



Explanatory Meeting on the acquis with Albania and North Macedonia

New own resources proposal

Disclaimer: these slides accompany the explanation of the acquis to Albania and North Macedonia and can only be used for that purpose. Their content is subject to further development of the acquis and interpretation by the Court of Justice of the European Union'

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New Own Resources

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Revenue policy and Control of other own resources

Financing the EU budget

Simplification and diversification of revenue sources

Modernisation of existing Own Resources



Value Added Tax-based: simplified



Traditional Own Resources (customs duties):
lower collection costs (20% to 10%)



GNI-based contribution: smaller share

New Own Resources



Common Consolidated Corporate Tax Base



20% of revenues from **Emissions Trading
System**



National contribution based on **non-recycled
plastic packaging waste**

No rebates



Phasing out mechanism over five years

Higher Own Resources ceiling



From currently 1.2% of GNI to 1.29% of GNI

Reform the Value Added Tax-based Own Resource

- WHAT?** A national contribution based on the Value Added Tax applicable on standard-rated supplies in each Member State
- WHY?** Keeps a direct link with the Single Market. VAT is the only EU-wide harmonised tax
- HOW?** 1% call rate on the standard-rated VAT base

Traditional Own Resources (TOR):

- WHAT? Customs duties on extra-EU imports
- WHY? Stem from the Customs Union and have been there from the outset of the European project
- HOW? Proposed to decrease amounts retained by Member States from 20% to 10% of Customs duties



Gross National Income-based own resource (GNI):

- WHAT?** Keep balancing role in EU revenues, but lower weight as other own resources increase
- WHY?** Gross National Income remains the broadest measure of Member States' ability to pay

PHASING OUT REBATES

Current system

- ✓ Complex and non-transparent: UK rebate, rebates on rebate, reduced Value Added Tax call rate for some Member States, lump-sum reductions
- ✓ Excessive focus on net balances (juste retour)

New system

- ✓ Aim: fair contributions across Member States
- ✓ Avoids significant and sudden increases in national contributions in 2021
- ✓ Gradually abolished over 5 years (2021-25)

Own Resource Ceiling

Current ceiling 1.20% of Gross National Income (GNI) – too low for 2021-2027

- ✓ Ceiling for payments MFF 2021-27: € 1 105 billion (or 1.08% of forecast GNI)
- ✓ Need safety margin in case of economic downturns
- ✓ Safety margin guarantees loans to Member States or third countries backed by EU budget

Own Resource Decision proposal: raise the ceiling for payments from 1.20% to 1.29% of GNI

New Own Resources: Common Consolidated Corporate Tax Base (CCCTB)

- Will include 3% of taxable profits of large enterprises, consolidated and apportioned to Member States
- Harmonises the definition of taxable corporate profits and allocates them where the economic activity takes place
- Contributes to curb the erosion of the taxable base for larger companies that actively practice tax planning
- Subject to the implementation of the CCCTB Directive

New Own Resources: Emissions Trading System (ETS)

- A genuinely EU-wide instrument, with a legal framework harmonized at EU level creating a single carbon price across the EU
- A call rate of 20% on auctioning proceeds and/or the market value of free allowances to the power sector

New Own Resources: Non-recycled plastic based contribution

- Provides incentives to reduce waste and foster recycling
- Does not prescribe any tax or regulatory measure: Leaves Member States free to choose the right instruments/measures
- Statistical based: contribution proportional to the quantity of plastic packaging waste that is not recycled
- Easy to calculate: a call rate of EUR 0.80 per kilogram

Current status of the proposal

- Negotiations in the Council are on-going;
- Good progress made on the Plastic based Own Resource

The End

Explanatory Session

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