Basic information

2013/0313(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Financial rules applicable to the general budget of the Union Amending Regulation (EU, Euratom) No 966/2012 2010/0395(COD) **Subject** 8.70 Budget of the Union 8.70.02 Financial regulations 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GRÄSSLE Ingeborg (PPE)	30/09/2013
	Shadow rapporteur MULDER Jan (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	
TRAN Transport and Tourism	The committee decided not to give an opinion.	
REGI Regional Development	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3310	2014-05-06

European Commission

Commission DG	Commissioner
Budget	LEWANDOWSKI Janusz

European Court of Auditors

Key events

Date	Event	Reference	Summary
20/09/2013	Legislative proposal published	COM(2013)0639	Summary
08/10/2013	Committee referral announced in Parliament, 1st reading		
12/02/2014	Vote in committee, 1st reading		
14/02/2014	Committee report tabled for plenary, 1st reading	A7-0108/2014	Summary
16/04/2014	Decision by Parliament, 1st reading	T7-0423/2014	Summary
16/04/2014	Results of vote in Parliament		
06/05/2014	Act adopted by Council after Parliament's 1st reading		
15/05/2014	Final act signed		
15/05/2014	End of procedure in Parliament		
29/05/2014	Final act published in Official Journal		

Technical information

Procedure reference	2013/0313(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EU, Euratom) No 966/2012 2010/0395(COD)
Legal basis	Euratom Treaty A 106a-pa Treaty on the Functioning of the European Union TFEU 322-p1
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Court of Auditors
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/14091

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE527.995	03/02/2014	
Committee report tabled for plenary, 1st reading/single reading		A7-0108/2014	14/02/2014	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0423/2014	16/04/2014	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	00078/2014/LEX	15/05/2014	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2013)0639	20/09/2013	Summary
Commission response to text adopted in plenary	SP(2014)471	09/07/2014	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N7-0075/2014 OJ C 004 08.01.2014, p. 0001	03/12/2013	Summary

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Regulation 2014/0547
OJ L 163 29.05.2014, p. 0018 Summary

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 20/09/2013 - Legislative proposal

PURPOSE: amend Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (Financial Regulation).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the European Parliament, the Council and the Commission agreed to revise the Financial Regulation in order to take into account the outcome of the negotiations on the multiannual financial framework for the years 2014-2020.

Therefore, the adoption of the new Financial Regulation was accompanied by the following joint statement of the European Parliament, Council and the Commission:

" The European Parliament, the Council and the Commission agree that the Financial Regulation would be revised in order to include amendments made necessary by the outcome of the negotiations on the multiannual financial framework for the years 2014-2020, including on the following issues:

- the carry-over rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility;
- the carry-over of unused appropriations and of the budgetary balance, as well as the related proposal to enter these in a reserve for payments and commitments;
- the possible inclusion of the European Development Fund in the Union budget;
- the treatment of funds resulting from the agreements on the fight against the illegal traffic in tobacco products."

On 27 June 2013, a political agreement was reached between Parliament, the Council Presidency and the Commission on the Multiannual Financial Framework 2014-2020 (MFF) package and on the draft Regulation of the European Parliament and the Council establishing the Connecting Europe Facility (CEF).

This proposal shall take into account the various points raised in the aforementioned joint statement and amend Article 13 of the FR to include the carry-over rules for the emergency aid reserve and projects financed under the Connecting Europe.

New flexibilities for unused commitment and payment appropriations have been introduced in the draft Council Regulation laying down the multiannual financial framework for the years 2014-2020 (MFF Regulation). They will be implemented by means of the technical adjustments of the MFF as provided for in the draft MFF Regulation and mobilised in the framework of the budgetary procedure pursuant to Article 314 of the Treaty on the Functioning of the European Union. Therefore, no further modifications of the FR are required for those flexibilities.

Concerning the European Development Fund (EDF), the Commission intends to propose the budgetisation of the EDF as of 2021.

No further agreement was reached in the context of the multiannual financial framework for the years 2014-2020 concerning the treatment of funds resulting from the agreements on the fight against the illegal traffic in tobacco products. Therefore, the Commission will continue implementing the agreements and propose, as it has done in its proposal for the Hercule III programme, appropriate financial means necessary to fight cigarette smuggling and counterfeiting by the EU, in addition to efforts undertaken by the Member States.

IMPACT ASSESSMENT: no impact assessment was undertaken given that the present proposal merely implements the outcome of the negotiations on the multiannual financial framework for the years 2014-2020 and has a very limited scope.

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

CONTENT: the proposal aims to amend Regulation (EU, EURATOM) No 966/2012 in order to include **the carryover rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility**.

From a technical point of view, the amendments may be summarised as follows:

- as regards the annual amount of the Emergency Aid Reserve (EAR) (EUR 280 million per year at 2011 prices) entered in the general budget of the Union, an amendment needs to be made to Regulation (EU, EURATOM) No 966/2012 in order to provide for the **carry-over to year n+1 of the appropriations placed in reserve** and not used in year n;
- as regards projects financed under the Connecting Europe Facility and their nature, they will in many cases require complex contracting procedures. Under those circumstances, even limited delays may result in a loss of annual commitment appropriations and undermine the viability of those projects. To prevent this, Regulation (EU, EURATOM) No 966/2012 should **allow for automatic carry-over to the following financial year of commitment appropriations not used at the end of a financial year for projects financed under the Connecting Europe Facility**.

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 14/02/2014 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets adopted the report by Ingeborg GRÄSSLE (EPP, DE) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

The committee recommended that Parliament's position in first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

Performance reserve and on the SME initiative: Members proposed including in the Financial Regulation specific provisions covering the setting-up of a performance reserve and on the SME initiative in the present MFF-related revision of the Financial Regulation. The amended text stipulated that following the adoption of Regulation (EU) No 1303/2013 of the European Parliament and of the Council, it is necessary to amend Regulation (EU, Euratom) No 966/2012 in order to make decommitted appropriations available again for the purposes of the implementation of the performance reserve and the uncapped guarantee and securitisation financial instruments in favour of small and medium sized enterprises.

Joint statement on the separate discharge for Joint Undertakings under Article 209 of the Financial Regulation: the report endorsed, in line with the request from

CONT Committee Chair to BUDG Committee Chair, a specific joint declaration that was agreed in the context of the negotiations on Commission's Delegated Regulation on the Model Financial Regulation for Public-Private-Partnership Bodies (PPPs).

The European Parliament, the Council and the Commission agree that in order for the Joint Undertakings to benefit from simplified financial rules better adapted to their public-private nature, they should be set up under Article 209 of the Financial Regulation.

The Commission should: (i) ensure that the financial rules of the Joint Undertakings include derogations from the Model Financial Regulation for PPP bodies to reflect the introduction of the separate discharge in their constituent acts; (ii) propose, in 2014, relevant modifications to Articles 209 and 60 (7) of the Financial Regulation in the framework of the future revision of the Financial Regulation.

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 03/12/2013 - Court of Auditors: opinion, report

OPINION No 4/2013 of the Court of Auditors.

The Court has **no comments on the Commission's proposed amendments** to the financial rules proposed by Commission which seek, following the political agreement on the multiannual financial framework for the years 2014-20 and on the establishment of the Connecting Europe Facility, to make it possible to:

- carry over, to year n+1, any appropriations of the Emergency Aid Reserve placed in the reserve and not used in year n,
- carry over, to the following financial year, commitment appropriations not used at the end of a financial year for projects financed under the Connecting Europe Facility.

The Court noted that it has **not been consulted on the proposal** for a Council regulation laying down the multiannual financial framework for the years 2014-2020. Such a consultation would have been appropriate in respect of matters triggering or likely to trigger modifications to the financial rules which, pursuant to Article 322 TFEU, determine the procedure to be adopted for establishing and implementing the budget.

The Court also stated that, according to the Commission's explanatory memorandum, no further agreement was reached in the context of the multiannual financial framework for the years 2014-20 concerning the treatment of funds resulting from the agreements on the fight against the illegal traffic in tobacco products. The Court recalled its Opinion on the Hercule III programme to promote activities in the field of the protection of the European Union's financial interests.

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 16/04/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 622 votes to 28, with 14 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of an agreement reached between the European Parliament and the Council. They amended the proposal as follows:

Performance reserve and financial instruments in favour of SMEs: Parliament and the Council agreed to include in the financial regulation specific provisions as regards the establishment of a performance reserve and instruments in favour of SMEs.

The amended text stipulated that following the adoption of Regulation (EU) No 1303/2013 of the European Parliament and of the Council (general provisions on the structural and investment funds), it is necessary to amend Regulation (EU, Euratom) No 966/2012 in order to make decommitted appropriations available again for the purposes of the implementation of the performance reserve and the uncapped guarantee and securitisation financial instruments in favour of SMEs.

Carry-over of commitment appropriations for the Connecting Europe Facility: even limited delays in the completion of projects financed under the Connecting Europe Facility may result in a loss of annual commitment appropriations and undermine the viability of those projects. To prevent this, it has been decided to allow for the carry-over to the following financial year of commitment appropriations not used by the end of each of **financial years 2014, 2015 and 2016** for projects financed under the Connecting Europe Facility. The carry-over should be submitted for approval to the European Parliament and the Council.

A joint statement on the separate discharge for Joint Undertakings under Article 209 of the Financial Regulation is annexed to the legislative resolution.

The European Parliament, the Council and the Commission agree that in order for the Joint Undertakings to benefit from simplified financial rules better adapted to their public-private nature, they should be set up under Article 209 of the Financial Regulation.

In view of the specific nature and the current status of the Joint Undertakings, the three institutions agreed that the Joint Undertakings should continue to be subject to a separate discharge to be given by the European Parliament upon recommendation of the Council.

Financial rules applicable to the general budget of the Union

2013/0313(COD) - 15/05/2014 - Final act

PURPOSE: to revise the Financial Regulation in order to take into account the outcome of the negotiations on the multiannual financial framework for the years 2014-2020.

LEGISLATIVE ACT: Regulation (EU, Euratom) n° 547/2014 of the European Parliament and of the Council amending Regulation (EU, Euratom) No 966 /2012 on the financial rules applicable to the general budget of the Union.

CONTENT: the EU Financial Regulation contains all the principles and rules for the implementation of the EU budget and is applicable to all areas of EU expenditure and all revenue.

Following the adoption of Council Regulation (EU, Euratom) No 1311/2013, and Regulation (EU) No 1316/2013 of the European Parliament and of the Council establishing the Connecting Europe Facility, the new Regulation includes in the Financial Regulation the carry-over rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility.

As regards the **Emergency Aid Reserve**, the corresponding appropriations are entered in Title 'Reserves' of the general budget of the Union. Therefore, the amended Regulation aims to provide for the carry-over to year n+1 of the appropriations placed in reserve and not used in year n.

Furthermore, the Financial Regulation should allow for the carry-over to the following financial year of commitment appropriations not used by the end of each of financial years 2014, 2015 and 2016 for projects financed under the **Connecting Europe Facility**. The carry-over should be submitted for approval to the European Parliament and the Council.

Lastly, following the adoption of Regulation (EU) No 1303/2013 laying down common provisions on the structural and investment funds, the Financial Regulation is amended in order to make de-committed appropriations available again for the purposes of the **implementation of the performance reserve and the uncapped guarantee and securitisation financial instruments in favour of small and medium-sized enterprises ('SMEs').**

ENTRY INTO FORCE: 18.06.2014.