EUROPEAN UNION

THE EUROPEAN PARLIAMENT **THE COUNCIL**

Brussels, 14 October 2026
(OR. en)

2025/0311(COD) **PE-CONS 41/26**

ECOFIN 817
UEM 263
CODEC 1178
ECB

LEGISLATIVE ACTS AND OTHER INSTRUMENTS

Subject:	REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1173/2011 and (EU) No 473/2013 as regards their alignment with the economic governance framework of the Union and the further simplification of that framework

REGULATION (EU) 2026/…
OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of …

amending Regulations (EU) No 1173/2011 and (EU) No 473/2013 as regards their alignment with the economic governance framework of the Union and the further simplification of that framework

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 121(6) in conjunction with Article 136 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Central Bank[1],

Acting in accordance with the ordinary legislative procedure[2],

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1 OJ C, C/2025/6772, 23.12.2025, ELI: http://data.europa.eu/eli/C/2025/6772/oj.

2 Position of the European Parliament of 6 October 2026 (not yet published in the Official Journal) and decision of the Council of …

Whereas:

(1) The economic governance framework of the Union was reformed in 2024 (the '2024 reform'). The overall aim of the 2024 reform was to facilitate effective economic surveillance, anchored in a common framework that ensures equal treatment and multilateral policy coordination. The specific objectives of the 2024 reform were to further promote sound and sustainable public finances, sound and inclusive growth and resilience through reforms and investment, prevent the occurrence of excessive deficits and strengthen national ownership. In order to achieve those objectives, the 2024 reform introduced new concepts and made changes to the structure of the economic governance framework of the Union. The 2024 reform was implemented by the adoption of Regulation (EU) 2024/1263 of the European Parliament and of the Council[3], Council Regulation (EU) 2024/1264[4] and Council Directive (EU) 2024/1265[5].

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[3] Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).

[4] Council Regulation (EU) 2024/1264 of 29 April 2024 amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L, 2024/1264, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1264/oj).

[5] Council Directive (EU) 2024/1265 of 29 April 2024 amending Directive 2011/85/EU on requirements for budgetary frameworks of the Member States (OJ L, 2024/1265, 30.4.2024, ELI: http://data.europa.eu/eli/dir/2024/1265/oj).

(2) In its communication of 11 February 2025 entitled ‘A simpler and faster Europe: Communication on implementation and simplification’, the Commission set out a vision for an implementation and simplification agenda that aims to boost competitiveness and safeguard economic, social and environmental goals by reducing the regulatory burden and simplifying Union law thereby making it easier to implement.

(3) In line with the 2024 reform, Regulations (EU) No 1173/2011[6] and (EU) No 473/2013[7] of the European Parliament and of the Council should be amended to ensure consistency with the other legal acts under the economic governance framework of the Union and contribute to streamlining and simplifying that framework.

(4) Member States whose currency is the euro have a particular interest in and responsibility to conduct economic policies that promote the proper functioning of the economic and monetary union and to avoid policies that jeopardise that functioning. On the basis of Article 136 of the Treaty on the Functioning of the European Union (TFEU), Regulation (EU) No 1173/2011 introduced a system of administrative sanctions to enhance the credibility of the fiscal surveillance framework of the Union and to deter from the misrepresentation, whether intentional or due to serious negligence, of government deficit and debt data, which is an essential input to economic policy coordination in the Union.

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6 Regulation (EU) No 1173/2011 of the European Parliament and of the Council of 16 November 2011 on the effective enforcement of budgetary surveillance in the euro area (OJ L 306, 23.11.2011, p. 1, ELI: http://data.europa.eu/eli/reg/2011/1173/oj).

7 Regulation (EU) No 473/2013 of the European Parliament and of the Council of 21 May 2013 on common provisions for monitoring and assessing draft budgetary plans and ensuring the correction of excessive deficit of the Member States in the euro area (OJ L 140, 27.5.2013, p. 11, ELI: http://data.europa.eu/eli/reg/2013/473/oj).

(5) One of the key goals of the 2024 reform was to strengthen fiscal surveillance and enforcement procedures to deliver on the commitment of promoting sound and sustainable public finances and sustainable and inclusive growth. Enforcement mechanisms were thus reinforced by, inter alia, reducing the amounts of financial sanctions under the corrective arm of the Stability and Growth Pact and making their imposition more gradual, in order to facilitate their effective application. In line with the 2024 reform, Regulation (EU) No 1173/2011 should be amended to ensure its consistency with other legal acts under the economic governance framework of the Union, namely Regulation (EU) 2024/1263 and Council Regulation (EC) No 1467/97[8].

(6) The 2024 reform did not retain the concept of a significant deviation or the related procedure in the preventive arm of the Stability and Growth Pact, in line with the intention of the co-legislators to simplify the fiscal framework and to introduce a risk-based approach. Therefore, the requirement for a Member State to lodge an interest-bearing deposit with the Commission in the event of a failure to comply with a significant deviation procedure should be deleted from Regulation (EU) No 1173/2011.

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[8] Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L 209, 2.8.1997, p. 6, ELI: http://data.europa.eu/eli/reg/1997/1467/oj).

(7) No fines are to be imposed under Regulation (EU) No 1173/2011 where the excessive deficit procedure is placed in abeyance or where the Commission proposes the imposition of fines under Article 126(11) TFEU, in accordance with Articles 11 and 12 of Regulation (EC) No 1467/97. Fines are entered in the general budget of the Union as revenue, in line with the principle of universality of the Union budget in accordance with Article 107 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council[9]. Regulation (EU) No 1173/2011 should therefore be amended to remove references to the distribution of fines, which will, by default, follow the principle of universality.

(8) Regulation (EU) No 1173/2011 allows for an economic dialogue between the institutions of the Union, upon the invitation of the competent committee of the European Parliament, to discuss decisions on the imposition of financial sanctions for non-compliance with the Union's fiscal rules.

(9) In order to preserve transparency, accountability and ownership for the decisions taken, the documents and acts to be provided by the Commission to the Council as specified in this Regulation should be made available to the European Parliament without undue delay.

(10) The power conferred on the Commission by Regulation (EU) No 1173/2011 to adopt delegated acts on financial sanctions for the manipulation of statistics is no longer needed and should therefore be deleted.

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[9] Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (OJ L, 2024/2509, 26.9.2024, ELI: http://data.europa.eu/eli/reg/2024/2509/oj).

(11) Regulation (EU) No 1173/2011 should be amended to clarify the content of the Commission's report on the application of that Regulation and the deadline for its submission.

(12) The national medium-term fiscal-structural plans introduced by Regulation (EU) 2024/1263 form the cornerstone of the 2024 reform. They replaced the stability and convergence programmes and the national reform programmes, thereby bringing together the fiscal, reform and investment commitments of each Member State under a common framework. Regulation (EU) No 473/2013 should be amended in order to align it with that common framework.

(13) Regulation (EU) 2024/1263 ensures consistency with Regulation (EU) No 1176/2011 of the European Parliament and of the Council[10]. In particular, Regulation (EU) 2024/1263 integrates measures and reforms to be taken in the context of the procedure for prevention and correction of excessive macroeconomic imbalances. More specifically, Regulation (EU) 2024/1263 provides that when undertaking in-depth reviews and when considering whether to establish the existence of an excessive imbalance under Regulation (EU) No 1176/2011, the Commission is to take into account any unsatisfactory implementation of the reforms and investments included in a Member State's national medium-term fiscal-structural plan that are relevant for macroeconomic imbalances. Moreover, in accordance with Article 17(2) of Regulation (EU) 2024/1263, when an excessive imbalance procedure is launched, the Member State is to submit a revised medium-term fiscal-structural plan, which is also to serve as its corrective action plan under Regulation (EU) No 1176/2011.

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10 Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25, ELI: http://data.europa.eu/eli/reg/2011/1176/oj).

(14) In order to simplify the fiscal framework of the Union and increase transparency, the 2024 reform introduced a single operational indicator anchored in debt sustainability, which serves as a basis for setting the fiscal path and for carrying out annual fiscal surveillance for each Member State. That single operational indicator, based on the net expenditure path, replaces the medium-term objective, structural balance, net expenditure benchmark and debt reduction benchmark of the previous fiscal framework of the Union. For Member States subject to an excessive deficit procedure, the Council recommends a corrective net expenditure path in accordance with Regulation (EC) No 1467/97.

(15) In order to simplify the legal framework, the definition of an independent body in Regulation (EU) No 473/2013 should be amended to refer to Article 8a of Council Directive 2011/85/EU[11]. That Directive lays down requirements for independent fiscal institutions in all Member States in relation to independence safeguards, resources and tasks. In addition, Article 4(5) of Directive 2011/85/EU provides for a technical dialogue between Member States and the Commission on the assumptions underpinning the preparation of macroeconomic and budgetary forecasts. It is therefore not necessary to include such a provision in Regulation (EU) No 473/2013.

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[11] Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ L 306, 23.11.2011, p. 41, ELI: http://data.europa.eu/eli/dir/2011/85/oj).

(16) Directive 2011/85/EU establishes the procedures for national medium-term budgetary frameworks providing for the adoption of multiannual fiscal planning. In addition, Article 9(2), point (c), of that Directive requires the national medium-term budgetary frameworks to include, inter alia, a description of envisaged medium-term policies, including reforms and investments, with an impact on general government finances and sustainable and inclusive growth. In order to simplify the legal framework, Regulation (EU) No 473/2013 should be amended to avoid a repetition of the provisions already laid down in Directive 2011/85/EU.

(17) Independent and effective fiscal institutions play an important role in the national budgetary frameworks of Member States and in the fiscal framework of the Union. Directive 2011/85/EU establishes the minimum standards applicable to, and the tasks of, independent fiscal institutions, including the task of monitoring compliance with the national numerical fiscal rules unless that task is performed by other bodies with functional autonomy vis-à-vis the fiscal authorities of the Member States. Member States can establish more than one such institution. Regulation (EU) 2024/1263 provides that a Member State can ask the independent fiscal institution to issue an opinion on the macroeconomic forecast and the macroeconomic assumptions underpinning the net expenditure path of the initial or revised national medium-term fiscal-structural plan. From 2032, the issuing of such opinions by those institutions becomes mandatory, provided that they have built sufficient capacity. In addition, Member States can request an independent fiscal institution to provide an assessment of the compliance of the budgetary outturns data reported in the annual progress report with the net expenditure path as set by the Council and to analyse the factors behind a deviation from the set net expenditure path.

(18) Regulation (EU) No 473/2013 should be amended to ensure that national budgetary procedures are consistent with the recommendations adopted pursuant to Regulation (EU) 2024/1263, and, where applicable, recommendations and decisions adopted pursuant to Regulation (EC) No 1467/97 and decisions adopted pursuant to Regulation (EU) No 1173/2011 and with the rules and procedures laid down in Directive 2011/85/EU.

(19) Regulation (EU) No 473/2013 should be amended to provide that draft budgetary plans should be consistent and should comply with the requirements resulting from the 2024 reform. The implementation of the Council recommendations regarding the medium-term fiscal-structural plans should be reflected in draft budgetary plans. Therefore, draft budgetary plans should set out how the fiscal policy strategy will be delivered in the next year, and present the expenditure and revenue measures that ensure compliance with the net expenditure path as set by the Council under Regulation (EU) 2024/1263 or explain any deviation from that net expenditure path. If the Member State is subject to an excessive deficit procedure, its draft budgetary plan should present the expenditure and revenue measures that ensure compliance with the corrective net expenditure path as set by the Council under Regulation (EC) No 1467/97.

(20) For the purposes of simplification and in order to reduce administrative burden, Regulation (EU) No 473/2013 should be amended so that Member States are no longer required to report data that experience has shown to be of limited added value. In addition, since reporting to the Commission is sufficient for the purposes of coordinating the national debt issuance of Member States on the sovereign debt markets, Regulation (EU) No 473/2013 should be amended so that Member States are no longer required to report *ex ante* to the Eurogroup on their public debt issuance plans, thereby reducing their reporting burden.

(21) In order to simplify fiscal surveillance in the Union and to reduce administrative burden, the Commission should no longer be required to include in its overall assessment of the budgetary situation and prospects in the euro area as a whole elements that have not provided added value in the surveillance process. Such elements include sensitivity analyses of the risks to public finance sustainability in the event of adverse economic, financial or budgetary developments and the methodology, models and assumptions of the most recent economic forecasts of the Commission services for each Member State.

(22) Where the government of a Member State is not in a position to prepare a draft budget law for adoption by its national parliament, the submission of a draft budgetary plan based on unchanged policies should not be required. Instead, that requirement should be replaced by a technical exchange, whereby the Member State concerned provides the Commission with information on its macroeconomic and budgetary situation, which will be taken into account by the Commission in its forecasts.

(23) Economic partnership programmes were introduced by the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union of 2 March 2012[12] and were incorporated into the economic governance framework of the Union in 2013 by Regulation (EU) No 473/2013. The aim of economic partnership programmes was to ensure the effective and durable correction of Member States' excessive deficits by requiring Member States subject to an excessive deficit procedure to describe the policy measures and structural reforms needed for the purposes of reducing their excessive deficit. Under the 2024 reform, the role previously played by economic partnership programmes is fulfilled by two main means. The first consists of the adoption of a medium-term, risk-based approach in the medium-term fiscal-structural plans, which take into account the impact of reforms and investments on fiscal sustainability. The second consists of the reinforcement of the excessive deficit procedure through the introduction of clear activation and abrogation criteria for a debt-based excessive deficit procedure. Regulation (EU) No 473/2013 should therefore be amended to take into account the fact that economic partnership programmes have become obsolete.

[12] ELI: http://data.europa.eu/eli/agree_eums/2012/302.

(24) Regulation (EU) No 473/2013 introduced additional reporting requirements for Member States whose currency is the euro and which are subject to an excessive deficit procedure under Regulation (EC) No 1467/97. The objective of those requirements was to improve the exchange of information between the Member States concerned and the Commission, and to identify, at an early stage, any risks of non-compliance with the deadline for the correction of the excessive deficit. The 2024 reform introduced a single indicator for the assessment of compliance with the corrective net expenditure path under the excessive deficit procedure. Member States are to report on that indicator on a regular basis in their annual progress reports submitted under Regulation (EU) 2024/1263. Regulation (EU) No 473/2013 should therefore be amended to reduce the reporting burden and focus on implementing the 2024 reform. Member States subject to an excessive deficit procedure should be required to provide only the information requested under Regulations (EU) 2024/1263 and (EC) No 1467/97 and the subsequent reports on effective action pertaining to Council recommendations under Article 126(7) TFEU or Council notices under Article 126(9) TFEU as provided for in Regulation (EU) No 473/2013, given that such information is sufficient to assess compliance with the corrective net expenditure path. The Commission should retain the right to request any additional information it considers necessary for budgetary surveillance purposes. Therefore, Regulation (EU) No 473/2013 should be amended to remove the empowerment of the Commission to adopt delegated acts to specify the content of additional reporting.

(25) In accordance with Council recommendations under Article 126(7) or notices under Article 126(9) TFEU, Member States that are subject to an excessive deficit procedure are required to submit reports on effective action. In order to ensure that a monitoring of action taken to correct the excessive deficit is effective, Regulation (EU) No 473/2013 should be amended to clarify the reporting obligations stemming from those Council recommendations. In particular, a Member State that is the addressee of a Council recommendation under Article 126(7) TFEU should submit follow-up reports on effective action to the Commission and the Council every six months until the Council abrogates the decision on the existence of an excessive deficit. In addition, a Member State that is the addressee of a Council notice under Article 126(9) TFEU should submit follow-up reports on effective action to the Council and the Commission on a quarterly basis until the Council abrogates the decision on the existence of an excessive deficit. In order to reduce the reporting burden on Member States, it should be possible to include such reports on effective action in the annual progress reports provided for in Regulation (EU) 2024/1263 and, where appropriate, in the draft budgetary plans. Since the closer monitoring of the budgetary policies of Member States subject to an excessive deficit procedure is to be replaced by reporting requirements under Regulation (EC) No 1467/97, the Commission, when assessing the effective action taken by the Member State, should take into account all reports on effective action that are submitted by the Member State.

(26) Regulation (EU) No 473/2013 should be amended to simplify existing procedures and to discontinue those that have not proven useful and that are inconsistent with the overall approach of the 2024 reform. In particular, the provisions requiring the Commission, where there is a risk of non-compliance with the deadline to correct the excessive deficit, to address a recommendation to the Member State should be deleted, reflecting the more medium-term focus of the 2024 reform.

(27) Pursuant to Article 2(3) of Regulation (EC) No 1467/97, the Commission is to take into account all relevant factors as indicated in Article 126(3) TFEU when preparing a report under that Article on the existence of an excessive deficit. It is therefore not necessary to explicitly require the Commission's opinion adopted under Article 7(1) of Regulation (EU) No 473/2013 to be taken into account when the Commission prepares a report under Article 126(3) TFEU or when the Council takes a decision on the existence of an excessive deficit under Article 126(6) TFEU. In addition, in view of the deletion of Article 5 of Regulation (EU) No 1173/2011, the requirement to take into account the Commission's opinion adopted pursuant to Article 7(1) of Regulation (EU) No 473/2013 when recommending the imposition of a non-interest bearing deposit under Article 5 of Regulation (EU) No 1173/2011 is no longer relevant.

(28) In order to increase transparency and ownership of, and accountability for, decisions taken under Regulation (EU) No 473/2013, provision should be made to allow economic dialogue to take place between the European Parliament, the Council and the Commission on the specification of the content of the draft budgetary plans, the results of the discussion of the Eurogroup on the Commission's opinions on draft budgetary plans, to the extent that they have been made public, and the overall assessment of the budgetary situation and prospects in the euro area as a whole.

(29) The Union's strategy for growth and jobs is implemented through the delivery of reforms and investments which address the main challenges identified in the context of the European Semester and which focus on improving social and economic resilience and sustainable and inclusive growth by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence, thereby helping to address the medium- and long-term challenges facing the Union. In particular, Article 13 of Regulation (EU) 2024/1263 requires that Member States explain in their medium-term fiscal-structural plans how the delivery of reforms and investments responds to the main challenges identified in the context of the European Semester, in particular in the country-specific recommendations. It also requires Member States to explain how they will address the following common priorities of the Union: a fair, green and digital transition, including the climate objectives set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council[13], social and economic resilience, including the European Pillar of Social Rights, energy security and, where necessary, the build-up of defence capabilities.

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[13] Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/1119/oj).

(30) Regulation (EU) No 473/2013 should be amended to clarify the deadline for and content of Commission reports on the application of that Regulation.

(31) Regulations (EU) No 473/2013 and (EU) No 1173/2011 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EU) No 1173/2011

Regulation (EU) No 1173/2011 is amended as follows:

(1) in Article 1, paragraph 1 is replaced by the following:

‘1. This Regulation sets out a system of sanctions for enhancing the enforcement of the corrective arm of the Stability and Growth Pact in the euro area.’;

(2) Article 2 is amended as follows:

(a) point 1 is deleted;

(b) point 2 is replaced by the following:

‘(2) “corrective arm of the Stability and Growth Pact” means the procedure for the avoidance and correction of Member States’ excessive deficit as regulated by Article 126 TFEU and Regulation (EC) No 1467/97.’;

(c) point 3 is deleted;

(3) in Article 3, the first paragraph is replaced by the following:

‘In order to enhance the dialogue between the institutions of the Union, in particular the European Parliament, the Council and the Commission, and to ensure greater transparency and accountability, the competent committee of the European Parliament may invite the President of the Council, the Commission and, where appropriate, the President of the European Council or the President of the Eurogroup to appear before the committee to discuss decisions taken pursuant to Article 6 of this Regulation.’;

(4) Chapter III is deleted;

(5) the title of Chapter IV is replaced by the following:

‘**CHAPTER IV**
SANCTIONS IN THE CORRECTIVE ARM OF THE STABILITY AND GROWTH PACT’;

(6) Article 5 is deleted;

(7) Article 6 is replaced by the following:

‘*Article 6*
Fines

1. If the Council, acting under Article 126(8) TFEU, decides that a Member State has not taken effective action to correct its excessive deficit, the Commission shall, within 20 days of that decision, recommend that the Council, by a further decision, impose a fine, amounting to up to 0,02 % of the latest estimate of the previous year’s GDP of that Member State. The fine shall be paid every six months until the Council assesses that the Member State concerned has taken effective action in response to the decision issued under Article 126(9) TFEU.

2. A decision imposing a fine shall be deemed to have been adopted by the Council unless it decides by a qualified majority to reject the Commission’s recommendation within 10 days of the Commission’s adoption thereof.

3. The Council, acting by a qualified majority, may amend the Commission’s recommendation and adopt the text so amended as a Council decision.’;

(8) Article 7 is deleted;

(9) in Article 8, paragraph 4 is deleted;

(10) Article 9 is replaced by the following:

‘*Article 9*
Administrative nature of the sanctions

The sanctions imposed pursuant to Articles 6 and 8 shall be of an administrative nature.’;

(11) Articles 10 and 11 are deleted;

(12) in Article 12, paragraph 1 is replaced by the following:

‘1. For the measures referred to in Articles 6 and 8, only members of the Council representing Member States whose currency is the euro shall vote, and the Council shall act without taking into account the vote of the member of the Council representing the Member State concerned.’;

(13) Article 13 is replaced by the following:

‘*Article 13*
Report

1. By 31 December 2030 and every five years thereafter, the Commission shall publish a report on the application of this Regulation, accompanied, where appropriate, by a proposal to amend this Regulation.

2. The report referred to in paragraph 1 shall review:

(a) the effectiveness of this Regulation in achieving its objectives as set out in Article 1;

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU;

(c) the contribution of this Regulation to achieving sustainable and inclusive growth and social and economic resilience.

3. The report referred to in paragraph 1 shall be transmitted to the European Parliament and to the Council.'.

Article 2

Amendments to Regulation (EU) No 473/2013

Regulation (EU) No 473/2013 is amended as follows:

(1) in Article 1, paragraph 1 is amended as follows:

(a) points (a), (b) and (c) are replaced by the following:

'(a) complementing the European Semester, as established in Regulation (EU) 2024/1263 of the European Parliament and of the Council*, with a common budgetary timeline;

(b) complementing the procedure for the prevention and correction of macroeconomic imbalances, as established by Regulation (EU) No 1176/2011;

(c) complementing the multilateral surveillance system of budgetary policies, as established by Regulation (EU) 2024/1263, with additional monitoring requirements in order to ensure that Union policy recommendations in the budgetary area are appropriately integrated in the national budgetary preparations;

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* Regulation (EU) 2024/1263 of the European Parliament and of the Council of 29 April 2024 on the effective coordination of economic policies and on multilateral budgetary surveillance and repealing Council Regulation (EC) No 1466/97 (OJ L, 2024/1263, 30.4.2024, ELI: http://data.europa.eu/eli/reg/2024/1263/oj).';

(b) point (e) is deleted;

(2) Article 2 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) the first subparagraph is amended as follows:

– point (a) is replaced by the following:

'(a) "independent body" means an independent fiscal institution established in accordance with Article 8a of Directive 2011/85/EU;';

– point (d) is replaced by the following:

‘(d) “national medium-term fiscal-structural plan” means the national medium-term fiscal-structural plan as defined in Article 2, point (6), of Regulation (EU) 2024/1263;’;

– the following points are added:

‘(e) “net expenditure path” means the net expenditure path as defined in Article 2, point (5), of Regulation (EU) 2024/1263;

(f) “corrective net expenditure path” means the corrective net expenditure path referred to in Article 3(4) of Regulation (EC) No 1467/97.’;

(ii) the second subparagraph is deleted;

(b) paragraph 2 is replaced by the following:

‘2. The definitions of “general government sector” and of “subsectors of the general government sector” set out in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council* shall also apply to this Regulation.

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* Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/549/oj).’;

(3) Article 3 is replaced by the following:

'*Article 3*
Consistency with the framework for economic policy coordination

The Member States' budgetary procedure shall be consistent with:

(1) the recommendations issued in the context of Regulation (EU) 2024/1263;

(2) where appropriate, the Council recommendations issued and decisions adopted in the context of Regulation (EC) No 1467/97;

(3) where appropriate, decisions adopted under Regulation (EU) No 1173/2011;

(4) the rules and procedures laid down in Directive 2011/85/EU.';

(4) Article 4 is amended as follows:

(a) paragraph 1 is deleted;

(b) paragraph 4 is replaced by the following:

'4. National multi-annual fiscal planning under Directive 2011/85/EU and draft budgets referred to in paragraph 2 of this Article shall be based on independent macroeconomic forecasts, and shall indicate whether the budgetary forecasts have been produced or endorsed by an independent body. Those forecasts shall be made public together with the relevant national multi-annual fiscal planning documents under Directive 2011/85/EU and the draft budgets that they underpin.';

(5) in Article 5, paragraph 1 is replaced by the following:

‘1. Member States shall have in place independent fiscal institutions as referred to in Articles 5, 6 and 8a of Directive 2011/85/EU and Articles 11, 15 and 23 of Regulation (EU) 2024/1263.’;

(6) Article 6 is replaced by the following:

‘*Article 6*
Monitoring requirements

1. Member States shall submit annually to the Commission and to the Eurogroup a draft budgetary plan for the forthcoming year by 15 October. That draft budgetary plan shall be consistent with the framework set out in Article 3.

2. As soon as the draft budgetary plans referred to in paragraph 1 have been submitted to the Commission, they shall be made public.

3. The draft budgetary plan shall contain the following information for the year covered by the draft budget and the previous one:

(a) the growth rate of net expenditure, as defined in Article 2, point (2), of Regulation (EU) 2024/1263, and the breakdown of its components indicated in the draft budget;

(b) a description and quantification of the revenue and expenditure measures included in the draft budget;

(c) a quantification of expenditure on Union programmes that is fully matched by revenue from Union funds and of national expenditure on co-financing of programmes funded by the Union, included in the draft budget;

(d) the projections, under unchanged policies, of general government expenditure and revenue as a percentage of GDP broken down by their main components, including gross fixed capital formation;

(e) the macroeconomic projections on which the draft budget is based, including the main assumptions and important economic developments relevant for that draft budget;

(f) the projections of general government revenue and expenditure broken down by their main components, based on the most recent available outturn data and consistent with the elements referred to in points (a) to (e), namely the growth rate of net expenditure, the revenue and expenditure measures, the expenditure on programmes of the Union fully matched by revenue from Union funds and the macroeconomic projections;

(g) the budget balance of the general government, as derived from the revenue and expenditure projections and broken down by subsector of general government, as well as the general government debt;

(h) relevant information on the general government expenditure by function, including on education, healthcare and defence, including investment in defence, and on general government expenditure on employment;

(i) the underlying assumptions and methodologies used to estimate the budgetary impact of expenditure and revenue measures;

(j) indications as to how reform and investment commitments set out in the draft budgetary plan, in particular as regards public investment, address the current recommendations addressed to the Member State concerned in accordance with Articles 121 and 148 TFEU.

The description of revenue and expenditure measures referred to in the first subparagraph, point (b), may be less detailed for measures with a budgetary impact estimated to be lower than 0,1 % of GDP. Particular and explicit attention shall be paid to major fiscal policy reform plans, including those with potential spill-over effects for other Member States whose currency is the euro.

4. The draft budgetary plan shall explain how the draft budget for the forthcoming year ensures compliance with the net expenditure path set by the Council under Regulation (EU) 2024/1263 or, where applicable, shall explain any deviations from that net expenditure path.

For Member States subject to an excessive deficit procedure under Regulation (EC) No 1467/97, the draft budgetary plan shall explain how the draft budget for the forthcoming year ensures compliance with the corrective net expenditure path.

5. The specification of the content of the draft budgetary plan shall be set out in a harmonised framework established by the Commission in cooperation with the Member States.';

(7) Article 7 is amended as follows:

(a) paragraph 2 is replaced by the following:

'2. Notwithstanding paragraph 1, where, in exceptional cases, after consulting the Member State concerned within one week of submission of the draft budgetary plan, the Commission identifies particularly serious non-compliance of the draft budgetary plan with the net expenditure path as set by the Council under Regulation (EU) 2024/1263 or with the corrective net expenditure path under the excessive deficit procedure established under Regulation (EC) No 1467/97, as applicable, the Commission shall adopt its opinion within two weeks of submission of the draft budgetary plan. In its opinion, the Commission shall request that a revised draft budgetary plan be submitted as soon as possible and in any event within three weeks of the date of its opinion. The Commission's request shall be reasoned and shall be made public.

Article 6(2), (3) and (4) of this Regulation shall apply to revised draft budgetary plans submitted pursuant to the first subparagraph of this paragraph.

The Commission shall adopt a new opinion on the revised draft budgetary plan as soon as possible and in any event within three weeks of submission of the revised draft budgetary plan.';

(b) paragraph 4 is replaced by the following:

‘4. The Commission shall make an overall assessment of the budgetary situation and prospects in the euro area as a whole, on the basis of the national budgetary prospects and their interaction across the area, relying on the most recent economic forecasts of the Commission services.

In its overall assessment, the Commission shall, as appropriate, outline measures to reinforce the coordination of budgetary and macroeconomic policy at the euro area level.

The overall assessment shall be made public and shall be taken into account in the annual general guidance to Member States issued by the Commission.’;

(8) in Article 8, paragraph 1 is replaced by the following:

‘1. Member States shall report to the Commission, *ex ante* and in a timely manner, on their national debt issuance plans.’;

(9) Article 9 is deleted;

(10) Article 10 is replaced by the following:

'*Article 10*

Reporting requirements for Member States subject to an excessive deficit procedure

1. Where the Council adopts recommendations addressed to the Member State concerned in accordance with Article 126(7) TFEU, that Member State shall submit follow-up reports on effective action to the Council and the Commission. Those reports shall be submitted every six months starting from the submission of the first report on effective action referred to in Article 3(5) of Regulation (EC) No 1467/97, and until the Council abrogates the decision on the existence of an excessive deficit. The content of those follow-up reports on effective action shall be as laid down in Article 3(5) of Regulation (EC) No 1467/97.

2. Where the Council gives notice to the Member State concerned in accordance with Article 126(9) TFEU, that Member State shall submit follow-up reports on effective action to the Council and the Commission. Those reports shall be submitted every quarter starting from the submission of the first report on effective action referred to in Article 5(1a) of Regulation (EC) No 1467/97, and until the Council abrogates the decision on the existence of an excessive deficit. The content of those follow-up reports on effective action shall be as laid down in Article 5(1a) of Regulation (EC) No 1467/97.

3. The reports on effective action referred to in paragraphs 1 and 2 of this Article may be included in the annual progress report as defined in Article 2, point (7), of Regulation (EU) 2024/1263, and in the draft budgetary plan, where possible.

4. When assessing whether the Member State concerned has taken effective action in response to a Council recommendation under Article 126(7) TFEU or a Council decision to give notice under Article 126(9) TFEU, the Commission shall base its assessment, inter alia, on the reports submitted by the Member State in accordance with paragraphs 1 and 2 of this Article.

5. The Commission may request additional information from Member States if it deems it necessary for budgetary surveillance purposes.

6. The reports required under this Article shall form an integral part of the regular monitoring, carried out in accordance with Article 10(1) of Regulation (EC) No 1467/97, of the implementation of action taken by the Member State concerned in response to Council recommendations under Article 126(7) TFEU or Council decisions to give notice under Article 126(9) TFEU to correct the excessive deficit.';

(11) Articles 11 and 12 are deleted;

(12) Article 13 is replaced by the following:

'*Article 13*

Consistency with Regulation (EU) No 472/2013 of the European Parliament and of the Council[*]

Member States subject to a macroeconomic adjustment programme shall not be subject to Articles 6, 7, 8 and 10 of this Regulation.

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[*] Regulation (EU) No 472/2013 of the European Parliament and of the Council of 21 May 2013 on the strengthening of economic and budgetary surveillance of Member States in the euro area experiencing or threatened with serious difficulties with respect to their financial stability (OJ L 140, 27.5.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/472/oj).';

(13) Article 14 is deleted;

(14) Article 15 is amended as follows:

(a) paragraph 1 is amended as follows:

(i) point (b) is replaced by the following:

'(b) the results of the discussion of the Eurogroup on the Commission opinions adopted in accordance with Article 7(1) and (2), to the extent that they have been made public;';

(ii) point (d) is replaced by the following:

‘(d) Council acts adopted pursuant to Article 126(8) and Article 126(11) TFEU.’;

(b) paragraph 2 is replaced by the following:

‘2. The competent committee of the European Parliament may offer the opportunity to the Member State that is subject to the Council acts referred to in paragraph 1, point (d), to participate in an exchange of views.’;

(15) Article 16 is replaced by the following:

‘*Article 16*
Report

1. By 31 December 2030 and every five years thereafter, the Commission shall publish a report on the application of this Regulation, accompanied, where appropriate, by a proposal to amend this Regulation.

2. The report referred to in paragraph 1 shall review:

(a) the effectiveness of this Regulation in achieving its objectives as set out in Article 1;

(b) the progress in ensuring closer coordination of economic policies and sustained convergence of economic performances of the Member States in accordance with the TFEU;

(c) the contribution of this Regulation to achieving sustainable and inclusive growth and social and economic resilience.

3. The report referred to in paragraph 1 shall be transmitted to the European Parliament and to the Council.';

(16) Article 17 is deleted.

Article 3

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at …, …

For the European Parliament	*For the Council*
The President	*The President*