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| Basic information | |
|---|---|
| CNS - Consultation procedure Decision | 2021/0430(CNS) Awaiting final decision |
| System of own resources of the European Union Amending Decision 2020/2053 2018/0135(CNS) | |
| Subject 8.70.01 Financing of the budget, own resources | |
| Legislative priorities Joint Declaration 2023-24 | |

| Key players | | | |
|---------------------|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| |  Budgets | | 28/06/2023 |
| | |  FERNANDES José Manuel | 28/06/2023 |
| | |  HAYER Valérie | |
| | | Shadow rapporteur | |
| | |  GARDIAZABAL RUBIAL Eider | |
| | |  CORMAND David | |
| | |  ZĪLE Roberts | |
| | |  KUHS Joachim | |
| | |  OMARJEE Younous | |
| | |  PAPADIMOULIS Dimitrios | |
| | Former committee responsible | | |
| |  Budgets | | 10/02/2022 |
| | |  FERNANDES José Manuel | 10/02/2022 |
| | |  HAYER Valérie | |

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| Council of the European Union European Commission | Committee for opinion | Rapporteur for opinion | Appointed |
| | ECON Economic and Monetary Affairs | The committee decided not to give an opinion. | |
| | ENVI Environment, Public Health and Food Safety | The committee decided not to give an opinion. | |
| | AFCO Constitutional Affairs | Chair on behalf of committee | 18/07/2023 |
| | |  DE MEO Salvatore | |
| | Former committee for opinion | | |
| | CONT Budgetary Control | The committee decided not to give an opinion. | |
| | ECON Economic and Monetary Affairs | | 25/01/2022 |
| | |  ANDRESEN Rasmus | |
| | ENVI Environment, Public Health and Food Safety | Chair on behalf of committee | 26/01/2022 |
| |  CANFIN Pascal | | |
| AFCO Constitutional Affairs | | 17/10/2022 | |
| |  DE MEO Salvatore | | |
| | Commission DG | Commissioner | |
| | Budget | HAHN Johannes | |

Key events

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|------------|---|---|---------|
| 22/12/2021 | Legislative proposal published | COM(2021)0570 | Summary |
| 14/02/2022 | Committee referral announced in Parliament | | |
| 26/10/2022 | Vote in committee | | |
| 04/11/2022 | Committee report tabled for plenary, 1st reading/single reading | A9-0266/2022 | Summary |
| 22/11/2022 | Debate in Parliament |  | |
| 23/11/2022 | Decision by Parliament | T9-0404/2022 | Summary |
| 20/06/2023 | Formal reconsultation of Parliament | | |
| 20/06/2023 | Amended legislative proposal for reconsultation published | COM(2023)0331 | |
| 09/10/2023 | Vote in committee | | |
| 16/10/2023 | Committee report tabled for plenary, reconsultation | A9-0295/2023 | Summary |
| 09/11/2023 | Results of vote in Parliament |  | |
| 09/11/2023 | Debate in Parliament | | |



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| 09/11/2023 | Decision by Parliament | T9-0395/2023 | Summary |
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| Technical information | |
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| Procedure reference | 2021/0430(CNS) |
| Procedure type | CNS - Consultation procedure |
| Procedure subtype | Legislation |
| Legislative instrument | Decision |
| | Amending Decision 2020/2053 2018/0135(CNS) |
| Legal basis | Treaty on the Functioning of the EU TFEU 311 -a3; EC before Amsterdam E 106-p6 |
| Other legal basis | Rules of Procedure EP 165 |
| Stage reached in procedure | Awaiting final decision |
| Committee dossier | BUDG/9/08055; BUDG/9/12566 |

| Documentation gateway | | | | | |
|---|------|-------------------------------|------------|------|---------|
| Legislative proposal | | COM(2021)0570 | 22/12/2021 | EC | Summary |
| Committee draft report | | PE732.898 | 29/08/2022 | EP | |
| Amendments tabled in committee | | PE736.634 | 23/09/2022 | EP | |
| Specific opinion | ENVI | PE736.385 | 04/10/2022 | EP | |
| Committee opinion | ECON | PE734.455 | 12/10/2022 | EP | |
| Specific opinion | AFCO | PE736.719 | 18/10/2022 | EP | |
| Committee report tabled for plenary, 1st reading/single reading | | A9-0266/2022 | 04/11/2022 | EP | Summary |
| Text adopted by Parliament, 1st reading/single reading | | T9-0404/2022 | 23/11/2022 | EP | Summary |
| Committee of the Regions: opinion | | CDR1229/2022 | 30/11/2022 | CofR | |
| Amended legislative proposal for reconsultation | | COM(2023)0331 | 20/06/2023 | EC | |
| Document attached to the procedure | | SWD(2023)0331 | 21/06/2023 | EC | |
| Committee draft report | | PE752.743 | 28/08/2023 | EP | |
| Specific opinion | AFCO | PE752.826 | 21/09/2023 | EP | |
| Amendments tabled in committee | | PE753.693 | 04/10/2023 | EP | |
| Committee of the Regions: opinion | | CDR3512/2023 | 10/10/2023 | CofR | |
| Committee final report tabled for plenary, reconsultation | | A9-0295/2023 | 16/10/2023 | EP | Summary |
| Text adopted by Parliament after reconsultation | | T9-0395/2023 | 09/11/2023 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2023)632 | 31/01/2024 | EC | |

System of own resources of the European Union

PURPOSE: to introduce new own resources to provide the EU with the necessary resources to cover, in particular, the new budgetary expenditure related to the reimbursement of the financing costs of the NextGenerationEU loans and the Social Climate Fund.

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: NextGenerationEU will deploy EUR 750 billion in 2018 prices, raised on capital markets, to fund specific recovery and resilience actions in a limited period of time, in order to boost economic growth and invest in resilience and a greener and digital future.

The repayment of the principal of such funds to be used for expenditure under the European Union Recovery Instrument and the related interest due will have to be financed by the general budget of the Union, including by sufficient proceeds from new own resources introduced after 2021.

In the framework of the [Interinstitutional Agreement](#) of 16 December 2020 on new own resources, including a roadmap for the introduction of new own resources, the European Parliament, the Council and the Commission acknowledged that expenditure from the Union budget related to the repayment of the European Union Recovery Instrument should not lead to an undue reduction in programme expenditure or investment instruments under the Multiannual Financial Framework (MFF).

To address possible social impacts in relation to the introduction of emissions trading for road transport and buildings, the Commission has proposed to establish a Social Climate Fund.

Considering the close link of emissions trading to the climate policy objectives of the Union, it is appropriate to allocate a share of the revenues concerned to the Union budget. The close link of the carbon border adjustment mechanism to the Unions climate policy also justifies a share of the revenues from the sale of certificates should be transferred to the Union budget as an own resource.

Lastly, in October 2021, the Organisation for Economic Co-operation and Development and the G20 Inclusive Framework on Base Erosion and Profit Shifting reached an agreement on the allocation to participating market jurisdictions of 25% of residual profits of large multinational enterprises above the profitability threshold of 10% (OECD/G20 IF Pillar 1 Agreement). The own resource should consist in applying a uniform call rate to the share of residual profits of the multinational enterprises, re-allocated to Member States pursuant to the Directive on implementation of the global agreement on re-allocation of taxing rights.

CONTENT: in line with the commitment made in the roadmap agreed in the Interinstitutional Agreement of 16 December 2020, the Commission proposes to amend the [Own Resources Decision](#) to establish the following new own resources for the EU budget:

(1) A share of the revenue obtained in accordance with the EU Emissions Trading Scheme (EU ETS) Directive

The amended proposal specifies that 25% of most revenues generated from allowances to be auctioned from the emissions trading will accrue to the EU budget. This includes revenues from the current Emissions Trading System for stationary installations and aviation for which additional allowances would be auctioned as well as its extension to maritime transport and the introduction of a separate emission trading for road transport and buildings.

The total financial envelope of the Fund for the 2025-32 period will be EUR 72.2 billion in current prices, corresponding in principle to an amount equivalent to around 25% of the expected revenue from the new emissions trading system for buildings and road transport for the period 2026-2032.

(2) A share of revenues from the border carbon adjustment mechanism

This proposal establishes that a share of the revenues from the sale of carbon border adjustment mechanism certificates will be transferred to the EU budget as own resources in the form of a national contribution.

(3) Applying a uniform call rate to the share of residual profits of multinational companies reallocated to Member States

The proposal provides that Member States will make a national contribution to the EU budget based on the share of the residual profits of the largest and most profitable multinational enterprises re-allocated to Member States in case they are end market jurisdictions where goods or services are used or consumed under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting agreement.

System of own resources of the European Union

The Committee on Budgets adopted in the framework of a special legislative procedure (Parliaments consultation) the report by José Manuel FERNANDES (EPP, PT) and Valérie HAYER (Renew Europe, FR) on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union.

The committee made a few amendments concerning the following issues:

Categories of own resources

The Commission proposes a thoughtfully calibrated basket of new revenue sources composed of a share of ETS auctioning revenues, the proceeds of the sale of carbon border adjustment mechanism (CBAM) certificates and an own resource based on the OECD/G20 Pillar One agreement in the area of corporate taxation

The proposal provides that Member States will make a national contribution to the EU budget based on the share of the residual profits of the largest and most profitable multinational enterprises re-allocated to Member States in case they are end market jurisdictions where goods or services are used or consumed under the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting agreement.

In this report, Members proposed that the revenue from the application of a uniform rate of call equal to 100% (instead of 75%) of the revenue from the sale of certificates of the carbon adjustment mechanism at borders should constitute own resources entered in the EU budget.

Review

Members suggested that if by the end of 2023 the process of ratification of the OECD/G20 (IF) Pillar 1 Agreement has not started in a critical mass of countries as defined by the Multilateral Convention, the Commission should propose a new own resource in connection with the single market, such as a digital levy or a similar measure, in order to generate revenues by 2026.

System of own resources of the European Union

The European Parliament adopted by 440 votes to 117, with 77 abstentions, in the framework of a special legislative procedure (Parliaments consultation), a legislative resolution approving the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union.

According to the resolution, the revenue from the application of a uniform rate of call equal to 100% (instead of 75%) of the revenue from the sale of certificates of the carbon adjustment mechanism at borders should constitute own resources entered in the EU budget.

Furthermore, if by the end of 2023 the process of ratification of the OECD/G20 (IF) Pillar 1 Agreement has not started in a critical mass of countries as defined by the Multilateral Convention, the Commission should propose a new own resource in connection with the single market, such as a digital levy or a similar measure, in order to generate revenues by 2026.

System of own resources of the European Union

The Committee on Budgets adopted, in the framework of a special legislative procedure (Parliaments consultation), a report by José Manuel FERNANDES (EPP, PT) and Valérie HAYER (Renew, FR) on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union.

On 20 June 2023, the Commission submitted a proposal for amending and updating the December 2021 initiative. It aligns the emissions trading system (ETS) and carbon border adjustment mechanism (CBAM) based own resources with the outcome of the legislative Fit for 55 negotiations and changes the call-rate for the ETS-based own resource from 25% to 30%.

In addition, the Commission proposes a new own resource based on corporate profits. This national contribution is calculated on the basis of the statistical data on gross operating surplus in the financial and non-financial sectors which are available in the context of the European System of National Accounts (ESA).

The committee called on the European Parliament to approve the Commission proposal as amended below.

Implementation of the roadmap

Members wish to recall that this amended Decision constitutes a further important step, for the implementation of a roadmap for the introduction of new own resources. It will make sure that the revenue from a basket of new income sources will become available and will be sufficient for the payment of the interest and the principal of NGEU debts and that the distributive financial implications of the basket are acceptable to all Member States.

The implementation of the Roadmap in the Interinstitutional Agreement of 16 December 2020 (IIA) should be completed by future reforms that would replace the transitional solution of the statistics-based national contribution on corporate profits into a more genuine, tax-based own resource as soon as the necessary directives or Union-wide harmonisation frameworks on corporate taxation are in place.

Lump sum reductions

The annual adjustment of the lump sum reductions by applying the GDP deflator in a context of exceptionally and unexpectedly high inflation has resulted in unjustifiably high rebates for the Member States concerned, that is Denmark, Germany, the Netherlands, Austria and Sweden. Members considered that such windfall discounts and the distributional distortions they entail, can be avoided by aligning the annual adjustment of the amounts with the 2% automatic deflator that is also used for the MFF ceilings according to Article 4, paragraph b of the MFF regulation. Those gross reductions should be financed by all Member States.

System of own resources of the European Union

The European Parliament adopted by 399 votes to 138, with 61 abstentions, in the framework of a special legislative procedure (consultation), a legislative resolution on the proposal for a Council decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union.

The European Parliament approved the Commission proposal as amended below.

Implementation of the roadmap with a view to establishing new own resources

Members wish to recall that this amended Decision constitutes a further important step, for the implementation of a roadmap for the introduction of new own resources. It should make sure that the revenue from a basket of new income sources should become available and should be sufficient for the payment of the interest and the principal of NGEU debts and that the distributive financial implications of the basket are acceptable to all Member States.

Parliament stressed that with the proceeds of the new own resources introduced by this amended decision, the Union budget can be financed reliably on a long-term basis and accommodate the costs of the repayment of the European Union Recovery Instrument and new Union priorities while avoiding reductions of existing Union programmes and policies.

The implementation of the Roadmap in the Interinstitutional Agreement of 16 December 2020 (IIA) should be completed by future reforms that would replace the transitional solution of the statistics-based national contribution on corporate profits into a more genuine, tax-based own resource as soon as the necessary directives or Union-wide harmonisation frameworks on corporate taxation are in place.

Lump sum reductions

The proposed amended Decision provides that for the period 2021-2027, the following Member States should benefit from a gross reduction in their annual GNI-based contributions in the amount of EUR 565 million for Austria, EUR 377 million for Denmark, EUR 3 671 million for Germany, EUR 1 921 million for the Netherlands and EUR 1 069 million for Sweden. Those amounts should be measured in 2020 prices and adjusted to current prices on the basis of a fixed deflator of 2% per year. Those gross reductions should be financed by all Member States.

| Transparency | | | | |
|---------------|------------|------|------------|---|
| HAYER Valérie | Rapporteur | BUDG | 12/04/2023 | Southern Garments Ltd. factory BGMEA |
| HAYER Valérie | Rapporteur | BUDG | 11/04/2023 | Fair Electronics Factory |
| HAYER Valérie | Rapporteur | BUDG | 10/04/2023 | H&M Inditex |