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**PRELIMINARY DRAFT AMENDING BUDGET N° 5  
TO THE GENERAL BUDGET 2007**

**GENERAL STATEMENT OF REVENUE**

(presented by the Commission)

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**GENERAL STATEMENT OF REVENUE**

Having regard to:

- the Treaty establishing the European Community, and in particular Article 272 thereof,
- the Treaty establishing the European Atomic Energy Community, and in particular Article 177 thereof,
- the Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities<sup>1</sup>, as last amended by Council Regulation (EC, Euratom) No 1995/2006<sup>2</sup>, and in particular Article 37 thereof,

The European Commission hereby presents to the budgetary authority the Preliminary Draft Amending Budget No 5 to the 2007 budget for the reasons set out in the explanatory memorandum.

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<sup>1</sup> OJ L 248, 16.09.2002, p.1.

<sup>2</sup> OJ L 390, 30.12.2006, p.1.

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### **GENERAL STATEMENT OF REVENUE**

The general statement of revenue is forwarded separately via the SEI-BUD system. An English version of the general statement of revenue is attached for information as a budgetary annex.

## 1. INTRODUCTION

The Preliminary Draft Amending Budget No 5 to the Budget for 2007 (PDAB 5/2007) covers the following points:

- The revision of the forecast of traditional own resources (TOR, i.e. customs duties, agricultural duties and sugar levies), VAT and GNI bases and the budgeting of the relevant UK corrections as well as their financing, resulting in a change in the distribution between Member States of their own resources contributions to the EU budget.
- The repayment of the surplus from the Guarantee Fund for external measures.

Article 7 of Council Decision (EC, Euratom) 2000/597 states that " ...surplus from the Guarantee Fund arising from external measures, transferred to the revenue account in the budget, shall be regarded as constituting own resources ". Thus in addition to the revision of the forecasts of own resources, the PDAB 5/2007 enters an amount of EUR 260 940 125 as a result of the repayment referred to in Article 1(2) of Council Regulation (EC, Euratom) No 2273/2004<sup>3</sup>.

The reason for this surplus is that all operations carried out for the benefit of a third country or for the purpose of financing projects in a third country shall fall outside the scope of Council Regulation (EC, Euratom) No 2728/94 of 31 October 1994 establishing a Guarantee Fund for external actions, with effect from the date on which that country accedes to the EU. The above amount results from the repayment to the general budget of the amount corresponding to the provision of outstanding capital liabilities for Bulgaria and Romania at 1 January 2007.

- The impact of changes in the Financial Regulation on the revenue side.

All the recent amendments to the Financial Regulation have entered into force by 1 May 2007<sup>4</sup>. Moreover Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of the Financial Regulation has been also amended<sup>5</sup>. Therefore appropriate changes will need to be made in the PDAB 5/2007.

Three new budget lines (6330, 6331 and 6332) have been created to accommodate financial contributions from Member States and other donor countries, including in both cases their public and parastatal agencies, or from international organisations to certain external aid projects or programmes financed by the Community and managed by the Commission on their behalf, pursuant to the relevant basic act. This is a consequence of the new point (aa) that has been inserted into Article 18 (1) of the Financial Regulation.

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<sup>3</sup> Council Regulation (EC, Euratom) No 2273/2004 of 22 December 2004 amending Regulation (EC, Euratom) No 2728/94 establishing a Guarantee Fund for external actions (OJ L 396, 31.12.2004, p. 28–29).

<sup>4</sup> Council Regulation (EC, Euratom) No 1995/2006 of 13 December 2006 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 390, 30.12.2006, p. 1–26).

<sup>5</sup> Commission Regulation (EC, Euratom) No 478/2007 of 23 April 2007 amending Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 111, 28.4.2007, p. 13–45).

Some budget remarks in the statement of revenue contain references to articles of the Financial Regulation that have been modified and they need to be adjusted accordingly. This is a purely technical update and concerns the following articles/items: 5000, 5001, 522, 6113, 6701, 6702, 6703, 6711, 6712 and 6802.

The following summary table shows the distribution of total own resources payments between Member States as budgeted in the Budget 2007, in the Amending Budget (AB) 1/2007 (that modifies the 2007 budget in order to integrate the necessary technical adjustments needed from the amending letter No 2/2007, which could not be taken on board during the last phase of the 2007 budget procedure), in the Preliminary Draft Amending Budget (PDAB) 2/2007 (that modifies the AB 1/2007 in order to mobilise the EU Solidarity Fund for the floods that hit Hungary and Greece in March and April 2006 and that modifies the structure of the budget for Research following the adoption of the 7th Framework Programme), in the PDAB 3/2007 (that modifies the PDAB 2/2007 as far as agencies are concerned), in the PDAB 4/2007 (that modifies the PDAB 3/2007 in order to budget the surplus from the previous year of EUR 1 847,6 million) and in the present PDAB 5/2007.

amounts in euro

	<b>Budget 2007, AB 1/2007, PDAB 2/2007 &amp; PDAB 3/2007</b>	<b>PDAB 4/2007</b>	<b>PDAB 5/2007</b>		<b>PDAB 5/2007 vs. PDAB 4/2007</b>	<b>PDAB 4/2007 vs. PDAB 3/2007</b>
	(1)	(2)	(3)	<i>in %</i>	(4) = (3) – (2)	(4) = (2) – (1)
<b>BE</b>	4 498 323 986	4 446 910 910	4 390 488 352	3.91%	-56 422 558	- 51 413 076
<b>BG</b>	322 612 813	318 651 339	293 143 638	0.26%	-25 507 701	- 3 961 474
<b>CZ</b>	1 216 863 719	1 199 458 884	1 223 785 422	1.09%	+24 326 538	- 17 404 835
<b>DK</b>	2 344 743 747	2 309 042 179	2 266 698 313	2.02%	-42 343 866	- 35 701 569
<b>DE</b>	22 461 580 633	22 095 850 077	22 174 684 364	19.77%	+78 834 287	- 365 730 557
<b>EE</b>	138 567 103	136 596 493	168 181 465	0.15%	+31 584 972	- 1 970 610
<b>IE</b>	1 676 005 781	1 651 304 984	1 635 073 079	1.46%	-16 231 905	- 24 700 796
<b>EL</b>	2 104 756 564	2 072 642 795	2 012 841 276	1.79%	-59 801 519	- 32 113 769
<b>ES</b>	10 828 853 860	10 669 617 389	10 259 967 494	9.15%	-409 649 895	- 159 236 471
<b>FR</b>	18 338 461 530	18 047 137 597	17 558 049 732	15.65%	-489 087 865	- 291 323 932
<b>IT</b>	14 603 278 351	14 371 367 371	14 505 207 714	12.93%	+133 840 343	- 231 910 980
<b>CY</b>	178 627 328	176 289 632	172 731 514	0.15%	-3 558 118	- 2 337 696
<b>LV</b>	188 436 582	185 803 783	194 006 510	0.17%	+8 202 727	- 2 632 799
<b>LT</b>	270 700 006	266 837 405	270 938 730	0.24%	+4 101 325	- 3 862 601
<b>LU</b>	258 243 690	254 133 890	283 183 213	0.25%	+29 049 323	- 4 109 800
<b>HU</b>	928 912 076	915 038 321	916 214 240	0.82%	+1 175 919	- 13 873 755
<b>MT</b>	57 460 366	56 699 730	56 165 063	0.05%	-534 667	- 760 636
<b>NL</b>	6 378 649 329	6 294 174 245	6 282 581 555	5.60%	-11 592 690	- 84 475 084
<b>AT</b>	2 390 769 693	2 349 306 043	2 381 673 253	2.12%	+32 367 210	- 41 463 650
<b>PL</b>	2 747 200 785	2 705 502 259	2 810 883 270	2.51%	+105 381 011	- 41 698 526
<b>PT</b>	1 552 361 077	1 527 960 076	1 469 429 185	1.31%	-58 530 891	- 24 401 001
<b>RO</b>	1 067 905 902	1 051 655 237	1 134 803 437	1.01%	+83 148 200	- 16 250 665
<b>SI</b>	321 017 791	316 200 393	312 679 822	0.28%	-3 520 571	- 4 817 397
<b>SK</b>	461 026 947	453 852 073	512 062 631	0.46%	+58 210 558	- 7 174 874
<b>FI</b>	1 659 737 105	1 633 061 970	1 652 037 445	1.47%	+18 975 475	- 26 675 135
<b>SE</b>	3 022 806 250	2 973 502 645	3 073 512 103	2.74%	+100 009 458	- 49 303 604
<b>UK</b>	14 270 042 046	13 961 715 629	14 168 350 404	12.63%	+206 634 775	- 308 326 417
<b>EU</b>	<b>114 287 945 060</b>	<b>112 440 313 349</b>	<b>112 179 373 224</b>	<b>100%</b>	<b>- 260 940 125</b>	<b>- 1 847 631 711</b>

## 2. REVISION OF THE FORECAST OF TOR, VAT AND GNI BASES

According to established practice the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts, adopted at a meeting of the Advisory Committee on Own Resources (ACOR).

The revision concerns the forecast of TOR (customs duties, agricultural duties and sugar levies) to be paid to the budget in 2007 as well as the forecast of the 2007 VAT and GNI bases. The forecast in the Budget 2007 (and in the AB 1/2007, PDAB 2/2007, PDAB 3/2007 and PDAB 4/2007) was established at the 136th ACOR meeting on 19 May 2006. The revised forecast taken into account in the present PDAB 5/2007 was adopted at the meeting of the 139th ACOR meeting on 16 May 2007. The use of an updated forecast of own resources improves the accuracy of the payments that Member States are asked to make during the budgetary year and reduces the unavoidable forecasting errors from the previous year.

As compared to the forecast agreed in May 2006, the forecast agreed in May 2007 has been revised as follows:

- The total forecast of 2007 net agricultural duties is nearly unchanged at EUR 1 486,8 million (after deduction of 25 % in collection costs). Only the breakdown of this total forecast between Member States has been updated, using the latest information available on collected 2006 net agricultural duties.
- The total forecast of 2007 net sugar levies was dramatically reduced from EUR 533,1 million to - EUR 37,7 million (after deduction of 25 % in collection costs), notably following the payment in June 2006 of a higher than needed instalment for the balance of 2005/2006 levies. Consequently, the residual amount, to be paid in April 2007 for this balance, was eventually negative (i.e. a reimbursement to Member States, in order to adjust for the excessive instalment paid in the previous year). The revised total forecast and breakdown of forecast between Member States were provided by DG AGRI.
- Total 2007 net customs duties are now forecast at EUR 15 083,8 million (after deduction of 25 % in collection costs), which represents a decrease by – 1,3 % relative to the May 2006 forecast of EUR 15 287,9 million. The main reason for this decrease is a lower forecast of the weighted average tariff (1,54 %, as compared to 1,61 % last year). The forecast was made on a Member State basis, using DG ECFIN forecast growth rates of extra EU imports as published in the spring 2007 economic forecasts on 7 May 2007. Total 2007 net TOR are thus now forecast at EUR 16 532,9 million (after deduction of 25 % in collection costs), which represents a decrease by – 4,5 % (i.e. by – EUR 774,8 million) relative to the May 2006 forecast of EUR 17 307,7 million.
- The total 2007 EU uncapped VAT base is now forecast at EUR 5 713 353,3 million, which represents an increase of +3,4 % as compared to the May 2006 forecast of EUR 5 527 693,0 million. The total 2007 EU capped VAT base<sup>6</sup> is forecast at EUR 5 519 105,65 million, which represents an increase of + 3,2 % as compared to the May 2006 forecast of EUR 5 347 310,9 million.

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<sup>6</sup> In accordance with Council Decision (EC, Euratom) No 2000/597; if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at these 50 %. For the PDAB 5/2007, 13 Member States will have their VAT base capped at 50 % of GNI: Bulgaria, the Czech Republic, Estonia, Ireland, Greece, Spain, Cyprus, Latvia, Luxembourg, Malta, Poland, Portugal and Slovenia.

- The total 2007 EU GNI base is forecast at EUR 12 040 588,0 million, which represents an increase of + 3,0 % as compared to the May 2006 forecast of EUR 11 694 234,0 million.

The exchange rates of 29 December 2006 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the thirteen Member States that are not members of the euro zone). This avoids distortions since it is this rate which is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10(3) of Council Regulation (EC, Euratom) No 1150/2000).

The revised forecasts of TOR (customs duties, agricultural duties and sugar levies), uncapped VAT bases and GNI bases for 2007, as adopted at the 139th ACOR meeting on 16 May 2007, are set out in the following table (rounded figures):

#### Revised forecasts of TOR, VAT and GNI bases for 2007 (in EUR million)

	Agricultural Duties (75 %)	Sugar levies (75 %)	Customs duties (75 %)	Uncapped VAT bases	GNI bases	Capped VAT base
BE	16.2	- 4.9	1 580.9	138 293.6	328 116.5	138 293.6
BG	8.9	0.0	40.7	16 206.6	27 560.3	13 780.2
CZ	5.9	8.0	186.9	67 170.4	115 946.8	57 973.4
DK	36.1	- 2.6	286.7	93 824.1	229 315.4	93 824.1
DE	195.6	- 22.0	3 034.6	1 007 267.3	2 387 346.7	1 007 267.3
EE	0.8	17.1	22.6	8 528.4	14 413.2	7 206.6
IE	0.7	- 0.5	216.8	84 338.8	160 630.4	80 315.2
EL	9.7	- 0.9	220.7	118 972.7	202 577.4	101 288.7
ES	51.9	- 1.3	1 247.4	634 969.3	1 015 698.4	507 849.2
FR	111.3	- 20.6	1 269.7	903 323.3	1 848 336.0	903 323.3
IT	153.4	- 7.1	1 505.6	595 885.9	1 512 833.5	595 885.9
CY	3.8	7.5	30.5	12 177.1	14 864.9	7 432.5
LV	1.1	1.6	24.2	10 511.5	18 811.4	9 405.7
LT	2.2	0.0	41.3	12 060.4	26 044.3	12 060.4
LU	0.6	0.0	20.3	16 734.5	29 823.1	14 911.6
HU	4.3	- 0.1	114.8	38 359.4	92 613.4	38 359.4
MT	1.2	0.5	10.1	4 040.5	5 047.3	2 523.7
NL	263.9	- 5.0	1 506.6	268 580.2	550 059.7	268 580.2
AT	3.9	- 2.0	257.2	117 479.1	263 108.8	117 479.1
PL	41.3	- 2.8	266.3	145 342.9	283 485.7	141 742.9
PT	24.7	- 0.2	95.9	94 027.8	152 802.8	76 401.4
RO	26.5	0.0	134.3	47 894.0	113 604.0	47 894.0
SI	0.3	- 0.2	37.8	17 654.8	31 193.6	15 596.8
SK	1.3	2.5	65.7	22 616.8	50 867.4	22 616.8
FI	6.6	- 0.4	134.8	75 868.6	175 537.6	75 868.6
SE	17.5	- 1.0	406.1	143 333.1	332 202.6	143 333.1
UK	497.1	- 3.3	2 325.3	1 017 892.2	2 057 746.8	1 017 892.2
EU	1 486.8	- 37.7	15 083.8	5 713 353.3	12 040 588.0	5 519 105.7

### 3. 2003 UK CORRECTION AND 2006 UK CORRECTION

The correction of budgetary imbalances in favour of the United Kingdom (UK correction) to be budgeted in the present PDAB concerns two years: 2003 and 2006. As the UK correction of a certain year is to be financed in the following year, all 27 Member States participate in the financing of the 2006 UK correction. The financing of the 2003 UK correction, however, only concerns the 25 countries that were Member States in 2004.

The 2003 UK correction and 2006 UK correction are all subject to the rules of Council Decision (EC, Euratom) No 2000/597 and its accompanying working document, the 2000 Calculation Method<sup>7</sup>.

Pursuant to the above rules, the net “windfall gains” of the UK resulting from the increase as from 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised in the calculation of the UK correction, as well as pre-accession expenditure (PAE) paid under appropriations for payments relating to the year preceding the enlargement. The same adjustment for PAE will be followed at the occasion of each future enlargement of the Union.

Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK. These financing rules have an impact on the uniform rate of call of VAT, calculated as the difference between the maximum rate of call (0,50 % of the capped VAT base) and the frozen rate (whose calculation is based on the 2006 UK correction).

The difference between the 2003 UK correction (definitive amount) and the amount previously budgeted (in 2004) as well as the result of the entire recalculation of the financing of the whole amount of the 2003 UK correction on the basis of the latest data for 2004 is entered under chapter 35 of the budget, without any impact on the uniform rate of call of VAT.

The amount of the first update of the 2006 UK correction is entered under chapter 15 of the PDAB 5/2007, as a replacement of the amount of the provisional amount of the 2006 UK correction entered under chapter 15 of the Budget 2007.

### **3.1. Calculation of the corrections**

In the present PDAB, the calculation and financing of the first update of the 2006 UK correction, as well as of the definitive amount of the 2003 UK correction are entered.

As far as the 2004 and 2005 UK corrections are concerned, the Commission shall (according to the 2000 Calculation Method) propose to budget an update if it differs significantly from the corresponding previously budgeted calculation. According to the Commission’s current calculations, the amount of the 2004 and 2005 UK corrections do not differ significantly from, respectively, the second update of the 2004 UK correction and from the first update of the 2005 UK correction, both entered in the AB 4/2006. Consequently, an update is not proposed for budgeting in the present PDAB 5/2007.

#### *3.1.1. 2006 UK correction*

The following table summarises the changes between the provisional amount of the 2006 UK correction entered in the budget 2007 and the first update of the 2006 UK correction to be entered in the PDAB 5/2007.

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<sup>7</sup> Council Decision (EC, Euratom) n° 2000/597 of 29 September 2000 on the system of the EU own resources, available on: [http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l\\_253/l\\_25320001007en00420046.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_253/l_25320001007en00420046.pdf)  
Commission working document of 21 September 2000 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in accordance with Articles 4 and 5 of Council Decision [2000/597] on the system of the EU own resources" referred as the *2000 Calculation Method* and available on: [http://ec.europa.eu/budget/library/documents/revenue\\_expenditure/own\\_resources/calc\\_own\\_res\\_en.pdf](http://ec.europa.eu/budget/library/documents/revenue_expenditure/own_resources/calc_own_res_en.pdf)



<b>2006 UK correction</b>		<b>Provisional Budget 2007</b>	<b>1<sup>st</sup> update PDAB 5/2007</b>	<b>Difference</b>
(1)	UK share of notional uncapped VAT base	17.5894%	17.6888%	+ 0.0994%
(2)	UK share of PAE-adjusted total allocated expenditure	8.6985%	8.6868%	- 0.0117%
(3)	= (1) - (2)	8.8909%	9.0020%	+ 0.1111%
(4)	Total allocated expenditure	100 442 931 519	96 930 892 220	- 3 512 039 299
(5)	Pre-accession expenditure (PAE)	1 815 757 317	1 837 927 773	+ 22 170 456
(6)	PAE-adjusted total allocated expenditure = (4) - (5)	98 627 174 202	95 092 964 446	- 3 534 209 756
(7)	UK correction original amount = (3) x (6) x 0.66	5 787 446 312	5 649 772 605	- 137 673 707
(8)	UK advantage	528 700 814	339 974 729	- 188 726 085
(9)	Core UK correction = (7) - (8)	5 258 745 498	5 309 797 876	+ 51 052 377
(10)	TOR windfall gains	7 542 868	- 21 571 097	- 29 113 965
<b>(11)</b>	<b>UK correction = (9) - (10)</b>	<b>5 251 202 631</b>	<b>5 331 368 973</b>	<b>+ 80 166 342</b>

The first update of the 2006 UK correction is EUR 80,2 million higher as compared to the provisional amount of the 2006 UK correction entered in the budget 2007.

### 3.1.2. 2003 UK correction

The table hereafter summarises the changes between the 1st update of the 2003 UK correction entered in the AB 8/2004 and the definitive amount of the 2003 UK correction to be entered in the PDAB 5/2007.

<b>2003 UK correction</b>		<b>1<sup>st</sup> update AB 8/2004</b>	<b>Definitive PDAB 5/2007</b>	<b>Difference</b>
(1)	UK share of notional uncapped VAT base	18.4963%	18.4058%	- 0.0905%
(2)	UK share of PAE-adjusted total allocated expenditure	7.6761%	7.5941%	- 0.0820%
(3)	= (1) - (2)	10.8202%	10.8117%	- 0.0085%
(4)	Total allocated expenditure	82 025 811 437	81 204 065 722	- 821 745 715
(5)	Pre-accession expenditure (PAE)	0	0	+ 0
(6)	PAE-adjusted total allocated expenditure = (4) - (5)	82 025 811 437	81 204 065 722	- 821 745 715
(7)	UK correction original amount = (3) x (6) x 0.66	5 857 732 062	5 794 476 156	- 63 255 907
(8)	UK advantage	447 826 886	489 158 724	+ 41 331 838
(9)	Core UK correction = (7) - (8)	5 409 905 176	5 305 317 431	- 104 587 745
(10)	TOR windfall gains	18 346 139	20 223 422	+ 1 877 283
<b>(11)</b>	<b>UK correction = (9) - (10)</b>	<b>5 391 559 038</b>	<b>5 285 094 010</b>	<b>- 106 465 028</b>

The definitive amount of the 2003 UK correction is EUR 106,5 million lower as compared to the first update of the 2003 UK correction entered in the AB 8/2004. The difference is due to the combined effect of five factors, which can be quantified as follows:

- The decrease in the UK share of uncapped VAT base decreases the 2003 UK correction by around EUR 49,0 million.
- The decrease in the UK share of PAE-adjusted total allocated expenditure increases the 2003 UK correction by around EUR 44,4 million.
- The decrease in PAE-adjusted total allocated expenditure decreases the 2003 UK correction by around EUR 58,7 million.
- The increase in the so-called “UK advantage” decreases the 2003 UK correction by EUR 41,3 million.
- The increase in the so-called “TOR windfall gains” decreases the 2003 UK correction by EUR 1,9 million.

### 3.2. Entry in the PDAB 5/2007 of the first update of the 2006 UK correction and of the definitive amount of the 2003 UK correction

#### 3.2.1. 2006 UK correction (chapter 15)

The amount of the UK correction to be budgeted in chapter 15 of the present PDAB 5/2007 is the amount of the 1st update of the 2006 UK correction (i.e. EUR 5 331 368 973 replacing the EUR 5 251 202 631 entered in the budget 2007).

This amount is to be financed along the revised 2007 GNI bases of the present PDAB 5/2007. The budgeting of this amount in chapter 15 is summarised below:

<b>2006 UK correction chapter 15</b>			
<b>BE</b>	247 212 185	<b>LU</b>	22 469 561
<b>BG</b>	20 764 704	<b>HU</b>	69 777 536
<b>CZ</b>	87 357 575	<b>MT</b>	3 802 778
<b>DK</b>	172 772 662	<b>NL</b>	73 440 295
<b>DE</b>	318 742 577	<b>AT</b>	35 128 529
<b>EE</b>	10 859 310	<b>PL</b>	213 586 087
<b>IE</b>	121 023 454	<b>PT</b>	115 125 921
<b>EL</b>	152 627 502	<b>RO</b>	85 592 444
<b>ES</b>	765 255 697	<b>SI</b>	23 502 134
<b>FR</b>	1 392 588 247	<b>SK</b>	38 324 928
<b>IT</b>	1 139 811 242	<b>FI</b>	132 254 957
<b>CY</b>	11 199 633	<b>SE</b>	44 353 471
<b>LV</b>	14 173 037	<b>UK</b>	-5 331 368 973
<b>LT</b>	19 622 507	<b>Total</b>	<b>0</b>

#### 3.2.2. 2003 UK correction (chapter 35)

The financing of the definitive amount of the 2003 UK correction is entered in chapter 35 of the present PDAB 5/2007 along the 2004 GNI (and VAT) bases<sup>8</sup> as known at the end of 2006. The amount budgeted in chapter 35 includes:

<sup>8</sup> Reduced by 1/3 for the 10 Member States which joined the EU on 1 May 2004.

- the adjustment as regards the direct effect, i.e. the difference between what each Member State should pay for the definitive amount of the 2003 UK correction (along the 2004 GNI bases<sup>9</sup> as known at the end of 2006) and the corresponding amounts previously budgeted (i.e. the payments for the financing of the 1st update of the 2003 UK correction budgeted in the AB 8/2004),
- the adjustment as regards the indirect effect, i.e. the difference between the implicit impact on Member States' VAT and GNI payments of the definitive amount of the 2003 UK correction (along the 2004 VAT and GNI bases<sup>10</sup> as known at the end of 2006) and the implicit impact<sup>11</sup> on Member States' VAT and GNI payments of the 1st update of the 2003 UK correction in the AB 8/2004 (along the 2004 VAT and GNI bases<sup>12</sup> in the AB 8/2004).

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<sup>9</sup> Reduced by 1/3 for the 10 Member States which joined the EU on 1 May 2004.

<sup>10</sup> Reduced by 1/3 for the 10 Member States which joined the EU on 1 May 2004.

<sup>11</sup> Due to the effect of the UK correction on the uniform rate of call of VAT (reduced by the 'frozen rate') and therefore also on the uniform rate of call of GNI (increased to compensate for the reduced VAT payments).

<sup>12</sup> Reduced by 1/3 for the 10 Member States which joined the EU on 1 May 2004.

The financing of the definitive amount of the 2003 UK correction in chapter 35 of the present PDAB 5/2007 is summarised below:

	<i>Definitive amount</i> (direct effect along 2004 GNI bases as known at end 2006)	<i>Ist update</i> (direct effect budgeted in AB 8/2004, i.e. along 2004 GNI bases as of AB 8/2004)	Adjustment <b>direct effect</b>	<i>Definitive amount</i> (indirect effect on VAT/GNI contributions in the 2004 budget, as recalculated at end 2006)	<i>Ist update</i> (indirect effect on VAT/GNI contributions in the AB 8/2004)	Adjustment <b>indirect effect</b>	<b>TOTAL</b> (to be budgeted in chapter 35 of PDAB 5/2007) (7) = (3) + (6)
	(1)	(2)	(3) = (1) - (2)	(4)	(5)	(6) = (4) - (5)	(7) = (3) + (6)
BE	265 454 902	271 066 206	- 5 611 304	+ 25 838 240	+ 34 980 590	- 9 142 350	- 14 753 654
BG	---	---	---	---	---	---	---
CZ	49 540 058	50 571 316	- 1 031 258	- 5 048 512	- 4 471 649	- 576 863	- 1 608 121
DK	177 715 503	185 072 230	- 7 356 727	+ 25 800 355	+ 28 450 374	- 2 650 019	- 10 006 747
DE	341 499 660	355 741 366	- 14 241 706	+ 100 090 843	+ 110 399 264	- 10 308 421	- 24 550 127
EE	5 355 013	4 929 651	+ 425 362	- 545 717	- 435 893	- 109 824	+ 315 538
IE	113 359 419	113 194 720	+ 164 699	- 11 552 196	- 10 008 976	- 1 543 220	- 1 378 521
EL	152 756 186	157 940 375	- 5 184 189	- 15 567 029	- 13 965 504	- 1 601 525	- 6 785 714
ES	748 626 345	752 373 534	- 3 747 189	- 76 290 776	- 66 526 851	- 9 763 925	- 13 511 113
FR	1 510 366 341	1 545 977 063	- 35 610 722	- 65 397 186	- 35 300 335	- 30 096 851	- 65 707 572
IT	1 249 116 533	1 279 773 409	- 30 656 876	+ 184 976 832	+ 130 952 957	+ 54 023 874	+ 23 366 998
CY	7 336 503	7 695 268	- 358 765	- 747 646	- 680 436	- 67 210	- 425 975
LV	6 624 206	6 101 026	+ 523 180	+ 639 662	+ 288 078	+ 351 584	+ 874 764
LT	10 740 845	10 884 455	- 143 611	+ 866 191	+ 204 186	+ 662 005	+ 518 395
LU	20 091 572	21 172 445	- 1 080 873	- 2 047 486	- 1 872 123	- 175 362	- 1 256 235
HU	46 474 216	46 817 389	- 343 173	+ 1 679 807	- 4 139 717	+ 5 819 524	+ 5 476 350
MT	2 598 322	2 819 539	- 221 217	- 264 789	- 249 311	- 15 478	- 236 695
NL	78 108 086	75 423 495	+ 2 684 591	- 6 046 763	- 22 329 988	+ 16 283 225	+ 18 967 817
AT	36 285 794	37 537 166	- 1 251 372	+ 6 430 954	- 2 694 754	+ 9 125 708	+ 7 874 336
PL	117 499 649	116 389 760	+ 1 109 889	- 10 411 978	- 10 291 490	- 120 489	+ 989 400
PT	127 114 878	126 607 709	+ 507 169	- 12 953 983	- 11 194 987	- 1 758 995	- 1 251 826
RO	---	---	---	---	---	---	---
SI	15 618 800	16 342 578	- 723 778	- 1 591 676	- 1 445 054	- 146 622	- 870 400
SK	20 363 761	20 235 562	+ 128 198	+ 2 696 545	+ 313 878	+ 2 382 667	+ 2 510 865
FI	138 679 572	141 167 543	- 2 487 971	+ 9 591 269	+ 7 322 207	+ 2 269 061	- 218 910
SE	43 767 846	45 725 232	- 1 957 386	+ 14 611 995	+ 15 008 514	- 396 520	- 2 353 906
UK	-5 285 094 010	-5 391 559 038	+ 106 465 028	- 164 756 955	- 142 312 980	- 22 443 975	+ 84 021 053
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>