



EUROPEAN COMMISSION

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C(2018) 6569 final*

Dear Speaker,

The Commission would like to thank the Riksdag for its Reasoned Opinion on the proposal for a Council Decision on the system of own resources of the European Union {COM(2018) 325 final} and the proposal for a Council Regulation laying down implementing measures for the system of own resources of the European Union {COM(2018) 327 final}.

On 2 May 2018, the Commission proposed a pragmatic, modern, long-term budget for the period 2021 to 2027, which Member States received positively as a useful basis for discussion. Pursuant to this proposal, the next Multiannual Financial Framework would fund pressing priorities, such as research and innovation, young people, the digital economy, migration and border management, security and defence. For instance, the budget of Erasmus+ and the European Solidarity Corps would be doubled. At the same time, the United Kingdom's decision to leave the European Union will create a sizeable gap in the budget of the Union.

The result of these changes will be a rebalancing of the budget and an increased focus on new priorities and other areas where the budget of the European Union brings the highest added value. The Commission has critically examined where savings can be made and efficiency can be improved. The Commission is proposing that funding for the Common Agricultural Policy and Cohesion Policy is moderately reduced. These policies will be modernised to ensure they can still deliver with less and even serve new priorities.

*Mr Andreas NORLÉN
Speaker of the Riksdag
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The Commission proposes to fund new priorities predominantly through fresh money given their European added value. Building on the recommendations from the High-Level Group on Own Resources¹, the Commission proposes to simplify the current own resource based on Value Added Tax and to introduce a basket of new Own Resources that is linked to the European Union's political priorities. The proposed new Own Resources would represent about 12% of the total European budget. The Commission welcomes the Riksdag's involvement in the debate about the future Multiannual Financial Framework and the system of own resources. It has taken due note of the Riksdag's concerns about the new basket and in particular the proposed Own Resource on the Common Consolidated Corporate Tax Base and, fiscal matters more generally.

The Commission is however of the view that it makes sense to link the benefits of the internal market genuinely with the revenue side of EU finances.

As stated in the Commission's reply to the Riksdag's Reasoned Opinion on the proposal for a Common Consolidated Corporate Tax Base {C(2017) 1577 final}, the Commission believes that introducing a Common Consolidated Corporate Tax Base across the Union holds considerable added value. It would help tackle problems that reach beyond a single Member State and, therefore, require a common approach. It would mitigate distortions by creating a fairer and more coherent tax environment for businesses, would avoid a race to the bottom in terms of corporate taxation among Member States and provide a strong contribution to fighting tax avoidance and the erosion of the tax base. It would thus benefit all citizens of the Union. Furthermore, if the Common Consolidated Corporate Tax Base was introduced mandatorily for large multinational companies, it is reasonable to allocate a small share to the European Union budget as the largest and most mobile corporations benefit disproportionately from the internal market. More generally, the basket of new own resources would be more directly linked to the European Union's policies than is the case for most current revenue sources.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process in the Council.

The Commission hopes that the clarifications provided in this reply address the issues raised by the Riksdag and looks forward to continuing the political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Günther H. Oettinger
Member of the Commission*

¹ Future Financing of the EU. Final report and recommendations of the High Level Group on Own Resources, December 2016. (http://ec.europa.eu/budget/mff/hlgor/index_en.cfm)