

Verification of GNI for own resource purposes

Statistics Explained

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The [European Union \(EU\)](#) has its so-called 'own resources' to finance its expenditure. The EU budget is financed from the following sources:

- [traditional own resources](#) ;
- [own resource from value added tax \(VAT\)](#) ;
- [own resource based on gross national income \(GNI\)](#) ;
- from 2021, [own resource based on the amount of non-recycled plastic packaging waste](#) ;

This article takes a closer look at GNI and the way in which it is used and monitored to finance the EU own resources.

Introduction

The GNI own resource is a uniform percentage rate applied to the GNI of each Member State (Article 2(1d) of [Council Decision 2020/2053](#) on the system of the European Union's own resources (Own resource decision)). It has become the largest source of revenue and today accounts for around 70 % of the total financing.

GNI data used for own resource purposes are governed by [Regulation \(EU\) No 2019/516 of the European Parliament and of the Council](#) of 19 March 2019 on the harmonisation of gross national income at market prices (GNI Regulation), which lays down the definition and calculation of GNI and the provisions for transmission of the GNI data and related information by Member States to the Commission ([Eurostat](#)). The GNI Regulation also establishes the procedures to facilitate the verification, and where necessary the improvement of the comparability, reliability and exhaustiveness of Member States' estimates of gross national income (GNI).

Article 2(3) of the Own resource decision states that GNI shall be defined in accordance with the [European System of Accounts 2010 \(ESA 2010 \)](#). GNI represents total [primary income](#) receivable by resident institutional units: [compensation of employees](#) , [taxes on production and imports](#) less [subsidies](#) , [property income](#) (receivable less payable), [gross operating surplus](#) and gross mixed income. It corresponds to the better known [gross domestic product](#) minus primary income payable by [resident units](#) to non-resident units, plus primary income receivable by resident units from the rest of the world.

Together with a report on the quality of GNI, each Member State returns an annual questionnaire including its GNI to the Commission (Eurostat) before 1 October for the preceding year and any changes made to the figures for previous years. These annual GNI returns are verified by Eurostat officials and are then formally presented for examination to the GNI Expert Group, which is composed of representatives of the Member States and chaired by Eurostat, at its late November meeting (the GNI Expert Group generally meets two times per year). The GNI Expert Group adopts a formal opinion on the appropriateness of the data as a basis for the determination of GNI-based budget contributions.

Furthermore, Eurostat verifies the sources and methods used by the Member States to calculate GNI and is

assisted in this task by the GNI Expert Group. Eurostat takes its decisions as regards the processes, methods, procedures, contents and timing of the verification activities independently, while the Directorate-General for Budget (DG BUDG) of the Commission, as associated Directorate-General in the GNI Expert Group, is informed about the outcomes of verifications. Although the responsibility for verifying the Member States' GNI data and calculation methods is vested in the Commission, it should be underlined that this task requires close cooperation of the respective national authorities who produce these data, in particular with regard to the need for them to fully report on any major changes to sources and methods used for the compilation of the national accounts and through the peer review throughout the whole process (see more details below).

Verification activities by Eurostat and the GNI Expert Group

According to Article 5(1) of the GNI Regulation, the Commission shall verify the sources and methods used by Member States to calculate GNI.

Commission's (Eurostat's) verification of GNI for own resource purposes is based on two pillars:

- multiannual verification of the statistical sources and methods used to calculate GNI;
- annual verification of the data transmitted in the GNI Questionnaires and the Reports on Quality.

These main pillars of verification are described below.

Multiannual verification of the statistical sources and methods used to calculate GNI

Verification cycles

The verification of the statistical sources and methods used to calculate GNI has to be done in a harmonised way for all Member States, and therefore it is conducted within multiannual verification cycles, lasting about four-five years, that ensure a structured and coherent verification framework. These features of the verification cycle have to do with the fact that the individual elements of the multiannual verification process are defined in the set of the so-called framework documents that together build up the verification model.

The ESA 95 verification cycle led to placing more than four hundred reservations on EU Member States' GNI data. The Commission finalised in cooperation with the EU Member States most of the work related to the ESA 95 verification cycle at the end of 2016. The last GNI (ESA 95) reservation was lifted in 2019.

The 2016-2019 verification cycle was linked to the introduction of ESA 2010 in 2014 and it entailed an enhanced verification approach based on a two-step risk assessment. The results of the risk assessment were used to structure the verification process. For further information, please consult the [outline of the verification approach and related framework documents](#) prepared by Eurostat and approved by the GNI Expert Group. The 2016-2019 verification led to placing about three hundred reservations on EU Member States' GNI data. A great majority of those reservations have been lifted by now.

The 2020-2024 verification cycle built to a large extent on the improved framework developed for the 2016-2019 cycle. As required by Article 5 of the GNI Regulation, the GNI verification model for the cycle based on the principles of peer review and cost-effectiveness, was drawn up by the Commission in close cooperation with the GNI Expert Group. Through the peer review, the Member States were actively involved and played an important role in the GNI verification, both in the GNI Expert Group forum and through participation in the GNI information visits. The cost-effectiveness materialised in the GNI verification model in a two-fold way, namely through the use of risk assessment and application of a materiality threshold. For further information, please consult the [framework documents structuring the 2020-2024 GNI verification cycle](#). The 2020-2024 verification led to placing about 90 reservations on EU Member States' GNI data.

In close cooperation with the GNI Expert Group, the Commission has progressed in setting up the GNI verification model for the 2025-2029 GNI verification cycle. The [complete set of the framework documents structuring the 2025-2029 GNI verification cycle](#) will be finalised in the first half of 2025.

GNI Inventories

Article 3 of the GNI Regulation stipulates that Member States provide Eurostat with an inventory of the sources and methods used to produce GNI aggregates and their components (the GNI Inventories). These inventories are the basis for Eurostat's assessment of the quality of GNI data in terms of comparability, reliability and exhaustiveness. They are reference documents used at all stages of the GNI verification process, from the risk assessment, through desk checks, cross-country comparisons, GNI information visits, direct verifications, until placing action points and reservations. The GNI Inventories also include Process Tables giving numerical information on the results of all consecutive stages of the GNI compilation process, from the statistical sources, through various adjustments, to the final national accounts data.

The [Commission implementing regulation \(EU\) No 2020/1546](#) lays down the required structure of GNI Inventories and Process Tables in order to ensure that their contents are fully comparable. Since the sources and methods for compiling final GDP and GNI data do not change significantly every year, but only during major revisions at longer intervals, it is not necessary to rewrite the GNI Inventories every year. The mentioned implementing regulation also sets out a timetable for updating and transmission. Member States shall transmit the GNI Inventory to the Commission (Eurostat) by 31 December 2021. Subsequent updates of the GNI Inventory shall be made and transmitted to the Commission (Eurostat) within 12 months after any major change of sources or methods for compiling GNI. In any case, the GNI Inventory shall be updated at least every 5 years. Changes to GNI figures and the changes made to sources and methods used for the final national accounts estimates are presented in the annual GNI returns.

Risk assessment

The first stage of the GNI verification cycle, after preparation of the framework documents and submission of the GNI Inventories and Process Tables, consists of the assessment of the risk associated with the compilation of GNI in Member States. This is done in a two-step exercise with the view to: - structure the GNI verification process in terms of the use of the available verification tools (GIAQ, GNI information visits, direct verifications) in the individual Member States; - define the list of high-risk transversal issues to be verified in all Member States through cross-country comparisons and other issues to be considered in the verification of all Member States; and - identify those areas of GNI compilation in individual Member States that should be considered when choosing items for direct verification (see points below for more details on these aspects).

Desk checks

Eurostat checks the GNI Inventories and Process Tables using a GNI Inventory Assessment Questionnaire (GIAQ) approved by the GNI Expert Group. The purpose of the GIAQ is to ensure a systematic, consistent and fair approach to the assessment of the quality of GDP and GNI estimates. Thus it is mainly focused on verifying the compliance of the described sources and methods with the requirements of ESA 2010, related legislation and methodological guidelines, including recommendations of the GNI Expert Group.

“Cross-country comparisons of transversal issues”

Some areas of national accounts - as identified in the risk assessment - are considered as being of high risk for all Member States. They call for a detailed comparative analysis of the solutions adopted by the countries. In some cases they may also require agreement in the GNI Expert Group on conceptual aspects. These issues are verified in a horizontal way across all the countries through the so called “cross-country comparisons”.

GNI information visits

Article 6 of the GNI Regulation provides for joint GNI information visits to be carried out in Member States by the Commission's services. The national accounts experts representing national statistical authorities of other Member States are invited to participate in the GNI information visits in order to ensure full transparency, in the spirit of the peer review principle.

The GNI information visits may also include direct verifications of parts of the GNI compilation. The principal objectives of direct verification are to verify whether: - the description of sources and methods in the GNI Inventory adequately reflects the compilation practice actually applied; - the basic data as shown in the sources have been transformed in an appropriate way into the national accounts figures provided by the Member States for the GNI OR. To this end a verification trail is constructed from selected national accounts components down to the source

data which is then followed step by step.

The purposes of the information visits, as spelled out in the GNI Regulation, are the verification of the quality of GNI aggregates and their components and the verification of compliance with ESA 2010. To this end, the visits aim to collect additional information that is necessary to identify possible shortcomings of the GNI Inventory or of the statistical sources and methods used to calculate GNI and its components. In preparation of an information visit, Eurostat transmits a list of questions for clarification to the Member State concerned. These questions are derived from the analysis of the GNI Inventories with GIAQ. They may also relate to the transversal issues analysed through the cross-country comparisons. Country is asked to answer the advance questions in writing before the visit. Issues that need further clarification are then discussed during the visit.

The GNI information visits may also include “direct verifications” of parts of the GNI compilation. Direct verification is a supplement to the verification of the countries’ GNI Inventories and Process Tables. The principal objectives of direct verification are to verify whether the descriptions of sources and methods in the GNI Inventory adequately reflect the compilation practices actually applied and whether the basic data as shown in the sources have been transformed in an appropriate way into the national accounts figures provided by the Member States for the GNI based own resource. To this end a verification trail is constructed from the selected national accounts components down to the source data which is then followed step by step. Additional GNI information visits may be organised at a later stage of the GNI verification process in order to analyse the work done by the Member States on the GNI reservations.

Mission reports and action points

The result of a GNI information visit is a report with action points for the country to introduce methodological changes, correct compilation errors or to clarify or supplement the information contained in the GNI Inventory. If a visit included direct verification, information on the verification trail and the main findings from the verification is presented in the mission report. Mission reports (together with the timetable for the implementation of action points) are agreed between Eurostat and the countries visited and are communicated to the GNI Expert Group for information and discussion where needed. Action points are broken down into the following three categories:

- action points "A": possible improvement of methodology or correction of compilation errors required;
- action points "B": submission of new information, clarification or correction of already existing information in the GNI Inventory;
- action points "C": points to be investigated by Eurostat.

The list of action points agreed at the GNI information visit is not a final list. Further action points can be added at any time during the verification cycle. Action points should be addressed by the Member States before the agreed deadline. If this is not the case, they may be transformed into GNI reservations.

Reservations

When the verification of the reliability, comparability and exhaustiveness of Member States’ GNI reveals imminent problems concerning the compliance of the estimates with the relevant EU rules, the Commission notifies the respective Member States’ authorities that it reserves its position as to the accuracy of GNI. Thus, reservations are points on which the Commission has notified a Member State that changes to the methodology underlying the GNI figures should be made, so that these figures are improved in a certain respect. Reservations are set as a protective measure to avoid the risk that corrections to GNI figures used for own resources purposes (about which there is a concern) will become time-barred. According to the Article 10b(4) of Council Regulation 609/2014, after 30 November of the fourth year following a given financial year, any changes to GNI shall no longer be taken into account, unless they are covered by the reservations placed within this time limit. Reservations may relate to different aspects of the GNI compilation and can be set at different stages of the verification cycle. However, in most cases they result from transformation of the action points A or B that are not solved within a given deadline.

Annual verification of the data transmitted with the GNI Questionnaires and Reports on the Quality of GNI data

Article 2(2) of the GNI Regulation stipulates that the Member States provide Eurostat with figures for GNI and its components for the preceding year and any changes made to the figures for previous years before 1 October of each year (the GNI Questionnaires). Article 2(3) states that the Member States transmit a report on the quality of the GNI data to Eurostat when they communicate the data (Report on Quality). The main purpose of the annual GNI Reports on Quality is to provide information significant changes in the sources and methods used and explain the revisions made to GNI and its components. The Report on Quality is therefore intended to give a brief and concise update on a Member State's methodology, sources and results where necessary.

The structure and format of the GNI Questionnaires and Reports on Quality to be transmitted by the countries is approved each year by the GNI Expert Group. Member States must meet approved guidelines for the GNI Questionnaires and Reports on Quality to ensure that comparable information is notified.

The verification by Eurostat is based on a checklist addressing the formal and numerical correctness of the tables delivered, the consistency of the data over time and their consistency with the published national account figures. The revisions described in the Report on Quality are verified e.g. with regard to the plausibility, quality of sources and methods used, reconciliation of the total revision against the individual revisions, consistency with previously announced changes etc. The Member States can be asked to provide any clarifications on the data and on the Report on Quality and to send corrections. These analyses may result in placing action points or reservations where relevant.

Article 5 of the GNI Regulation provides for the examination each year by the Commission, in close cooperation with the GNI Expert Group, of the data transmitted by the Member States and to give an opinion on the appropriateness of the data for own resource purposes with respect to reliability, comparability and exhaustiveness. A document that includes the transmitted data and Reports on Quality as well as comments on the revisions is presented in November of each year to the GNI Expert Group for examination and confirmation of correctness. The GNI Expert Group expresses an opinion on appropriateness of GNI data for use for own resource purposes.

The annual GNI data and the opinion of the GNI Expert Group are then transmitted to DG BUDG for the purpose of budgetary calculations.

Examination of the Commission's controls by the European Court of Auditors

The Commission's work on controlling and verifying the Member States' GNI data is thoroughly examined by the [European Court of Auditors](#) on an annual basis. A detailed account of the Court's activities with respect to the GNI own resource can be found in its [Annual Reports](#) on the Implementation of the Budget.

GNI data in 2024

The following table shows the data submitted by Member States and the United Kingdom in 2024 and approved by the GNI Expert Group in November 2024. Data revisions compared to 2023 are also included.

- [GNI data collection 2024](#)

As the GNI Regulation continues to be applicable to the United Kingdom, the United Kingdom will continue transmitting the GNI OR data in relation to financial years until 2020 and has been fully included in the multiannual GNI verification cycle 2020-2024 (see [Detailed information on the relations with the United Kingdom in the domain of GNI OR](#)).

It should be noted that the GNI data for own resources differ from the GNI data published in Eurostat's database:

In the first instance and in accordance with the existing law, GNI for own resources for the years until and including 2013 is still compiled using the European System of National Accounts ESA 95, whilst the published series uses [ESA 2010](#) .

Secondly, under the rules of own resources, revisions can only be made to data for the past four years, unless such revisions are made in the context of work aimed at lifting reservations placed on various aspects of the GNI calculations. So, for example, revisions due to improved statistical sources introduced in 2022 must be applied to the GNI own resource data for years 2018 to 2021 only, unless the matter is under reservation, whilst they can be included in the published series for previous years as well.

Explore further

Other articles

- [Allocation of primary income account](#)
- [GDP per capita, consumption per capita and price level indices](#)
- [National accounts and GDP](#)
- [Update of the SNA 1993 and revision of ESA95](#)

Database

- [National accounts \(including GDP\)](#) , see:

Annual national accounts (nama)

Dedicated section

- [National accounts \(including GDP\)](#)

Publications

- [European system of accounts ESA 2010](#)
- [Report from the Commission to the European Parliament and the Council COM \(2006\) 199 final, 8.5.2006 on the application of Council Regulation \(EC\) No 1287/2003 on the harmonisation of gross national income at market prices \(GNI Regulation\)](#)

External links

- [EU Budget](#)