

Euro Tax Flash from KPMG's EU Tax Centre

EC proposal for a system of EU own resources

Issue 566 - July 16, 2025

On July 16, 2025, the European Commission [published](#) a proposal for a Council Decision on the system of own resources of the European Union.

In line with the 2021 and 2023 proposal for a first and second basket of EU own resources, the Commission continues to suggest that national contributions to the EU budget should be based on the Carbon Border Adjustment Mechanism (CBAM) and Emissions Trading System (ETS). In addition, the EC proposes three additional new own resources in form of:

- *Corporate Resource for Europe*: Annual lump-sum contribution to the EU budget with reference to corporate turnover. The contribution would be levied at the level of EU companies and EU-based permanent establishment of non-EU companies with an annual turnover of at least EUR 100 million (subject to certain exemptions). The contribution amount would be determined as per a 'bracket system', with higher net turnovers resulting in larger contributions.
- *E-waste own resource*: Contribution to the EU budget with reference to the weight of electrical and electronic equipment in each Member State that is not collected annually. The contribution would amount to EUR 2 per kilogram of uncollected e-waste.
- *Tobacco excise duty own resource*: Contribution to the EU budget of 15 percent of the revenue generated from applying the minimum excise duty rate on the amounts of manufactured tobacco and tobacco related products released for consumption.

The own resource decision has to be unanimously agreed by Member States in the Council. If adopted, the proposed amendments to the EU own resource system would apply as of January 1, 2028 whilst the CORE levy would apply as of 1 January of the first calendar year following the year in which the Council Decision has entered into force.



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European Commission – Own resources – Corporate Resource for Europe – Lump-sum turnover contribution – Tobacco excise duty own resource – E-waste own resource – Carbon Border Adjustment Mechanism – Emissions Trading System – Temporary statistical based own resource on company profits – Pillar One

Background

In 2020, the European Parliament, the Council of the EU, and the European Commission (EC or Commission) reached an interinstitutional agreement (IIA), which included a roadmap for the introduction of new own resources to the EU budget. The IIA was part of a broader package that included the Council Regulation adopting the multiannual financial framework (MFF) for the years 2021 to 2027 and the Regulation establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (NextGenerationEU). Under the IIA, the Commission committed to issuing two sets of proposals of new own resources of revenue to the EU budget.

On December 22, 2021, the Commission published a proposal for a first basket of own resources. The initiative included proposals for national contributions to the EU budget based on the CBAM, the ETS and the OECD Pillar One agreement.

On June 20, 2023, the Commission published a proposal adjusting and supplementing the own resources proposed in December 2021. The 2023 proposal included a temporary new own resource based on company profits, which would require each Member State to contribute a levy equivalent to 0.5 percent of surplus corporate profits. The Commission proposed that the contribution from the statistical based own resource on company profits and the existing ETS – covering stationary installations, maritime and aviation (ETS1), should be applied as of 2024. The contribution from CBAM and the ETS on building, road transport and other sectors (ETS2) was proposed to apply as of January 1, 2028. For previous coverage, please refer to Euro Tax Flash [Issue 518](#).

According to the [progress report](#) on new own resources published by the Polish Council Presidency on June 13, 2025, the 2021 and 2023 proposals have been re-examined and discussed but substantial differences in assessment remain and no significant convergence of positions was possible. As a result, the proposals have not been adopted by EU Member States in the Council.

Overview of the European Commission proposal

According to the EC, the current own resources system is largely, and increasingly, dependent on Gross National Income (GNI) contributions, which will reach its limits as financing needs increase. In line with the IIA, the introduction of new own resources would serve to reduce the burden on Member States. According to the EC, new own resources would also to ensure the sustainable funding of common EU policies and the repayment of NextGenerationEU and to enable the EU budget to respond more flexibly to crises and a changing world.

In a first step towards achieving those goals, the new EC initiative builds on the previous proposals for EU own resources put forward in 2021 and 2023 by upholding the proposals for national contributions to the EU budget based on the CBAM and the ETS, with some adjustments:

- *ETS-based own resource*: contribution to the EU budget based on 30 percent of revenues from the existing ETS1, which is expected to generate around EUR 9.6 billion annually, on average. A contribution with reference to revenue generated from ETS2 (as previously proposed) is not included in the proposal.
- *CBAM-based own resource*: contribution to the EU budget based on 75 percent of the revenues generated from the sale of certificates of the CBAM, which is expected to generate around EUR 1.4 billion annually, on average.

Secondly, the new initiative includes a proposal for three additional new own resources:

- *Corporate Resource for Europe*: annual lump-sum contribution to the EU budget with reference to corporate turnover. The contribution would be levied at the level of EU companies and EU-based permanent establishment of non-EU companies with an annual turnover of at least EUR 100 million (subject to certain exemptions). The contribution amount would be determined as per a 'bracket system', with higher net turnovers resulting in larger contributions. This annual lump-sum contribution is expected to generate around EUR 6.8 billion annually, on average.
- *E-waste own resource*: contribution to the EU budget with reference to the weight of electrical and electronic equipment in each Member State that is not collected annually. The contribution would amount to EUR 2 per kilogram of uncollected e-waste. The weight of electrical and electronic equipment that is not collected in a Member State in a given year (N) shall be calculated as the annual average weight of electrical and electronic equipment placed on the

market during the three preceding years (N-1, N-2, N-3) reduced by the weight of waste electrical and electronic equipment collected in year N. This contribution is expected to generate around EUR 15.0 billion annually, on average.

- *Tobacco excise duty own resource*: contribution to the EU budget of 15 percent of the revenue generated from applying the minimum excise duty rate on the amounts of manufactured tobacco and to amounts of tobacco related products released for consumption. This contribution is expected to generate around EUR 11.2 billion annually, on average.

Furthermore, the EC proposes maintaining the simplified Value Added Tax ('VAT')-based own resource, the own resource based on non-recycled plastic packaging waste and the Gross National Income (GNI)-based own resource, subject to certain amendments (i.e., discontinuation of the capping of the VAT base and the lump sum reductions applied to the non-recycled plastic packaging waste own resource and the GNI own resource).

Corporate Resource for Europe (CORE)

The CORE would apply to companies that are resident for tax purposes in the EU and EU-based permanent establishments (PEs) of third country entities where the annual net turnover of those companies or PEs exceeds EUR 100 million. However, certain entities would be excluded from the scope of the CORE, which based on their particular purpose and status generally do not carry on a trade or business for profit purposes (including certain governmental entities, international organizations and nonprofit organizations).

The CORE would be established as an annual lump-sum contribution based on the net turnover of in scope companies and PEs, with higher net turnovers resulting in larger contributions as per a 'bracket system'.

- net turnover from EUR 100,000,000 to EUR 249,999,999.99: annual contribution of EUR 100,000;
- net turnover from EUR 250,000,000 to EUR 499,999,999.99: annual contribution of EUR 250,000;
- net turnover from EUR 500,000,000 to EUR 749,999,999.99: annual contribution of EUR 500,000;
- net turnover of EUR 750,000,000 or more: annual contribution of EUR 750,000.

The proposal defines net turnover as the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover as defined in Article 5(2) of the EU Accounting Directive (2013/34/EU). Alternatively, the term is to be interpreted as defined under national law.

The EC further proposes that the CORE levy would be due by each in-scope company or PE and would be collected by Member States on behalf of the EU. In this context, the proposal authorizes the Council to lay down implementing measures necessary for the practical functioning of the collection of the contribution, including those related to reporting requirements, administrative procedures, forms, late payment interests, control measures and any relevant measures regarding recovery, sanctions and administrative penalties in cases of non-compliance by the companies.

The CORE would replace the previous proposal for an own resource based on Pillar One and a temporary statistical based own resource on company profits.

Next steps

The new system of EU own resources would be introduced through Article 311 of the Treaty on the Functioning of the European Union (TFEU).

As such, the proposed Council Decision is subject to unanimous agreement by Member States in the Council, after consulting the European Parliament. If adopted, the proposed amendments to the EU own resource system would apply as of January 1, 2028, whilst the CORE levy would apply as of 1 January of the first calendar year following the year in which the Council Decision has entered into force.

The Council Decision will enter into force once it is ratified by the Member States in accordance with their constitutional requirements.

ETC comment:

Despite being mentioned in previous communications as a potential new own resource, national contributions based on a Financial Transaction Tax (FTT), a common EU Digital Services Tax (DST) and an EU e-commerce handling fee are notably missing in the proposed package.

- *FTT*: in the working document accompanying the 2023 own resource proposal the EC acknowledges that no substantial discussions have been held since February 2021 – when the Portuguese Presidency of the Council proposed an inclusive discussion among all Member States on tax design issues of the FTT at EU level. As such, in the EC’s view, the FTT is unlikely to materialize in short term – see Euro Tax Flash [Issue 518](#).
- *DST*: the recent Polish Presidency progress report noted that whilst several Member States were open to the idea of a new own resource based on a common EU DST, they were not optimistic about its possible introduction in time for the next MFF. In addition, the report noted that other EU countries advised caution as its introduction could trigger retaliatory measures by international partners. In this context, the Commissioner responsible for climate, net zero and clean growth, Wopke Hoekstra also recently answered to a parliamentary question that, with respect to a potential European digital tax, the EC prefers a global solution. The Commissioner noted that a proliferation of national or regional measures would generate fragmentation of the international tax landscape and may create double taxation issues – see E-News [Issue 214](#).
- *E-commerce handling fee*: As part of the traditional own resources (25 percent of customs duties to be allocated to the EU budget), it is further being considered to introduce a handling fee for goods sold in distance sales (e-commerce). According to the Commission Staff Working Document, this could generate a further EUR 4.6 billion per year in customs revenue. However, the explanatory memorandum to the EC proposal notes that this should only be made available to the EU as of January 1, 2028.

Experience with discussions on a system of new own resources shows that it may prove challenging for all Member States to reach unanimous agreement on a new system of own resources. Member States had previously expressed general skepticism about the 2021 and 2023 proposals and highlighted reservations, in particular, on a new statistical own resource based on corporate profits, questioning the added value of such a new own resource. For more information, please refer to Euro Tax Flash [Issue 529](#).

Note that the Polish Presidency progress report also stressed that the EU's own resources system should place as little burden as possible on EU citizens and businesses and should not undermine the competitive position of the EU economy. Instead, according to the report, those who benefit from the single market, including foreign entities and platforms as well as multinational companies (in particular, those conducting business in the digital economy), should contribute fairly to its financing.

The proposal is therefore likely to be subject to in-depth discussions in Council working groups, which may result in amendments to the current proposal.

Should you have any queries, please do not hesitate to contact [KPMG’s EU Tax Centre](#) or, as appropriate, your local KPMG tax advisor.



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