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Answer given by Mr Hahn  
on behalf of the European Commission  
(8.12.2022)

As advocated by the European Parliament, in the Interinstitutional Agreement of 16 December 2020 (IIA)<sup>1</sup>, the European Parliament, the Council and the Commission agreed on a roadmap to introduce new own resources that are sufficient to cover the repayment of the principal of the European Union Recovery Instrument providing clear guidance on the type of own resources to be introduced.

Moreover, the three institutions acknowledged that ‘expenditure from the Union budget related to the repayment of the European Union Recovery Instrument should not lead to an undue reduction in programme expenditure or investment instruments under the Multiannual Financial Framework’. They also agreed that ‘it is also desirable to mitigate the increases in the Gross National Income (GNI)-based own resource for the Member States’.

As a follow-up to the IIA, the Commission adopted a proposal for an amendment of the Own Resources Decision<sup>2</sup> in December 2021 to introduce three new own resources based on emissions trading (ETS), a carbon border adjustment mechanism (CBAM) and a share of residual profits from large multinationals that will be re-allocated to EU Member States under the OECD/G20 Inclusive Framework agreement on a re-allocation of taxing rights (‘Pillar One’).

The Commission did not propose EU taxes. ETS and CBAM are market-based instruments in support of our climate objectives; their ancillary effect is the creation of revenue for Member States - and the EU budget upon entry into force of the Own Resources Decision. A future EU Directive on Pillar One will support implementing the international agreement on the OECD/G20 Inclusive Framework in line with requirements of the EU Single Market. These taxing rights accrue to Member States not to the EU.

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.LI.2020.433.01.0028.01.ENG&toc=OJ%3AL%3A2020%3A433I%3ATOC>

<sup>2</sup> Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom OJ L 424, 15.12.2020, p. 1; <https://eur-lex.europa.eu/legal-content/EN/TXT/?toc=OJ%3AL%3A2020%3A424%3ATOC&uri=uriserv%3AOJ.LI.2020.424.01.0001.01.EN>