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Subject: **3563rd** meeting of the Council of the European Union
(Economic and Financial Affairs),
held in Luxembourg on 10 October 2017

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¹ Deliberations on Union legislative acts (Article 16(8) of the Treaty on European Union), other deliberations open to the public and public debates (Article 8 of the Council's Rules of Procedure).

LEGISLATIVE DELIBERATIONS

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

"A" ITEMS

1. Council Directive on Tax Dispute Resolution Mechanisms in the European Union

= Adoption

12545/17 FISC 200 ECOFIN 748

9806/17 FISC 118 ECOFIN 472

+ REV 1 (nl)

approved by Coreper, Part 2, on 04.10.2017

The Council adopted the Council Directive on Tax Dispute Resolution Mechanisms in the European Union as finalised by the legal/linguistic experts in 9806/17.

2. DAB No 5/2017: Providing the financing for the EFSD and increasing the EAR further to the revision of the MFF regulation

12439/17 FIN 562 PE-L 37

approved by Coreper, Part 2, on 04.10.2017

The Council adopted its position on the draft amending budget No 5/2017 as set out in 12439/17, with the United Kingdom delegation abstaining, and took note of the following statements.

Common statement on the technical adjustment for 2018 by Austria, Denmark, Finland, France, Germany, the Netherlands and Sweden²

"In light of the publication on 18 September 2017³ of the technical adjustment of the financial framework for 2018 and with regard to the current annual budgetary procedure, Austria, Denmark, Finland, France, Germany, the Netherlands and Sweden wish to again register their interpretation of council regulation No 1311/2013 of 2 December 2013 that payments for special instruments must be accounted for within the payment ceilings established under the 2014-2020 multiannual financial framework (MFF).

² Draft amending budget No 5 to the general budget for 2017, submitted on 28 July 2017, suggests increasing the Emergency Aid Reserve (EAR) in respect to the revision of the multiannual financial framework for the years 2014-2020. With regard to the payments for special instruments, Austria, Denmark, Finland, France, Germany, the Netherlands and Sweden wish to make a common statement.

³ Communication from the Commission to the Council and the European Parliament: Technical adjustment of the financial framework for 2018 in line with movements in GNI (ESA 2010) (Article 6 of Council Regulation No 1311/2013 laying down the multiannual financial framework for the years 2014-2020) updating and replacing Communication COM(2017) 220 final of 24 May 2018.

In the technical adjustment exercise, the Commission, when calculating the global margin for payments (GMP), has on the contrary of the above maintained that payments associated with special instruments are not accounted for within the payment ceilings established under the 2014-2020 MFF.

Taking into account this difference of interpretation and its significant implications for the calculation of the Global Margin for Payments, Austria, Denmark, Finland, France, Germany, the Netherlands and Sweden consider that the GMP for 2014, 2015 and 2016 requires recalculation and call on the Commission to amend the technical adjustment as soon as possible in order that payments under the special instruments are accounted for within the ceilings of the MFF.

Austria, Denmark, Finland, France, Germany, the Netherlands and Sweden will take positions on any budgetary proposal on the basis of the correct interpretation as outlined above."

Common statement on the technical adjustment for 2018 by Bulgaria, Croatia, Cyprus, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia

"In the context of the publication of the technical adjustment of the financial framework for 2018, Bulgaria, Croatia, Cyprus, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Slovenia would like to recall that in accordance with Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 both commitment and payment appropriations of the special instruments shall be counted over and above the ceilings of the multiannual financial framework (MFF). This is fully in line with the European Council Conclusions of 7/8 February 2013 on the 2014-2020 multiannual financial framework⁴, which requested specific and maximum possible flexibility to allow the Union to fulfil its obligations in compliance with Article 323 of the Treaty on the Functioning of the European Union (TFEU).

Therefore the above mentioned Member States reiterate their support to the Commission's way of calculating the global margin for payments as part of the annual technical adjustments to the MFF. We believe that any other approach would fundamentally contradict the commitment established in the Article 323 of the TFEU, and hinder the capacity of the MFF to react to unforeseen circumstances.

Moreover we would like to recall that according to Article 6(4) of Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 no ex-post corrections shall be made to the technical adjustments of previous years."

⁴ Paragraph 101 of the Conclusions: *"The MFF will include, as a rule, all items for which EU financing is foreseen, as a means of ensuring transparency and appropriate budget discipline. However, given their specificities, the Flexibility Instrument, the Solidarity Fund, the European Globalisation Adjustment Fund, the Emergency Aid Reserve and the European Development Fund will be placed outside the MFF."*

"B" ITEMS

3. Any other business

- **Current financial services legislative proposals**
 - = Information from the Presidency
12616/17 EF 212 ECOFIN 759

The Council took note of the state of play in relation to financial services' legislative proposals.

- **Definitive VAT system**
 - = Presentation by the Commission
12617/17 FISC 202 ECOFIN 785
12880/17 FISC 211 ECOFIN 786 IA 149
12881/17 FISC 212 ECOFIN 787 IA 150
12882/17 FISC 213 ECOFIN 788 IA 151

The Commission presented three legislative proposals aiming at introducing the Definitive VAT system.
