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DRAFT REPORT

on own resources: a new start for EU finances, a new start for Europe
(2022/2172(INI))

Committee on Budgets

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on own resources: a new start for EU finances, a new start for Europe (2022/2172(INI))

The European Parliament,

- having regard to Article 311 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to its resolution of 29 March 2007 on the future of the European Union’s own resources¹,
- having regard to the final report and recommendations of the High Level Group on Own Resources on the future financing of the EU, issued in December 2016,
- 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, Euratom²,
- having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources³ (IIA),
- having regard to its resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges⁴,
- having regard to the Commission proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union (COM(2021)0570),
- having regard to the Commission communication entitled ‘The next generation of own resources for the EU Budget’ (COM(2021)0566),
- having regard to its position of 16 September 2020 on the draft Council Decision on the system of own resources of the European Union⁵,
- having regard to its resolution of 12 May 1965 on proposals from the European Commission relating to financing the common agricultural policy (CAP) and to the creation of own resources for the EEC⁶,

¹ OJ C 27 E , 31.1.2008, p. 214.

² OJ L 424, 15.12.2020, p. 1.

³ OJ L 433 I, 22.12.2020, p. 28.

⁴ Texts adopted, P9_TA(2022)0450.

⁵ OJ C 385, 22.9.2021, p. 256.

⁶ https://www.cvce.eu/en/obj/european_parliament_resolution_on_commission_proposals-en-9c67ed5c-af04-

- having regard to the Council Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities’ own resources⁷,
 - having regard to the Treaty amending certain budgetary provisions of the Treaties establishing the European Communities and of the Treaty establishing a Single Council and a Single Commission of the European Communities of 22 April 1970⁸ (Treaty of Luxembourg),
 - having regard to the revised directive on the EU Emissions Trading System (ETS)⁹, adopted on 22 June 2022,
 - having regard to the regulation establishing a carbon border adjustment mechanism (CBAM)¹⁰, adopted on 22 June 2022,
 - having regard to its position of 16 December 2020 on the draft Council regulation laying down the multiannual financial framework for the years 2021 to 2027¹¹,
 - having regard to the conclusions of the European Council adopted on 21 July 2020,
 - having regard to the pilot project entitled ‘Feasibility Study for a social reuse of the assets frozen and confiscated as a result of EU sanctions adopted following Russia’s military aggression against Ukraine’¹²,
 - having regard to Rule 54 of its Rules of Procedure,
 - having regard to the opinions of the Committee on Economic and Monetary Affairs and the Committee on Constitutional Affairs,
 - having regard to the letter from the Committee on the Environment, Public Health and Food Safety,
 - having regard to the report of the Committee on Budgets (A9-0000/2023),
- A. whereas, pursuant to Article 311 TFEU, the Union must provide itself with the means necessary to attain its objectives and carry through its policies, and its budget, without prejudice to other revenue, is to be financed wholly from own resources; whereas Article 311 TFEU provides that Council must consult the European Parliament before adopting a decision on own resources;
- B. whereas the roadmap towards the introduction of new own resources in the IIA engages the institutions to keep the issue of the financing of the EU budget high on the political agenda in view of ensuring a viable path to refinancing the debts incurred in the context of NextGenerationEU (NGEU);

[4eab-bf89-445996e987f1.html](#).

⁷ OJ L 94, 28.4.1970, p. 19.

⁸ OJ L 2, 2.1.1971, p. 1.

⁹ Texts adopted, P9_TA(2022)0246.

¹⁰ Texts adopted, P9_TA(2022)0248.

¹¹ OJ C 445, 29.10.2021, p. 240.

¹² PP 07 23 05.

- C. whereas the Report on the Final Outcomes of the Conference on the Future of Europe of May 2022 includes a plenary proposal that ‘the EU needs to take into account the social and economic impact of the war against Ukraine and the link between the EU economic governance with the new geopolitical context and by strengthening its own budget through new own resources’;
- D. whereas the Commission presented a legislative proposal in December 2021 that will introduce three new categories of own resources, based, respectively, on the emissions trading system (ETS), the carbon border adjustment mechanism (CBAM) and Pillar One of the Organisation for Economic Co-operation and Development (OECD) convention on international corporate taxation;
- E. whereas Parliament’s position¹³ broadly endorsed this proposal as an important, albeit insufficient step; whereas the Council is continuing to examine the proposal;
- F. whereas the sectoral legislation on the ETS and the CBAM is due to be adopted in February 2023; whereas the multilateral convention on Pillar One of the OECD agreement and its harmonised implementation at EU level are still pending;

The case for reforming the EU budget’s revenue policy

1. Declares that EU finances are going through a critical period where a lack of reform would have highly detrimental effects on the future of EU policies and the trust of Europeans and investors in the Union;
2. Stresses the crucial and growing importance of the EU budget in delivering on virtually all of the EU’s key policy objectives, its flagship programmes and its crisis intervention; underlines the multiple challenges the EU is facing such as building up its strategic autonomy, ending its reliance upon Russian fossil fuels, completing the health union and the energy union and financing important common projects such as defence, civil protection and space; considers that all new EU policies and challenges must involve new means and extra resources; reiterates, in this regard, that robust, reliable and resilient financing of the EU budget requires a diversified and enlarged set of own resources; is convinced that there is huge potential in a well-designed reform of the EU own resources not only for strengthening the financing of its budgetary needs, but also for boosting its policy outputs, improving the fiscal equilibrium between the EU and Member States and adding value to overall public finance;
3. Recalls that the Union is obliged to repay the principal and interest of the funds borrowed under the EU Recovery Plan; recalls, in this regard, that the EU institutions adopted a ‘repayment plan’ in the form of a legally binding interinstitutional agreement establishing a roadmap for the introduction of new own resources to cover the borrowing costs; recalls, in this context, that the triple-AAA rating of the EU as a quasi-sovereign borrower depends, inter alia, on the reliability of the institutions’ following up on their political commitment to introduce new own resources;
4. Recalls its position on the Commission’s proposal for an amendment of the Own

¹³ Texts adopted, P9_TA(2022)0404.

Resources Decision¹⁴; recalls that it has broadly endorsed the initiative to introduce three new sources of revenue based on the ETS, the CBAM and the proceeds of OECD Pillar One;

5. Expresses its high expectations that, with the ETS- and CBAM-based own resources, the long-standing demand for a better linkage of the EU revenue side with environmental policies and the rationale of climate mainstreaming across expenditure and revenue policies will finally become operational; notes that the sectoral negotiations on the CBAM and the ETS have led to an agreement; welcomes the fact that the resulting legal texts in the ETS Directive and the CBAM Regulation remain fully compatible with the own resources proposals; calls for the EU institutions to thoroughly assess the implications regarding the revenue estimations; insists on not using such analyses as a pretext for blocking decision-making; is aware, furthermore, that in the very long run, as the process of decarbonisation continues, the yields from the green own resources will diminish;
6. Notes that the current reference in the own resources proposal to own resources from the proceeds of the OECD/G20 Pillar One Agreement will have to be updated in line with the multilateral convention and the related EU directive to implement the provisions in the EU Member States in a harmonised manner;
7. Considers that these new own resources are necessary to avoid the next generation of Europeans paying the price for the repayment of the principal and the interest of the funds borrowed under NGEU, either through an increased burden on taxpayers or via cuts in regular EU programmes directly affecting beneficiaries and project-holders; notes the legitimate demand by Europeans for more social and tax justice; warns against any attempt to reduce funding for ordinary EU policies to make space for the repayment of EU debt, as this would endanger long-term EU goals, such as economic convergence, research and innovation or the green transition;
8. Regrets that the current way in which the EU budget is financed subjects it to national budgetary constraints, thus leading to undue downward pressure on its – already modest – overall volume and a ‘*juste retour*’ logic that does not reflect the solidarity principle at the core of EU integration; believes that this structure is one of the main reasons preventing the EU from fulfilling all its tasks effectively; is very concerned by the slow progress in the modernisation of the own resources system since the creation of the European Communities;
9. Calls on the Member States in the Council to adopt, as soon as possible, the new own resources from the first package of 14 December 2021; worries, however, that the amounts generated by the new own resources will not be sufficient to cover all NGEU repayments and borrowing costs; calls, therefore, on the Commission to come forward with the next batch of proposals in the third quarter of 2023 at the latest; insists that these proposals take into account the priorities of the European Parliament as outlined in here;

Diversifying the EU’s financing sources and finding a new revenue balance

¹⁴ Texts adopted, P9_TA(2022)0404.

10. Urges all actors to continue the efforts to identify fresh and new, preferably genuine, own resources and other revenue sources for the EU budget with the aim of fully covering the overall expected expenditure for the repayment of the principal and the interest of the funds borrowed under the NGEU and reinforcing the EU budget where the ‘1 % of EU GDP dogma’ is to be abandoned;
11. Believes that the EU revenue side should be used strategically to create incentives for more social and tax justice; underlines that green own resources should be complemented by tax-based own resources from the corporate sector for reasons of sufficiency, fiscal equivalence (those who benefit from the EU and its open markets should also contribute their fair share to its financing) and overall distributional fairness among Member States and sectors;

Corporate taxation (BEFIT)

12. Looks forward to and places high hopes, in this context, in the Commission’s upcoming Business in Europe: Framework for Income Taxation (BEFIT) initiative in the third quarter of 2023; agrees that a single corporate tax rulebook for the EU, based on the key features of a common tax base and the allocation of profits between Member States by using a formula or formulary apportionment, would constitute an excellent starting point for a new own resource in the spirit of the roadmap; expects the new approach to this corporate tax-based own resource to address issues of national differences in corporate taxation that have so far impeded an own resource in this realm and to allow for a broad scope capturing more companies active in the single market than only the few very biggest and most profitable multinationals that are subject to the OECD Pillar One Agreement;

Financial services

13. Acknowledges with regret that any prospects for the introduction of a financial transaction tax under enhanced cooperation have faded away in the course of recent years; insists, nevertheless, that the financial sector be encompassed by the corporate or single market-based own resource initiative, ideally within the BEFIT context;

EU ‘fair border tax’

14. Deplores the fact that the production chains for certain products and items entering the EU single market involve workers from third countries who do not receive a decent wage and, in some cases, live in extreme poverty; points out that importing such commodities into the EU leads to unfair competition (‘social dumping’) with goods produced in the EU where strict regulations and high standards apply; is very concerned by the inhumane living conditions of the poorest people worldwide; calls, in this regard, for the EU to live up to its promises in terms of sustainable standards and human development;
15. Calls, therefore, for the establishment of a ‘fair border tax’ requiring companies importing goods into the EU to pay a levy for any workers in their global supply chain who are paid a daily wage that is insufficient to allow them to escape absolute poverty, as characterised by international organisations; underlines that any company importing into the EU single market products made by workers paid less than a fixed poverty

threshold would have to pay a duty amounting to the difference between this threshold and the salary their workers receive;

16. Considers that the EU ‘fair border tax’ would incentivise companies operating in the EU to raise salaries in their global supply chains and thus improve living conditions for workers in third countries and drive reform in countries with poor labour standards and regulations, while ensuring that European consumers do not contribute to extreme exploitation; notes that the competitiveness of companies producing in the EU could improve under this mechanism; points out that this mechanism should comply with World Trade Organization (WTO) rules, in particular Article XX(b) for the protection of human life or health;

Tax on cryptocurrencies

17. Suggests the introduction of a European tax on crypto-assets, whose revenues would flow into the European budget as a new own resource; points out that the global market in crypto-assets has been growing rapidly (albeit unstably) since the 2008 crisis, with capitalisation reaching up to EUR 2 trillion in May 2021; notes that crypto-assets are progressively considered as a genuine means of payment and part of investment strategies; underlines that regulating and taxing crypto-assets at EU level is more efficient than at national level given their high mobility and cross-border dimension; stresses, in this regard, that a European tax on crypto-assets would foster the emergence of a harmonised tax framework for crypto-assets, be more consistent with the cross-border nature of the crypto-assets market, and encourage the adoption of tax standards at the global level;
18. Stresses that several taxation options are conceivable for crypto-assets, such as a tax on capital gains resulting from crypto-asset activities (based on a uniform levy rate for all EU Member States), a tax on crypto-asset transactions or a tax on the mining and trading of crypto-assets determined according to their electricity consumption and environmental impact; calls on the Commission to assess the impact of these options on the European crypto-asset market, to estimate potential revenues and to come forward with a concrete proposal;

Digital economy

19. Recalls that in its position of 23 November 2022¹⁵, Parliament stated that in the event of a clear lack of progress at OECD level towards the Multilateral Convention by the end of 2023, a legislative proposal should be submitted for a digital levy or similar measure that can be enacted unilaterally and which can serve as a basis for an own resource of the Union in order to generate revenues by 2026; welcomes the debate over the contribution of large digital operators to network costs;
20. Observes, moreover, that the expansion of the data economy in Europe has led to a steep increase in data traffic, especially during the pandemic, and to substantial economic benefits for major internet companies and the telecom sector as a whole; is mindful of the environmental impact of data flows; calls on the Commission to identify and assess measures to optimise this data traffic and limit the carbon footprint thereof,

¹⁵ Texts adopted, P9_TA(2022)0404.

including through financial incentives;

Statistics-based own resources

21. Sees high potential added value in own resources in the form of statistics-based national contributions which provide Member States with an incentive and a reward for vigorous implementation of EU-level policies; calls on the Commission to assess and simulate the impact of such national contributions calculated on the basis of statistics in the social or environmental areas where robust, common harmonised Eurostat data are available on an annual basis;
22. Considers that the exact scope and call rate of such statistics-based national contributions could be scaled and calibrated in such a way as to ensure the overall distributive fairness of the next basket of own resources; holds that such an own resource could thus replace and render superfluous any artificial reductions, lump sum rebates or correction mechanisms on the revenue side, which would otherwise compromise the consistency and incentivising force of the own resources policy;
23. Calls, specifically, for the establishment of a gender pay gap-based own resource; underlines that, under this mechanism, a share of contributions based on gross national income (GNI) would be replaced by a new distribution key requiring Member States with a higher gender pay gap to contribute more than Member States with smaller gender pay gap, in a proportionate way;
24. Calls for the establishment of a biowaste-based own resource; underlines that, under this mechanism, a share of GNI-based contributions would be replaced by a new distribution key requiring Member States recycling less biowaste to contribute more than Member States that recycle more biowaste, in a proportionate way; considers that this own resource would incentivise Member States to resort less to landfills;

Revenue sources other than own resources

25. Reiterates that any public revenue generated by the implementation of EU policies, the enforcement of EU regulations or the use of EU-funded infrastructure should, by default and in order to mutualise the benefits, accrue to the EU budget, as an own resource or as other revenue, in particular where the levying, collection and enforcement is organised centrally by the Commission; calls on the Commission, when drafting proposals and for Parliament and the Council, as legislative authorities, to comply with this cross-cutting approach in their legislative work;
26. Insists that budget revenue in the form of levies, fees – such as those charged for visa waivers under the European Travel Information and Authorisation System (ETIAS) when it comes into operation – excess emission premiums, competition fines, infringement penalties or similar should be listed transparently in the annual budget documents; acknowledges that for Treaty-related reasons, such other income must remain ancillary to own resources under Article 311 which must remain the EU budget's primary source of financing;
27. Draws attention to the special case of proceeds generated in the context of criminal justice sentences and, specifically, the confiscation of assets in the event of non-

compliance with EU sanctions; requests that the Commission assess in detail how such proceeds or penalties collected by Member State authorities could be made available to the EU budget as an own resource; supports the idea of making the proceeds of the confiscation and monetisation of Russian assets available for relief and reconstruction efforts in Ukraine; suggests channelling such proceeds through the general EU budget and ensuring a governance structure that involves the Ukrainian and European Parliaments;

Fiscal legitimacy must be ensured by elected representatives: constitutional, procedural and historical considerations

28. Recalls that the debate on the sources of financing European integration has a long and vivid history; recalls that Article 49 of the Treaty of Paris of 18 April 1951 establishing the European Coal and Steel Community provided that ‘the High Authority is empowered to procure the funds it requires to carry out its tasks by imposing levies on the production of coal and steel; [and] by contracting loans’;
29. Underlines that Article 201 of the Treaty of Rome of 25 March 1957 establishing the European Economic Community stipulated that ‘the Commission shall study the conditions under which the financial contributions of the Member States ... may be replaced by other resources of the Community itself, in particular, by revenue accruing from the common customs tariff when the latter has been definitely introduced’;
30. Recalls that the Heads of State or Government of the Six, in the Final communiqué of the Hague Summit of 2 December 1969, ‘agreed progressively to replace ... the contributions of member countries by their own resources [i.e. of the Communities], taking into account all the interests concerned with the object of achieving in due course the integral financing of the Communities’ budgets ... and of strengthening the budgetary powers of the European Parliament’;
31. Regrets the fact that despite these primary law obligations, only two new own resources have been introduced since the Treaty of Luxembourg in 1970, namely the GNI-based contribution in 1988 and the non-recycled plastic packaging waste-based own resource in 2021;
32. Recognises the merits of the GNI-based own resource in view of its reliable balancing function; notes the enduring predominance of the share of national contributions in the own resources system, now amounting to approximately 80 %; points out the modest share of traditional and genuine own resources, especially customs duties, which stands at around 13 % today;
33. Concludes that the current financing of the EU budget is in breach of the intention of the founding fathers and the spirit of the Treaties;
34. Recalls its consultative powers regarding the Own Resources Decision; is convinced that a more pronounced role of the European Parliament as the legislative and budgetary authority in the underlying legislation, as well as in the annual procedure concerning the revenue side and debt levels, could enhance the visibility, legitimacy and accountability of EU public finance;

35. Reminds Member States that post-2027 multilateral financial framework negotiations will be linked with own resources negotiations; stands ready to make use of all its budgetary powers to ensure that clear and effective progress is made in the area of own resources;

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36. Instructs its President to forward this resolution to the Council, the Commission and national parliaments.