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Council agrees on own resources package

The Permanent Representatives Committee[1] today reached a political agreement on the three legislative acts forming the own resources package related to the EU's multiannual financial framework (MFF) 2014-2020, on the basis of a compromise proposal of the Hellenic presidency.

Own resources constitute the EU revenue, which has to completely cover EU expenditure.

The three legislative acts on own resources constitute one of the three parts of the MFF package, the other two being the MFF regulation (adopted by the Council on 2 December 2013) and the about 70 sector-specific acts the majority of which have been adopted by the end of last year.

The political agreement on own resources reached today translates the European Council conclusions of 8 February 2013 into legal terms.

As under the MFF covering the period 2007-2013, the own resources rules for the 2014-2020 period provide for the following types of own resources:

– traditional own resources (i.e. mainly customs duties and sugar levies);
– own resources based on the value added tax (VAT);
– own resources based on the Gross National Income (GNI); it is used to fund the part of the EU budget which is not covered by other own resources, with the aim of balancing EU revenue with expenditure.[2]

[1] The Permanent Representatives Committee is composed of the ambassadors of the28 EU member states. Its role is to prepare decisions of the Council.
[2] It should be noted that also other sources of revenue exist, such as taxes on EU staff salaries, contributions from non-EU countries to certain programmes and fines on companies for breaching competition laws.

The UK correction and the corrections on the UK correction are maintained.

A reduced VAT call rate of 0.15% (rather than 0.30%) will apply, for 2014-2020 only, to Germany, the Netherlands and Sweden.

Denmark, the Netherlands and Sweden will benefit from reductions of their annual GNI-based payments for the period 2014-2020 of EUR 130 million, EUR 695 million and EUR 185 million respectively. The Austrian annual GNI contribution will be reduced by EUR 30 million in 2014, EUR 20 million in 2015 and EUR 10 million in 2016.

Member states will be allowed to retain only 20% (instead of 25%) of the traditional own resources to cover their collection costs.

Rules of adoption

In order to enter into force the three acts have to be adopted according to different rules, depending on the legislative act:

- the main legislative act on the revenue side, the own resources decision, must be adopted by the Council by unanimity after having consulted the European Parliament. In addition, the decision must be approved by the member states in accordance with their respective constitutional requirements (in most cases: ratified by their national parliaments);
- the regulation laying down implementing rules on own resources must be adopted by the Council by qualified majority, after having received the European Parliament's consent;
- the regulation on how to make the traditional, VAT and GNI-based own resources available must be adopted by the Council by qualified majority after having consulted the European Parliament.

Next steps

The three legislative acts will now be revised by the legal-linguists. The Council will then ask the European Parliament to give its consent to the implementing regulation and expects the European Parliament's opinion on the own resources decision and the "making available" regulation. Once the European Parliament has given its consent and its opinions the Council will formally adopt the three legislative acts. This will be followed by the member states' approval of the own resources decision.

As for previous MFF periods, the new own resources rules will enter into force retroactively on 1 January 2014.