

Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012

## PART ONE

### FINANCIAL REGULATION

#### TITLE II

#### BUDGET AND BUDGETARY PRINCIPLES

##### *Article 6*

##### **Respect for budgetary principles**

The budget shall be established and implemented in accordance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in this Regulation.

#### CHAPTER 1

##### ***Principles of unity and of budgetary accuracy***

##### *Article 7*

##### **Scope of the budget**

1 For each financial year, the budget shall forecast and authorise all revenue and expenditure considered necessary for the Union. It shall comprise:

- a the revenue and expenditure of the Union, including administrative expenditure resulting from the implementation of the provisions of the TEU relating to the common foreign and security policy (CFSP), and operational expenditure occasioned by implementation of those provisions where it is charged to the budget;
- b the revenue and expenditure of the European Atomic Energy Community.

2 The budget shall contain differentiated appropriations, which consist of commitment appropriations and payment appropriations, and non-differentiated appropriations.

The appropriations authorised for the financial year shall consist of:

- a appropriations provided in the budget, including by amending budgets;
- b appropriations carried over from preceding financial years;
- c appropriations made available again in accordance with Article 15;

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- d appropriations arising from pre-financing payments which have been repaid in accordance with point (b) of Article 12(4);
  - e appropriations provided following the receipt of revenue assigned during the financial year or carried over from preceding financial years.
- 3 Commitment appropriations shall cover the total cost of the legal commitments entered into during the financial year, subject to Article 114(2).
- 4 Payment appropriations shall cover payments made to honour the legal commitments entered into in the financial year or preceding financial years.
- 5 Paragraphs 2 and 3 of this Article shall not prevent appropriations being committed globally or budgetary commitments being made in annual instalments as respectively provided for in point (b) of the first subparagraph of Article 112(1) and in Article 112(2).

#### *Article 8*

##### **Specific rules on the principles of unity and budgetary accuracy**

- 1 All revenue and expenditure shall be booked to a budget line.
- 2 Without prejudice to authorised expenditure arising from contingent liabilities as provided for in Article 210(2), no expenditure may be committed or authorised in excess of the authorised appropriations.
- 3 An appropriation shall be entered in the budget only if it is for an item of expenditure considered necessary.
- 4 Interest generated by pre-financing payments made from the budget shall not be due to the Union except as otherwise provided in the contribution agreements or the financing agreements concerned.

#### *CHAPTER 2*

##### ***Principle of annuality***

#### *Article 9*

##### **Definition**

The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December.

#### *Article 10*

##### **Budgetary accounting for revenue and appropriations**

- 1 The revenue of a financial year shall be entered in the accounts for that year on the basis of the amounts collected during it. However, the own resources for the month of January of the following financial year may be made available in advance pursuant to Regulation (EU, Euratom) No 609/2014.

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2 The entries in respect of the Value Added Tax (VAT) and Gross National Income-based own resources may be adjusted in accordance with Regulation (EU, Euratom) No 609/2014.

3 Commitments shall be entered in the accounts for a financial year on the basis of the legal commitments entered into up to 31 December of that year. However, the global budgetary commitments referred to in Article 112(4) shall be entered in the accounts for a financial year on the basis of the budgetary commitments up to 31 December of that year.

4 Payments shall be entered in the accounts for a financial year on the basis of the payments made by the accounting officer by 31 December of that year.

5 By way of derogation from paragraphs 3 and 4:

- a the expenditure of the European Agricultural Guarantee Fund (EAGF) shall be entered in the accounts for a financial year on the basis of the repayments made by the Commission to Member States by 31 December of that year, provided that the payment order has reached the accounting officer by 31 January of the following financial year;
- b expenditure implemented under shared management with the exception of the EAGF shall be entered in the accounts for a financial year on the basis of the reimbursements made by the Commission to Member States by 31 December of that year, including the expenditure charged by 31 January of the following financial year as laid down in Articles 30 and 31.

#### *Article 11*

### **Commitment of appropriations**

1 The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been definitively adopted.

2 As of 15 October of the financial year, the following expenditure may be committed in advance against the appropriations provided for the following financial year:

- a routine administrative expenditure, provided that such expenditure has been approved in the last budget duly adopted, and only up to a maximum of one quarter of the total corresponding appropriations decided upon by the European Parliament and by the Council for the current financial year;
- b routine management expenditure for the EAGF, provided that the basis for such expenditure is laid down in an existing basic act, and only up to a maximum of three quarters of the total corresponding appropriations decided upon by the European Parliament and by the Council for the current financial year.

#### *Article 12*

### **Cancellation and carry-over of appropriations**

1 Appropriations which have not been used by the end of the financial year for which they were entered shall be cancelled, unless they are carried over in accordance with paragraphs 2 to 8.

2 The following appropriations may be carried over by a decision taken pursuant to paragraph 3, but only to the following financial year:

- a commitment appropriations and non-differentiated appropriations, for which most of the preparatory stages of the commitment procedure have been completed by 31 December of the financial year. Such appropriations may be committed up to 31 March

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- of the following financial year, with the exception of non-differentiated appropriations related to building projects which may be committed up to 31 December of the following financial year;
- b appropriations which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for that purpose by 31 December of that year. Such appropriations may be committed up to 31 December of the following financial year;
  - c payment appropriations which are needed to cover existing commitments or commitments linked to commitment appropriations carried over, where the payment appropriations provided for in the relevant budget lines for the following financial year are insufficient;
  - d non-committed appropriations relating to the actions referred to in Article 4(1) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council<sup>(1)</sup>.

With regard to point (c) of the first subparagraph, the Union institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.

Carry-overs of non-committed appropriations as referred to in point (d) of the first subparagraph of this paragraph shall not exceed, within a limit of 2 % of the initial appropriations voted by the European Parliament and by the Council, the amount of the adjustment of direct payments applied in accordance with Article 26 of Regulation (EU) No 1306/2013 during the preceding financial year. Appropriations which are carried over shall be returned to the budget lines which cover the actions referred to in point (b) of Article 4(1) of Regulation (EU) No 1306/2013.

3 The Union institution concerned shall take its decision on carry-overs as referred to in paragraph 2 by 15 February of the following financial year. It shall inform the European Parliament and the Council by 15 March of that year of the carry-over decision it has taken. It shall also state, for each budget line, how the criteria in points (a), (b) and (c) of the first subparagraph of paragraph 2 have been applied to each carry-over.

- 4 Appropriations shall be automatically carried over in respect of:
- a commitment appropriations for the Emergency Aid Reserve and for the European Union Solidarity Fund. Such appropriations may be carried over only to the following financial year and may be committed up to 31 December of that year;
  - b appropriations corresponding to internal assigned revenue. Such appropriations may be carried over only to the following financial year and may be committed up to 31 December of that year, with the exception of the internal assigned revenue from lettings and the sale of buildings and land which may be carried over until it is fully used. Commitment appropriations, as referred to in Regulation (EU) No 1303/2013 and in Regulation (EU) No 514/2014 of the European Parliament and of the Council<sup>(2)</sup>, which are available on 31 December arising from repayments of pre-financing payments may be carried over until the closure of the programme and used when necessary, provided that other commitment appropriations are no longer available;
  - c appropriations corresponding to external assigned revenue. Such appropriations shall be fully used by the time all the operations relating to the programme or action to which they are assigned have been carried out or they may be carried over and used for the succeeding programme or action. This shall not apply to the revenue referred to in point (iii) of Article 21(2)(g) for which appropriations not committed within five years shall be cancelled;
  - d payment appropriations related to the EAGF resulting from suspensions in accordance with Article 41 of Regulation (EU) No 1306/2013.

5 The treatment of external assigned revenue as referred to in point (c) of paragraph 4 of this Article resulting from the participation of European Free Trade Association (EFTA) States in certain Union programmes in accordance with point (e) of Article 21(2) shall be in line with Protocol No 32 annexed to the Agreement on the European Economic Area (EEA Agreement).

6 In addition to the information provided for in paragraph 3, the Union institution concerned shall submit to the European Parliament and to the Council information on appropriations which were automatically carried over, including the amounts involved and the provision of this Article under which the appropriations were carried over.

7 Non-differentiated appropriations legally committed at the end of the financial year shall be paid until the end of the following financial year.

8 Without prejudice to paragraph 4, appropriations placed in reserve and appropriations for staff expenditure shall not be carried over. For the purposes of this Article, staff expenditure comprises remuneration and allowances for members and for staff of Union institutions who are subject to the Staff Regulations.

### *Article 13*

#### **Detailed provisions on cancellation and carry-over of appropriations**

1 The commitment appropriations and the non-differentiated appropriations referred to in point (a) of the first subparagraph of Article 12(2) may be carried over only if the commitments could not be made before 31 December of the financial year for reasons not attributable to the authorising officer and if the preparatory stages are sufficiently advanced to make it reasonable to expect that the commitment will be made by 31 March of the following financial year, or, in relation to building projects, by 31 December of the following financial year.

2 The preparatory stages referred to in point (a) of the first subparagraph of Article 12(2), which shall be completed by 31 December of the financial year in order to allow a carry-over to the following financial year, are in particular:

- a for individual budgetary commitments within the meaning of point (a) of the first subparagraph of Article 112(1), the completion of the selection of potential contractors, beneficiaries, prize winners or delegates;
- b for global budgetary commitments within the meaning of point (b) of the first subparagraph of Article 112(1), the adoption of a financing decision or the closing of the consultation of the departments concerned within each Union institution on the adoption of the financing decision.

3 Appropriations carried over in accordance with point (a) of the first subparagraph of Article 12(2) which have not been committed by 31 March of the following financial year, or by 31 December of the following financial year for amounts relating to building projects, shall be automatically cancelled.

The Commission shall inform the European Parliament and the Council of the appropriations cancelled in accordance with the first subparagraph within one month following the cancellation.

#### Article 14

### **Decommitments**

1 Where budgetary commitments are decommitted in any financial year after the year in which they were made as a result of the total or partial non-implementation of the actions for which they were earmarked, the appropriations corresponding to such decommitments shall be cancelled, unless otherwise provided in Regulations (EU) No 1303/2013 and (EU) No 514/2014 and without prejudice to Article 15 of this Regulation.

2 Commitment appropriations referred to in Regulations (EU) No 1303/2013 and (EU) No 514/2014 shall be decommitted automatically in accordance with those Regulations.

3 This Article does not apply to external assigned revenue referred to in Article 21(2).

#### Article 15

### **Making appropriations corresponding to decommitments available again**

1 The appropriations corresponding to decommitments referred to in Regulations (EU) No 1303/2013, (EU) No 223/2014 and (EU) No 514/2014 may be made available again in the event of a manifest error attributable solely to the Commission.

To that end, the Commission shall examine decommitments made during the preceding financial year and shall decide, by 15 February of the current financial year, on the basis of requirements, whether it is necessary to make the corresponding appropriations available again.

2 In addition to the case referred to in paragraph 1 of this Article, the appropriations corresponding to decommitments shall be made available again in the event of:

- a the decommitment from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;
- b the decommitment from a programme dedicated to a specific financial instrument in favour of small and medium-sized enterprises (SMEs) following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.

3 Commitment appropriations corresponding to the amount of decommitments made as a result of total or partial non-implementation of corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the budgetary procedure.

#### Article 16

### **Rules applicable in the event of late adoption of the budget**

1 If the budget has not been definitively adopted at the beginning of the financial year, the procedure set out in the first paragraph of Article 315 TFEU (the provisional twelfths regime) shall apply. Commitments and payments may be made within the limits laid down in paragraph 2 of this Article.

2 Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the budget for the preceding financial year plus one twelfth for each month which has elapsed.

The limit of the appropriations provided for in the draft budget shall not be exceeded.

Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the budget for the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.

3 The appropriations authorised in the relevant chapter of the budget for the preceding financial year, as referred to in paragraphs 1 and 2, shall be understood as referring to the appropriations voted in the budget, including by amending budgets, and after adjustment for the transfers made during that financial year.

4 If the continuity of Union action and management needs so require, the Council, acting by qualified majority on a proposal from the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding a total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. The Council shall without delay forward its decision on authorisation to the European Parliament.

The decision referred to in the first subparagraph shall enter into force 30 days after its adoption unless the European Parliament takes any of the following actions:

- a acting by a majority of its component members, decides to reduce the expenditure before the expiry of the 30 days, in which case the Commission shall submit a new proposal;
- b informs the Council and the Commission that it does not wish to reduce the expenditure, in which case the decision shall enter into force before the expiry of the 30 days.

The additional twelfths shall be authorised in full and shall not be divisible.

5 If, for a given chapter, the authorisation of four provisional twelfths granted in accordance with paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of Union action in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the corresponding chapter of the budget for the preceding financial year. The European Parliament and the Council shall act in accordance with the procedures provided for in paragraph 4. However, the overall total of the appropriations available in the budget of the preceding financial year or in the draft budget, as proposed, shall in no circumstances be exceeded.

### CHAPTER 3

#### *Principle of equilibrium*

##### *Article 17*

#### **Definition and scope**

1 Revenue and payment appropriations shall be in balance.

2 The Union and the Union bodies referred to in Articles 70 and 71 shall not raise loans within the framework of the budget.

### Article 18

#### **Balance from financial year**

1 The balance from each financial year shall be entered in the budget for the following financial year as revenue in the event of a surplus or as a payment appropriation in the event of a deficit.

2 The estimates of the revenue or payment appropriations referred to in paragraph 1 of this Article shall be entered in the budget during the budgetary procedure and in a letter of amendment submitted pursuant to Article 42 of this Regulation. The estimates shall be drawn up in accordance with Article 1 of Council Regulation (EU, Euratom) No 608/2014<sup>(3)</sup>.

3 After the presentation of the provisional accounts for each financial year, any discrepancy between those accounts and the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy. In such a case, the Commission shall submit the draft amending budget simultaneously to the European Parliament and to the Council within 15 days of submission of the provisional accounts.

### CHAPTER 4

#### **Principle of unit of account**

### Article 19

#### **Use of euro**

1 The multiannual financial framework and the budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. However, for the cash-flow purposes referred to in Article 77, the accounting officer and, in the case of imprest accounts, the imprest administrators, and, for the needs of the administrative management of the Commission and the EEAS, the authorising officer responsible, shall be authorised to carry out operations in other currencies.

2 Without prejudice to specific provisions laid down in sector-specific rules, or in specific contracts, grant agreements, contribution agreements and financing agreements, conversion by the authorising officer responsible shall be made using the daily euro exchange rate published in the C series of the *Official Journal of the European Union* of the day on which the payment order or recovery order is drawn up by the authorising department.

If no such daily rate is published, the authorising officer responsible shall use the one referred to in paragraph 3.

3 For the purposes of the accounts provided for in Articles 82, 83 and 84, conversion between the euro and another currency shall be made using the monthly accounting exchange rate of the euro. That accounting exchange rate shall be established by the accounting officer of the Commission by means of any source of information regarded as reliable, on the basis of the exchange rate on the penultimate working day of the month preceding that for which the rate is established.

4 Currency conversion operations shall be carried out in such a way as to avoid having a significant impact on the level of the Union co-financing or a detrimental impact on the



budget. Where appropriate, the rate of conversion between the euro and other currencies may be calculated using the average of the daily exchange rate in a given period.

## CHAPTER 5

### **Principle of universality**

#### *Article 20*

##### **Scope**

Without prejudice to Article 21, total revenue shall cover total payment appropriations. Without prejudice to Article 27, all revenue and expenditure shall be entered in the budget in full without any adjustment against each other.

#### *Article 21*

##### **Assigned revenue**

- 1 External assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure.
- 2 The following shall constitute external assigned revenue:
  - a specific additional financial contributions from Member States to the following types of actions and programmes:
    - (i) certain supplementary research and technological development programmes;
    - (ii) certain external aid actions or programmes financed by the Union and managed by the Commission;
  - b appropriations relating to the revenue generated by the Research Fund for Coal and Steel established by Protocol No 37 on the financial consequences of the expiry of the ECSC Treaty and on the Research Fund for Coal and Steel, annexed to the TEU and to the TFEU.
  - c the interest on deposits and the fines provided for in Council Regulation (EC) No 1467/97<sup>(4)</sup>;
  - d revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each Union institution;
  - e financial contributions to Union activities from third countries or from bodies other than those set up under the TFEU or the Euratom Treaty;
  - f internal assigned revenue referred to in paragraph 3, to the extent that it is ancillary to external assigned revenue referred to in this paragraph;
  - g revenue from the activities of a competitive nature conducted by the Joint Research Centre (JRC) which consist of any of the following:
    - (i) grant and procurement procedures in which the JRC participates;
    - (ii) activities of the JRC on behalf of third parties;
    - (iii) activities undertaken under an administrative agreement with other Union institutions or other Commission departments, in accordance with Article 59, for the provision of technical-scientific services.

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- 3 The following shall constitute internal assigned revenue:
- a revenue from third parties in respect of goods, services or work supplied at their request;
  - b revenue arising from the repayment, in accordance with Article 101, of amounts wrongly paid;
  - c proceeds from the supply of goods, services and works to other departments within an Union institution, or to other Union institutions or bodies, including refunds by other Union institutions or bodies of mission allowances paid on their behalf;
  - d insurance payments received;
  - e revenue from lettings and from the sale of buildings and land;
  - f repayments to financial instruments or budgetary guarantees pursuant to the second subparagraph of Article 209(3);
  - g revenue arising from subsequent reimbursement of taxes pursuant to point (b) of the first subparagraph of Article 27(3).
- 4 Assigned revenue shall be carried over and transferred in accordance with points (b) and (c) of Article 12(4) and with Article 32.
- 5 A basic act may assign the revenue for which it provides to specific items of expenditure. Unless otherwise specified in the basic act, such revenue shall constitute internal assigned revenue.
- 6 The budget shall include lines to accommodate external assigned revenue and internal assigned revenue and shall, wherever possible, indicate the amount.

## Article 22

### **Structure to accommodate assigned revenue and provision of corresponding appropriations**

- 1 Without prejudice to point (c) of the first subparagraph of paragraph 2 of this Article and to Article 24, the structure to accommodate assigned revenue in the budget shall comprise:
- a in the statement of revenue of each Union institution's section, a budget line to receive the revenue;
  - b in the statement of expenditure, the remarks, including general remarks, showing which budget lines may receive the appropriations corresponding to the assigned revenue which are made available.

In the case referred to in point (a) of the first subparagraph, a token entry *pro memoria* shall be made and the estimated revenue shall be shown for information in the remarks.

- 2 The appropriations corresponding to assigned revenue shall be made available automatically, both as commitment appropriations and as payment appropriations, when the revenue has been received by the Union institution, save in any of the following cases:
- a in the case provided for in point (a) of Article 21(2) for financial contributions from Member States and where the contribution agreement is expressed in euro, commitment appropriations may be made available upon signature of the contribution agreement by the Member State;
  - b in the cases provided for in point (b) of Article 21(2) and in points (i) and (iii) of Article 21(2)(g), the commitment appropriations shall be made available as soon as the amount receivable has been estimated;

- c in the case provided for in point (c) of Article 21(2), the entry of the amounts in the statement of revenue shall give rise to the provision, in the statement of expenditure, of commitment and payment appropriations.

Appropriations referred to in point (c) of the first subparagraph of this paragraph shall be implemented in accordance with Article 20.

- 3 The estimates of amounts receivable referred to in points (b) and (g) of Article 21(2) shall be sent to the accounting officer for registration.

### *Article 23*

#### **Contributions from Member States to research programmes**

1 The contributions from Member States to the financing of certain supplementary research programmes, provided for in Article 5 of Regulation (EU, Euratom) No 609/2014, shall be paid as follows:

- a seven twelfths of the sum entered in the budget shall be paid by 31 January of the current financial year;
- b the remaining five twelfths shall be paid by 15 July of the current financial year.

2 Where the budget has not been definitively adopted before the start of a financial year, the contributions provided for in paragraph 1 shall be based on the sum entered in the budget for the preceding financial year.

3 Any contribution or additional payment owed by Member States to the budget shall be entered in the Commission's account or accounts within thirty calendar days of the call for funds.

4 Payments made shall be entered in the account provided for in Regulation (EU, Euratom) No 609/2014 and shall be subject to the conditions laid down by that Regulation.

### *Article 24*

#### **Assigned revenue resulting from the participation of EFTA States in certain Union programmes**

1 The budget structure to accommodate the revenue from the participation of EFTA States in certain Union programmes shall be as follows:

- a in the statement of revenue, a budget line with a token entry *pro memoria* shall be entered to accommodate the full amount of each EFTA State's contribution for the financial year;
- b in the statement of expenditure, an annex, forming an integral part of the budget, shall set out all the budget lines covering the Union activities in which EFTA States participate, and shall include information on the estimated amount of the participation of each EFTA State.

2 Under Article 82 of the EEA Agreement, the amounts of the annual participation of EFTA States, as confirmed to the Commission by the Joint Committee of the European Economic Area in accordance with Article 1(5) of Protocol No 32 annexed to the EEA Agreement, shall give rise to the provision, at the start of the financial year, of the full amounts of the corresponding commitment appropriations and payment appropriations.

3 The use of the revenue arising from the financial contribution of EFTA States shall be monitored separately.

#### *Article 25*

##### **Donations**

1 Union institutions may accept any donation made to the Union, such as income from foundations, subsidies, gifts and bequests.

2 Acceptance of a donation of a value of EUR 50 000 or more which involves a financial charge, including follow-up costs, exceeding 10 % of the value of the donation made, shall be subject to the authorisation of the European Parliament and of the Council. The European Parliament and the Council shall act on the matter within two months of receiving a request for such an authorisation from the Union institutions concerned. If no objection is made within that period, the Union institutions concerned shall take a final decision regarding the acceptance of the donation. The Union institutions concerned shall in their request to the European Parliament and to the Council explain the financial charges entailed by the acceptance of donations made to the Union.

#### *Article 26*

##### **Corporate sponsorship**

1 ‘Corporate sponsorship’ means an agreement by which a legal person supports in-kind an event or an activity for promotional or corporate social responsibility purposes.

2 On the basis of specific internal rules, which shall be published on their respective websites, Union institutions and bodies may exceptionally accept corporate sponsorship provided that:

- a there is due regard to the principles of non-discrimination, proportionality, equal treatment and transparency at all stages of the procedure for accepting corporate sponsorship;
- b it contributes to the positive image of the Union and is directly linked to the core objective of an event or of an activity;
- c it does neither generate conflict of interests nor concern exclusively social events;
- d the event or activity is not exclusively financed through corporate sponsorship;
- e the service in return for the corporate sponsorship is limited to the public visibility of the trademark or name of the sponsor;
- f the sponsor is not, at the time of the sponsorship procedure, in one of the situations referred to in Articles 136(1) and 141(1) and is not registered as excluded in the database referred to in Article 142(1).

3 Where the value of the corporate sponsorship exceeds EUR 5 000, the sponsor shall be listed in a public register that includes information on the type of event or activity being sponsored.

## Article 27

### **Rules on deductions and exchange rate adjustments**

1 The following deductions may be made from payment requests which shall then be passed for payment of the net amount:

- a penalties imposed on parties to contracts or beneficiaries;
- b discounts, refunds and rebates on individual invoices and cost statements;
- c interest generated by pre-financing payments;
- d adjustments for amounts unduly paid.

The adjustments referred to in point (d) of the first subparagraph may be made, by means of direct deduction, against a new interim payment or payment of a balance to the same payee under the chapter, article and financial year in respect of which the excess payment was made.

Union accounting rules shall apply to the deductions referred to in points (c) and (d) of the first subparagraph.

2 The cost of products or services, provided to the Union, incorporating taxes refunded by Member States pursuant to Protocol No 7 on the privileges and immunities of the European Union, annexed to the TEU and to the TFEU, shall be charged to the budget for the ex-tax amount.

3 The cost of products or services, provided to the Union, incorporating taxes refunded by third countries on the basis of relevant agreements, may be charged to the budget for any of the following amounts:

- a the ex-tax amount;
- b the tax-inclusive amount.

In the case referred to in point (b) of the first subparagraph, subsequently reimbursed taxes shall be treated as internal assigned revenue.

4 Adjustments may be made in respect of exchange differences occurring in budget implementation. The final gain or loss shall be included in the balance for the financial year.

## CHAPTER 6

### ***Principle of specification***

## Article 28

### **General provisions**

1 Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.

2 The Commission and the other Union institutions may transfer appropriations within the budget subject to the specific conditions laid down in Articles 29 to 32.

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Appropriations may only be transferred to budget lines for which the budget has authorised appropriations or which carry a token entry *pro memoria*.

The limits referred to in Articles 29, 30 and 31 shall be calculated at the time the request for transfer is made and with reference to the appropriations provided in the budget, including amending budgets.

The amount to be taken into consideration for the purposes of calculating the limits referred to in Articles 29, 30 and 31 shall be the sum of the transfers to be made on the budget line from which transfers are being made, after adjustment for earlier transfers made. The amount corresponding to the transfers which are carried out autonomously by the Commission, or by any other Union institution concerned without a decision of the European Parliament and of the Council, shall not be taken into consideration.

Proposals for transfers and all information for the European Parliament and for the Council concerning transfers made under Articles 29, 30 and 31 shall be accompanied by appropriate and detailed supporting documents showing the most recent information available for the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the budget lines to which the appropriations are to be transferred and for those from which they are to be taken.

#### *Article 29*

##### **Transfers by Union institutions other than the Commission**

1 Any Union institution other than the Commission may, within its own section of the budget, transfer appropriations:

- a from one title to another up to a maximum of 10 % of the appropriations for the financial year shown on the budget line from which the transfer is made;
- b from one chapter to another without limit.

2 Without prejudice to paragraph 4 of this Article, three weeks before making a transfer, as referred to in paragraph 1, the Union institution shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified objections are raised within that period by either the European Parliament or the Council, the procedure laid down in Article 31 shall apply.

3 Any Union institution other than the Commission may propose to the European Parliament and to the Council, within its own section of the budget, transfers from one title to another exceeding the limit referred to in point (a) of paragraph 1 of this Article. Those transfers shall be subject to the procedure laid down in Article 31.

4 Any Union institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the European Parliament and the Council beforehand.

#### *Article 30*

##### **Transfers by the Commission**

1 The Commission may, within its own section of the budget, autonomously:

- a transfer appropriations within each chapter;

- b with regard to expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the financial year shown on the budget line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the financial year shown on the budget line to which the transfer is made;
- c with regard to operational expenditure, transfer appropriations between chapters within the same title up to a maximum of 10 % of the appropriations for the financial year shown on the budget line from which the transfer is made;
- d with regard to research and technological development appropriations implemented by the JRC, within the title of the budget relating to the ‘Direct research’ policy area, transfer appropriations between chapters of up to a maximum of 15 % of the appropriations on the budget line from which the transfer is made;
- e with regard to research and technological development, transfer operational appropriations from one title to another, provided that the appropriations are used for the same purpose;
- f with regard to operational expenditure of the funds implemented under shared management, with the exception of the EAGF, transfer appropriations from one title to another, provided that the appropriations concerned are for the same objective within the meaning of the Regulation establishing the fund concerned or constitute technical assistance expenditure;
- g transfer appropriations from the budgetary item of a budgetary guarantee to the budgetary item of another budgetary guarantee, in the exceptional cases when the provisioned resources in the common provisioning fund of the latter are insufficient to pay a guarantee call and subject to the subsequent restoring of the amount transferred in accordance with the procedure set out in Article 212(4).

The expenditure referred to in point (b) of the first subparagraph of this paragraph shall cover, for each policy area, the items referred to in Article 47(4).

Where the Commission transfers EAGF appropriations pursuant to the first subparagraph after 31 December, it shall take its decision by 31 January of the following financial year. The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.

Three weeks before making the transfers referred to in point (b) of the first subparagraph of this paragraph, the Commission shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified objections are raised within that period by the European Parliament or by the Council, the procedure laid down in Article 31 shall apply.

By way of derogation from the fourth subparagraph, the Commission may, during the last two months of the financial year, autonomously transfer appropriations concerning expenditure on staff, external personnel and other agents from one title to another within the total limit of 5 % of the appropriations for that year. The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.

2 The Commission may, within its own section of the budget, decide on the following transfers of appropriations from one title to another, provided it immediately informs the European Parliament and the Council of its decision:

- a transfer of appropriations from the ‘provisions’ title referred to in Article 49 of this Regulation, where the only condition for lifting the reserve is the adoption of a basic act pursuant to Article 294 TFEU;

- b in duly justified exceptional cases such as international humanitarian disasters and crises occurring after 1 December of the financial year, transfer of unused appropriations for that year still available in the titles falling under the heading of the multiannual financial framework dedicated to Union external action to the titles concerning crisis management aid and humanitarian aid operations.

### *Article 31*

#### **Transfer proposals submitted to the European Parliament and to the Council by Union institutions**

1 Each Union institution shall submit its transfer proposals simultaneously to the European Parliament and to the Council.

2 The Commission may submit proposals for transfers of payment appropriations to the funds implemented under shared management with the exception of the EAGF to the European Parliament and to the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any budgetary item. In such cases, the six-week period referred to in paragraph 4 shall be reduced to three weeks.

If the transfer is not approved or only partially approved by the European Parliament and by the Council, the corresponding part of the expenditure referred to in point (b) of Article 10(5) shall be charged to the payment appropriations of the following financial year.

3 The European Parliament and the Council shall take decisions on transfers of appropriations in accordance with paragraphs 4 to 8.

4 Except in urgent circumstances, the European Parliament and the Council, the latter acting by qualified majority, shall deliberate upon each transfer proposal within six weeks of its receipt by both institutions. In urgent circumstances, the European Parliament and the Council shall deliberate within three weeks of receipt of the proposal.

5 Where the Commission intends to transfer EAGF appropriations in accordance with this Article, it shall submit transfer proposals to the European Parliament and to the Council by 10 January of the following financial year. In such cases, the six-week period referred to in paragraph 4 shall be reduced to three weeks.

6 A transfer proposal shall be approved or considered to be approved, if, within the six-week period, any of the following occurs:

- a the European Parliament and the Council approve it;
- b either the European Parliament or the Council approves it and the other institution refrains from acting;
- c neither the European Parliament nor the Council takes a decision to amend or refuse the transfer proposal.

7 Unless either the European Parliament or the Council requests otherwise, the six-week period referred to in paragraph 4 shall be reduced to three weeks in the following cases:

- a the transfer represents less than 10 % of the appropriations of the budget line from which the transfer is made and does not exceed EUR 5 000 000;
- b the transfer concerns only payment appropriations and the overall amount of the transfer does not exceed EUR 100 000 000.



8 If either the European Parliament or the Council has amended the amount of the transfer while the other institution has approved it or refrains from acting, or if the European Parliament and the Council have both amended the amount of the transfer, the lesser of the two amounts shall be deemed approved, unless the Union institution concerned withdraws its transfer proposal.

#### *Article 32*

### **Transfers subject to special provisions**

1 Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose for which it is assigned.

2 Decisions on transfers to allow the use of the Emergency Aid Reserve shall be taken by the European Parliament and by the Council on a proposal from the Commission.

For the purposes of this paragraph, the procedure set out in Article 31(3) and (4) shall apply. If the European Parliament and the Council do not agree to the Commission proposal and cannot reach a common position on the use of the Emergency Aid Reserve, they shall refrain from acting on that proposal.

Proposals for transfers from the Emergency Aid Reserve shall be accompanied by appropriate and detailed supporting documents demonstrating:

- a the most recent information available for the implementation of appropriations and the estimate of requirements up to the end of the financial year for the budget line to which the transfer is to be made;
- b an analysis of the possibilities of reallocating appropriations.

## *CHAPTER 7*

### ***Principle of sound financial management and performance***

#### *Article 33*

### **Performance and principles of economy, efficiency and effectiveness**

1 Appropriations shall be used in accordance with the principle of sound financial management, and thus be implemented respecting the following principles:

- a the principle of economy which requires that the resources used by the Union institution concerned in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality, and at the best price;
- b the principle of efficiency which concerns the best relationship between the resources employed, the activities undertaken and the achievement of objectives;
- c the principle of effectiveness which concerns the extent to which the objectives pursued are achieved through the activities undertaken.

2 In line with the principle of sound financial management, the use of appropriations shall focus on performance and for that purpose:

- a objectives for programmes and activities shall be established *ex ante*;
- b progress in the achievement of objectives shall be monitored with performance indicators;

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*Status: This is the original version (as it was originally adopted).*

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- c progress in, and problems with, the achievement of objectives shall be reported to the European Parliament and to the Council in accordance with point (h) of the first subparagraph of Article 41(3) and with point (e) of Article 247(1).

3 Specific, measurable, attainable, relevant and time-bound objectives as referred to in paragraphs 1 and 2 and relevant, accepted, credible, easy and robust indicators shall be defined where relevant.

#### Article 34

### Evaluations

1 Programmes and activities which entail significant spending shall be subject to *ex ante* and retrospective evaluations, which shall be proportionate to the objectives and expenditure.

2 *Ex ante* evaluations supporting the preparation of programmes and activities shall be based on evidence on the performance of related programmes or activities and shall identify and analyse the issues to be addressed, the added value of Union involvement, objectives, expected effects of different options and monitoring and evaluation arrangements.

For major programmes or activities that are expected to have significant economic, environmental or social impacts, the *ex ante* evaluation may take the form of an impact assessment that, in addition to meeting the requirements set out in the first subparagraph, analyses the various options concerning the methods of implementation.

3 Retrospective evaluations shall assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. Retrospective evaluations shall be based on the information generated by the monitoring arrangements and indicators established for the action concerned. They shall be undertaken at least once during the term of every multiannual financial framework and where possible in sufficient time for the findings to be taken into account in *ex ante* evaluations or impact assessments which support the preparation of related programmes and activities.

#### Article 35

### Compulsory financial statement

1 Any proposal or initiative submitted to the legislative authority by the Commission, the High Representative of the Union for Foreign Affairs and Security Policy (the 'High Representative') or by a Member State, which may have an impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement showing the estimates in terms of payment and commitment appropriations, by an assessment of the different financing options available, and by an *ex ante* evaluation or impact assessment as provided for in Article 34.

Any amendment to a proposal or initiative submitted to the legislative authority which may have an appreciable impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement prepared by the Union institution proposing the amendment.

The financial statement shall contain the financial and economic data necessary for the assessment by the legislative authority of the need for Union action. It shall provide appropriate information as regards coherence with other activities of the Union and any possible synergy.

In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of commitment and payment appropriations and posts, including for external personnel, and an evaluation of their medium-term and, where possible, long-term financial impact.

2 During the budgetary procedure, the Commission shall provide the necessary information for a comparison between changes in the appropriations required and the initial forecasts made in the financial statement in the light of the progress of deliberations on the proposal or initiative submitted to the legislative authority.

3 In order to reduce the risk of fraud, irregularities and non-achievement of objectives, the financial statement shall provide information on the internal control system set up, an estimate of the costs and benefits of the controls implied by such a system and an assessment of the expected level of risk of error, as well as information on existing and planned fraud prevention and protection measures.

Such assessment shall take into account the likely scale and type of errors, as well as the specific conditions of the policy area concerned and the rules applicable thereto.

4 When presenting revised or new spending proposals, the Commission shall estimate the costs and benefits of control systems, as well as the expected level of risk of error as referred to in paragraph 3.

### *Article 36*

#### **Internal control of budget implementation**

1 Pursuant to the principle of sound financial management, the budget shall be implemented in compliance with the effective and efficient internal control appropriate to each method of implementation, and in accordance with the relevant sector-specific rules.

2 For the purposes of budget implementation, internal control shall be applied at all levels of management and shall be designed to provide reasonable assurance of achieving the following objectives:

- a effectiveness, efficiency and economy of operations;
- b reliability of reporting;
- c safeguarding of assets and information;
- d prevention, detection, correction and follow-up of fraud and irregularities;
- e adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

3 Effective internal control shall be based on best international practices and include, in particular, the following elements:

- a segregation of tasks;
- b an appropriate risk management and control strategy that includes control at recipient level;
- c avoidance of conflict of interests;
- d adequate audit trails and data integrity in data systems;
- e procedures for monitoring effectiveness and efficiency;
- f procedures for follow-up of identified internal control weaknesses and exceptions;
- g periodic assessment of the sound functioning of the internal control system.

- 4 Efficient internal control shall be based on the following elements:
- a the implementation of an appropriate risk management and control strategy coordinated among appropriate actors involved in the control chain;
  - b the accessibility for all appropriate actors in the control chain of the results of controls carried out;
  - c reliance, where appropriate, on management declarations of implementation partners and on independent audit opinions, provided that the quality of the underlying work is adequate and acceptable and that it was performed in accordance with agreed standards;
  - d the timely application of corrective measures including, where appropriate, dissuasive penalties;
  - e clear and unambiguous legislation underlying the policies concerned, including basic acts on the elements of the internal control;
  - f the elimination of multiple controls;
  - g the improvement of the cost benefit ratio of controls.
- 5 If, during implementation, the level of error is persistently high, the Commission shall identify the weaknesses in the control systems, analyse the costs and benefits of possible corrective measures and take or propose appropriate action, such as simplification of the applicable provisions, improvement of the control systems and redesign of the programme or delivery systems.

## CHAPTER 8

### *Principle of transparency*

#### *Article 37*

#### **Publication of accounts and budgets**

1 The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency.

2 The President of the European Parliament shall have the budget and any amending budget, as definitively adopted, published in the *Official Journal of the European Union*.

The budgets shall be published within three months of the date on which they are declared definitively adopted.

Pending official publication in the *Official Journal of the European Union*, the final detailed budget figures shall be published in all languages on the website of Union institutions, on the Commission's initiative, as soon as possible and no later than four weeks after the definitive adoption of the budget.

The consolidated annual accounts shall be published in the *Official Journal of the European Union* and on the website of Union institutions.

## Article 38

### Publication of information on recipients and other information

1 The Commission shall make available, in an appropriate and timely manner, information on recipients of funds financed from the budget, where the budget is implemented by it in accordance with point (a) of the first subparagraph of Article 62(1).

The first subparagraph of this paragraph shall also apply to other Union institutions when they implement the budget pursuant to Article 59(1).

2 Save in the cases referred to in paragraphs 3 and 4, the following information shall be published, having due regard for the requirements of confidentiality and security, in particular the protection of personal data:

- a the name of the recipient;
- b the locality of the recipient, namely:
  - (i) the address of the recipient when the recipient is a legal person;
  - (ii) the region on NUTS 2 level when the recipient is a natural person;
- c the amount legally committed;
- d the nature and purpose of the measure.

The information referred to in the first subparagraph of this paragraph shall only be published for prizes, grants and contracts which have been awarded as a result of contests, grant award procedures or procurement procedures, and for experts selected pursuant to Article 237(2).

3 The information referred to in the first subparagraph of paragraph 2 shall not be published for:

- a education supports paid to natural persons and other direct support paid to natural persons most in need as referred to in point (b) of Article 191(4);
- b very low value contracts awarded to experts selected pursuant to Article 237(2) as well as very low value contracts below the amount referred to in point 14.4 of Annex I;
- c financial support provided through financial instruments for an amount lower than EUR 500 000;
- d where disclosure risks threatening the rights and freedoms of the persons or entities concerned as protected by the Charter of Fundamental Rights of the European Union or harming the commercial interests of the recipients.

In the cases referred to in point (c) of the first subparagraph, the information made available shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided.

Where natural persons are concerned, the disclosure of the information referred to in the first subparagraph of paragraph 2 shall be based on relevant criteria such as the frequency or the type of the measure and the amounts involved.

4 Persons or entities implementing Union funds pursuant to point (c) of the first subparagraph of Article 62(1) shall publish information on recipients in accordance with their rules and procedures, to the extent that those rules are deemed equivalent following the assessment carried out by the Commission pursuant to point (e) of the first subparagraph of

Article 154(4), and provided that any publication of personal data is subject to safeguards equivalent to those set out in this Article.

Bodies designated pursuant to Article 63(3) shall publish information in accordance with sector-specific rules. Those sector-specific rules may, in accordance with the relevant legal basis, derogate from paragraphs 2 and 3 of this Article, in particular for the publication of personal data, where justified on the basis of the criteria referred to in the third subparagraph of paragraph 3 of this Article, and taking into account the specificities of the sector concerned.

5 The information referred to in paragraph 1 shall be published on the websites of Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed.

The websites of Union institutions shall contain a reference to the address of the website where the information referred to in paragraph 1 can be found if it is not published directly on a dedicated website of Union institutions.

The Commission shall make available, in an appropriate and timely manner, information about a single website, including a reference to its address, where the information as provided by the persons, entities or bodies referred to in paragraph 4 can be found.

6 Where personal data are published, the information shall be removed two years after the end of the financial year in which the funds were legally committed. This shall also apply to personal data referring to legal persons whose official name identifies one or more natural persons.

- (1) Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 ([OJ L 347, 20.12.2013, p. 549](#)).
- (2) Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime and crisis management ([OJ L 150, 20.5.2014, p. 112](#)).
- (3) Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union ([OJ L 168, 7.6.2014, p. 29](#)).
- (4) 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](#)).