Tax Policy Alert
From Global Tax Policy

European Commission unveils ‘own resources’ proposals

21 July 2025

In brief

What happened?

On 16 July the European Commission (Commission) presented the proposal for a EUR 2 trillion Multi-Annual Financial Framework (MFF) for 2028 to 2034. The proposal includes expanding existing own resources and a new own resource, CORE (Corporate Resource for Europe). The MFF needs to be adopted under a special legislative procedure which requires unanimity in the Council.

Why is it relevant?

The ambitious MFF amounts to almost EUR 2 trillion (or 1.26% of the EU's gross national income on average between 2028 and 2034). This framework is described as being aimed at equipping Europe with a long-term investment budget.

Part of the plan is to create a new European Competitiveness Fund of EUR 409 billion, to invest in strategic technologies as recommended in the Letta and Draghi Reports. In this new fund, EUR 131 billion will be allocated to support investment in defence, security and space. In order to (partly) fund the new budget, the Commission proposes to expand existing own resources and to create an additional own resource, CORE.

Additional new own resources (Factsheet own resources 2028-2034) would include an e-waste charge on uncollected electronics and a Tobacco Excise Duty Own Resource (TEDOR) tied to harmonised minimum excise rates on manufactured tobacco and tobacco-related products.

The package also revises aspects of previous own resources proposals, including the percentage of auction revenues from the EU Emissions Trading System (ETS), and an updated call rate on imported carbon-intensive goods under the Carbon Border Adjustment Mechanism (CBAM). The proposal also updates current own resources, such as increasing the plastics packaging waste charge and adjusting certain commerce duties retained by Member States to cover collection costs.

Notably, the Commission has chosen not to introduce a bloc-wide digital services tax (DST). After initial consideration, and in light of intensifying US trade pressure and Canada's recent DST repeal announcement, the proposal abandons a Europe-wide levy on large technology companies.

Corporate Resource for Europe (CORE)

According to the Commission, CORE aims to ensure that "the corporate sector, operating in the world's biggest single market with more than 450 million consumers, contributes to the financing of the EU budget." CORE would apply to EU companies and companies of third countries having a permanent establishment in the EU with an annual net turnover above EUR 100 million. The CORE would be established as an annual lump-sum contribution differentiated per companies' net turnover. The levy is expected to raise EUR 6.8 billion per year and will be collected by the Member States' tax administrations. Small and medium-sized enterprises, governmental bodies, international organisations, and non-profits are explicitly excluded from the scope of CORE.

The annual contribution from companies is determined according to the following scale:

Net Turnover Range (EUR millions)	Annual Contribution (EUR)
> 100 and < 250	100,000
250 and < 500	250,000
≥ 500 and < 750	500,000
≥ 750	750,000

Observations

Negotiations are expected to be lengthy and complex. Net-contributor countries, such as Germany—which has already rejected the proposal—are likely to oppose raising the budget to EUR 2 trillion. Unanimous approval from all Member States is required for both the budget and any new levy (legal basis for taxation), making agreement challenging. The outcome will become clearer in the coming months. Politically, shelving a bloc-wide DST suggests that unanimity among Member States remains elusive. However, faced with growing pressure from US trade actions, the EU may be left with little choice but to consider countermeasures.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

Global Tax Policy

Will Morris, United States
+1 (202) 213 2372
william.h.morris@pwc.com

Edwin Visser, *Netherlands*
+31 (0) 88 7923 611
edwin.visser@pwc.com

Phil Greenfield, *UK*
+44 (0) 7973 414 521
philip.greenfield@pwc.com

Chloe Fox, *Ireland*
+353 (0) 87 7211 577
chloe.fox@pwc.com

Keetie Jakma, *Netherlands*
+31 (0) 61 8565 973
keetie.jakma@pwc.com