



European Union`s Own Resources – Stability and Fairness

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Current state

Traditional own resources

- ▶ 12% of Budget
- ▶ Import duties&taxes

VAT-based own resources

- ▶ 11% of Budget

GNI-based own resources

- ▶ 77% of Budget
- ▶ Originally only as additional source

Neither one of them is a truly EU`s own financial resource

Problems

Traditional own resources

- ▶ The main challenge is setting of common agricultural and duty policy which is preferring export of European agricultural products and blocking import from Third world countries i.a. source countries of current Migrant crisis
- ▶ It's impossible to build political and economical stability in EU neighbouring without deep reform of CAP and duty policy

GNI-based own resources

- ▶ Low payment discipline of EU member states. €52 bn. debt in The Multiannual Financial Framework (2015-2020)
- ▶ Absence of effective sanctions

EU Budget(2016)

Appropriation (bn. €)	Commitments (nominal change in % since 2015)	Payments (nominal change in % since 2015)
Competitiveness for growth and jobs	18 618.4 (+6.1%)	17 518.1 (+11.4%)
Security and Citizenship	2 670.0 (+9.7%)	2 259.0 (+17.1%)
Economic, social and territorial cohesion	50 821.7 (-15.9%)	49 060.1 (-4.0%)
Total appropriations	153 529.5 (-5.2%)	143 541.5 (+1.6%)

EU Budget(2016)

The EU 2016 Budget corresponds with political priorities of Juncker Commission. It emphasizes on job growth, migrant crisis solution and building of The Digital Single Market and The Energy union:

- ▶ **Connecting Europe Facility**

+1,57 mld. Eur

- ▶ **Asylum, Migration and Integration Fund, Internal Security Fund**

+833 mil. eur

In light of future challenges, it`s quite clear, that EU needs real and stable own sources of budget.

Own budget sources

Financial transaction tax

- ▶ EC proposal since 2009, promoting on global level in G20
- ▶ Assumptions for stronger common financial market
- ▶ Help to reduce competitive distortions in the single market, discourage risky trading activities and complement regulatory measures aimed at avoiding future crises
- ▶ Proposed rate 0.1% in bonds a akcií and 0.01 % in other types of transactions (derivates)
- ▶ Estimated revenues were between €73.3bn and €433.9bn
- ▶ According Eurobarometer more than 61% Europeans are in favor of a financial transaction tax

Own budget sources

Environmental tax

- ▶ Taxation of consumption
- ▶ Fair taxation according to CO2 production
- ▶ Positive impact on Environment
- ▶ Impact on industrial production outside EU

Fiscal neutrality is essential

Fiscal neutrality

Environmental taxes:

- ▶ Prevent double taxation for environmental pollution

Tax wedge on labor:

- ▶ Compensation for employers for increased expenditures
- ▶ Prevent departure of investors from EU territory

▶ **VAT:**

- ▶ Low tax discipline
- ▶ Tax frauds

**In comparison of other countries, tax wedge in EU is extraordinary high.
Environmental tax is a chance to tax abatement which may lead to increase EU economy competitiveness.**

Tax Revenue as % of GDP

Graph 1: Tax revenue (including social contributions), EU aggregates and selected countries, 2012
(% of GDP)



Source: DG Taxation and Customs Union and Eurostat (online data code: [gov_a_tax_ag](#)) for the EU and EFTA, OECD (SNA08) for other countries

Conclusions

- ▶ EU needs own financial sources, independent of member states
- ▶ Current system is obsolete, complicated and obscure.
- ▶ Potential new own source must be based on taxation of consumption
- ▶ Environmental tax is possibly negotiable solution which meets objectives: economic growth and protecting environment
- ▶ It opens up the possibilities to abatement of other taxes, which may lead to increase competitiveness of EU economy.