

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(79) 287 final/2

Brussels, 16 november 1979

ADDENDUM

PROPOSAL FOR A REGULATION
AMENDING THE STAFF REGULATIONS OF OFFICIALS AND
THE CONDITIONS OF EMPLOYMENT OF OTHER SERVANTS OF
THE EUROPEAN COMMUNITIES

(submitted to the Council by the Commission)

COM(79) 287 final/2

Explanatory memorandum

1. The purpose of this regulation is gradually to remove an anomaly in the calculation of basic salary scales.
2. The anomaly concerns means used to incorporate weightings. Until 1977 the effects of the anomaly were limited. But when the 157.8 weighting for Brussels and Luxembourg was incorporated into basic salary scales with effect from 1 January 1977 (Regulation (ECSC, EEC, Euratom) No 3178/76, OJ No L 359, 30 December 1976, p. 9), the phenomenon took on ampler proportions, as illustrated by Annex 1.
3. The remuneration of officials and other servants of the Communities is adjusted by virtue of Article 65 of the Staff Regulations. The Council laid down rules to govern the matter on 29 June 1976, when it adopted the method of adjusting remuneration as part of "a policy aiming to guarantee, in the medium term, that the remuneration paid to European officials moves parallel to average salaries paid in the Member States to the various grades of national civil servants".
4. The adjustment of remuneration has two purposes:
 - to compensate for increases in the cost of living in each country of employment, normally by means of a weighting;
 - to keep pace, annually with effect from 1 July, with the trend of a weighted average of net salaries paid to civil servants in central government departments in the Member States.

The adjustments, worked out in net terms, are expressed either as a percentage (weighting) or as a fixed sum. A procedure of some considerable complexity has been necessary for their periodic incorporation into the scales of gross basic salaries. Social security charges and Community tax are first deducted from the basic salary. The net increase is then added to the net amount. Social security deductions and Community tax are then added to the new amount.

This gives the new gross basic salary.

5. The amount of allowances and Community tax deductions depends on the status and family situation of each official. There ought therefore to be individual modes of incorporation for each case. To simplify matters a standard case was taken - a resident unmarried person, entitled neither to expatriation allowance (Article 4 of Annex VII to the Staff Regulations) nor to family allowances (household, child and education allowances - Articles 2 and 3 of Annex VII).

In this standard case the amount of tax is such that the net amount on which the incorporation is based is at a lower threshold. This lower threshold plus the net increase is the source of the anomaly that has been observed. Officials not in the standard situation pay less tax and receive a higher net income. The difference between the two net amounts is the proportion of the increase that was not intended. It is explained by the method of calculating household and expatriation allowances (references to new salary) and by the lighter burden of taxation, which is in its turn due to the reductions in the taxable amount for dependent children (Annex 2).

6. It is clear enough that a method of incorporating weightings into the basic salary scales should not have the effect of giving such increases.

The Council has already accepted measures to prevent reoccurrence of the anomaly in future. On 1 July 1977 (Regulation (EEC, Euratom, ECSC) No 2859/77, OJ No L 330, 23 December 1977, p. 1) it agreed to a Commission proposal that, when weightings are incorporated, the brackets of taxable income (Regulation (EEC, Euratom, ECSC) No 260/68, OJ No L 56, 4 March 1968, p. 8) should be adjusted correspondingly. This has meant that such operations have always been entirely neutral in effect.

The Regulation proposed herewith recommends that the same solution be taken for incorporation of the 157.8 weighting effective on 1 January 1977.

7. A major concern of the Commission in formulating the proposed Regulation is to see that there is no adverse effect either on the net remuneration currently received or on the

legitimate expectations placed by officials and other staff in Council regulations. The anomaly is to be removed only as regards the period after 1 January 1979.

In practical terms, two tables of basic salaries will henceforth apply in parallel. Firstly, there is the table in force from 1 January 1979, and secondly there is a new one theoretically also applying from the same date. The remuneration of each official, other servant, pensioner, etc. will be determined by these tables ensuring that they continue to receive at least their current net remuneration.

Adjustments to remunerations will have different effects on the two tables. One - the new, rectified table - will be adjusted in the normal way for increasing purchasing power and for the rising cost of living. The other - the old, unrectified table - will be adapted only for that part of the rise in the cost of living which exceeds the lowest of the individual rates observed in the Member States, by means of the weighting system.

The new table will apply only "from the month in which calculation based on the [new] basic salary tables ... produces, for the person concerned, a sum at least equal to that calculated on the basis of the tables in force on 31 December 1978". (article 2 § 2 first hyphen of the draft)

8. It follows that those who have enjoyed the unintended increase will provisionally receive only part of the new adjustments. To compensate for the rise in the cost of living, the weighting for their country of employment will be applied to their salaries, minus the weighting for the country with the lowest rise in the cost of living. But they will receive no increases in purchasing power. Through the combined operation of these two factors the unintended part of the increases will be gradually absorbed.

9. The Commission feels that the only correct method for removing the anomaly is by using two basic salary tables at the same time.

The advantages of this method lie in its gradualness and in the fact that it reflects the status and family situation of each member of staff.

Another possibility would have been to deprive the whole body of staff of adjustments in salaries due under Article 65 of the Staff Regulations. This would have had the sole advantage of making new tables unnecessary, but it has the overwhelming defect of affecting all officials and other servants, whether or not they have enjoyed the unintended part of the increase.

The supposed drawback of the solution, namely the apparent reduction of the figures in the basic salary tables, is not in practice allowed to affect acquired rights. The net remuneration currently received is in no way reduced, since the tax brackets are index-linked as mentioned above at the second subparagraph of paragraph 6.

10. Details of the Regulation

Article 1

New tables of basic salaries to be introduced.

Article 2

Paragraph 1: Expression of the ideas set out above in legal form:

- (a) Provision that amounts overpaid between the entry into force of the new Regulation and its effective date (proposed 1 January 1979) need not be repaid.
- (b) Legal assurance that the old salary tables will apply in any month where it would give entitlement to a higher income than that resulting from the new tables introduced by Article 1.
- (c) Special clause covering individual payments such as those under the accident insurance scheme.

Paragraph 2: Limits on the application of the old basic salary tables, which cease to apply when an individual staff member's salary under the new table comes up to the old level, or six years after the entry into force of the Regulation, whichever is the earlier.

Paragraph 3: Specific rules for pensions.

Paragraph 4: These measures not to apply to persons recruited after the entry into force of the Regulation.

Article 3

Entry into force and commencement.

Difference in selected cases between net remuneration on 31 December 1976 at weighting 157.8 and net remuneration on 1 January 1977 after incorporation of that weighting

Grade	Resident single person Difference		Non-resident single person Difference		Non-resident, married, no children Difference		Non-resident, married, two children Difference		Non-resident, married, four children Difference	
	Absolute	%	Absolute	%	Absolute	%	Absolute	%	Absolute	%
A3/4	+ 1	+ 0 %	+ 2 137	+ 1.7 %	+ 2 910	+ 2.2 %	+ 2 909	+ 2.0 %	+ 2 907	+ 1.8 %
A5/4	- 227	- 0.1 %	+ 1 879	+ 2.0 %	+ 2 641	+ 2.8 %	+ 3 521	+ 3.2 %	+ 5 593	+ 4.5 %
B2/4	- 71	- 0.1 %	+ 1 392	+ 2 %	+ 1 929	+ 2.6 %	+ 4 757	+ 5.6 %	+ 7 556	+ 8.0 %
C3/4	+ 23	+ 0.06 %	+ 261	+ 0.6 %	+ 331	+ 0.7 %	+ 1 998	+ 2.8 %	+ 1 728	+ 2.8 %
D2/4	+ 25	+ 0.03 %	+ 55	+ 0.2 %	+ 153	+ 0.4 %	+ 881	+ 1.9 %	+ 927	+ 1.7 %

Citoyen, Résident, (sans enfants)

Marié, Non-résident (2 enfants)

Année 2

<i>Rém. brute</i>	<i>Rém. brute</i>
c.c. 157.0	c.c. 157.8
<i>Trait de base</i>	<i>Trait de base</i>
46.168	46.168
<i>Charges sociales</i>	<i>Charges sociales</i>
1.085	4.085
<i>Impôt</i>	<i>Impôt</i>
7.934	4.893
<i>Rém. nette</i>	<i>Rém. nette</i>
53.176 ←	81.966
	<i>différence 4.757</i>

<i>Rém. brute</i>	<i>Rém. brute</i>
c.c. 157.0	c.c. 157.8
<i>Trait de base</i>	<i>Trait de base</i>
46.168	46.168
<i>Charges sociales</i>	<i>Charges sociales</i>
1.085	4.085
<i>Impôt</i>	<i>Impôt</i>
7.934	4.893
<i>Rém. nette</i>	<i>Rém. nette</i>
53.176 ←	81.966
	<i>différence 4.757</i>

+ dispensem. (16% du TB)
+ all. foyer (5% du TB)
+ all. enfant (2.263)

Trait. de base
83.000

Charges sociales
 6.847

Impôt
 10.876

Rém. nette
 89.723

