Basic information

2017/2053(INI) INI - Own-initiative procedure	Procedure completed
Reform of the European Union’s system of own resources **Subject** 8.70.01 Financing of the budget, own resources	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	LEWANDOWSKI Janusz (PPE) DEPREZ Gérard (ALDE)	25/04/2017 25/04/2017
	Shadow rapporteur VIOTTI Daniele (S&D) KÖLMEL Bernd (ECR) OMARJEE Younous (GUE/NGL) NÍ RIADA Liadh (GUE/NGL) TRÜPEL Helga (Verts/ALE) VALLI Marco (EFDD) ZANNI Marco (ENF)	

Committee for opinion	Rapporteur for opinion	Appointed
INTA International Trade	VAN DE CAMP Wim (PPE)	03/05/2017
CONT Budgetary Control	ALI Nedzhmi (ALDE)	18/04/2017
ECON Economic and Monetary Affairs	MORGANO Luigi (S&D)	21/03/2017
EMPL Employment and Social Affairs	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	BELET Ivo (PPE)	12/04/2017

	AGRI Agriculture and Rural Development	CAPUTO Nicola (S&D)	05/04/2017
	AFCO Constitutional Affairs	BRESSO Mercedes (S&D)	30/05/2017

European Commission	Commission DG	Commissioner
	Budget	OETTINGER Günther

Key events

Date	Event	Reference	Summary
18/05/2017	Committee referral announced in Parliament		
22/02/2018	Vote in committee		
26/02/2018	Committee report tabled for plenary	A8-0041/2018	Summary
13/03/2018	Debate in Parliament		
14/03/2018	Decision by Parliament	T8-0076/2018	Summary
14/03/2018	Results of vote in Parliament		
14/03/2018	End of procedure in Parliament		

Technical information

Procedure reference	2017/2053(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/8/09715

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	AFCO	PE609.360	12/10/2017	
Committee opinion	CONT	PE606.164	27/11/2017	
Committee opinion	ENVI	PE604.865	08/12/2017	

Committee draft report		PE616.543	10/01/2018	
Committee opinion	INTA	PE612.212	23/01/2018	
Committee opinion	AGRI	PE612.244	24/01/2018	
Committee opinion	ECON	PE612.384	29/01/2018	
Amendments tabled in committee		PE616.885	31/01/2018	
Committee report tabled for plenary, single reading		A8-0041/2018	26/02/2018	Summary
Text adopted by Parliament, single reading		T8-0076/2018	14/03/2018	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2018)366	30/08/2018	

Reform of the European Union's system of own resources

2017/2053(INI) - 26/02/2018 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted an own-initiative report by co-rapporteurs Gérard DEPREZ (ADLE, BE) and Janusz LEWANDOWSKI (EPP, PL) on reform of the European Union's system of own resources.

Members favoured the creation of **a new transparent, simpler and fairer system of own resources,** based on elements of the current system when they have proved their effectiveness, in order to provide stable finances at Union level. In this context, they stressed the need to **link revenues to policy objectives**, in particular to the single market, the energy union, and the environment, climate and transport policies.

Principles governing the setting-up of a new own resources system: Members considered that the reform of the system of own resources could be achieved **through a two-step approach:** (i) first, by introducing less technically complex own resources whose collection is easily manageable at a reasonable cost, and then (ii), by gradually introducing each additional new own resource, on the basis of a fixed timetable until all have reached cruising speed.

The introduction of new own resources should have a dual purpose:

1. **to bring about a substantial reduction (aiming at 40 %) in the proportion of GNI-based contributions,** thus creating savings for Member State budgets; and

2. **to enable the financing of an higher level of EU spending under the post-2020 MFF**, including covering the gap resulting from the withdrawal of the United Kingdom.

Members recommended:

- **the abolition of all rebates and corrections**, while ensuring fair treatment between Member States;
- **retaining traditional own resources**, namely customs duties, agricultural duties and the sugar and isoglucose levies, as a source of revenue for the EU budget;
- **maintaining the contribution based on GNI** but only as a residual and balancing resource for the Union budget, which would put an end to the budgetary logic of "fair return".

Basket of possible new own resources: the Commission is invited to examine the introduction of new own resources based on:

- **a revised value-added tax (VAT)**: Members favour setting up a **uniform levy rate** (1% to 2%) on revenue from the reformed VAT collected entirely by Member State administrations as a Union own resource. the Commission was asked, pending the adoption of the relevant VAT legislation, to present a proposal for a reformed own resource based on VAT as part of its upcoming legislative package on EU own resources;
- **a share of corporate tax**: Members share the analysis of the High Level Group on Own Resources that a **Common Consolidated Corporate Tax Base** (CCCTB) can serve as a basis for a new own resource . They asked the Commission to propose the creation of a new own resource for the Union budget, to be calculated on the basis of Member States' revenue generated from the CCCTB. They were in favour of setting a uniform levy rate on the revenue from the CCCTB, to be collected as an own resource;
- **a financial transaction tax (FTT) at European level**: Members encouraged the efforts undertaken under enhanced cooperation by a group of 11 Member States with a view to establishing financial transaction tax (FTT), following the 2011 Commission proposal. They called, therefore, for the creation of a new own resource for the Union budget, to be calculated on the basis of a chosen method of taxation of financial activities;

- **taxation of companies in the digital sector**: the committee called, in principle, for the creation of a new own resource for the Union budget to be levied on transactions in the digital economy, even if it is too early to decide on the exact arrangements for the establishment of such a resource. It believed, nevertheless, that any arrangements made by the EU authorities, such as registration or monitoring systems or regulatory mechanisms, should immediately permit the collection of duties or levies for the benefit of the Union budget on the basis of their European added value;
- **environmental tax and levies**: stressing the need to encourage energy transition and the fight against global warming, Members emphasised the importance of green taxation as a particularly suitable mechanism for contributing to the Union's own resources. The Commission was invited to further incorporate the proposals for additional ecological own resources, which are in line with certain Union policies such as those on energy (energy tax), environment and climate (carbon border adjustment mechanism, plastic tax and the Emissions Trading Scheme (ETS)) and transport (road fuel and air ticket taxes), in order to promote additional future Union own resources.

The report called for a significant share of **auctioning revenues of the emissions trading scheme** (ETS-EU) allowances from Phase 4 (2021) onwards to be considered as a new EU own resource. It invites the Commission to consider the introduction at **EU level of a levy on plastic** and single-use items, with a view to encouraging the use of more sustainable alternatives.

Reform of the European Union’s system of own resources

2017/2053(INI) - 14/03/2018 - Text adopted by Parliament, single reading

The European Parliament adopted by 442 votes to 166, with 88 abstentions, a resolution on reform of the European Union’s system of own resources.

Parliament called for the future multi-annual framework policy (MFF) proposed by the Commission to include **ambitious proposals to revise the Own Resources Decision**. It underlined that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations between the Council and Parliament. It stated that no agreement will be reached on the MFF without corresponding headway being made on own resources.

Parliament favoured the creation of a **new transparent, simpler and fairer system of own resources**, based on elements of the current system when they have proved their effectiveness, in order to provide stable finances at Union level. In this context, it stressed the need to **link revenues to policy objectives**, in particular to the single market, the energy union, and the environment, climate and transport policies, focusing on policies with European added value.

Principles governing the setting-up of a new own resources system: underlining that new own resources cannot all be introduced at the same time, Members proposed to reform of the system of own resources through a **two-step approach**:

- by introducing less technically complex own resources whose collection is easily manageable at a reasonable cost;
- by gradually introducing each additional new own resource, on the basis of a fixed timetable until all have reached cruising speed.

The introduction of new own resources should have a dual purpose:

1. to bring about a substantial reduction (aiming at 40 %) in the proportion of GNI-based contributions, thus creating savings for Member State budgets; and

2. to enable the financing of a higher level of EU spending under the post-2020 MFF, including covering the gap resulting from the withdrawal of the United Kingdom. The new own resources do not aim to increase the overall fiscal burden for the EU taxpayer, who should not be affected by the introduction of new own resources.

Members recommended:

- **the abolition of all rebates and corrections**, while ensuring fair treatment between Member States;
- **retaining traditional own resources**, namely customs duties, agricultural duties and the sugar and isoglucose levies, as a source of revenue for the EU budget;
- **maintaining the contribution based on GNI** but only as a residual and balancing resource for the Union budget, which would put an end to the budgetary logic of "fair return".

Basket of possible new own resources: the introduction of new own resources should serve three purposes:

1. consolidate the single market, increase its transparency and improve the level playing field;

2. reduce financial speculation and strengthen tax fairness in sectors that use aggressive tax planning instruments or aggressive tax optimisation;

3. promote the energy transition and the fight against global warming.

Parliament invited the Commission to examine the introduction of new own resources based on:

- A revised value-added tax (VAT): this resource currently represents around 12 % of EU revenue. However, that the current system has serious shortcomings: the resource is calculated on a statistical basis; it is unnecessarily complex and has no direct link to the citizens.

Members favour setting up a **uniform levy rate** (1% to 2%) on revenue from the reformed VAT collected entirely by Member State administrations as a Union own resource. The Commission was asked, pending the adoption of the relevant VAT legislation, to present a proposal for a reformed own resource based on VAT as part of its upcoming legislative package on EU own resources. Such a proposal should take account of the main outcomes of the VAT reform currently under discussion.

- A share of corporate tax: Members share the analysis of the High Level Group on Own Resources that a **Common Consolidated Corporate Tax Base** (CCCTB) can serve as a basis for a new own resource. They asked the Commission to propose the creation of a new own resource for the Union budget, to be calculated on the basis of Member States' revenue generated from the CCCTB. They were in favour of setting a uniform levy rate on the revenue from the CCCTB, to be collected as an own resource.

- **A financial transaction tax (FTT) at European level**: Members encouraged the efforts undertaken under enhanced cooperation by a group of 11 Member States with a view to establishing financial transaction tax (FTT), following the 2011 Commission proposal. They called, therefore, for the creation of a new own resource for the Union budget, to be calculated on the basis of a chosen method of taxation of financial activities.

- **Taxation of companies in the digital sector**: Members called, in principle, for the creation of a new own resource for the Union budget to be levied on transactions in the digital economy, even if it is too early to decide on the exact arrangements for the establishment of such a resource. They believed, nevertheless, that any arrangements made by the EU authorities, such as registration or monitoring systems or regulatory mechanisms, should immediately permit the collection of duties or levies for the benefit of the Union budget on the basis of their European added value.

- Environmental tax and levies: Members emphasised the importance of green taxation as a particularly suitable mechanism for contributing to the Union's own resources. The Commission was invited to further incorporate the proposals for additional ecological own resources, which are in line with certain Union policies such as those on energy (energy tax), environment and climate (carbon border adjustment mechanism, plastic tax and the Emissions Trading Scheme (ETS)) and transport (road fuel and air ticket taxes), in order to promote additional future Union own resources.

Parliament called for a significant share of **auctioning revenues of the emissions trading scheme (ETS-EU) allowances** from Phase 4 (2021) onwards to be considered as a new EU own resource. It invited the Commission to consider the introduction at EU level of a **levy on plastic** and single-use items, with a view to encouraging the use of more sustainable alternatives.

Other sources of revenue: Parliament reiterated its position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute extra revenue for the EU budget without entailing a corresponding reduction in GNI contributions.

Members called for the creation of a **special reserve** in the EU budget which will be progressively filled up by all types of unforeseen other revenue and duly carried over in order to provide additional spending possibilities when needs arise. They considered that this reserve should be earmarked for the MFF special instruments.