Basic information

2011/0333(CNS) CNS - Consultation procedure Regulation	Procedure lapsed or withdrawn
Own resources: methods and procedure for making available the value added tax (VAT) based own resource **Subject** 2.70.02 Indirect taxation, VAT, excise duties 8.70.01 Financing of the budget, own resources	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets		

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control		
ECON Economic and Monetary Affairs		
JURI Legal Affairs		

Council of the European Union

Council configuration	Meetings	Date
General Affairs	3143	2012-01-27
Economic and Financial Affairs ECOFIN	3167	2012-05-15

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
09/11/2011	Legislative proposal published	COM(2011)0737	Summary
15/12/2011	Committee referral announced in Parliament		

27/01/2012	Debate in Council		Summary
15/05/2012	Resolution/conclusions adopted by Council		Summary
10/10/2012	Vote in committee		
12/10/2012	Committee report tabled for plenary, 1st reading/single reading	A7-0316/2012	Summary
23/10/2012	Decision by Parliament	T7-0361/2012	Summary
23/10/2012	Results of vote in Parliament		
23/10/2012	Debate in Parliament		
03/07/2018	Proposal withdrawn by Commission		

Technical information

Procedure reference	2011/0333(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Euratom Treaty A 106a-pa Treaty on the Functioning of the European Union TFEU 322-p2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	BUDG/7/07824

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE496.556	26/09/2012	
Amendments tabled in committee		PE496.669	04/10/2012	
Committee report tabled for plenary, 1st reading/single reading		A7-0316/2012	12/10/2012	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0361/2012	23/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2011)0737	09/11/2011	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary

Contribution	PT_PARLIAMENT	COM(2011)0737	07/06/2012	

Additional information		
Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 09/11/2011 - Legislative proposal

PURPOSE: to determine the methods and procedure for making available the own resource based on the value added tax (VAT).

PROPOSED ACT: Council Regulation.

BACKGROUND: the own resource of the Union based on a share of the value added tax (VAT) referred to in the Council Decision on the system of own resources of the European Union should be made available to the Union in the best possible conditions and accordingly rules should be laid down for the Member States on making that resource available to the Commission.

This proposal forms part of a package, which also includes a proposal for a proposal for a Council Regulation concerning the arrangements for making available to the EU budget the own resource based on the financial transaction tax as well as an amended recast of the existing Council Regulation on making available the traditional own resources and the GNI based own resource. The Commission will examine the possibility to consolidate the provisions for determining and making available all the own resources of the Union in one single Regulation following an overall agreement on the own resources package**.**

IMPACT ASSESSMENT: no impact assessment was carried out.

LEGAL BASIS: Article 322(2) of the Treaty on the Functioning of the European Union, and in particular, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof.

CONTENT: the purpose of this proposal is to lay down the method Member States should use to calculate this new own resource and the procedures for making it available to the EU budget. These arrangements complement the provisions laid down in the ORD 2014 and the implementing measures laid down under Article 311(4) TFEU concerning control and supervision and supplementary reporting requirements.

A new calculation method: for the sake of simplicity and transparency, and in order to reduce administrative costs, an Union average proportion of the value of chargeable supplies compared to the value of total supplies should be determined. In summary, each month Member States make a simple calculation using their (adjusted) VAT receipts for the month, the single EU-wide average proportion of VAT receipts accruing from standard-rated supplies to final consumption provided by the Commission, their standard rate and the share defined for the new VAT own resource.

Making the new VAT own resource available to the EU budget: the proposed arrangements for making the own resource available and for the other accounting and administrative issues are a combination of the relevant elements from the previous VAT-based own resource arrangements together with those for traditional own resources. Two major features of the proposal need to be highlighted:

- the entitlement to the own resource will arise only when a Member State has actually collected the revenue. This will create a close and automatic link between the national VAT receipts and economic circumstances, and the EU budget. The new VAT own resource will be directly impacted by EU and national VAT policies;
- to enable the own resource to be collected more rapidly and more efficiently it is proposed that the revenue be made available via a system of monthly statements giving a clear date by which amounts of own resources must be made available. The amounts will be transferred to the same account as is used for the other own resources.

In this context, it should also be noted that with the Green Paper on the future of VAT, the Commission launched an initiative to reform the VAT system in order inter alia to broaden the tax base and limit fraud and avoidance. The proposed new VAT own resource is sufficiently flexible to continue to work with the changes resulting from that reform.

Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 12/10/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets adopted the report by Jean-Luc DEHAENE (EPP, BE) on the proposal for a Council regulation on the methods and procedure for making available the own resource based on the value added tax following the consultation procedure in the framework of a special legislative procedure (consultation of Parliament). The report recommends that the European Parliament approves the Commission proposal. It considers that the strongest advantages of the new VAT proposal are transparency, fairness to taxpayers in all Member States, improved simplicity and potential to turn into a genuine own resource directly accruing to the EU budget in the future.

Members call on the Commission to come up with **concrete proposals how to further reform the VAT own resource so that it accrues directly to the Union budget** in the 2014 - 2020 period or in a further revision of the own resources system. They recall that Parliament, in its resolution of 23 October 2012 on the MFF procedure, expressed a strong belief that the VAT is one of the conditions for the necessary political agreement on Own resources and that an agreement on the reform of VAT as own resource, as well as its implementing modalities, must be concluded together with the agreement on the MFF. They also recall that Parliament has several times reiterated its position that a reform of the own-resources system of the Union is needed, in particular in relation to the existing VAT resource, with the aim of reverting to its initial idea of that resource being a genuine own resource and not a pure statistical device.

Lastly, the committee calls for a practical follow-up to the Commission's Green Paper on the future of VAT and concrete measures that will ensure a higher degree of harmonisation of the VAT systems in the Member States, since it is only such harmonisation that can provide the basis for making the VAT a genuine own resource, accruing directly to the Union budget in the future.

Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 23/10/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 516 votes to 98, with 33 abstentions, a resolution on the proposal for a Council Regulation on the methods and procedure for making available the own resource based on the value added tax, following the consultation procedure in the framework of a special legislative procedure (consultation of Parliament).

It approves the Commission proposal. It considers that the strongest advantages of the new VAT proposal are transparency, fairness to taxpayers in all Member States, improved simplicity and potential to turn into a genuine own resource directly accruing to the EU budget in the future.

Members call on the Commission to come up with **concrete proposals how to further reform the VAT own resource so that it accrues directly to the Union budget** in the 2014 - 2020 period or in a further revision of the own resources system. They recall that Parliament, in its resolution of 23 October 2012 on the MFF procedure, expressed a strong belief that the VAT is one of the conditions for the necessary political agreement on Own resources and that an agreement on the reform of VAT as own resource, as well as its implementing modalities, must be concluded together with the agreement on the MFF. They also recall that Parliament has several times reiterated its position that a reform of the own-resources system of the Union is needed, in particular in relation to the existing VAT resource, with the aim of reverting to its initial idea of that resource being a genuine own resource and not a pure statistical device. For the first time, the Treaty requires Parliament's consent to implementing measures for the system of the Union's own resources, and Parliament recalls it has clearly expressed its will to exercise its prerogative in that regard in the negotiations on the reform of the own-resources system.

Lastly, Parliament calls for a practical follow-up to the Commission's Green Paper on the future of VAT and concrete measures that will ensure a higher degree of harmonisation of the VAT systems in the Member States, since it is only such harmonisation that can provide the basis for making the VAT a genuine own resource, accruing directly to the Union budget in the future.

Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 27/01/2012

The Council **discussed the main priorities and the budgetary framework** including the overall amounts presented in the Commission's proposals for the EU's multiannual financial framework (MFF) for the 2014-2020 period. The debate enabled a clearer picture to be obtained of the member states' positions on the main issues and of the state of negotiations. It also provided guidance to the presidency and notably indicated the areas where it could face difficulties in finding common ground.

During this debate, several delegations highlighted a need for **reforming the EU's own resources system**.

Own resources: methods and procedure for making available the value added tax (VAT) based own resource

2011/0333(CNS) - 15/05/2012

The Council took note of a report on discussions on a communication from the Commission on the future of Value Added Tax (VAT) following its Green Paper on “The future of VAT – Towards a simpler, more robust and efficient VAT system”.

It supports the objective of an EU VAT system which should be **simpler, more efficient and neutral, robust and fraud-proof**. Value Added Tax constitutes a major source of revenue for the national budgets and reform of the current EU VAT system should, in particular, aim at making it more effective and efficient, removing unjustified exemptions and broadening the tax base, in order to contribute to fiscal consolidation and growth.

The Council points to the following **principles and legal considerations**, which should be taken into account in furtherance of any future action: cost-efficiency, proportionality, unanimity, data protection legislation, compliance with the subsidiarity principle and full respect for the respective competences of the Union and the Member States.

In this context, the Council conclusions on the **priorities for further work** are as follows:

A simpler VAT system: the Council supports work to ensure the timely implementation of the mini One-Stop-Shop in 2015 as a key priority action. It takes note of the Commission’s view that, in a VAT system based on taxation at destination, a One-Stop-Shop is a crucial instrument to facilitate access to the single market. It emphasises the importance of ensuring that initiatives designed to arrive at a simpler VAT system for businesses do not impose additional burdens on national authorities. The Commission is called upon to: (i) further clarify the legal status of the information, as well as content, form, roles and responsibilities in connection with the proposed EU VAT web portal; (ii) in close cooperation with Member States and in consultation with stakeholders, to continue its work on the setting up of an EU VAT forum for Member States and stakeholders, facilitated by the Commission.

A more efficient VAT system: the Council considers revenue generating capacity and the ability to sustain economic growth to be inherent features of a more efficient VAT system. Moreover, there is a need to examine in further detail the present EU rules on the application of VAT to the public sector, in so far as there is competition between the public and private sectors. It acknowledges the desire to clarify the rules concerning non-profit-making organisations and recalls the possibility, for the Member States that so wish, of applying reduced

VAT rates in certain sectors.

A more robust and fraud-proof VAT system: the Council fully acknowledges that continued work is needed to improve the robustness and resilience of the EU VAT system, including taking into account new technological developments. It takes note of the intention of the Commission: (i) to analyse the feasibility of new tax collection methods; (ii) to come forward with a concrete proposal for a Quick Reaction Mechanism which, with a view to combating sudden fraud, will enable the adoption at national level of temporary measures derogating from the Directive, pending the outcome of the procedures for the adoption of appropriate measures at Union level.

A VAT system tailored to the single market: the Council concurs with the Commission that the principle of taxation in the Member State of origin of the supply of goods or services, as envisaged in article 402 of Directive 2006/112/EC on the common system of value added tax, remains unlikely to be politically achievable. It invites the Commission to proceed with in-depth technical work and a broadly based dialogue with Member States to examine in detail the different possible ways to implement the destination principle.