

## Post-2020 EU budget reform must match EU's future ambitions

- Post-2020 expenditure (MFF) ceiling should rise to 1.3% of the EU's GNI
- Multi-annual budget period should be aligned with 5 year parliamentary mandate
- Abolish all rebates and corrections

**Budget MEPs set out their position for negotiating the next long-term EU budget, which should finance new priorities as well as make up for any shortfall following the UK's departure.**

The Committee on Budgets on Thursday adopted two reports on the expenditure and revenue sides of the next multi-annual financial framework (MFF), to apply from 2021.

### Expenditure (The next MFF)

Budget Committee MEPs want the EU budget to reflect a political project and long-term strategy for a stronger and more sustainable Europe. They demand that the current 1%-ceiling for the EU's expenditure be increased to 1.3% of the GNI, in order to be able to continue to support existing policy areas, like agriculture and cohesion policies, as well as provide sufficient funding to deal with new challenges such as security, defence or migration.

Key proposals include:

- boosting research programmes, Erasmus+, the Youth Employment Initiative and support for SMEs as well as infrastructure investment through the Connecting Europe Facility (CEF);
- aligning the MFF's duration to the legislative cycle of Parliament and EU Commission better, so that after 2027 it would apply for 5+5 years, with a mandatory mid-term revision;

- greater flexibility to increase financial means in the event of unforeseen circumstances, guaranteeing that unspent funds remain in the EU budget;
- integrating off-budget mechanisms, like the European Development Fund, European Stability Mechanism, financial instruments and external trust funds or facilities, into the EU budget, with corresponding financial means;
- MEPs demand a mechanism whereby member states which do not respect EU values (Art. 2 TEU) could be subject to “financial consequences” but not through the European Union budget, so that beneficiaries such as regions, organizations or citizens are not harmed financially.

MEPs warn that “no agreement can be concluded on the MFF without corresponding headway being made on own resources” – i.e. the revenue side of the EU Budget. Expenditure and revenue should thus be treated as a single package.

### Revenue (‘Own Resources’ reform)

The draft resolution builds on the [Report of the High Level Group on Own Resources](#) chaired by Mario Monti, and calls, on the revenue side, for maintaining the existing own resources and progressively introducing new own resources. The new own resources could be based on the following:

- a revised VAT,
- a share of the corporate income (CCCTB),
- taxation of financial services
- a share of the taxation of companies in the digital sector
- a share of a set of possible environmental taxes.

The new own resources should:

- bring about a substantial reduction (aiming at 40%) in the proportion of GNI-based direct contributions, thus creating savings for member state budgets, while at the same time doing away with the logic of “fair return” leading to a “zero-sum game”

between net payers and beneficiaries;

- abolish all rebates and corrections which benefit only some member states;
- enable the financing of a higher level of EU spending under the post-2020 MFF;
- cover the 'Brexit gap';
- not increase the overall fiscal burden for EU taxpayers.

The draft report by co-rapporteurs [Jan Olbrycht](#) (EPP, PL) and [Isabelle Thomas](#) (S&D, FR) for the post-2020 EU long-term budget was adopted by 29 votes against 4, with 3 abstentions.

The draft report by co-rapporteurs [Janusz Lewandowski](#) (EPP, PL) and [Gérard Deprez](#) (ALDE, BE) on the reform of the EU's system of own resources was adopted by 31 votes against 4, with 1 abstention.

### Next steps

The European Parliament first establishes its negotiating position on the EU Budget post-2020. The two draft reports will be voted on in Plenary in the March II session in Strasbourg. They provide Parliament's input to the Commission's legislative proposals on these matters due in May 2018. The adoption of a new MFF Regulation requires Parliament's consent.

The reports call for discussions to be launched without delay between the three institutions in order to try to reach an agreement before the European elections.

## Further information

[Committee on Budgets](#)

[Video: Next MFF - Preparing the Parliament's position on the MFF post-2020: extracts from the vote and statements by Jan OLBRYCHT \(EPP, PL\) and Isabelle THOMAS \(S&D, FR\), Co-rapporteurs](#)

[Video: Reform of the European Union's system of own resources - extracts from the vote and statement by Gérard DEPREZ \(ALDE, BE\)](#)

[Procedure file: The next MFF](#)

[Procedure file: Own Resources reform](#)

[EU factsheets: The Union's revenue](#)

[EU factsheets: Multiannual Financial Framework](#)

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