

VILIAM PÁLENÍK, IER SAS

Alternatives to the reform of EU own resources in the context of Brexit

11th int. sc. conf.: "Economic and monetary policy in the context of the current developments in the European integration processes"
7 November 2017, Faculty of Economics, MBU Banská Bystrica

CONTENTS

1. Own resources, HLGOR
2. Our proposal for a new tax
3. Input-output model
4. CGE model on Slovakia
5. BREXIT
6. Conclusions

1. Own resources, HLGOR

I. pillar: from traditional own resources

Customs and agricultural duties and sugar levies

II. pillar: VAT-based resources

III. pillar: GNI-based resources

max 1.27% of GNI of every Member State

other revenues

Bank interest, deductions from EU staff remunerations, contributions by non-EU countries to certain EU programmes

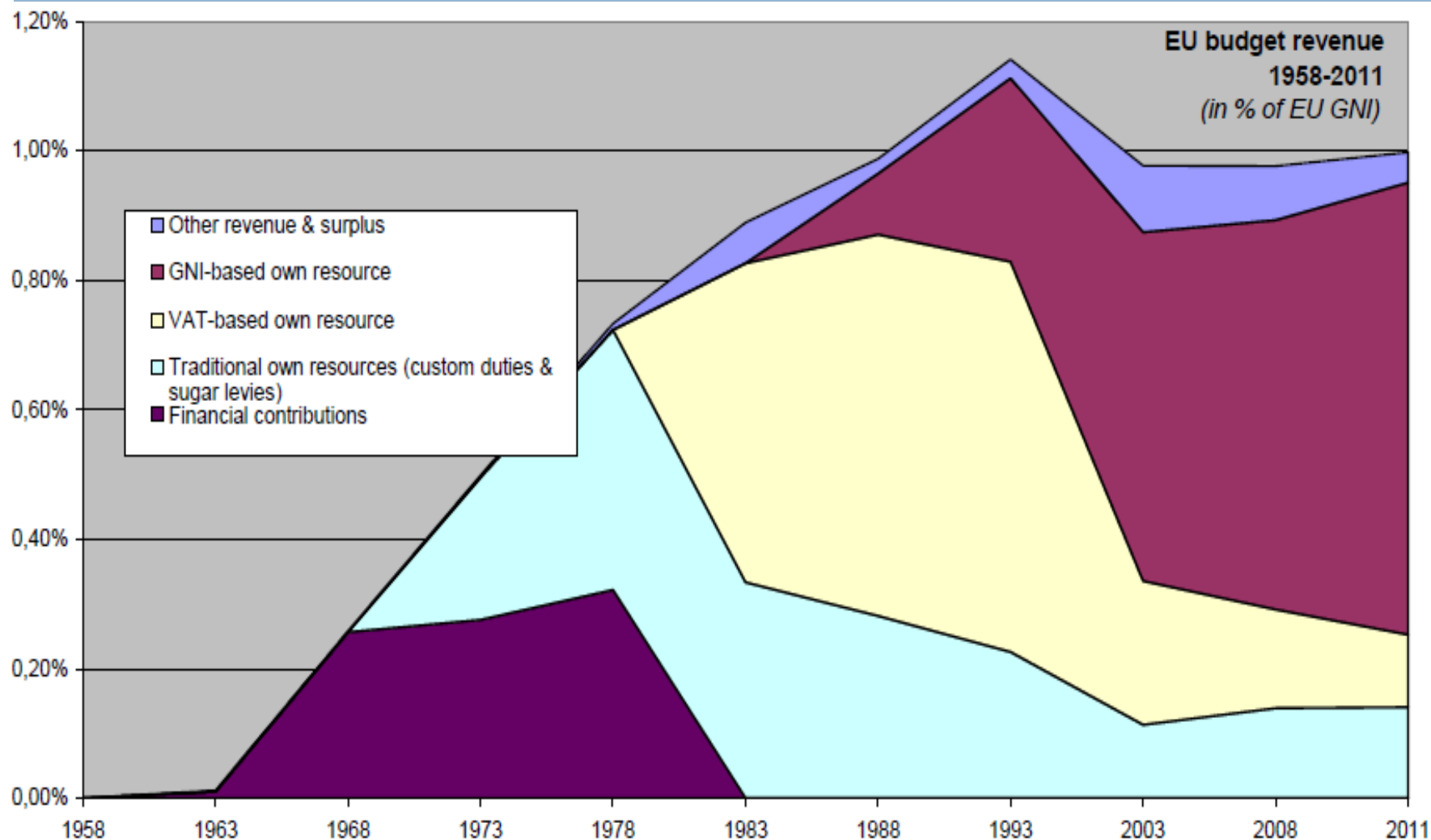
Criticism of present system

- ▶ Own resources system too complex and untransparent
- ▶ Own resources are not real resources of EU, but there countries
 - Inconsistent with Treaty of Rome (1957), Article 201:
 - "Without prejudice to other revenue, the budget shall be financed wholly from own resources."
 - they are contributions from national budgets accounting for up to 83% of the EU budget (2013)
- ▶ Increased frequency of late payments by member states
- ▶ Existence of corrections and rebates

HLG for the EU's own resources

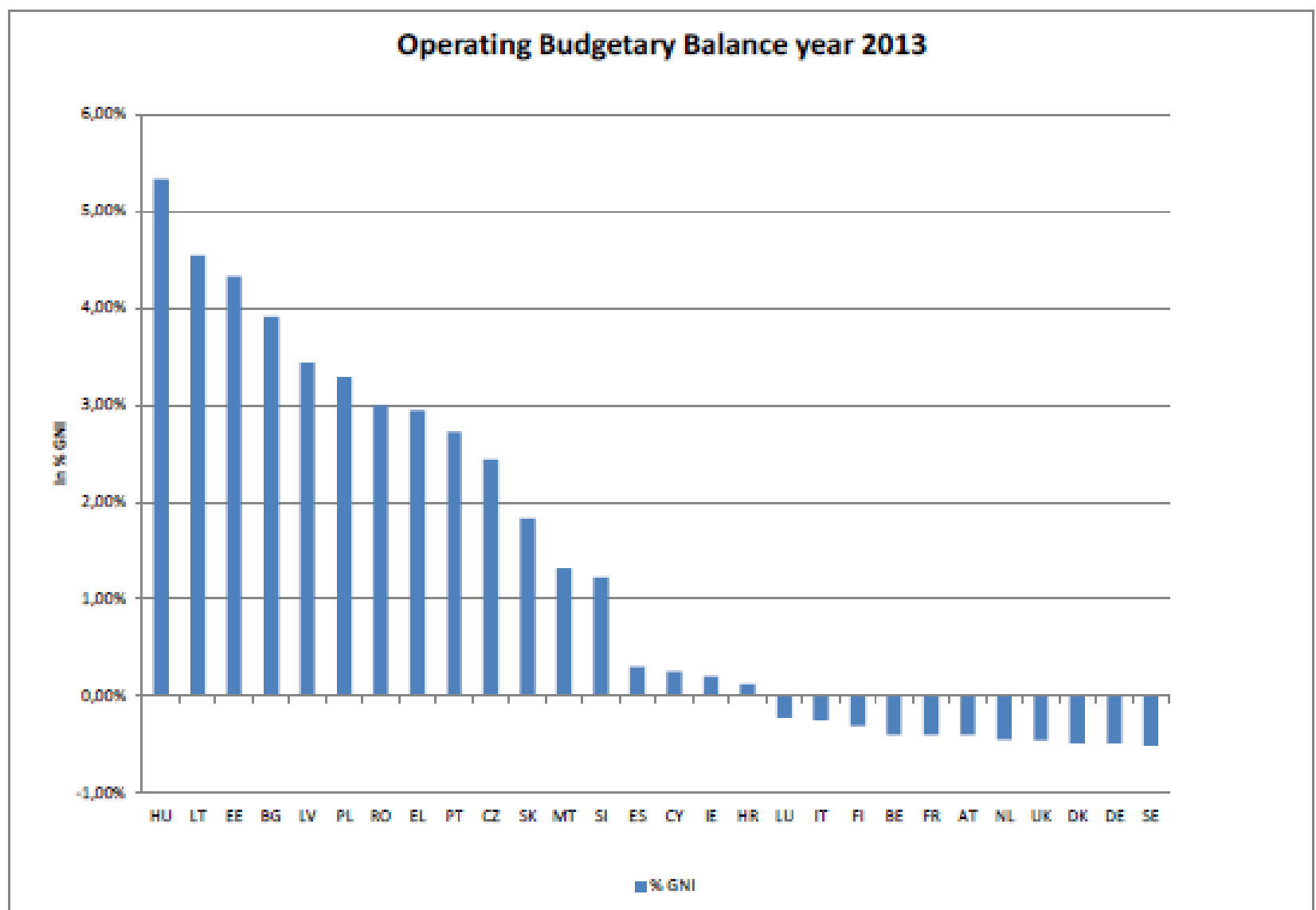
- ▶ Established for 2014-2016 Members: 1 + 3 x 3
- ▶ **Chairman:** (jointly appointed by the European Parliament, the Council and the Commission)
- ▶ Mario Monti, President of Bocconi University, former Prime Minister of Italy and European Commissioner
- ▶ **Members appointed by the European Parliament:**
- ▶ Ivailo Kalfin, former Member of the EP, Dep. Prime-Minister of Bulgaria and Minister of Labor, Soc.Policy,
- ▶ Alain Lamassoure (EPP),
- ▶ Guy Verhofstadt (ALDE),
- ▶ **Members appointed by the Council:**
- ▶ Daniel Dăianu, former Member of the European Parliament and Finance Minister of Romania,
- ▶ Clemens Fuest, President of the Centre for European Economic Research ZEW in Germany,
- ▶ Ingrida Šimonytė, former Minister of Finance of Lithuania,
- ▶ **Members appointed by the Commission:**
- ▶ Kristalina Georgieva, Vice-President of the Commission in charge of budget and human resources, who replaced former commissioners for Budget Janusz Lewandowski and Jacek Dominik.
- ▶ Pierre Moscovici, Member of the Commission in charge of economic and financial affairs, taxation and customs, who replaced former commissioner for taxation, customs, Algirdas Šemeta.
- ▶ Frans Timmermans, First Vice-President of the Commission in charge of better regulation, inter-institutional relations, rule of law and Charter of fundamental rights, who replaced former Vice-President Maroš Šefčovič.
- ▶ http://ec.europa.eu/budget/mff/hlgor/index_en.cfm : First asset report, Technical documents, Selected readings

HLG for the EU's own resources: First asset report



Source: HLGOR

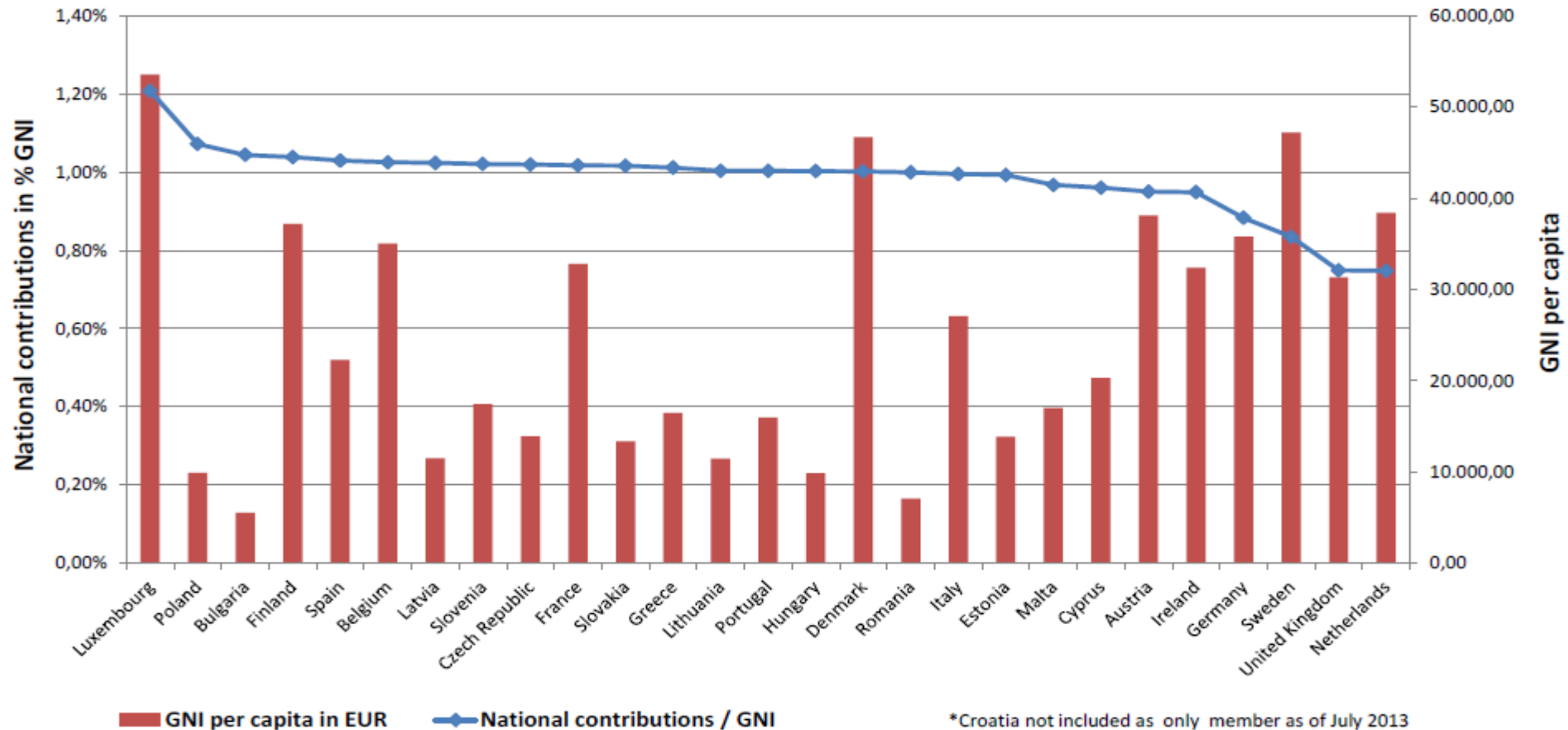
HLG for the EU's own resources: First asset report



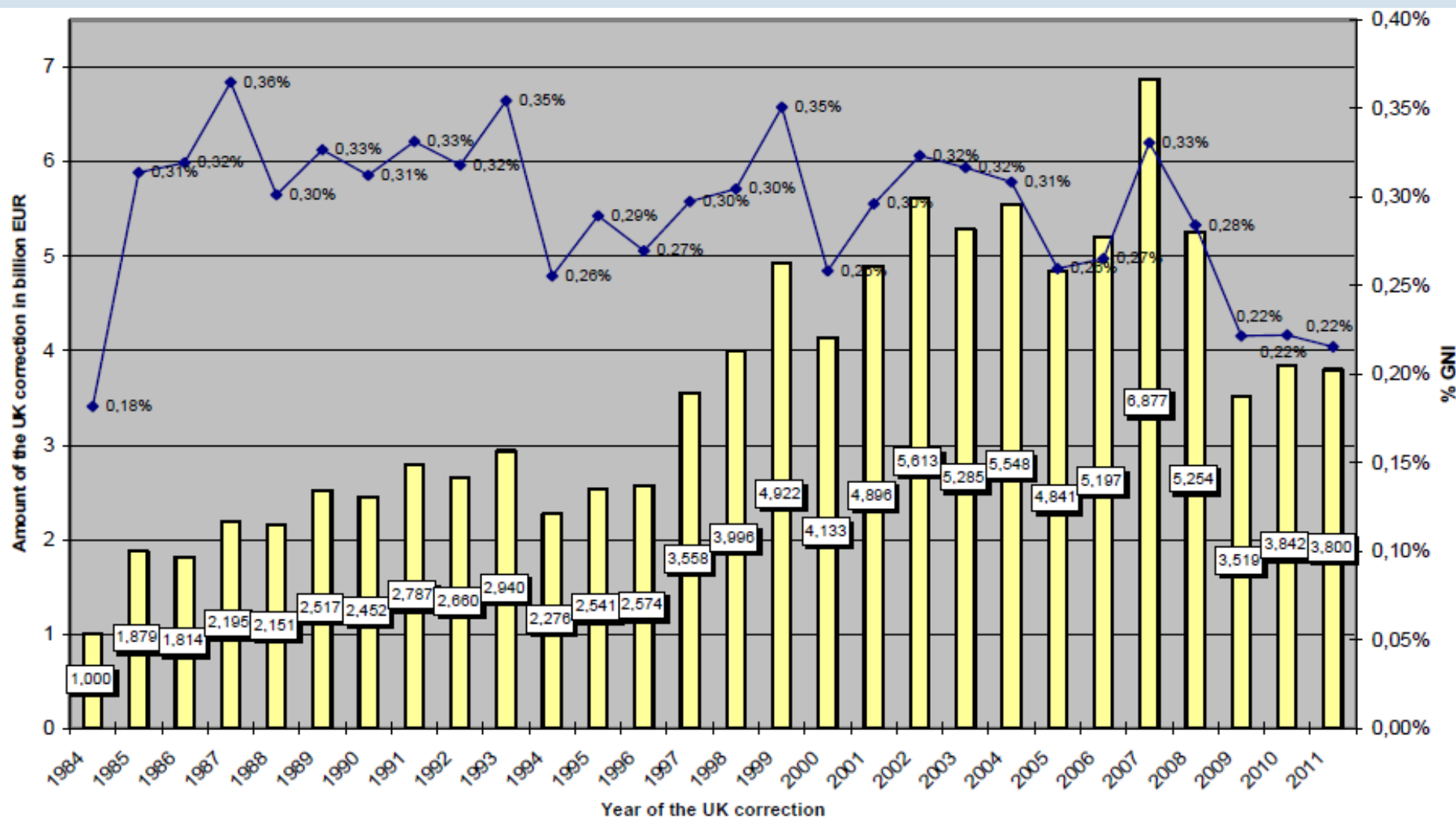
Source: HLGOR

HLG for the EU's own resources: First asset report

GNI per capita vs. national contributions in % GNI in 2013



United Kingdom corrections



Note: The amounts of the UK correction for 2008-2011 are provisional.

Source: HLGOR

Technical documents of the HLGOR

- ▶ Fiche1: Own resources in 2014–2020 MFF – Q&A
- ▶ Fiche2: Gross National Income (GNI) based own resource
- ▶ Fiche3: Value Added Tax (VAT)
- ▶ Fiche4: Financial Transaction Tax (FTT)
- ▶ Fiche5: Seigniorage
- ▶ Fiche6: Carbon / CO2 Tax based Own Resource
- ▶ Fiche7: EU Emissions Trading System (ETS)
- ▶ Fiche8: Digital Sector based Own Resource
- ▶ Fiche9: Transport Sector based Own Resources
- ▶ Fiche10: Electricity Tax based Own Resource
- ▶ Fiche11: Motor Fuel Tax–based Own Resource
- ▶ Fiche 12: Other revenue

2. Our proposal for a new tax

Criteria for the new tax in own resources:

1. More transparent
2. Budgetary neutrality
3. Reduction of labour taxation and/or
Abolition of administratively demanding methods of environment protection
4. Eliminating of discrimination of European producers on home and world markets

Criterion 1: More transparency

- In connection to EU strategies and goals
 - ▣ Environment protection, employment
- Make European policy more clear to voters
 - ▣ Low election participation in several countries
- Regularise the position of the European Parliament
 - ▣ EP is not budget authority on the income side

Criterion 2: Budgetary neutrality

- Fiscal devaluation:
- Simultaneous and by the same amount:
 - reduction in direct taxes
 - increase in indirect taxes
- ▣ Introduction of new EU tax
- ▣ Reduction labour tax
- ▣ and/or abolition or reduction of taxes, charges + other costs of business in the EU

Criterion 3: Reduction of labour taxation

- Reduction of labour taxation $\Rightarrow$ reduced labour costs
- And/or
 - ▣ Environment protection is currently regulated through mainly administrative methods
 - ▣ Quantified list will contain volume of financial resources that would replace the financial burden after introduction of new tax
 - ▣ In this way fiscal neutrality would be achieved – e.g. excise duty on mineral oils, carbon credits, energy costs

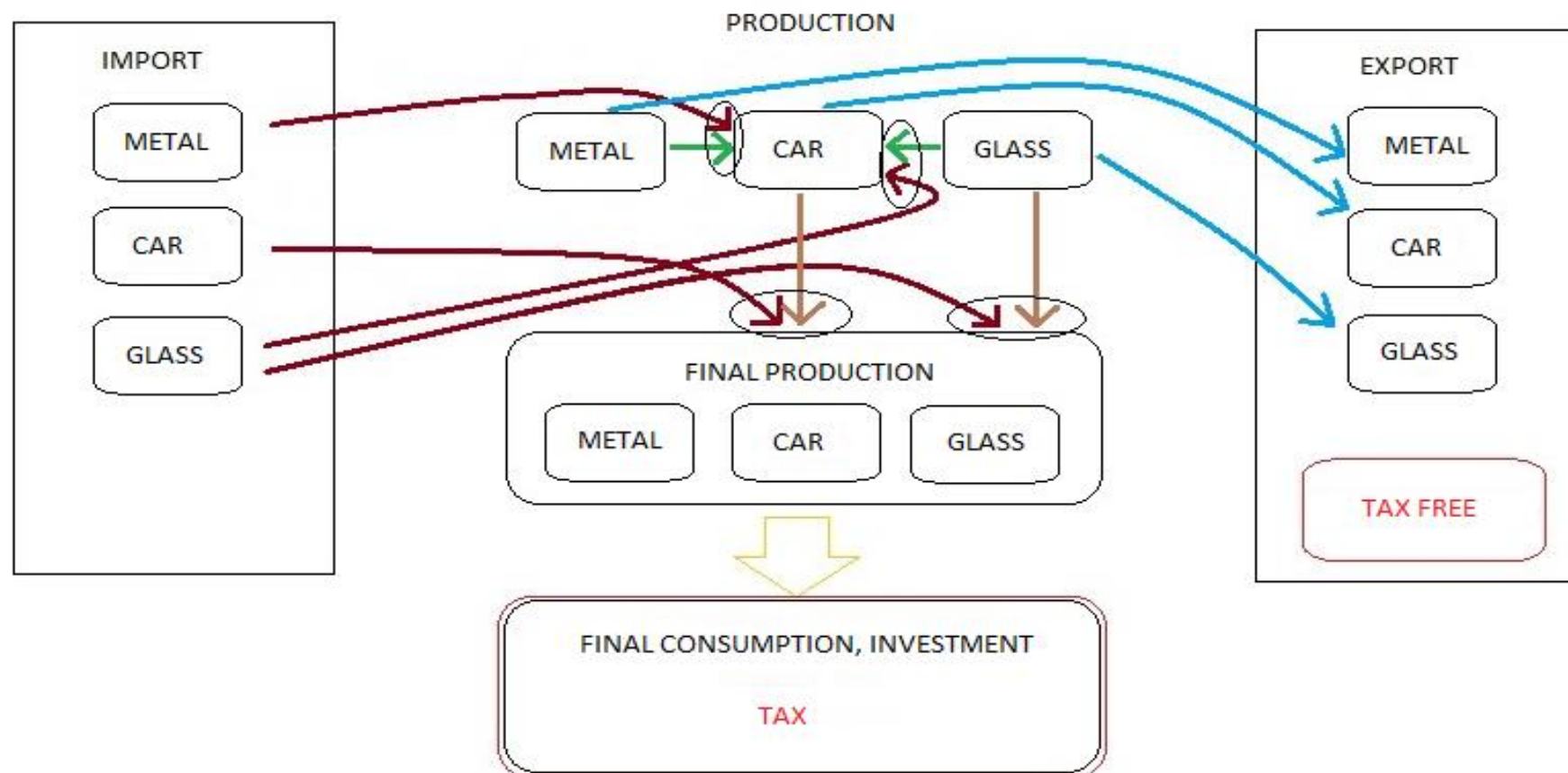
Criterion 4: Elimination of the discrimination of European producers

- Environmental protection
 - ▣ increases production costs of EU companies
 - ▣ (whilst keeping some non-EU companies costs low)
- Eliminating discrimination of European producers on home and world markets:
 - ▣ To end unfavourable treatment of Europe's producers compared with manufacturers in 3rd countries with lower environmental standards
 - ▣ To do not burden domestic producers exporting to 3rd countries.

Proposal for a new EU tax

- ▶ To tax products based on:
 - amount of energy consumed and CO₂ emitted in production process,
 - irrespective of whether all or part of that process is inside or outside the EU.
- ▶ Different tax rates for several dozen product groups.
- ▶ Taxation of end use of goods and services on the European market (C+G+I).
- ▶ Exported goods and services will not be taxed.

Funding of EU tax: simplified overview



Conclusions (2)

- ▶ Introduction of this EU tax:
- ▶ Sustainable own EU resources
- ▶ Fair competitive environment for EU companies
- ▶ Contribution to environmental protection
- ▶ Reduced costs for companies :
 - more competitive
 - on domestic and foreign markets
 - leading to growth in:
 - domestic production
 - Employment, household income
 - GDP

3. Input-output model

Study:

Mikuláš Luptáčík and Peter Luptáčík: Analysis and quantification of a new fiscally neutral European tax.

Brussels 2016, EESC, 53p

This study was carried out by Industriewissenschaftliches Institut (IWI) following a call for tenders launched by the European Economic and Social Committee.

Input-output model - Abstract

- The present study contributes to the discussion on the new European tax or fee, which would be based on taxing end consumption (taxing the products and not the production) according to how much CO₂ is emitted during the production of particular commodities, irrespective of whether all or a part of this process takes place inside or outside the EU.
- The analysis is based on the input-output model, which provides an appropriate and unique approach for measuring the total CO₂ content of the various commodities taking the entire production chain into account. The calculation by products can be the basis for the estimation of product specific CO₂ taxes.
- The model calculations based on the Input Output Table for the EU-27 for the year 2011 leads to the tax rate of EUR 40.69 per tonne of CO₂ emissions, which could have generated fiscal revenue in the amount of 1% of EU GDP. In line with the principle of fiscal neutrality, a reduction of the labour costs by -2.03 % could compensate the introduction of a CO₂ tax by the amount of EUR 40.69 per tonne of CO₂.
- The results for different Member States differ significantly from the "European average".

Input-output model - Results

Table 8: Price effects of the simultaneously introducing a CO₂ tax and reducing labour costs

Results for EU-27 for the year 2011		Cost push effects	price effects of reducing the labour costs	Overall price effects
CPA_A01	Products of agriculture, hunting and related services	2,00%	-0,75%	1,25%
CPA_A02	Products of forestry, logging and related services	0,91%	-0,72%	0,19%
CPA_A03	Fish and other fishing products; aquaculture products; support services to fishing	3,40%	-0,91%	2,48%
CPA_B	Mining and quarrying	2,39%	-0,66%	1,73%
CPA_C10-C12	Food, beverages and tobacco products	1,65%	-1,00%	0,65%
CPA_C13-C15	Textiles, wearing apparel, leather and related products	1,32%	-1,13%	0,19%
CPA_C16	Wood and of products of wood and cork, except furniture; articles of straw and plaiting	1,48%	-1,06%	0,42%
CPA_C17	Paper and paper products	2,79%	-1,06%	1,73%
CPA_C18	Printing and recording services	1,30%	-1,15%	0,16%
CPA_C19	Coke and refined petroleum products	3,94%	-0,78%	3,16%
CPA_C20	Chemicals and chemical products	3,14%	-0,99%	2,15%
CPA_C21	Basic pharmaceutical products and pharmaceutical preparations	1,14%	-0,95%	0,19%
CPA_C22	Rubber and plastic products	1,82%	-1,12%	0,70%
CPA_C23	Other non-metallic mineral products	6,21%	-1,07%	5,14%
CPA_C24	Basic metals	4,78%	-1,05%	3,73%
CPA_C25	Fabricated metal products, except machinery and equipment	1,71%	-1,18%	0,53%
CPA_C26	Computer, electronic and optical products	1,02%	-1,22%	-0,20%
CPA_C27	Electrical equipment	1,41%	-1,15%	0,26%
CPA_C28	Machinery and equipment n.e.c.	1,29%	-1,18%	0,11%
CPA_C29	Motor vehicles, trailers and semi-trailers	1,39%	-1,16%	0,23%
CPA_C30	Other transport equipment	1,20%	-1,25%	-0,05%

Input-output model – Results cont.

CPA_C31_C32	Furniture and other manufactured goods	1,16%	-1,14%	0,02%
CPA_C33	Repair and installation services of machinery and equipment	1,19%	-1,20%	0,00%
CPA_D35	Electricity, gas, steam and air conditioning	10,58%	-0,78%	9,80%
CPA_E36	Natural water; water treatment and supply services	1,79%	-0,88%	0,91%
CPA_E37-E39	Sewerage services; sewage sludge; waste collection, treatment and disposal services; m	2,06%	-1,02%	1,04%
CPA_F	Constructions and construction works	1,28%	-1,06%	0,22%
CPA_G45	Wholesale and retail trade and repair services of motor vehicles and motorcycles	0,83%	-1,13%	-0,30%
CPA_G46	Wholesale trade services, except of motor vehicles and motorcycles	0,94%	-1,07%	-0,13%
CPA_G47	Retail trade services, except of motor vehicles and motorcycles	0,80%	-1,13%	-0,33%
CPA_H49	Land transport services and transport services via pipelines	2,39%	-1,08%	1,30%
CPA_H50	Water transport services	4,23%	-0,97%	3,26%
CPA_H51	Air transport services	5,67%	-1,14%	4,53%
CPA_H52	Warehousing and support services for transportation	1,15%	-1,07%	0,07%
CPA_H53	Postal and courier services	0,86%	-1,53%	-0,67%
CPA_I	Accommodation and food services	0,87%	-1,00%	-0,13%
CPA_J58	Publishing services	0,68%	-1,13%	-0,46%
CPA_J59_J60	Motion picture, video and television programme production services, sound recording a	0,73%	-0,96%	-0,23%

Source: IWI (2016), Computations based on Eurostat, Input-Output-Tables 2011 for EU-27

Input-output model – Results cont.

CPA_J61	Telecommunications services	0,57%	-0,86%	-0,29%
CPA_J62_J63	Computer programming, consultancy and related services; Information services	0,53%	-1,27%	-0,74%
CPA_K64	Financial services, except insurance and pension funding	0,31%	-1,01%	-0,70%
CPA_K65	Insurance, reinsurance and pension funding services, except compulsory social security	0,37%	-1,00%	-0,62%
CPA_K66	Services auxiliary to financial services and insurance services	0,37%	-1,12%	-0,74%
CPA_L68B	Real estate services	0,38%	-0,44%	-0,07%
CPA_L68A	Of which: imputed rents of owner-occupied dwellings	0,27%	-0,34%	-0,06%
CPA_M69_M70	Legal and accounting services; services of head offices; management consultancy services	0,53%	-1,06%	-0,53%
CPA_M71	Architectural and engineering services; technical testing and analysis services	0,71%	-1,17%	-0,46%
CPA_M72	Scientific research and development services	0,93%	-1,36%	-0,43%
CPA_M73	Advertising and market research services	0,65%	-1,10%	-0,45%
CPA_M74_M75	Other professional, scientific and technical services and veterinary services	0,80%	-0,98%	-0,17%
CPA_N77	Rental and leasing services	0,82%	-0,75%	0,07%
CPA_N78	Employment services	0,35%	-1,54%	-1,19%
CPA_N79	Travel agency, tour operator and other reservation services and related services	1,24%	-1,10%	0,14%
CPA_N80-N82	Security and investigation services; services to buildings and landscape; office administration	0,65%	-1,25%	-0,61%
CPA_O84	Public administration and defence services; compulsory social security services	0,54%	-1,38%	-0,84%
CPA_P85	Education services	0,39%	-1,64%	-1,25%
CPA_Q86	Human health services	0,48%	-1,23%	-0,75%
CPA_Q87_Q88	Residential care services; social work services without accommodation	0,48%	-1,58%	-1,10%
CPA_R90-R92	Creative, arts, entertainment, library, archive, museum, other cultural services; gambling	0,57%	-0,98%	-0,41%
CPA_R93	Sporting services and amusement and recreation services	0,78%	-1,12%	-0,33%
CPA_S94	Services furnished by membership organisations	0,55%	-1,50%	-0,95%
CPA_S95	Repair services of computers and personal and household goods	0,89%	-1,16%	-0,27%
CPA_S96	Other personal services	0,58%	-0,71%	-0,13%
CPA_T	Services of households as employers; undifferentiated goods and services produced by	0,35%	-2,06%	-1,71%

4. Computable General Equilibrium model on Slovakia

- Benčík (2001) – experimental model
- Brunovský, Páleník, Kotov a Mráz (2002) – new tax reform
- Páleník a Kotov (2003) – enlargement of EU
- Páleník, Ďuráš, Hrivnáková a Kvetan (2004) – new car factory
- Koronczí a Ezaki (2005) – World Bank
- Miřková (2007) – gradual expansion model
- Domonkos a Pániková (2009) – train transport
- Lichner (2013) – labour market
- Miklošovič (2014) – ex post analysis

Social accounting matrix

- Base year 2010
- Resources: Supply and use tables, Statistical office of SR, National bank of SR, Ministry of finance and so on
- Expenditure single subject generate revenue other subject, the principle of input-output tables
- All the revenue of one subject are equal to all the expenditure of the same subject, Principles of National Account

Social accounting matrix

- Specification of base SAM
 - ▣ 59 sectors by classification NACE 2
 - ▣ 6 institutional sectors
 - ▣ Primary and secondary redistribution of income and generation of income

- Adjustment SAM
 - ▣ 1 sector
 - ▣ 4 institutional sectors (household, government, world, enterprise)
 - ▣ 2 type of world -> EU and rest of world
 - ▣ 3 type of capital input -> Human, Land and Capital
 - ▣ Several tax choices

CGE model

- The macroeconomic model providing analyzes based on microeconomic theory
- Economic equilibrium -> exogenous shock -> Economic equilibrium
- Ex ante versus ex post analyses
- Subjects behave according to the model production functions and utility functions
- The possibility of observing behavioral changes not only in the short-term but also in long-term behavior

CGE model on IER SAS

- Recursive dynamic model
- The model simultaneously computes the economic equilibrium in demand and supply
- Model is applicable to any:
 - ▣ number of production sectors
 - ▣ number and structure of households
 - ▣ number and structure of enterprises
- Foreign is divided to EU and Rest of the world
- The model includes a number of production factors such as labor, land and capital, or disaggregate the production factors to more types
- Model is including demographic aspect of population in the case of long term prognosis

CGE model on IER SAS

- The production is modelled with a nested CES production function, using capital, labour, land and intermediate goods
- Taxes in the model: import tax, export tax, tax on other taxes and subsidies on products, value added tax, sales tax, direct taxes on production = other taxes on production, subsidies on production, direct taxes on factors of production, direct taxes for households and enterprises
- Households decide their demand using a nested extended Stone Geary utility function
- Labour is immobile across borders
- Model use different market clearing mechanisms

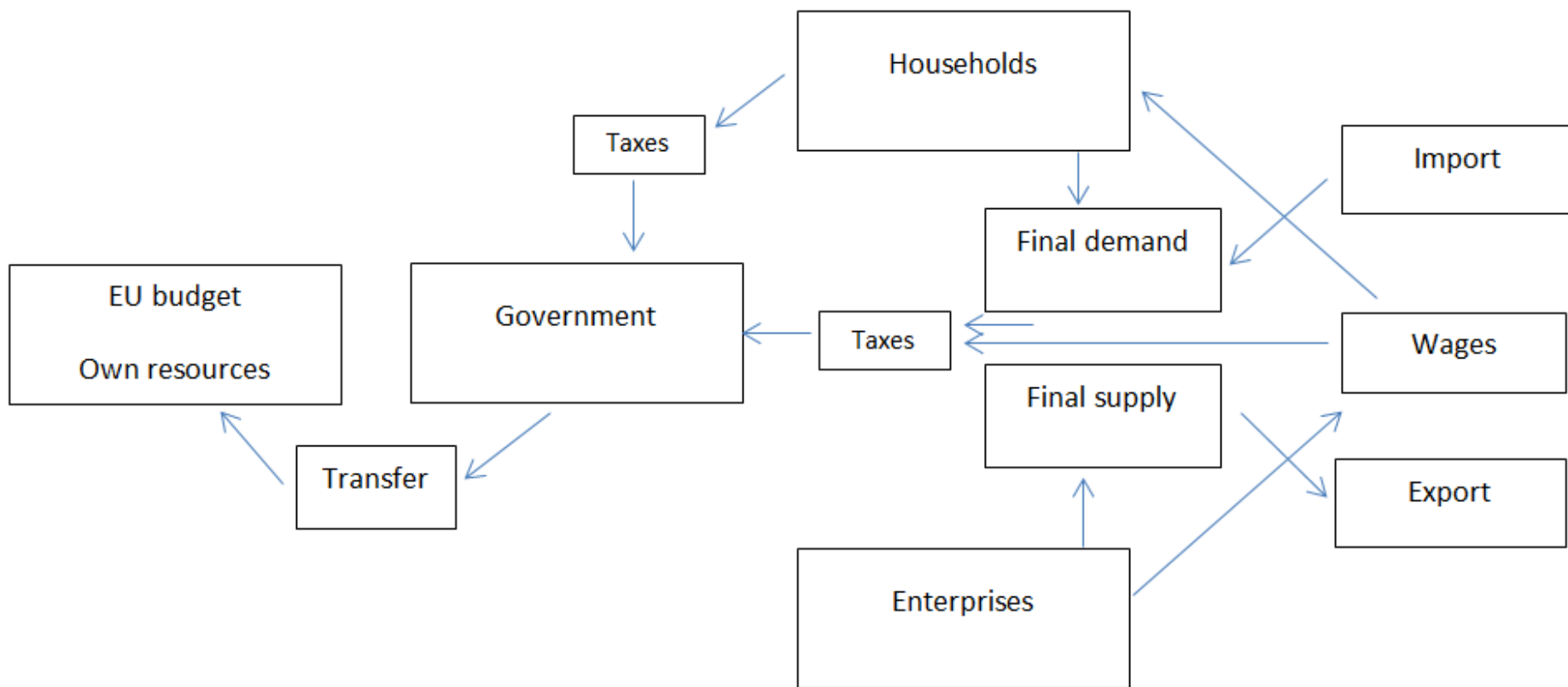
Exogenous shock

- Baseline scenario (**B**) + **2** alternative scenarios
- The introduction of Enviro tax of 1% of GDP* and the reduction in government transfers to the EU by 1% of GDP in all alternative scenarios

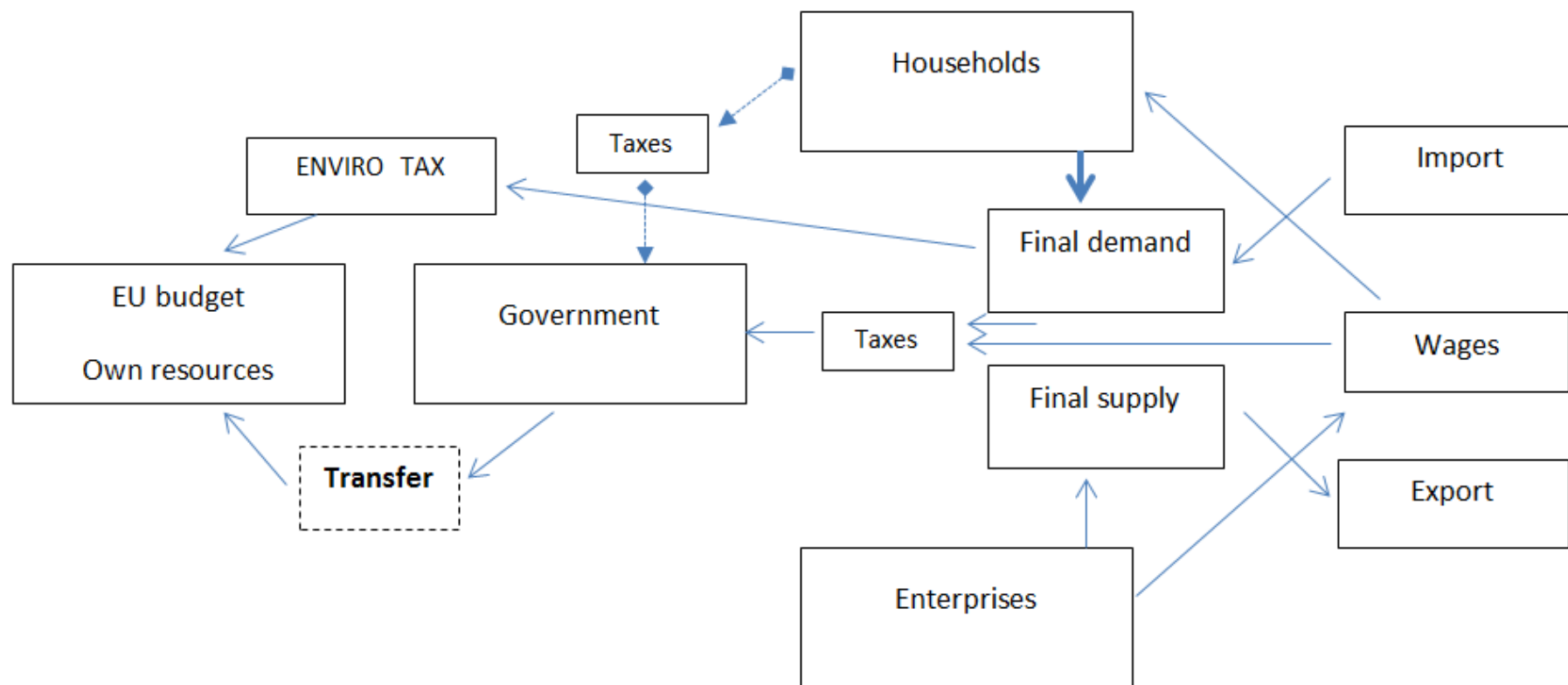
- **H+EU** -> Reduction of wage tax by 1% of GDP, the primary benefit to **households**
- → labor income before income tax unchanged,
- ↑ labor income after taxation increased by 1% of GDP
 - Slovakia and the rest of the **EU**
- **E+EU** -> Reduction of wage tax by 1% of GDP, the primary benefit to **enterprises**
- ↓ wages expenses before tax reduced by 1% of GDP
- → labor income after taxation unchanged)
 - Slovakia and the rest of the **EU**

- *(659 million of euro in Slovakia,2010)

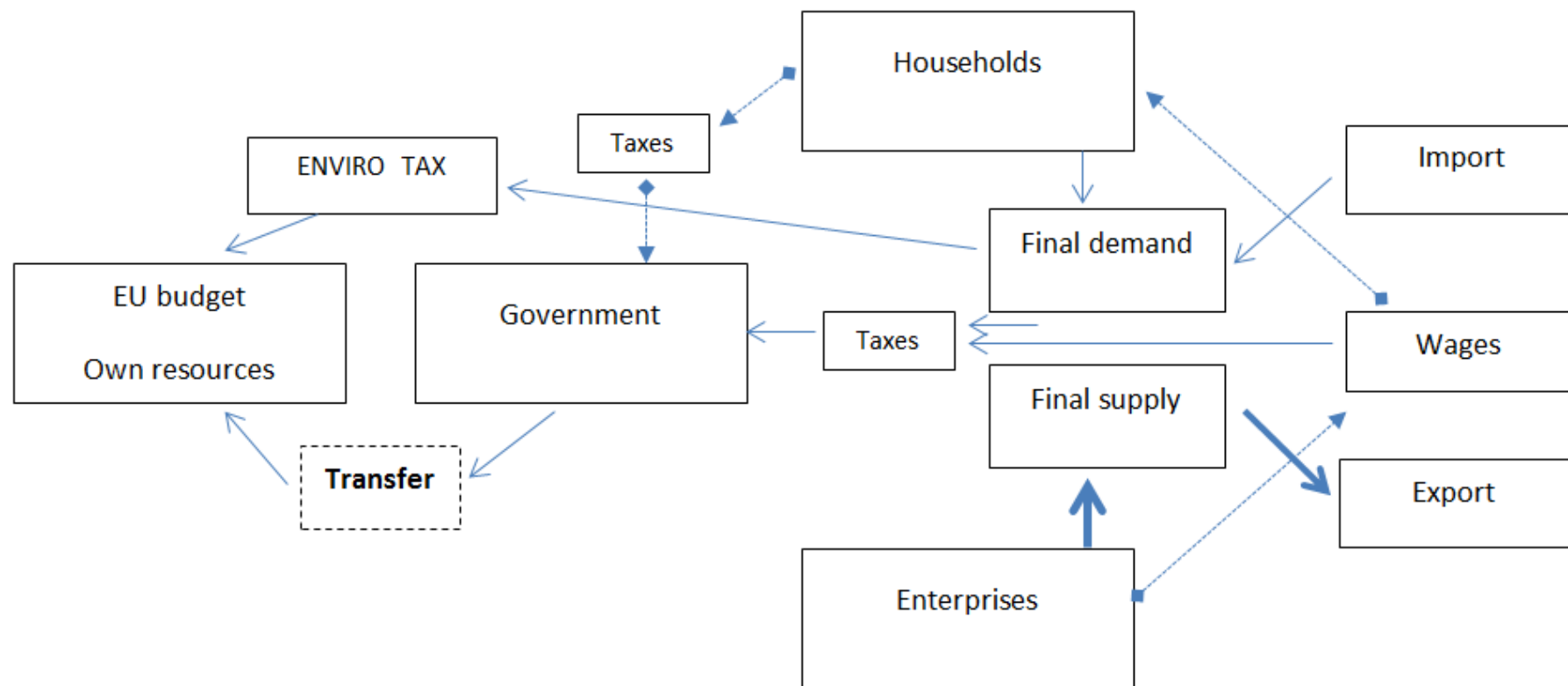
Baseline scenario



Scenario H+EU



Scenario E+EU



Results

Results of scenarios, mil. EUR, *qty of people
(Slovakia 2010)

	B	H+EU	E+EU
Gross domestic product	65 897	66 774	68 323
Household consumption	37 142	38 278	38 905
Export to EU	44 804	45 476	46 302
Export to ROW	8 155	8 277	8 427
Import from EU	39 966	40 741	40 942
Import from ROW	13 290	13 574	13 564
Netto export EU	4 838	4 735	5 360
Netto export ROW	-5 136	-5 296	-5 137
Intermediate consumption	101 126	103 075	103 627
Domestic production	164 622	167 442	169 408
Household income	42 858	44 169	44 893
Employment (qty of people)	2 316 255	2 354 927	2 457 059

Results

Results of scenarios against B, mil. EUR, people

*absolute change against a basic scenario B

	H+EU	E+EU
Gross domestic product	877	2 426
Household consumption	1 136	1 764
Export to EU	672	1 498
Export to ROW	122	273
Import from EU	776	976
Import from ROW	283	274
Netto export EU	-104	522
Netto export ROW	-161	-1
Intermediate consumption	1 949	2 501
Domestic production	2 820	4 786
Household income	1 311	2 035
Employment (qty of people)	38 671	140 804

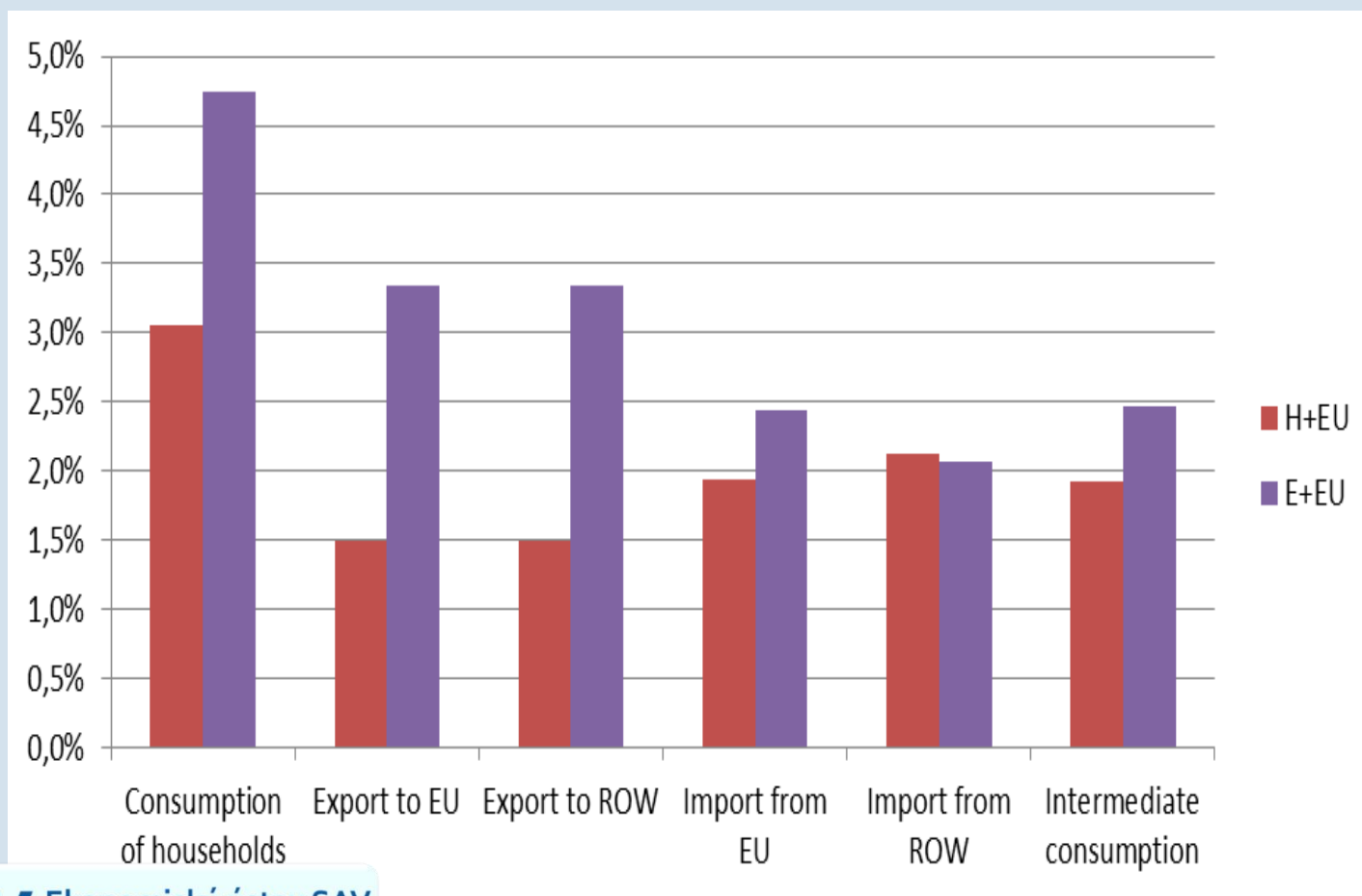
Results

Results of scenarios compare B, % (SVK 2010)

*relative change against a basic scenario B (in %)

	H+EU	E+EU
Gross domestic product	1.3	3.7
Household consumption	3.1	4.7
Export to EU	1.5	3.3
Export to ROW	1.5	3.3
Import from EU	1.9	2.4
Import from ROW	2.1	2.1
Netto export EU	-2.1	10.8
Netto export ROW	3.1	0.0
Intermediate consumption	1.9	2.5
Domestic production	1.7	2.9
Household income	3.1	4.7
Employment	1.7	6.1

Results compared with B scenario



Results of calculations (4)

- ❑ The results are the same as expected for small and open economy
- ❑ Positive aspects on GDP (between 1.2% to 3.9%) and the income of households (between 2.9% to 5.1%)
- ❑ Number of employees increases from 30 thousand (1,5% negative scenario) to 150 thousand (6,5% positive scenario)

5. BREXIT

- ❑ Brexit cancel corrections for other countries
- ❑ UK on EEA - the introduction of British funds
- ❑ Brexit increase general acceptability of own resources reform

Conclusions

- The introduction of the environmental tax as the own resource of the EU while reducing taxes on labor by the same amount (1% of GDP)
 - Sustainable own EU resources
 - Competitive environment more fair for EU companies
 - Contribution to environmental protection
- Reduced costs for companies :
 - more competitive
 - on domestic and foreign markets
 - leading to growth in:
 - domestic production
 - Employment, household income
 - GDP
 - Win-win (environmental protection and economic growth)
- BREXIT:
 - Introduction of British funds
 - Increasing acceptability of own resources reform
 - Canceling corrections

Thank you for attention

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Literature:

1. MONTI, M. at all.: FUTURE FINANCING OF THE EU. Final report and recommendations of the High Level Group on Own Resources. EC, Brussels, December 2016, 104 p.

http://ec.europa.eu/budget/mff/hlgor/documents/index_en.cfm

2. Viliam Páleník – Tomáš Miklošovič: Environmental Tax as the Possible Part of EU Own Resources. EÚ SAV 2015, WP 72, 17p.

3. PÁLENÍK, V. – MIKLOŠOVIČ, T.: CGE Modelling of Macroeconomic Effects of Environmental Taxes as an EU Own Resource – Case of Slovakia. In Working papers [EÚ SAV], 2016, No. 88, 27 p.

4. Mikuláš Luptáčík – Peter Luptáčík: Analysis and quantification of a new fiscally neutral European tax. Brussels 2016, EESC, 53p

A European tax as an EU own resource



European Economic and Social Committee

Monday 1 June 2015

- 10.15 a.m. Welcome and introduction**
- **Joost van Iersel**, President of the Section for Economic and Monetary Union and Economic and Social Cohesion (ECO), EESC
- The current debate: moving towards new solutions for EU own resources**
- **Mario Monti**, Chairman of the High Level Group on Own Resources
 - **Kristalina Georgieva**, Vice-President responsible for Budget and Human Resources, European Commission
 - **Pierre Moscovici**, European Commissioner for Economic and Financial Affairs, Taxation and Customs, European Commission (tbc)
 - **Vladimír Maňka**, MEP, member of the BUDG committee, European Parliament
- Debate**
- 11.30 a.m. A European tax as an EU own resource**
- **Viliam Páleník**, Vice-President of the ECO section and rapporteur for the opinion *A European tax as an EU own resource*, EESC
- 11.45 a.m. Own resources and environmental protection**
- **Martin Siecker**, rapporteur for the opinion *Market-based instruments – low carbon economy in the EU*, EESC
 - **Josef Zbořil**, rapporteur for the opinion *The 2015 international agreement on climate change*, EESC
 - **Mikuláš Luptáček**, Emeritus Professor of Economics, University of Vienna (WU Wien)
- Debate**
- 1 p.m. Networking buffet lunch (Atrium 6)**
- 2.30 p.m. Own resources and kick-starting growth**
- **Clemens Fuest**, President, Centre for European Economic Research (ZEW)
 - **Jorge Nuñez Ferrer**, independent analyst and consultant, Centre for European Policy Studies (CEPS)
 - **Henk Koller**, President, Confédération fiscale européenne (European Fiscal Confederation/CFE)
 - **James Watson**, Director of the Economics Department, BusinessEurope
- Debate**
- 4 p.m. Conclusions**
- **Viliam Páleník**, Vice-President of the ECO section and rapporteur for the opinion *A European tax as an EU own resource*, EESC
 - **Joost van Iersel**, President of the ECO section, EESC

**Capabilities and limitations of the economic
modelling
of european environmental tax as an EU
own resource**

**that took place November 12, 2015, in the Rector hall of the
Comenius University in Bratislava**

9:30 - 10:00 Registration and welcome coffee

10:00 - 10:40 Opening of the conference: Mr. Viliam PÁLENÍK (IER SAS)

Welcome speeches:

Mr. Juraj DRAXLER, Minister of the education, science, research and sport, Government of the Slovak Republic

Mr. Vladimír MAŇKA, Member of the European Parliament, Group of the Progressive Alliance of Socialists and Democrats in the European Parliament - [watch video message](#)

Mr. Miroslav MOROVICS (Presidium of SAS)

Mr. Viliam PÁLENÍK, IER SAS, Environmental tax as a possible part of EU own resources - [document download](#), [Working Paper ENG](#), [Working Paper SK](#)

FUTURE FINANCING OF THE EU

BRUSSELS,
7 - 8 SEPTEMBER 2016

EUROPEAN PARLIAMENT,
József Antall Building,
Room JAN 2Q2

15h00 – Inaugural session

- Welcome address by Martin Schulz, President of the European Parliament
- Presentation by Chairman Mario Monti of the work of the High Level Group on Own Resources

12h45-13h30 – Closing session

Mr Martin Schulz, President of the European Parliament

Mr Vazil Hudák, Government Plenipotentiary for the negotiations of the EU Budget of the Slovak Presidency of the Council

Ms Kristalina Georgieva, Vice President of the European Commission

Mr Mario Monti, Chairman of the High Level Group on Own Resources



FAIRTAX

Vienna, September 19, 2016

9:00 to 17:30

A-1030 Vienna, Arsenal Objekt 20

Session 2B

Chair: Niki Pomper, WIFO

Discussants: Danuše Nerudová, Mendel University Brno, Jorge Nuñez Ferrer, CEPS

Mikuláš Luptáčik (University of Bratislava),
Peter Luptáčik

*Analysis and Quantification of a New Fiscally
Neutral European Tax*

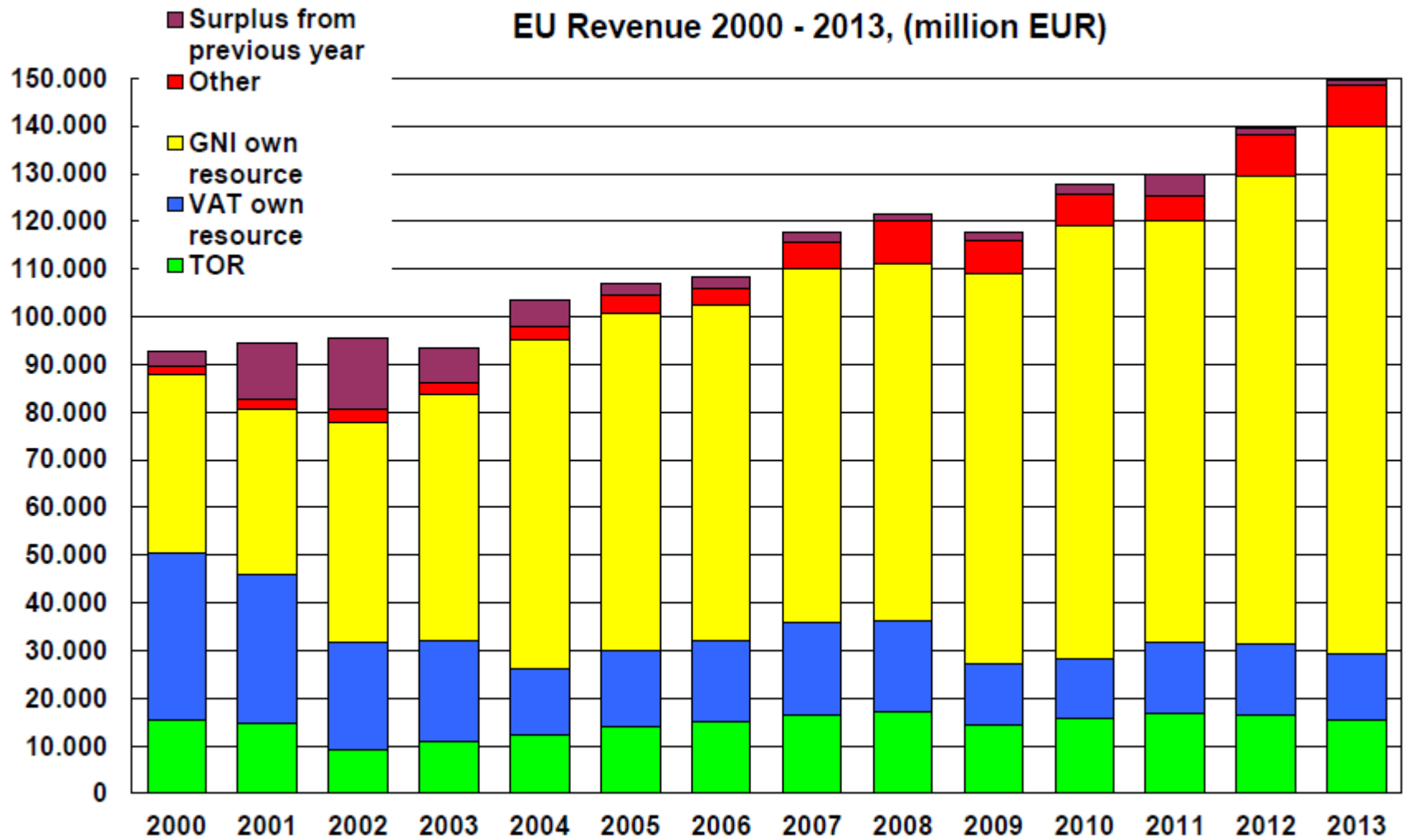
Pierre Kohler (UN)

*Overcoming the EU Sustainability Crisis: Tax
Options for Sustainable Development in a Stronger
Union*

Viliam Palenik (Slovak Academy of
Sciences), Tomáš Miklošovič

*CGE Modeling of Macroeconomic Effects of
Environmental Taxes as an EU Own Resource –
The Case of Slovakia*

Own resources



Own resources

Table 1: EU budget revenue 1970-2010 (% GNI)

	1970	1979	1988	1995	2004	2010
	EU-6	EU-9	EU-12	EU-15	EU-25	EU-27
VAT-based own resource (1)	---	0,38	0,59	0,58	0,13	0,10
GNP/GNI-based own resource (2)	---	---	0,10	0,21	0,65	0,75
Other payments from/to Member States (3)	0,78	---	---	---	---	---
Total national contributions (4)=(1)+(2)+(3)	0,78	0,38	0,68	0,80	0,78	0,85
Traditional own resources (5)	---	0,39	0,28	0,22	0,12	0,13
Total own resources (6)=(4)+(5)	0,78	0,77	0,96	1,01	0,90	0,97
Surplus from previous year (7)	---	0,00	0,01	0,10	0,05	0,02
Other revenue (8)	0,00	0,01	0,01	0,01	0,03	0,05
TOTAL REVENUE (9)=(6)+(7)+(8)	0,78	0,78	0,99	1,12	0,98	1,05

Elements of the EU tax 1

- ▶ To apply in all EU Member States and thus throughout the EU
- ▶ 60 to 100 groups of products subject to different rates of EU tax
- ▶ Taxation of end use of goods and services on the European market
- ▶ No taxation of goods and services exported from EU
- ▶ Same taxation of end use of goods and services on the European market regardless of origin

Elements of the EU tax 2

- Tax bands for individual product groups to depend on energy consumption and levels of CO₂ throughout entire production process
- Uniform rates the same for all MS
- Rates for products calculated on basis of input-output analysis so that total revenue from this tax matches current MS payments into EU own resources