

Basic information	
<p>2015/0204(NLE)</p> <p>NLE - Non-legislative enactments</p> <p>Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources</p> <p>Amending Regulation (EU, Euratom) No 609/2014 2011/0185(CNS)</p> <p>Subject</p> <p>8.70.01 Financing of the budget, own resources</p>	Procedure completed

Key players					
European Parliament	Committee responsible		Rapporteur	Appointed	
	BUDG Budgets		LEWANDOWSKI Janusz (PPE)	23/09/2015	
			DEPREZ Gérard (ALDE)	23/09/2015	
	Committee for opinion		Rapporteur for opinion	Appointed	
	ECON Economic and Monetary Affairs		The committee decided not to give an opinion.		
	IMCO Internal Market and Consumer Protection		The committee decided not to give an opinion.		
	REGI Regional Development		The committee decided not to give an opinion.		
	AGRI Agriculture and Rural Development		The committee decided not to give an opinion.		
	Council of the European Union	Council configuration		Meetings	Date
		Agriculture and Fisheries		3464	2016-05-17
European Commission	Commission DG		Commissioner		
	Economic and Financial Affairs		MOSCOVICI Pierre		

Key events

Date	Event	Reference	Summary
14/09/2015	Legislative proposal published	COM(2015)0447 	Summary
05/10/2015	Committee referral announced in Parliament		
03/12/2015	Vote in committee		
07/12/2015	Committee report tabled for plenary, 1st reading/single reading	A8-0357/2015	Summary
15/12/2015	Decision by Parliament	T8-0435/2015	Summary
15/12/2015	Results of vote in Parliament		
17/05/2016	Act adopted by Council after consultation of Parliament		
17/05/2016	End of procedure in Parliament		
21/05/2016	Final act published in Official Journal		

Technical information

Procedure reference	2015/0204(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Amendments and repeals	Amending Regulation (EU, Euratom) No 609/2014 2011/0185(CNS)
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 completed
Committee dossier	BUDG/8/04480

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE571.456	30/10/2015	
Amendments tabled in committee		PE572.847	24/11/2015	
Committee report tabled for plenary, 1st reading/single reading		A8-0357/2015	07/12/2015	Summary
Text adopted by Parliament, 1st reading/single reading		T8-0435/2015	15/12/2015	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2015)0447 	14/09/2015	Summary

Commission response to text adopted in plenary	SP(2016)68	27/01/2016	
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Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Regulation 2016/0804 OJ L 132 21.05.2016, p. 0085	Summary

Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources

2015/0204(NLE) - 07/12/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets adopted the report by Gérard DEPREZ (ALDE, BE) and Janusz LEWANDOWSKI (EPP, PL) on the proposal for a Council regulation amending Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

The committee called on European parliament to **approve the Commission proposal**.

However, Members stressed the need for efficient rules on how Member States make their timely contributions to the Union budget available, to allow the Commission to effectively manage its treasury. In this regard, they supported the option granted to the Commission to ask Member States for the payment of a third twelfth of VAT and GNI resource in the first half of the year, in order to allow the Commission to reduce a more important part of the previous year's payment backlog in the European Agriculture Guarantee Fund (EAGF) and in the European Structural and Investment Funds (ESIF), and to reduce default interest.

Moreover, Members welcomed the proposed amendment to the Article 12 of Regulation (EU, Euratom) No 609/2014, which aims not only at increasing the incentives to pay on time by making more expensive any late payment but also at ensuring proportionality, by capping the maximum increase of the interest rate at 20 percentage points.

The adjustments of contributions should be dealt with as **automatically** as possible to avoid political interference with the agreed ways of financing the Union budget and to limit the discretion left to Member States as to the timing of their additional contributions resulting from GNI adjustments to the Union budget to a minimum.

The Commission proposal to change the **due date** for making available the adjustments to the **beginning of the year** instead of on 1 December has been welcomed by the Members.

The resolution stressed the fact that the own resources system remains **too complex** and needs to be fundamentally reformed with the next Multiannual Financial Framework.

Against this background, the committee stressed the crucial role of the High Level Group on Own Resources in delivering proposals for overcoming the deficiencies of the current system.

As regards the adjustments to the VAT and GNI-based own resources of previous financial years, the Commission proposal provides that for each Member State, the Commission shall calculate the difference between the amount resulting from the adjustments referred to in paragraphs 1 to 4, with the exception of particular adjustments pursuant to paragraph 2(b), and the product of multiplying the total amount of adjustments by the percentage that the GNI of that Member State represents of the GNI of all Member States, as applicable on 15 January to the budget in force for the year following the year of supply of the data for the adjustments.

Members proposed that the Commission should **inform the Member States and the European Parliament** of the amounts resulting from this calculation before 1 February of the year following the year of supply of data for the adjustments.

Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources

2015/0204(NLE) - 15/12/2015 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 559 votes to 85 with 43 abstentions, a legislative resolution on the proposal for a Council regulation amending Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

The European Parliament **approved the Commission proposal**.

However, Members stressed the need for **efficient rules on how Member States make their timely contributions to the Union budget available**, to allow the Commission to effectively manage its treasury. In this regard, they supported the option granted to the Commission to ask Member States for the payment of **a third twelfth of VAT and GNI resource in the first half of the year**, in order to allow the Commission to reduce a more important part of the previous year's payment backlog in the European Agriculture Guarantee Fund (EAGF) and in the European Structural and Investment Funds (ESIF), and to reduce default interest.

Underlining the need for the timely delivery of payments to beneficiaries of the Union budget, Parliament welcomed the proposed amendment to the Article 12 of Regulation (EU, Euratom) No 609/2014, which aims not only at **increasing the incentives to pay on time** by making more expensive any late payment but also at ensuring proportionality, by capping the maximum increase of the interest rate at 20 percentage points.

The resolution stressed that the contributions made by Member States to the Union budget as well as the adjustments of contributions should be dealt with as automatically as possible **to avoid political interference** with the agreed ways of financing the Union budget and to limit the discretion left to Member States as to the timing of their additional contributions resulting from GNI adjustments to the Union budget to a minimum.

Accordingly, Members welcomed the Commission proposal to **change the due date** for making available the adjustments to the **beginning of the year instead of on 1 December**.

Furthermore, Parliament supported the Commission proposal that, in order to prevent any losses for the Union budget, each Member State ensures that the amounts it has credited to the own resources account is **not reduced by any negative interest** or other charges for the time it has to remain in the account.

Members stressed the fact that the own resources system remains too complex and needs to be fundamentally reformed with the next Multiannual Financial Framework. They emphasised the crucial role of the High Level Group on Own Resources in delivering **proposals for overcoming the deficiencies of the current system**.

As regards the **adjustments to the VAT and GNI-based own resources of previous financial years**, the Commission proposal provides that for each Member State, the Commission shall calculate the difference between the amount resulting from the adjustments referred to in paragraphs 1 to 4, with the exception of particular adjustments pursuant to paragraph 2(b), and the product of multiplying the total amount of adjustments by the percentage that the GNI of that Member State represents of the GNI of all Member States, as applicable on 15 January to the budget in force for the year following the year of supply of the data for the adjustments.

Members proposed that the Commission should inform the Member States and **the European Parliament** of the amounts resulting from this calculation before 1 February of the year following the year of supply of data for the adjustments.

Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources

2015/0204(NLE) - 14/09/2015 - Legislative proposal

PURPOSE: to amend Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

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 : the own resources **legislative package** consists of [Decision 335/2014](#) on the system of Union's own resources (the Own Resources Decision), [Regulation No 608/2014](#) laying down implementing measures and Regulation No 609/2014 which is a recast of Regulation No 1150/2000.

[Regulation No 609/2014](#) deals with the rules on making own resources available and the measures to meet cash requirements. It contains practical arrangements in respect of the establishment of traditional own resources, conservation of supporting documents, administrative cooperation, the

applicable rate for the GNI-based own resource, accounts to be kept for own resources, the timing for making them available and for making adjustments and provisions concerning cash management and irrecoverable amounts.

The new Regulations 608/2014 and 609/2014 will enter into force on the same day as Decision 335/2014, after all Member States in accordance with their respective constitutional requirements have approved the latter Decision. The package will apply retroactively from 1 January 2014.

In a **joint declaration** by the Commission and Council agreed when the own resources legislative package was adopted, the Commission undertook to submit a proposal for Article 12 of Regulation 609/2014 in order to allow a **revision of the procedure for calculating the interest on amounts made available belatedly**.

Apart from the rules on interest, this proposal also deals with the **procedure for the annual adjustment of the VAT and GNI-based own resources** as the most recent amendment introduced in the context of the unprecedented size of the adjustments in 2014 will no longer apply after the entry into force of Regulation No 609/2014.

In addition, some **other clarifications and improvements** to the current arrangements, mainly of technical nature, are proposed. These reflect the most recent experience and lessons learnt as regards the accounts for own resources, the management of Commission's treasury resources in the first semester, the assessment of GNI data by the Commission (Eurostat), the impact of criminal investigations on the establishment and making available of traditional own resources and the reporting of irrecoverable amounts of traditional own resources.

CONTENT: the Commission proposes to make the following amendments to Regulation (EU, Euratom) n° 609/2014 :

1) Accounts of the Commission for own resources (Article 9 of Regulation No 609/2014): the proposal introduces provisions specifying the entities responsible for opening and keeping the account, as well as provisions ensuring that own resources accounts are **kept free of any charge and negative interest**. Member States applying charges or negative interest to the Commission account for own resources concerned should **compensate** the EU budget.

It is further clarified that the Commission's own resources accounts may only be debited on the **Commission's instruction** where the net amount of own resources due on a given date is negative (i.e. where a Member State is to receive funds).

2) Bringing forward monthly twelfths of VAT and GNI-based own resources (Article 10(3) of Regulation No 609/2014): pursuant to the Regulation 609 /2014, depending on the Union's cash position, Member States may be invited to bring forward by one or two months in the first quarter of the year monthly twelfths of the VAT and GNI-based own resource. In order to reduce the risk of payment delays experienced in past years due to temporary shortages of treasury resources, the Commission will be allowed to bring forward **up to one more twelfth**, in so far as it is justified by cash requirements

3) Streamlining the annual adjustments to the VAT and GNI-based own resources (Article 10(4) to (7) of Regulation No 609/2014): in the interest of simplification and in order to limit the fiscal strain on Member States and the Commission, in particular towards the end of the year, there will be **more time** between the formal notification of the amounts to Member States and the date to enter them in the Commission's own resources account. The notification and the due date for the entry in the accounts will occur in the same year, that year being also relevant for recording the impact on the government accounts and for the purposes of the Stability and Growth Pact.

Moreover there will be an **immediate redistribution** of the total amount of adjustments among Member States according to their respective shares in the GNI-based own resource.

4) Interest rate (Article 12 of Regulation No 609/2014): the interest rate in Article 12 currently provides for a fixed annual increase by 2 percentage points and a variable increase by 0.25 of a percentage point per month of delay. The rate is applicable to the whole period of delay. In order to ensure the proportionality of the system while maintaining the deterrent effect, the commission proposes that **the maximum annual increase to the basic rate should be limited to 20 percentage points**. Furthermore, and in order to further reinforce the smooth functioning of the system the fixed rate of increase should be raised to **3.5 percentage points**.

5) Possibility of releasing Member States from financial responsibility in cases of deferred entry in the accounts or deferred notification of the customs debt in order not to prejudice criminal investigations (Article 13(2) of Regulation No 609/2014): in order to promote effective protection of the financial interests of the Union, it is proposed to introduce an explicit provision allowing to release - under certain conditions to be observed strictly - Member States from their financial responsibility for amounts of traditional own resources that may prove irrecoverable due to deferred notification of customs debts in order not to prejudice criminal investigations and fight against fraud.

The threshold for Member States to report to the Commission cases of traditional own resources declared or deemed irrecoverable should be increased in order to reduce administrative burden for Member States and for the Commission.

For reasons of consistency, the Regulation should **enter into force on the same day as Regulation (EU, Euratom) No 609/2014** and should also apply from the date of application of that Regulation.

Methods and procedure for making available the traditional, VAT and GNI-based own resources and measures to meet cash requirements: interest rules; annual adjustment of VAT and GNI-based own resources

PURPOSE: to amend Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

LEGISLATIVE ACT: Council Regulation (EU, Euratom) 2016/804 amending Regulation (EU, Euratom) No 609/2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements.

CONTENT: the Council adopted a regulation amending [Regulation \(EU, Euratom\) No 609/2014](#) on making available the EU's own resources.

In particular, the amendments introduced by the new regulation provide for:

The keeping of supporting documents: to give the Commission (Eurostat) sufficient time to assess relevant gross national income (GNI) data and to give the GNI Committee sufficient time to draw up an opinion on the GNI data, the amending regulation allows for any changes to the GNI of a given financial year to be possible **until 30 November of the fourth year after that financial year**.

Interest that has to be paid on own resources made available belatedly: the existing rules which provide for an ever-increasing rate have led, in exceptional cases, to the payment of very high interest rates because of delays accumulated over many years.

In order to improve the operation of the system, **the fixed increase to the basic rate applied by central banks is raised from 2.0 to 2.5 percentage points**. In addition, the increase of **0.25 of a percentage point** for each month of delay remains applicable. The objective is to prevent delays in making available the monthly twelfths of the own resources based on VAT and on GNI, which currently constitute more than 80 % of the EU's budget revenue.

In order to ensure the proportionality of the system while maintaining the deterrent effect, the accumulated increase to that basic rate should be limited to an **annual maximum of 16 percentage points**.

Making available own resources based on VAT and GNI: the Commission must at any given time, have sufficient cash resources available to comply with payment requirements arising from the implementation of the budget, which are particularly concentrated in the first months of the year. The Commission already has the possibility of inviting Member States to bring forward up to two additional twelfths for the specific needs of paying expenditure of the European Agricultural Guarantee Fund (EAGF). In order to further reduce the risk of payment delays due to temporary shortages of cash resources, the new regulation makes it possible for the Commission to invite Member States to **bring forward up to an additional half of one twelfth** for the specific needs of paying expenditure of the **European Structural and Investment Funds**.

Procedure for adjusting the VAT and GNI-based own resources: in the interests of simplification, and in order to limit the fiscal strain on Member States and the Commission in particular towards the end of the year, the new regulation gives Member States **more time** between the formal notification of the required adjustments and their entry in the Commission own resources account. Such notification and entry should occur in the same year, that year being also relevant for recording the impact on the government accounts and for the purposes of the Stability and Growth Pact.

Negative interest: the new regulation introduces provisions to ensure the own resources accounts are kept free of any charge and interest. Member States that apply such charges or negative interest to Commission own resources accounts **must pay compensation** to prevent losses for the EU budget.

ENTRY INTO FORCE: the date of the entry into force of Regulation (EU, Euratom No 609/2014).

The main provisions of the new regulation will apply retroactively from 1.1.2014 once the [new decision on own resources](#) has been ratified by all of the Member States.