Taxpayers Association of Europe

European Taxpayers Association (TAE) Warns Against Expansion of EU Own Resources – “Wave of Burdens For Citizens and Businesses Is Looming”

TAE demands: EU Commission must stop planned expansion of own resources in the next financial framework!

The Commission plans to present a **first package for the next multiannual financial framework (MFF)** 2028-2034 on **July 16, 2025**. A **second package** on more technical dossiers is to follow on **September 17, 2025**. This concerns the volume of the EU financial framework, which is yet to be determined, and the composition of the next own resources package.

The first package alone sets off alarm bells for the Taxpayers Association, as it specifically lists the item “New Own Resources”. Yet, some proposals from previous own resources packages of December 2021 (COM (2021) 566 final) and June 2023 (COM(2023) 330 final) will be retained.

The EU Commission openly proposes "anchoring EU policy priorities more firmly on the revenue side of the EU budget." Michael Jäger, President of the European Taxpayers Association, explains what this means in simple terms: "As harmless as the term 'EU own resources' may sound, it is nothing other than a higher burden on taxpayers—private and corporate. The resources don't grow on trees; someone will have to pay!”

A small excerpt from the EU Commission’s **“Own Resources Grab Bag”**:

- 25 % of revenues from the EU Emissions Trading System. In addition, a temporary solidarity adjustment mechanism to ensure that all Member States contribute a fair share to the own resources based on emissions trading.
- 75 % of revenue from the Carbon Border Adjustment Mechanism (CBAM)
- 15 % of the share of the residual profits of the largest and most profitable multinational companies reallocated to EU Member States under the Agreement on the Reform of the International Tax Framework.

There are also **further potential sources of own resources**, such as a levy on **electronic waste**, higher taxes on **tobacco, alcohol, and sugar**, to name just a few. And these proposals are quite significant! One example is the revision of the Tobacco Products Directive (TED), which, if implemented, will lead to exorbitant price increases due to increased excise taxes on tobacco and nicotine products. It is not without reason that we at TAE have expressed our criticism of this. See also our TAE-Statement dated June 23, 2025.

There is no shortage of "good reasons" for new own resources or higher burdens. These include strengthening defence capabilities, accelerating the transformation, increasing competitiveness, combating the effects of climate change, strengthening the internal market, protecting health, and other important issues. In the Commission's view, this requires additional resources. The results in proposals such as skimming off corporate profits, which are already taxed, but from the EU Commission’s viewpoint apparently in the wrong place or not at a high enough level.

Or, in the name of improving health, additional or higher taxes on tobacco, alcohol, and sugar are being introduced. The establishment of a Social Climate Fund is intended to relieve financially weaker households of the additional burdens resulting from the introduction of a new emissions trading system for buildings and road transport in the EU. The fact that the EU itself is partly responsible for these burdens is being swept under the carpet.

A **brand-new corporate tax proposal from the Commission on “Corporate Resource for Europe”, or CORE** for short, has now been leaked. In it, the EU Commission proposes a **turnover-based taxation of corporate profits**. All companies worth 50 million Euros or more would be affected - both in the EU and non-EU companies with a permanent establishment in the EU. How could anyone come up with such an abstruse idea of basing a company tax on turnover and not on profits, which would then also flow into the EU budget? If this were to be done under the guise of strengthening the internal market, it would be the joke of the century, says Michael Jäger.

The fact that **taxes** should suddenly no longer go entirely into national budgets, but **could become part of the EU's own resources**, is a **remarkable move by the EU Commission**. Many countries are sceptical of higher national contributions. In this respect, a separate EU tax has a toxic appeal: The countries would not have to pay higher levies, meaning they would retain more at national level. However, taxpayers would then be asked to pay for this, and this hefty sum could then be blamed on the EU. We at the Taxpayers Association are appalled by the plan to expand the EU budget through new or increased own resources. Because, ultimately, that's what it's all about.

The European Taxpayers Association is also concerned that the number of supporters of more EU own resources and a higher EU budget appears to be growing in the EU Parliament as well.

What is missing from the entire discussion are proposals for savings and new priorities. "Tax increases must always be a last resort and not an end in themselves. Taxpayers are not a self-service store, neither for the EU nor nationally," said Taxpayer Chief Michael Jäger.

To date, the financing of the EU budget has been capped by an overall ceiling. According to the current EU Own Resources Decision, the total amount of own resources available to the Union may not exceed 1.4 percent of the gross national income (GNI) of the member states. If the new Medium-Term Financial Framework (MFF) were to introduce new own resources that flow directly into the EU budget, this will almost certainly change. **The sword of Damocles looms: higher burdens for taxpayers.** This is because the EU budget would then be calculated on the basis of previous and expected revenues from the new own resources. But what happens if these revenues are not generated? The only options then would be to revive higher mandatory contributions from the nation states, or to further tighten the EU tax screws. Or the EU could then be allowed to incur even greater debt than it has already done with Next Generation EU. **"We can only warn against these scenarios,"** says Michael Jäger.

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If the EU Commission does not stop constantly trying to expand its powers, voters will sooner or later punish it at the ballot box!

From the perspective of the European Taxpayers Association (TAE), a public, fundamental debate is needed about which role the EU should assume and which tasks should be performed at the national level. We are calling for nothing less than a return to the EU's principle of subsidiarity. The European Commission appears to have lost sight of this principle. The EU's principle of subsidiarity states that the EU should only intervene if the objectives of a measure cannot be achieved at the national, regional, or local level in the member states, and a solution at the EU level is therefore necessary.

This principle of allocation of competences is intended to ensure that decisions are always made at the most effective level and respects the individual responsibility of the Member States.

"We will watch very closely what comes out of Brussels and can only appeal to the member states to follow our example. The finance ministers of the national states, in particular, should make this a top priority now." Initial resistance from the national states is already emerging. For example, Sweden's Finance Minister, Elisabeth Svantesson has expressed a clear rejection of the EU Commission's tobacco tax plans on X! "An EU-wide tax increase on tobacco and tobacco products would be completely unacceptable," she told the Swedish press, adding: "It is obvious that the tax revenue should benefit Sweden and not flow into EU bureaucracy."

Even if we now make ourselves unpopular with many people in Brussels, we see it as our duty to fight for sustainable finances, and that excludes new or increased EU own resources. "Brussels's efforts to acquire ever more powers through the back door must be stopped," the Taxpayers President continued.

We call on the EU, and especially EU Commission President Ursula von der Leyen, to stop this misguided path!

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Inqueries

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