

EUROPEAN PARLIAMENT

Working Documents

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DOCUMENT 470/76/Rev.

INTERIM REPORT

drawn up on behalf of the Committee on Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 184/76) for a regulation amending Regulation No 2/71 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

Rapporteur: Mr H. NOTENBOOM

PE 46.986/fin./rev.

By letter of 18 June 1976, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal for a Council regulation (ECSC, EEC, EURATOM) amending Regulation No. 2/71 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources (Doc. 184/76).

On 18 June 1976, the President of the European Parliament referred this proposal to the Committee on Budgets as the committee responsible.

On 13 July 1976 the Committee on Budgets appointed Mr Notenboom rapporteur.

It considered this proposal at its meetings of 3 November, 25 November and 2 December 1976.

At its meeting of 2 December the Committee on Budgets adopted the motion for a resolution by 13 votes to 1.

Present: Mr Lange, chairman; Mr Notenboom, rapporteur; Mr Albertini, Mr Artzinger, Lord Bruce of Donington, Mr Cointat, Mr Fröh, Mr Haase, Mrs Kellett-Bowman (deputizing for Lord Bessborough), Mr Patijn, Mr Radoux, Mr Shaw, Mr Suck and Mr Yeats.

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The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with explanatory statement :

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No. 2/71 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council¹,
 - having been consulted by the Council (Doc. 184/76),
 - having regard to the concurrent proposal from the Commission amending the Financial Regulation of 1 May 1973 applicable to the general budget of the European Communities (Doc. 166/75),
 - having regard to the interim report of the Committee on Budgets (Doc. 470/76),
1. Stresses that the introduction of an effective system of financial autonomy based on genuine own resources, particularly Community VAT, is of prime importance for the Community;
 2. Notes that the proposed amendment of Regulation No. 2/71 is mainly concerned with modifying the application of the transitional system of financial contributions from Member States;
 3. Considers that detailed rules for the application of the system of financial autonomy cannot be laid down before the own resources accruing from VAT, on which the system is based, have been approved by the Council;
 4. Therefore decides not to deliver its opinion on the amendment of Regulation No. 2/71 until the adoption by the Council of the Sixth Directive on VAT.

¹ OJ No. C 164 of 17.7.1976, p. 4

EXPLANATORY STATEMENT

1. The Committee on Budgets has given careful consideration to the Commission's proposal amending Regulation No. 2/71, both to the proposal as a whole, and to each of the specific points it raises¹. During its discussions, the committee stressed the prime importance for the Community of the full application on 1 January 1978 of the system of financial autonomy and own resources, which requires the amendment of existing Regulation No. 2/71.

2. However, the committee regrets that the Commission's proposed amendment of Regulation No. 2/71 is largely concerned with the temporary adjustment of the system of financial contributions from Member States on the basis of GNP, without, at this stage, providing for any new measures concerning utilization of own resources accruing from VAT. The reasons for the Commission's attitude are as follows:

- even if the Sixth Directive on VAT comes into force on 1 January 1978, there remains the possibility that certain Member States may be unable to apply it in practice, and will therefore have to continue with the system of contributions based on the GNP;
- the Commission intends to propose a separate regulation on the implementation of the Sixth Directive on VAT.

3. The Committee on Budgets, although aware of this situation, stresses that, given the Council's hitherto dilatory attitude towards the adoption of the directive fixing the uniform basis of assessment for VAT in the Member States, the adoption by Parliament of the proposed regulation amending Regulation No. 2/71 might compromise the objectives sought by Parliament, and might even perpetuate the exceptional system currently provided for under Article 4(2) of the Decision of 21 April 1970 (on the replacement of financial contributions from Member States by the Communities' own resources), by suggesting that Parliament considered it normal for Member States' contributions to the financing of the Community budget to be fixed on the basis of the GNP.

For these reasons, the Committee on Budgets proposes that Parliament should not deliver its opinion on the amendment of Regulation No. 2/71 until the adoption by the Council of the Sixth Directive on VAT. Mindful as ever of the importance of cooperation, it is nevertheless willing to ensure that Parliament is able to deliver an opinion as soon as the Council has adopted the Sixth Directive. This will reduce the difficulties with which the Commission may be faced in the absence of the implementing provisions contained in the proposed regulation amending Regulation No. 2/71.

¹ A working document by the rapporteur (PE 46.699) provided the basis for these discussions

In conclusion, the Committee on Budgets points out that the proposed regulation now before Parliament falls within the category of acts which may be the subject of consultations between Parliament and the Council.

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