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DRAFT AMENDING BUDGET N° 4 TO THE GENERAL BUDGET 2014

GENERAL STATEMENT OF REVENUE

STATEMENT OF EXPENDITURE BY SECTION
Section III – Commission
Section IX – European Data Protection Supervisor

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Having regard to:

– the Treaty on the Functioning of the European Union, and in particular Article 314 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

– the Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the Financial Regulation applicable to the general budget of the Union[1], and in particular Article 41 thereof,

– the Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-2020[2], and in particular Article 13 thereof,

– the general budget of the European Union for the financial year 2014 adopted on 20 November 2013[3],

– the amending budget No 1/2014[4], adopted on 16 April 2014,

– the draft amending budget No 2/2014[5], adopted on 15 April 2014,

– the draft amending budget No 3/2014[6], adopted on 28 May 2014,

The European Commission hereby presents to the budgetary authority the draft amending budget No 4 to the 2014 budget.

CHANGES TO THE STATEMENT OF REVENUE AND EXPENDITURE BY SECTION

The changes to the statement of revenue and expenditure by section are available on EUR-Lex (http://eur-lex.europa.eu/budget/www/index-en.htm). An English version of the changes to this statement is attached for information as a budgetary annex.

1 OJ L 298, 26.10.2012, p. 1.
2 OJ L 347, 20.12.2013, p. 884.
3 OJ L 51, 20.2.2014, p. 1.
4 OJ L XX, 10.7.2014.
5 COM(2014) 234, 15.4.2014.
6 COM(2014) 329, 28.5.2014.

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1. INTRODUCTION

Draft Amending Budget (DAB) No 4 for the year 2014 concerns the following:

– A revision of the forecast of Traditional Own Resources (TOR, i.e. customs duties and sugar sector levies), VAT and GNI bases, the budgeting of the relevant UK corrections as well as their financing resulting in a change in the distribution between Member States of their own resources contributions to the EU budget.

– A revision of the forecast of other revenue, arising from a series of fines that have become definitive and can therefore be budgeted.

– The reduction of the budgetary appropriations, both commitments and payments by EUR 248 460 for the European Data Protection Supervisor, due to the postponement of the appointment of the new European Data Protection Supervisor and Assistant European Data Protection Supervisor.

– The modification of budget article 13 03 64 *European Regional Development Fund (ERDF) - European territorial cooperation* into three separate budget items, to reflect the final adoption of the related legal base.

– The creation of a new budget article 05 03 09 *Reimbursement of direct aids in relation to financial discipline*, with a 'p.m.'; and the replacement of the dash '–' for payment appropriations on budget item 11 06 77 03 *Preparatory action – Maritime policy* by a 'p.m.'

The overall impact in terms of expenditure, is a reduction of EUR 248 460 for both commitment and payment appropriations in heading 5.

The overall impact in terms of revenue, is a substantial decrease in the requirements for Own Resources by EUR 2 059 million, which is mainly due to the budgeting of fines and interests. In addition, the distribution by Member State is adjusted.

2. OWN RESOURCES

2.1. Introduction

The following summary table shows the distribution of total own resources payments between Member States as budgeted in:

– The 2014 Budget,

– The Draft Amending Budget (DAB) 2/2014,

– The Draft Amending Budget (DAB) 3/2014,

– The present DAB 4/2014.

]

Distribution of total own resources payments by Member States *(in million EUR)*

	Budget 2014	**DAB 2/2014**	**DAB 3/2014**	**DAB 4/2014**		**DAB 4/2014 vs. DAB 3/2014**
	(1)	(2)	(3)	(4)	*in %*	(5) = (4) – (3)
BE	5 310,8	5 281,0	5 374,8	5 110,3	3,81%	-264,5
BG	449,7	446,6	456,4	444,5	0,33%	-11,9
CZ	1 520,2	1 509,6	1 543,1	1 460,9	1,09%	-82,2
DK	2 732,2	2 712,5	2 774,5	2 759,8	2,06%	-14,7
DE	28 473,2	28 261,4	28 929,2	29 021,8	21,65%	92,5
EE	198,2	196,8	201,2	201,9	0,15%	0,8
IE	1 524,4	1 514,1	1 546,6	1 608,9	1,20%	62,3
EL	1 771,4	1 757,9	1 800,5	1 794,4	1,34%	-6,0
ES	10 869,9	10 791,6	11 038,5	10 866,1	8,11%	-172,4
FR	21 796,2	21 635,3	22 142,6	21 875,2	16,32%	-267,3
HR	456,3	453,0	463,4	444,6	0,33%	-18,8
IT	16 371,5	16 252,2	16 628,4	16 141,2	12,04%	-487,2
CY	163,8	162,6	166,3	164,9	0,12%	-1,4
LV	247,6	245,7	251,6	250,8	0,19%	-0,8
LT	381,4	378,8	387,1	382,5	0,29%	-4,6
LU	337,9	335,4	343,4	325,4	0,24%	-18,0
HU	1 006,2	998,9	1 021,9	1 014,9	0,76%	-7,0
MT	74,7	74,2	75,8	77,9	0,06%	2,2
NL	7 453,4	7 406,7	7 554,0	7 477,6	5,58%	-76,4
AT	3 088,6	3 064,0	3 141,4	3 057,3	2,28%	-84,1
PL	4 130,7	4 101,4	4 193,9	4 138,0	3,09%	-55,8
PT	1 654,2	1 642,2	1 680,2	1 710,7	1,28%	30,6
RO	1 484,6	1 473,4	1 508,8	1 442,4	1,08%	-66,3
SI	400,3	397,7	405,9	401,2	0,30%	-4,8
SK	776,5	770,8	788,6	752,0	0,56%	-36,6
FI	2 093,0	2 077,6	2 126,2	2 018,0	1,51%	-108,1
SE	4 499,1	4 465,2	4 572,0	4 340,1	3,24%	-231,9
UK	14 694,3	14 548,2	15 008,8	14 782,1	11,03%	-226,7
EU	**133 960,2**	**132 954,8**	**136 124,9**	**134 065,6**	**100,00**	**-2 059,3**

2.2. Revision of the forecast of TOR, VAT and GNI bases

According to established practice, the Commission proposes to revise the financing of the budget on the basis of more recent economic forecasts, adopted at a meeting of the Advisory Committee on Own Resources (ACOR).

The revision concerns the forecast of Traditional Own Resources (TOR) to be paid to the budget in 2014 as well as the forecast of the 2014 Value Added Tax (VAT) and Gross National Income (GNI) bases. The forecast in the 2014 Budget was established at the 157th ACOR meeting on 16 May 2013 (the customs duties forecast was revised in autumn 2013 with amending letter (AL) 2/2014[7]). The revised forecast taken into account in the present DAB 4/2014 was adopted at the 160th ACOR meeting on 19 May 2014. The use of an updated forecast of own resources improves the accuracy of the revenue forecasts and hence of the payments that Member States are asked to make during the budgetary year.

As compared to the forecast agreed in May 2013 (for the customs duties the reference is the revised forecast in amending letter (AL) 2/2014), the forecast agreed in May 2014 has been revised as follows:

– The total forecast of 2014 net sugar sector levies is now EUR 124,5 million (after deduction of 25 % in collection costs). However, this forecast needs to be corrected by a negative amount of EUR 214 million corresponding to the estimated reimbursements to Member States of sugar levies according to Council Regulation (EU) No 1360/2013 of 2 December 2013. The difference between these two amounts (i.e. a negative amount of EUR 89,5 million) is entered in the DAB 4/2014.

– Total 2014 net customs duties (including duties on agricultural products) are now forecast at EUR 15 754,1 million (after deduction of 25 % in collection costs), which represents a decrease of 2,67% relative to the forecast of EUR 16 185,6 million included in the AL 2/2014. The main reason for this decrease is a lower forecasted growth rate of extra EU imports. The forecast was made on a Member State basis, using forecast growth rates of extra-EU imports as published in the Spring 2014 economic forecasts of 2 May 2014.

– The total 2014 EU uncapped VAT base is now forecast at EUR 5 916 888,4 million, which represents a decrease of -1,08 % compared to the May 2013 forecast of EUR 5 981 772,3 million. The total 2014 EU capped VAT base[8] is forecast at EUR 5 896 578,5 million, which represents a decrease of -1.08 % compared to the May 2013 forecast of EUR 5 960 726,5 million.

– The total 2014 EU GNI base is forecast at EUR 13 492 916,7 million, which is practically unchanged compared to the May 2013 forecast of EUR 13 499 401,4 million.

The exchange rates of 31 December 2013 have been used for converting the forecast VAT and GNI bases in national currency into euro (for the ten Member States that are not members of the euro zone). This avoids distortions since it is this rate that is used to convert budgeted own resources payments from euro into national currency when the amounts are called in (as stipulated in Article 10(3) of Council Regulation No 1150/2000).

The revised forecasts of TOR, uncapped VAT bases and GNI bases for 2014, as adopted at the 160th ACOR meeting on 19 May 2014, are set out in the following table (rounded figures):

[7] AL 2/2014, COM(2013) 719 final, 16.10.2013, http://ec.europa.eu/budget/library/biblio/documents/2014/AL/COM_2013_719_en.pdf

[8] In accordance with Council Decision 2007/436, if the VAT base of a Member State exceeds 50 % of its GNI, then it is capped at these 50 %. For DAB 4/2014, five Member States will have their VAT base capped at 50 % of GNI: Croatia, Cyprus, Luxembourg, Malta and Slovenia.

Revised forecasts of TOR, VAT and GNI bases for 2014 *(in million EUR)*

	Sugar levies *(75%) – adj.*	Customs duties *(75%)*	Uncapped VAT bases	GNI bases	*Capped VAT bases*[9]
BE	-7,0	1 400,6	166 540,7	392 546,0	166 540,7
BG	0,4	58,1	19 309,1	39 947,1	19 309,1
CZ	2,7	163,1	59 663,8	135 784,6	59 663,8
DK	-5,0	302,3	95 129,6	265 401,6	95 129,6
DE	-44,7	3 313,6	1 241 896,7	2 900 263,6	1 241 896,7
EE	0,0	22,7	8 714,7	18 604,6	8 714,7
IE	-1,6	229,5	65 542,8	143 418,3	65 542,8
EL	0,5	109,0	70 931,2	179 862,1	70 931,2
ES	0,7	1 017,1	475 682,9	1 028 320,4	475 682,9
FR	-35,6	1 417,6	973 133,7	2 141 159,7	973 133,7
HR	1,7	34,8	26 304,9	42 231,9	21 116,0
IT	-0,7	1 398,0	604 283,7	1 576 369,5	604 283,7
CY	0,0	15,2	10 517,0	15 342,2	7 671,1
LV	0,0	21,6	8 856,7	24 615,4	8 856,7
LT	0,7	53,3	13 841,6	34 925,0	13 841,6
LU	0,0	11,8	26 828,0	32 503,8	16 251,9
HU	1,6	87,4	40 169,8	97 952,8	40 169,8
MT	0,0	9,1	5 104,9	7 043,1	3 521,6
NL	-8,8	1 919,8	274 365,3	624 924,2	274 365,3
AT	-3,3	168,8	149 973,1	321 734,9	149 973,1
PL	8,9	372,1	175 083,7	393 178,4	175 083,7
PT	-0,5	121,9	76 713,8	165 552,5	76 713,8
RO	0,9	103,7	52 840,6	144 474,0	52 840,6
SI	0,0	58,7	17 730,8	35 230,3	17 615,2
SK	0,5	87,3	23 000,6	72 582,1	23 000,6
FI	-0,5	118,4	92 844,0	198 315,0	92 844,0
SE	-0,4	447,7	188 931,0	438 003,4	188 931,0
UK	0,0	2 690,9	952 953,7	2 022 630,2	952 953,7
EU	**-89,5**	**15 754,1**	**5 916 888,4**	**13 492 916,7**	**5 896 578,5**

2.3. 2013, 2011 and 2010 UK correction

2.3.1 Introduction

The correction of budgetary imbalances in favour of the United Kingdom (UK correction), to be budgeted in the present DAB, concerns three years: 2010, 2011 and 2013.

The 2010, 2011 and 2013 UK corrections are subject to the rules of Council Decision 2007/436/EC, Euratom on the system of the European Communities' own resources[10] and its accompanying working document, the *2007 Calculation Method*[11]. Pursuant to the rules of this Decision, the net TOR "windfall gains" of the UK resulting from the increase since 2001 in the percentage of TOR retained by Member States as a compensation for their collection costs are neutralised and the allocated expenditure is adjusted by:

9 The amounts highlighted in grey result from the capped VAT bases, as explained in footnote 3 above.

10 OJ L 163, 23.6.2007, p. 17

11 Commission working document of 23 May 2007 "Calculation, financing, payment and entry in the budget of the correction of budgetary imbalances in accordance with Articles 4 and 5 of Council Decision [2007/436/EC, Euratom] on the system of the European Communities' own resources" available on:
http://ec.europa.eu/budget/library/biblio/documents/financing/calc_own_res_2007_en.pdf.

– pre-accession expenditure (PAE) paid under appropriations for payments relating to the year preceding the enlargement. The same adjustment for PAE will be followed at the occasion of each future enlargement of the Union but it has ceased to apply as from the 2013 correction budgeted for the first time in 2014;

– the total allocated expenditure in Member States that have acceded to the EU after 30 April 2004, except for agricultural direct payments and market-related expenditure as well as that part of the rural development expenditure originating from the EAGGF, Guarantee section. This reduction was phased-in progressively (20 % for 2008 correction budgeted in 2009, 70 % for 2009 correction budgeted in 2010 and 100 % from 2010 correction budgeted in 2011).

Furthermore, the share of Austria, Germany, the Netherlands and Sweden in the financing of the UK correction is reduced to one fourth of their normal share. The reduction is financed by the other Member States, excluding the UK.

The difference between the *definitive amount of the 2010 UK correction* and the amount previously budgeted (the *2nd update* entered in AB 4/2012) is entered in chapter 35 of DAB 4/2014. The difference between the *3rd update of the 2011 UK correction* and the amount previously budgeted (the *1st update* entered in AB 4/2012) is entered in chapter 36 of DAB 4/2014.

The amount of the *1st update* of the 2013 UK correction is entered in chapter 15 of the DAB 4/2014, as a replacement of the *provisional amount* of the 2013 UK correction entered in chapter 15 of the Budget 2014.

2.3.2 Calculation of the corrections

In the present DAB, the calculation and financing of the *1st update of the 2013* UK correction, the *3rd update of the 2011* UK correction and the *definitive amount of the 2010* UK correction are entered.

As far as the *2nd update of the 2012* UK correction is concerned, the Commission shall (according to the *2007 Calculation Method*) propose to budget updates if they differ significantly from the corresponding previously budgeted calculation. According to the Commission's current calculations, the amount of the 2012 UK correction does not differ significantly from the previously budgeted amount (1st *update* of the 2012 UK correction entered in AB 6/2013). Consequently, the update is not proposed for budgeting in the present DAB 4/2014.

2.3.2.1 2013 UK correction

The following table summarises the changes between the *provisional amount* of the 2013 UK correction entered in Budget 2014 and the *1st update* of the 2013 UK correction to be entered in DAB 4/2014.

	2013 UK correction	2013 UK correction PROVISIONAL Budget 2014	2013 UK correction 1st UPDATE DAB 4/2014	*Difference*
(1)	UK share of uncapped VAT base	16,2077%	15,5861%	*-0,6216%*
(2)	UK share of enlargement-adjusted total allocated expenditure	6,5970%	6,1166%	*-0,4804%*
(3)	= (1) - (2)	9,6107%	9,4694%	*-0,1412%*
(4)	Total allocated expenditure	133 640 172 409	134 675 970 767	*+1 035 798 358*
(5)	Enlargement-related expenditure = (5a) + (5b)	31 848 333 003	31 337 201 043	*-511 131 961*
(5a)	Pre-accession expenditure	31 848 333 003	31 337 201 043	*-511 131 961*
(5b)	Expenditure related to Art 4(1)(g)	0	0	*0*
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	101 791 839 406	103 338 769 725	*+1 546 930 319*
(7)	UK correction original amount = (3) x (6) x 0.66	6 456 694 911	6 458 490 768	*+1 795 856*
(8)	UK advantage	1 176 577 247	883 513 735	*-293 063 512*
(9)	Core UK correction = (7) - (8)	5 280 117 664	5 574 977 032	*+294 859 368*
(10)	TOR windfall gains	-17 223 040	32 794 702	*+50 017 742*
(11)	UK correction = (9) - (10)	5 297 340 704	5 542 182 331	*+244 841 627*

The *1st update* of the 2013 UK correction is EUR 245 million higher as compared to the *provisional amount* of the 2013 UK correction entered in Budget 2014.

2.3.2.2 2011 UK correction

The following table summarises the changes between the *1st update* of the 2011 UK correction entered in AB 4/2012 and the *3rd update* of the 2011 UK correction to be entered in DAB 4/2014.

	2011 UK correction	2011 UK correction 1st UPDATE AB 4/2012	2011 UK correction 3rd UPDATE DAB 4/2014	*Difference*
(1)	UK share of uncapped VAT base	14,9462%	14,9811%	*+0,0349%*
(2)	UK share of enlargement-adjusted total allocated expenditure	7,3204%	7,3021%	*-0,0182%*
(3)	= (1) - (2)	7,6259%	7,6790%	*+0,0531%*
(4)	Total allocated expenditure	116 689 113 932	116 702 674 481	*+13 560 549*
(5)	Enlargement-related expenditure = (5a) + (5b)	26 918 339 726	26 831 341 733	*-86 997 993*
(5a)	Pre-accession expenditure	3 037 294 340	3 040 714 610	*-3 420 270*
(5b)	Expenditure related to Art 4(1)(g)	23 881 045 386	23 790 627 123	*-90 418 263*
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	89 770 774 207	89 871 332 749	*+100 558 542*
(7)	UK correction original amount = (3) x (6) x 0.66	4 518 220 698	4 554 788 119	*+36 567 421*
(8)	UK advantage	534 381 657	358 708 861	*-175 672 796*
(9)	Core UK correction = (7) - (8)	3 983 839 040	4 196 079 257	*+212 240 217*
(10)	TOR windfall gains	8 838 069	7 667 508	*-1 170 561*
(11)	UK correction = (9) - (10)	3 975 000 971	4 188 411 749	*+213 410 778*

The *3rd update* of the 2011 UK correction is EUR 213 million higher as compared to the 1st *update* of the 2011 UK correction entered in AB 6/2012.

For the 2011 UK correction the difference in the original amount of the UK correction between Own Resources Decision (ORD) 2000 and ORD 2007 is EUR 2 142,4 million in 2004 prices and EUR 2 352,3 million in current prices.

2.3.2.3 2010 UK correction

The following table summarises the changes between the *2nd update* of the 2010 UK correction entered in AB 4/2012 and the *definitive amount* of the 2010 UK correction to be entered in DAB 4/2014.

	2010 UK correction	**2010 UK correction 2nd UPDATE AB 4/2012**	**2010 UK correction DEFINITIVE DAB 4/2014**	***Difference***
(1)	UK share of uncapped VAT base	15 ,3613%	15 ,4336%	+0 ,0724%
(2)	UK share of enlargement-adjusted total allocated expenditure	7 ,7118%	7 ,7118%	+0%
(3)	= (1) - (2)	7 ,6495%	7 ,7218%	+0 ,0723%
(4)	Total allocated expenditure	111 424 575 479	111 424 575 479	+0
(5)	Enlargement-related expenditure = (5a) + (5b)	23 860 842 743	23 861 206 535	+363 792
(5a)	Pre-accession expenditure	2 970 335 816	2 970 699 609	+363 792
(5b)	Expenditure related to Art 4(1)(g)	20 890 506 927	20 890 506 926	0
(6)	Enlargement-adjusted total allocated expenditure = (4) - (5)	87 563 732 736	87 563 368 944	-363 792
(7)	UK correction original amount = (3) x (6) x 0.66	4 420 776 873	4 462 554 636	+41 777 763
(8)	UK advantage	768 620 727	703 660 977	-64 959 750
(9)	Core UK correction = (7) - (8)	3 652 156 146	3 758 893 659	+106 737 512
(10)	TOR windfall gains	21 614 060	19 348 038	-2 266 022
(11)	UK correction = (9) - (10)	3 630 542 087	3 739 545 621	+109 003 534

The *definitive amount* of the 2010 UK correction is EUR 109 million higher than the *2nd update* of the 2010 UK correction entered in AB 4/2012.

For the 2010 UK correction the difference in the original amount of the UK correction between Own Resources Decision (ORD) 2000 and ORD 2007 is EUR 1 964,5 million in 2004 prices and EUR 2 127,9 million in current prices.

2.3.2.4 EUR 10,5 billion ceiling

According to article 4(2) of Decision 2007/436, during the period 2007-2013 the additional contribution of the United Kingdom resulting from the reduction of allocated expenditure by the expenditure related to enlargement as referred to in paragraph (1)(g) of ORD 2007 shall not exceed EUR 10,5 billion, measured in 2004 prices. The cumulative effect of 2007 to 2012 corrections is EUR 8 230,0 million in 2004 prices and EUR 9 015,4 million in current prices:

2007-2012 UK corrections Difference in original amount in reference to EUR 10,5 billion threshold (ORD 2007 vs. ORD 2000), in EUR		**Difference in current prices**	**Difference in constant 2004 prices**
(A)	2007 UK correction	0	0
(B)	2008 UK correction	-301 679 647	-280 649 108
(C)	2009 UK correction	-1 349 749 997	-1 276 489 414
(D)	2010 UK correction	-2 127 945 515	-1 964 546 518
(E)	2011 UK correction	-2 352 303 848	-2 142 387 266
(F)	2012 UK correction	-2 883 757 322	-2 565 976 235
(G)	Sum of differences = (A) + (B) + (C) + (D) + (E) + (F)	-9 015 436 330	-8 230 048 542

2.3.3 Entry in the DAB 4/2014 of the 1st update of the 2013 UK correction the 3rd update of the 2011 UK correction and of the definitive amount of the 2010 UK correction

2.3.3.1 2013 UK correction (chapter 15)

The amount of the UK correction to be budgeted in chapter 15 of the present DAB 4/2014 is the amount of the *1st update* of the 2013 UK correction (i.e. EUR 5 542 182 331 replacing the EUR 5 297 340 704 entered in Budget 2014).

This amount is to be financed along the revised 2014 GNI bases of the present DAB 4/2014. The budgeting of this amount in chapter 15 is summarised below:

2013 UK correction – chapter 15			
BE	274 500 044	**LU**	22 729 297
BG	27 934 257	**HU**	68 496 553
CZ	94 951 620	**MT**	4 925 108
DK	185 590 353	**NL**	75 487 301
DE	350 335 402	**AT**	38 863 752
EE	13 009 847	**PL**	274 942 269
IE	100 289 723	**PT**	115 767 753
EL	125 774 188	**RO**	101 027 954
ES	719 085 138	**SI**	24 635 887
FR	1 497 272 756	**SK**	50 755 299
HR	29 531 974	**FI**	138 677 954
IT	1 102 325 579	**SE**	52 908 328
CY	10 728 512	**UK**	-5 542 182 331
LV	17 213 087		
LT	24 422 396	**Total**	**0**

2.3.3.2 2010 UK correction (chapter 35)

The amount of the UK correction to be budgeted in chapter 35 of the present DAB 4/2014 is the difference between the *definitive amount* of the 2010 UK correction (i.e. EUR 3 739 545 621) and the *2nd update* of the 2010 UK correction (i.e. EUR 3 630 542 087 entered in AB 4/2012) amounting to EUR 109 003 534.

This amount is to be financed along the revised 2010 GNI bases as known at the end of 2013. The budgeting of this amount in chapter 35 is summarised below:

2010 UK correction — Chapter 35			
BE	4 520 547	**LU**	-467 949
BG	562 835	**HU**	925 341
CZ	2 556 272	**MT**	320 963
DK	3 345 263	**NL**	1 088 457
DE	10 941 079	**AT**	439 387
EE	334 638	**PL**	4 287 709
IE	5 207 662	**PT**	2 496 000
EL	452 777	**RO**	-392 307
ES	5 161 577	**SI**	896 466
FR	36 713 295	**SK**	913 354
IT	25 185 874	**FI**	822 308
CY	919 896	**SE**	867 048
LV	377 190	**UK**	-109 003 534
LT	527 852	**Total**	**0**

2.3.3.3 2011 UK correction (chapter 36)

The amount of the UK correction to be budgeted in chapter 36 of the present DAB 4/2014 is the difference between the *3rd update* of the 2011 UK correction (i.e. EUR 4 188 411 749) and the *1st*

update of the 2011 UK correction (i.e. EUR 3 975 000 971 entered in AB 4/2012) amounting to EUR 213 410 778.

This amount is to be financed along the revised 2011 GNI bases as known at the end of 2013. The budgeting of this amount in chapter 36 is summarised below:

2011 UK correction — Chapter 36			
BE	8 101 453	**LU**	-29 470
BG	1 375 381	**HU**	4 872 613
CZ	5 056 538	**MT**	438 532
DK	7 280 734	**NL**	2 529 744
DE	18 309 269	**AT**	1 155 028
EE	885 630	**PL**	17 881 528
IE	8 409 370	**PT**	5 178 017
EL	3 438 553	**RO**	305 779
ES	21 543 140	**SI**	1 156 634
FR	58 179 865	**SK**	1 786 552
IT	37 543 615	**FI**	1 891 154
CY	479 335	**SE**	2 983 045
LV	1 333 866	**UK**	-213 410 778
LT	1 324 873	**Total**	**0**

3. OTHER REVENUE – FINES AND INTERESTS

In accordance with Article 83 of the Financial Regulation, the Commission shall record the amounts received by way of fines, penalties and sanctions as soon as the decisions imposing them may no longer be overruled by the Court of Justice of the European Union. The DAB 3/2014 included additional revenue stemming from fines (revenue article 7 1 0 — 'Fines, periodic payments and other penalties') by EUR 1 408 million, and for revenue from interests (revenue article 7 0 1 — 'Interest on late payments and other interest on fines') by EUR 9 million.

Since then, a series of other fines have become definitive. A fine becomes definitive when it is not appealed before the General Court or when appealed, it has been confirmed by the General Court and by the Court of Justice. Besides, some definitive fines are paid with delays or by instalments. Taking into account the definitive fines that have been recovered since the presentation of the DAB 3/2014, it is proposed to budget an amount of EUR 2 059 million as additional revenue. The detail by line is shown in the table below:

EUR million

Revenue lines	DAB 3/2014	DAB 4/2014	New amount for additional fines
7 0 1 — Interest on late payments and other interest on fines	9,0	230,0	239,0
7 1 0 — Fines, periodic penalty payments and other penalties	1 408,0	1 829,0	3 237,0
Total	**1 417,0**	**2 059,0**	**3 476,0**

The additional fines and interests that have become available since the DAB 3/2014 mostly (90 %) stem from two cases. These fines were due in the second half of June 2014, at which point none of the companies concerned had introduced an appeal.

4. EUROPEAN DATA PROTECTION SUPERVISOR (SECTION IX)

In accordance with article 41(2) of the Financial Regulation, the European Data Protection Supervisor has requested that the Commission present a draft amending budget on its behalf. The purpose is to reduce by EUR 248 460 both commitment and payment appropriations (non-differentiated expenditure). The selection processes for the new European Data Protection Supervisor and the new Assistant Data Protection Supervisor were expected to be completed in January of 2014. However, it was decided not to issue a shortlist and to republish the posts. Therefore, an amount corresponding to

ten months of temporary allowances for the incumbents, which had been calculated on the assumption that the earliest possible appointment of the new team would be 1 November 2014, is no longer needed, and the appropriations can be reduced accordingly. The new deadline for applications was set for 25 June 2014.

5. ADAPTATIONS TO BUDGET NOMENCLATURE AND CORRESPONDING BUDGETARY APPROPRIATIONS

Regulations (EU) No 1299/2013[12] and No 1303/2013 of the European Parliament and of the Council of 17 December 2013[13] foresee the participation of pre-accession and neighbouring countries in European Regional Development Fund (ERDF) financed transnational cooperation programmes (European Territorial Cooperation part of the ERDF). To this end, appropriations from the European Neighbourhood Instrument (ENI) and from the Instrument for Pre-Accession Assistance (IPA II), in heading 4 will be used for participation in European Territorial Cooperation (ETC) programmes.

To show this additional financing from heading 4 to the European Territorial Cooperation under ERDF, it is proposed that the budget article 13 03 64 *European Regional Development Fund (ERDF) – European Territorial Cooperation* is replaced by budget item 13 03 64 01 *European Regional Development Fund (ERDF) – European Territorial Cooperation*, and that two new budget items are created as follows:

– For the contribution from IPA II: 13 03 64 02 *Participation of candidate countries and potential candidates in ERDF ETC – Contribution from heading 4 (IPA II);*

– For the contribution from ENI: 13 03 64 03 *Participation of European neighbourhood countries in ERDF ETC – Contribution from heading 4* (ENI).

The funds made available from heading 4 for the ERDF European Territorial Cooperation were not known at the beginning of the period and, as a consequence, the related amounts were provisionally allocated to the lines financing the Cross-Border cooperation (CBC) with Member States part of the Instrument for Pre-Accession (IPA II) and of the European Neighbourhood Instrument (ENI).

As a consequence, it is proposed to transfer the amount of EUR 2 480 038 in commitment appropriations that correspond to the 2014 IPA contribution to ERDF ETC from 13 05 63 02 *Cross-border cooperation (CBC) — Contribution from Heading 4* to the new item 13 03 64 02. For payment appropriations, a token entry ("p.m.") is proposed.

Since the programming is not sufficiently advanced, a token entry ("p.m.") amount is proposed for the contribution from the ENI (13 03 64 03) both for commitment and payment appropriations.

The proposed change is justified for reasons of easier financial management; enhanced reporting and transparency, and ensuring nomenclature consistency over 2014-2020. In particular, the nomenclature proposed by the Commission for 2015 in its statement of estimates is the same as the one proposed in the present DAB 4/2014.

6. OTHER TECHNICAL CHANGES

The Commission proposes the creation of a new budget article 05 03 09 *Reimbursement of direct aids in relation to financial discipline* in order to facilitate the possible reimbursement of amounts

[12] Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 259).

[13] Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) 1083/2006 (OJ L 347, 20.12.2013, p. 320).

deducted from direct aids following the application of financial discipline in accordance with Article 26(5) of Regulation (EU) No 1306/2013[14]. No appropriations are needed for this new article as in accordance with Article 169(3) of the Financial Regulation (EU Euratom) No 966/2012 non-committed appropriations for actions under shared management of the EAGF may be carried over to the next financial year for that purpose. The new article is intended to collect, at the end of the budget year, non-committed appropriations, up to the amount of the financial discipline entered in the budget of the preceding year, and up to 2% of the EAGF initial budgetary appropriations for actions under shared management of the budget year, available for carry-over and reimbursement in the following year. The creation of this same article has also been proposed in the Draft Budget 2015 so that the carry-over and reimbursement of amounts that were subject to financial discipline in 2014 can be done under one single budget article.

The Commission also proposes to replace the dash "–" for payment appropriations on budget item 11 06 77 03 *Preparatory action – Maritime policy* by a "p.m." as a final payment claim has to be settled against outstanding commitments from previous years.

[14] OJ L 347, 20.12.2013, p. 549.

7. SUMMARY TABLE BY MFF HEADING

Heading	Budget 2014 (incl. AB 1 and DAB 2 and 3/2014)		Draft Amending Budget 4/2014		Budget 2014 (incl. AB 1 and DAB 2 to 4/2014)	
	CA	PA	CA	PA	CA	PA
1. Smart and inclusive growth	**63 986 340 779**	**66 374 487 058**			**63 986 340 779**	**66 374 487 058**
Ceiling	*63 973 000 000*				*63 973 000 000*	
Margin	*75 989 221*				*75 989 221*	
1a Competitiveness for growth and jobs	16 484 010 779	12 028 322 326			16 484 010 779	12 028 322 326
Ceiling	*16 560 000 000*				*16 560 000 000*	
Margin	*75 989 221*				*75 989 221*	
1b Economic social and territorial cohesion	47 502 330 000	54 346 164 732			47 502 330 000	54 346 164 732
Ceiling	*47 413 000 000*				*47 413 000 000*	
Margin	*-89 330 000*				*-89 330 000*	
Flexibility Instrument	*89 330 000*				*89 330 000*	
Margin	0				*0*	
2. Sustainable growth: natural resources	**59 267 214 684**	**56 564 930 369**			**59 267 214 684**	**56 564 930 369**
Ceiling	*59 303 000 000*				*59 303 000 000*	
Margin	*35 785 316*				*35 785 316*	
Of which: European Agricultural Guarantee Fund (EAGF) — Market related expenditure and direct payments	43 778 100 000	43 776 956 403			43 778 100 000	43 776 956 403
Sub-ceiling	*44 130 000 000*				*44 130 000 000*	
Net transfer between EAGF and EAFRD	*351 900 000*				*351 900 000*	
Margin						
3. Security and citizenship	**2 171 998 732**	**1 677 039 976**			**2 171 998 732**	**1 677 039 976**
Ceiling	*2 179 000 000*				*2 179 000 000*	
Margin	*7 001 268*				*7 001 268*	
4. Global Europe	**8 325 000 000**	**6 842 004 256**			**8 325 000 000**	**6 842 004 256**
Ceiling	8 335 000 000				8 335 000 000	
Margin	*10 000 000*				*10 000 000*	
5. Administration	**8 404 765 541**	**8 405 638 341**	**-248 460**	**-248 460**	**8 404 517 081**	**8 405 389 881**
Ceiling	*8 721 000 000*				*8 721 000 000*	
Margin	*316 234 459*				*316 482 919*	
Of which: Administrative expenditure of the institutions	6 797 640 898	6 798 513 698	-248 460	-248 460	6 797 392 438	6 798 265 238
Sub-ceiling	*7 056 000 000*				*7 056 000 000*	
Margin	*258 359 102*				*258 607 562*	
6. Compensations	**28 600 000**	**28 600 000**			**28 600 000**	**28 600 000**
Ceiling	*29 000 000*				*29 000 000*	
Margin	*400 000*				*400 000*	
Total	**142 183 919 736**	**139 892 700 000**	**-248 460**	**-248 460**	**142 183 671 276**	**139 892 451 540**
Ceiling	***142 540 000 000***	***135 866 000 000***			***142 540 000 000***	***135 866 000 000***
Flexibility Instrument	***89 330 000***				***89 330 000***	
Contingency Margin		***4 026 700 000***				***4 026 700 000***
Margin	***445 410 264***	**0**			***445 658 724***	***248 460***
Special Instruments	**456 181 000**	**350 000 000**			**456 181 000**	**350 000 000**
Grand Total	**142 640 100 736**	**140 242 700 000**	**-248 460**	**-248 460**	**142 639 852 276**	**140 242 451 540**