Plenary sitting

A8-0041/2018

26.2.2018

REPORT

on reform of the European Union’s system of own resources
(2017/2053(INI))

Committee on Budgets

Co-rapporteurs: Gérard Deprez, Janusz Lewandowski

PR_INI

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on reform of the European Union's system of own resources (2017/2053(INI))

The European Parliament,

– having regard to Articles 311 and 332(2) of the Treaty on the Functioning of the European Union,

– having regard to Articles 106a and 171 of the Treaty establishing the European Atomic Energy Community,

– having regard to Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union[1],

– having regard to Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union[2],

– having regard to 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[3],

– having regard to the Commission communication to the European Parliament and the Council of 21 September 21 2017 entitled 'A Fair and Efficient Tax System in the European Union for the Digital Single Market' (COM(2017)0547),

– having regard to its resolution of 29 March 2007 on the future of the European Union's own resources[4],

– having regard to its resolution of 8 June 2011 entitled 'Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe'[5],

– having regard to its resolution of 15 April 2014 entitled 'Negotiations on the MFF 2014-2020: lessons to be learned and the way forward'[6],

– having regard to its resolution of 16 April 2014 on the draft Council decision on the system of own resources[7],

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[1] OJ L 168, 7.6.2014, p. 105.
[2] OJ L 168, 7.6.2014, p. 29.
[3] OJ L 168, 7.6.2014, p. 39.
[4] OJ C 27E , 31.1.2008, p. 214.
[5] OJ C 380E , 11.12.2012, p. 89.
[6] Texts adopted, P7_TA(2014)0378.
[7] Texts adopted, P7_TA(2014)0432.

– having regard to its resolution of 17 December 2014 on the system of the European Communities' own resources[1],

– having regard to its resolution of 6 July 2016 on the preparation of the post-electoral revision of the MFF 2014-2020[2],

– having regarding to the report 'Future financing of the EU – final report and recommendations of the High Level Group on Own Resources' of December 2016,

– having regard to Article 1 of the Decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,

– having regard to Rule 52 of its Rules of Procedure,

– having regard to the report of the Committee on Budgets and the opinions of the Committee on International Trade, the Committee on Budgetary Control, the Committee on Economic and Monetary Affairs, the Committee on the Environment, Public Health and Food Safety, the Committee on Agriculture and Rural Development and the Committee on Constitutional Affairs (A8-0041/2018),

A. whereas, under the Treaty of Rome of 25 March 1957, the European Economic Community was to be financed by national contributions for a transitional period only, and subsequently by a system of own resources;

B. whereas the Luxembourg European Council of April 1970 decided on a system of own resources, ending national contributions and introducing two genuine own resources, namely agricultural levies and customs duties, complemented by a third resource based on value added tax (VAT);

C. whereas in June 1988 the European Council introduced an own resource based on Member States' GNI, on the grounds that the revenues generated from the existing own resources were insufficient to cover total expenditure under the EU budget;

D. whereas the share of the GNI-based resource has significantly increased, from around 11 % in 1988 to 69 % in 2014, turning de facto this 'residual' and 'balancing' resource into the largest source of revenue of the EU budget today; whereas the VAT resource currently accounts for around 12 % of the EU budget, the traditional own resources (customs duties, agricultural duties and sugar and isoglucose levies) for around 13 % and the remaining percentage is covered by other revenue, including taxes paid by EU staff or fines paid by companies in breach of competition law;

E. whereas, since the introduction in 1984 at the Fontainebleau European Council of the British rebate, whereby 66 % of the UK's net contribution is reimbursed, various other rebates and correction mechanisms have been progressively introduced in order to address

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[1] Texts adopted, P8_TA(2014)0097.
[2] Texts adopted, P8_TA(2016)0309.

the shortcomings of the so-called 'operating budgetary balances' of certain Member States; whereas such corrections currently concern principally either a reduction in the financing of the UK correction, or a gross reduction in the GNI or VAT contribution;

F. whereas Parliament has highlighted in a number of resolutions over the past decade the problems and complexity of the EU's own resources system and has called repeatedly for an in-depth reform to render the system simpler, more transparent and more democratic, including the introduction of new and genuine own resources that should, progressively and to the extent possible, replace the GNI-based contributions;

G. whereas in 2011 the Commission put forward an ambitious legislative package on own resources (COM(2011)0510), presented jointly with the 2014-2020 MFF proposals, with a view to achieving the simplification of Member States' contributions, the introduction of new own resources – a reformed VAT and a Financial Transaction Tax (FTT) – and the reform of correction mechanisms; whereas these proposals were ignored by the Council;

H. whereas, as a result of the 2014-2020 MFF negotiations, a High Level Group on Own Resources (HLGOR) was established, including representatives of all three main EU institutions and chaired by Mario Monti; whereas in December 2016 the HLGOR presented its final report and recommendations, which represent the basis for the elaboration of Parliament's position as set out in the present report; highlights that this report was adopted unanimously by all of the group's members, including those members appointed by the Council;

1. Notes that the Commission will present its proposals on the post-2020 MFF by May 2018; requires that the future MFF proposed by the Commission include ambitious proposals to revise the Own Resources Decision and all related legislative acts, as well as to introduce new own resources; underlines that both the expenditure and the revenue side of the next MFF will be treated as a single package in the upcoming negotiations between the Council and Parliament; states that no agreement will be reached on the MFF without corresponding headway being made on own resources;

2. Presents this report in order to express its position on the main elements of the reform of the EU's system of own resources, including the composition of a basket of new own resources, as well as the elements of the current system that should remain in place; calls on the Commission to take due account of Parliament's position in preparing the legislative proposals on the EU's own resources, which should be ambitious in scope and presented together with the post-2020 MFF proposals; is convinced of the imperative need to make significant progress on the revenue side of the EU budget, in order to facilitate an agreement on the next MFF;

I. <u>Legal framework and decision-making process</u>

3. Recalls that Article 311 TFEU states: 'The Union shall provide itself with the means necessary to attain its objectives and carry out its policies. Without prejudice to other revenue, the budget shall be financed wholly from own resources'; stresses, therefore, that

the legal requirement to provide the EU budget with genuine own resources derives directly from the Treaty;

4. Recalls that Article 310 TFEU stipulates that ‘the revenue and expenditure shown in the budget shall be in balance’; notes, accordingly, that the revenue should cover the totality of expenditure, as adopted every year by the budgetary authority; stresses that the EU budget cannot run an annual deficit or be financed by borrowing money on the financial markets;

5. Notes that the main legislative act setting out the provisions relating to the own resources system, the so-called Own Resources Decision (ORD), is adopted by the Council acting unanimously after consulting Parliament, and that this decision is subject to ratification by all Member States; underlines that this is one of the heaviest legislative procedures foreseen in the Treaty;

6. Notes that, in this legislative act, the Council sets inter alia the ceiling of own resources, and may establish new categories of own resources or abolish an existing category; underlines that even if the ORD has no expiry date, it is directly linked to the respective MFF that sets the maximum level of expenditure for the same period it covers;

7. Recalls that the Treaty of Lisbon introduced new provisions regarding the implementing legislation on own resources, providing for the possibility of the Council adopting a regulation by qualified majority after obtaining the consent of Parliament; regrets, however, that several implementing provisions, especially those relating to the calculation of the GNI resources, still remain in the ORD; therefore calls for a smoother adoption procedure for the ORD, which should be adopted under the ordinary legislative procedure, implying qualified majority voting within Council and codecision with Parliament; recalls that according to Article 48(7), TEU the European Council may adopt a decision allowing for acts not falling under the ordinary legislative procedure still to be processed under that procedure, which remains far more democratic and open; calls on the European Council to trigger such a mechanism without delay;

8. Recalls that Member States are responsible for their fiscal policies, and underlines that the power to levy taxes lies at the heart of Member States’ sovereignty; underlines that the reform of EU own resources does not represent a transfer of national sovereignty in this area, but, rather, aligns the current system with the spirit and the letter of the EU Treaties;

II. Reasons for reforming the current own resources system

i. Need to address shortcomings of the existing system

9. Stresses that the current system of own resources is highly complex, unfair, non-transparent and totally incomprehensible to the EU’s citizens; points in particular to the opacity of the calculations relating to the national rebates and correction mechanisms which apply to the system of own resources or the statistical VAT-based resource; stresses, moreover, that this system is not subject to any effective parliamentary control at EU level and in essence lacks democratic legitimacy and accountability;

10. Underlines that the way the system of own resources has evolved, gradually replacing genuine own resources by the so-called ‘national contributions’, places a disproportionate emphasis on net balances between Member States, thus largely ignoring the contribution of the EU budget to achieving common European objectives to the benefit of all EU citizens; regrets, therefore, that the total share of national contributions to the EU budget, calculated either on the basis of GNI or as a percentage of the statistical VAT-based resource, represents around 83 % of total EU revenue;

11. Is convinced that the dominance of the GNI resource has reinforced the budgetary logic of *juste retour* (‘fair return’) that has monopolised the debates in Council, on both the revenue and expenditure sides of the EU budget; points, in this context, to the introduction of the British rebate and a series of related rebates and other correction mechanisms on the revenue side, on the one hand, as well as the inability to agree on a sufficient level of appropriations for the EU budget in the annual budgetary procedure, on the other hand; is of the opinion that the EU must depart from the concept of net operating balance, as in practice all Member States are beneficiaries of the EU Budget;

12. Considers, in particular, that the decision on the size of the annual EU budget is affected by political and financial considerations at national level, imposing constraints on the budgetary negotiations that often result in a zero-sum game between net payers and net beneficiaries in the Council; ignoring the Union commitments, including the ones made by the Council; considers that, as a result, a number of EU policies that show the highest European added value are often the areas where cost savings are proposed and that the EU project as such is thus weakened;

13. Notes that the national contributions to the EU budget are clearly identified on the expenditure side of national budgets and are often perceived as a financial burden, outweighing the benefits triggered by areas of EU expenditure that are often less visible; stresses, in this regard, the need to address the lack of public awareness of the benefits of the EU budget;

14. Is convinced, therefore, that the current system of own resources violates, in essence, the letter and the spirit of the Treaty; reiterates its long-standing position that an in-depth reform of EU resources is imperative in order to realign the financing of the EU budget with the requirements of the Treaty and the needs of the Union as a whole;

ii. Need to enable the Union to finance its policies and meet new challenges

15. Underlines that the post 2020-MFF will need to ensure the proper financing of EU policies and programmes with a clear European added value, but also to provide additional means for addressing challenges that have already been identified in fields such as growth and jobs, climate change, environmental protection, competitiveness, cohesion, innovation, migration, control of the EU’s external borders, security and defence;

16. Stresses, moreover, the need to avoid the shortcomings of the current MFF and to provide from the outset for a level of resources that will enable the Union to pursue its policy agenda with adequate financing and to respond effectively to unforeseen events or crises

that may occur during the period of the next financial framework; stresses the need to solve the recurrent problem of lack of sufficient payment appropriations in the annual budgetary procedure; recalls the substantial mobilisation of the MFF flexibility provisions that was needed in order to confront the migration and refugee crisis alone;

17. Expects that, without prejudice to the financial settlement, the consequences of the withdrawal of the UK from the EU will represent an important challenge also for the next MFF and all related budgetary decisions; is convinced that, ahead of a decision on the post-2020 MFF, the ‘Brexit gap’ should be bridged while guaranteeing that EU resources are not reduced and that EU programmes are not affected negatively;

18. Welcomes the proposal made by the President of the Commission, Jean-Claude Juncker, for the creation of a specific line dedicated to the euro area within the EU budget, included in his ‘state of the union’ speech to the European Parliament and further developed in the Commission communication of 6 December 2017 on new budgetary instruments for a stable euro area within the Union framework (COM(2017)0822); calls, to this end, for a budgetary capacity within the EU budget over and above the current ceilings;

III. Towards an acceptable and balanced system of own resources

Principles and assumptions governing the setting-up of a new own resources system

19. Favours, in order to provide stable finances at EU level, the establishment of a transparent, simpler and fairer new system of own resources, building on elements of the current system where they have proved effective; considers that the reform of the system of own resources should be based on a series of guiding principles;

20. Stresses the need to link revenues to policy objectives, in particular to the single market, the energy union, and the environment, climate and transport policies; is convinced in this respect that the EU budget should focus on policies with European added value as defined in the resolution of Parliament on the Reflection Paper on the Future of EU Finances[1];

21. Underlines, from an operational point of view, that new own resources cannot all be introduced at the same time, and points out the need for progressive implementation; considers therefore that the reform of the system of own resources could be achieved through a two-step approach: first, by introducing less technically complex own resources whose collection is easily manageable at a reasonable cost, and second, by gradually introducing each additional new own resource, on the basis of a fixed timetable until all have reached cruising speed;

22. Considers that the introduction of new own resources should have a dual purpose, i.e. first, to bring about a substantial reduction (aiming at 40 %) in the proportion of GNI-based contributions, thus creating savings for Member State budgets; and second, to enable the financing of an higher level of EU spending under the post-2020 MFF, also covering the gap resulting from the withdrawal of the UK; recalls in this context that the

[1] Texts adopted, P8_TA(2017)0401.

new own resources do not aim to increase the overall fiscal burden for the EU taxpayer, who should not be affected by the introduction of new own resources;

23. Calls for the abolition of all rebates and corrections, while ensuring fair treatment between Member States; underlines in this context that Brexit will mean that the UK rebate and the related ‘rebates on the rebate’ will become obsolete and cease to exist, while reform of the statistical VAT-based own resource will become inevitable;

24. Considers that the traditional own resources, namely customs duties, agricultural duties and the sugar and isoglucose levies, constitute a reliable and genuine source of EU revenue, as they arise directly from the EU being a customs union and from the legal competences and common commercial policy linked to that; takes the view, therefore, that the traditional own resources should be retained as a source of revenue for the EU budget; considers that if the proportion of collection costs retained by Member States is reduced, a bigger share of this revenue can be secured for the EU budget;

25. Acknowledges that the GNI-based contribution provides a reliable, stable and fair source of revenue for the EU budget, and benefits from very strong support from a large majority of Member States; believes, therefore, that it should be preserved but only as a balancing and residual resource for the EU budget, which would put an end to the budgetary logic of ‘fair return’; stresses the need, in this context, to ensure that the GNI contribution is classified in the same manner in all national budgets, namely as revenue attributed to the EU and not as expenditure of national governments;

Criteria used to identify new own resources

26. Shares the view of the report of the High Level Group on Own Resources (HLGOR), according to which the following criteria are to be taken into account for identifying potential new own resources: equity/fairness; efficiency; sufficiency and stability; transparency and simplicity; democratic accountability and budgetary discipline; focus on European added value; the subsidiarity principle and fiscal sovereignty of Member States; and limiting political transaction costs;

27. Calls on the Commission, on the above basis, to examine the introduction of the following basket of new own resources;

Basket of possible new own resources

a. Objective: Consolidate the single market, increase its transparency and improve the level playing field

- ***Value added tax***

28. Recalls that, since its inception almost 50 years ago, VAT has been used as a base for calculating one of the own resources of the EU budget, and that this resource currently represents around 12 % of EU revenue;

29. Notes, however, that the current system has serious shortcomings: the resource is calculated on a statistical basis; it is unnecessarily complex and has no direct link to the citizens; it represents a mere transfer of a part of revenue collected by the Member States, and thus brings no added value compared to the GNI resource; and the contribution base is not transparent and there is no equality among taxpayers;

30. Deplores the fact that OLAF has repeatedly found severe cases of customs fraud in Member States leading to a significant loss of income for the Union budget; draws attention to the Special Report 19/2017 of the European Court of Auditors entitled 'Import procedures: shortcomings in the legal framework and an ineffective implementation impact the financial interests of the EU', and is concerned that fraudsters could continue to find the 'weakest link' among Member States as their point of entry into the customs union, and that losses to the Union budget could continue even during the next MFF; calls on the Commission and the Member States to take the necessary measures to stop these activities that are damaging to the Union budget;

31. Recalls the legislative proposal of 2011 on a new VAT resource, which would have resulted in the application of a fixed EU-wide rate based on the net value of supplies of goods and services or on imports of goods to which a standard, common rate of VAT would have applied; notes that although this proposal did not go through, the European Council of February 2013 encouraged the Council to continue working on this dossier; believes that the current context offers a window of opportunity allowing for a possible breakthrough in this matter;

32. Welcomes the High Level Group's proposal for its vision of the VAT-based own resource with the aim of making it simpler, lowering its administrative costs and strengthening the link between EU VAT policy and actual VAT receipts;

33. Takes note of the Commission's Action Plan on VAT ('Towards a Single EU VAT area - Time to decide') published on 7 April 2016 (COM(2016)0148), and of the subsequent proposal of 4 October 2017 for a series of fundamental principles and key reforms for the EU's VAT area; supports an in-depth reform of the VAT system in the EU, which should aim at broadening the tax base, reducing the scope for fraud and compliance costs, and generating new revenue; considers that a fraction of such new revenue should be allocated to the EU budget;

34. Considers that a simplified VAT resource should be built on the common denominator of VAT systems across the EU, and notes that consequently it would not eliminate all national specificities which are justified for a variety of reasons;

35. Is in favour of setting a uniform levy rate (1 % to 2 %) on the revenue from the reformed VAT collected entirely by Member State administrations as a Union own resource; believes that such a system could provide significant and stable receipts for the EU at limited administrative cost;

36. Underlines that the Commission has already put forward legislative proposals for a major reform of the EU's VAT rules, and that additional initiatives are expected in 2018; insists

on the need to complete the VAT reform as soon as possible and at the latest before the start of the next MFF;

37. Calls on the Commission, pending the adoption of the relevant VAT legislation, to present a proposal for a reformed own resource based on VAT as part of its upcoming legislative package on EU own resources; believes that such a proposal should take account of the main outcomes of the VAT reform currently under discussion;

- ***Corporate income tax***

38. Recalls that in its resolution of 6 July 2016 on tax rulings and other measures similar in nature or effect[1] Parliament urged the Commission to present a proposal for a common consolidated corporate tax base (CCCTB), 'to be accompanied by an appropriate and fair distribution key which would provide a comprehensive solution for dealing with harmful tax practices within the Union, bring clarity and simplicity for businesses, and facilitate cross-border economic activities within the Union';

39. Takes notes of the Commission's proposals for a CCCTB, while recalling its request that this consolidated base be extended to all companies after a transition period; stresses that current proposals for a CCCTB should also cover the digital economy; suggests, on the basis of these proposals, that the digital presence of a company should be treated in the same way as its physical establishment, by defining and identifying a permanent digital establishment;

40. Agrees with the HLGOR's assessment of the CCCTB as a basis for a new own resource, meeting all the criteria set by the Group; underlines that the CCCTB is also a key element in the development of the single market, which is a European public good, as it prevents both inappropriate tax competition between Member States and fiscal optimisation damaging to the level playing field;

41. Recalls that tax evasion in all its forms causes the EU to lose an amount estimated by the Commission at EUR 1 trillion annually; stresses the need to reinstate uncollected tax revenue through a coordinated anti-fraud and tax evasion policy and a framework based on transparency, cooperation and coordination;

42. Asks the Commission, drawing on the conclusions of the review of the CCCTB Directive, to propose the creation of a new own resource for the Union budget, to be calculated on the basis of Member States' revenue generated from the CCCTB; is in favour of setting a uniform levy rate on the revenue from the CCCTB, to be collected as an own resource; believes that such a system could provide significant and stable receipts for the EU at limited administrative cost;

- ***Seigniorage***

43. Is of the opinion that income stemming for the European Central Bank profits (ECB revenue made from issuing currency), and thus having a direct link to the EU monetary

[1] Texts adopted, P8_TA(2016)0310.

union, should form the basis of a new own resource instead of being paid out to national treasuries;

b. Objective: Reduce financial speculation and strengthen tax fairness in sectors that use aggressive tax planning instruments or aggressive tax optimisation.

- ***A financial transaction tax (FTT) at European level***

44. Encourages the efforts undertaken under enhanced cooperation by a group of 11 Member States with a view to establishing financial transaction tax (FTT), following the 2011 Commission proposal; urges all the other Member States to join the above-mentioned group in order to avoid a disruption of the financial markets and ensure the smooth functioning of the single market;

45. Shares the HLGOR's assessment endorsing the FTT as a potential basis for a new own resource for the Union budget, while also considering that other means of taxing financial activities should be explored;

46. Calls, therefore, for the creation of a new own resource for the Union budget, to be calculated on the basis of a chosen method of taxation of financial activities;

- ***Taxation of companies in the digital sector***

47. Welcomes the conclusions of the informal Council of finance ministers of 16 September 2017 calling for the development of new digital taxation rules, in response to the Four Finance Ministers' letter requesting the Commission to examine 'effective solutions based on the concept of establishing a so-called equalisation tax' on the turnover generated in the EU by digital companies; stresses that in its communication of 21 September 2017 on 'A fair and efficient tax system in the European Union for the Digital Single Market', the Commission reaffirms that the CCCTB provides a framework conducive to a revision of the rules in favour of modern and stable arrangements for the taxation of digital companies and addressing the tax challenges posed by the digital economy; calls for an EU-level coordinated approach, even for short-term solutions, to prevent distortions in the single market arising from unilateral action and avoid the creation of tax havens for digital companies;

48. Agrees that the digital economy should have a modern and stable fiscal framework, in order to stimulate innovation, tackle market fragmentation and unfair competition, and enable all players to take advantage of the new equitable and balanced conditions while making sure that digital platforms and companies pay their due share of taxes where they generate their profits; points out, moreover, that it is essential to ensure tax certainty for business investment in order to close the current gaps and to prevent the emergence of new tax loopholes within the single market;

49. Considers it crucial that tax measures be taken for the digital market in order to limit tax evasion and distortions, aggressive tax planning or fiscal optimisation schemes, and the misuse of European mechanisms to avoid tax; considers that these practices distort competition in the single market and deprive Member States of due tax revenues;

50. Calls, in principle, for the creation of a new own resource for the Union budget to be levied on transactions in the digital economy; considers, however, that in view of the important ongoing negotiations at both EU and OECD level, it is too early to decide on the exact arrangements for the establishment of such a resource;

51. Believes, nevertheless, that any arrangements made by the EU authorities, such as registration or monitoring systems or regulatory mechanisms, should immediately permit the collection of duties or levies for the benefit of the Union budget on the basis of their European added value; considers that these are EU public goods which, as the HLGOR states, provide a basis for establishing a levy that constitutes 'other revenue' deriving from Union policies;

c. Objective: Promote the energy transition and the fight against global warming

- ***Environmental tax and levies***

52. Confirms that the fight against climate change, as well as the transition towards a sustainable, circular, low carbon economy and the commonly agreed Energy Union targets, are a major objective of EU policies;

53. Reiterates its conviction that only common energy or environmental taxes at EU level can ensure fair competition among businesses and the proper functioning of the single market, and thus act as an engine for moving towards a more progressive and sustainable development model;

54. Stresses the importance of green taxation as a particularly suitable mechanism for contributing to European own resources; calls on the Commission to further incorporate the proposals for additional ecological own resources, as outlined in the HLGOR Report and by the Commissioner for the EU budget, which are in line with certain Union policies such as those on energy (energy tax), environment and climate (carbon border adjustment mechanism, plastic tax and the Emissions Trading Scheme (ETS)) and transport (road fuel and air ticket taxes), in order to promote additional future Union own resources;

55. Calls for an important share of ETS auctioning revenues from Phase 4 (2021) onwards to be considered as a new EU own resource; recalls that this option has been discussed in the HLGOR, and is explicitly suggested by the Commission in its communication of 14 February 2018 entitled 'A new, modern MFF for a European Union that delivers its priorities post-2020' (COM(2018)0098); calls, in parallel, for the introduction of a carbon border adjustment mechanism, as a new own resource for the EU budget, which should also have the effect of ensuring a level playing field in international trade and reducing the offshoring of production, while internalising the costs of climate change into the prices of imported goods;

56. Asks the Commission to consider the introduction at EU level of a levy on plastic and single-use items, with a view to encouraging the use of more sustainable alternatives;

57. Believes that own resources based on an electricity tax would overlap with the scope of the ETS and would raise concerns as to the stability of investment conditions and the financial burden on households;

58. Considers that in case of an excessive burden on a given Member State caused by one or another own resource, such a burden could be alleviated by means of additional support through EU programmes, limited in duration and amount, in line with the Union objectives and targets; underlines that such support cannot be granted through the introduction of any new rebates or corrections on the revenue side of the EU budget;

59. Underlines that the introduction of environment-related taxes or levies should not affect Member States' right to determine the conditions for exploiting their energy resources, their choice between different energy sources and the general structure of their energy supply;

Other revenue sources

60. Recalls that although own resources should be the main component of EU budget revenue, they are nevertheless supplemented by what Article 311 TFEU calls ‘other revenue’, which includes: tax paid by EU staff on their salaries; revenue from the administrative operation of institutions, such as proceeds from the sale of goods, renting and hiring, the provision of services and bank interest; contributions from non-EU countries to certain EU programmes; interest on late payments; fines paid by companies, in most cases where found to be in breach of EU competition law; and revenue from EU borrowing and lending operations;

61. Notes that the balance from each financial year is entered in the budget for the following year as revenue in the case of a surplus, and that other revenue, balances and technical adjustments, including the surplus of the previous year, amount to around 6 % of total revenue; stresses that in recent years ‘other revenue’ has for the most part consisted of fines, which alone represent 2.5 % of total revenue (excluding assigned revenue);

62. Regrets that the potential of such other revenue has been neglected so far in the debate on the financing of the EU; believes that, even if such revenue does not represent an alternative to other own resources because of its level, volatility and unpredictability, it nonetheless represents a possible means for covering the increased financial needs under the next MFF;

63. Recalls that the legal procedures governing such revenue and possible amendments are more flexible than those for own resources, since they are established not in the Own Resources Decision, but, rather, in the secondary legislation and are therefore not subject to the unanimity requirement;

64. Reiterates its long-standing position that any revenue resulting from fines imposed on companies for breaching EU competition law or linked to late payments of national contributions to the EU budget should constitute extra revenue for the EU budget without entailing a corresponding reduction in GNI contributions;

65. Calls, to this end, for a special reserve to be established on the revenue side of the EU budget, which will be progressively filled up by all types of unforeseen other revenue; considers that this reserve should be deployed in order to cover additional payment needs, especially those linked to the mobilisation of the Global Margin for Commitments or the MFF special instruments;

66. Underlines the potential for the EU budget of fees required for the implementation of EU policies and in particular European schemes, such as the future European Travel Information and Authorisation System (ETIAS) for third-country nationals; considers that in certain cases such revenue could be earmarked for the same policy or purpose; considers that for the post-2020 generation of EU programmes and policies, this type of prospective income should be considered more systematically, with the aim of providing the EU budget with an additional source of revenue;

67. Highlights that in 2016, revenues assigned to EU decentralised agencies, such as fees and charges from industries and contributions from national budgets, amounted to approximately EUR 1 billion; asks the Commission to propose a consistent approach as regards the financing of agencies from fees in the next MFF;

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68. Instructs its President to forward this resolution to the Council and the Commission.

22.1.2018

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Budgets

on reform of the European Union’s system of own resources
(2017/2053(INI))

Rapporteur: Wim van de Camp

SUGGESTIONS

The Committee on International Trade calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Calls for own resources reforms that focus on modern priorities, offer value for money and efficient financial management, and establish a predictable and stable basis for the EU budget which is independent, transparent and balanced, and will address the existing and increasing pressure on the EU budget and simplify the current complex and opaque rebate arrangements with a view to their abolition, in order to provide the financial means that are needed to meet the demands of our citizens;

2. Calls for a reduction in the EU’s dependency on the national contributions based on VAT and GNI, taking into consideration a system in which VAT-based own resources are replaced by the transfer of a share of VAT levied at national level;

3. Welcomes the initiatives for a comprehensive reform of EU own resources, with a view to increasing support on the part of the Member States and the citizens for a genuinely credible and independent EU budget, fostering the EU’s sustainable economy and generating EU added value;

4. Points out that the customs union is a basic pillar of the EU and is essential in the EU’s negotiation of trade agreements as one of the largest trading blocs in the world; points out that the EU’s international trade is directly related to its traditional own resources, which also include customs duties on imports from outside the EU and sugar levies and in 2015 represented 12.8 % of the total revenue of the EU;

5. Underlines the need to analyse the impact on the traditional own resources of the conclusion of (free) trade agreements by the EU and to allocate sources of income in order to compensate for a possible decrease in those resources and the consequent

potential instability;

6. Calls for a thorough legal assessment and a feasibility check of the possibilities of creating sustainability- and emissions- based customs duties and levies on trade in goods and services, and for the possible incorporation of such measures into the EU's international trade policies and agreements, with a view to incentivising trade partners to produce in climate-friendly ways, but also as constituting a source for own resources; stresses in this connection that such measures should only be introduced if they are indisputably compatible with WTO rules and safeguard an international level playing field and the competitiveness of EU business, of which SMEs are an important component;

7. Recalls its previous calls for an approach towards EU customs rules and procedures that is more modern, effective, efficient and unambiguous and less divergent, striving for optimisation and enforcement of the current EU customs system, and stimulating cooperation with the clear goal of tackling and addressing tax evasion and all forms of unfair competition in order to effectively collect duties and levies to be attributed to the EU's own resources;

8. Notes that trade defence instruments (TDIs) are a source for EU own resources, but that owing to their nature they cannot and must not be used as a predictable and stable basis for a consistent contribution to the EU's own resources; stresses that TDIs should not primarily be used as a EU own resources source, as they should only be established appropriately and proportionately, in line with the applicable rules.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	23.1.2018
Result of final vote	+: 25 –: 6 0: 4
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Maria Arena, Tiziana Beghin, David Borrelli, David Campbell Bannerman, Daniel Caspary, Salvatore Cicu, Eleonora Forenza, Karoline Graswander-Hainz, Nadja Hirsch, Yannick Jadot, France Jamet, Bernd Lange, David Martin, Emma McClarkin, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franz Obermayr, Artis Pabriks, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Joachim Schuster, Joachim Starbatty, Adam Szejnfeld, Hannu Takkula, Iuliu Winkler
Substitutes present for the final vote	Reimer Böge, Seán Kelly, Sander Loones, Fernando Ruas, Lola Sánchez Caldentey, Jarosław Wałęsa
Substitutes under Rule 200(2) present for the final vote	Virginie Rozière

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

25	+
ALDE	Nadja Hirsch, Hannu Takkula
EFDD	Tiziana Beghin, David Borrelli
PPE	Laima Liucija Andrikienė, Reimer Böge, Daniel Caspary, Salvatore Cicu, Seán Kelly, Sorin Moisă, Artis Pabriks, Fernando Ruas, Tokia Saïfi, Adam Szejnfeld, Jarosław Wałęsa, Iuliu Winkler
S&D	Maria Arena, Karoline Graswander-Hainz, Bernd Lange, David Martin, Alessia Maria Mosca, Inmaculada Rodríguez-Piñero Fernández, Virginie Rozière, Joachim Schuster
VERTS/ALE	Yannick Jadot

6	-
ECR	David Campbell Bannerman, Sander Loones, Emma McClarkin, Joachim Starbatty
ENF	France Jamet, Franz Obermayr

4	0
EFDD	William (The Earl of) Dartmouth
GUE/NGL	Eleonora Forenza, Anne-Marie Mineur, Lola Sánchez Caldentey

Key to symbols:
+ : in favour
- : against
0 : abstention

27.11.2017

OPINION OF THE COMMITTEE ON BUDGETARY CONTROL

for the Committee on Budgets

on reform of the European Union's system of own resources
(2017/2053(INI))

Rapporteur: Nedzhmi Ali

SUGGESTIONS

The Committee on Budgetary Control calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas, in a situation of scarce resources, renewed importance should be attached to the protection of the EU's financial interests when increasing revenues in the EU budget from increased imputed value from own resources; whereas such renewed importance should also be accorded to enhanced cooperation and joint work between the Commission and the Member States;

B. whereas the EU budget is primarily an investment budget with some redistributive functions between the Member States, and serves mainly to support common EU policies and objectives, providing seed money for medium- to long-term investments;

C. whereas one of the main goals of the EU budget should be to support accelerated growth and jobs in less developed regions to achieve an equivalent level of social and economic development within all Member States, a goal to which an increased use of own resources should significantly contribute;

1. Considers that own resources should focus on projects that can generate the highest European added value (EAV); emphasises that expenditure should be focused on areas for which funding at European level is indispensable, or where funding at national level would be insufficient to achieve the European goal;

2. Stresses that the current system of own resources is excessively complex and places unequal emphasis on the net balances between Member States; supports the introduction of new own resources, which will reduce EU budget dependence on GNI-based contributions from the Member States and will permit better dedication of EU financing to EU policies and priorities; is of the opinion that the share of new genuine own resources should be increased to at least 50 % of the revenue side of the EU budget;

3. Considers that the forthcoming negotiations of the next multiannual financial framework (MFF), as well as Brexit, provide an opportunity for the EU to reform its system of own resources; believes that a reform based on clear and commonly agreed principles should be prepared by the Commission and the Member States; calls on the Member States, therefore, to undertake an in-depth reform of the system, and to make future EU financing more stable, sustainable and predictable, as well as more transparent and accountable to EU citizens; calls on the Commission to consider the recommendations made by the High Level Group on Own Resources in its report on the future financing of the EU;

4. Calls on the Commission and the Member States to use the reform to introduce incentives and encourage the Member States to invest in the European project, and to abolish all rebate mechanisms and corrections, which would provide a more simple, stable, fair and transparent structure; considers, in this regard, that national contributions to the EU budget should be excluded from the deficit calculations under the Stability and Growth Pact;

5. Calls on the Member States to take into consideration the risks that an increase of own resources may entail to the system of revenue collection, which would, as a result, require the introduction of the necessary safeguards;

6. Draws attention to the need to strengthen the existing systems of control and introduce new mechanisms to prevent fraud and irregularities which may threaten the EU's financial interests when new own resources are collected; calls on the Commission, in this regard, to be prepared to propose relevant measures for the protection of the EU's financial interests if and when new own resources for the EU budget are introduced by the Member States;

7. Deplores the disparities in the customs checks carried out within the EU and the large amounts involved in fraud affecting the own resource collection system; stresses the importance of customs inspections and the related collection of customs duties; draws attention to the revenue losses due to the VAT gap and cross-border VAT fraud; underlines the fact that the smuggling of heavily taxed goods translates into serious revenue losses to the budget of the EU and the Member States; calls on the Commission to strengthen the common policy on customs checks by providing for genuine harmonisation with a view to improving the collection of traditional own resources;

8. Recalls the importance of facilitating and accelerating the exchange of information with authorities such as OLAF and Europol in order to combat customs fraud and fight cross-border tax crime; draws particular attention to the increasing instances of transnational VAT fraud, also known as 'carousel fraud', and calls on the Commission to further strengthen measures to prevent and avert fraud of this kind; considers it essential for the VAT resource to be optimised at a practical level without imposing an additional burden on EU citizens and Member States;

9. Considers that any new adopted resources should follow three basic criteria: simplicity, equity and democratic control; recalls that the principles mentioned by the High Level Group on Own Resources should be taken into account when considering new sources of funding; points out that a new system should be understandable and transparent for European taxpayers and denounces the zero sum game policy that some EU countries are currently applying; is of the opinion that budgetary negotiations are not driven by the

EAV principle, but by the national ‘fair return’ logic and budgetary balances;

10. Encourages the Commission and the Member States, furthermore, to consider other tax-based resources available to the EU that could generate more EAV in certain risk-related policy fields, while at the same time strengthening the EU budget and reducing its GNI- and VAT-based resources; considers that the current VAT-based system of own resources should be replaced by a proper transfer of a share of VAT levied at national level; believes that new resources could also be found from European policies, such as environment, energy, climate or transport policies;

11. Points out that the use of own resources should be oriented to European public goods that can benefit all Member States equally and for which action at EU level is not only relevant, but indispensable, or in cases where national financing possibilities are insufficient for achieving EU priorities and goals; underlines, in this regard, the importance of the EU budget for supporting further EU integration and cohesion among the Member States; notes two areas of increased EAV that also enjoy a high approval rating among citizens, namely research and development, and both internal and external security;

12. Points out that the EU should consider doing less in domains where the Union is perceived as having limited added value, or as being unable to deliver on promises; stresses, however, that where ambitious European aims are set, sufficient funds should be allocated accordingly, and that where new goals are set, new resources should be presented;

13. Expresses its conviction that own resources expenditure on internal and external security projects will meet with a positive response among citizens, thereby increasing their EAV; is concerned about the low level of expenditure in some key security areas, such as preparatory actions for defence and security cooperation and research;

14. Welcomes the increased use of own resources in projects related to research and development, although doubts remain as to the types of projects financed; highlights that expenditure should be focused on projects that are profitable in the long-term and bring benefits to the EU, rather than on funding programmes that produce only short-term benefits;

15. Expresses its concern about the low share of the Union budget devoted to climate-related spending; maintains that the revenues obtained from own resources should be spent on projects that generate higher EAV, including the fight against climate change;

16. Calls for open debate on maintaining the level of payments for cohesion policy and the common agricultural policy (CAP) in the next programming period, taking into account the additionality and high value added offered by those policies for European stability, competitiveness and economic growth;

17. Calls on targeted capacity-building in those Member States experiencing difficulties with centrally managed programs such as the Connecting Europe Facility (CEF), Horizon 2020 and the European Fund for Strategic Investments (EFSI);

18. Calls on the Commission to submit a communication to Parliament explaining how it intends to reconcile long-term political objectives, such as the Europe 2020 Strategy, with

the situation that will ensue after the 2020 MFF, within the course of the next year; strongly believes that an EU agenda for the next decade should play a decisive role in the process of developing successive MFFs;

19. Recalls that long-term projects, such as Horizon 2020 and the Juncker Commission’s 10 priorities, should be taken into account when own resources are allocated; calls on the Commission to orient its priorities towards the successful achievement of these long-term projects;

20. Believes that simpler and clearer rules will contribute to a swift allocation of resources and will increase efficiency and transparency, with fewer errors occurring as a result; asks the Commission to draw up an action plan along these lines;

21. Is concerned about the way in which the allocation of expenditure is measured; is of the opinion that the system of budget balance is not appropriate when dealing with projects that incorporate EAV as these projects might only be implemented in a single Member State, thereby giving rise to an imbalance between the accounts of the country concerned and those of others;

22. Points out that the policies which would benefit all EU citizens and provide more EAV are not attractive in terms of net balances; believes, therefore, that a new method of measuring the value of projects should be developed and streamlined reporting should be introduced;

23. Reiterates that it is crucial to allocate own resources to projects that have the potential to generate the highest EAV rather than simply looking at each Member State’s accounts; encourages the Commission to introduce ambitious proposals for new own resources; believes that this could reduce the relative share of GNI-based national contributions to the EU budget, and thus help to end the anti-European focus simply on fair return on net balances;

24. Considers that the Commission should examine the possibility of collecting a CO2 levy through carbon pricing, using either taxation or market-based instruments, as a means of strengthening the EU budget; believes that such an instrument could provide high EAV, as the levy could serve as an incentive to change consumer and producer behaviour in favour of a less carbon-intensive future; considers, however, that any tax-based EU solution should be as neutral as possible for the total tax ratio of a given Member State; points out that such a levy would also have to take into account the current emission trading schemes to avoid overlapping and conflicting means and objectives.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	20.11.2017
Result of final vote	+: 17 –: 1 0: 1
Members present for the final vote	Nedzhmi Ali, Inés Ayala Sender, Martina Dlabajová, Luke Ming Flanagan, Ingeborg Gräßle, Arndt Kohn, Monica Macovei, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Bart Staes, Hannu Takkula, Tomáš Zdechovský, Joachim Zeller
Substitutes present for the final vote	Brian Hayes, Karin Kadenbach, Younous Omarjee, Julia Pitera
Substitutes under Rule 200(2) present for the final vote	Tiziana Beghin, Tiemo Wölken

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

17	+
ALDE	Nedzhmi Ali, Martina Dlabajová, Hannu Takkula
ECR	Monica Macovei
GUE/NGL	Younous Omarjee
PPE	Ingeborg Gräßle, Brian Hayes, Julia Pitera, José Ignacio Salafranca Sánchez-Neyra, Petri Sarvamaa, Tomáš Zdechovský, Joachim Zeller
S&D	Arndt Kohn, Karin Kadenbach, Inés Ayala Sender, Tiemo Wölken
Greens	Bart Staes

1	-
EFDD	Tiziana Beghin

1	0
GUE/NGL	Luke Ming Flanagan

Key to symbols:
+ : in favour
- : against
0 : abstention

29.1.2018

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on Budgets

on the reform of the European Union’s system of own resources
(2017/2053(INI))

Rapporteur: Luigi Morgano

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

A. whereas recent surveys suggest that a majority of European citizens support more EU action in fields such as defence and security, education and innovation, and social and economic policies, and that these have budgetary implications;

B. whereas Brexit will have a significant impact on the revenue side of the EU budget;

C. whereas the GNI-based contribution was established to balance expenditure not covered by other EU-level revenues and, as such, could be residual in nature; whereas the share of the GNI-based contribution has risen from 13.2 % in 1991 to 66.3 % in 2016, and it is today the main source of funding for the EU budget;

1. Welcomes the approach taken in the reflection paper on the future of EU finances, whereby the basic principles of the EU budget must be to deliver European added value compared to national budgets, to achieve economies of scale, and to ensure the most efficient and targeted use of EU funds, so as to ‘maximise the performance of every euro spent’;

2. Stresses that a reformed system of EU own resources should not place an additional tax burden on EU citizens and should avoid expanding the regressive nature of the EU’s own resources system;

3. Believes that excessive reliance on the GNI-based contribution as the main source of financing for the EU budget perpetuates a logic of ‘juste retour’; welcomes the work of the High Level Group on Own Resources, and in particular those proposed measures that are aimed at compensating the share of the GNI-based contribution; argues that the use of traditional and new genuine own resources could at least partially replace and

thus reduce the GNI-based contribution;

4. Considers that the reform of the system of own resources should be guided by the principles of simplicity, stability, flexibility, transparency, fairness, democracy and EU added value, with the aim of allowing citizens to better understand how the EU budget is financed;

5. Considers that, as highlighted in the report of the High Level Group, preference should be given to genuine own resources with a clear European scope;

6. Welcomes the High Level Group's proposal for its vision of the VAT-based own resource with the aim of making it simpler, lowering its administrative costs and strengthening the link with EU VAT policy and actual VAT receipts; considers that such a reform of the VAT-based own resource would contribute to fighting tax fraud, evasion and avoidance more effectively; considers, furthermore, that only a definitive EU VAT system, and the related own resource, would deliver a fair system for European citizens with respect to the EU budget;

7. Considers that the Commission, drawing on the conclusions of the review of the common consolidated corporate tax base (CCCTB) Directive, should propose the terms and conditions for allocating part of the fiscal revenues generated from the CCCTB to the Union budget, in order to proportionally reduce Member States' budget contributions;

8. Welcomes the debate on the possible options for taxes supporting the EU's efforts in addressing environmental challenges;

9. Underlines that all rebates on the revenue side should be abolished; considers that the proportion of management costs received by national customs agencies on tariffs and liquidated fees should not exceed associated administrative costs;

10. Welcomes the Commission's intention to put forward a proposal on the creation of a dedicated euro area budget line within the EU budget.

11. Stresses that, despite the need for sufficient financial resources for the EU, not raising the tax burden on citizens is important;

12. Takes note of the Commission's 'EMU package' of 6 December 2017, which outlines proposals to create the position of a so-called 'European Minister of Economy and Finance', to transform the European Stability Mechanism into a European Monetary Fund, and to establish new budgetary instruments for a stable euro area within the EU framework;

13. Considers that in order to ensure that the euro area delivers for all citizens, it could be beneficial to establish a budgetary capacity for the euro area with a dedicated budget line in the EU budget, within the Union framework but over and above the ceiling calculations for commitments and payments under the multiannual financial framework and within the legal limits of the Treaties, avoiding overlaps with existing policies and without creating fragmentation within the budget; advocates that this budgetary capacity should be endowed with the means and tools enabling it to perform macroeconomic

stabilisation functions; stresses, however, the need for Member States to comply with the Stability and Growth Pact, including respect for its existing flexibility clauses; highlights the need also to safeguard investment, prevent unemployment and insecurity, provide incentives for structural reforms to modernise the Member States' economies, bring about economic and social convergence, and strengthen the financial system in Europe as a whole;

14. Considers, that, as suggested by the High Level Group, a euro area budgetary capacity could be partly financed through own resources that can be more easily implemented in the euro area, such as a share of the revenues stemming from a tax on financial transactions; stresses, however, that linkage between specific types of revenue and expenditure should be avoided in the budget;

15. Considers that a clear link between budget spending and strategic goals should be established, so as to ensure democratic legitimacy for the measures agreed on at European level; considers that in order to increase public support for European own resources, they should have a clear EU added value component;16. Considers that democracy, transparency, and a clear link between decision-making, accountability, and liability underpin the legitimacy of public policy at EU and national level, particularly in the case of budgetary and fiscal policy; takes note of the proposal made by the President of the Commission for the creation of the position, within the Commission, of a so-called 'European Minister of Economy and Finance'; considers that this could improve the democratic accountability of the EU's economic governance, in particular vis-à-vis the European Parliament;

17. Considers that the Council decision on own resources should be taken on a basis of greater involvement of the European Parliament.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	24.1.2018
Result of final vote	+: 39 –: 13 0: 3
Members present for the final vote	Gerolf Annemans, Burkhard Balz, Hugues Bayet, Pervenche Berès, Udo Bullmann, David Coburn, Esther de Lange, Markus Ferber, Jonás Fernández, Sven Giegold, Roberto Gualtieri, Brian Hayes, Danuta Maria Hübner, Cătălin Sorin Ivan, Barbara Kappel, Wajid Khan, Wolf Klinz, Philippe Lamberts, Werner Langen, Sander Loones, Bernd Lucke, Olle Ludvigsson, Ivana Maletić, Fulvio Martusciello, Bernard Monot, Caroline Nagtegaal, Luděk Niedermayer, Stanisław Ożóg, Dimitrios Papadimoulis, Sirpa Pietikäinen, Dariusz Rosati, Pirkko Ruohonen-Lerner, Anne Sander, Martin Schirdewan, Molly Scott Cato, Pedro Silva Pereira, Peter Simon, Kay Swinburne, Ramon Tremosa i Balcells, Ernest Urtasun, Marco Valli, Tom Vandenkendelaere, Jakob von Weizsäcker
Substitutes present for the final vote	Enrique Calvet Chambon, Matt Carthy, Mady Delvaux, Herbert Dorfmann, Ramón Jáuregui Atondo, Verónica Lope Fontagné, Thomas Mann, Luigi Morgano, Lieve Wierinck
Substitutes under Rule 200(2) present for the final vote	Edward Czesak, Manolis Kefalogiannis, Rainer Wieland

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

39	+
ALDE	Enrique Calvet Chambon, Ramon Tremosa i Balcells, Lieve Wierinck
PPE	Burkhard Balz, Herbert Dorfmann, Markus Ferber, Brian Hayes, Danuta Maria Hübner, Manolis Kefalogiannis, Esther de Lange, Werner Langen, Verónica Lope Fontagné, Ivana Maletić, Thomas Mann, Fulvio Martusciello, Luděk Niedermayer, Sirpa Pietikäinen, Dariusz Rosati, Anne Sander, Tom Vandenkendelaere, Rainer Wieland
S&D	Hugues Bayet, Pervenche Berès, Udo Bullmann, Mady Delvaux, Jonás Fernández, Roberto Gualtieri, Cătălin Sorin Ivan, Ramón Jáuregui Atondo, Wajid Khan, Olle Ludvigsson, Luigi Morgano, Pedro Silva Pereira, Peter Simon, Jakob von Weizsäcker
VERTS/ALE	Sven Giegold, Philippe Lamberts, Molly Scott Cato, Ernest Urtasun

13	-
ALDE	Caroline Nagtegaal
ECR	Edward Czesak, Sander Loones, Bernd Lucke, Stanisław Ożóg, Pirkko Ruohonen-Lerner, Kay Swinburne
EFDD	David Coburn, Marco Valli
ENF	Gerolf Annemans, Bernard Monot
GUE/NGL	Matt Carthy, Martin Schirdewan

3	0
ALDE	Wolf Klinz
ENF	Barbara Kappel
GUE/NGL	Dimitrios Papadimoulis

Key to symbols:
+ : in favour
- : against
0 : abstention

8.12.2017

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Budgets

on reform of the European Union's system of own resources
(2017/2053(INI))

Rapporteur: Ivo Belet

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Stresses that in order to boost the transition towards a sustainable, circular and low-carbon economy, deliver on the commonly agreed Energy Union targets, and be consistent with the commitments made under the Paris Agreement, significant additional investments are required in the period 2020-2030;

2. Is convinced that in order to make tangible progress on these key EU policies and attain net-zero emissions by mid-century, climate mainstreaming and a thorough reform of the EU budget are essential; notes that Article 2(c) of the Paris Agreement underlines the need to make 'finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development';

3. Believes that a reform of the EU budget should be guided by the principles of subsidiarity, solidarity and sustainability, with a view to a more effective EU budget based on a combination of new and existing own resources, which directly and transparently contribute to investments in projects with clear European added value for citizens, companies and the environment;

4. Recalls that the introduction of new own resources or other types of EU revenue should make the EU budget less dependent on Member States' gross national income (GNI)-based contributions and lead to reductions in these contributions;

5. Believes that own resources based on an electricity tax would overlap with the scope of the EU Emissions Trading System (EU ETS) and raise concerns as to the stability of investment conditions and the financial burden on households;

6. Notes that DG Environment accounts for the second largest volume of fines imposed for non-compliance with EU legislation, amounting to EUR 284 million for the period 2014-2017; calls for revenue stemming directly from EU environment legislation and its enforcement to be channelled into the EU budget as ‘other revenue’ and earmarked for investments in projects that generate the highest European added value in the field of the environment; recalls, however, that revenue from fines does not constitute a stable means of income to the EU budget;

7. Calls for a proportion of the ETS auctioning revenue, from Phase 4 (2021) onwards, to be directed towards concrete, sustainable and low-carbon EU projects, such as maximising the use of existing and, where necessary, developing new cross-border energy infrastructure (to facilitate the integration of renewables, for example), energy storage and investments in breakthrough innovation in industry, in order to contribute to a just transition towards a low-carbon economy; calls on the Commission to further elaborate on how existing and future EU funds and programmes could be used to support the just transition in coal- and carbon-intensive regions; notes that revenues from the auctioning of emission allowances are projected to increase from Phase 4 onwards;

8. Calls for an analysis of whether revenue from commonly agreed national road charging schemes, based on distance, journey time and transport emissions can contribute to the funding of EU projects that promote the development of zero- and low-emission mobility, including incentives for zero- and low-emission vehicles, low-emission alternative energy sources for transport, and sustainable multimodal transport, in particular high-speed railways and low-emission inland navigation; calls on the Commission and the Member States to take into account the specific situation of remote and rural areas, which are characterised, for example, by long distances and a lack of public transport, when developing road charging schemes;

9. Believes that additional revenue generated from emission-based contributions by intra-EU aviation should be used, in particular, to step up research and investment in EU low-carbon aircraft and for further improvements to the efficient use of airspace;

10. Believes that, in the absence of harmonised international measures for kerosene taxation, a levy based on the carbon intensity of flights should be considered;

11. Believes that possible future emission-based shipping contributions should be reinvested in the European shipping sector through research and development funding for cleaner technology and sustainable ships;

12. Believes that revenue from the European Travel Information and Authorisation System (ETIAS) for third-country nationals should be used to invest in research and development in the field of clean and low-emission air transport and in further improvements to the efficient use of airspace, and to boost funding for the European Border and Coast Guard;

13. Calls for an exploration of the possible introduction of an own resource reflecting the carbon content of consumer goods sold in the single market, including goods imported into the single market, such as a carbon border adjustment mechanism or a carbon-added tax (CAT) that would gradually replace a proportion of the current VAT-based own resource.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	7.12.2017
Result of final vote	+: 37 –: 7 0: 1
Members present for the final vote	Marco Affronte, Zoltán Balczó, Ivo Belet, Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Miriam Dalli, Angélique Delahaye, Stefan Eck, Bas Eickhout, Karl-Heinz Florenz, Gerben-Jan Gerbrandy, Arne Gericke, Jens Gieseke, Sylvie Goddyn, Françoise Grossetête, Jytte Guteland, Karin Kadenbach, Urszula Krupa, Peter Liese, Norbert Lins, Susanne Melior, Rory Palmer, Piernicola Pedicini, Pavel Poc, John Procter, Julia Reid, Annie Schreijer-Pierik, Jadwiga Wiśniewska, Damiano Zoffoli
Substitutes present for the final vote	Jørn Dohrmann, Herbert Dorfmann, Luke Ming Flanagan, Martin Häusling, Krzysztof Hetman, Merja Kyllönen, Gesine Meissner, Nuno Melo, Ulrike Müller, Gabriele Preuß, Bart Staes, Claude Turmes
Substitutes under Rule 200(2) present for the final vote	Norbert Erdős, Sven Schulze

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

37	+
ALDE	Gerben-Jan Gerbrandy, Gesine Meissner, Ulrike Müller
EFDD:	Piernicola Pedicini
GUE/NGL:	Stefan Eck, Merja Kyllönen
NI:	Zoltán Balczó
PPE:	Ivo Belet, Angélique Delahaye, Herbert Dorfmann, Norbert Erdős, Karl-Heinz Florenz, Jens Gieseke, Françoise Grossetête, Krzysztof Hetman, Peter Liese, Norbert Lins, Nuno Melo, Annie Schreijer-Pierik, Sven Schulze
S&D:	Biljana Borzan, Paul Brannen, Soledad Cabezón Ruiz, Nessa Childers, Miriam Dalli, Jytte Guteland, Karin Kadenbach, Susanne Melior, Rory Palmer, Pavel Poc, Gabriele Preuß, Damiano Zoffoli
VERTS/ALE:	Marco Affronte, Bas Eickhout, Martin Häusling, Bart Staes, Claude Turmes

7	-
ECR:	Jørn Dohrmann, Arne Gericke, Urszula Krupa, John Procter, Jadwiga Wiśniewska
EFDD:	Julia Reid
ENF:	Sylvie Goddyn

1	0
GUE/NGL:	Luke Ming Flanagan

Key to symbols:
+ : in favour
- : against
0 : abstention

24.1.2018

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Budgets

on the reform of the European Union's system of own resources
(2017/2053(INI))

Rapporteur: Nicola Caputo

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Calls for an in-depth reform of the own-resources system without increasing the fiscal burden for European tax payers, including firm priorities and new own resources that could reduce the share of GNI-based contributions, which accounted for 65.4 % of the Union's revenue in 2016; points out that although the majority of the EU's revenue still comes from national GNI and VAT contributions, these are not perceived as genuine own resources; stresses that the EU needs a stable form of own resources, and notes that punitive duties, for example, cannot therefore be envisaged as income and are not, for the same reason, suitable as predictable sources of income; also calls for a phase-out of all forms of rebate; stresses that the current system includes complex and opaque correction mechanisms that contribute to the lack of sufficient payment appropriations each year;

2. Points out that the report of the High Level Group on Own Resources (HLGOR) put forward new proposals, including reforming the VAT own resource and the EU emissions trading system, a CO2 levy, transport taxation, electricity taxation and revenues deriving from the digital single market; emphasises that the introduction of new own resources could lead to greater policy coherence between the revenue and expenditure sides of the budget; stresses that, in spite of these proposals, the Member States' contributions must remain a key own resource in a simpler, more transparent and equitable, and democratically accountable system where revenues are spent wisely;

3. Invites all parties to draw the appropriate conclusions from the HLGOR's report and to analyse the feasibility of the recommendations to help make the Union budget more

transparent, stable, simple, coherent fair and predictable, while respecting the principle of subsidiarity and with an ever stronger focus on solidarity and redistribution between richer and poorer countries; points out, in this regard, that the current system of own resources is characterised by a considerable degree of complexity, involving a lack of transparency which needs to be resolved through a joint effort by EU institutions and Member States;

4. Points out that these new types of own resources are essential to finance new Union tasks in areas such as migration, the Paris climate agreement and internal security and defence and to offset the expected loss in revenue of EUR 9 to 12 billion a year which could result from Brexit; notes also that in order to safeguard the European added value of the EU budget, new own resources are needed to enable the EU to finance both its traditional policies and its new priorities properly, avoiding the potential spending cuts to the common agricultural policy (CAP) presented in the Commission's Reflection Paper on the Future of EU Finances;

5. Stresses that agricultural duties are both a policy instrument and a financing tool for the CAP and that free trade agreements will lead to a decrease in revenues from duties; notes that the HLGOR's report recommends that they be retained within the CAP budget in future since they are a simple, efficient and genuine own resource for the Union; notes that the share of traditional own resources has steadily decreased over the years, as decreases in average tariffs have not been sufficiently compensated by increases in trade volumes;

6. Emphasises that extra income, including competition fines and higher than expected customs duties, do not lead to additional spending possibilities, but to lower GNI-based contributions;

7. Points out that a reformed VAT-own resource (replacing the existing one), a corporate-income-tax-based own resource, a financial transaction tax or other taxes on financial activities would have the advantage of improving the functioning of the single market;

8. Stresses the CAP's added value in stimulating innovation, competitiveness and sustainability in the agricultural sector and strengthening the Union's long-term food and environmental security and guarantees of food price stability through more stable farm incomes and sustainable rural development measures that invest in rural communities and farms and thereby prevent rural depopulation and harness the potential of rural areas; acknowledges the need for a reform of the CAP in order to build credibility and a rationale for continued support among the non-farming public with more environmental public goods and ensuring a more equitable distribution of payments between and within Member States; finally, stresses the need to safeguard the contribution of agricultural duties to EU finances;

9. Notes that the CAP primarily provides around 500 million European citizens with high-quality, affordable food every day; points out, in addition, that this costs every EU citizen on average 32 cents a day as a contribution to ensuring safe, healthy food and a varied agricultural landscape; stresses that the CAP, as the only fully integrated EU-level policy, contributes the highest European added value and that a nationally financed agricultural policy would be considerably more expensive;

10. Stresses that an indirect boost to income is also possible through simplification of, and reducing red tape in, the common agricultural policy;

11. Calls for the funding which was allocated via the financial discipline mechanism in the agricultural sector but was not used to be made available in its entirety in the coming budgetary year as direct payments;

12. Takes the view that the CAP is effective and needs to reaffirm its legitimacy as one of the principal tools for EU action with regard to the retention and creation of jobs in rural areas, especially in the farming sector.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	23.1.2018
Result of final vote	+: 28 –: 7 0: 5
Members present for the final vote	John Stuart Agnew, Clara Eugenia Aguilera García, Eric Andrieu, Richard Ashworth, José Bové, Daniel Buda, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Albert Deß, Jørn Dohrmann, Herbert Dorfmann, Norbert Erdős, Edouard Ferrand, Luke Ming Flanagan, Martin Häusling, Esther Herranz García, Peter Jahr, Ivan Jakovčić, Jarosław Kalinowski, Zbigniew Kuźmiuk, Philippe Loiseau, Mairead McGuinness, Ulrike Müller, James Nicholson, Maria Noichl, Marijana Petir, Laurenţiu Rebega, Bronis Ropė, Ricardo Serrão Santos, Czesław Adam Siekierski, Tibor Szanyi, Marc Tarabella, Marco Zullo
Substitutes present for the final vote	Franc Bogovič, Stefan Eck, Jens Gieseke, Maria Heubuch, Karin Kadenbach, Momchil Nekov, Sofia Ribeiro, Annie Schreijer-Pierik, Hannu Takkula, Tom Vandenkendelaere, Thomas Waitz
Substitutes under Rule 200(2) present for the final vote	Stanisław Ożóg

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
ALDE	Ivan Jakovčić, Ulrike Müller, Hannu Takkula
EFDD	Marco Zullo
ENF	Rebega Laurentiu
PPE	Franc Bogovič, Daniel Buda, Albert Deß, Herbert Dorfmann, Norbert Erdős, Jens Gieseke, Esther Herranz García, Mairead McGuinness, Marijana Petir, Sofia Ribeiro, Annie Schreijer-Pierik, Czesław Adam Siekierski, Tom Vandenkendelaere
S & D	Clara Eugenia Aguilera García, Eric Andrieu, Nicola Caputo, Paolo De Castro, Jean-Paul Denanot, Karin Kadenbach, Maria Noichl, Ricardo Serrão Santos, Tibor Szanyi, Marc Tarabella

7	-
ECR	Jørn Dohrmann, Zbigniew Kuźmiuk, James Nicholson, Stanisław Ożóg
EFDD	John Stuart Agnew
GUE/NGL	Stefan Eck, Luke Ming Flanagan

5	0
ECR	Richard Ashworth
ENF	Philippe Loiseau
VERTS/ALE	José Bové, Martin Häusling, Bronis Ropė

Key to symbols:
+ : in favour
- : against
0 : abstention

11.10.2017

OPINION OF THE COMMITTEE ON CONSTITUTIONAL AFFAIRS

for the Committee on Budgets

on a reform of the European Union's system of own resources
(2017/2053(INI))

Rapporteur: Mercedes Bresso

SUGGESTIONS

The Committee on Constitutional Affairs calls on the Committee on Budgets, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Reiterates its strong support for a comprehensive reform of the European Union's system of own resources; recalls that the current system of own resources contradicts the spirit of the Treaties, given that Article 310(4) of the Treaty on the Functioning of the European Union (TFEU) stipulates that the Union shall not adopt any act that would have budgetary implications without providing assurance that such expenditure can be financed within the limit of the Union's own resources, and that Article 311 of the TFEU stipulates that the Union budget shall be financed wholly from own resources; underlines, nevertheless, that in practice the majority of the EU's revenue comes from national contributions in the form of a percentage of GNI (69.1 %) and VAT (12.4 %), which are not perceived as genuine own resources as they have led to a zero-sum game between the Member States;

2. Stresses that the current system of own resources is characterised by a considerable degree of complexity and lack of transparency; calls, therefore, on the EU institutions and the Member States to tackle these shortcomings efficiently and constructively;

3. Considers that Parliament's role in the procedure for the adoption of own resources should be reinforced; believes that a switch from voting by unanimity to qualified majority voting (QMV) and the ordinary legislative procedure for the adoption of own resources would give Parliament and the Council equal decision-making rights on both the revenue and expenditure sides of the EU budget;

4. Underlines the importance of using the opportunity presented by Brexit and encourages the Member States and the Commission to overhaul the current system of rebates and corrections, which are not only contrary to the spirit of the Treaties, but which have also

proven to shift the focus of discussions from the European added value of the EU budget to the 'net balance' effect on the contributions of Member States, without taking into account the spillover effects of the EU budget;

5. Stresses that the EU budget should be endowed with a system of genuine own resources, following the recommendations of the High-Level Group on Own Resources;

6. Calls on the Commission to start a reflection on how funds directly generated by EU policies could become revenues for the EU budget;

7. Believes that any reform of the system of own resources should be based on the principles of fairness, stability, unity, solidarity, sustainability, subsidiarity and comprehensibility for European citizens; recalls the principles listed in the Monti report and used by the High-Level Group on Own Resources to assess possible new own resources, and takes the view that they constitute useful guidance for the reflection on the reforms; underlines, moreover, the importance of ensuring sufficient revenues for the EU budget in order for EU policies to be adequately and credibly financed, in particular after Brexit;

8. Considers that reform on the revenue side should go hand in hand with reform on the expenditure side in order to increase the European added value of EU expenditure by ensuring a visible link between EU expenditure and EU policies and priorities and supporting EU policies in key areas of EU competence with a high potential for European added value, such as the single market, environmental protection and climate action, energy union, common defence policy, and reducing fiscal heterogeneity in the single market, as recommended in the Monti report[1];

9. Recalls the importance, when conducting the future reforms, of preserving the unity of the EU budget and limiting the use of programmes and vehicles that run parallel to the EU budget, confining those to strictly justified cases and subjecting them to proper scrutiny, as recommended by the High-Level Group on Own Resources;

10. Draws attention to the fact that a thorough reflection is needed on the effects of the debate on the future of Europe, launched by the Commission in March 2017, on the reform of the system of own resources; takes the view that all five scenarios for the future of the EU presented by the Commission in March 2017 would necessitate additional financing, derived from genuine own resources, in order to pursue the objectives set out in Article 3 of the Treaty on European Union, now encompassed within the new priorities of the Union; insists on the importance of respecting the unity of the budget and of reducing, and not increasing, its complexity in order to ensure the coherence of EU policies both internally and externally.

[1] Final report and recommendations of the High-Level Group on Own Resources on the future financing of the EU, adopted in December 2016.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	11.10.2017
Result of final vote	+: 14 –: 3 0: 0
Members present for the final vote	Mercedes Bresso, Richard Corbett, Pascal Durand, Danuta Maria Hübner, Diane James, Alain Lamassoure, Maite Pagazaurtundúa Ruiz, Markus Pieper, Paulo Rangel, György Schöpflin, Pedro Silva Pereira, Claudia Țapardel, Kazimierz Michał Ujazdowski
Substitutes present for the final vote	Ashley Fox, Enrique Guerrero Salom, Jérôme Lavrilleux, Jasenko Selimovic
Substitutes under Rule 200(2) present for the final vote	Tadeusz Zwiefka

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

14	+
ALDE	Maite Pagazaurtundúa Ruiz, Jasenko Selimovic
PPE	Danuta Maria Hübner, Alain Lamassoure, Jérôme Lavrilleux, Paulo Rangel, György Schöpflin, Tadeusz Zwiefka
S&D	Mercedes Bresso, Richard Corbett, Enrique Guerrero Salom, Pedro Silva Pereira, Claudia Țapardel
VERTS/ALE	Pascal Durand

3	-
ECR	Ashley Fox, Kazimierz Michał Ujazdowski
NI	Diane James

0	0

Note: **Markus Pieper (PPE) announced that he also voted in favour of the draft opinion**

Key to symbols:
+ : in favour
- : against
0 : abstention

INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

Date adopted	22.2.2018
Result of final vote	+: 31 –: 4 0: 1
Members present for the final vote	Nedzhmi Ali, Lefteris Christoforou, Gérard Deprez, Manuel dos Santos, André Elissen, José Manuel Fernandes, Eider Gardiazabal Rubial, Jens Geier, Esteban González Pons, John Howarth, Zbigniew Kuźmiuk, Vladimír Maňka, Siegfried Mureşan, Jan Olbrycht, Urmas Paet, Paul Rübig, Petri Sarvamaa, Jordi Solé, Patricija Šulin, Eleftherios Synadinos, Indrek Tarand, Isabelle Thomas, Inese Vaidere, Daniele Viotti, Tiemo Wölken, Marco Zanni
Substitutes present for the final vote	Xabier Benito Ziluaga, Jean-Paul Denanot, Janusz Lewandowski, Ivana Maletić, Stanisław Ożóg, Pavel Poc, Nils Torvalds, Helga Trüpel, Tomáš Zdechovský
Substitutes under Rule 200(2) present for the final vote	Anders Primdahl Vistisen

FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

31	+
ALDE	Nedzhmi Ali, Gérard Deprez, Urmas Paet, Nils Torvalds
ECR	Zbigniew Kuźmiuk, Stanisław Ożóg
PPE	Lefteris Christoforou, José Manuel Fernandes, Esteban González Pons, Janusz Lewandowski, Ivana Maletić, Siegfried Mureşan, Jan Olbrycht, Paul Rübig, Petri Sarvamaa, Patricija Šulin, Inese Vaidere, Tomáš Zdechovský
S&D	Jean-Paul Denanot, Eider Gardiazabal Rubial, Jens Geier, John Howarth, Vladimír Maňka, Pavel Poc, Isabelle Thomas, Daniele Viotti, Tiemo Wölken, Manuel dos Santos
VERTS/ALE	Jordi Solé, Indrek Tarand, Helga Trüpel

4	-
ECR	Anders Primdahl Vistisen
ENF	André Elissen, Marco Zanni
NI	Eleftherios Synadinos

1	0
GUE/NGL	Xabier Benito Ziluaga

Key to symbols:
\+ : in favour
\- : against
0 : abstention