









Procedure file

Basic information		
BUD - Budgetary procedure	2020/1999(BUD)	Procedure completed
Amending budget 7/2020: update of revenue (own resources)		
Subject 8.70.01 Financing of the budget, own resources 8.70.50 2020 budget		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Budgets	 HOHLMEIER Monika	06/07/2020
Council of the European Union European Commission		Shadow rapporteur	
		 LARROUTUROU Pierre	
		 ARMAND Clotilde	
		 ANDRESEN Rasmus	
		 LAPORTE H�el�ene	
		 RZO�NCA Bogdan	
		 PAPADIMOULIS Dimitrios	
	Commission DG	Commissioner	
	Budget	HAHN Johannes	

Key events			
06/07/2020	Commission draft budget published	COM(2020)0424	Summary
07/09/2020	Council position on draft budget published	10430/2020	Summary
17/09/2020	Committee referral announced in Parliament		
22/09/2020	Vote in committee		
24/09/2020	Budgetary report tabled for plenary	A9-0163/2020	
06/10/2020	Decision by Parliament	T9-0248/2020	Summary
30/11/2020	Final act published in Official Journal		
10/12/2020	Draft budget approved by Council		

Technical information	
Procedure reference	2020/1999(BUD)
Procedure type	BUD - Budgetary procedure
Procedure subtype	Budget
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/9/03443

Documentation gateway					
Commission draft budget		COM(2020)0424	06/07/2020	EC	Summary
Committee draft report		PE654.078	10/07/2020	EP	
Amendments tabled in committee		PE655.644	15/07/2020	EP	
Council position on draft budget		10430/2020	07/09/2020	CSL	Summary
Budgetary report tabled for plenary, 1st reading		A9-0163/2020	24/09/2020	EP	
Budgetary text adopted by Parliament		T9-0248/2020	06/10/2020	EP	Summary

Final act
Budget 2020/1776 OJ L 401 30.11.2020, p. 0001 Corrigendum to final act 32020B1776R(01) OJ L 415 10.12.2020, p. 0087

Amending budget 7/2020: update of revenue (own resources)

PURPOSE: presentation of Draft Amending Budget No 7/2020 in order to revise forecasts and update revenue (own resources).

CONTENT: the purpose of Draft Amending Budget (DAB) No 7 for the year 2020 is to update the revenue side of the budget to take account of the latest developments:

- to revise the forecast of Traditional Own Resources (i.e. customs duties), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect - the distribution of own resources contributions from Member States to the EU budget;

- to update other revenue such as fines and exchange rate differences.

Revision of the forecast of TOR, VAT and GNI bases

According to established practice, the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts. The revision concerns the forecast of TOR to be paid to the budget in 2020 as well as the forecast of the 2020 VAT and GNI bases. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make to the EU budget during the budgetary year.

The projections of VAT and GNI bases made by the Advisory Committee on Own Resources (ACOR) are usually determined as a compromise between the Commissions forecast and the Member States forecasts. However, this year all Member States accepted the Commissions proposal to use its own forecasts for the VAT and GNI bases for 2020 to ensure equal treatment across Member States.

Changes brought about by the COVID-19 outbreak

The Commission spring 2020 economic forecast provides a horizontally consistent approach, based on a consistent set of data, methodology and assumptions for all Member States, which appears particularly important in the exceptional situation of the Covid-19 pandemic. It expects the EU economy to contract by a record 7.5 % this year, followed by a rebound of 6.1 % in 2021. At the end of the forecast horizon, the EU economy would be about 3 % lower than the output level projected by the autumn forecast 2019. The pandemic will affect all demand components except government consumption and public investment, which play a stabilising role.

Fall in international trade

In addition, international trade is expected to collapse unprecedentedly and the rebound next year to remain limited due to disruptions in global

value chains. The worsening economic situation is reflected in the own resources forecast for 2020. Therefore, as compared to the forecast agreed in May 2019, the forecast for 2020 has been revised as follows: total 2020 net customs duties are now forecast at EUR 18 507.3 million (after deduction of 20 % collection costs), which represents a decrease of 16.47 % relative to the forecast of EUR 22 156.9 million included in the Budget 2020.

The Commission compared the results of the traditional ACOR forecasting method (based on the Commission Spring 2020 economic forecast) with the results of the extrapolation method based on the latest outturn data for collected customs duties (January – April 2020). As in the past years, it was agreed to apply a conservative approach ensuring sound budget management in a context of high economic uncertainties and potential disruptions in trade patterns. The traditional forecast method, which takes into account possible effects of the pandemic on trade, provides the lowest TOR revenue.

Therefore, it was agreed to use it for the revision of the 2020 TOR forecast:

- the total 2020 EU uncapped VAT base is now forecast at EUR 6 764 185.3 million, which represents a decrease of 8.30 % compared to the May 2019 forecast of EUR 7 376 556.2 million;

- the total 2020 EU capped VAT base is forecast at EUR 6 727 739.2 million, which represents a decrease of 8.43 % compared to the May 2019 forecast of EUR 7 347 133.9 million;

- the total 2020 EU GNI base is forecast at EUR 15 480 146.9 million, which is a decrease of 8.88 % compared to the May 2019 forecast of EUR 16 988 025.0 million.

Fines and penalty payments

Taking into account the amounts that have been cashed, it is proposed to increase the initial forecasts introduced in the budget 2020 (EUR 100 million) by EUR 118 million. This will reduce accordingly the own resources contributions from Member States to the EU budget.

Exchange rates

The exchange rates of 31 December 2019 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the nine Member States that are not members of the euro area). This avoids distortions, since this rate is used to convert budgeted own resources payments from euro into national currency when the amounts are called in.

2015, 2016, 2017, 2018 and 2019 UK correction

In the present DAB, the calculation and financing of the 1st update of the 2019 UK correction, 2nd update of the 2018 UK correction, 3rd update of the 2017 UK correction and the definitive amounts of the 2015 and 2016 UK corrections are entered.

The update of the corrections for 2015, 2016, 2017, 2018 and 2019 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2019. In addition the update of the correction for 2018 and 2019 also takes into account the allocated expenditure of 2018 and 2019 respectively.

Amending budget 7/2020: update of revenue (own resources)

The Council adopted its position on draft amending budget No 7 to the general budget for 2020: Update of revenue which aims to update the revenue side of the budget to take account of the latest developments.

It concerns:

- the revision of the forecast of Traditional Own Resources (i.e. customs duties), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget;

- updating other revenue such as fines and exchange rate differences.

Revenue accruing from traditional own resources (customs duties), VAT and GNI

- Total net customs duties for 2020 amount to EUR 18 507.3 million, which is a decrease of EUR 3 649.6 million compared to the 2020 budget forecast of EUR 22 156.9 million;

- VAT own resources for 2020 amount to EUR 17 344.3 million, a decrease of EUR 1 600.9 million compared to the 2020 budget forecast of EUR 18 945.2 million;

- own resources based on Gross National Income (GNI) for 2020 amount to EUR 114 898.2 million, an increase of EUR 5 533.1 million compared to the Budget 2020 forecast of EUR 109 365.1 million.

Total own resources amount to EUR 150 467 280 109.

Fines and penalties

The Council's position provides for an increase of EUR 118 million on the initial forecast in the 2020 budget (EUR 100 million). This will reduce accordingly the own resources contributions from Member States to the EU budget.

UK corrections

The DAB shall also include the calculation and financing of the 1st update of the UK correction for 2019, the 2nd update of the UK correction for 2018, the 3rd update of the UK correction for 2017 and the definitive amounts of the UK corrections for 2015 and 2016.

Amending budget 7/2020: update of revenue (own resources)

The European Parliament adopted by 584 votes to 56, with 49 abstentions, a resolution on the Council position on Draft amending budget No 7/2020 of the European Union for the financial year 2020 - Update of revenue (own resources).

Parliament approved the Council's position on draft amending budget No 7/2020, which is intended to update the revenue side of the budget to take account of recent developments.

In its resolution, Parliament recalled that in the context of the COVID-19 pandemic, the Commission's spring 2020 forecast predicted a record contraction of the Union's economy by 7.5% in 2020, followed by a rebound of 6.1% in 2021, which shall not be sufficient to fully make up for the losses in the year 2020. The worsening economic situation is reflected in the own resources forecast for 2020.

Parliament therefore considered it necessary to make two types of adjustments to the revenue side of the budget:

- an update of the estimates for traditional own resources (TOR) as well as for the own resources based on value added tax (VAT) and gross national income (GNI), to take account of more recent economic forecasts,
- and an update of the UK correction.

Other revenue shall also be updated to take into account the amounts of finally cashed fines and periodic penalty payments until June 2020 as well as negative exchange rate differences.