



**Tithe an
Oireachtais**
**Houses of the
Oireachtas**

**An Comhchoiste Um Airgeadas, Caiteachas Poiblí Agus Athchóiriú, Agus
Taoiseach**

An Cion Polaitiúil i ndáil leis an

COM (2023) 332 Togra leasaithe le haghaidh RIALACHÁN ÓN gCOMHAIRLE lena leasaítear Rialachán (AE, Euratom) 2021/768 an 30 Aibreán 2021 a mhéid a bhaineann le bearta cur chun feidhme le haghaidh acmhainní dílse nua an Aontais Eorpaigh Agus;

COM (2023) 333 Togra leasaithe le haghaidh RIALACHÁN ÓN gCOMHAIRLE maidir leis na modhanna agus an nós imeachta chun na hacmhainní dílse a chur ar fáil bunaithe ar an gCóras Trádála Astaíochtaí, ar an Sásra Coigeartaithe Carbóin ar Theorainneacha, ar bhrabúis ath-leithdháilte agus chun an acmhainn dhílis staidrimh a chur ar fáil bunaithe ar bhrabúis chuideachta agus maidir leis na bearta chun riachtanais airgid a chomhlíonadh

Nollaig 2023

Joint Committee On Finance, Public Expenditure And Reform, And Taoiseach

Political Contribution on

COM (2023) 332 Amended proposal for a COUNCIL REGULATION amending Regulation (EU, Euratom) 2021/768 of 30 April 2021 as regards implementing measures for new own resources of the European Union

COM (2023) 333 Amended proposal for a COUNCIL REGULATION on the methods and procedure for making available the own resources based on the Emissions Trading System, the Carbon Border Adjustment Mechanism, reallocated profits and the statistical own resource based on company profits and on the measures to meet cash requirements

December 2023

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1. Introduction

1. The Oireachtas Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach (“the Committee”) considers COMs(2023)332 and 333 to be significantly important to Ireland and the EU.

2. Scrutiny by the Committee

2. The Committee first considered these proposals at its meeting on 04 October 2023. The Committee heard from officials from the Department of Finance at its meeting on 04 October 2023. The transcript of this meeting is available [here](#). The Joint Committee has also sought and a submission on these proposals from The American Chamber of Commerce Ireland, which is available [here](#). The Committee has agreed to provide a Political Contribution in response to these proposals.

3. Decision of the Committee

3. On 25 October 2023, the Committee agreed to draft a political contribution and to forward a copy to Michael McGrath T.D., Minister for Finance, Ursula von der Leyen, President of the European Commission, Roberta Metsola MEP, President of the European Parliament, and the President of the Council of the European Union.

4. Opinion of the Joint Committee

4. Having considered the proposals in detail, the Committee makes the following observations: -
 - 4.1. The Committee would emphasise its opposition to the corporate own resource proposal (CPOR).
 - 4.2. The Committee is, however, in support of the emissions trading (ETS) and carbon border adjustment mechanism (CBAM) proposals.

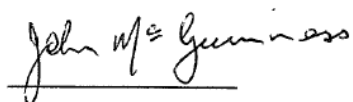
- 4.3. The Committee notes that Ireland is among a number of Member States who believe the CPOR proposal does not specifically meet the test set by EU leaders on Own Resources when the long-term EU Budget was agreed in 2020. At that time it was stated that all new own resources should deliver “simplicity, transparency and equity, including fair burden-sharing.”¹
- 4.4. The Committee understands that CPOR is calculated by looking at the gross operating surplus of non-financial and financial companies. The current proposal suggests a figure of 0.5%. The process would be such that a Member State would assess their corporate profit figure under gross operating surplus, multiply it by 0.5% to arrive at the national contribution and then each Member State would have to pay this amount monthly to the European Commission.
- 4.5. The Committee observes that corporate profitability is exceptionally high in Ireland due to the large presence of multinational companies – this is the reason why GDP is now almost twice the level of modified gross national income (GNI*). Own resource contributions based on this GOS metric would, therefore, have a significant impact on the Exchequer, with Ireland disproportionately affected (the share of GOS in national income is much higher in Ireland than in almost any other Member State).
- 4.6. The Committee observes that Ireland’s position as an EU Budget net contributor since 2013 reflects its economic transformation over previous decades and the success of EU membership since 1973. However, this particular proposal - if adopted as currently drafted - would have the effect of increasing Ireland’s contributions to an extent which would not respect the agreed principles of equity and fair burden-sharing.
- 4.7. The Committee notes that Ireland, along with some other member states, is also concerned that the proposal is unprecedented in nature by being described as “temporary”, and that it pre-judges the final arrangements to

¹ eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020D2053

be agreed in relation to Pillar 1 of the OECD tax agreement, details of which are still being negotiated.

- 4.8. In a submission to the Joint Committee, the American Chamber of Commerce in Ireland raises the point that while the proposal does not directly impact business, it does have the potential to indirectly impact the environment in which business operates in Ireland.
- 4.9. The Committee draws attention to the view of the American Chamber of Commerce that the introduction of this proposal in its current form may have an impact on funding streams for key infrastructural projects which are vital to supporting Ireland's position as a destination for inward investment. Further, it is noted that should there be an impact on revenue, the implementation of the own resources proposal may lead to the need to recuperate any resultant shortfall from elsewhere in the economy, which could in turn lead to an increase in taxes elsewhere in the Irish system.

Yours sincerely,

A handwritten signature in cursive script, reading "John McGuinness", is written over a horizontal line.

John McGuinness, T.D.

Chair to the Committee

APPENDIX 1 – Membership

Membership of the Joint Committee on Finance, Public Expenditure and Reform, and Taoiseach

Deputies

CATHAOIRLEACH	LEAS-CHATHAOIRLEACH			
				
John McGuinness Fianna Fáil	Bernard Durkan Fine Gael	Richard Boyd Barrett People Before Profit-Solidarity	Rose Conway-Walsh Sinn Féin	Pearse Doherty Sinn Féin
				
Damien English Fine Gael	Steven Matthews Green Party	Jim O'Callaghan Fianna Fáil	Peadar Tóibín Aontú	

Senators

				
Maria Byrne Fine Gael	Pat Casey Fianna Fáil	Aidan Davitt Fianna Fáil	Alice-Mary Higgins Independent	Marie Sherlock Labour Party

Membership History:

- Mick Barry, Sep 2020 – May 2023
- Michael D'Arcy, Sep 2020 – Sep 2020
- Mairéad Farrell, Sep 2020 – April 2023
- Neale Richmond, Sep 2020 – Jan 2023

APPENDIX 2 – Terms of Reference of the Committee

Functions of the Committee – derived from Standing Orders [DSO 95; SSO 71]

- (1) The Select Committee shall consider and, unless otherwise provided for in these Standing Orders or by order, to report to the Dáil on any matter relating to—
 - (a) legislation, policy, governance, expenditure and administration of—
 - (i) a Government Department, and
 - (ii) State bodies within the responsibility of such Department, and
 - (b) the performance of a non-State body in relation to an agreement for the provision of services that it has entered into with any such Government Department or State body.
- (2) The Select Committee appointed pursuant to this Standing Order shall also consider such other matters which—
 - (a) stand referred to the Committee by virtue of these Standing Orders or statute law, or
 - (b) shall be referred to the Committee by order of the Dáil.
- (3) The principal purpose of Committee consideration of matters of policy, governance, expenditure and administration under paragraph (1) shall be—
 - (a) for the accountability of the relevant Minister or Minister of State, and
 - (b) to assess the performance of the relevant Government Department or of a State body within the responsibility of the relevant Department, in delivering public services while achieving intended outcomes, including value for money.
- (4) The Select Committee appointed pursuant to this Standing Order shall not consider any matter relating to accounts audited by, or reports of, the Comptroller and Auditor General unless the Committee of Public Accounts—
 - (a) consents to such consideration, or
 - (b) has reported on such accounts or reports.
- (5) The Select Committee appointed pursuant to this Standing Order may be joined with a Select Committee appointed by Seanad Éireann to be and act as a Joint Committee for the purposes of paragraph (1) and such other purposes as may be specified in these Standing Orders or by order of the Dáil: provided that the Joint Committee shall not consider—
 - (a) the Committee Stage of a Bill,
 - (b) Estimates for Public Services, or

- (c) a proposal contained in a motion for the approval of an international agreement involving a charge upon public funds referred to the Committee by order of the Dáil.
- (6) Any report that the Joint Committee proposes to make shall, on adoption by the Joint Committee, be made to both Houses of the Oireachtas.
- (7) The Chairman of the Select Committee appointed pursuant to this Standing Order shall also be Chairman of the Joint Committee.
- (8) Where the Select Committee proposes to consider—
 - (a) EU draft legislative acts standing referred to the Select Committee under Standing Order 133, including the compliance of such acts with the principle of subsidiarity,
 - (b) other proposals for EU legislation and related policy issues, including programmes and guidelines prepared by the European Commission as a basis of possible legislative action,
 - (c) non-legislative documents published by any EU institution in relation to EU policy matters, or
 - (d) matters listed for consideration on the agenda for meetings of the relevant Council (of Ministers) of the European Union and the outcome of such meetings,

the following may be notified accordingly and shall have the right to attend and take part in such consideration without having a right to move motions or amendments or the right to vote:

- (i) members of the European Parliament elected from constituencies in Ireland,
 - (ii) members of the Irish delegation to the Parliamentary Assembly of the Council of Europe, and
 - (iii) at the invitation of the Committee, other members of the European Parliament.
- (9) The Select Committee appointed pursuant to this Standing Order may, in respect of any Ombudsman charged with oversight of public services within the policy remit of the relevant Department consider—
 - (a) such motions relating to the appointment of an Ombudsman as may be referred to the Committee, and
 - (b) such Ombudsman reports laid before either or both Houses of the Oireachtas as the Committee may select: Provided that the provisions of Standing Order 130 apply where the Select Committee has not considered the Ombudsman

report, or a portion or portions thereof, within two months (excluding Christmas, Easter or summer recess periods) of the report being laid before either or both Houses of the Oireachtas.

b. Scope and Context of Activities of Committees (as derived from Standing Orders) [DSO 94; SSO 70]

- (1) It shall be an instruction to each Select Committee that—
- (a) it may only consider such matters, engage in such activities, exercise such powers and discharge such functions as are specifically authorised under its orders of reference and under Standing Orders;
 - (b) such matters, activities, powers and functions shall be relevant to, and shall arise only in the context of, the preparation of a report to the Dáil;
 - (c) it shall not consider any matter which is being considered, or of which notice has been given of a proposal to consider, by the Joint Committee on Public Petitions in the exercise of its functions under Standing Order 125(1)1; and
 - (d) it shall refrain from inquiring into in public session or publishing confidential information regarding any matter if so requested, for stated reasons given in writing, by—
 - (i) a member of the Government or a Minister of State, or
 - (ii) the principal office-holder of a State body within the responsibility of a Government Department or
 - (iii) the principal office-holder of a non-State body which is partly funded by the State,

Provided that the Committee may appeal any such request made to the Ceann Comhairle, whose decision shall be final.

- (2) It shall be an instruction to all Select Committees to which Bills are referred that they shall ensure that not more than two Select Committees shall meet to consider a Bill on any given day, unless the Dáil, after due notice to the Business Committee by a Chairman of one of the Select Committees concerned, waives this instruction.