Proposal for a European Parliament and Council Regulation clarifying Council Regulation (EC) No 2223/96 as concerns principles for recording taxes and social contributions

(2000/C 21 E/14)

COM(1999) 488 final — 1999/0200(COD)

(Submitted by the Commission on 18 October 1999)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the Economic and Social Committee,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

(1) Council Regulation (EC) No 2223/96 of 25 June 1996 on the European System of national and regional accounts in the Community (ESA 95) contains the reference framework of common standards, definitions, classifications, and accounting rules for drawing up the accounts of the Member States for the statistical requirements of the European Community, in order to obtain comparable results between Member States;

(2) Article 2 of Regulation (EC) No 2223/96 sets the conditions under which the Commission may adopt amendments to the ESA 95 methodology which are intended to clarify and improve its content;

(3) The condition according to which the Commission cannot change underlying concepts is not, in the present case, clearly respected;

(4) It is therefore necessary to refer the clarifications concerning the recording of taxes and social contributions in ESA 95 to the European Parliament and to the Council;

(5) Article 2 of the protocol on the excessive deficit procedure relating to Article 104 of the Treaty states that the government deficit means net borrowing of the general government sector as defined in the European System of Integrated Economic Accounts (ESA);

(6) In cases in which ESA 95 cannot ensure a comparable and transparent solution across the Member States, reference should be made to the principles of economic accounts as outlined in the world-wide System of National Accounts (SNA 93), in the case the relevant SNA paragraphs being 7.60 and 8.50;

(7) The Statistical Programme Committee, set up by Decision 89/382/EEC, Euratom, and the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), set up by Decision 91/115/EEC, have been consulted.

HAVE ADOPTED THIS REGULATION:

Article 1

Purpose

The purpose of this Regulation is to establish common principles clarifying the content of ESA 95 as concerns taxes and social contributions in order to ensure comparability and transparency among the Member States.

Article 2

General principles

Taxes and social contributions recorded in the system shall not include amounts unlikely to be collected.

Accordingly, taxes and social contributions recorded in the system on an accrual basis, shall be equivalent over a reasonable amount of time to the corresponding amounts actually received.

Article 3

Treatment of taxes and social contributions in the accounts

Taxes and social contributions recorded in the accounts may be derived from two sources: cash receipts or amounts evidenced by assessments and declarations.

(a) If assessments and declarations are used, the amounts shall be adjusted by a coefficient reflecting assessments never collected. The coefficients shall be estimated on the basis of past experience in respect of assessed amounts never collected. They shall be specific to different types of taxes and social contributions. The determination of these coefficients shall be country specific, the method being cleared with the Commission (Eurostat) beforehand.

(b) If cash receipts are used, they shall be time adjusted so that the cash is attributed when the activity took place to generate the tax liability (or when the amount of tax was determined, in the case of some income taxes). This adjustment may be based on the average time difference between the activity (or the determination of the amount of tax) and cash tax receipt.

Article 4

Balancing expenditures, output and incomes in the accounts

In order to balance the GDP based on expenditures with the GPD based on output, any taxes on production that are included in the market price of goods and services purchased but which, due to evasion, bankruptcy or other causes, are in fact never paid by the seller to the government, shall be included in the operating surplus of the seller. A similar treatment shall be applied when calculating GDP based on incomes to income taxes or social contributions that are collected from employees but never paid by employers to the government.

Article 5

Verification

1. The Commission (Eurostat) will verify the implementation of the principles laid down in the present Regulation by Member States.

2. From 2000 onwards, Member States will provide to the Commission (Eurostat) before the end of each year, a detailed description of the methods they plan to use for the different categories of taxes and social contributions in order to implement the present Regulation.

3. The methods applied and the possible revisions shall be subject to agreement between each Member State concerned and the Commission (Eurostat).

4. The Commission (Eurostat) will keep the SPC, the CMFB and the GNP Committee (Gross National Product) informed of the description of the methods and the calculation of the aforementioned coefficients.

Article 6

Implementation

The Commission, within 6 months of the adoption of the present Regulation, will introduce in the text of ESA 95, in the context of the procedure defined at the Article 2(2) of the Regulation (EC) No 2223/96, the changes needed for the application of the present Regulation.

Article 7

Entry into force

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.