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NOTE

from:	Presidency
to:	Permanent Representatives Committee / Council
Subject:	Multiannual Financial Framework (2014-2020) - Section of the Negotiating Box relating to the revenue side

Delegations will find enclosed the section of the Negotiating Box relating to the revenue side.

The Negotiating Box is drawn up and developed under the responsibility of the Presidency. It is not binding on any delegation. This will remain the case throughout the negotiating process. The Presidency continues to be guided by the principle that nothing is agreed until everything is agreed.

The Negotiating Box is not a report on the discussions so far. It draws on the input provided by the orientation debates held since July 2011 and has an evolving character. Gradually, as the process advances, it will be updated following discussions within the Council.

1. The total amount of own resources allocated to the Union budget to cover annual appropriations for payments shall not exceed 1.23% of the sum of all the Member States' GNIs. The total amount of appropriations for commitments entered in the Union budget shall not exceed 1.29% of the sum of all the Member States' GNIs. An orderly ratio between appropriations for commitments and appropriations for payments shall be maintained to guarantee their compatibility.

2. The new system of own resources of the European Union will enter into force on the first day of the month following receipt of the notification of its adoption by the last Member State. All its elements will apply [retroactively] from [1 January 2014].

Traditional own resources

3. The system for collection of traditional own resources will remain unchanged. [However, from [1 January 2014], Member States shall retain, by way of collection costs, [10-25]% of the amounts collected by them.]

VAT-based own resource

4.

(a) [The existing own resource based on value added tax (VAT) will be eliminated in its current form as of [1 January 2014].]

OR

(b) [The existing own resource based on value added tax (VAT) will be maintained [, with the following changes: XX].]

5. *(if option 4 (a) is retained:)*

(a) [A new VAT-based own resource will be introduced which will be calculated on the basis of a share of the net total VAT receipts collected by Member States. A share of [1%]/[not exceeding 2%] of the net value of supplies of goods and services subject to a standard rate of VAT in every Member State shall be applicable [; for the years 2014 to 2020 the applicable rate shall be set at [1 %]] . A single Union average proportion of the value of chargeable supplies compared to the value of total supplies will be determined prior to the start of the Multiannual Financial Framework and will be applied during its duration.]

OR

(b) [A new VAT-based own resource will not be introduced.]

FTT-based own resource

6.

(a) [A new own resource based on a system of financial transaction tax (FTT) will be introduced. It shall be levied in the amount of a share [of two thirds] of the amounts collected by Member States according to the minimum FTT rates set out in the relevant Council Directive[; for the years 2014 to 2020 the applicable share shall be set at [two thirds].]

OR

(b) [A new own resource based on a system of financial transaction tax will not be introduced.]

GNI-based own resource

7. The method of applying a uniform rate for determining Member States' contributions to the existing own resource based on gross national income (GNI) will remain unchanged.

Implementing regulation

8. (a) [On the basis of Art. 311.4 TFEU, a Council Regulation laying down implementing measures is established, setting in particular [the applicable shares and rates for own resources, within the limits established in the Own Resources Decision], [the procedure to deal with significant changes to GNI] and [provisions concerning control and supervision, including reporting requirements].]

   OR

   (b) [No implementing regulation is established.]

Interest rates on late payments

9.

   (a) [No changes will be made to the method for calculation of interest rates on late payments in the Own Resources system (article 11 in regulation 1150/2000).]

   OR

   (b) [The interest rate on late payments will continue to be calculated according to article 11 in regulation 1150/2000. However, [the monthly increase in the interest rate by 0.25 percentage points will be abolished] OR [the interest rate will be capped at a level equivalent to the rate applied by the ECB refinancing operations plus [x] percentage points].]

Corrections

10.

(a) [All existing correction mechanisms in the current system of own resources of the European Union will be replaced, as of [1 January 2014], by temporary corrections in the form of lump sum gross reductions in annual GNI-based contributions during the period [2014-2020] for the following Member States:

[- EUR [2 500 million] for Germany,]

[- EUR [1 050 million] for the Netherlands,]

[- EUR [350 million] for Sweden,]

[- EUR [3 600 million] for the United Kingdom].

Lump sums will be financed by all Member States.]

OR

(b) [All existing correction mechanisms in the current system of own resources of the European Union will be completely eliminated as of [1 January 2014]. No new correction mechanisms will be introduced.]

OR

(c) [The existing correction mechanisms in the current system of own resources of the European Union will continue to apply also under the new system of own resources [with the following changes: XX].]