Council Regulation (EC) No 1525/2007 of 17 December 2007 amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

COUNCIL REGULATION (EC) No 1525/2007

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amending Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 279 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Having regard to the opinion of the Court of Auditors,

Whereas:

(1) Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding[(1)] lays down, *inter alia*, rules governing the financing of political parties at European level from the general budget of the European Union.

(2) Article 12 of Regulation (EC) No 2004/2003 provides that the European Parliament is to publish a report on the application of that Regulation, including — where appropriate — possible amendments to be made to the funding system.

(3) In its Resolution of 23 March 2006 on European political parties[(2)], the European Parliament considered that, in light of experience gained since its entry into force in 2004, Regulation (EC) No 2004/2003 should be improved as regards a number of points.

(4) The rules governing the financing of political parties at European level should be adapted to take better account of the special conditions under which political parties operate, including shifting political challenges and agendas creating budgetary impacts that political parties cannot predict when drawing up their annual work programmes and budgets. To that end limited possibilities to carry over funding from one year to the first quarter of the following year should be introduced.

(5) In order to enhance parties' long-term financial planning capabilities, to take account of funding needs that vary from one year to another, and to strengthen the incentives for parties not to rely on public funding alone, political parties at European level should be allowed to establish limited financial reserves based on own resources generated from sources other than the general budget of the European Union. The abovementioned

Changes to legislation: *There are currently no known outstanding effects for the Council Regulation (EC) No 1525/2007. (See end of Document for details)*

derogations from the non-profit rule should be exceptional and should not constitute a precedent.

(6) Council Regulation (EC, Euratom) No 1605/2002[(3)] should be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

The following paragraph shall be added to Article 109 of Regulation (EC) No 1605/2002:

4. If a political party at European level realises a surplus of income over expenditure at the end of a financial year for which it received an operating grant, part of that surplus up to 25 % of the total income for that year may, by derogation from the no-profit rule laid down in paragraph 2, be carried over to the following year provided that it is used before the end of the first quarter of this following year.

For the purpose of verifying compliance with the no-profit rule, the own resources, in particular donations and membership fees, aggregated in the annual operations of a political party at European level, which exceed 15 % of the eligible costs to be borne by the beneficiary, shall not be taken into account.

The second subparagraph shall not apply if the financial reserves of a political party at European level exceed 100 % of its average annual income.

Article 2

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 December 2007.

For the Council

The President

J. SILVA