EU BUDGET
FOR THE FUTURE

#EUBudget #EURoad2Sibiu #FutureofEurope

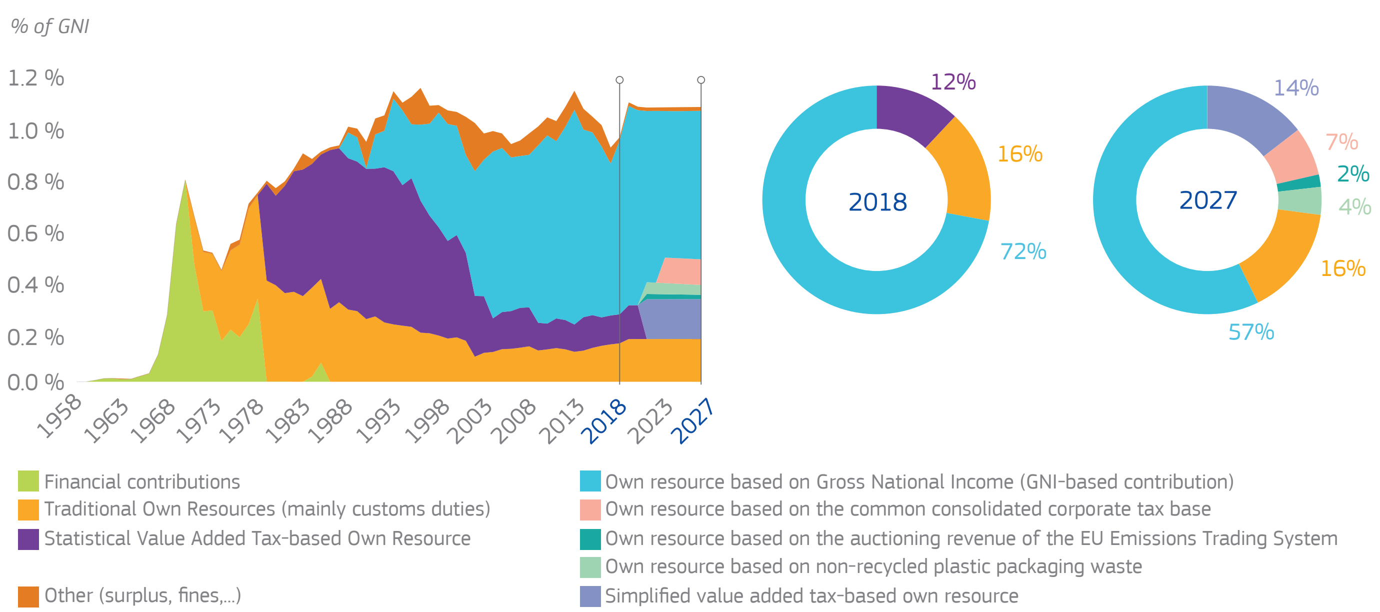
2 May 2018

MODERNISING THE EU BUDGET'S REVENUE SIDE

The three revenue sources of the EU budget have remained the same over the last decades:

- **Customs duties** are levied on economic operators, collected at the external borders of the EU and go directly to the EU budget. Member States retain 20% of the amount as collection costs.
- The current **Value Added Tax** bases of all Member States are harmonised through a complex statistical process before a uniform rate of 0.3% is levied on each Member State, with some exceptions.
- The **Gross National Income (GNI)** own resource finances the part of the budget not covered by other revenues. The same percentage is levied on each Member State's GNI. The rate is fixed as part of the annual budgetary procedure. Some Member States benefit from a reduction.

Evolution of the revenue sources of the EU budget



WHAT DOES THE COMMISSION PROPOSE?

Modernise existing own resources by:

- maintaining the customs duties as traditional own resources for the EU, but decreasing from 20% to 10% the percentage Member States retain as 'collection costs';
- maintaining the own resource based on Gross National Income, and keeping it as the balancing resource;
- simplifying the Value Added Tax-based own resource.

Introduce a basket of new own resources consisting of:

- A 3% call rate applied to the new **Common Consolidated Corporate Tax Base**;
- a 20% share of the auctioning revenue of the **European Emissions Trading System**;
- national contribution on the basis of the amount of **non-recycled plastic packaging waste** in each Member State.

Eliminate rebates, but phase out reductions over 5 years to avoid sudden increase in contribution by some Member States.

Increase the own resources ceiling: allow for a higher share of the Gross National Income of the EU-27 to be called on as own resources to cover EU budget expenditure.

On the basis of the Commission's proposals, the new Own Resources will contribute on average **€22 billion** per year corresponding to about **12% of total EU budget revenue**.

Modernisation of existing Own Resources

Value Added Tax-based: simplified

Traditional Own Resources (mainly 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

Other revenues

Seigniorage (External assigned revenue for new Investment Stabilisation Function)

Revenues of new European Travel Information and Authorisation System

No rebates

Phasing out mechanism over five years

Higher Own Resources ceiling

From currently 1.2% of GNI to 1.29% of GNI

REVENUE SOURCE as proposed by the Commission	WHAT IS IT?	WHY IS IT PROPOSED?	HOW WILL IT WORK?	HOW MUCH WILL IT BRING TO THE EU BUDGET?
Simplified VAT-based contributions	Consumption tax assessed on the value added to all goods and services sold in the EU.	A well-established EU-wide harmonised tax base building on the Single Market.	A hugely streamlined calculation. Call rate on a simplified VAT base.	€25 billion per year.
Common Consolidated Corporate Tax Base including digital sector	The common Consolidated Corporate Tax Base is a single set of common rules to calculate companies' taxable profits in the EU.	Large companies greatly benefit from the single market. A contribution based on a harmonised Common Consolidated Corporate Tax Base would reinforce the link between the benefits of the Single Market and the financing of the Union.	Each Member State will tax its share of the profits at its own national tax rate and an EU call rate could be introduced.	€12 billion per year (after the common Consolidated Corporate Tax Base is introduced).
Revenues from the emissions trading system	The European Emissions Trading System is the cornerstone of EU climate policy. A number of 'allowances' are auctioned by Member States and purchased by companies to cover their greenhouse gas emissions.	Sizeable revenue generated on the basis of a fully integrated EU policy.	A share of the proceeds from the auctioning of allowances could be made available for the EU budget. The in-built protection and fairness mechanisms in the emissions trading system will not be affected.	€3 billion per year (depending on and without prejudice to the carbon price).
Contribution based on plastic packaging that is not recycled	This is new. It is not a tax-based own resource, but rather a national contribution determined according to an environmental rationale.	Plastic litter is a massive problem that must be tackled through a variety of tools. This new own resource will create powerful incentives for Member States to increase recycling rates. It is closely linked to the circular economy initiative and the EU plastics strategy.	A contribution by the Member States calculated on the basis of the amount of plastic packaging waste which is not recycled as reported under the waste directive.	€7 billion using a call rate of €0.80/kg.