

## Council Decision 70/243 ECSC, EEC, Euratom on the replacement of financial contributions from Member States by own resources (21 April 1970)

**Caption:** On 21 April 1970, the Council decides that financial contributions from the six Member States would henceforth be replaced by the Communities' own resources.

**Source:** Official Journal of the European Communities (OJEC). 28.04.1970, No L 94. [s.l.]. "Council Decision of 21 April 1970 on the Replacement of Financial Contributions from Member States by the Communities' own Resources (70/243 ECSC, EEC, Euratom)", p. 19.

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## Council Decision of 21 April 1970 on the Replacement of Financial Contributions from Member States by the Communities' own Resources (70/243 ECSC, EEC, Euratom)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 201 thereof;

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 173 thereof;

Having regard to the proposal from the Commission;

Having regard to the Opinion of the European Parliament;

Having regard to the Opinion of the Economic and Social Committee;

Whereas complete replacement of the financial contributions from Member States by the Communities' own resources can only be achieved progressively;

Whereas Article 2 (1) of Regulation No 25 on financing the common agricultural policy stipulates that at the single market stage revenue from agricultural levies shall be allocated to the Community and appropriated to Community expenditure;

Whereas Article 201 of the Treaty establishing the European Economic Community refers explicitly, among the Community's own resources which could replace financial contributions from Member States, to revenue accruing from the Common Customs Tariff when the latter has been finally introduced;

Whereas the effects on the budgets of the Member States of the transfer to the Communities of revenue accruing from the Common Customs Tariff should be mitigated; whereas a system should be provided which will make it possible to achieve total transfer progressively and within a definite period of time;

Whereas revenue accruing from agricultural levies and customs duties is not sufficient to ensure that the budget of the Communities is in balance; whereas, therefore, it is advisable to allocate to the Communities, in addition, tax revenue, the most appropriate being that accruing from the application of a single rate to the basis for assessing the value added tax, determined in a uniform manner for the Member States;

HAS LAID DOWN THESE PROVISIONS, WHICH IT RECOMMENDS TO THE MEMBER STATES FOR ADOPTION:

### Article 1

The Communities shall be allocated resources of their own in accordance with the following Articles in order to ensure that their budget is in balance.

### Article 2

From 1 January 1971 revenue from:

(a) levies, premiums, additional or compensatory amounts, additional amounts or factors and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries within the framework of the common agricultural policy, and also contributions and other duties provided for within the framework of the organisation of the markets in sugar (hereinafter called 'agricultural levies');

(b) Common Customs Tariff duties and other duties established or to be established by the institutions of the Communities in respect of trade with non-member countries (hereinafter called 'customs duties');

Shall, in accordance with Article 3, constitute own resources to be entered in the budget of the Communities.

In addition, revenue accruing from other charges introduced within the framework of a common policy in accordance with the provisions of the Treaty establishing the European Economic Community or the Treaty establishing the European Atomic Energy Community shall constitute own resources to be entered in the budget of the Communities, subject to the procedure laid down in Article 201 of the Treaty establishing the European Economic Community or in Article 173 of the Treaty establishing the European Atomic Energy Community having been followed.

### Article 3

1. From 1 January 1971 the total revenue from agricultural levies shall be entered in the budget of the Communities.

From the same date, revenue from customs duties shall progressively be entered in the budget of the Communities.

The amount of the customs duties appropriated to the Communities each year by each Member State shall be equal to the difference between a reference amount and the amount of the agricultural levies appropriated to the Communities pursuant to the first subparagraph. Where this difference is negative, there shall be no payment of customs duties by the Member State concerned nor repayment of agricultural levies by the Communities.

The reference amount referred to in the third subparagraph shall be:

- 50 % in 1971
- 62.5 % in 1972
- 75 % in 1973
- 87.5 % in 1974
- 100 % from 1 January 1975 onwards

of the total amount of the agricultural levies and customs duties collected by each Member State.

The communities shall refund to each Member State 10 % of the amounts paid in accordance with the preceding subparagraphs in order to cover expense incurred in collection.

2. During the period 1 January 1971 to 31 December 1974, the financial contributions from Member States required in order to ensure that the budget of the communities is in balance shall be apportioned on the following scale:

— Belgium	6.8
— Germany	32.9
— France	32.6
— Italy	20.2
— Luxembourg	0.2
— Netherlands	7.3

3. During the same period, however, the variation from year to year in the share of each Member State in the aggregate of the amounts paid in accordance with paragraphs 1 and 2 may not exceed 1 % upwards or 1.5 % downwards, where these amounts are taken into consideration within the framework of the second subparagraph. For 1971, the financial contributions of each Member State to the combined budgets for 1970 shall be taken as reference for the application of this rule, to the extent that these budgets are taken into consideration within the framework of the second subparagraph.

In the application of the first subparagraph, the following factors shall be taken into consideration for each financial year:

(a) Expenditure relating to payment appropriations decided on for the financial year in question for the research and investment budget of the European Atomic Energy Community, with the exception of expenditure relating to supplementary programmes;

(b) Expenditure relating to appropriations to the European Social Fund;

(c) For the European Agricultural Guidance and Guarantee Fund, expenditure relating to appropriations to the Guarantee Section and to the Guidance Section, with the exception of appropriations entered or re-entered for accounting periods preceding the financial year concerned. For the reference year 1970 such expenditure shall be:

— for the Guarantee Section, that referred to in Article 8 of Council Regulation (EEC) No 728/70 of 21 April 1970 laying down additional provisions for financing the common agricultural policy;

— for the Guidance Section, an amount of 285 million units of account apportioned on the basis of the scale laid down in Article 7 of that Regulation;

it being understood that, for calculating the share of Germany, a percentage of 31.5 shall be taken as the reference scale;

(d) other expenditure relating to the appropriations entered in the Community budget.

Should the application of this paragraph to one or more Member States result in a deficit in the budget of the Communities, the amount of that deficit shall be shared for the year in question between the other Member States within the limits laid down in the first subparagraph and according to the contribution scale fixed in paragraph 2. If necessary, the operation shall be repeated.

4. Financing from the Communities' own resources of the expenditure connected with research programmes of the European Atomic Energy Community shall not exclude entry in the budget of the Communities of expenditure relating to supplementary programmes or the financing of such expenditure by means of financial contributions from Member States determined according to a special scale fixed pursuant to a Decision of the Council acting unanimously.

5. By way of derogation from this Article, appropriations entered in a budget preceding that for the financial year 1971 and carried over or re-entered in a later budget shall be financed by financial contributions from Member States according to scales applicable at the time of their first entry.

Appropriations to the Guidance Section which, while being entered for the first time in the 1971 budget, refer to accounting periods of the European Agricultural Guidance and Guarantee Fund preceding 1 January 1971 shall be covered by the scale relating to those periods.

#### **Article 4**

1. From 1 January 1975 the budget of the Communities shall, irrespective of other revenue, be financed entirely from the Communities' own resources.

Such resources shall include those referred to in Article 2 and also those accruing from the value added tax and obtained by applying a rate not exceeding 1 % to an assessment basis which is determined in a uniform manner for Member States according to Community rules. The rate shall be fixed within the framework of the budgetary procedure. If at the beginning of a financial year the budget has not yet been adopted, the rate previously fixed shall remain applicable until the entry into force of a new rate.

During the period 1 January 1975 to 31 December 1977, however, the variation from year to year in the share of each Member State in relation to the preceding year may not exceed 2 %. Should this percentage be exceeded, the necessary adjustment shall be made, within that variation limit, by financial compensation between the Member States concerned proportionate to the share borne by each of them in respect of revenue accruing from value added tax or from the financial contributions referred to in paragraphs 2 and 3.

2. By way of derogation from the second subparagraph of paragraph 1, if on 1 January 1975 the rules determining the uniform basis for assessing the value added tax have not yet been applied in all Member States but have been applied in at least three of them, the financial contribution to the budget of the communities to be made by each Member State not yet applying the uniform basis for assessing the value added tax shall be determined according to the proportion of its gross national product to the sum total of the gross national products of the Member States. The balance of the budget shall be covered by revenue accruing from the value added tax in accordance with the second subparagraph of paragraph 1, collected by the other Member States. This derogation shall cease to be effective as soon as the conditions laid down in paragraph 1 are fulfilled.

3. By way of derogation from the second subparagraph of paragraph 1, if on 1 January 1975 the rules determining the uniform basis for assessing the value added tax have not yet been applied in three or more Member States, the financial contribution of each Member State to the budget of the communities shall be determined according to the proportion of its gross national product to the sum total of the gross national products of the Member States. This derogation shall cease to be effective as soon as the conditions laid down in paragraphs 1 or 2 are fulfilled.

4. For the purpose of paragraphs 2 and 3, 'gross national product' means the gross national product at market prices.

5. From the complete application of the second subparagraph of paragraph 1, any surplus of the Communities' own resources over and above the actual expenditure during a financial year shall be carried over to the following financial year.

6. Financing expenditure connected with research programmes of the European Atomic Energy Community from the Communities' own resources shall not exclude entry in the budget of the Communities of expenditure relating to supplementary programmes nor the financing of such expenditure by means of financial contributions from Member States determined according to a special scale fixed pursuant to a Decision of the Council acting unanimously.

## **Article 5**

The revenue referred to in Article 2, Article 3 (1) and (2) and Article 4 (1) to (5) shall be used without distinction to finance all expenditure entered in the budget of the Communities in accordance with Article 20 of the Treaty establishing a Single Council and a Single Commission of the European Communities.

## **Article 6**

1. The Community resources referred to in Articles 2, 3 and 4 shall be collected by the Member States in accordance with national provisions imposed by law, regulation or administrative action, which shall, where necessary, be amended for that purpose. Member States shall make these resources available to the Commission.

2. Without prejudice to the auditing of accounts provided for in Article 206 of the Treaty establishing the European Economic Community, or to the inspection arrangements made pursuant to Article 209 (c) of that Treaty, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, adopt provisions relating to the supervision of collection, the making available to the Commission, and the payment of the revenue referred to in Articles 2, 3 and 4, and also the procedure for application of Article 3 (3) and Article 4.

#### **Article 7**

Member States shall be notified of this Decision by the Secretary-General of the Council of the European Communities; it shall be published in the *Official Journal of the European Communities*.

Member States shall notify the Secretary-General of the Council of the European Communities without delay of the completion of the procedures for the adoption of this Decision in accordance with their respective constitutional requirements.

This Decision shall enter into force on the first day of the month following receipt of the last of the notifications referred to in the second subparagraph. If, however, the instruments of ratification provided for in Article 12 of the Treaty amending Certain Budgetary Provisions of the Treaties establishing the European Communities and the Treaty establishing a Single Council and a Single Commission of the European Communities, have not been deposited before that date by all the Member States, this Decision shall enter into force on the first day of the month following the deposit of the last of those instruments of ratification.

Done at Luxembourg, 21 April 1970.

*For the Council*  
*The President*  
P. HARMEL