Basic information

2018/0133(NLE) NLE - Non-legislative enactments Regulation	Awaiting final decision
Collection of own resources accruing from value added tax **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	FERNANDES José Manuel (EPP) HAYER Valérie (Renew)	10/10/2019 10/10/2019
	Shadow rapporteur GUALMINI Elisabetta (S&D) CORMAND David (Greens/EFA) ZĪLE Roberts (ECR) LAPORTE Hélène (ID) OMARJEE Younous (GUE/NGL) PAPADIMOULIS Dimitrios (GUE/NGL)	

Former committee responsible	Former rapporteur	Appointed
BUDG Budgets		

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	

Former committee for opinion	Former rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs		

Council of the European Union	
European Commission	Commission DG: Secretariat-General — Commissioner: OETTINGER Günther

Key events

Date	Event	Reference	Summary
02/05/2018	Legislative proposal published	COM(2018)0328	Summary
31/05/2018	Committee referral announced in Parliament		
21/10/2019	Resumption of business from the previous parliamentary term		
17/03/2021	Vote in committee		
17/03/2021	Committee report tabled for plenary, 1st reading/single reading	A9-0049/2021	
24/03/2021	Debate in Parliament		
25/03/2021	Decision by Parliament	T9-0105/2021	Summary

Technical information

Procedure reference	2018/0133(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consultation of Parliament
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 322-p2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Awaiting final decision
Committee dossier	BUDG/9/00285

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE680.812	03/03/2021	
Committee report tabled for plenary, 1st reading/single reading		A9-0049/2021	17/03/2021	
Text adopted by Parliament, 1st reading/single reading		T9-0105/2021	25/03/2021	Summary

Council of the EU

Document type	Reference	Date	Summary
Supplementary legislative basic document	12771/2020	11/11/2020	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2018)0328	02/05/2018	Summary
Commission response to text adopted in plenary	SP(2021)260	27/04/2021	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	CZ_CHAMBER	COM(2018)0328	26/06/2018	
Contribution	PT_PARLIAMENT	COM(2018)0328	03/07/2018	
Contribution	CZ_SENATE	COM(2018)0328	24/10/2018	
Contribution	IT_CHAMBER	COM(2018)0328	30/04/2020	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofR	Committee of the Regions: opinion	CDR2389/2018	09/10/2018	
CofA	Court of Auditors: opinion, report	N8-0011/2019 OJ C 431 29.11.2018, p. 0001	09/10/2018	Summary
CofA	Court of Auditors: opinion, report	52020AA0011 OJ C 026 22.01.2021, p. 0001	08/12/2020	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Collection of own resources accruing from value added tax

2018/0133(NLE) - 11/11/2020

The Council presented a revised draft Council Regulation amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (VAT).

The draft amending Council Regulation aims at establishing rules on making available to the EU budget, by Member States, of VAT-based own resource to ensure that this is made available under the best possible conditions.

For the sake of simplicity and transparency, and in order to reduce administrative burden, the VAT-based own resource should be calculated on the basis of a definitive multi-annual weighted average rate. The arrangements for calculating the base for the VAT-based own resource should be determined in a uniform manner starting from receipts that were actually collected in a given calendar year as the sole definitive method for determining the base for the VAT-based own resource.

The definitive weighted average rate of VAT from the financial year 2016 in each Member State should be used as a definitive multi-annual weighted average rate.

By 15 April each year at the latest, Member States should send to the Commission an estimate of the base for the VAT-based own resource base for the following financial year. Any corrections to the statements of the total amount of the base for the VAT-based own resource for previous financial years, for whatever reason, should be made in agreement between the Commission and the Member State concerned.

Every five years, the Commission should draw up a report on the measures taken and progress made by Member States in collecting VAT and on any improvements. This report should be presented to the European Parliament and the Council for the first time by 31 December 2025 at the latest.

The amending Regulation should enter into force on the same day as the Council Decision on the system of the European Union's own resources and apply from 1 January 2021. However, the Regulation should not apply to the production or correction of statements of the base for the VAT-based own resource for financial years before 2021.

Collection of own resources accruing from value added tax

2018/0133(NLE) - 25/03/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 517 votes to 169, with 4 abstentions, a legislative resolution on the draft Council regulation amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax.

The Regulation amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax is part of the own resources reform package proposed by the Commission in May 2018. The Commission proposed substantial simplifications to the calculation and implementation of VAT-based own resources.

The draft Council Regulation made numerous changes to the Commission's proposal. In particular, the provisions on the multi-annual 'freezing' of the weighted average VAT rate per Member State will simplify and streamline the calculation, implementation and control of the VAT-based own resource.

Parliament approved the Council's draft subject to amendments calling for the deletion of provisions that would create a rapid review procedure.

Collection of own resources accruing from value added tax

2018/0133(NLE) - 02/05/2018 - Legislative proposal

PURPOSE: to simplify the arrangements for the collection of own resources accruing from value added tax.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: this proposal constitutes an integral part of the reform of the own resources system as set out in the proposal for a Council Decision on the system of own resources of the European Union.

The proposal draws on past experiences in administering own resources and aims to simplify the calculation of the own resource based on value added tax. It also streamlines the practical arrangements.

CONTENT: the aim of the proposal is to **simplify considerably the own resources aspects of value added tax** by amending Regulation (EEC, Euratom) No 1553/89. It now focuses on **standard-rated supplies** (so the weighted average rate will not be needed), while the number of corrections are reduced to an absolute minimum and the financial compensations have been removed.

For the sake of simplicity and transparency, and in order to reduce administrative burden, the standard rated value added tax own resource should be calculated on the basis of a common Union share of standard rated transactions. That share should represent the average of the lowest shares of standard rated supplies to final consumption in Member States over a period of five years that has been calculated using national accounts and fiscal data approved by the Advisory Committee on Own Resources.

The arrangements for calculating the standard rated value added tax own resource base should be determined in a uniform manner starting from actually collected receipts for every given calendar year as the sole definitive method for determining the standard rated value added tax own resource base.

Collection of own resources accruing from value added tax

2018/0133(NLE) - 09/10/2018

Opinion No 5/2018 of the Court of Auditors.

The financing system for the EU budget has not been significantly reformed since 1988. The Commission has proposed changing this financing system for the future budget under the 2021-2027 Multi-annual Financial Framework (MFF) by:

- reforming existing own resources, which will make up 87 % of EU revenue: keeping TOR but with lower rate of collection costs, maintaining the GNI-based own resource and simplifying the own resource based on VAT;

- introducing a 'basket' of three new own resources, which together will make up 12 % of EU revenue: one based on the Common Consolidated Corporate Tax Base (CCCTB), one based on the European Union (EU) Emissions Trading System (ETS) and one based on plastic packaging waste that is not recycled;

- phasing out the corrections that exist in the current system;

- increasing the ceilings for own resources to overcome the impact of Brexit and the integration of European Development Fund (EDF) into the EU budget, as well as to cover financial liabilities linked to loans or financial facilities guaranteed from the EU budget.

Assessment

The proposed new EU financing system took on board a number of the key principles of the reform, but not all and the financing system remains complex. It is of the opinion that a single regulation with a comprehensive set of own resources provisions would simplify the system and make it more transparent.

The Court of Auditors considers that the proposed simplified VAT-based own resource includes assumptions on standard-rated transactions that do not adhere to some of the calculation steps described by the Commission.

The proposed simplification is based on three steps:

- Step 1: focusing on supplies which are subject to the VAT standard rate;

- Step 2: streamlining the procedure for calculating VAT bases by using simplified assumptions based on the standard-rated receipts;

- Step 3: applying a uniform call rate on the standard-rated bases to obtain the own resource.

The examination of the proposed methodology reveals that the assumptions used by the Commission to calculate the simplified VAT contributions do not adhere to the above steps (1) and (2).

The Court criticised the VAT-based own resource for the complexity of its calculation and its lack of direct link to the tax base. The Commission's new proposal for the VAT-based own resource simplifies the calculation, but still does not provide any direct link to the tax base. Such a link could, however, be obtained by applying a call rate directly to the VAT receipts.

Recommendations

The Commission should reconsider its proposal for the simplified VAT-based own resource. Should it decide to keep this source of revenue, it could:

- either clarify that the simplifications proposed do not lead to the calculation of the VAT contributions based on the standard-rated taxable bases,

- or introduce a new source of revenue based only on VAT receipts.