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**DRAFT AMENDING BUDGET No 7
TO THE GENERAL BUDGET 2020**

Update of revenue (own resources)

Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (...) ¹, and in particular Article 44 thereof,
- the general budget of the European Union for the financial year 2020, as adopted on 27 November 2019 ²,
- amending budget No°1/2020 ³, adopted on 17 April 2020,
- amending budget No°2/2020 ⁴, adopted on 17 April 2020,
- amending budget No°3/2020 ⁵, adopted on 17 June 2020,
- amending budget No°4/2020 ⁶, adopted on 17 June 2020,
- draft amending budget No°5/2020 ⁷, adopted on 3 June 2020,
- draft amending budget No 6/2020 ⁸, adopted on 3 June 2020,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No°7/2020 to the 2020 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and in section III are available on EUR-Lex (<https://eur-lex.europa.eu/budget/www/index-en.htm>).

¹ OJ L 193, 30.7.2018.
² OJ L 57, 27.2.2020.
³ OJ L 126, 21.4.2020.
⁴ OJ L 126, 21.4.2020.
⁵ OJ L XXX, XX.X.2020.
⁶ OJ L XXX, XX.X.2020.
⁷ COM(2020) 421, 3.6.2020.
⁸ COM(2020) 423, 3.6.2020

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EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of Draft Amending Budget (DAB) No 7 for the year 2020 is to update the revenue side of the budget to take account of the latest developments:

- to revise the forecast of Traditional Own Resources (i.e. customs duties), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget.
- to update other revenue such as fines and exchange rate differences.

2. UPDATE OF REVENUE

2.1 Overall impact of DAB 7/2020 on the distribution of total own resources payments between Member States

Following the 178th meeting of the Advisory Committee on Own Resources (ACOR), which was held by written procedure from 19-25 May 2020, two types of adjustments of the revenue side of the budget are required:

- an update of the estimates for Traditional Own Resources (TOR) as well as for the own resources based on the Value Added Tax (VAT) and Gross National Income (GNI) to take account of more recent economic forecasts, and
- an update of the UK correction.

These adjustments are presented in sections 2.2 and 2.3 below.

Moreover, the other revenue are updated to take into account finally cashed fines and penalty payments until June 2020 and also the negative exchange rate differences (see sections 2.5 and 2.4 below).

The overall impact of all the revenue adjustments of this DAB is shown in the summary table below. This table also shows the distribution of total own resources payments between Member States: as budgeted in the 2020 budget, as amended in Draft Amending Budget N°6 (DAB 6/2020)⁹, and finally in the present DAB.

⁹ COM(2020) 423, 3.6.2020.

Distribution of total own resources payments by Member States (in million EUR)

	Budget 2020	DAB 6/2020	DAB 7/2020
	(1)	(2)	(3)
BE	6 313,9	6 499,9	6 332,3
BG	641,7	665,6	659,8
CZ	2 135,7	2 218,8	2 290,7
DK	2 904,5	3 029,7	3 118,1
DE	31 032,1	32 448,8	32 955,7
EE	277,4	288,2	302,2
IE	2 599,7	2 706,9	2 652,8
EL	1 825,0	1 901,0	1 905,6
ES	12 649,7	13 149,6	12 577,5
FR	23 283,6	24 261,5	24 654,5
HR	515,6	536,8	531,2
IT	17 239,5	17 946,0	17 751,0
CY	216,0	224,5	226,6
LV	318,9	331,5	319,3
LT	512,4	531,0	525,5
LU	397,7	414,8	452,3
HU	1 429,0	1 484,4	1 498,4
MT	128,9	134,0	131,4
NL	8 025,0	8 344,8	8 249,6
AT	3 536,8	3 696,0	3 789,0
PL	5 450,1	5 656,5	5 782,5
PT	2 011,6	2 092,8	2 171,8
RO	2 057,1	2 144,4	2 240,4
SI	522,1	541,7	526,5
SK	926,7	965,2	937,7
FI	2 245,5	2 341,3	2 421,9
SE	3 903,6	4 091,9	4 313,3
UK	18 537,9	18 359,7	17 972,3
EU	151 637,8	157 007,3	157 289,9

2.2 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 forecasts¹⁰, agreed with the Member States in the ACOR forecast procedure.

The revision concerns the forecast of TOR to be paid to the budget in 2020 as well as the forecast of the 2020 VAT and GNI bases. The forecast in the 2020 Budget was established at the 175th ACOR meeting on 24 May 2019. The revision in the present DAB takes into account the agreed forecasts of the 178th ACOR meeting held by written procedure from 19-25 May 2020. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make to the EU budget during the budgetary year.

The ACOR projections of VAT and GNI bases are usually determined as a compromise between the Commission's forecast and the Member State's forecasts. However, this year all Member States accepted the Commission's proposal to use its own forecasts for the VAT and GNI bases for 2020 to ensure equal treatment across Member States. The Commission spring 2020 economic forecast provides a horizontally consistent approach, based on a consistent set of data, methodology and assumptions for all Member States, which appears particularly important in the exceptional situation of the Covid-19 pandemic.

The pandemic has drastically changed the outlook for the European economy. The Commission spring 2020 forecast expects the EU economy to contract by a record 7.5 % this year, followed by a rebound of 6.1 % in 2021 – not enough to fully make up for this year's loss. At the end of the forecast horizon, the EU economy would be about 3 % lower than the output level projected by the autumn forecast 2019. The pandemic will affect all demand components except government consumption and public investment, which play a stabilising role. International trade is expected to collapse unprecedentedly and the rebound next year to remain limited due to disruptions in global value chains.

The worsening economic situation is reflected in the own resources forecast for 2020. Therefore, as compared to the forecast agreed in May 2019, the forecast for 2020 has been revised as follows:

- Total 2020 net customs duties are now forecast at EUR 18 507,3 million (after deduction of 20 % collection costs), which represents a decrease of 16,47 % relative to the forecast of EUR 22 156,9 million included in the Budget 2020. The Commission compared the results of the traditional ACOR forecasting method (based on the Commission Spring 2020 economic forecast) with the results of the extrapolation method based on the latest outturn data for collected customs duties (January – April 2020). As in the past years, it was agreed to apply a conservative approach ensuring sound budget management in a context of high economic uncertainties and potential disruptions in trade patterns. The traditional forecast method, which takes into account possible effects of the pandemic on trade, provides the lowest TOR revenue. Therefore, it was agreed to use it for the revision of the 2020 TOR forecast.
- The total 2020 EU uncapped VAT base is now forecast at EUR 6 764 185,3 million, which represents a decrease of 8,30 % compared to the May 2019 forecast of EUR 7 376 556,2 million. The total 2020 EU capped VAT base¹¹ is forecast at EUR 6 727 739,2 million, which represents a decrease of 8,43 % compared to the May 2019 forecast of EUR 7 347 133,9 million.
- The total 2020 EU GNI base is forecast at EUR 15 480 146,9 million, which is a decrease of 8,88 % compared to the May 2019 forecast of EUR 16 988 025,0 million.

The exchange rates of 31 December 2019 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the nine Member States that are not members of the euro area). This avoids distortions, since this rate is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10a(1) of Council Regulation No 609/2014).

¹⁰ European Commission, 2020, European Economic Forecast spring 2020, European Economy, Institutional Paper 125.

¹¹ In accordance with Council Decision 2014/335, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at this 50 %. For DAB 7/2020, six Member States will have their VAT base capped at 50 % of GNI: Croatia, Cyprus, Luxembourg, Malta, Poland and Portugal.

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2020, as adopted at the 178th ACOR meeting held by written procedure from 19-25 May 2020, are set out in the following table:

Revised forecasts of TOR, VAT and GNI bases for 2020 (in million EUR)

	Customs (80%)	Uncapped VAT bases	GNI bases	Capped VAT bases¹²
BE	1 855,2	189 777,7	449 226,0	189 777,7
BG	77,0	27 165,8	56 874,4	27 165,8
CZ	257,6	92 345,4	201 610,8	92 345,4
DK	316,9	113 403,4	299 768,7	113 403,4
DE	3 682,9	1 379 190,9	3 354 899,6	1 379 190,9
EE	36,4	12 711,1	26 004,9	12 711,1
IE	239,8	91 612,0	244 502,7	91 612,0
EL	227,1	68 974,4	170 317,2	68 974,4
ES	1 145,6	525 701,4	1 139 453,3	525 701,4
FR	1 492,9	1 043 797,5	2 310 950,4	1 043 797,5
HR	29,5	33 212,2	49 035,0	24 517,5
IT	1 548,8	655 487,7	1 640 896,9	655 487,7
CY	25,0	15 360,0	19 667,9	9 834,0
LV	36,4	12 075,5	28 582,7	12 075,5
LT	90,5	18 210,5	43 691,8	18 210,5
LU	17,7	30 401,6	42 714,0	21 357,0
HU	164,9	57 027,0	133 530,3	57 027,0
MT	13,4	9 182,8	11 568,7	5 784,4
NL	2 461,7	309 010,0	752 515,8	309 010,0
AT	188,0	173 737,6	379 655,5	173 737,6
PL	734,9	254 114,4	497 588,8	248 794,4
PT	179,8	102 255,7	195 586,8	97 793,4
RO	164,9	81 445,0	210 407,0	81 445,0
SI	71,0	21 884,8	45 058,8	21 884,8
SK	74,1	34 104,4	87 990,5	34 104,4
FI	136,7	101 842,5	228 223,7	101 842,5
SE	436,1	204 408,8	466 486,2	204 408,8
UK	2 802,5	1 105 745,2	2 393 338,5	1 105 745,2
EU 28	18 507,3	6 764 185,3	15 480 146,9	6 727 739,2

¹² The amounts highlighted in grey result from the capped VAT bases, as explained in footnote 11 above.

2.3 2015, 2016, 2017, 2018 and 2019 UK correction

2.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns years: 2015, 2016, 2017, 2018 and 2019.

The 2015, 2016, 2017, 2018 and 2019 UK corrections are subject to the rules of Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union¹³ and its accompanying working document, the *2014 Calculation Method*¹⁴. Pursuant to the rules of this Decision, the net TOR “windfall gains” of the UK resulting from the increase since 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by the total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as the part of the rural development expenditure originating from the EAGGF, Guarantee section.

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.

In the present DAB, the calculation and financing of the *1st update of the 2019 UK correction*, *2nd update of the 2018 UK correction*, *3rd update of the 2017 UK correction* and the *definitive amounts of the 2015 and 2016 UK corrections* are entered.

The difference between the *definitive amount of the 2015 and 2016 UK correction* and the amounts previously budgeted (the *1st update of 2015 UK correction* entered in AB 5/2016 and *1st update of 2016 UK correction* entered in AB 6/2017) is entered in chapter 35 (Result of the definitive calculation of the financing of the correction of budgetary imbalances for the United Kingdom) of the present DAB.

The difference between the *3rd update of the 2017 UK correction* and the amount previously budgeted (the *1st update* entered in AB 6/2018) and the difference between the *2nd update of the 2018 UK correction* and the amount previously budgeted (the *provisional amount* entered in Budget 2019) are entered in chapter 36 of the present DAB.

The *1st update amount of the 2019 UK correction* is entered in chapter 15 (Correction of budgetary imbalances) of the present DAB, replacing the previously budgeted *provisional amount*.

2.3.2 Calculation of the corrections

The update of the corrections for 2015, 2016, 2017, 2018 and 2019 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2019. In addition the update of the correction for 2018 and 2019 also takes into account the allocated expenditure of 2018 and 2019 respectively.

The following table summarises the updates of the 2015-2019 corrections included in this draft amending budget.

¹³ OJ L 168, 7.6.2014, p. 105-111.

¹⁴ Commission working document of 14 May 2014 “Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in favour of the United Kingdom (‘the correction’) in accordance with Articles 4 and 5 of Council Decision 2014/335/EC, Euratom on the system of own resources of the European Union”.

DAB 7/2020		
(1)	6 056 341 847	2015 UK correction1st updateAB 5/2016
(2)	6 126 699 989	2015 UK correctionFINALBUDGETED(DAB 7/2020)
(3) = (2) - (1)	+ 70.358.142	budgeted in chapter 35
(4)	4 932 590 878	2016 UK correction1st updateAB 6/2017
(5)	5 061 658 216	2016 UK correctionFINALBUDGETED(DAB 7/2020)
(6) = (5) - (4)	+ 129.067.338	budgeted in chapter 35
(7)	4 933 937 643	2017 UK correction1st updateAB 6/2018
(8)	5 158 358 098	2017 UK correction3rd updateBUDGETED(DAB 7/2020)
(9) = (8) - (7)	+ 224.420.455	budgeted in chapter 36
(10)	5 023 528 676	2018 UK correctionProvisionaB 2019
(11)	5 516 634 839	2018 UK correction2nd updateBUDGETED(DAB 7/2020)
(12) = (11) - (10)	+ 493.106.163	budgeted in chapter 36
(13)	5 254 368 981	2019 UK correctionProvisionaB 2020
(14)	5 170 332 675	2019 UK correction1st updateBUDGETED(DAB 7/2020)
(15) = (14) - (13)	- 84.036.306	budgeted in chapter 15
(16) = (3) + (6) + (9) + (12) + (14)	6 087 284 773	total budgeted in chapters 15 & 35 & 36
(17) = (16) - (13)	+ 832.915.792	Difference (for information)

2.3.2.1 2019 UK correction

The following table summarises the changes between the *provisional amount* of the 2019 UK correction entered in the Budget 2020 and the *1st update* of the 2019 UK correction to be entered in the present DAB.

2019 UK correction	2019 UK correction PROVISIONAL Budget 2020	2019 UK correction 1st UPDATE DAB 7/2020	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	16,3037%	16,0617%	- 0,2420%
(2) UK share of enlargement-adjusted total allocated expenditure	7,3015%	7,6186%	+ 0,3171%
(3) = (1) - (2)	9,0022%	8,4431%	- 0,5591%
(4) Total allocated expenditure	130 008 765 143	133 761 974 693	+ 3.753.209.550
(5) Enlargement-related expenditure = (5a) + (5b)	30 694 725 929	33 495 190 550	+ 2.800.464.621
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	30 694 725 929	33 495 190 550	+ 2.800.464.621
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	99 314 039 214	100 266 784 143	+ 952.744.929
(7) UK correction original amount = (3) x (6) x 0.66	5 900 699 546	5 587 332 443	- 313.367.103
(8) UK advantage	690 825 371	459 372 003	- 231.453.368
(9) Core UK correction = (7) - (8)	5 209 874 175	5 127 960 440	- 81.913.735
(10) TOR windfall gains	- 44 494 806	- 42 372 235	+ 2.122.571
(11) UK correction = (9) - (10)	5 254 368 981	5 170 332 675	- 84.036.306

The 1st update of the 2019 UK correction is around EUR 84 million lower as compared to the *provisional amount* of the 2019 UK correction entered in the Budget 2020 due to the updates of the VAT and GNI bases as agreed by Member States in ACOR forecast written procedure (May, 2020) and the update of the allocated expenditure for 2019 (the provisional amount included the forecast of the allocated expenditure).

2.3.2.2 2018 UK correction

The following table summarises the changes between the *provisional amount* of the 2018 UK correction entered in Budget 2019 and the 2nd update of the 2018 UK correction to be entered in the present DAB.

2018 UK correction	2018 UK correction PROVISIONAL Budget 2019	2018 UK correction 2nd UPDATE DAB 7/2020	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	16,1945%	16,0805%	- 0,1141%
(2) UK share of enlargement-adjusted total allocated expenditure	7,3577%	6,7158%	- 0,6419%
(3) = (1) - (2)	8,8368%	9,3646%	+ 0,5278%
(4) Total allocated expenditure	127 599 039 596	129 720 353 887	+ 2.121.314.291
(5) Enlargement-related expenditure = (5a) + (5b)	27 076 886 462	31 051 543 542	+ 3.974.657.080
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	27 076 886 462	31 051 543 542	+ 3.974.657.080
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	100 522 153 134	98 668 810 345	- 1.853.342.788
(7) UK correction original amount = (3) x (6) x 0.66	5 862 761 188	6 098 379 860	+ 235.618.672
(8) UK advantage	854 326 562	620 706 683	- 233.619.879
(9) Core UK correction = (7) - (8)	5 008 434 626	5 477 673 177	+ 469.238.550
(10) TOR windfall gains	- 15 094 049	- 38 961 662	- 23.867.613
(11) UK correction = (9) - (10)	5 023 528 676	5 516 634 839	+ 493.106.163

The 2nd update of the 2018 UK correction is EUR 493 million higher as compared to the *provisional amount* of the 2018 UK correction entered in Budget 2019 due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2019 and the update of the allocated expenditure for 2018 (the provisional amount included the forecast of the allocated expenditure).

3.3.2.3 2017 UK correction

The following table summarises the changes between the 1st update of the 2017 UK correction entered in AB 6/2018 and the 3rd update of the 2017 UK correction to be entered in the present DAB.

2017 UK correction	2017 UK correction 1st UPDATE AB 6/2018	2017 UK correction 3rd UPDATE DAB 7/2020	Difference
(1) UK share of uncapped VAT base	16,2266%	15,9063%	- 0,3203%
(2) UK share of enlargement-adjusted total allocated expenditure	7,0114%	6,9862%	- 0,0252%
(3) = (1) - (2)	9,2152%	8,9201%	- 0,2951%
(4) Total allocated expenditure	110 827 970 366	110 891 011 881	+ 63.041.515
(5) Enlargement-related expenditure = (5a) + (5b)	20 962 713 989	20 917 337 083	- 45.376.906
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	20 962 713 989	20 917 337 083	- 45.376.906
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	89 865 256 377	89 973 674 798	+ 108.418.421
(7) UK correction original amount = (3) x (6) x 0.66	5 465 655 078	5 297 002 140	- 168.652.938
(8) UK advantage	548 929 008	147 663 777	- 401.265.231
(9) Core UK correction = (7) - (8)	4 916 726 069	5 149 338 362	+ 232.612.293
(10) TOR windfall gains	- 17 211 574	- 9 019 736	+ 8.191.838
(11) UK correction = (9) - (10)	4 933 937 643	5 158 358 098	+ 224.420.455

The 3rd update of the 2017 UK correction is around EUR 224 million higher than the 1st update of the 2017 UK correction entered in AB 6/2018 due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2019.

2.3.2.4 2016 UK correction

The following table summarises the changes between the 1st update of the 2016 UK correction entered in the Amending Budget 6/2017 and the definitive amount of the 2016 UK correction to be entered in the present DAB.

2016 UK correction	2016 UK correction 1st UPDATE AB 6/2017	2016 UK correction DEFINITIVE DAB 7/2020	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	17,5900%	17,3576%	- 0,2324%
(2) UK share of enlargement-adjusted total allocated expenditure	7,6814%	7,6922%	+ 0,0108%
(3) = (1) - (2)	9,9086%	9,6654%	- 0,2431%
(4) Total allocated expenditure	117 477 286 403	117 460 512 555	- 16.773.848
(5) Enlargement-related expenditure = (5a) + (5b)	25 506 896 869	25 403 051 464	- 103.845.405

2016 UK correction	2016 UK correction 1st UPDATE AB 6/2017	2016 UK correction DEFINITIVE DAB 7/2020	<i>Difference</i>
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	25 506 896 869	25 403 051 464	- 103.845.405
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	91 970 389 534	92 057 461 091	+ 87.071.558
(7) UK correction original amount = (3) x (6) x 0.66	6 014 542 348	5 872 505 812	- 142.036.536
(8) UK advantage	1 128 635 343	851 694 541	- 276.940.802
(9) Core UK correction = (7) - (8)	4 885 907 005	5 020 811 271	+ 134.904.266
(10) TOR windfall gains	- 46 683 873	- 40 846 944	+ 5.836.929
(11) UK correction = (9) - (10)	4 932 590 878	5 061 658 216	+ 129.067.338

The *definitive amount* of the 2016 UK correction is around EUR 129 million higher than the *1st update* of the 2016 UK correction entered in the AB 6/2017 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2019.

2.3.2.5 2015 UK correction

The following table summarises the changes between the *1st update* of the 2015 UK correction entered in the Amending Budget 5/2016 and the *definitive amount* of the 2015 UK correction to be entered in the present DAB.

2015 UK correction	2015 UK correction 1st UPDATE AB 5/2016	2015 UK correction DEFINITIVE DAB 7/2020	<i>Difference</i>
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	19,2145%	19,1419%	- 0,0726%
(2) UK share of enlargement-adjusted total allocated expenditure	7,5910%	7,5894%	- 0,0016%
(3) = (1) - (2)	11,6235%	11,5525%	- 0,0710%
(4) Total allocated expenditure	129 194 773 448	129 135 893 336	- 58 880 112
(5) Enlargement-related expenditure = (5a) + (5b)	31 733 179 803	31 639 878 296	- 93 301 507
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	31 733 179 803	31 639 878 296	- 93 301 507
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	97 461 593 645	97 496 015 040	+ 34 421 395
(7) UK correction original amount = (3) x (6) x 0.66	7 476 753 663	7 433 724 758	- 43 028 905
(8) UK advantage	1 496 521 393	1 381 345 015	- 115 176 378
(9) Core UK correction = (7) - (8)	5 980 232 270	6 052 379 743	+ 72 147 473
(10) TOR windfall gains	-76 109 576	-74 320 246	+ 1 789 330
(11) UK correction = (9) - (10)	6 056 341 847	6 126 699 989	+70 358 142

The *definitive amount* of the 2015 UK correction is around EUR 70 million higher than the *1st update* of the 2015 UK correction entered in the AB 5/2016 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2018.

2.3.3 *Entry in DAB 7/2020 of the 1st update of the 2019 UK correction, 2nd update of the 2018 UK correction, 3rd update of the 2017 UK correction, definitive amounts of the 2016 and 2015 UK corrections*

2.3.3.1 2015 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB is the difference between the *definitive amount* of the 2015 UK correction (i.e. EUR 6 126 699 989) and the *1st update* of the 2015 UK correction (i.e. EUR 6 056 341 847 entered in the AB 5/2016) amounting to EUR 70 358 142.

This amount is to be financed along the revised 2015 GNI bases as known at the end of 2018. The budgeting of this amount in chapter 35 is summarised below:

2015 UK correction — Chapter 35			
BE	1 267 154	LU	866 089
BG	3 148 896	HU	2 764 651
CZ	4 903 895	MT	310 080
DK	6 556 672	NL	-260 138
DE	4 385 985	AT	1 362 429
EE	303 635	PL	-9 542 201
IE	20 284 145	PT	476 355
EL	504 408	RO	1 609 226
ES	1 272 857	SI	123 083
FR	5 838 257	SK	1 555 233
HR	1 207 446	FI	4 733 265
IT	19 287 491	SE	-2 400 255
CY	627 536		
LV	-619 579	UK	- 70 358 142
LT	-208 473	Total	0

2.3.3.2 2016 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB is the difference between the *definitive amount* of the 2016 UK correction (i.e. EUR 5 061 658 216) and the *1st update* of the 2016 UK correction (i.e. EUR 4 932 590 878 entered in the AB 6/2017) amounting to EUR 129 067 338.

This amount is to be financed along the revised 2016 GNI bases as known at the end of 2019. The budgeting of this amount in chapter 35 is summarised below:

2016 UK correction — Chapter 35			
BE	12 381 389	LU	-272 563
BG	1 683 717	HU	2 362 157
CZ	6 602 363	MT	310 901
DK	3 769 035	NL	3 455 636
DE	5 007 499	AT	855 227
EE	892 527	PL	15 053 623
IE	3 060 816	PT	2 825 093
EL	-239 791	RO	5 438 400
ES	4 704 411	SI	821 604
FR	26 115 146	SK	454 399
HR	1 550 836	FI	3 348 353
IT	26 775 334	SE	128 390
CY	893 340		
LV	185 011	UK	- 129.067.338
LT	904 487	Total	0

2.3.3.3 2017 UK correction (chapter 36)

The amount of the UK correction to be budgeted in chapter 36 of the present DAB is the difference between the 3rd update of the 2017 UK correction (i.e. EUR 5 158 358 098) and the 1st update of the 2017 UK correction (i.e. EUR 4 933 937 643 entered in AB 6/2018) amounting to EUR 224 420 455.

This amount is to be financed along the revised 2017 GNI bases as known at the end of 2019. The budgeting of this amount in chapter 36 is summarised below:

2017 UK correction — Chapter 36			
BE	15 856 715	LU	374 066
BG	3 231 445	HU	3 692 230
CZ	3 814 138	MT	265 690
DK	10 232 027	NL	4 759 697
DE	12 286 393	AT	1 361 203
EE	1 271 298	PL	5 297 081
IE	5 263 528	PT	6 203 836
EL	4 209 140	RO	5 382 461
ES	23 937 729	SI	765 633
FR	58 977 709	SK	1 500 046
HR	1 777 843	FI	5 572 775
IT	45 010 069	SE	257 162
CY	752 318		
LV	741 095	UK	- 224 420 455
LT	1 627 128	Total	0

2.3.3.4 2018 UK correction (chapter 36)

The amount of the UK correction to be budgeted in chapter 36 of the present DAB is the difference between the 2nd update of the 2018 UK correction (i.e. EUR 5 516 634 839) and the *provisional amount* of the 2018 UK correction (i.e. EUR 5 023 528 676 entered in Budget 2019) amounting to EUR 493 106 163.

This amount is to be financed along the revised 2018 GNI bases as known at the end of 2019. The budgeting of this amount in chapter 36 is summarised below:

2018 UK correction — Chapter 36			
BE	27 909 738	LU	3 459 527
BG	5 747 148	HU	9 060 360
CZ	12 780 811	MT	599 078
DK	17 414 841	NL	7 666 480
DE	26 899 549	AT	3 225 174
EE	2 324 061	PL	25 585 020
IE	13 878 796	PT	12 696 708
EL	7 355 826	RO	15 373 126
ES	58 628 464	SI	1 888 602
FR	132 102 159	SK	3 559 433
HR	3 326 099	FI	9 899 420
IT	80 506 049	SE	4 981 835
CY	1 290 517		
LV	1 428 955	UK	-493 106 163
LT	3 518 387	Total	0

2.3.3.5 2019 UK correction (chapter 15)

The 1st update of the 2019 UK correction corresponds to EUR 5 170 332 675 and is EUR 84 036 306 lower than the amount entered in the Budget 2020 (EUR 5 254 368 981).

This amount is to be financed along the revised 2019 GNI bases of the present DAB. The budgeting of this amount in chapter 15 is summarised below:

2019 UK correction – chapter 15			
BE	2 885 434	LU	1 141 987
BG	- 44 283	HU	724 119
CZ	1 799 173	MT	- 370 341
DK	555 892	NL	- 1 400 008
DE	- 4 066 249	AT	- 186 616
EE	108 141	PL	2 696 724
IE	- 6 718 497	PT	1 067 249
EL	- 6 475 934	RO	1 113 696
ES	- 31 341 060	SI	- 945 822
FR	- 14 103 043	SK	- 2 281 186
HR	- 965 383	FI	- 330 789
IT	- 26 667 365	SE	1 489 533
CY	- 305 489	UK	84 036 306
LV	- 956 379		
LT	- 459 810	Total	0

2.4 Exchange rate differences in own resources

The EU budget is established in EURO whereas Member States' contributions are determined in national currency. The annual contributions of Member States are paid in 12 monthly instalments ("twelfths"). Each instalment made in a non-euro currency is recorded in the accounts using the monthly exchange rates of the month in which the payment is made.

For Member States outside the Eurozone the EU budget is converted into national currency using the exchange rate of the last quotation day of the calendar year preceding the budget year¹⁵. Thus for 2020, the exchange rate of 31 December 2019 is used to convert the EU budget from EURO into non-euro currencies.

Therefore any differences in the exchange rates used for calculating the monthly "twelfth" in national currency and the accounting rates applicable in the month of payment of the "twelfth" result inevitably in differences between the own resources amounts in EURO foreseen in the budget and the amount actually cashed in.

Monthly exchange rate fluctuations may cancel each other out during a budget year. However in 2020, from January to June, a total of minus EUR 400,6 million of exchange rate differences has been registered for own resources. This may well increase and poses a risk of a budgetary deficit by year end. Consequently to offset these differences and compensate for the resulting shortfall in own resources cashed in it is proposed to create a new budgetary line in Title 3 – Article 390 – Adjustments related to exchange rate differences for own resources - to enter the accrued exchange rate differences till June.

<i>EUR</i>		
Revenue line	Name	Amount
3 9 0	Adjustment related to exchange rate differences for own resources	-400 600 000
Total		-400 600 000

The Commission will keep monitoring the evolution of the differences and will propose, if need be, new budgetary amendments to the Budgetary Authority to update the figure in an autumn draft amending budget.

¹⁵ See Article 10a (1) of the Making Available Regulation 609/2014.

2.5 Fines and penalty payments

Taking into account the amounts that have been cashed, it is proposed to increase the initial forecasts introduced in the budget 2020 (EUR 100 million) by EUR 118 million. This will reduce accordingly the own resources contributions from Member States to the EU budget.

The detail by line is shown in the table below.

EUR

Revenue line	Name	Amount
7 1 0	Fines, periodic penalty payments and other penalties in connection with the implementation of the rules on competition	85 000 000
7 1 1	Penalty payments and lump sums imposed on a Member State for not complying with a judgment of the Court of Justice of the European Union on its failure to fulfil an obligation under the Treaty	33 000 000
Total		118 000 000