Council adopts own resources package

The Council today adopted¹ the three legislative acts forming the own resources package related to the EU's multiannual financial framework (MFF) 2014-2020.

Own resources constitute the EU revenue, which has to completely cover EU expenditure.

The three adopted legislative acts on own resources are the following:

– a Council decision laying down the main provisions relating to the EU's own resources system and setting up the different categories of revenue (5602/14 + 9823/14);

– a Council regulation laying down implementing measures for the own resources system (5600/14);

– a Council regulation establishing the methods and procedure for making available the budget revenue (5603/14 + 9826/14).

The three acts will only enter into force when the own resources decision has been approved by the member states in accordance with their respective constitutional requirements (in most cases: ratified by their national parliaments). They will then apply retroactively as from 1 January 2014.

¹ The decisions were taken at the Competitiveness Council.
As under the MFF covering the period 2007-2013, the own resources rules for the 2014-2020 period provide for the following types of own resources:

– traditional own resources (i.e. mainly customs duties and sugar levies);
– own resources based on value added tax (VAT);
– own resources based on Gross National Income (GNI); it is used to fund the part of the EU budget which is not covered by other own resources, with the aim of balancing EU revenue with expenditure.

The correction in favour of the United Kingdom and the corrections on the UK correction are maintained.

A reduced VAT call rate of 0.15% (rather than 0.30%) will apply, for 2014-2020 only, to Germany, the Netherlands and Sweden.

Denmark, the Netherlands and Sweden will benefit from reductions in their annual GNI-based contributions for the period 2014-2020 of EUR 130 million, EUR 695 million and EUR 185 million respectively. The Austrian annual GNI contribution will be reduced by EUR 30 million in 2014, EUR 20 million in 2015 and EUR 10 million in 2016.

Member states will be allowed to retain 20% (instead of 25% during the period 2007-2013) of the traditional own resources to cover their collection costs.

The three acts on own resources form one of the three parts of the MFF package, the other two being the MFF regulation (adopted by the Council on 2 December 2013) and the about 70 sector-specific acts which have been adopted over the last months. They translate the European Council agreement on the MFF of 8 February 2013 into legal terms.

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1 It should be noted that also other sources of revenue exist, such as taxes on EU staff salaries, contributions from non-EU countries to certain programmes and fines on companies for breaching competition law.