

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(93) 437 final

Brussels, 14 September 1993

Proposal for a
COUNCIL REGULATION (EEC, Euratom)
amending Regulation (EEC, Euratom) No 1552/89
implementing Decision 88/376/EEC, Euratom
on the system of the Communities' own resources

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Treatment of balances in current legislation

The provisions as they currently stand stipulate that the balance for each year should be entered in the budget for the following year either as revenue (in the case of a surplus) or as expenditure (in the case of a deficit).

Balances are essentially made up of:

- the traditional own resources surplus or deficit for the year;
- the positive or negative VAT and GNP own resources balances for the year $n-1$;
- payment appropriations for the year which have lapsed.

2. Because of the recession, revenue from traditional own resources is lower than expected; in addition, refunds have to be made to Member States if forecasts of the VAT and GNP bases turn out to be over-optimistic

Revenue shortfalls either reduce the balance for the year in which they occur (in the case of traditional own resources) or reduce revenue in the following year (VAT and GNP balances).

If budgetary equilibrium is to be respected, additional revenue needs to be found; it would only be collected in subsequent years and would be budgetized as expenditure.

3. In addition, recession has the effect of lowering the own resources ceiling

4. The connection between the own resources ceiling applicable in a given year and the balance for the previous year is not mentioned explicitly in the regulations

Revenue shortfalls entered as expenditure should not have to be charged against the own resources ceiling for the year in which the adjusting operation is performed. It would be paradoxical if the financing capacity provided by the ceiling in a given year were to be reduced as a result of corrections arising from the difference between forecast and actual resources in previous years, after the budget for these years had been adopted and implemented within the own resources ceilings

Conversely, under- utilization (at the authorization or implementation stage) during a given year should not automatically mean that the annual ceiling can be exceeded by an equivalent amount in subsequent years.

On the other hand, a lower own resources ceiling should naturally have the effect of reducing expenditure.

5. Commission proposal

The Commission considers that a permanent overall solution to these problems must be found. On 22 June 1993 it sent a communication to the budgetary authority entitled "Treatment of revenue shortfalls in relation to the own resources ceiling" (SEC(93) 851 final of 9 June 1993).

The Commission now proposes inserting into Regulation No 1552/89 implementing the Decision on the system of own resources, new provisions clarifying the rules for applying the own resources ceiling.

The proposed clarification to the regulation is as follows:

- (a) Provided the own resources ceiling is observed, in implementation, during the reference year, resources designed to offset balances will, in the event of adverse economic developments, be neutralized from the point of view of the own resources ceiling for the year in which they are budgetized. This will be done by:
- not taking into account, when calculating whether the ceiling has been respected, any negative balance from the previous year;
 - setting off against the ceiling any positive balance from the previous year
- (b) If the own resources ceiling is not observed, in implementation, during the reference year as a result of adverse economic developments, the ceiling for own resources available in year $n + 2$ will be lowered by the amount of the overrun.

This proposal is consistent with the spirit of the own resources decision, it never having been the intention that the Community should be unable to collect, subject to the limit imposed by the ceiling, the own resources it requires. This needs, however, to be spelt out in the legislation.

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to Council Decision 88/376/EEC, Euratom of 24 June 1988 on the system of the Communities' own resources⁽¹⁾, and in particular Article 8(2) thereof,

Having regard to the proposal from the Commission⁽²⁾,

Having regard to the opinion of the European Parliament⁽³⁾,

Having regard to the opinion of the Court of Auditors⁽⁴⁾,

Whereas the provisions of Council Regulation (EEC, Euratom) No 1552/89⁽⁵⁾, as last amended by Regulation (EEC, Euratom) No ...⁽⁶⁾, lay down the budgetary and accounting rules governing balances but not the treatment of those balances vis-à-vis the own resources ceiling;

⁽¹⁾ OJ No L 185, 15.7.1988, p. 24.

⁽²⁾ OJ No

⁽³⁾ OJ No

⁽⁴⁾ OJ No

⁽⁵⁾ OJ No L 155, 7.6.1989, p. 1

⁽⁶⁾ OJ No

Whereas it must be made possible for the capacity for financing the budget in a given year, afforded by the own resources ceiling, to be used in full to cover expenditure during that year with due regard for the principle of budgetary equilibrium;

Whereas it is necessary, for the purposes of applying the own resources ceiling to a given year, to clarify, vis-à-vis that ceiling, the treatment of positive and negative balances from previous years,

HAS ADOPTED THIS REGULATION:

Article 1

The following title is inserted in Regulation (EEC, Euratom) No 1552/89:

"Title Va

Procedure for the application of Article 3(1) of Decision 88/376/EEC, Euratom

Article 14a

For the purposes of applying the annual ceiling on own resources, no account shall be taken of any negative balance from the previous year requiring to be charged as expenditure in the budget for the year in question. Similarly, a positive balance from the previous year, requiring to be entered as revenue in the budget for the year in question, shall be set off against the own resources ceiling.

In the year following the implementation of the budget in a given year n, the own resources ceiling shall be compared with the amount of actual expenditure in terms of payment appropriations.

Such expenditure shall not include any negative balances entered in the budget from previous years; any miscellaneous revenue and any other resources actually received during the same year shall be deducted from that expenditure.

If the resulting expenditure figure exceeds the own resources ceiling, the ceiling for own resources available in year $n + 2$ shall be lowered by the amount of the overrun "

Article 2

This Regulation shall enter into force on the seventh day following that of its publication in the Official Journal of the European Communities.

It shall apply from 1 January 1994.

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

Done at Brussels,

For the Council
The President

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DOCUMENTS

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