

II

(Acts whose publication is not obligatory)

COUNCIL

**COUNCIL DECISION
of 29 September 2000
on the system of the European Communities' own resources**

(2000/597/EC, Euratom)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 269 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 173 thereof,

Having regard to the proposal from the Commission ⁽¹⁾,

Having regard to the opinion of the European Parliament ⁽²⁾,

Having regard to the opinion of the Court of Auditors ⁽³⁾,

Having regard to the opinion of the Economic and Social Committee ⁽⁴⁾,

Whereas:

- (1) The European Council meeting in Berlin on 24 and 25 March 1999 concluded, *inter alia*, that the system of the Communities' own resources should be equitable, transparent, cost-effective, simple and based on criteria which best express each Member State's ability to contribute.
- (2) The Communities' own resources system must ensure adequate resources for the orderly development of the Communities' policies, subject to the need for strict budgetary discipline.
- (3) It is appropriate that the best quality data be used for the purposes of the budget of the European Union and the Communities' own resources. The application of the European system of integrated economic accounts (hereinafter referred to as the 'ESA 95') in accordance with

Council Regulation (EC) No 2223/96 ⁽⁵⁾ will improve the quality of measurement of national accounts data.

- (4) It is appropriate to use the most recent statistical concepts for the purposes of own resources and accordingly to define gross national product (GNP) as being equal for these purposes to gross national income (GNI) as provided by the Commission in application of the ESA 95 in accordance with Regulation (EC) No 2223/96.
- (5) It is, moreover, appropriate, should modifications to the ESA 95 result in significant changes in GNI as provided by the Commission in accordance with Regulation (EC) No 2223/96, that the Council decide whether these modifications apply for the purposes of own resources.
- (6) According to Council Decision 94/728/EC, Euratom of 31 October 1994 on the system of the European Communities' own resources ⁽⁶⁾, the maximum ceiling of own resources for 1999 was set equal to 1,27 % of the Communities' GNP at market prices and an overall ceiling of 1,335 % of the Communities' GNP was set for appropriations for commitments.
- (7) It is appropriate to adapt these ceilings expressed as a percent of GNP in order to maintain unchanged the amount of financial resources put at the disposal of the Communities by establishing a formula for the determination of the new ceilings, in relation to GNP as defined for the present purposes, to be applied after the entry into force of this Decision.

⁽¹⁾ OJ C 274 E, 28.9.1999, p. 39.

⁽²⁾ Opinion delivered on 17 November 1999 (OJ C 189, 7.7.2000, p. 79).

⁽³⁾ OJ C 310, 28.10.1999, p. 1.

⁽⁴⁾ OJ C 368, 20.12.1999, p. 16.

⁽⁵⁾ OJ L 310, 30.11.1996, p. 1. Regulation as amended by Regulation (EC) No 448/98 (OJ L 58, 27.2.1998, p. 1).

⁽⁶⁾ OJ L 293, 12.11.1994, p. 9.

- (8) It is appropriate that the same method be used in the future on the occasion of changes in the ESA 95 which may have effects on the level of GNP.
- (9) In order further to continue the process of making allowance for each Member State's ability to contribute to the system of own resources and of correcting the regressive aspects of the current system for the least prosperous Member States, the European Council meeting in Berlin of 24 and 25 March 1999 concluded that the Union's financing rules would be amended as follows:
- the maximum rate of call of the VAT resource would be reduced from 1 % to 0,75 % in 2002 and 2003 and to 0,50 % from 2004 onwards,
 - the value added tax base of the Member States would continue to be restricted to 50 % of their GNP.
- (10) The European Council of 24 and 25 March 1999 concluded that it is appropriate to adapt the amount retained by Member States to cover the costs related to collection in connection with the so-called traditional own resources paid to the budget of the European Union.
- (11) Budgetary imbalances should be corrected in such a way as not to affect the own resources available for the Communities' policies and be resolved, to the extent possible, by means of expenditure policy.
- (12) The European Council of 24 and 25 March 1999 concluded that the manner for calculating the correction of budgetary imbalances in favour of the United Kingdom as defined in Decision 88/376/EEC, Euratom ⁽¹⁾ and confirmed by Decision 94/728/EC, Euratom, should not include the windfall gains resulting from changes in the financing systems and from future enlargement. Accordingly, at the time of enlargement, an adjustment will reduce 'total Allocated Expenditure' by an amount equivalent to the annual pre-accession expenditure in the acceding countries, thereby ensuring that expenditure which is unabated remains so.
- (13) For reasons of clarity, the description of the calculation of the correction in respect of budgetary imbalances granted to the United Kingdom has been simplified. This simplification has no impact on the determination of the amount of this correction granted to the United Kingdom.
- (14) The European Council of 24 and 25 March 1999 concluded that the financing of the correction of budgetary imbalances in favour of the United Kingdom should be modified to allow Austria, Germany, the Netherlands and Sweden to see a reduction in their financing share to 25 % of the normal share.
- (15) The monetary reserve, hereinafter referred to as 'the EAGGF monetary reserve', the reserve for the financing of the Loan Guarantee Fund and the reserve for emergency aid in non-member countries are covered by specific provisions.
- (16) The Commission should undertake, before 1 January 2006, a general review of the operation of the own resources system, accompanied, if necessary, by appropriate proposals, in the light of all relevant factors including the effects of enlargement on the financing of the budget of the European Union, the possibility of modifying the own resources structure by creating new autonomous own resources and the correction of budgetary imbalances granted to the United Kingdom as well as the granting to Austria, Germany, the Netherlands and Sweden of the reduction in the financing of the budgetary imbalances in favour of the United Kingdom.
- (17) Provisions must be laid down to cover the changeover from the system introduced by Decision 94/728/EC, Euratom to that arising from this Decision.
- (18) The European Council of 24 and 25 March 1999 concluded that this Decision should take effect on 1 January 2002,

HAS LAID DOWN THESE PROVISIONS, WHICH IT RECOMMENDS TO THE MEMBER STATES FOR ADOPTION:

Article 1

The Communities shall be allocated own resources in accordance with the rules laid down in the following Articles in order to ensure, in accordance with Article 269 of the Treaty establishing the European Community (hereinafter referred to as the 'EC Treaty') and Article 173 of the Treaty establishing the European Atomic Energy Community (hereinafter referred to as the 'Euratom Treaty'), the financing of the budget of the European Union.

The budget of the European Union shall, without prejudice to other revenue, be financed wholly from the Communities' own resources.

Article 2

1. Revenue from the following shall constitute own resources entered in the budget of the European Union:

- (a) levies, premiums, additional or compensatory amounts, additional amounts or factors and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries within the framework of the common agricultural policy, and also contributions and other duties provided for within the framework of the common organisation of the markets in sugar;
- (b) Common Customs Tariff duties and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries and customs duties on products coming under the Treaty establishing the European Coal and Steel Community;

⁽¹⁾ OJ L 185, 15.7.1988, p. 24.

(c) the application of a uniform rate valid for all Member States to the harmonised VAT assessment bases determined according to Community rules. The assessment base to be taken into account for this purpose shall not exceed 50 % of GNP for each Member State, as defined in paragraph 7;

(d) the application of a rate — to be determined pursuant to the budgetary procedure in the light of the total of all other revenue — to the sum of all the Member States' GNPs.

2. Revenue deriving from any new charges introduced within the framework of a common policy, in accordance with the EC Treaty or the Euratom Treaty, provided that the procedure laid down in Article 269 of the EC Treaty or in Article 173 of the Euratom Treaty has been followed, shall also constitute own resources entered in the budget of the European Union.

3. Member States shall retain, by way of collection costs, 25 % of the amounts referred to in paragraph 1(a) and (b), which shall be established after 31 December 2000.

4. The uniform rate referred to in paragraph 1(c) shall correspond to the rate resulting from the difference between:

(a) the maximum rate of call of the VAT resource, which is fixed at:

0,75 % in 2002 and 2003,

0,50 % from 2004 onwards,

and

(b) a rate ('frozen rate') equivalent to the ratio between the amount of the compensation referred to in Article 4 and the sum of the VAT assessment bases (established in accordance with paragraph 1(c)) of all Member States, taking into account the fact that the United Kingdom is excluded from the financing of its correction and that the share of Austria, Germany, the Netherlands and Sweden in the financing of the United Kingdom correction is reduced to one fourth of its normal value.

5. The rate fixed under paragraph 1(d) shall apply to the GNP of each Member State.

6. If, at the beginning of the financial year, the budget has not been adopted, the previous uniform VAT rate and rate applicable to Member States' GNPs, without prejudice to the provisions adopted in accordance with Article 8(2) as regards the EAGGF monetary reserve, the reserve for financing the Loan Guarantee Fund and the reserve for emergency aid in third countries, shall remain applicable until the entry into force of the new rates.

7. For the purposes of applying this Decision, GNP shall mean GNI for the year at market prices as provided by the Commission in application of the ESA 95 in accordance with Regulation (EC) No 2223/96.

Should modifications to the ESA 95 result in significant changes in the GNI as provided by the Commission, the Council, acting unanimously on a proposal of the Commission

and after consulting the European Parliament, shall decide whether these modifications shall apply for the purposes of this Decision.

Article 3

1. The total amount of own resources assigned to the Communities to cover appropriations for payments may not exceed a certain percentage of the total GNPs of the Member States. This percentage, expressed in two decimal places, will be calculated by the Commission in December 2001 on the basis of the following formula:

Maximum own resources =

$$1,27 \% \times \frac{1998 + 1999 + 2000 \text{ GNP ESA second edition}}{1998 + 1999 + 2000 \text{ GNP ESA 95}}$$

2. Appropriations for commitments entered in the general budget of the European Union must follow an orderly progression resulting in a total amount, which does not exceed a certain percentage of the total GNPs of the Member States. This percentage, expressed in two decimal places, shall be calculated by the Commission in December 2001 on the basis of the following formula:

Maximum appropriations for commitments =

$$1,335 \% \times \frac{1998 + 1999 + 2000 \text{ GNP ESA second edition}}{1998 + 1999 + 2000 \text{ GNP ESA 95}}$$

An orderly ratio between appropriations for commitments and appropriations for payments shall be maintained to guarantee their compatibility and to enable the ceilings pursuant to paragraph 1 to be respected in subsequent years.

3. The Commission shall communicate to the budgetary authority the new ceilings for own resources before 31 December 2001.

4. The method described in paragraphs 1 and 2 will be followed in the case of modifications to the ESA 95 which result in changes in the level of GNP.

Article 4

The United Kingdom shall be granted a correction in respect of budgetary imbalances.

This correction shall be established by:

(a) calculating the difference, in the preceding financial year, between:

— the percentage share of the United Kingdom in the sum of uncapped VAT assessment bases, and

— the percentage share of the United Kingdom in total allocated expenditure;

- (b) multiplying the difference thus obtained by total allocated expenditure;
- (c) multiplying the result under (b) by 0,66;
- (d) subtracting from the result under (c) the effects arising for the United Kingdom from the changeover to capped VAT and the payments referred to in Article 2(1)(d), namely the difference between:
- what the United Kingdom would have had to pay for the amounts financed by the resources referred to in Article 2(1)(c) and (d), if the uniform rate had been applied to non-capped VAT bases, and
 - the payments of the United Kingdom pursuant to Article 2(1)(c) and (d);
- (e) from the year 2001 onwards, subtracting from the result under (d) the net gains of the United Kingdom resulting from the increase in the percentage of resources referred to in Article 2(1)(a) and (b) retained by Member States to cover collection and related costs;
- (f) calculating, at the time of each enlargement of the European Union, an adjustment to the result under (e) so as to reduce the compensation, thereby ensuring that expenditure which is unabated before enlargement remains so after enlargement. This adjustment shall be made by reducing total allocated expenditure by an amount equivalent to the annual pre-accession expenditure in the acceding countries. All amounts so calculated shall be carried forward to subsequent years and shall be adjusted annually by applying the euro GNP deflator used for the adaptation of the Financial Perspective.

Article 5

1. The cost of the correction shall be borne by the other Member States in accordance with the following arrangements:

The distribution of the cost shall first be calculated by reference to each Member State's share of the payments referred to in Article 2(1)(d), the United Kingdom being excluded; it shall then be adjusted in such a way as to restrict the financing share of Austria, Germany, the Netherlands and Sweden to one fourth of their normal share resulting from this calculation.

2. The correction shall be granted to the United Kingdom by a reduction in its payments resulting from the application of Article 2(1)(c) and (d). The costs borne by the other Member States shall be added to their payments resulting from the application for each Member State of Article 2(1)(c) and (d).
3. The Commission shall perform the calculations required for the application of Article 4 and this Article.
4. If, at the beginning of the financial year, the budget has not been adopted, the correction granted to the United Kingdom and the costs borne by the other Member States as

entered in the last budget finally adopted shall remain applicable.

Article 6

The revenue referred to in Article 2 shall be used without distinction to finance all expenditure entered in the budget. The revenue needed to cover in full or in part the EAGGF monetary reserve, the reserve for the financing of the Loan Guarantee Fund and the reserve for emergency aid in third countries, entered in the budget shall not be called up from the Member States until the reserves are implemented. Provisions for the operation of those reserves shall be adopted as necessary in accordance with Article 8(2).

Article 7

Any surplus of the Communities' revenue over total actual expenditure during a financial year shall be carried over to the following financial year.

Any surpluses generated by a transfer from EAGGF Guarantee Section chapters, or surplus from the Guarantee Fund arising from external measures, transferred to the revenue account in the budget, shall be regarded as constituting own resources.

Article 8

1. The Communities' own resources referred to in Article 2(1)(a) and (b) shall be collected by the Member States in accordance with the national provisions imposed by law, regulation or administrative action, which shall, where appropriate, be adapted to meet the requirements of Community rules.

The Commission shall examine at regular intervals the national provisions communicated to it by the Member States, transmit to the Member States the adjustments it deems necessary in order to ensure that they comply with Community rules and report to the budget authority.

Member States shall make the resources provided for in Article 2(1)(a) to (d) available to the Commission.

2. Without prejudice to the auditing of the accounts and to checks that they are lawful and regular as laid down in Article 248 of the EC Treaty and Article 160C of the Euratom Treaty, such auditing and checks being mainly concerned with the reliability and effectiveness of national systems and procedures for determining the base for own resources accruing from VAT and GNP and without prejudice to the inspection arrangements made pursuant to Article 279(c) of the EC Treaty and Article 183 point (c) of the Euratom Treaty, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt the provisions necessary to apply this Decision and to make possible the inspection of the collection, the making available to the Commission and payment of the revenue referred to in Articles 2 and 5.

Article 9

The Commission shall undertake, before 1 January 2006, a general review of the own resources system, accompanied, if necessary, by appropriate proposals, in the light of all relevant factors, including the effects of enlargement on the financing of the budget, the possibility of modifying the structure of the own resources by creating new autonomous own resources and the correction of budgetary imbalances granted to the United Kingdom as well as the granting to Austria, Germany, the Netherlands and Sweden of the reduction pursuant to Article 5(1).

Article 10

1. Member States shall be notified of this Decision by the Secretary-General of the Council and the Decision shall be published in the *Official Journal of the European Communities*.

Member States shall notify the Secretary-General of the Council without delay of the completion of the procedures for the adoption of this Decision in accordance with their respective constitutional requirements.

This Decision shall enter into force on the first day of the month following receipt of the last of the notifications referred to in the second subparagraph. It shall take effect on 1 January 2002 except for Article 2(3) and Article 4, which shall take effect on 1 January 2001.

2. (a) Subject to (b), Decision 94/728/EC, Euratom shall be repealed as of 1 January 2002. Any references to the Council Decision of 21 April 1970 on the replacement of financial contributions from Member States by the

Communities' own resources ⁽¹⁾, to Council Decision 85/257/EEC, Euratom of 7 May 1985 on the Communities' system of own resources ⁽²⁾, to Decision 88/376/EEC, Euratom, or to Decision 94/728/EC, Euratom shall be construed as references to this Decision.

- (b) Articles 2, 4 and 5 of Decisions 88/376/EEC, Euratom and 94/728/EC, Euratom shall continue to apply to the calculation and adjustment of revenue accruing from the application of a uniform rate valid for all Member States to the VAT base determined in a uniform manner and limited between 50 % to 55 % of the GNP of each Member State, depending on the relevant year, and to the calculation of the correction of budgetary imbalances granted to the United Kingdom for the years 1988 to 2000.
- (c) For amounts referred to in Article 2(1)(a) and (b) which should have been made available by the Member States before 28 February 2001 in accordance with the applicable Community rules, Member States shall continue to retain 10 % of these amounts by way of collection costs.

Done at Brussels, 29 September 2000.

For the Council

The President

L. FABIUS

⁽¹⁾ OJ L 94, 28.4.1970, p. 19.

⁽²⁾ OJ L 128, 14.5.1985, p. 15. Decision repealed by Decision 88/376/EEC, Euratom.