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Fiscal innovation in the EU: The role of new Own Resources in budgetary resilience

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Abstract

The European Union's system of own resources has undergone significant changes in recent years. This article examines a specific group of newly introduced and proposed revenue sources for the EU budget, in particular the plastics-based contribution, revenues from the Emissions Trading System (ETS), and the upcoming Carbon Border Adjustment Mechanism (CBAM). It also considers the possible future inclusion of corporate tax revenues under the OECD/G20 global agreement. The aim is to assess how these instruments contribute to strengthening the EU's budgetary resilience, reducing dependence on national contributions, and aligning the Union's fiscal architecture with the strategic objectives of the European Green Deal. The analysis applies a qualitative institutional and policy approach, drawing on official EU legislative texts, policy communications, and relevant academic literature. The findings suggest that the new own resources could offer greater financial autonomy and improve the EU's capacity to respond to shared challenges. Still, their full implementation will require overcoming political resistance and administrative complexities. Overall, the paper concludes that, while the reform marks a significant step towards a more sustainable and resilient EU budget, additional efforts are required to ensure fairness, transparency, and broad political support among Member States.

Keywords: EU, budget, own resources, fiscal resilience, Green Deal, financial governance

JEL Classification: H61, H87, F55

Introduction

Over the years, the European Union has faced a series of unprecedented challenges that have tested not only its political and economic cohesion but also its budgetary framework. The experience of navigating multiple crises, from the Eurozone turmoil, through the COVID-19 pandemic, to the geopolitical instability triggered by the war in Ukraine, has exposed the limitations of a budget structure heavily dependent on national contributions and governed by strict unanimity rules.

On 22 December 2021, the Commission presented a proposal to introduce new own resources (European Commission 2021), aiming to reduce the reliance on gross national income-based contributions in the EU's revenue mix. The reform package included three new own resources, based on plastics waste, the EU Emissions Trading System, and the Carbon Border Adjustment Mechanism (Bachmann, Dolle and Hobe 2025, 519 530), with an additional contribution envisaged from the reallocation of corporate profits under the OECD/G20 global tax agreement (European Commission 2023). Further proposals, including an excise duty-based resource (e.g. on tobacco) and a national contribution linked to non-collected e-waste, have been floated by the Commission but are not yet subject to legislative adoption.

The EU's current system of own resources[1] includes several categories. First, traditional own resources, in place since 1970, feature customs duties, agricultural levies, and sugar charges. Since 2021, Member States retain 25% of the amounts collected to cover administrative costs. These resources account for approximately 17% of the EU's total revenue (European Parliament EPRS 2025). Second, the VAT-based own resource is derived from a harmonised VAT base for each Member State, adjusted through various corrections and capped at 50% of national GNI. A uniform rate of 0,3% is applied (Council 2020), generating about 16–17% of the EU's revenue. Third, the GNI-based own resource (Council 1988), was originally conceived as a residual funding tool. However, it has become the primary revenue stream, now covering approximately 57% of the EU budget. Additionally, a plastics-based resource was introduced in January 2021. It is calculated based on the volume of non-recycled plastic packaging waste, with a call rate of EUR 0,80 per kilogram. Member States with below-average GNI per capita receive lump-sum reductions. This resource represents around 4% to the EU budget.

The ongoing reform of the own resources system seeks to rebalance this structure by diversifying revenue sources and strengthening the EU's financial autonomy. As someone working in the EU Institutions and following the legislative developments with both academic and professional interest, the author of this article has become convinced that the transformation is far from purely technical in nature. Rather, it marks a shift towards a more autonomous and politically meaningful EU fiscal architecture. The introduction of a new group of revenues reflects a broader reconsideration of the EU budget: what its role is, how it is financed, what functions it should fulfil, and how it aligns with the Union's priorities. Central to this rethinking is the concept of budgetary resilience, understood as the EU's capacity to maintain stable and effective budgetary operations in the face of external shocks, structural transformations, or crisis scenarios (European Commission 2023, MFF). Budgetary resilience requires not only flexible and responsive expenditure but also sustainable and reliable sources of revenue.

The purpose of this article is to assess the extent to which the newly introduced and proposed own resources can enhance the resilience and autonomy of the EU budget. In doing so, the analysis addresses three guiding research questions: To what extent do new own resources reduce the EU's structural dependence on GNI-based national contributions? How do these instruments contribute to strengthening budgetary resilience in the medium and long term? What political, legal, and administrative factors may limit their effective implementation?

The article uses a qualitative institutional and policy analysis, drawing on EU legislative texts, official budgetary documents, Commission and EPRS studies, and relevant academic literature. This approach allows for a systematic assessment of the legal design, political feasibility, and fiscal implications of the reform.

The research gap addressed here concerns the limited academic attention given to the link between new own resources and the emerging concept of budgetary resilience, particularly in the post-NGEU context. While existing literature often examines the legal evolution of EU revenues, it rarely analyses these developments through the lens of fiscal resilience. This article contributes to filling this gap by offering an assessment of the 2020–2024 reform cycle and its implications for the future configuration of the EU budget.

The views expressed in this article are strictly personal and do not reflect the official position of the institution where the author is employed.

[1] Categories of revenue that the EU can rely on without requiring annual approval by national parliaments.

The legal and institutional framework of EU Own Resources

The Own Resources Decision of 21 April 1970 granted the European Economic Community (EEC) the capacity to finance its budget through its own resources. Today, the general framework governing the EU's financing system is laid out in Council Decision (EU, Euratom) 2020/2053, which sets the annual own resources ceiling for payments at 1,40% of the Union's gross national income (GNI). Additionally, at the heart of the legal framework lies Article 311 of the Treaty on the Functioning of the European Union (TFEU 2016), which defines the Union's right to provide itself with the means necessary to fulfil its objectives and conduct its policies. It provides the legal basis for the creation of own resources and defines the procedure by which the system is established and modified.

Any change to the EU's own resources system requires the unanimous adoption of a Council decision, following consultation with the Parliament, and ratification by all Member States in accordance with their respective constitutional procedures. This ensures strong national oversight, but also introduces rigidity into the process of budgetary reform, which can slow down the process of the Union's fiscal system adapting to new policy challenges or crises.

The current typology of own resources reflects both the historical evolution and growing complexity of the EU's budgetary system. Its limited capacity to respond swiftly to emerging challenges and crises is a long-standing criticism of the EU budget. In recent years, the Union has had to rely on supplementary financial instruments, such as the European Stability Mechanism, various ad hoc trust funds, and, more recently, NextGenerationEU (European Commission 2020, Next Generation). While these tools have proven effective to some extent, they operate outside the ordinary budgetary framework, exposing the structural limitations of the existing revenue system. This reliance on extraordinary instruments highlights the importance of developing a more resilient and autonomous system of own resources capable of supporting the Union during periods of stress without reverting to ad hoc solutions.

From an institutional standpoint, the Commission plays a central role in driving reforms to the EU's system of own resources. It is responsible for drafting legislative proposals and overseeing the technical aspects of implementation and resource collection. The Council holds the decisive authority in this area, with unanimity required, effectively granting each Member State a veto. The Parliament, while limited to a consultative role, has consistently pushed for a more transparent, simplified, and democratically accountable own resources framework. This institutional asymmetry between the Commission's agenda-setting role, the Council's veto power, and the Parliament's limited influence continues to shape both the content and pace of reform.

This institutional arrangement reveals an inherent tension between the aspiration for greater financial autonomy at the Union level and the reality of intergovernmental control. While the legal basis for own resources recognises the EU's need for sufficient and independent financing, the requirement for unanimous approval highlights the dominant role of Member States in shaping the Union's fiscal architecture. This structural tension is a defining feature of EU public finance and continues to influence both the scope and pace of potential reforms. In practical terms, it often limits the EU's capacity to modernise its revenue system in a manner consistent with long-term strategic priorities such as climate neutrality or technological competitiveness.

Moreover, the structure of the own resources system is shaped by fundamental constitutional principles of EU law. The principle of conferral, set out in Article 5 of the Treaty on European Union (TEU 2016) stipulates that the Union may act only within the limits of the competences granted to it by the Treaties. Since taxation remains a fundamental competence of the Member States, the EU cannot introduce its own taxes or revenue mechanisms without a clear mandate in the Treaties. This legal constraint highlights the importance of unanimity and national ratification in the procedure for establishing new own resources. At the same time, it underscores the political sensitivity surrounding any reform that may be perceived as shifting fiscal sovereignty toward the EU level.

The Multiannual Financial Framework (MFF) provides the legal and political foundation for the functioning of the EU's own resources system. By setting annual expenditure ceilings, the MFF effectively determines the scope for revenue planning and resource mobilisation. Consequently, the development of new own resources is not only a legal exercise but also an inter-institutional process shaped by broader considerations of EU budgetary governance. From the perspective of the Parliament, strengthening and restructuring the EU's budgetary flexibility is essential for the design of the next MFF. During the 2021–2027 period, the EU was compelled to reallocate cohesion policy funding to address urgent crises, even though cohesion policy is not designed as an emergency response mechanism. This recurring reliance has diverted resources from long-term development goals and exposed the limitations of the current fiscal framework. Although the 2024 revision of the MFF introduced some improvements, the EU budget continues to operate under considerable strain, with limited fiscal margins and constrained flexibility. The Parliament has therefore consistently advocated for a post-2027 MFF that provides sufficient room for manoeuvre, allowing the Union to respond more effectively to unforeseen challenges and shifting policy priorities (European Parliament EPRS 2025).

Any discussion of the institutional framework underpinning the EU's own resources must also consider the role of national constitutional courts. Member States do not view the ongoing transformation of the system uniformly. In several capitals, there is a degree of caution toward revenue mechanism that is perceived to shift fiscal authority away from national parliaments and toward EU institutions. Questions of fairness also arise, particularly with instruments like the plastics-based contribution, which may disproportionately affect countries with lower recycling capacities or differing consumption patterns. The political feasibility of each proposed resource is therefore shaped not only by its economic design but also by how its distributional effects are perceived domestically. In recent years, countries such as Germany (German Federal Constitutional Court 2021) and Poland (European Parliament LIBE 2022), have experienced legal or political assertion during the ratification of Own Resources Decisions. These developments underscore the fact that not only are the EU's fiscal powers constrained by the Treaties, but also they are tested by national constitutional traditions, parliamentary scrutiny, and public sentiment. The path toward a more resilient and autonomous revenue system remains contingent on both legal approval and political acceptance at national level.

From national contributions to strategic financing

The rationale behind the current reform of the EU's system of own resources comes from a growing awareness that the existing financing model is both politically vulnerable and increasingly out of step with the Union's expanding policy objectives. For decades, the EU budget has been predominantly financed through national contributions based on gross national income, complemented by a resource linked to a harmonised value-added tax base. While these mechanisms have ensured a predictable flow of revenue, they have also embedded the perception that the EU budget is primarily a product of intergovernmental negotiation, rather than a fiscal instrument serving common goals. This perception has long constrained the EU's ability to modernise its revenue structure and enhance its fiscal resilience.

GNI-based contributions are often perceived by national governments as direct transfers to the EU, a framing that can provoke political resistance, especially during periods of domestic fiscal pressure or heightened Euroscepticism. Because of this dynamic, annual and multiannual budgetary negotiations have become increasingly polarising. Over time, several correction mechanisms have been introduced to address concerns about the perceived imbalance of national contributions. The most prominent of these was the UK rebate, established in 1984, which reduced the United Kingdom's financial burden and was financed by the other Member States, with Germany, the Netherlands, Austria, and Sweden benefiting from partial compensation (European Parliament EPRS 2023). Although the UK rebate is no longer in force, lump-sum corrections remain in place under the 2021–2027 Multiannual Financial Framework, continuing to benefit several of the same Member States (European Parliament EPRS 2023). As a result, attempts to expand the size or scope of the EU budget are often met with resistance rooted in concerns over national sovereignty and shaped by domestic political dynamics. This entrenched “net balance logic” remains one of the key political obstacles to a more autonomous system of EU financing.

The experience of the COVID-19 pandemic marked a turning point in the EU's budgetary dynamic. In response to the economic fallout, in 2020 EU leaders agreed on an unprecedented recovery package

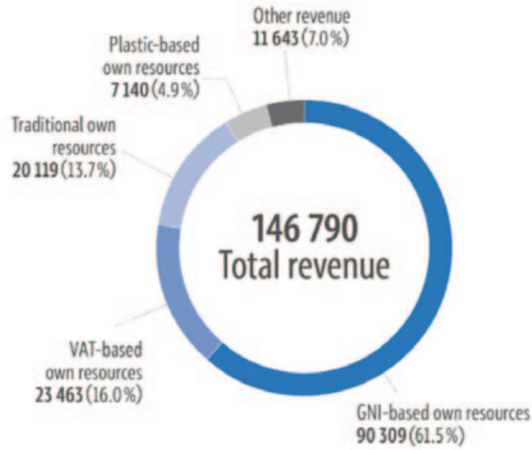

Figure 1. Breakdown of current own resources, 2024 (in EUR million)
Source: European Parliament EPRS 2025, 7, based on European Commission, Draft Amending Budget No 4/2024, COM(2024) 931.

financed through common debt[2]. This historic decision established, for the first time, a direct link between the EU budget and large-scale borrowing, thereby underlining the need for stable and dedicated revenue streams to service the resulting debt. Without the introduction of new own resources, the burden of repayment would eventually fall on Member States through increased GNI-based contributions, an outcome widely regarded as politically unsustainable.

The introduction of new own resources answers long-standing demands for a more equitable and transparent EU budget (Figure 1). While national contributions are calculated according to established rules, they are often perceived as unclear and shaped by political bargaining. In contrast, revenue sources tied to specific policies are seen as more objective and transparent, for example, reflecting the polluter-pays logic or fair taxation of corporate profits. At its core, the reform aims to reframe the EU budget from being merely a passive recipient of national transfers into a proactive tool for investment and fiscal resilience. Such a transformation is vital if the Union is to deliver on its climate, digital, and geopolitical priorities in a way that is durable, legitimate, and politically balanced. This vision was echoed by President Ursula von der Leyen in her mission letter to Budget Commissioner Piotr Serafin, where she called for a "simpler, more focused and responsive" long-term budget that links reforms to investment, creates a European competitiveness fund, and introduces new own resources (European Parliament EPRS 2025). In this narrative, own resources emerge not only as a financing mechanism but also as an instrument for strengthening the EU's political cohesion.

New Own Resources: scope, structure and objectives

The package of new own resources proposed by the Commission between 2020 and 2023 marks a notable shift in how the EU approaches the financing of its budget. Rather than focusing solely on stability or administrative simplicity, these resources are designed to enhance the way the EU's broader policy goals are reflected and to address long-standing weaknesses in the current system. They represent an attempt to align the revenue side of the budget with the Union's long-term strategic priorities, particularly in the areas of climate action and competitiveness.

The first of the new resources, introduced in 2021, is the plastic-based contribution. This measure requires Member States to pay EUR 0,80 per kilogram of non-recycled plastic packaging waste (Council

[2] Special Meeting of the European Council (17–21 July 2020).

2020). While its financial impact on the overall EU budget is relatively limited, its political and environmental significance is substantial. It signals a move toward linking budget revenues with environmental policy goals. Even though Member States are the ones paying, the mechanism is expected to encourage improvements in national recycling systems and reductions in plastic waste. Its symbolic value is equally important, as it introduces a clear “polluter-pays” logic into the revenue system.

The next group of resources is closely tied to the EU’s climate agenda. One major proposal allocates 25% of the revenues generated from the EU Emissions Trading System (ETS) to the EU budget. This includes revenues both from sectors already listed and from those newly covered by the ETS extension, such as maritime transport, road transport, and buildings. As a climate policy instrument with revenue potential, the ETS is seen as a natural candidate for becoming part of the Union’s own resources. To ensure fairness, the Commission has proposed a temporary adjustment mechanism to support Member States that might be more affected by the costs. The ETS-based resource could generate around EUR 12 billion per year between 2026 and 2030 (European Parliament EPRS 2025). This makes it the single most important prospective revenue stream in the current reform package.

The Carbon Border Adjustment Mechanism (CBAM) is another key proposal. It places a carbon price on certain imported goods, starting with sectors like steel, aluminium, cement, fertilisers, and electricity, so that they bear similar climate-related costs as EU-produced goods. This helps prevent “carbon leakage” while also promoting global climate efforts. Under the current proposal, 75% of CBAM revenue would go directly to the EU budget. Once operational, CBAM is expected to bring in about EUR 1 billion annually from 2026 to 2030. Though modest in scale, CBAM’s strategic value lies in its ability to reinforce the EU’s climate diplomacy and global competitiveness.

A further proposal involves linking own resources to the international agreement on corporate taxation reached under the OECD/G20 Inclusive Framework. This would mean that part of the residual profits of large multinational companies, those with global turnover over EUR 20 billion and profit margins above 10%, reallocated to Member States would also contribute to the EU budget. The idea is to apply a uniform call rate to the share of profits reallocated to Member States as part of Pillar One of the global tax deal, creating a new and fairer source of revenue aligned with international tax justice (European Parliament EPRS 2025). Its implementation, however, depends on the pace of global negotiations, making it the most uncertain element of the package.

Taken together, these new resources mark a significant move toward a more diversified and strategically aligned EU revenue system. Unlike the traditional own resources, based largely on customs duties or fixed national contributions, the new instruments are closely tied to the Union’s policy priorities. They offer greater flexibility and can be adapted to changing economic and environmental conditions. They also broaden the base of autonomous revenues, which is essential for reducing the vulnerability associated with excessive reliance on GNI-based contributions.

At the same time, these resources vary considerably in their legal design, political acceptability, and implementation complexity. The plastic-based contribution was relatively straightforward to introduce, but instruments like the ETS and CBAM require substantial administrative coordination, not only within the EU but also with international partners. Meanwhile, the corporate tax-based resource linked to the OECD/G20 Pillar One agreement depends on a multilateral implementation process that remains uncertain and may face delays. This asymmetry in feasibility highlights the need for a realistic and phased approach to reform.

While the idea of linking revenue to policy is not entirely new, the current reform applies this approach in a more structured manner. Each of the new resources serves a dual purpose: not only do they raise revenue, but they also incentivise behavioural or structural changes aligned with EU priorities. For example, the plastic-based levy reinforces the circular economy, the ETS accelerates decarbonisation, CBAM promotes cleaner industrial practices beyond EU borders, and the corporate taxation initiative fosters greater fairness in the global tax system. This dual-function logic expands the role of the budget from passive redistribution to active governance. According to recent estimates, Europe will require an additional EUR 750-800 billion in annual investment between 2025 and 2030 to remain globally competitive and to deliver on the green and digital transitions (European Parliament EPRS 2025). Strengthening the revenue side of the budget is a prerequisite for ensuring that long-term investment needs can be financed in a predictable and sustainable manner.

Implementation challenges and political dynamics

The implementation of new own resources within the EU budgetary system faces a wide array of legal, political, and administrative challenges. While the reform package sets out an ambitious vision for strengthening the Union's fiscal capacity, its success ultimately depends on Member State cooperation, institutional alignment, and the ability to communicate effectively with citizens. Without broad political consensus at national level, even technically sound proposals risk becoming stalled or diluted.

Administrative capacity varies widely across the Union. While some Member States are well equipped to manage complex environmental or tax-based instruments, others may require substantial investments in IT infrastructure, staff training, and data systems. These discrepancies could result in an uneven rollout of new resources and may call for transitional support or capacity building at the EU level. If left unaddressed, such disparities could undermine both the efficiency and perceived fairness of the reform.

Political dynamics further complicate the picture. Some governments regard the reform of own resources as a natural step in the EU's evolution toward stronger collective action. Others remain sceptical or resistant, viewing it as a threat to national fiscal sovereignty or as a precursor to permanent fiscal transfers. These differences reflect deeper disagreements over the future direction of European integration and are often mirrored in national parliamentary debates and public opinion. The debate on own resources thus becomes a proxy for wider questions about the balance between supranational solidarity and national autonomy.

While the European Parliament has consistently advocated for expanding the EU's fiscal means, both to increase budgetary capacity and to reduce Member States' control over every euro spent, its role remains consultative in the own resources procedure. This limited influence continues to fuel calls for broader budgetary reform and stronger parliamentary involvement in revenue decisions, as part of a more democratic and accountable fiscal architecture. Strengthening parliamentary scrutiny is widely seen as essential for enhancing the democratic legitimacy of the Union's fiscal system.

Legal resilience also remains a concern. Instruments such as CBAM and the ETS-based own resource require detailed legislative frameworks, as well as coordinated enforcement involving customs, environmental, and tax authorities. Within the EU legal order, care must be taken not to overstep competences conferred by the Treaties, particularly in politically sensitive areas like taxation. Externally, mechanisms such as CBAM may be subject to scrutiny under World Trade Organization rules and require careful legal design to avoid being perceived as protectionist. Ensuring legal durability is therefore critical to safeguarding the stability and predictability of the new revenue system.

Another challenge is the communication gap between EU institutions and national stakeholders, governments, parliaments, civil society, and the media. Misunderstandings regarding the purpose, design, and implications of new own resources can easily generate political resistance. Clear, transparent messaging that highlights how these instruments support common goals, such as climate action, innovation, and social cohesion, will be essential to securing public support. Effective communication is particularly important for countering narratives that frame the reform as a hidden tax burden or an expansion of EU powers.

Making the reform work requires winning citizens' trust. People are more likely to support new EU revenue instruments if they see them as fair, effective, and contributing to public goods. That means tackling concerns about fairness, especially when it comes to consumption-based charges that may disproportionately affect lower-income groups, avoiding overlapping or duplicative charges, and ensuring that funds are spent visibly and meaningfully. A more participatory, outcome-focused EU budget could help bridge the legitimacy gap that continues to characterise parts of the Union's financial governance. Without such legitimacy, the long-term sustainability of the new own resources, and the broader resilience of the EU budget, may be difficult to secure.

Budgetary resilience and the Green Deal: a functional alignment

One of the strongest arguments in favour of reforming the EU's system of own resources lies in the opportunity to align fiscal tools more closely with the Union's strategic policy priorities, especially the European Green Deal. As the EU sets its sights on achieving climate neutrality by 2050, it must not only mobilise massive financial resources but also ensure that the budget remains resilient, credible, and responsive to future challenges. A revenue structure that supports these long-term goals is therefore essential for maintaining both policy continuity and investment stability.

The introduction of new own resources marks a move towards a more purpose-driven fiscal system. Revenues from instruments such as the Emissions Trading System and the Carbon Border Adjustment Mechanism are directly tied to environmental goals. Beyond generating revenue, these instruments are designed to influence behaviour, encouraging businesses to reduce emissions, adopt cleaner technologies, and contribute to the broader decarbonisation effort. By incorporating such mechanisms into the budget's revenue base, the EU reinforces the consistency and legitimacy of its climate agenda. This coherence between financing and policy strengthens the credibility of the Green Deal and helps anchor climate commitments in the EU's long-term fiscal framework.

A more diversified and policy-linked revenue structure also helps strengthen the resilience of the EU budget. In times of economic stress or political tension, reliance on national contributions may become politically sensitive or fiscally constrained. Autonomous revenue streams, especially those tied to long-term policy goals, offer an additional layer of stability. They enable the EU to safeguard investments and maintain crisis-response capabilities, even when Member States face budgetary pressures domestically. In this sense, new own resources operate as risk-mitigating instruments, reducing the exposure of the budget to domestic fiscal cycles.

The Green Deal is not only an environmental agenda: it is also an economic and social transformation strategy. It calls for significant investment in sustainable infrastructure, innovation, regional cohesion, and competitive industries. In this broader context, fiscal resilience is not just about absorbing shocks, it is about maintaining momentum behind ambitious and long-term policies. New own resources can play a critical role in protecting this momentum from short-term political or fiscal setbacks. This is particularly relevant in the context of rising investment needs, estimated at EUR 750-800 billion annually until 2030.

There is also an important external dimension. Through the introduction of CBAM, the EU effectively exports its climate standards and asserts its influence as a global leader in the green transition. While this move enhances the Union's credibility as a normative power, it also raises diplomatic concerns, particularly among developing countries that fear being disadvantaged. Linking some of the revenue to international climate finance or cooperation with the least-developed countries could strengthen the EU's legitimacy and leadership in global climate justice debates. Such measures would also help counter accusations of protectionism and reinforce the perception of the EU as a fair and responsible global actor.

The deeper logic behind this reform is connected to transformation. A system of own resources that is functionally aligned with EU policy goals moves the budget from a redistributive framework to a policy instrument. This evolution reflects the Union's growing role as a geopolitical, climate-driven actor, and opens the door for further fiscal innovation, such as sustainability-linked financing or digital levies supporting technological sovereignty. The reform is best understood not as a one-off adjustment, but as the beginning of a broader shift toward a more strategic and resilient fiscal union.

Alternative proposals for future own resources

Beyond the current package, several alternative revenue options have been discussed at the EU level. The Financial Transaction Tax (FTT), first proposed in 2011, remains one of the most prominent ideas. Although negotiations among a group of Member States have stalled, the FTT continues to be regarded by some governments and scholars as a potential EU-level resource capable of generating stable revenue while fostering fairer taxation of the financial sector.

The digital levy represents another possibility. Originally scheduled for introduction in 2023, its implementation was postponed due to ongoing OECD negotiations on global taxation. Nevertheless, it remains part of the broader debate on ensuring that large digital companies contribute fairly to the EU single market.

Earlier Commission considerations have also included an excise duty-based own resource, such as on tobacco products, and a national contribution linked to non-collected e-waste. While both instruments would be relatively straightforward to integrate into existing tax frameworks, they raise questions regarding distributional fairness and administrative capacity across Member States.

Additional ideas have emerged in recent years, including temporary windfall profit taxes on sectors that benefited disproportionately from recent crises, such as certain energy companies or financial institutions. More recently, political discussion has intensified around the potential use of windfall revenues generated from immobilised Russian sovereign assets as a source for EU-level financing, though such proposals involve complex legal and diplomatic considerations.

While these alternatives vary in feasibility, political acceptability, and revenue potential, they illustrate the growing interest in diversifying the Union's fiscal architecture. Their future adoption would depend on broad political consensus and their alignment with the Union's long-term strategic priorities. Together, they indicate that the reform of own resources is part of a longer-term process.

Final reflections and conclusions

The reform of the EU's system of own resources sits at the crossroads of fiscal necessity, legal complexity, and political ambition. In an increasingly uncertain global environment, shaped by geopolitical tensions, climate urgency, and the accelerating pace of digital transformation, the EU's capacity to act with purpose and autonomy is no longer just desirable, but essential. A resilient revenue framework is therefore a prerequisite for sustaining the Union's long-term strategic agenda.

This article has argued that the introduction of new own resources marks a turning point in how the Union conceives of its budget and the role it plays. No longer just a framework for distributing national contributions, the EU budget is gradually evolving into an instrument to deliver on shared priorities, from climate neutrality and industrial competitiveness to social cohesion and technological sovereignty. The projected revenue potential of the reform, close to EUR 20 billion annually once fully implemented, illustrates its capacity to meaningfully support these priorities.

The alignment of the new resources with the European Green Deal points to a deeper transformation in EU public finance, one where revenues are not just means to fund policies, but are themselves instruments of change. This functional link between the source of funds and the purpose they serve enhances both the political legitimacy and the long-term credibility of the Union's fiscal framework. By anchoring climate ambition in the structure of EU revenues, the reform strengthens the financial foundation of Europe's green transition.

Looking ahead, the success of the reform will depend not only on technical design, but on continued political commitment and effective engagement with Member States, national parliaments, and citizens. Strengthening the democratic accountability of EU fiscal decisions, especially by giving the Parliament a more meaningful role in revenue matters, will be essential. So too will be the legal robustness of the system, particularly in light of potential constitutional scrutiny or international challenges, for instance regarding mechanisms like CBAM. Climate-linked revenues (Corvino 2025, 43-45) and other new instruments must be designed and implemented in a way that avoids unfair burden sharing across countries and social groups. If handled poorly, they risk deepening rather than bridging the gaps between regions or undermining trust in the integration process. Ensuring fairness and transparency will therefore be critical to securing the social legitimacy of the reform.

As the EU prepares its next Multiannual Financial Framework for the 2028–2034 period, the decisions taken now on own resources will help define not only the Union's financial capacity but also its strategic direction. The reform is still in progress, but its trajectory is clear: towards a more resilient, autonomous, and politically mature European Union (Schratzenstaller 2024). Whether this trajectory can be sustained will depend on the Union's ability to translate political ambition into durable fiscal arrangements that command broad and lasting support.

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