II

*(Acts whose publication is not obligatory)*

# COUNCIL

## FINANCIAL REGULATION

**of 21 October 1976**

**amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities**

(76/892/ECSC, EEC, Euratom)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Coal and Steel Community, and in particular Article 78 (f) thereof,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 209 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 183 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament (1),

Whereas some Community projects necessarily extend over several years ;

Whereas the commitment of the relevant appropriations often extends over several financial years ;

Whereas the budget appropriations committed for these projects cannot be utilized during the financial year for which they were opened because the payments relating to these projects are spread over several financial years ;

Whereas, for such projects, a distinction should be drawn between appropriations required to cover the legal obligations entered into and appropriations needed to finance projects carried out in fulfilment of these obligations ;

Whereas such a distinction prejudices neither the general principle of the annual nature of the budget nor the special provisions already adopted in respect of certain expenditure ;

Whereas, under the terms of Article 9 of the Council Decision of 1 February 1971 on the reform of the European Social Fund (2), the Financial Regulations adopted in pursuance of Article 209 of the Treaty determine the methods whereby expenditure may be authorized for a further two-year period after the end of the current financial year ; whereas the introduction of commitment appropriations is such as to give effect to this provision,

HAS ADOPTED THIS FINANCIAL REGULATION :

*Article 1*

Financial Regulation 73/91/ECSC, EEC, Euratom of 25 April 1973 applicable to the general budget of the European Communities (3), is amended by the following Articles.

*Article 2*

The first subparagraph of Article 1 (3) shall be replaced by the following :

(1) OJ No C 238, 11. 10. 1976, p. 27.

(2) OJ No L 28, 4. 2. 1971, p. 15.
(3) OJ No L 116, 1. 5. 1973, p. 1.

'Without prejudice to Article 16a, Title VII, Article 107, Article 114 and Title Xa, expenditure may not be authorized for a period exceeding the financial year.'

*Article 3*

The following Article 16a shall be added to Title II, Section II :

'*Article 16a*

1. When budget appropriations are intended to finance projects covered by paragraph 4 which require more than one year to execute, the budget shall show under the heading of these projects for the financial year concerned :

(a) the commitment appropriations ;

(b) the payment appropriations.

2. Commitment appropriations are intended to enable the fulfilment, during the financial year concerned, of the legal obligations to be entered into in order to carry out the projects referred to in paragraph 1.

They shall represent the ceiling of expenditure which may be committed for carrying out the relevant projects.

Commitment appropriations not utilized before the end of the financial year for which they were entered in the budget shall remain available for the following financial year. At the end of this period and before 1 February, the Commission may submit to the Council and forward to the European Parliament a list of appropriations the extension of which it is requesting for the next financial year. The Council, acting by a qualified majority and after consulting the European Parliament, shall decide whether to extend these appropriations for that financial year.

3. Payment appropriations shall represent the ceiling of expenditure which may be authorized or paid during each financial year in order to cover the commitments entered into during the current or preceding financial years.

4. When the budget is being debated, the following may be entered under commitment appropriations ; the hydrocarbons projects, the three-year plan of action on scientific and technical information and documentation, the Social Fund, the Guidance Section of the European Agricultural Guidance and Guarantee Fund and operations for which a future Financial Regulation lays down that they should be so entered.

5. The comments accompanying the budget headings allocated for such projects shall include, if the conditions governing the execution of such projects so permit, an indicative timetable of foreseeable commitments and payments for subsequent financial years.'

*Article 4*

Articles 6 (5), 104 and 114 (2) are hereby repealed.

They shall, however, remain in force during the implementation of the budgets up to and including the financial year 1976.

*Article 5*

This Financial Regulation shall apply to the budget for the financial year 1977 and to the deliberations of the Budget Authority in connection with these budgets.

*Article 6*

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

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

Done at Luxembourg, 21 October 1976.

*For the Council*

*The President*

L. J. BRINKHORST