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COM(2022) 102 final

2022/0072 (APP)

Proposal for a

## **COUNCIL REGULATION**

**amending Regulation (EU, Euratom) 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union**

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

#### **• Reasons for and objectives of the proposal**

The proposal for a Council Decision amending the Own Resources Decision 2020/2053 adopted on 22 December 2021<sup>1</sup> adds a three new own resources to the EU budget. These additional new own resources will be based on the EU Emissions Trading Scheme for greenhouse gas emission allowances, the Carbon Border Adjustment Mechanism, and include a national contribution to the EU budget based on the share of residual profits of multinational enterprises as reallocated to Member States pursuant to the Council Directive on implementation of the global agreement on re-allocation of taxing rights the Commission will table in the course of 2022.

The purpose of this proposal is to amend the implementing measures for the system of own resources of the European Union provided by Council Regulation (EU, Euratom) 2021/768<sup>2</sup>. This proposal adds the practical arrangements, the proportionate and necessary control, supervision and review measures for the additional new own resources.

This proposal is complemented, in accordance with Article 322(2) of the Treaty on the Functioning of the European Union, by regulations determining the methods and procedure by which own resources revenue is be made available or paid to the Commission, including measures to meet cash requirements where necessary.

The proposal includes the upgraded provisions and arrangements necessary for controlling and supervising the revenues stemming from the new own resources;

#### **• Consistency with existing policy provisions in the policy area**

This proposal is connected to the Making Available Regulations, specifically: (i) Council Regulation (EU, Euratom) No 609/2014 (for Traditional Own Resources and the Own Resources based on Value Added Tax and Gross National Income)<sup>3</sup>; and (ii) Council Regulation (EU, Euratom) No 2021/770 (for the new Own Resources based on the Plastic packaging waste)<sup>4</sup>.

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<sup>1</sup> Proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union, COM(2021) 570 final.

<sup>2</sup> Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union and repealing Regulation (EU, Euratom) No 608/2014, (OJ L 165, 11.5.2021, p. 1).

<sup>3</sup> Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements, OJ L 168, 7.6.2014, p. 39.

<sup>4</sup> Council Regulation (EU, Euratom) 2021/770 of 30 April 2021 on the calculation of the own resource based on plastic packaging waste that is not recycled, on the methods and procedure for making available that own resource, on the measures to meet cash requirements, and on certain aspects of the own resource based on gross national income, (OJ L 165, 11.5.2021, p 15).

Finally, it is connected to the Regulation laying down implementing measures for the system of Own Resources (the current Regulation (EU, Euratom) No 2021/768 as amended<sup>5</sup>).

- **Consistency with other Union policies**

Given the nature of own resources, their management relies on the correct application of other Union policies:

- (1) Traditional Own Resources are linked to the customs union;
- (2) Own resource based on Value Added Tax are linked to the internal market;
- (3) Own resources based on the European Union Emissions Trading System and Carbon Border Adjustment Mechanism and Plastic packaging waste are linked to policies on the environment and climate action;
- (4) Own resource based on reallocated profits will be linked to the internal market once transposed into Union law.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis of this proposal is the fourth paragraph of Article 311 TFEU;

- **Subsidiarity (for non-exclusive competence)**

Not applicable.

- **Proportionality**

This proposal for an amending Regulation (EU, Euratom) 2021/768 adds the required measures for the new own resources. The inclusion of new own resources in the Own Resources Decision calls for updated legislation that includes implementing measures for these new own resources and that improves the existing measures.

- **Choice of the instrument**

The choice of a Council Regulation is based directly on the fourth paragraph of Article 311 of the TFEU that specifically states '*The Council, acting by means of regulations (...) shall lay down implementing measures for the Union's own resources system*'.

## **3. CONTENT OF THE AMENDMENT**

The Commission proposal to amend the Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union may be summarised as follows:

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<sup>5</sup> Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union.

## ***Chapter II 'Provisions concerning control and supervision and relevant reporting requirements'***

- The provision of Article 2 of Regulation (EU, Euratom) 2021/768 'Control and supervision measures' are updated in relation to the new own resources set up in Article 2(1)(e), (f) and (g) of proposal COM(2021) 570 final.
- As regards the Emissions Trading System own resources the Commission shall undertake a review of data and documents related to the auctioning process in order to verify the accuracy and completeness of the statement of the Emission Trading System own resource made available to the EU budget. The Commission may also undertake on-the spot-inspection to Member States.
- As regards the Carbon Border Adjustment Mechanism own resources the Commission shall undertake checks and enquiries concerning the calculation, the making available of the own resource, including the controls on the underlying processes put in place by the Member States. The Commission may undertake on-the spot-inspections to Member States.
- As regards the own resources based on reallocated profits, the Commission shall undertake verifications to ensure that the calculations for the own resource were performed correctly, including check of compliance of the underlying data with the reallocation of a share of residual profit of multinational enterprises allocated to Member States.
- The provision of Article 4 of Regulation (EU, Euratom) 2021/768 'Preparation and management of inspection' is extended and updated with regard to the entities that should provide access to data and assistance to the authorised agent in performing the controls foreseen for Emission Trading System, Carbon Border Adjustment Mechanism and the reallocated profit-based own resource that is applicable to all own resources.
- The recitals are also amended accordingly

### ***Final provisions'and entry into force***

The proposal states that the amended Regulation will enter into force at the same time as the amended Own Resources Decision, once amended.

Proposal for a

## **COUNCIL REGULATION**

### **amending Regulation (EU, Euratom) 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 311, fourth paragraph, thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom<sup>6</sup>, and in particular Article 10 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the consent of the European Parliament<sup>7</sup>,

Acting in accordance with a special legislative procedure,

Whereas:

- (1) Council Decision (EU, Euratom) 2020/2053, as amended by Council Decision XX/XX, introduces as new own resources the Emissions Trading System, established by Directive 2003/87/EC of the European Parliament and of the Council<sup>8</sup>, the Carbon Border Adjustment Mechanism established by Regulation (EU) [XXX] of the European Parliament and of the Council<sup>9</sup> and a share of residual profit of multinational enterprises reallocated to Member States as set out in [Directive on implementation of the global agreement on re-allocation of taxing rights<sup>10</sup>].

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<sup>6</sup> OJ L 424, 15.12.2020, p.1.

<sup>7</sup> OJ C , , p. .

<sup>8</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

<sup>9</sup> Regulation (EU) [XXX] of the European Parliament and of the Council establishing a carbon border adjustment mechanism (OJ L [...], [...], p. [...]).

<sup>10</sup> [Directive (EU) XXX on implementation of the global agreement on re-allocation of taxing rights]

- (2) For the sake of consistency, it is necessary to lay down implementing measures concerning control and supervision together with relevant reporting requirements taking in consideration the controls and verifications performed by the Member States also for new own resources.
- (3) As a matter of efficiency and effectiveness, the implementing measures for control and supervision related to the own resource based on emissions trading should take in account the control framework established by the sectorial legislation in particular concerning the obligations related to the Emissions Trading System laid down in Directive 2014/65/EU of the European Parliament and of the Council<sup>11</sup>, Regulation (EU) No 600/2014/EU of the European Parliament and of the Council<sup>12</sup> and Commission Regulation (EU) No 1031/2010<sup>13</sup>.
- (4) To enable the implementation of control and supervision measures for new own resources, the Member States should ensure that all entities involved in the own resources processes provide access to the pertinent data and the necessary assistance to the authorised agents for carrying out their duties.
- (5) As a matter of effectiveness, the implementing measures for the control of the Carbon Border Adjustment Mechanism should apply without prejudice to the implementing measures for the verification of traditional own resources referred to in Decision (EU, Euratom) 2020/2053.
- (6) The checks and enquiries conducted by Member States relating to calculating, establishing and making available the Union's own resources, and rules ensuring collaboration between the Member States and the Commission should be extended to the new own resources.
- (7) Article 325 of the Treaty on the Functioning of the European Union (TFEU) requires the Union and the Member States to counter fraud and any other illegal activities affecting the financial interests of the Union. The transparency of the system of own resources of the Union should be ensured by the provision of adequate information also on new own resources to the European Parliament and to the Council.
- (8) Reporting arrangements should be extended to new own resources in order to make it possible for the Commission to monitor the actions of Member States to recover own resources, in particular in cases of fraud and irregularities.

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<sup>11</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU Text with EEA relevance, (OJ L 173, 12.6.2014, p. 349).

<sup>12</sup> Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

<sup>13</sup> Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a system for greenhouse gas emission allowances trading within the Union (OJ L 302, 18.11.2010, p. 1).

- (9) Council Regulation (EU, Euratom) 2021/768<sup>14</sup> should therefore be amended accordingly. For reasons of consistency, this Regulation should enter into force on the same day as Council Decision 20xx/xxxx/EU, Euratom amending Decision (EU, Euratom) 2020/2053 and should apply from 1 January 2023. Article 6c should apply from the date of application of the [Directive on implementation of the global agreement on re-allocation of taxing rights] or the day of the entry into force and effect of the Multilateral Convention, whichever is the later,

HAS ADOPTED THIS REGULATION:

### *Article 1*

Regulation (EU, Euratom) 2021/768 is amended as follows:

- (1) Article 2 is amended as follows:

- (a) paragraph 1 is replaced by the following:

“1. The own resources referred to in Article 2(1) of Decision (EU, Euratom) 2020/2053 shall be inspected as specified in this Regulation, without prejudice to Regulation (EEC, Euratom) No 1553/89, Regulation (EU) 2019/516 of the European Parliament and of the Council\*, Regulation (EU) No 600/2014 of the European Parliament and of the Council\*\* and Directive 2014/65/EU of the European Parliament and of the Council\*\*\*.

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\* Regulation (EU) 2019/516 of the European Parliament and of the Council of 19 March 2019 on the harmonisation of gross national income at market prices and repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003 (GNI Regulation) (OJ L 91, 29.3.2019, p. 19).

\*\* Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173 12.6.2014, p. 84).

\*\*\* Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).”;

- (b) the following paragraphs 6a, 6b and 6c are inserted:

“6a. Where control and supervision measures concern the own resource based on the Emissions Trading System referred to in Article 2(1) point (e), of Decision (EU, Euratom) 2020/2053:

- (a) the Commission shall have access to all data of the auctioning process required to calculate the Emission Trading System based own resource, including the data referred to the Commission Regulation (EU) No 1031/2010\*;

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<sup>14</sup> Council Regulation (EU, Euratom) 2021/768 of 30 April 2021 laying down implementing measures for the system of own resources of the European Union and repealing Regulation (EU, Euratom) No 608/2014 (OJ L 165, 11.5.2021, p. 1).

- (b) the Commission shall have access to the documentation related to the annual amount of allowances, in respect of which the relevant Member State makes use of any of the following options, with the average weighted price of allowances auctioned on the common auction platform in the year in which those allowances would have been auctioned:
  - for transitional free allocation referred to in Article 10c of Directive 2003/87/EC of the European Parliament and of the Council\*\*;
  - the possibility of limited cancellation referred to in Article 6(1) of Regulation (EU) 2018/842 of the European Parliament and of the Council\*\*\*;
  - the use of allowances referred to in Article 10d(4) of Directive 2003/87/EC to auctioning for the Modernisation Fund referred to in Article 10d(3) of that Directive.
- (c) the Commission may itself carry out on-the-spot inspections. Member States shall facilitate those inspections.

As a review measure, the Commission shall make sure that the calculations referred to in Article 2(1), point (e) of Decision (EU, Euratom) 2020/2053 are based on correct data. That shall include a check of compliance of the underlying data with Regulation (EU) No 1031/2010.

6b. Where control and supervision measures concern the own resource based on Carbon Border Adjustment Mechanism referred to in Article 2(1), point (f), of Decision (EU, Euratom) 2020/2053:

- (a) Member States shall conduct the checks and enquiries concerning the calculation and the making available of the own resource in accordance with Regulation (EU) [XXX] of the European Parliament and of the Council\*\*\*\*;
- (b) the Commission may itself carry out on-the-spot inspections. The agents authorised by the Commission for the purpose of such inspections shall have access to documents as set out for the reviews referred to in paragraph 6a, point (b). Member States shall facilitate those inspections;

The Commission shall have access, in so far as the application of Regulation [XXX] of the European Parliament and of the Council establishing a Carbon Border Adjustment Mechanism so requires, to the supporting documents concerning the making available of the own resources.

During the inspection referred to in the first subparagraph, point (b), of this paragraph, the Commission shall make sure in particular, that the processes and controls put in place by the Member States to verify, and aggregate the amounts are adequate and compliant with Regulation [XXX] of the European Parliament and of the Council establishing a carbon border adjustment mechanism.

The Commission shall make sure that the calculations made to determine the amount of the own resource referred to in Article 2(1), point (f) of Decision (EU, Euratom) 2020/2053 were made correctly. That shall include a check of compliance of the underlying data with Regulation [XXX] of the European Parliament and of the Council establishing a carbon border adjustment mechanism.



6c. Where control and supervision measures concern the own resource based on the share of residual profit of multinational enterprises reallocated to Member States referred to in Article 2(1), point (g), of Decision (EU, Euratom) 2020/2053:

- (a) the Commission shall have access to the supporting documentation used by the Member States concerning the establishment and the making available of the own resource;
- (b) the Commission's verifications shall be carried out together with the competent authorities of the Member State concerned.

During those verifications, the Commission shall make sure that the calculations for the own resource referred to in Article 2(1), point (g) of Decision (EU, Euratom) 2020/2053 were performed correctly. That shall include a check of compliance of the underlying data with the reallocation of a share of residual profit of multinational enterprises allocated to Member States.

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\* Commission Regulation (EU) No 1031/2010 of 12 November 2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a system for greenhouse gas emission allowances trading within the Union (OJ L 302 18.11.2010, p. 1).

\*\* Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

\*\*\* Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018 on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) No 525/2013 (OJ L 156, 19.6.2018, p. 26).

\*\*\*\* Regulation (EU) [XXX] of the European Parliament and of the Council on the carbon border adjustment mechanism.”;

(c) paragraph 7 is replaced by the following:

“7. The control, supervision and review measures referred to in this Article shall be without prejudice to the following:

- (a) the inspections carried out by Member States in accordance with their national laws, regulations or administrative provisions;
- (b) the measures provided for in Articles 287 and 319 of the Treaty on the Functioning of the European Union (TFEU);
- (c) the measures provided for in Article 325 TFEU and as further specified in relevant Union measures;
- (d) the inspection arrangements made pursuant to Article 322(1), point (b), TFEU;
- (e) Articles 53 and 79 of Directive 2014/65/EU;
- (f) the obligations in Regulation (EU) No 600/2014 with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives;
- (g) Articles 14 and 15 of Directive 2003/87/EC;
- (h) Regulation (EU) No 596/2014 of the European Parliament and of the Council\*;
- (i) Regulation (EU) No 648/2012 of the European Parliament and of the Council\*\*;

(i) Regulation (EU) No 909/2014 of the European Parliament and of the Council\*\*\*.

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\* Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ L 173 12.6.2014, p. 1).

\*\* Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

\*\*\* Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (OJ L 257, 28.8.2014, p. 1).”;

(d) paragraph 8 is replaced by the following:

“8. For the purposes of the control and supervision measures under paragraphs 3 to 6c, the Commission may request the Member States to send relevant documents or reports relating to the systems used to collect own resources or to make such documents or reports available to the Commission.”;

(2) in Article 4(6), the second subparagraph is replaced by the following:

“The results and observations referred to in the first subparagraph, together with the summary report prepared in connection with controls on the own resources referred to in Article 2(1), points (b), (c) (f) and (g) of Decision (EU, Euratom 2020/2053), shall be brought to the attention of all Member States.”.

## *Article 2*

This Regulation shall enter into force on the day of entry into force of Decision 20xx/xxxx/EU, Euratom amending Decision (EU, Euratom) 2020/2053. It shall apply from 1 January 2023.

However, Article 6c shall apply from the date of application of the [Directive on implementation of the global agreement on re-allocation of taxing rights] or the day of the entry into force and effect of the Multilateral Convention, whichever is the later.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the Council  
The President*

## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s)
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) planned

### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
  - 3.2.1. *Estimated impact on operational appropriations*
  - 3.2.2. *Estimated impact on appropriations of an administrative nature*
  - 3.2.3. *Compatibility with the current multiannual financial framework*
- 3.3. Estimated impact on revenue

## **LEGISLATIVE FINANCIAL STATEMENT**

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

#### **1.1. Title of the proposal/initiative**

Council Regulation on the methods and procedure for making available the own resources based on the emissions trading system, the carbon border adjustment and reallocated profits and on the measures to meet cash requirements

Council Regulation amending Regulation (EU, Euratom) No 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union

#### **1.2. Policy area(s) concerned**

EU budget revenue

#### **1.3. Nature of the proposal/initiative**

☒ **a new action**

☐ **a new action following a pilot project/preparatory action<sup>15</sup>**

☐ **the extension of an existing action**

☐ **a merger or redirection of one or more actions towards another/a new action**

#### **1.4. Objective(s)**

##### *1.4.1. General objective(s)*

These proposals follows-up on the European Council Conclusions of July 2020 and the interinstitutional agreement of December 2020<sup>16</sup> on a roadmap to introduce sufficient new own resources with a view to covering an amount corresponding to the expected expenditure related to the repayment of the European Union Recovery Instrument. The proposal is linked to the proposal COM(2021) 570 final amending the Own Resources Decision, adopted on 22 December 2021.

The proposal will also further embed EU policy priorities in the revenue side of the EU budget.

##### *1.4.2. Specific objective(s)*

The proposal COM(2021) 570 final seeks to introduce three new own resources:

(1) A new own resource based on the Emissions Trading System covering its extension maritime and an increased auctioning of allowances in aviation and on the new Emissions Trading System covering road transport and building;

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<sup>15</sup> As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

<sup>16</sup> Interinstitutional agreement of 16 December 2020 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap for the introduction of new own resources, OJ L 433I, 22.12.2020, p. 28.

- (2) A new own resource based on a carbon border adjustment mechanism;
- (3) A new own resource based on a share of profits of multinational enterprises that are reallocated to EU Member States in the context of the global agreement on international taxation ('OECD/G20 IF Pillar 1').

New own resources will further align the revenue side of the EU budget with the Union's policy priorities. Firstly, emissions know no borders, hence warranting Union action, and therefore an appropriate base for EU own resources. Emissions trading and a Carbon Border Adjustment Mechanism are EU-wide instruments serving the common objective to reduce greenhouse gas emissions at the least cost, by capping emissions and providing a carbon price signal. Secondly, the global agreement on the reallocation of taxing rights will be implemented in the EU respecting the specificities of the Single Market. As a result, this too will constitute a European base for an own resource.

#### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

New own resources should ensure that the expenditure from the Union budget related to the repayment of the European Union Recovery Instrument will not lead to an undue reduction in programme expenditure or investment instruments under the multiannual financial framework. At the same time, they will also mitigate the increases in the gross national income-based own resource for the Member States.

#### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

This proposal should provide the framework for a timely and correct making available to the EU budget of revenues from emissions trading and the carbon border adjustment mechanism. It will also include the making available of the own resource based on the share of residual profits of the largest and most profitable multinational enterprises, reallocated to EU Member States.

### 1.5. **Grounds for the proposal/initiative**

#### 1.5.1. *1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*

The rules for making available to the EU budget should be agreed upon in time in order to ensure the timely implementation of the new Own Resources basket.

The interinstitutional agreement included a detailed timeline for the introduction of new own resources. The Commission committed to make proposals on new own resource by 2021 with a view of their introduction in 2023.

#### 1.5.2. *Added value of EU involvement*

At the outset of the unprecedented COVID-19 crisis, the Commission presented an ambitious, innovative and exceptional recovery plan to set the Union on the path to a sustainable and resilient recovery. The European Union Recovery Instrument (NextGenerationEU), which was formally approved by the European Parliament and the Council on 14 December 2020, mobilises up to EUR 750 billion to address the economic and social damage brought about by the pandemic. Together with the EU's long-term budget, the multiannual financial framework, a total of EUR 1.8 trillion are helping rebuild a post-COVID-19 Europe. New own resources will ensure the credibility and sustainability of the European Union Recovery Instrument repayment plan.

#### 1.5.3. *Lessons learned from similar experiences in the past*

These proposals are connected to the amendment of the Own Resources Decision. Together they clarify the interaction between the Own Resources provisions and the legislative acts on emissions trading and the Carbon Border Adjustment Mechanism and the future legislative act on implementation of the global agreement on re-allocation of taxing rights.

#### 1.5.4. *Compatibility with the Multiannual Financial Framework and possible synergies with other appropriate instruments*

These proposals are connected to the revision of the Multiannual Financial Framework Regulation with the aim of increasing the MFF ceilings for the

expenditure of the Social Climate Fund and creating an automatic annual adjustment mechanism to allow for new own resources to support repayment of NextGenerationEU under the current Multiannual Financial Framework.

*1.5.5. Assessment of the different available financing options, including scope for redeployment*

Not applicable.

**1.6. Duration and financial impact**

☐ Proposal/initiative of **limited duration**

- ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY
- ☐ Financial impact from YYYY to YYYY

☒ Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from 1/1/2021 to 31/12/2022,
- followed by full-scale operation from 1/1/2023.

**1.7. Management mode(s) planned**

☒ **Direct management** by the Commission

- ☒ by its departments, including by its staff in the Union delegations;
- ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

- ☐ third countries or the bodies they have designated;
- ☐ international organisations and their agencies (to be specified);
- ☐ the EIB and the European Investment Fund;
- ☐ bodies referred to in Articles 208 and 209 of the Financial Regulation;
- ☐ public law bodies;
- ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
- ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
- ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

Not applicable
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## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

The provisions for the monitoring and reporting in relation to making available own resource as based on emissions trading, the carbon border adjustment mechanism and a contribution based on residual profits of the largest and most profitable multinational enterprises, reallocated to EU Member States can be found in the proposal COM(2022) ..... for a Council Regulation amending Regulation (EU, Euratom) No 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

The main potential risks include: the incorrect establishment of the new own resources, the incorrect entry in the accounts, the late making available of the resource, and accounting errors.

#### **2.2.2. Information concerning the internal control system set up**

Control methods are envisaged in the proposal which also includes specific provisions concerning control and supervision and relevant reporting requirements.

#### **2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error**

The financial interests of the Union should be protected through proportionate measures, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties implemented by the national authorities and by the European Commission Services.

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

Provisions on control and supervision for the calculation on the new own resources are included in COM(2022) ..... for a Council Regulation amending Regulation (EU, Euratom) No 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union and relevant sectorial legislation for each of the new proposed own resources

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff. <sup>17</sup>	from EFTA countries <sup>18</sup>	from candidate countries <sup>19</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
7	20 01 02 01	Non-diff.	NO	NO	NO	NO

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<sup>17</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>18</sup> EFTA: European Free Trade Association.

<sup>19</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.

### 3.2. Estimated financial impact of the proposal on appropriations

#### 3.2.1 Summary of estimated impact on operational appropriations

- ☒ The proposal/initiative does not require the use of operational appropriations
- ☐ The proposal/initiative requires the use of operational appropriations, as explained below:

<b>Heading of multiannual financial framework</b>	<b>7</b>	‘Administrative expenditure’
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EUR million (to three decimal places)

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DG: BUDG							
• Human resources		0,157	0,471	0,628	0,785	1,57	<b>3,611</b>
• Other administrative expenditure							
<b>TOTAL DG BUDG</b>	Appropriations	0,157	0,471	0,628	0,785	1,57	<b>3,611</b>

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DG: CLIMA							
• Human resources		0,157	0,157	0,157	0,157	0,157	<b>0,785</b>
• Other administrative expenditure							
<b>TOTAL DG CLIMA</b>	Appropriations	0,157	0,157	0,157	0,157	0,157	<b>0,785</b>

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
DG: TAXUD							
• Human resources		0	0,043	0,043	0,043	0,043	<b>0,17</b>
• Other administrative expenditure							
<b>TOTAL DG TAXUD</b>	Appropriations	0	0,043	0,043	0,043	0,043	<b>0,17</b>

<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	0,314	0,672	0,829	0,986	1,177	<b>4,572</b>
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EUR million (to three decimal places)

		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
<b>TOTAL appropriations under HEADINGS 1 to 7 of the multiannual financial framework</b>	Commitments	0,314	0,672	0,829	0,986	1,177	<b>4,572</b>
	Payments	0,314	0,672	0,829	0,986	1,177	<b>4,572</b>

### 3.2.2 Summary of estimated impact on administrative appropriations

- ☐ The proposal/initiative does not require the use of appropriations of an administrative nature
- ☒ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	TOTAL
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<b>HEADING 7 of the multiannual financial framework</b>						
Human resources	0,314	0,672	0,829	0,986	1,177	<b>4,572</b>
Other administrative expenditure						
<b>Subtotal HEADING 7 of the multiannual financial framework</b>	<b>0,314</b>	<b>0,672</b>	<b>0,829</b>	<b>0,986</b>	<b>1,177</b>	<b>4,572</b>

<b>Outside HEADING 7<sup>20</sup> of the multiannual financial framework</b>						
Human resources						
Other expenditure of an administrative nature						
<b>Subtotal outside HEADING 7 of the multiannual financial framework</b>						

<b>TOTAL</b>	<b>0,314</b>	<b>0,672</b>	<b>0,829</b>	<b>0,986</b>	<b>1,177</b>	<b>4,572</b>
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

<sup>20</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

### 3.2.2.1 Estimated requirements of human resources

- ☐ The proposal/initiative does not require the use of human resources.
- ☒ The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
<b>• Establishment plan posts (officials and temporary staff)</b>					
20 01 02 01 (Headquarters and Commission's Representation Offices)	2	4	5	6	11
20 01 02 03 (Delegations)					
01 01 01 01 (Indirect research)					
01 01 01 11 (Direct research)					
Other budget lines (specify)					
<b>• External staff (in Full Time Equivalent unit: FTE)<sup>21</sup></b>					
20 02 01 (AC, END, INT from the 'global envelope')		0,5	0,5	0,5	0,5
20 02 03 (AC, AL, END, INT and JPD in the delegations)					
<b>XX 01 xx yy zz</b> <sup>22</sup>	- at Headquarters				
	- in Delegations				
01 01 01 02 (AC, END, INT - Indirect research)					
01 01 01 12 (AC, END, INT - Direct research)					
Other budget lines (specify)					
<b>TOTAL</b>	<b>2</b>	<b>4,5</b>	<b>5,5</b>	<b>6,5</b>	<b>11,5</b>

**XX** is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	The new own resources require additional staff for the purpose of forecast, inspection and budgeting in DG BUDG, and an additional post for DG CLIMA implementation and preparation.
External staff	For the purpose of control, additional staff is also needed in DG TAXUD.

<sup>21</sup> AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

<sup>22</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

### 3.2.3. *Compatibility with the current multiannual financial framework*

The proposal/initiative:

- ☒ can be fully financed through redeployment within the relevant heading of the Multiannual Financial Framework (MFF).
- ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation.
- ☐ requires a revision of the MFF. Third-party contributions

### 3.3. Estimated impact on revenue

- ☐ The proposal/initiative has no financial impact on revenue.
- ☒ The proposal/initiative has the following financial impact:
  - ☒ on own resources
  - ☐ on other revenue
  - ☐ please indicate, if the revenue is assigned to expenditure lines

EUR billion (2018 prices)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative <sup>23</sup>				
		Year 2023	Year 2024	Year 2025	Year 2026	Year 2027
ETS based Own Resource		4.2	3.0	3.6	13.1	14.4
CBAM based Own Resource		-	-	-	-	-
OECD/G20 Pillar One based Own Resource		-	-		2.5-4.0	2.5-4.0

For assigned revenue, specify the budget expenditure line(s) affected.

Not applicable.

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

No own resources might have an impact on the GNI contribution. Calculations are consistent with the sectoral impact assessments, when applicable.

<sup>23</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.