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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the exercise of the power to adopt delegated acts conferred on the Commission by Regulation (EU) 2019/516 of the European Parliament and of the Council on the harmonisation of gross national income at market prices

1. INTRODUCTION

Regulation (EU) 2019/516[1] lays down the procedures to make it easier to verify Member States' estimates of gross national income (GNI) and improve their reliability, exhaustiveness and comparability where necessary.

For GNI data to be reliable, exhaustive and comparable, Article 5(2) of Regulation (EU) 2019/516 empowers the Commission to adopt delegated acts to set out the list of issues to be addressed in every verification cycle to ensure the reliability, exhaustiveness and highest possible degree of comparability of GNI data, in line with ESA 2010.

2. LEGAL BASIS

This report is required under Article 7(2) of Regulation (EU) 2019/516, which confers on the Commission the power to adopt delegated acts for a period of 5 years from 18 April 2019. This delegation of power is tacitly extended for periods of identical duration unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period. The Commission is required to draw up a report on the exercise of the delegated power not later than 9 months before the end of the 5-year period.

3. EXERCISE OF THE DELEGATION

In 2020 and in accordance with Article 5(2) of Regulation (EU) 2019/516, the Commission adopted Commission Delegated Regulation (EU) 2020/2147[2]. In this legal act, the Commission has identified the following issues to be addressed in every verification cycle in order to ensure the reliability, exhaustiveness and comparability of GNI data:
— definition of geographic territory;
— principles of estimating dwelling services;
— treatment of repayments of value added tax (VAT);
— measures on exhaustiveness; and
— treatment of non-collected VAT.

This list of issues is based on the process of verifying GNI data, lessons learned from previous verification cycles, and feedback from national accounts experts from the Member States.

As part of the preparatory work for the delegated act, the Commission held appropriate consultations, including at expert level. The Commission expert group on GNI was consulted in accordance with Article 2, point (e), of Commission Decision C/2019/3651[3]. The Commission also consulted the Directors of macroeconomic statistics expert group and the National Statistical Institutes of the European Statistical System expert group. Finally, both the European Parliament and the Council were duly informed of the consultations.

On 8 October 2020, the Commission adopted Delegated Regulation (EU) 2020/2147 and notified the European Parliament and the Council of its adoption. Neither the European Parliament nor the Council expressed any objection to the delegated act within the two-month period provided for by Article 7(6)

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[1] Regulation (EU) 2019/516 of the European Parliament and of the Council of 19 March 2019 on the harmonisation of gross national income at market prices and repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003 (GNI Regulation) (OJ L 91, 29.3.2019, p. 19).

[2] Commission Delegated Regulation (EU) 2020/2147 of 8 October 2020 supplementing Regulation (EU) 2019/516 of the European Parliament and of the Council by defining the list of issues to be addressed in every verification cycle (OJ L 428, 18.12.2020, p. 9).

[3] Commission Decision of 17 May 2019 setting up the Commission expert group on gross national income (OJ C 174, 21.5.2019, p. 5).

of Regulation (EU) 2019/516. After the expiry of this period, more specifically on 18 December 2020, Delegated Regulation (EU) 2020/2147 was published in the *Official Journal of the European Union*. It entered into force on 7 January 2021.

4. CONCLUSION

The Commission exercised its delegated powers correctly and invites the European Parliament and the Council to take note of this report.

The Commission considers that it should continue to have the delegated powers under Regulation (EU) 2019/516 as it may need to adopt delegated acts in the future to reflect progress in statistical methodologies and ensure that GNI data are reliable, exhaustive and comparable.