

European Community



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NEWS RELEASE

'OWN REVENUE' BUDGET FOR EC

Starting in January 1978, the EC budget - currently more than \$9 billion - will be financed wholly by the EC's own revenue.

In 1976, 61% was covered by agricultural levies and customs duties, which accrue directly to the EC; member states contributed directly most of the other 39%, according to their share of the gross Community product.

Next year, part of the proceeds of the value-added tax (VAT) - levied on sales and services - will be channeled to the EC, replacing government contributions.

This further step towards European fiscal integration follows the May 17 decision by the Council of Ministers to adopt a sixth VAT directive that will unify the way member governments assess the tax - for example, which activities should be VAT exempted.

Up to the equivalent of a 1% rate levied uniformly (not 1% of total VAT revenue) will be available to help fund EC activities. Still to be achieved is the alignment of VAT rates, which vary widely among member states.

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