

Procedure file

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	
		 KUHS Joachim	
		 ZÍLE Roberts	
		 OMARJEE Younous	
		 PAPADIMOULIS Dimitrios	
	Former committee responsible		10/02/2022
	 Budgets		10/02/2022
		 FERNANDES José Manuel	
		 HAYER Valérie	

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

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		

Technical information	
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	EC before Amsterdam E 106-p6; Treaty on the Functioning of the EU TFEU 311 -a3
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting final decision
Committee dossier	BUDG/9/12566; BUDG/9/08055

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