reform the EU budget's revenue policy

Members declared that EU finances are going through a critical period where a **lack of reform would have highly detrimental effects on the future of the European Union**, its policies, objectives and the trust of citizens and investors in the Union.

They recalled that the Commission has stated that the unforeseen needs created by war in Europe are well beyond the means available in the current multiannual financial framework (MFF). All new Union policies and challenges must involve **new financial means** and additional fresh resources.

Parliament recalled that it has broadly endorsed the initiative to introduce three new sources of revenue based on the ETS, the CBAM and the proceeds of OECD Pillar One. These new own resources are necessary to avoid the next generation of Europeans paying the price for the repayment of the principal and the interest of the funds borrowed under the NextGenerationEU (NGEU).

Members warned any attempt to reduce funding for ordinary Union policies to make space for the repayment of Union debt, as this would endanger long-term Union goals, such as economic, social and territorial convergence, research and innovation or the green and digital transitions.

Parliament called on the Member States meeting within the Council to urgently adopt the first basket of own resources of 14 December 2021 and to present the new set of proposals as soon as possible and by the third quarter of 2023 at the latest.

Diversifying the EU's financing sources and finding a new revenue balance

Parliament urged all actors to continue the efforts to identify **fresh and new, preferably genuine, own resources** and other revenue sources for the Union budget with the aim of fully covering the overall expected expenditure for the repayment of the principal and the interest of the funds borrowed under the NGEU and reinforcing the Union budget where the '1 % of EU GDP dogma' is to be abandoned.

The proceeds from additional Union own resources must be sufficient not only to cover the debt service of the Union bonds, including the incurring interest charges, but also to sustain and facilitate necessary European investments beyond 2026.

The revenue side of the Union budget should be used strategically to strengthen the Union's competitiveness and sustainability, and to promote innovation in the EU, as well as social, fiscal and environmental justice.

Corporate taxation (BEFIT)

Parliament urged the Commission to propose a **single corporate tax rulebook for the Union**, based on the key features of a common tax base and the allocation of profits between Member States by using a

formula or formulary apportionment of corporate income tax based on the BEFIT rules, as a new own resource. It warned that if the negotiations regarding the OECD Pillar One are not concluded in a reasonable time frame, the Commission should consider other sources of revenue from large corporations that operate in the single market.

EU 'fair border mechanism'

The Commission is called on to proceed with a stakeholder consultation and a thorough impact assessment pertaining to a possible legislative proposal on a 'fair border mechanism'. If a company imports products into the Union single market made by workers in non-EU countries whose wages are below a fixed threshold in breach of such legislation, it would have to pay a charge amounting to the difference between this threshold and the actual remuneration their workers receive. The proceeds of charges incurred in the course of enforcing such a measure should accrue to the Union budget. Parliament expects the Commission to provide an estimate of the impact on working conditions in non-EU countries, as well as the compatibility of such a measure with the relevant WTO rules.

Financial Transaction Tax (FTT)

Parliament reiterated its call on the Commission to cover , financial services, including financial transactions, in its second basket of own resources. It called on the Commission, therefore, to consider a Union-wide FTT. Taking account of the growing repurchase of corporate stock (share buyback) in the Union, Parliament also called on the Commission to assess the feasibility of an excise duty on the repurchase of shares by corporations.

Tax on cryptocurrencies

Parliament suggested the introduction of a European tax on crypto-assets, whose revenues would flow into the Union budget as a new own resource. Several taxation options are conceivable for crypto-assets, such as a tax on capital gains resulting from crypto-asset activities (based on a uniform levy rate for all Member States), a tax on crypto-asset transactions or a tax on the mining and trading of crypto-assets determined according to their electricity consumption and environmental impact. The Commission is called on to assess the impact of these options on the European crypto-asset market, to estimate potential revenues and to come forward with a concrete proposal.

Statistics-based own resources

Members see high potential added value in own resources in the form of statistics-based national contributions which provide Member States with an incentive and a reward for vigorous implementation of Union-level policies. In particular, Members called for the establishment of a **gender pay gap-based own resource**.

Parliament called for an examination of the possibility of introducing new own resources linked to types of waste beyond plastic packaging waste, namely **bio-waste and food waste**.

Revenue sources other than own resources

Parliament insisted that budget revenue in the form of levies, fees - such as those charged for visa waivers under the European Travel Information and Authorisation System (ETIAS) when it comes into operation - excess emission premiums, competition fines, infringement penalties or similar should form an integral part of the annual budget.

The Commission should assess in detail how such proceeds or penalties collected by Member State authorities could be made available to the Union budget as an own resource. Members supports the idea of

making the proceeds of the confiscation and monetisation of assets resulting from criminal activities an own resource of the Union, as well as the idea of making the proceeds of the confiscation and monetisation of Russian assets available for relief and reconstruction efforts in Ukraine.

Legitimacy

Recalling its consultative powers regarding the Own Resources Decision, Parliament is convinced that a **more pronounced role** of the European Parliament as the legislative and budgetary authority in the underlying legislation, as well as in the annual budgetary procedure concerning the revenue side and debt levels, should be granted. It also considered that the European Parliament should play an enhanced role in the decision-making process for own resources to ensure the visibility, legitimacy and democratic accountability of Union public finances.