OWN RESOURCES

The EU's own resources are the main sources of revenue for the EU budget. Its annual expenditure may not exceed its revenue (i.e. it operates a balanced budget).

There are 3 types of own resource:

- **traditional**: these mainly comprise customs duties on imports to the EU and sugar levies. Countries retain 20% of the duties collected to cover their collection costs;
- **based on Value-Added Tax (VAT)**: a rate of 0.3% of each EU country's VAT base is transferred to the EU;
- **based on Gross National Income (GNI)**: each EU country transfers to the EU a uniform percentage of its GNI. The percentage is adjusted so that overall revenue matches the agreed level of payments. This is the EU's largest source of revenue.

Correction mechanisms have been introduced to correct what is perceived as excessive contributions by certain countries, e.g. Germany, the Netherlands, Sweden & the United Kingdom (1).

In 2014, the Council adopted a new own resources decision which introduced some changes - in particular concerning the correction mechanisms - for the 2014-2020 period. It enters into force only after ratification in EU countries but the new provisions are to be applied retroactively from 1 January 2014.

A high-level group on own resources was also set up in 2014 to suggest improvements to the system.

**SEE ALSO**

- [Budget](#)
- [Customs union](#)
- [Multiannual financial framework (MFF)](#)
- [The EU's own resources on the European Commission's website](#)

---

(1) The United Kingdom withdraws from the European Union and becomes a third country (non-EU country) as of 1 February 2020.