

Referred to Committees on:

European Union Questions

Finance

Economic Affairs

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The Bundesrat has issued the following decision in its session on June 16th, 2023 according to proposals by its Committees on EU, Financial and Economic Affairs:

1. The Bundesrat supports the opinion of the Commission that independent financial institutions constitute a crucial element for an effective budgetary framework and therefore salutes their planned extension of application on all EU member states. Moreover, the Bundesrat applauds the aim of the Commission to increase the significance of the said financial institutions in order to make them take part in the budgetary planning, do independent reviews of fiscal policy and exercise oversight on fiscal discipline.

2. Article 3 section 1 of the proposed amended directive on a budgetary framework includes the requirement that all sectors of administration must apply integrated, inclusive and harmonized systems of accrual-based accounting. The Bundesrat criticizes this requirement and stresses that the German legislator's past decision to reasonably letting coexist two distinct systems of accounting was well-grounded. The explicit requirement to transfer the accounting system from single-entry bookkeeping to bookkeeping with double entries is unjustified when taking into account the financial and personal requirements connected to the required changes.

The German Länder hold the fundamental right to decide over their own budget. Therefore, the underlying principle of budgetary autonomy must be respected when reaching an EU-wide legislative proposal.

3. As the Commission attempts to introduce common European Public Sector Accounting Standards in all EU member states, it has not presented an explanation on which legal foundations these standards may be grounded. Also, the Bundesrat does not expect that their introduction will necessarily lead to a strengthening of the fiscal union.

4. For the Bundesrat, the basic criticisms on the obligatory EPSAS initiative are still valid. Especially, it cannot be said that statistics on EU member states have proven deficient. Accrued obligations of report for member states would lead to a further bureaucratization of the accounting process.

5. Regarding reporting obligations for funds and budgets which are not included in the regular budget, the Bundesrat stresses that those should have to be more thoroughly defined, due to the relevant data often not being readily available.

6. It is underlined by the Bundesrat that fiscal coherency is first and foremost a matter of political engagement, to be supported, but not replaced by a common data framework.