

# Explanatory meeting on the acquis with Albania and North Macedonia ***VAT-based own resources***

*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'*

***Brussels, 27 September 2019***



# VAT-based Own Resources

*presented by*

*Iulia NEAGU*

*European Commission,  
Directorate-General for the Budget*

***EU BUDGET***

DG BUDGET

VAT base

Obligations

# EU Budget

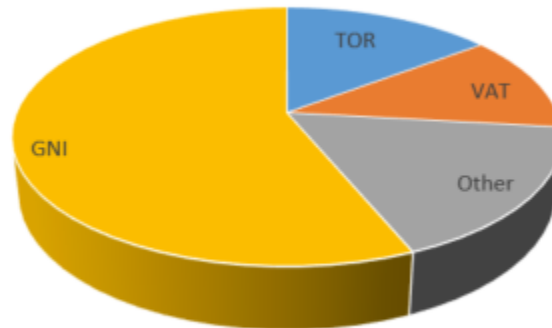


# EU revenues are made up of several sources

- ✓ *TOR (14.7%)*
- ✓ *VAT-based (12.1%)*
- ✓ *Other (16.9%)*
- ✓ *GNI (56.3%)*

# EU Revenues in 2017

Total Revenue EU 2017



■ TOR ■ VAT ■ Other ■ GNI

# Tendencies

- ✓ *VAT-based own resources' relative size decreasing over time*
- ✓ *VAT-based own resources now approximately 12% of revenues*

EU budget

DG BUDGET

VAT base

Obligations



# DG BUDGET



# Two Branches

*Revenue Policy*

&

*Control of other own resources  
(VAT and GNI)*

## Task – VAT Own Resources

*Ensure that the annual VAT own resource bases are correctly determined to establish each Member State's correct contribution to the EU budget*

## Legal Base

- i. Council Decision 2014/335 (establishing the system of Own Resources)*
- ii. Council Regulation 609/2014 (Making Available Regulation)*
- iii. Council Regulation 1553/89 (establishing VAT Own Resource)*
- iv. Council Directive 2006/112 (VAT Directive)*

# Principles

- ✓ *Transparency*
- ✓ *Uniformity*
- ✓ *Equity*

EU budget

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***VAT BASE***

Obligations

# Harmonised VAT base



# Concepts

- ✓ *Harmonised VAT-base*
- ✓ *VAT base  $\neq$  VAT*
- ✓ *Capping @ 50% of GNI*
- ✓ *Uniform rate of call*
- ✓ *Reservations*
- ✓ *Time-barring year  $n+4$*



# Harmonized VAT base



# Calculation

- ✓ *Collected VAT*
- ✓ *Corrections*
- ✓ *Weighted average rate (WAR)*
  - = ***Intermediate base***
- ✓ *Compensations*
  - = ***Final harmonised VAT-base***

# Simulation Exercise



# Harmonised VAT base



# Main Components

- ✓ *Audit trail*
- ✓ *Methods*
- ✓ *Data sources*
- ✓ *Comparability*

EU budget

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VAT base

***OBLIGATIONS***

# Obligations & Preparations



# VAT Statements

- ✓ *Total VAT receipts*
- ✓ *Determine VAT own resources base*
- ✓ *Statistical Office*
- ✓ *31 July  $n+1$*



# Control Visits

- ✓ *Assist the Commission*
- ✓ *Keep supporting documents*
  - *VAT resource base – 30 September  $n+4$*
  - *Establishment and making available – minimum  $n+3$  from date of doc*

# ACOR

- ✓ *Inspection reports*
- ✓ *Solutions*
- ✓ *Authorizations*
- ✓ *Other items of common interest*

# Miscellaneous

- ✓ *Provide information*
- ✓ *Article 12 of 1553/89*

# The End

## Explanatory Session

*Brussels, 27 September 2019*