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# Own Resources Budgetary Procedure

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**Chapter 33: Financial and Budgetary Provisions**

**Explanatory meeting on the acquis with North Macedonia and  
Albania**

*Disclaimer: These slides accompany the explanation of the acquis to North Macedonia and Albania and can only be used for this purpose. They are subject to further development of the acquis and interpretation by the European Court of Justice.*

# Outline

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- I. Commission forecast
- II. Member States' feedback
- III. Advisory Committee on Own Resources (ACOR)

# OR budgetary procedure

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1. Commission forecasts of all types of OR
  - ❑ April-May: 2 sets of forecasts;
2. MS forecasts for VAT and GNI bases
  - ❑ Mid April – MS forecasts;
3. ACOR meeting – compromise VAT and GNI bases, forecast of customs duties (TOR forecast)
  - ❑ Mid-May, 10 to 15 days after presentation of DG ECFIN Spring economic forecast;
4. Preparation of financing tables of the budget
  - ❑ Immediately following the ACOR meeting – financing tables of DB of the following year;
  - ❑ June or September– draft amending budget for the current year.

# I. Commission forecast: TOR

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- ❑ TOR forecasts: based on ORD 2014, presented both gross and net (i.e. before and after deduction of the 20% retained as collection costs;
  - ❑ Sugar levies: no longer apply as from 2018 onwards
  - ❑ Customs duties: forecast for each country based on traditional forecast method:
    - *EUROSTAT data for extra EU imports for the last available year,*
    - *the estimated average tariff for the last available year, deducted from receipts of customs duties for each MS;*
    - *and the forecast growth rates of imports of DG ECFIN*
  - ❑ In parallel the extrapolation method used (*first four months data are extrapolated*),
  - ❑ Comparison of both methods → conservative approach
  - ❑ The forecast does not have impact on the actual TOR payments (MS pay 80% of the collected amounts);
  - ❑ Forecast needed in order to establish the GNI call rate.

# I. Commission forecast: VAT & GNI bases

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- ❑ VAT base: forecasts based on
  - ❑ *the last available VAT base transmitted by Member States (outturn data),*
  - ❑ *and approximate forecast growth rates (i.e. the forecast growth rate of the sum of the following 3 indicators, as published by DG ECFIN: Private final consumption expenditure, Net purchases of goods & services of general government and Gross fixed capital formation of general government)*
  
- ❑ GNI base: forecasts based on
  - ❑ *the last available GNI base transmitted by Member States (outturn data),*
  - ❑ *and the GNI forecast growth rates as published by DG ECFIN*

# I. Commission forecast: Exchange rate

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- ❑ Rule of unit of account imposes that the forecast is done in euro (article 19 of the Financial Regulation 2018);
- ❑ All aggregates are calculated in national currency;
- ❑ Exchange rate used for the budget and calls for funds is the exchange rate of the last working day of the previous year (i.e. for 2019 budget it is 31/12/2018)
  - ❑ Draft budget established in spring of previous year, i.e. the exchange rate provisionally used is the exchange rate of the first working day of May; updated in the amending budget of the year.
- ❑ Payments made in national currencies;

# I. Commission forecast: transmission to MS

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- ❑ 1st set of Commission's forecast in early April
  - ❑ mainly indicative, since it is based on DG ECFIN autumn forecasts (November of year  $n-1$ );
- ❑ 2nd set of Commission's forecast in early May
  - ❑ based on DG ECFIN Spring forecasts and includes a comparison with the forecasts of Member States;

## II. Member States' feedback

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- ❑ formal communication on the mid-April provided MS estimates and forecast of GNI and VAT bases for current and following year
  - ❑ included, for comparison, in the 2nd set of Commission's forecast sent early May;
- ❑ informal bilateral contacts with the Member States prior to the ACOR meeting
  - ❑ possibility to elaborate on differences between the forecasts of the Commission and of Member States;



# III. ACOR: legal basis, information

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- ❑ ACOR = **A**dvisory **C**ommittee on **O**wn **R**esources
  - ❑ Reg. No 1150/2000 art. 20; Reg. 1553/1989 (VAT)
- ❑ ACOR-forecast is one of the 3 compositions of the meeting
  - ❑ together with ACOR-TOR & ACOR-VAT&GNI
- ❑ New Rules of Procedure adopted in October 2011
- ❑ Archives/documents available on the e-group ACOR of the Commission CIRCABC system:  
<https://circabc.europa.eu/faces/jsp/extension/wai/navigation/container.jsp> (CIRCA = **C**ommunication & **I**nformation **R**esource **C**entre **A**dministrator)

# III. ACOR forecast

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- ❑ Purpose of the meeting
  - ❑ Detailed examination of forecasts by:
    - Member States representatives
    - Commission officials
  - ❑ Agreement (usually compromise) between forecasts of VAT and GNI bases from the Commission and from Member States is sought (and found in most instances, otherwise the Chairman decides)
- ❑ Forecasts settled at the ACOR-forecast meeting are the main input for elaborating EU budget financing tables.

# OR budgetary procedure: overview

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1. ACOR forecast meeting year n-1 (*May 2019*)
  - ❑ TOR, VAT and GNI bases established for year n (DB 2020) and amendments for year n-1 (*DAB 4/2019*);
2. Adoption of the budget for year n (2020) at the end of year n-1 (2019)
  - ❑ call rate for GNI resource established - financing tables;
3. Calls for payments every month of year n (2020)
  - ❑ 1/12 of approved budget or last AB, advances possible in first quarter;
4. Amending budgets during the year n
  - ❑ changes in expenditure → changes in GNI call rate;
  - ❑ after ACOR in May n (2020) → OR bases amended (DAB x/2020);
5. Beginning of the year n+1 (2021)
  - ❑ balance of the previous year budgeted (AB);
6. End of the year n+1 (2021)
  - ❑ balance of the VAT/GNI resources budgeted (AB) = difference between forecasted and actual bases;