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European Union

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INFORMATION NOTE

From: Presidency
To: Delegations

Subject: Council Regulation on measures concerning the implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the Union
- Common Understanding

Delegations will find in the Annex the final text of the Common Understanding, as agreed by the Representatives of the Governments of the 27 Member States in the Permanent Representatives meeting at its 2741st meeting held on 18 December 2019. The Commission indicated its agreement to accept the mandate given under that Common Understanding.

COMMON UNDERSTANDING BETWEEN THE REPRESENTATIVES OF THE GOVERNMENTS OF THE KINGDOM OF BELGIUM, THE REPUBLIC OF BULGARIA, THE CZECH REPUBLIC, THE KINGDOM OF DENMARK, THE FEDERAL REPUBLIC OF GERMANY, THE REPUBLIC OF ESTONIA, IRELAND, THE HELLENIC REPUBLIC, THE KINGDOM OF SPAIN, THE FRENCH REPUBLIC, THE REPUBLIC OF CROATIA, THE ITALIAN REPUBLIC, THE REPUBLIC OF CYPRUS, THE REPUBLIC OF LATVIA, THE REPUBLIC OF LITHUANIA, THE GRAND DUCHY OF LUXEMBOURG, THE REPUBLIC OF HUNGARY, THE REPUBLIC OF MALTA, THE KINGDOM OF THE NETHERLANDS, THE REPUBLIC OF AUSTRIA, THE REPUBLIC OF POLAND, THE PORTUGUESE REPUBLIC, ROMANIA, THE REPUBLIC OF SLOVENIA, THE SLOVAK REPUBLIC, THE REPUBLIC OF FINLAND AND THE KINGDOM OF SWEDEN ("EU-27 MEMBER STATES") ESTABLISHING THE DEDICATED PRACTICAL ARRANGEMENTS REFERRED TO IN THE COUNCIL REGULATION ON MEASURES CONCERNING THE IMPLEMENTATION AND FINANCING OF THE GENERAL BUDGET OF THE UNION IN 2020 IN RELATION TO THE WITHDRAWAL OF THE UNITED KINGDOM FROM THE UNION

The representatives of the governments of the EU-27 Member States are understood as follows:

I. SUBJECT MATTER AND PURPOSE

1. This Common Understanding establishes the dedicated practical arrangements ("arrangements") referred to in the second subparagraph of Article 2(3) of the Council Regulation on measures concerning the implementation and financing of the general budget of the Union in 2020 in relation to the withdrawal of the United Kingdom from the Union ("the Regulation").¹
2. The purpose of the arrangements is to set out the details as regards the calculation of the shares of Austria, Germany, the Netherlands and Sweden ("the four Member States") in the specific amount referred to in the second subparagraph of Article 2(3) of the Regulation ("specific amount"), and to entrust the Commission with the disbursement of the specific amount to them, in full compliance with that Regulation.

¹ Doc. 12412/1/19 REV 1.

II. THE SPECIFIC AMOUNT

3. In line with the Regulation, the specific amount shall constitute 12.7891201 %² of any contribution effectively made by the United Kingdom under the Regulation, to be adapted in function of the date on which the Treaties cease to apply to and in the United Kingdom³. It shall not be subject to any further adjustments.
4. The specific amount shall be disbursed by the Commission among the four Member States as follows:
 - 7.6374525 % for Austria;
 - 67.9797103 % for Germany;
 - 15.3469754 % for the Netherlands; and
 - 9.0358618 % for Sweden.

III. DISBURSEMENT OF THE SPECIFIC AMOUNT

5. Disbursements to the four Member States shall be made in euro into an account to be determined by each of the four Member States and communicated to the Commission at the latest 30 days before the first disbursement.
6. Disbursements to the four Member States shall be due at the latest 30 days after receipt of any instalment from the United Kingdom on the amount referred to in point (a) of the first subparagraph of Article 2(1) of the Regulation on the account determined by the Commission. Disbursements shall be made to the four Member States in instalments in proportion to the amount of the respective instalments effectively paid by the United Kingdom under the Regulation.

² As calculated on the basis of the adopted budget for 2020, in accordance with the formula set out in point (a) of the first subparagraph of Article 2(1) of the Regulation.

³ The amount will be adapted by the Commission in accordance with the methodology applied in document WK 14242/2019 and will be communicated by the Commission to all Member States.

7. The Commission is mandated to receive the specific amount on an account to be determined by it and to disburse it in accordance with the arrangements and in full compliance with the Regulation.
8. The Commission shall disburse the specific amounts in accordance with standards and financial rules comparable to those applicable for managing Union funds, and in particular the principle of sound financial management, and shall keep the specific amount separate from Union funds in budgetary terms.
9. Interest accruing on the account in respect of the specific amount shall be paid to the four Member States in proportion to their respective share in the specific amount as referred to in point 4. Costs incurred by the Commission in disbursing the specific amount, including costs resulting from negative interest charged to the account in respect of the specific amount, shall be borne by the four Member States in proportion to their respective share in the specific amount as referred to in point 4.
10. Without prejudice to point 9, the Commission shall not be remunerated for its services in respect of managing the specific amount.

IV. FINAL PROVISION

11. The Common Understanding shall be applicable immediately upon the entry into force of the Regulation.
