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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**on the application of Regulation (EU) 2019/516 of the European Parliament and of the  
Council of 19 March 2019 on the harmonisation of gross national income at market  
prices and repealing Council Directive 89/130/EEC, Euratom and Council Regulation  
(EC, Euratom) No 1287/2003 (GNI Regulation)**

## 1. INTRODUCTION

Regulation (EU) 2019/516 of the European Parliament and of the Council of 19 March 2019 on the harmonisation of gross national income at market prices and repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003 (GNI Regulation)<sup>1</sup> establishes the procedures to facilitate the verification, and where necessary the improvement, of the comparability, reliability and exhaustiveness of Member States' estimates of gross national income (GNI). The GNI Regulation entered into force on 18 April 2019.

In applying the European System of Accounts (ESA 95) under Council Regulation (EC) 2223/96<sup>2</sup>, GNI was the basis for the Communities' fourth own resource as from 1 January 2002. GNI replaced gross national product (GNP), which was used to assess the fourth own resource for the years before 2002.

In applying the European System of Accounts (ESA 2010) under Regulation (EU) No 549/2013<sup>3</sup>, GNI has been the basis for the EU budget's fourth own resource since 1 January 2014.

The predecessors of the GNI Regulation were Council Directive 89/130/EEC, Euratom<sup>4</sup> (GNP Directive), and Council Regulation (EC, Euratom) No 1287/2003<sup>5</sup>, both having been repealed with the entry into force of the GNI Regulation. To verify and assess the comparability, reliability and exhaustiveness of GNP, the GNP Directive set up a procedure in its GNP Committee in which Member States and the Commission cooperated closely from 1989 to 2003. A similar procedure to verify and assess GNI was set up by the repealed Regulation (EC, Euratom) No 1287/2003 in its GNI Committee in which Member States and the Commission cooperated closely from 2004 to 2019. A good level of reliability, comparability and exhaustiveness was achieved with respect to the data for use for own resource purposes.

The GNI Regulation builds on and adjusts this procedure to take account of GNI for the purposes of own resources. It provides for a formal expert group to assist the Commission with the procedures and checks on the calculation of GNI for own resources. The Gross National Income Expert Group was set up to this effect<sup>6</sup>.

This report, as required by Article 9 of the GNI Regulation, summarises the progress made by the Commission and the Gross National Income Expert Group on the harmonisation of GNI and the application of the GNI Regulation since its entry into force. Chapter 2 describes the measures taken to ensure adherence to the definition and calculation of gross national income at market prices laid down in the GNI Regulation. Chapter 3 describes the measures taken to ensure the timely transmission of GNI data and additional information by Member States to the Commission. Chapter 4 describes the actions taken by the Commission to verify the sources and methods used by Member States to calculate GNI. Chapter 5 draws conclusions on the application of the GNI Regulation since its entry into force.

## 2. DEFINITION AND CALCULATION OF GROSS NATIONAL INCOME AT MARKET PRICES

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<sup>1</sup> OJ L 91, 29.3.2019, p. 19.

<sup>2</sup> Council Regulation (EC) 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community, OJ L 310, 30.11.1996, p. 1.

<sup>3</sup> Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union, OJ L 174, 26.6.2013, p. 1.

<sup>4</sup> Council Directive 89/130/EEC, Euratom of 13 February 1989 on the harmonisation of compilation of gross national product at market prices, OJ L 49, 21.2.1989, p. 26.

<sup>5</sup> Council Regulation (EC, Euratom) No 1287/2003 of 15 July 2003 on the harmonisation of gross national income at market prices (GNI Regulation), OJ L 181, 19.7.2003, p. 1.

<sup>6</sup> Commission Decision of 17 May 2019 setting up the Commission expert group on gross national income, OJ C 174, 21.5.2019, p. 5.

Article 1 of the GNI Regulation provides that GNI and gross domestic product (GDP) is to be defined in accordance with the European System of Accounts 2010 (ESA 2010) established by Regulation (EU) No 549/2013.

As stipulated by Article 1, Member States calculate GDP according to the three approaches: production approach, expenditure approach and income approach. In calculating GDP, and in the transition from GDP to GNI, Member States have used the concepts and definitions of ESA 2010 since the first application of this accounting standard in 2014.

GNI in application of ESA 2010 was verified within the GNI verification cycle 2016-2019. The cycle entailed an enhanced verification of the transition from the ESA 95 concepts to those of ESA 2010, including thorough checks of the individual main conceptual changes between the two standards. The verification cycle 2016-2019 was successfully completed after entry into force of the GNI Regulation in 2019.

For the GNI verification cycle 2020-2024, the same concepts and definitions (ESA 2010) in line with Article 1 of the GNI Regulation continue to apply.

Relating to the appropriateness of GNI data for use for own resource purposes with respect to reliability, comparability and exhaustiveness, the relevant provisions of Article 10b(4) of Regulation (EU, Euratom) No 609/2014<sup>7</sup> apply where relevant, especially the possibility of placing a reservation on the quality of GNI data on points notified either by the Commission or by the Member State.

### **3. TRANSMISSION OF GNI DATA AND ADDITIONAL INFORMATION**

#### *Annual transmission of GNI data and of reports on the quality of GNI data*

In accordance with Article 2 of the GNI Regulation, Member States must calculate GNI and provide the Commission (Eurostat), before 1 October each year, with figures for GNI aggregates and their components. This deadline is aligned to the cut-off date for the transmission of other annual national accounts data within the ESA 2010 transmission programme, which facilitates the preparation of all relevant data sets by Member States.

Member States are to provide the GNI aggregates and their components, in accordance with the definitions referred to in Article 1 of the Regulation. Data are to be transmitted for the preceding year and any changes made to the data for previous years is to be communicated at the same time. This requirement is reflected in the templates of the transmission tables (GNI questionnaires) prepared by Eurostat before each annual data transmission.

Each year, in the spring meeting of the Gross National Income Expert Group, an agreement is reached on a common structure of the GNI questionnaire to be used by Member States. This is to facilitate the provision of their GNI data. Eurostat sends to each Member State a template of the agreed questionnaire, requesting a timely return of the completed tables.

The questionnaire also includes additional tables and formulas that help to check the consistency of the data provided and to prevent or detect possible errors. In addition, the questionnaire is accompanied by detailed instructions on how to fill it in correctly. These measures have greatly helped to harmonise and further improve the data submitted by Member States to Eurostat.

The GNI Regulation also obliges Member States to transmit to Eurostat an annual report on the quality of their GNI data (Article 2(3)). The main purpose of this report is to supply the Commission with the

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<sup>7</sup> Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (Recast) OJ L 168, 7.6.2014, p. 39.

information on changes made – since the previous GNI transmission - to sources and methods used to compile GNI aggregates and their components. The common content and format of this report are also agreed in the spring meeting of the Gross National Income Expert Group. This procedure has been in place for many years, so the reports are generally of good quality and give the Commission and the Gross National Income Expert Group the necessary background information to assess Member States' GNI data and their revisions.

Member States transmit the relevant data in the GNI questionnaire accompanied by a report on the quality of GNI data by electronic means to the single entry point for data at Eurostat (via the dedicated platform called EDAMIS).

As the GNI Regulation is a legal act with EEA relevance, EFTA<sup>8</sup> countries transmit the GNI data in the same way as EU Member States. Furthermore, in accordance with the Agreement on the withdrawal of the United Kingdom from the European Union<sup>9</sup>, the applicable EU law concerning the EU's own resources relating to financial years up to 2020 continues to apply to the United Kingdom after 31 December 2020, including where the own resources concerned are to be made available, corrected or subject to adjustments after that date. Therefore, the United Kingdom also transmits GNI data for the period up to 2020 in accordance with the GNI Regulation.

In 2019, all countries but one (an EU Member State) transmitted their 2019 GNI returns before 1 October, in line with the deadline. The last Member State sent them on 1 October.

In 2020, all countries but one (an EFTA country) transmitted their 2020 GNI returns before 1 October, in line with the deadline. The last EFTA country sent its GNI questionnaire on 15 October and its report on quality on 28 October.

In 2021, all 32 countries transmitted their 2021 GNI returns before 1 October, in line with the deadline.

In 2022, all 32 countries but one (an EFTA country) transmitted their 2022 GNI returns before 1 October, in line with the deadline. The last EFTA country sent only the GNI questionnaire in line with the deadline.

### *GNI inventories*

While the report on quality is intended to provide an update on changes to a Member State's methodology and GNI data, a full detailed account of the methods and sources used to calculate the final GNI estimates is given in the GNI inventories of the sources and methods used to produce GNI aggregates and their components. These inventories are the basis for Eurostat's assessment of the quality of Member State GNI data in terms of comparability, reliability and exhaustiveness.

Article 3 of the GNI Regulation obliges Member States to provide Eurostat with a GNI Inventory. It also stipulates that the Commission must establish, by means of implementing acts, the structure and detailed arrangements of the inventory, in accordance with ESA 2010, and the timetable for its updating and transmission. Article 3 further stipulates that the implementing acts in question may not impose significant additional costs as these could result in a disproportionate and unjustified burden on Member States. In addition the inventory is to be consistent with ESA 2010 and duplication and overloading should be avoided.

These aspects have been addressed in Commission Implementing Regulation (EU) 2020/1546<sup>10</sup>, which was adopted following the above-mentioned provisions, and in the GNI Inventory Guide agreed by the

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<sup>8</sup> Liechtenstein has a derogation from the implementation of the GNI Regulation; nevertheless it transmits the annual GNI questionnaire.

<sup>9</sup> Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, OJ C 384 I, 12.11.2019, p. 1.

<sup>10</sup> Commission Implementing Regulation (EU) 2020/1546 of 23 October 2020 establishing the structure and detailed arrangements of the inventory of the sources and methods used to produce gross national income

Gross National Income Expert Group. In particular, concerning the structure of the inventories, Regulation (EU) 2020/1546 specifies that they are to consist of 10 chapters and the GNI process tables. The individual chapters of the inventory cover the following issues:

- Chapter 1 Overview of the system of accounts
- Chapter 2 The revision policy and the timetable for revising and finalising the estimates. Major revisions since the last version of the GNI Inventory
- Chapter 3 The production approach
- Chapter 4 The income approach
- Chapter 5 The expenditure approach
- Chapter 6 The balancing or integration procedure, and validation of the estimates
- Chapter 7 Overview of the adjustments for exhaustiveness
- Chapter 8 The transition from gross domestic product (GDP) to GNI
- Chapter 9 Main classifications used
- Chapter 10 Main data sources used

The GNI inventories include, as an annex, the process tables giving numerical information on the results of all consecutive stages of the GNI compilation process, from the statistical sources, through various adjustments, to the final national accounts data. They also contain numerical information on the relative size of the individual types of sources used and adjustments made in that compilation process, and references to the relevant chapters of the GNI Inventory.

The GNI Inventory Guide, drawn up in close cooperation with the Gross National Income Expert Group and reflecting the detailed arrangements laid down in Regulation (EU) 2020/1546, defines the detailed structure and content requirements of the individual chapters. It also gives to Member States guidance on how a good quality inventory should be written by highlighting the main principles and aspects needing particular attention in that process. It also includes provisions on the choice of the reference year and on the submission and subsequent updates of the GNI Inventory.

When designing the GNI Inventory Guide, due attention was given to the need to avoid duplication and overloading in the description, and the use, of ESA 2010 terms and definitions. Furthermore, the update of the Guide for the 2020-2024 GNI verification cycle introduced only limited changes, where it was deemed necessary to modify the existing requirements or give additional guidance.

The deadline for transmitting the GNI Inventory under Regulation (EU) 2020/1546 was 31 December 2021. Most Member States had transmitted their GNI Inventory by this deadline. A general reservation was placed by the Commission on five Member States due to the late transmission of the GNI Inventory. For four of these Member States, the general reservation was subsequently lifted following the submission of their respective GNI inventories.

Directly after the transmission of the GNI inventories and process tables, Eurostat performed an initial general analysis of their completeness and of their consistency as part of the GNI risk assessment exercise. This check did not reveal major deficiencies that would hinder detailed verifications of the GNI inventories during the 2020-2024 cycle.

Since the procedures and basic statistics for compiling final GDP and GNI data do not change significantly from year to year, but only during major revisions at longer intervals, it is not necessary to rewrite the GNI inventories every year. Regulation (EU) 2020/1546 specifies that subsequent updates of the GNI Inventory are to be made and transmitted to Eurostat within 12 months after any major

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aggregates and their components in accordance with the European System of Accounts (ESA 2010), OJ L 354, 26.10.2020, p. 1.

change of sources or methods for compiling GNI. In any case, the GNI Inventory must be updated at least every 5 years.

#### **4. PROCEDURES AND CHECKS ON THE CALCULATION OF GNI**

##### *Gross National Income Expert Group*

In accordance with Article 4 of the GNI Regulation, the Commission must establish a formal expert group, composed of representatives of all Member States and chaired by a representative of the Commission. This expert group serves:

- to advise the Commission, and to express its views, on the comparability, reliability and exhaustiveness of GNI calculations;
- to examine issues of implementation of the Regulation; and
- to issue annual opinions on the appropriateness of the GNI data submitted by Member States for own resources purposes.

Shortly after the entry into force of the GNI Regulation, the Commission adopted, on 17 May 2019, a decision on setting up the Commission expert group on gross national income<sup>11</sup>. The Gross National Income Expert Group met for the first time in May 2019 and adopted its rules of procedure. Since then, the Gross National Income Expert Group has been meeting regularly twice a year, in spring and autumn. Since the entry into force of the GNI Regulation, the Gross National Income Expert Group has met eight times (until November 2022) for its regular meetings. The Gross National Income Expert Group also held three ad hoc meetings related to the issue of globalisation.

The Commission (Eurostat) may set up subgroups to the Gross National Income Expert Group for the purpose of examining specific questions related to GNI on the basis of terms of reference defined by the Commission.

In November 2019, Eurostat set up a subgroup on missing trader VAT fraud. The subgroup aims to exchange practices, discuss sources and methods, and prepare recommendations in view of further ensuring comparability in the treatment of missing trader VAT fraud. The work of this subgroup was accomplished in November 2020 through the approval of its final report by the Gross National Income Expert Group.

In June 2020, Eurostat set up a subgroup on exhaustiveness. This subgroup aims to examine specific questions in the area of exhaustiveness to further ensure exhaustiveness of GNI data, to exchange practices, and to develop practical guidelines in view of further ensuring comparability of the exhaustiveness adjustments. The work of this subgroup is ongoing and is planned to be finalised in 2023.

##### *Formal opinion on the appropriateness of GNI data for own resource purposes*

Article 4 of the GNI Regulation also specifies that the Gross National Income Expert Group is to issue annual opinions on the appropriateness of the GNI data submitted by Member States for own resources purpose. To this end, a document drawn up by Eurostat that includes the transmitted GNI data and summary reports on quality is presented for examination to the Gross National Income Expert Group in its autumn meetings. In the annex to the opinion, Eurostat presents in a concise form some quantitative and qualitative information on the main results of the verification.

Since the entry into force of the GNI Regulation, the Gross National Income Expert Group successfully adopted each year the opinion confirming that the data submitted in the GNI questionnaires by Member States and the United Kingdom are appropriate for own resource purposes. Once the appropriateness of

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<sup>11</sup> Commission Decision of 17 May 2019 setting up the Commission expert group on gross national income (Text with EEA relevance.) C/2019/3651. OJ C 174, 21.5.2019, p. 5-8.

the data is established, the opinion, together with the data, is forwarded to DG Budget. This process has been functioning smoothly, enabling DG Budget to calculate in good time each country's budgetary contributions under the GNI own resource.

### *Verification model*

The sources and methods used by Member States to calculate GNI – as described in the GNI inventories - are to be verified by the Commission (Eurostat) under a verification model. Article 5 of the GNI Regulation stipulates that the model is to be drawn up by the Commission in close cooperation with the Gross National Income Expert Group. Such a model for the GNI verification cycle 2020-2024, based on the one that was successfully used in the GNI verification cycle 2016-2019, has been developed by Eurostat and approved by the Gross National Income Expert Group in its meetings in 2020 and 2021. All its relevant elements are described in the framework documents that constitute the model<sup>12</sup>.

Apart from the document GNIG/121 'Outline of the verification model for GNI for own resources' that outlines the whole model, the following framework documents have been prepared for the 2020-2024 GNI verification cycle:

- ESA 2010 GNI Inventory Guide - Guidelines for writing the ESA 2010 GNI Inventory and for compiling the GNI process tables (GNIG/068 Rev. 1);
- GNI Inventory Assessment Questionnaire (GIAQ) (GNIG/099);
- Guidelines for the Direct Verification exercise in the framework of the verification of Member States' GNI inventories (GNIG/100);
- Note on GNI reservations (GNIG/101);
- Note on materiality threshold (GNIG/102);
- Documentation guidelines (GNIG/122); and
- Risk assessment model for verification of GNI for own resource purposes (GNIG/130).

The model comprises annual verification of the data transmitted with the GNI questionnaires and reports on quality, and multiannual verification of the statistical sources and methods used to calculate GNI.

The annual part of the verification process consists of verification of data transmitted with the GNI questionnaires and reports on quality. The GNI questionnaires are checked by Eurostat for, inter alia, the formal and numerical correctness of the tables delivered, the consistency of the data over time and their consistency with published national accounts figures. The revisions described in the report on quality are verified with regard to, inter alia, the plausibility, quality of sources and methods used, reconciliation of the total revision against the individual revisions, and consistency with previously announced changes. Member States can be asked to provide any clarifications on the data and on the report on quality and to send corrections. This process leads to the adoption by the Gross National Income Expert Group of the above-mentioned opinion on the appropriateness of GNI data for own resource purposes.

The multiannual part of the verification process consists of verification of the statistical sources and methods used to calculate GNI. This is done in a harmonised way for all Member States, and it is conducted within multiannual verification cycles that ensure a structured and coherent verification framework. The main stages of the cycle, after the preparation of the set of the framework documents, are: submission of the GNI inventories and process tables; risk assessment; desk checks of the inventories and process tables; cross-country comparisons of transversal issues; GNI information visits; direct verifications; placing action points; and reservations.

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<sup>12</sup> The framework documents are available on the public site of the Gross National Income Expert Group: <https://circabc.europa.eu/ui/group/7eb29b7b-33b0-4c9f-851b-e370277bb9e5>.

The GNI inventories and the process tables are the main reference documents used at all stages of the multiannual verification process, Eurostat checks them using the GNI Inventory Assessment Questionnaire approved by the Gross National Income Expert Group, and by performing direct verifications of selected compilation areas. The questionnaire is a comprehensive verification and documentation tool. Its structure is closely aligned with that of the GNI Inventory Guide. The questionnaire is mainly focused on verifying the compliance of the described sources and methods with the requirements of ESA 2010, related legislation and methodological guidelines. These tools have served their purpose well over the years, ensuring a systematic, consistent and fair analysis of the GNI inventories and process tables.

Some areas of national accounts - as identified in the risk assessment - are considered as being of high risk for all Member States. They call for a detailed comparative analysis of the solutions applied by the countries. In some cases, they may also require agreement on conceptual aspects in the Gross National Income Expert Group. These issues are verified in a uniform way across all countries through cross-country comparisons. In the 2016-2019 verification cycle, Eurostat completed an extensive programme of cross-country comparisons for a number of transversal issues. This covered issues like exhaustiveness, balancing of GDP, dwelling services, financial services (including financial intermediation services indirectly measured), global production, balance of payments, and changes between ESA 95 and ESA 2010. The cross-country comparisons on exhaustiveness, global production and balance of payments, and changes between the ESA 95 and ESA 2010 were further subdivided into more detailed areas. Altogether, 16 cross-country comparisons were carried out and contributed to greater assurance about the quality of the sources and methods used for compiling the respective areas. Two more cross-country analyses are being performed in the 2020-2024 verification cycle.

The GNI Regulation provides that the GNI verification model should be based on the principles of peer review and cost-effectiveness. Consequently, they are the main principles followed in the GNI verification work and they are applied throughout the whole verification process.

Peer review in the GNI verification is manifested through the active involvement of Member States in the verification work, both in the Gross National Income Expert Group and through participation in GNI information visits. To facilitate the implementation of the peer review principle, Eurostat has ensured the transparency of the verification process by making all relevant documentation available to the Gross National Income Expert Group. This includes the GNI inventories and process tables and all outcomes of the verification process in terms of visit reports and action points, a list of identified non-material issues, progress and final reports on transversal issues verified through cross-country comparisons, the state of play on reservations, and (for the 2020-2024 GNI verification cycle) all letters placing and lifting GNI reservations.

With regard to the application of cost-effectiveness, it materialises in the GNI verification model in a two-fold way; firstly, through the use of risk assessment and, secondly, by application of a materiality threshold. A comprehensive risk assessment model for verification of GNI for own resource purposes has been developed in close cooperation with, and approved by, the Gross National Income Expert Group. It results in structuring the verification process and concentration of the verification activities on the areas showing a relatively high level of risk. It is the Commission's view that the use of this tool has streamlined the process and made it more cost-effective.

When judging the potential size and significance of specific activities or transactions, the cost-effectiveness principle entails the application of a materiality threshold. The Gross National Income Expert Group approved a threshold of 0.1% of GNI to be used to this end. The materiality threshold is taken into consideration throughout the whole verification process, but it comes to the fore when placing and lifting action points and reservations.

#### *Delegated acts and implementing acts*

Article 5 of the GNI Regulation provides that the Commission is to adopt delegated acts defining the list of issues to be addressed in every verification cycle to ensure the reliability, exhaustiveness and highest possible degree of comparability of GNI data, in line with ESA 2010. Furthermore, the



Commission is to establish, by means of implementing acts, specific measures to make GNI data more comparable, reliable and exhaustive, based on that list of issues.

The Commission adopted Delegated Regulation (EU) 2020/2147<sup>13</sup> supplementing Regulation (EU) 2019/516 by defining the list of issues to be addressed in every verification cycle. The following subjects are listed:

- definition of geographic territory;
- principles of estimating dwelling services;
- treatment of repayments of VAT;
- measures on exhaustiveness; and
- treatment of non-collected VAT.

These issues have been appropriately taken into account in the verification model as their relevant aspects have been treated accordingly in the framework documents (e.g. in the GNI Inventory Guide, the GNI Inventory Assessment Questionnaire, and the risk assessment model).

Based on the above list, the Commission established, by means of the following implementing acts, specific measures to make GNI data more comparable, reliable and exhaustive for the first three issues:

- Commission Implementing Regulation (EU) 2021/1947 on the definition of the geographic territory of Member States<sup>14</sup>;
- Commission Implementing Regulation (EU) 2021/1949 on the principles for estimating dwelling services<sup>15</sup>; and
- Commission Implementing Regulation (EU) 2021/1948 on the treatment of repayments of VAT to non-taxable persons and to taxable persons for their exempt activities<sup>16</sup>.

The implementing acts for the remaining two issues (measures on exhaustiveness, treatment of non-collected VAT) are under preparation.

### *GNI information visits*

Article 6 of the GNI Regulation stipulates that GNI information visits may, where deemed appropriate, be carried out in Member States<sup>17</sup> by the Commission (Eurostat). The purpose of GNI information visits

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<sup>13</sup> Commission Delegated Regulation (EU) 2020/2147 of 8 October 2020 supplementing Regulation (EU) 2019/516 of the European Parliament and of the Council by defining the list of issues to be addressed in every verification cycle (Text with EEA relevance). OJ L 428, 18.12.2020, p. 9.

<sup>14</sup> Commission Implementing Regulation (EU) 2021/1947 of 10 November 2021 on the definition of the geographic territory of Member States for the purposes of Regulation (EU) 2019/516 of the European Parliament and of the Council on the harmonisation of gross national income at market prices (GNI Regulation) and repealing Commission Decision 91/450/EEC, Euratom and Commission Regulation (EC) No 109/2005 (Text with EEA relevance). OJ L 398, 11.11.2021, p. 1.

<sup>15</sup> Commission Implementing Regulation (EU) 2021/1949 of 10 November 2021 on the principles for estimating dwelling services for the purposes of Regulation (EU) 2019/516 of the European Parliament and of the Council on the harmonisation of gross national income at market prices (GNI Regulation) and repealing Commission Decision 95/309/EC, Euratom and Commission Regulation (EC) No 1722/2005 (Text with EEA relevance). OJ L 398, 11.11.2021, p. 6.

<sup>16</sup> Commission Implementing Regulation (EU) 2021/1948 of 10 November 2021 on the treatment of repayments of VAT to non-taxable persons and to taxable persons for their exempt activities for the purposes of Regulation (EU) 2019/516 of the European Parliament and of the Council on the harmonisation of gross national income at market prices (GNI Regulation) and repealing Commission Decision 1999/622/EC, Euratom and Commission Regulation (EC, Euratom) No 116/2005 (Text with EEA relevance). OJ L 398, 11.11.2021, p. 4.

<sup>17</sup> GNI information visits can also take place in the UK and EFTA countries.

is the verification of the quality of GNI aggregates and their components and the verification of compliance with ESA 2010. To this end, the visits aim to collect additional information that is necessary to identify possible shortcomings of the GNI Inventory or of the statistical sources and methods used to calculate GNI and its components. The GNI information visits may also include direct verifications of parts of the GNI compilation. The principal objectives of direct verification are to verify whether the description of sources and methods in the GNI Inventory adequately reflects the compilation practice actually applied, and whether the basic data as shown in the sources have been transformed in an appropriate way into the national accounts figures provided by Member States for the GNI own resource. The result of a GNI information visit is a report (presented by Eurostat to the Gross National Income Expert Group) with action points for the Member State to introduce methodological changes, correct compilation errors or to clarify or supplement the information contained in the GNI Inventory.

The minimum number of GNI visits planned in a given Member State during a verification cycle is based on the results of the risk assessment. As a rule, at least one GNI information visit is carried out to each Member State during the verification cycle.

Since the entry into force of the GNI Regulation on 18 April 2019, Eurostat has carried out (until October 2022) 19 GNI information visits in Member States and the United Kingdom. This was achieved despite difficult circumstances linked to the COVID-19 pandemic, thanks to a very good cooperation with Member States. Eurostat has systematically invited the national accounts experts representing national statistical authorities of other Member States to take part in GNI visits. Consequently, 11 of the 19 visits involved the participation of national accounts experts from other Member States, which contributed to the realisation of the peer review principle governing the GNI verification process.

#### *Examination of the Commission's verifications by the European Court of Auditors*

The Commission's work on verifying Member States' GNI data has been thoroughly examined by the European Court of Auditors on an annual basis. Furthermore, there are special performance reports relating to the multiannual verifications. A detailed account of the Court's activities with respect to the GNI for own resources can be found in its annual reports on the implementation of the EU budget.

## **5. CONCLUSIONS**

Gross national income constitutes the basis for calculating the largest share of own resources in the EU general budget, and the proper application of the GNI Regulation is of utmost importance in that context. This being said, the correct application of the ESA 2010 definitions and accounting rules, which is a prerequisite for the high-quality GNI data, is essential for the quality of national accounts as a whole. Thus, the assurance about the reliability, comparability and exhaustiveness of GNI data gained from the verification carried out by the Commission under the provisions of the GNI Regulation contributes to sounder economic analyses and better-informed economic policymaking based on national accounts data.

The current verification model of GNI for own resources builds to a high extent on the procedures introduced in the past when applying Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003. Since the entry into force of Regulation (EU) 2019/516, the verification model has been further developed, taking into account the relevant provisions of the GNI Regulation, including those relating to the principles of peer review and cost-effectiveness, and capitalising on the achievements of previous GNI verification cycles. As a result, a formalised verification framework has been put in place that ensures a rigorous and comprehensive, yet flexible, verification process.

Actions have also been taken to ensure the timely and harmonised transmission of GNI data and to improve and update the documentation of methods and sources used to calculate GNI and its components.

Through these measures, good progress has been made on the examination and checks of GNI calculations, both in annual and multiannual verifications.

The relevant delegated and implementing acts required by the Regulation were adopted. Work is ongoing to take into account other potential issues to further improve the comparability, reliability and exhaustiveness of GNI data.

The Commission has put in place significant resources to ensure proper implementation of the GNI Regulation. The smooth application of the Regulation was possible also thanks to the very good cooperation between the Commission and Member States. It was manifested during the work of the Gross National Income Expert Group that was set up to assist the Commission with examination of issues of implementation of the GNI Regulation, but also in the GNI information visits.

In the coming years, the Commission and the Gross National Income Expert Group will continue their efforts to maintain the high quality, and to further improve comparability, reliability and exhaustiveness, of GNI data.