EU's Multiannual Financial Framework (MFF) 2028-2034 Proposal of the EU Commission of 16 July 2025 Consideration of the New Own Resources

MFF volume 2021-2027 (current)

- MFF 2021-2027: EUR 1,210.9 billion,
  →around 1.1 percent of European economic output (GNI-EU)
- Next Generation: 806.9 billion EUR

MFF volume 2028-2034 (planned)

- MFF 2028-2034: 2,000 billion EUR,
  →around 1.26 percent of European economic output GNI-EU
- Increase of 700 billion EUR
- Next Generation: 806.9 billionEUR

Own resources already proposed

Some proposals from previous own resources packages of December 2021 (COM (2021) 566 final) and June 2023 (COM (2023) 330 final) are to be retained, e.g.:

- 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 the revenue from the Carbon Border Adjustment Mechanism (CBAM)
- 15% of the share of the residual profits of the largest and most profitable multinational enterprises reallocated to EU Member States under the Agreement on the Reform of the International Tax Framework.

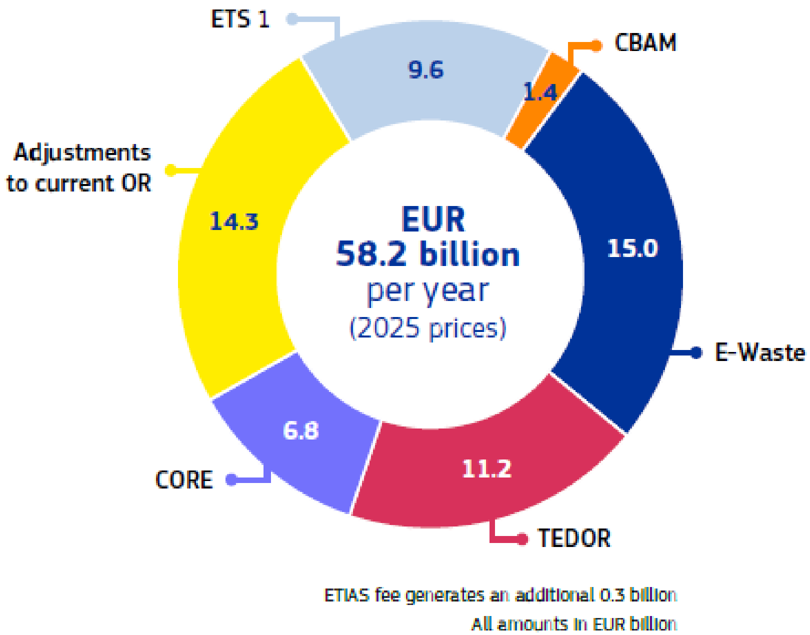
Five new own resources

A total of **EUR 58.2 billion per year is** to be raised through the following own resources:

- **EU emissions trading system (ETS)**
  targeted adjustment of ETS1 revenues to the EU budget.
  → **EUR 9.6 billion/year.**
- **Carbon Border Adjustment Mechanism (CBAM)**
  targeted adjustment of revenues from the Carbon Border Adjustment Mechanism to the EU budget.
  →An average of around **EUR 1.4 billion per year is expected** .
- **Own resources for electronic waste (E-Waste)**
  →15 billion EUR/year
- **Own resources tobacco tax (TEDOR)**
  → **11.2 billion EUR** /year
- **EU corporate tax / Corporate Resource for Europe (CORE)**
  Sales-based tax, staggered from net annual turnover of EUR 100 million or more.
  → Tax amount according to turnover limits
  - from €100 million turnover/year: €100,000
  - from €250 million turnover/year: €250,000
  - from €500 million turnover/year: €500,000
  - from €750 million turnover/year: €750,000
  →Total revenue: €6.8 billion/year

Overall, the expected revenue from the five new and additional own resources (taxes) alone in the seven years from 2028 to 2034 amounts to EUR 407.4 billion.

Overview of new EU own resources



Source: https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en#paragraph_55337

Reasons for the increase in MFF

- Cost of supporting Ukraine (100 billion EUR fund)
- Repayment of Next Generation debt, 25-30 billion euros/year from 2028
  →Problem of increased interest rates
- €865 billion fund for "National and Regional Partnerships." This includes
  - €300 billion for agriculture
  - €100 billion for a competitiveness fund
  - and €300 billion for low-interest loans for special purposes, such as defense capabilities.
- further projects of the EU Commission

Impact of the planned EU corporate tax CORE
Example Germany

- Around 40 percent of the companies affected by the new tax come from Germany
- Share of companies in Germany by revenue (Statista, as of 2023)
  Source: https://de.statista.com/statistik/daten/studie/239446/umfrage/verteilung-von-anzahl-und-umsatz-der-unternehmen-nach-umsatzgroessenklassen/
  (- 50 million to 100 million: 0.25%)
  - 100 million to 250 million: 0.16%
  - 250 million to 500 million: 0.06%
  - 500 million to 1 billion: 0.03%
  - more than 1 billion: 0.03%
- Total share **of companies with 100 million turnover and more in Germany: 0.28%**
- The largest companies with a turnover of one billion euros or more in Germany accounted for only 0.03 percent of all companies, but are responsible for more than 40 percent of total turnover in Germany.
- In 2023, Germany had 3,124,585 companies subject to VAT.
  Source : https://de.statista.com/statistik/daten/studie/246358/umfrage/anzahl-der-unternehmen-in-deutschland/
  Based on this figure, almost 8,750 companies in Germany would be directly affected by the planned EU corporate tax.

Impact of the planned EU corporate tax CORE on German companies *)

Sales Grouping	Special EU tax	Proporation of Companies DE	Based on 3,124,585 Companies DE	EU Special Tax (CORE)Revenue DE/year
from 100 million	100,000 €	0.16%	4,999	499,900,000 €
from 250 million	250,000 €	0.06%	1,875	468,750,000 €
from 500 million	500,000 €	0.03%	937	468,500,000 €
from 750 million	750,000 €	0.03%	937	702,750,000 €
Sum		**0.28%**	**8,748**	**2,139,900,000 €**

Result: German companies would have to bear 31.5% of the total EU corporate tax revenue!

*) Own calculation based on the Statista 2023 figures and the current proposals of the EU Commission of July 16, 2025; percentage for the limit from 750 million estimated, corresponds to the rate at 1 billion; since in Statista the groups are divided differently, there according to the share of 500 million and 1,000 billion turnover, the EU Commission, however, applies the special tax from 750 million turnover.

Assessment/risks of the planned EU corporate tax CORE from the perspective of the European Taxpayers' Organisation

- 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. This will change if the new Medium-Term Financial Framework (MFF) introduces new own resources that accrue directly to the EU budget. The EU budget will then be calculated, in particular, based on previous and expected revenue from the new own resources.
- The EU Commission bases CORE on turnovers. However, turnovers say nothing about the profitability, i.e., the success, of companies.
- The TAE generally rejects the expansion of EU own resources.
- We also reject corporate taxes that are based on turnover rather than profit.
- There is a latent risk of underfunding the EU budget due to a shift away from the current financing model. What happens if the planned revenues from own resources are not generated? The only options then would be to revive higher mandatory contributions from the member states, or to increase EU taxes. Or the EU would have to take on additional debt to cover the deficit, in addition to existing debt from Next Generation EU. This ultimately threatens the mutualization of debt.
- In Germany and most EU countries, the burden of taxes and duties is already too high, both for private individuals and for companies. An additional burden on companies will exacerbate this situation and lead to a drain on liquidity. Since CORE takes no account of the companies' earnings situation, in the worst-case scenario, the assets of the taxed companies could be eroded, thus directly threatening their existence.

Assessment/risks of the planned EU tobacco tax TEDOR from the perspective of the European Taxpayers' Organisation

- TEDOR represents a departure from the balanced and pragmatic tobacco tax approach outlined by the EU Commission in 2022.
- There is a risk of excessive prices and market distortion.
- The EU's assumption that consumers are not price-sensitive is incorrect.
- The proposed tobacco tax increase carries the inherent risk of an increase in the shadow economy, resulting in more illegal trade and ultimately in national tax revenue shortfalls. According to estimates (a KPMG report), the tax revenue shortfall in the EU on tobacco products already amounts to around €19.4 billion per year. France and the Netherlands are cautionary tales: In France, the tobacco tax increase led to significantly higher illegal consumption, resulting in tax shortfalls of over €9.4 billion per year. The same is true in the Netherlands, where the tax authorities are losing more than €860 million per year following the tobacco tax increase.
- Public health policy goals are jeopardized.
- TEDOR will place a massive burden on the tobacco industry, both directly on manufacturers and indirectly on suppliers. For example, the proposed increase in the minimum tax on cigars/cigarillos will result in an increase from €12 to €143—almost 1,100 percent!
- The EU Commission's impact assessment is incomprehensible, both for large companies and SMEs. It lacks a valid analysis of the impact on producers and jobs, as well as a forecast of the costs of the structural adjustments required by TEDOR.
- Threat to the medium-sized cigar industry in Germany and Europe, with serious consequences for the associated jobs in Europe and in third countries.
- The principle of proportionality of taxation is violated.
- TEDOR does not take into account the current practice of EU Member States.
- Given the still tense economic situation, only a moderate tax burden should be sought in the interest of consumers.
- The conditions of the Member States are not sufficiently taken into account. Member States with only internal borders face different challenges than countries with external EU borders, as do countries with access to the sea.
- Maintaining purchasing power parity (PPP) is necessary: The PPP index takes into account the different purchasing power levels in countries when determining prices. Abolishing this adjustment would disproportionately affect countries in Central and Eastern Europe, further fueling inflation and illegal trade there.

Fundamental demand of the Taxpayers Association of Europe (TAE)

- No expansion of EU own resources
- Public debate on the role of the EU and the tasks that should be performed at national level
- Return to the EU's subsidiarity principle
- Comprehensive and transparent regulatory impact assessments
- Compliance with the principle of subsidiarity
- Savings and new priorities in the budget
- Reducing bureaucracy

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