



EUROPEAN
COMMISSION

Brussels, 8.11.2019
COM(2019) 594 final

**DRAFT AMENDING BUDGET No 5
TO THE GENERAL BUDGET 2019**

**Adjustments of administrative appropriations of EU institutions in line with the latest
information available and update of revenue (own resources)**

Having regard to:

- the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union (...) ¹, and in particular Article 44 thereof,
- the general budget of the European Union for the financial year 2019, as adopted on 12 December 2018 ²,
- Amending budget No^o1/2019 ³, adopted on 18 September 2019,
- Amending budget No^o2/2019 ⁴, adopted on 18 September 2019,
- Amending budget No^o3/2019 ⁵, adopted on 18 September 2019,
- Draft amending budget No 4/2019, adopted on 2 July 2019 ⁶,

The European Commission hereby presents to the European Parliament and to the Council Draft Amending Budget No 5 to the 2019 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the general statement of revenue and to the individual sections (I, II, III, IV, V, VI, VIII, IX and X) are available on EUR-Lex (<https://eur-lex.europa.eu/budget/www/index-en.htm>).

¹ OJ L 193, 30.7.2018.
² OJ L 67, 7.3.2019.
³ OJ L 284, 5.11.2019.
⁴ OJ L 284, 5.11.2019.
⁵ OJ L 288, 7.11.2019.
⁶ COM(2019) 610, 2.7.2019.

TABLE OF CONTENTS

1.	INTRODUCTION	4
2.	ADJUSTMENT OF ADMINISTRATIVE EXPENDITURE OF THE EU INSTITUTIONS	4
2.1.	REMUNERATIONS AND PENSIONS	4
2.1.1	<i>ANNUAL SALARY UPDATE</i>	4
2.1.2	<i>OVERVIEW</i>	5
2.2.	POSTPONEMENT OF THE UK WITHDRAWAL FROM THE EUROPEAN UNION: IMPACT ON EU INSTITUTIONS ...	7
2.2.1	<i>EUROPEAN PARLIAMENT (EP)</i>	7
2.2.2	<i>EUROPEAN DATA PROTECTION SUPERVISOR (EDPS)</i>	8
2.2.3	<i>EUROPEAN EXTERNAL ACTION SERVICE (EEAS)</i>	8
2.2.4	<i>OVERVIEW</i>	9
3.	UPDATE OF REVENUE	9
3.1	OVERALL IMPACT OF DAB 5/2019 ON THE DISTRIBUTION OF TOTAL OWN RESOURCES PAYMENTS BETWEEN MEMBER STATES	9
3.2	REVISION OF THE FORECAST OF TOR, VAT AND GNI BASES	11
3.3	2018 AND 2015 UK CORRECTION	12
3.3.1	<i>INTRODUCTION</i>	12
3.3.2	<i>CALCULATION OF THE CORRECTIONS</i>	13
3.3.3	<i>ENTRY IN DAB 5/2019 OF THE 1ST UPDATE OF THE 2018 UK CORRECTION AND DEFINITIVE AMOUNT OF THE 2015 UK CORRECTION</i>	14
4.	SUMMARY TABLE BY MFF HEADING	16

EXPLANATORY MEMORANDUM

1. INTRODUCTION

On 2 July 2019 the Commission transmitted the Draft Amending Budget (DAB) No 4⁷ for the year 2019, which was intended to update both the expenditure and the revenue sides of the budget to take account of the latest developments.

The Council and the European Parliament completed their reading of DAB No 4/2019 respectively on 3 September 2019⁸ and on 10 October 2019⁹. As the European Parliament adopted amendments which could not be accepted by the Council, a Conciliation Committee was convened, in accordance with Article 314 §4(c) of the Treaty on the Functioning of the European Union (TFEU).

The Conciliation Committee worked over a period of twenty-one days, between 15 October and 4 November 2019. However, it was not possible during this period to reconcile the positions of the European Parliament and Council.

The non contested elements of DAB 4/2019 are included in the present Draft Amending Budget No 5/2019 which takes account, at the same time, of the latest information available.

Therefore, the objective of DAB No 5/2019 is,

- on the expenditure side, to adjust the administrative expenditure of EU institutions to reflect the impact of:
 - the salary update that will apply as from 1 July 2019, which is lower than foreseen, and;
 - the latest postponement of the UK withdrawal from the European Union decided on 28 October 2019;
- on the revenue side, to revise the forecast of Traditional Own Resources (i.e. customs duties and sugar sector levies), value-added tax (VAT) and gross national income (GNI) bases, and to budget the relevant UK corrections and their financing, which all affect the distribution of own resources contributions from Member States to the EU budget.

2. ADJUSTMENT OF ADMINISTRATIVE EXPENDITURE OF THE EU INSTITUTIONS

2.1. Remunerations and Pensions

2.1.1 Annual salary update

In accordance with articles 64 and 65 of the Staff Regulations, the remuneration of the officials and other servants of the European Union is updated each year, in the light of a report presented by the Commission, based on statistical data prepared by Eurostat in agreement with the national statistical offices of the Member States, reflecting the situation in the Member States at 1 July.

The calculation of the update is based on the principle of parallelism between the evolution of real (net of inflation) remuneration of EU officials and national civil servants of the Member States. It reflects the combined effect of two main variables:

⁷ COM(2019) 610, 2.7.2019.

⁸ 11733/19.

⁹ 2019/2037(BUD).

- The annual evolution of real salaries of civil servants in the central governments of a sample of 11 Member States representing more than 75 % of the Union GDP.
- Annual inflation in Brussels and Luxembourg calculated by weighting national consumer price inflation as measured by the Belgium HICP and Luxembourg CPI according to the distribution of EU staff serving in those Member States.

In the Budget 2019, the forecasted salary update rate to be applied retroactively as from 1 July 2019 was 2,3 % (6 months impact). This rate was calculated by Commission services in November 2017, based on the estimated evolution of the purchasing power and cost of living for the reference period (1.7.2019 - 30.6.2020), according to the method prescribed in the Staff Regulations.

The Eurostat report for the current exercise, issued on 31 October in line with the provisions set out in Annex XI of the Staff Regulations, lays out that the adjustment of the nominal net remuneration of EU officials in Brussels and Luxembourg with effect from July 2019 is equal to 2,0%. The adjustment is necessary to maintain a parallel development of purchasing power with the civil servants in the Member States. It is lower than estimated notably due to the lower than anticipated evolution of the cost of living in Belgium and Luxembourg.

Whereas the Commission report¹⁰ to the Council and the European Parliament will be adopted later in November, a proposal to reduce the budgetary appropriations is justified, in accordance with the principles of sound financial management and realistic budgeting.

The proposal is to reduce the non-differentiated expenditure of heading 5 Administration by EUR 9,9 million for 2019, of which EUR 3,8 million for the Commission, EUR 3,0 million for the pensions of all institutions, and EUR 3,1 million for all other participating institutions.

2.1.2 Overview

<i>(in EUR)</i>		
Budget Line	Name	Appropriations
Section I - European Parliament		
1 0 0 0	Salaries	-113 000
1 2 0 0	Remuneration and allowances	-990 000
1 4 0 0	Other staff — Secretariat and political groups	-78 000
1 4 0 1	Other staff — Security	-39 000
1 4 0 2	Other staff — Drivers in the Secretariat	-9 000
1 4 0 5	Expenditure on interpretation	-24 000
4 2 2	Expenditure relating to parliamentary assistance	-170 000
Sub-total Section I		-1 423 000
Section II – European Council and Council		
1 1 0 0	Basic salaries	-481 000
Sub-total Section II		-481 000
Section III - Commission		
XX 01 01 01 01	Remuneration and allowances	-1 000
XX 01 01 01 03	Adjustments to remuneration	-3 165 000
XX 01 01 02 03	Appropriations to cover any adjustments to remuneration	-167 000
A2 01 01	Expenditure related to officials and temporary staff	-86 000
A3 01 01	Expenditure related to officials and temporary staff	-60 000
A4 01 01	Expenditure related to officials and temporary staff	-16 000

¹⁰ Article 65(1) of the Staff Regulations and the Conditions of Employment of Other Servants of the European Union (SR) obliges the Commission to provide data pertaining to the budgetary impact of remuneration and pensions of Union officials in the light of the 2019 update of the remuneration and pensions of the officials and other servants of the EU and the correction coefficients applied thereto.

(in EUR)

Budget Line	Name	Appropriations
A4 01 02 01	External personnel	-2 000
A5 01 01	Expenditure related to officials and temporary staff	-24 000
A5 01 02 01	External personnel	-26 000
A6 01 01	Expenditure related to officials and temporary staff	-55 000
A6 01 02 01	External personnel	-55 000
A7 01 01	Expenditure related to officials and temporary staff	-19 000
A7 01 02 01	External personnel	-1 000
16 01 02 03	External personnel — Commission Representations	-27 000
25 01 01 03	Salaries, allowances and payments of Members of the institution	-14 000
27 01 02 09	External personnel — Non-decentralised management	-109 000
30 01 15 03	Weightings and adjustments to pensions and allowances	-2 932 000
30 01 16 01	Pensions of former Members of the European Parliament	-7 000
30 01 16 03	Pensions of former Members of the Commission	-10 000
30 01 16 04	Pensions of former Members of the Court of Justice of the European Union	-15 000
30 01 16 05	Pensions of former Members of the Court of Auditors	-7 000
30 01 16 06	Pensions of former European Ombudsmen	-1 000
30 01 16 07	Pensions of former European Data Protection Supervisors	-1 000
Sub-total Section III		-6 800 000
<i>Section IV - Court of Justice of the European Union</i>		
1 0 0 0	Remunerations and allowances	-47 000
1 0 0 2	Entitlements on entering the service, transfer and leaving the service	-2 000
1 0 2	Temporary allowances	-5 000
1 2 0 0	Remunerations and allowances	-378 000
1 2 0 2	Paid overtime	-1 000
1 4 0 0	Other staff	-11 000
1 4 0 4	In-service training and staff exchanges	-1 000
Sub-total Section IV		-445 000
<i>Section V - Court of Auditors</i>		
1 0 0 0	Remuneration, allowances and pensions	-13 000
1 0 2	Temporary allowances	-3 000
1 2 0 0	Remuneration and allowances	-155 000
1 2 0 2	Paid overtime	-1 000
1 2 0 4	Entitlements on entering the service, transfer and leaving the service	-1 000
1 4 0 0	Other staff	-6 000
Sub-total Section V		-179 000
<i>Section VI - European Economic and Social Committee</i>		
1 2 0 0	Remuneration and allowances	-104 703
1 2 0 2	Paid overtime	-44
1 2 0 4	Entitlements on entering the service, transfer and leaving the service	-444
1 2 2 0	Allowances for staff retired or placed on leave in the interests of the service	-485
1 4 0 0	Other staff	-3 404
1 4 0 4	Graduate traineeships, grants and exchanges of officials	-1 221
1 4 0 8	Entitlements on entering the service, transfer and leaving the service	-89
Sub-total Section VI		-110 390
<i>Section VIII - European Ombudsman</i>		
1 2 0 0	Remuneration and allowances	-13 000
Sub-total Section VIII		-13 000
<i>Section IX - European Data Protection Supervisor</i>		
1 0 0 0	Remuneration and allowances	-1 000
1 1 0 0	Remuneration and allowances	-5 000
1 1 1 0	Contract staff	-1 000
3 0 1 0	Remuneration and allowances	-1 000

(in EUR)

Budget Line	Name	Appropriations
Sub-total Section IX		-8 000
<i>Section X - European External Action Service</i>		
1 1 0 0	Basic salaries	-152 000
1 1 0 2	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	-39 000
1 1 0 3	Social security cover	-5 000
1 2 0 0	Contract staff	-20 000
3 0 0 0	Remuneration and entitlements of statutory staff	-190 000
3 0 0 1	External staff and outside services	-32 000
3 0 0 2	Other expenditure related to staff	-18 000
Sub-total Section X		-456 000
Total		-9 915 390

2.2. Postponement of the UK withdrawal from the European Union: impact on EU institutions

During the preparation of the 2019 budget, the institutions were invited to reflect in their respective statements of estimates the impact of the UK withdrawal from the European Union, initially foreseen for 29 March 2019, in the areas where the changes were evident (e.g. reduction of one Commissioner, one Member of the Court of Auditors, adjustment of the number of judges at the Court of Justice, a closure of the Representation and Regional Offices in the UK, etc.).

As a result, the European Parliament, the Council, the Commission, the Court of Justice, the Court of Auditors and the European Economic and Social Committee reduced their budget request by a total amount of about EUR 11,7 million (of which EUR 10,2 million for the European Parliament). This reduction was estimated on the basis of the UK being a Member State for 3 months in 2019.

Conversely, the European External Action Service increased its budget request to reflect the additional expenditure related to the setting-up of a UK division at Headquarters and an EU delegation in London.

Due to the latest postponement of the withdrawal of the UK¹¹, the institutions will now have to cover expenditure relating to the UK as an EU Member State for nine additional months in 2019.

The Council, the Commission, the Court of Justice, the Court of Auditors and the European Economic and Social Committee will aim at covering the additional needs by redeployment of existing resources.

The European Parliament requests additional appropriations for the reasons outlined below, whereas the European External Action Service and the European Data Protection Supervisor are proposing to return appropriations, which cannot be used.

2.2.1 European Parliament (EP)

Following the decision of the European Council on the composition of Parliament as from the 9th legislative period¹², Parliament's section of the budget included appropriations for 678 Members as from 30 March, and 705 Members as from 2 July 2019. Appropriations were reduced on a number of lines related to Members, assistants and institutional representation; no budget was foreseen for an information campaign in the UK.

¹¹ European Council Decision taken in agreement with the United Kingdom extending the period under Article 50(3) TEU - EUCO XT 20024/2/19 of 28 October 2019.

¹² Decision (EU) 2018/937 of 28 June 2018.

The postponement of the UK withdrawal not only affects the composition of the European Parliament and the cost for parliamentary assistance, but also the need to keep the UK Liaison Office, and triggered the organisation of European elections in the United Kingdom, which required a full-fledged information campaign.

The abovementioned elements, which constitute unavoidable, exceptional and unforeseen circumstances, require additional supplementary appropriations of EUR 15,1 million.

2.2.2 *European Data Protection Supervisor (EDPS)*

On the basis of the new Legal Framework for Data Protection in the European Union, the EDPS carried out an exercise of forward planning to assess its needs for 2019 and 2020, both on financial and human resources, for the EDPS and the European Data Protection Board (EDPB). With a view to foresee the necessary office space to welcome the staff reinforcement included in the EDPS budget request (15 full-time equivalents (FTE) for 2019 and 20 FTEs for 2020), an increase in building expenditure was also requested.

These additional appropriations were intended to cover the cost to the EDPS of fully occupying the building that it currently shares with the European Ombudsman. All parties involved had accepted this arrangement and it was expected that the European Ombudsman would move into another building during the third quarter of 2019, thus enabling the EDPS to make use of the additional office space.

However, the office space identified to accommodate the European Ombudsman's offices continues to be occupied by the staff of a UK political party, due to the postponement of the withdrawal of the UK.

As a consequence, the move has had to be delayed, and the EDPS proposes to return a total amount of EUR 100 000.

2.2.3 *European External Action Service (EEAS)*

The EEAS has been granted additional appropriations in its 2019 budget as a direct consequence of the UK withdrawal in order to:

- open and run a Delegation in London,
- maintain the EU's current point of presence in Northern Ireland,
- create a dedicated Division in Headquarters to manage the relations with the UK as a third country, and
- cover the additional rotation costs arising from the need to recall staff with UK nationality from the Delegation network before the scheduled expiry of their postings.

These amounts were estimated on the assumption that the UK would leave the European Union on 29 March 2019. As the Article 50 period has been extended beyond the end of the year, the EEAS has currently accumulated surpluses in its 2019 budget.

These are estimated at EUR 4,0 million, after taking into account

- the consumption of additional rotation costs for UK nationals in Delegations;
- appropriations redeployed for the implementation of security-related measures for the NEO building;
- anticipation of additional expenditure unforeseen in Draft Budget 2020 relating to the creation of a regional hub in Costa Rica;
- anticipation of certain expenditure relating to the one-off amounts for the opening of the Delegation in London and the maintenance of the EU's presence point in Belfast, postponed to 2020.

2.2.4 Overview

(in EUR)

Budget Line	Name	Appropriations
Section I - European Parliament		
1 0 0 0	Salaries	2 420 000
1 0 0 4	Ordinary travel expenses	2 100 000
1 0 0 6	General expenditure allowance	1 200 000
1 0 2	Transitional allowances	-1 800 000
3 2 2	Documentation expenditure	80 000
3 2 4 2	Expenditure on publication, information and participation in public events	3 000 000
3 2 4 4	Organisation and reception of groups of visitors, Euroscola programme and invitations to opinion multipliers from third countries	300 000
3 2 5	Expenditure relating to liaison offices	320 000
4 2 2	Expenditure relating to parliamentary assistance	7 490 000
Sub-total Section I		15 110 000
Section IX - European Data Protection Supervisor		
2 0 0	Rents, charges and buildings expenditure	-100 000
Sub-total Section IX		-100 000
Section X - European External Action Service		
1 1 0 0	Basic salaries	-724 000
1 1 0 2	Entitlements under the Staff Regulations related to the personal circumstances of the staff member	-184 000
1 1 0 3	Social security cover	-28 000
1 2 0 0	Contract staff	-38 000
3 0 0 0	Remuneration and entitlements of statutory staff	-1 121 000
3 0 0 1	External staff and outside services	-851 000
3 0 0 2	Other expenditure related to staff	-145 000
3 0 0 3	Buildings and associated costs	-854 000
3 0 0 4	Other administrative expenditure	-57 000
Sub-total Section X		-4 002 000
Total		11 008 000

3. UPDATE OF REVENUE

3.1 Overall impact of DAB 5/2019 on the distribution of total own resources payments between Member States

Following the 175th meeting of the Advisory Committee on Own Resources (ACOR) of 24 May 2019, two adjustments of the revenue side of the budget are required: first an update of the estimates for Traditional Own Resources (TOR) as well as for the own resources based on the Value Added Tax (VAT) and Gross National Income (GNI) to take account of more recent economic forecasts, and second an update of the UK correction. These two adjustments are presented in sections 3.2 and 3.3 below.

The overall impact of both the expenditure and the revenue adjustments of this DAB is shown in the summary table below. This table also shows the distribution of total own resources payments between Member States: as budgeted in the 2019 budget, as amended in Amending budget No 3 (AB 3/2019)¹³, and finally in the present DAB.

¹³ OJ L 288, 7.11.2019.

Distribution of total own resources payments by Member States (in million EUR)

	Budget 2019	AB 3/2019	DAB 5/2019
	(1)	(2)	(3)
BE	6 151,1	6 108,2	6 098,1
BG	565,3	560,2	605,2
CZ	2 012,3	1 993,3	2 029,0
DK	2 811,0	2 782,1	2 802,6
DE	30 494,7	30 164,5	29 805,1
EE	253,3	250,9	263,2
IE	2 478,4	2 453,9	2 486,5
EL	1 746,1	1 728,6	1 759,8
ES	12 172,1	12 056,6	12 166,2
FR	22 592,6	22 364,4	22 600,9
HR	496,6	491,8	494,8
IT	17 008,2	16 840,7	16 778,2
CY	202,2	200,3	206,8
LV	288,5	285,7	301,4
LT	459,3	455,2	481,7
LU	376,9	373,1	382,8
HU	1 285,1	1 272,7	1 349,8
MT	116,7	115,6	119,3
NL	7 707,0	7 633,3	7 671,7
AT	3 437,6	3 400,7	3 399,6
PL	4 934,2	4 888,0	5 074,4
PT	1 914,7	1 896,0	1 932,7
RO	1 916,6	1 897,1	1 949,5
SI	480,2	475,8	488,3
SK	868,0	859,3	873,5
FI	2 186,3	2 163,9	2 167,5
SE	3 859,3	3 815,1	3 885,2
UK	17 490,2	17 268,1	16 622,4
EU	146 304,5	144 795,1	144 796,2

3.2 Revision of the forecast of TOR, VAT and GNI bases

According to established practice, the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts¹⁴, agreed with the Member States at the ACOR meeting.

The revision concerns the forecast of TOR to be paid to the budget in 2019 as well as the forecast of the 2019 VAT and GNI bases. The forecast in the 2019 Budget was established at the 172th ACOR meeting on 18 May 2018. The revision in the present DAB takes into account the agreed forecasts of the 175th ACOR meeting held on 24 May 2019. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make to the EU budget during the budgetary year.

As compared to the forecast agreed in May 2018, the forecast for 2019 has been revised as follows:

- Total 2019 net customs duties are now forecast at EUR 21 206,0 million (after deduction of 20 % collection costs), which represents a decrease of 1,23 % relative to the forecast of EUR 21 471,2 million included in the Budget 2019. The Commission compared the results of the traditional ACOR forecasting method (based on the Spring 2019 macroeconomic forecast) with the results of the extrapolation method based on the latest outturn data for collected customs duties (January – April 2019). As in previous years, it was agreed to apply a conservative approach and to use the lowest TOR forecast in order to ensure sound budget management in a context of high economic uncertainties and potential disruptions in trade patterns.
- The total 2019 EU uncapped VAT base is now forecast at EUR 7 085 193,6 million, which represents an increase of 2,30 % compared to the May 2018 forecast of EUR 6 925 637,5 million. The total 2019 EU *capped* VAT base¹⁵ is forecast at EUR 7 057 535,1 million, which represents an increase of 2,20 % compared to the May 2018 forecast of EUR 6 905 892,6 million.
- The total 2019 EU GNI base is forecast at EUR 16 347 197,8 million, which is a decrease (-0,60 %) compared to the May 2018 forecast of EUR 16 446 111,0 million.

The exchange rates of 31 December 2018 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the nine Member States that are not members of the euro area). This avoids distortions since it is this rate that is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10a(1) of Council Regulation No 609/2014).

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2019, as adopted at the 175th ACOR meeting on 24 May 2019 are set out in the following table:

Revised forecasts of TOR, VAT and GNI bases for 2019 (in million EUR)

	Customs duties (80%)	Uncapped VAT bases	GNI bases	<i>Capped</i> VAT bases ¹⁶
BE	2 173,3	200 164,5	469 186,6	200 164,5
BG	104,7	27 671,8	58 500,4	27 671,8
CZ	293,2	90 821,9	205 917,4	90 821,9
DK	357,7	119 452,0	313 973,3	119 452,0
DE	4 133,0	1 453 699,2	3 551 074,7	1 453 699,2
EE	34,9	13 074,3	26 649,8	13 074,3

¹⁴ European Commission, Spring 2019 Economic Forecasts, https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2019-economic-forecast_en

¹⁵ In accordance with Council Decision 2014/335, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at this 50 %. For DAB 4/2019, five Member States will have their VAT base capped at 50 % of GNI: Croatia, Cyprus, Luxembourg, Malta and Portugal.

¹⁶ The amounts highlighted in grey result from the capped VAT bases, as explained in the previous footnote.

	Customs duties (80%)	Uncapped VAT bases	GNI bases	Capped VAT bases¹⁶
IE	308,7	91 474,4	265 877,4	91 474,4
EL	185,6	75 007,5	190 421,6	75 007,5
ES	1 573,9	572 646,4	1 252 795,0	572 646,4
FR	1 746,2	1 112 113,9	2 472 604,4	1 112 113,9
HR	39,0	33 740,9	52 961,9	26 481,0
IT	1 901,2	718 519,6	1 793 427,3	718 519,6
CY	25,3	14 284,0	21 070,6	10 535,3
LV	44,8	12 079,5	31 194,7	12 079,5
LT	99,5	19 008,6	45 938,8	19 008,6
LU	17,6	30 710,0	42 445,3	21 222,7
HU	210,4	57 991,8	135 913,0	57 991,8
MT	13,8	8 893,3	12 257,9	6 129,0
NL	2 607,3	331 589,2	806 725,1	331 589,2
AT	217,5	180 376,1	399 095,3	180 376,1
PL	781,4	248 536,4	502 207,3	248 536,4
PT	188,2	105 998,5	203 200,7	101 600,4
RO	194,6	76 044,3	215 341,6	76 044,3
SI	81,0	22 413,4	47 995,2	22 413,4
SK	100,5	34 473,4	94 317,1	34 473,4
FI	150,6	102 046,6	240 879,6	102 046,6
SE	520,7	211 575,9	491 990,2	211 575,9
UK	3 101,4	1 120 786,2	2 403 235,6	1 120 786,2
EU-28	21 206,0	7 085 193,6	16 347 197,8	7 057 535,1

3.3 2018 and 2015 UK correction

3.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns two years: 2015 and 2018.

The 2015 and 2018 UK correction is subject to the rules of Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union¹⁷ and its accompanying working document, the *2014 Calculation Method*¹⁸. Pursuant to the rules of this Decision, the net TOR “windfall gains” of the UK resulting from the increase since 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by the total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as the part of the rural development expenditure originating from the EAGGF, Guarantee section.

Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK.

In the present DAB, the calculation and financing of the *1st update of the 2018 UK correction* and the *definitive amount of the 2015 UK correction* are entered.

¹⁷ OJ L 168, 7.6.2014, p. 105-111.

¹⁸ Commission working document of 14 May 2014 “Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in favour of the United Kingdom (‘the correction’) in accordance with Articles 4 and 5 of Council Decision 2014/335/EC, Euratom on the system of own resources of the European Union”.

The difference between the *definitive amount of the 2015 UK correction* and the amount previously budgeted (the *1st update* entered in AB 5/2016) is entered in chapter 35 (Result of the definitive calculation of the financing of the correction of budgetary imbalances for the United Kingdom) of the present DAB.

The *1st update amount of the 2018 UK correction* is entered in chapter 15 (Correction of budgetary imbalances) of the present DAB, replacing the previously budgeted *provisional amount*.

3.3.2 Calculation of the corrections

The update of the corrections for 2015 and 2018 stems mainly from the update of the VAT and GNI bases as communicated by Member States in autumn 2018. In addition the update of the correction for 2018 also takes into account the allocated expenditure of 2018.

3.3.2.1 2018 UK correction

The following table summarises the changes between the *provisional amount* of the 2018 UK correction entered in the Budget 2019 and the *1st update* of the 2018 UK correction to be entered in the present DAB.

2018 UK correction	2018 UK correction PROVISIONAL Budget 2019	2018 UK correction 1st UPDATE DAB 5/2019	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	16,1945%	15,9617%	-0,2329%
(2) UK share of enlargement-adjusted total allocated expenditure	7,3577%	6,7300%	-0,6277%
(3) = (1) - (2)	8,8368%	9,2317%	+0,3948%
(4) Total allocated expenditure	127 599 039 596	129 786 633 964	+ 2 187 594 368
(5) Enlargement-related expenditure = (5a) + (5b)	27 076 886 462	31 101 300 166	+ 4 024 413 704
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	27 076 886 462	31 101 300 166	+ 4 024 413 704
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	100 522 153 134	98 685 333 798	- 1 836 819 336
(7) UK correction original amount = (3) x (6) x 0.66	5 862 761 188	6 012 789 482	+ 150 028 294
(8) UK advantage	854 326 562	616 616 471	- 237 710 091
(9) Core UK correction = (7) - (8)	5 008 434 626	5 396 173 012	+ 387 738 385
(10) TOR windfall gains	- 15 094 049	- 35 957 064	- 20 863 015
(11) UK correction = (9) - (10)	5 023 528 676	5 432 130 075	+ 408 601 399

The *1st update* of the 2018 UK correction is around EUR 409 million higher as compared to the *provisional amount* of the 2018 UK correction entered in the Budget 2019.

3.3.2.2 2015 UK correction

The following table summarises the changes between the *1st update* of the 2015 UK correction entered in the Amending Budget 5/2016 and the *definitive amount* of the 2015 UK correction to be entered in the present DAB.

2015 UK correction	2015 UK correction 1 st UPDATE AB 5/2016	2015 UK correction DEFINITIVE DAB 5/2019	Difference
	(1)	(2)	(2)-(1)
(1) UK share of uncapped VAT base	19,2145%	19,1419%	- 0,0726%
(2) UK share of enlargement-adjusted total allocated expenditure	7,5910%	7,5894%	- 0,0016%
(3) = (1) - (2)	11,6235%	11,5525%	- 0,0710%
(4) Total allocated expenditure	129 194 773 448	129 135 893 336	- 58 880 112
(5) Enlargement-related expenditure	31 733 179 803	31 639 878 296	- 93 301 507

2015 UK correction	2015 UK correction 1st UPDATE AB 5/2016	2015 UK correction DEFINITIVE DAB 5/2019	<i>Difference</i>
= (5a) + (5b)			
(5a) Pre-accession expenditure	0	0	0
(5b) Expenditure related to Art 4(1)(g)	31 733 179 803	31 639 878 296	- 93 301 507
(6) Enlargement-adjusted total allocated expenditure = (4) - (5)	97 461 593 645	97 496 015 040	+ 34 421 395
(7) UK correction original amount = (3) x (6) x 0.66	7 476 753 663	7 433 724 758	- 43 028 905
(8) UK advantage	1 496 521 393	1 381 345 015	- 115 176 378
(9) Core UK correction = (7) - (8)	5 980 232 270	6 052 379 743	+ 72 147 473
(10) TOR windfall gains	-76 109 576	-74 320 246	+ 1 789 330
(11) UK correction = (9) - (10)	6 056 341 847	6 126 699 989	+70 358 142

The *definitive amount* of the 2015 UK correction is around EUR 70 million higher than the *1st update* of the 2015 UK correction entered in the AB 5/2016 mainly due to the updates of the VAT and GNI bases as communicated by Member States in autumn 2018.

3.3.3 *Entry in DAB 5/2019 of the 1st update of the 2018 UK correction and definitive amount of the 2015 UK correction*

3.3.3.1 2015 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB is the difference between the *definitive amount* of the 2015 UK correction (i.e. EUR 6 126 699 989) and the *1st update* of the 2015 UK correction (i.e. EUR 6 056 341 847 entered in the AB 5/2016) amounting to EUR 70 358 142.

This amount is to be financed along the revised 2015 GNI bases as known at the end of 2018. The budgeting of this amount in chapter 35 is summarised below:

2015 UK correction — Chapter 35			
BE	1 267 154	LU	866 089
BG	3 148 896	HU	2 764 651
CZ	4 903 895	MT	310 080
DK	6 556 672	NL	-260 138
DE	4 385 985	AT	1 362 429
EE	303 635	PL	-9 542 201
IE	20 284 145	PT	476 355
EL	504 408	RO	1 609 226
ES	1 272 857	SI	123 083
FR	5 838 257	SK	1 555 233
HR	1 207 446	FI	4 733 265
IT	19 287 491	SE	-2 400 255
CY	627 536		
LV	-619 579	UK	- 70 358 142
LT	-208 473	Total	0

3.3.3.2 2018 UK correction (chapter 15)

The *1st update* of the 2018 UK correction corresponds to EUR 5 432 130 075 and is EUR 408 601 399 higher than the amount entered in the Budget 2019 (EUR 5 023 528 676).

This amount is to be financed along the revised 2019 GNI bases of the present DAB. The budgeting of this amount in chapter 15 is summarised below:

2018 UK correction – chapter 15			
BE	265 533 515	LU	24 021 679
BG	33 107 972	HU	76 919 197
CZ	116 537 793	MT	6 937 290
DK	177 691 422	NL	78 568 695
DE	345 846 816	AT	38 868 751
EE	15 082 304	PL	284 221 395
IE	150 471 818	PT	115 000 292
EL	107 768 033	RO	121 871 366
ES	709 012 279	SI	27 162 613
FR	1 399 356 542	SK	53 378 232
HR	29 973 489	FI	136 324 454
IT	1 014 980 086	SE	47 915 985
CY	11 924 787	UK	- 5 432 130 075
LV	17 654 465		
LT	25 998 805	Total	0

4. SUMMARY TABLE BY MFF HEADING

Heading	Budget 2019 (incl. DAB 1-3/2019)		Draft Amending Budget 5/2019		Budget 2019 (incl. AB 1-3 & DAB 5/2019)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	80 627 449 848	67 556 947 173			80 627 449 848	67 556 947 173
<i>Of which under Flexibility Instrument</i>	178 715 475				178 715 475	
<i>Of which under global margin for commitments</i>	524 734 373				524 734 373	
<i>Ceiling</i>	79 924 000 000				79 924 000 000	
<i>Margin</i>						
1a Competitiveness for growth and jobs	23 435 449 848	20 521 537 455			23 435 449 848	20 521 537 455
<i>Of which under Flexibility Instrument</i>	178 715 475				178 715 475	
<i>Of which under global margin for commitments</i>	174 734 373				174 734 373	
<i>Ceiling</i>	23 082 000 000				23 082 000 000	
<i>Margin</i>						
1b Economic social and territorial cohesion	57 192 000 000	47 035 409 718			57 192 000 000	47 035 409 718
<i>Of which under global margin for commitments</i>	350 000 000				350 000 000	
<i>Ceiling</i>	56 842 000 000				56 842 000 000	
<i>Margin</i>						
2. Sustainable growth: natural resources	59 642 077 986	57 399 857 331			59 642 077 986	57 399 857 331
<i>Ceiling</i>	60 344 000 000				60 344 000 000	
<i>Margin</i>	701 922 014				701 922 014	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43 191 947 000	43 116 399 417			43 191 947 000	43 116 399 417
<i>Sub-ceiling</i>	43 881 000 000				43 881 000 000	
<i>Rounding difference excluded from margin calculation</i>	659 000				659 000	
<i>EAGF Margin</i>	688 394 000				688 394 000	
3. Security and citizenship	3 786 629 138	3 527 434 894			3 786 629 138	3 527 434 894
<i>Of which under Flexibility Instrument</i>	985 629 138				985 629 138	
<i>Ceiling</i>	2 801 000 000				2 801 000 000	
<i>Margin</i>						
4. Global Europe	11 319 265 627	9 358 295 603			11 319 265 627	9 358 295 603
<i>Of which under global margin for commitments</i>	1 051 265 627				1 051 265 627	
<i>Ceiling</i>	10 268 000 000				10 268 000 000	
<i>Margin</i>						
5. Administration	9 942 974 723	9 944 904 743	1 092 610	1 092 610	9 944 067 333	9 945 997 353
<i>Ceiling</i>	10 786 000 000				10 786 000 000	
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	589 143 121				588 050 511	
Of which: Administrative expenditure of the institutions	7 747 285 803	7 749 215 823	4 065 610	4 065 610	7 751 351 413	7 753 281 433
<i>Sub-ceiling</i>	8 700 000 000				8 700 000 000	
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	698 832 041				694 766 431	
Total	165 318 397 322	147 787 439 744	1 092 610	1 092 610	165 319 489 932	147 788 532 354
<i>Of which under Flexibility Instrument</i>	1 164 344 613	961 862 659			1 164 344 613	961 862 659
<i>Of which under global margin for commitments</i>	1 576 000 000				1 576 000 000	
<i>Ceiling</i>	164 123 000 000	166 709 000 000			164 123 000 000	166 709 000 000
<i>Of which offset against Contingency margin</i>	- 253 882 156				- 253 882 156	
<i>Margin</i>	1 291 065 135	19 883 422 915			1 289 972 525	19 882 330 305
Other special Instruments	870 799 794	705 051 794			870 799 794	705 051 794
Grand Total	166 189 197 116	148 492 491 538	1 092 610	1 092 610	166 190 289 726	148 493 584 148