The CORE of the Matter: A First Look into the Proposed Corporate EU Budget Own Resource

Update created: 22 July 2025

Carla Valério | **EU Tax Law Study Group, IBFD European Knowledge Group**

The author can be contacted at c.valerio@ibfd.org

On 16 July 2025, the European Commission presented its proposal for a Multiannual Financial Framework (MFF) for the years 2028 to 2034. In order to finance the planned projects and priorities, the Commission presented a proposal for a new system of own resources, which is composed of a basket of five new own-resources: (i) an own resource based on revenue from the emissions trading system already in place, ETS 1; (ii) an own resource based on the Carbon Border Adjustment Mechanism (CBAM); (iii) an own resource based on e-waste; (iv) a Tobacco Excise Duty Own Resource (TEDOR); and (v) a Corporate Own Resource for Europe (CORE).
This note focuses on the CORE contribution, presenting its design features, offering comments and glancing at what's coming next.

1. A Corporate Resource for Europe: The Commission's design

Why a corporate-based own resource? The European Commission is seeking a contribution from the corporate sector in exchange for operating in the "world's biggest single market", with more than 450 million consumers. Additionally, according to the Commission, several EU funding programmes support companies in modernizing, innovating and expanding. The long-term budget is expected to boost competitiveness, economic growth and improve the business environment. Therefore, companies are called to contribute to the budget.

Who would pay the CORE?

- Entities that are resident for tax purposes in the European Union, with an annual net turnover above EUR 100 million; and
- Permanent establishments located in the European Union of entities that are resident for tax purposes in a third country, with an annual net turnover above EUR 100 million. The EUR 100 million net turnover threshold is that of the permanent establishment and is irrespective of the net turnover of the entity resident in a third country.

Governmental entities (except state-owned enterprises), international organizations and non-profit organizations are excluded from the scope of the CORE. The net turnover threshold results, in principle, in small and medium enterprises being excluded from the scope.

How much? The CORE is designed as a contribution per entity or permanent establishment located in the European Union. It is a progressive annual lump sum, differentiated per net turnover based on a bracket system as follows:

Annual Net Turnover Range (EUR)	Annual CORE Contribution (EUR)
100,000,000.01 to 249,999,999.99	100,000

250,000,000 to 499,999,999.99	250,000
500,000,000 to 749,999,999.99	500,000
750,000,000 or more	750,000

On average, the European Commission expects to raise EUR 6.8 billion annually from this contribution for the period between 2028 and 2034.

Tax collection: Member States would collect the CORE contribution from each company on behalf of the European Union, as well as take recovery and enforcement measures and apply sanctions and penalties in case of non-compliance.

When? The Commission proposes the application of the new system from 1 January 2028. However, for CORE, there is a special rule providing for its application from 1 January of the first calendar year following the year in which this Decision has entered into force.

2. First comments:

The author's initial remark (and moment of silence) is for the multiple ideas envisioned in the past few years, but that ultimately dropped along the way, on how companies could contribute to the EU budget: digital levy, statistical own resource based on company profits, under BEFIT or Pillar One. For now, these have been put to rest. Especially in comparison with previous proposals, it is refreshing to see an original and simple design, applying to all sectors alike, thereby limiting novelties and legal clashes.

The proposed brackets are based on net turnover, as defined in the Accounting Directive (2013/34) (or under national law). According to the Court of Justice of the European Union, net turnover may constitute "a relevant indicator of a taxable person's ability to pay". Moreover, as explained by the Commission, it means that the application of CORE "would rely on basic corporate data (…) the reporting of which is sufficiently standardised at EU and even at global level, (…) it would not require new data collection, limiting the administrative burden for Member States and companies". Therefore, despite introducing a new scoping threshold per entity – departing from the EUR 750 million of annual consolidated revenue under the Minimum Taxation Directive (2022/2523), and proposed, for example, under BEFIT – it does seem to embody simplification objectives, in line with the EU's tax decluttering and simplification agenda.

Finally, the ease of administration resulting from CORE's annual lump sum assessment method may come at the expense of the contribution progressivity. The following table shows the approximate CORE rate alongside the average rate for each bracket. While we can observe some progressivity in the average rate, this structure will ultimately disadvantage companies positioned at the lower end of each bracket range, which may be subject to a CORE burden of more than double that of those placed at the higher end of the brackets.

Annual Net Turnover Range (EUR)	**Annual CORE Contribution (EUR)**	**CORE rate (approximate)**	**Average rate**
Not exceeding 100 million	0	0%	0%
100,000,000.01 to 249,999,999.99	100,000	0.10% – 0.04%	0.07%
250,000,000 to 499,999,999.99	250,000	0.10% – 0.05%	0.075%
500,000,000 to 749,999,999.99	500,000	0.10% – 0.07%	0.085%
750,000,000 or more	750,000	≤ 0.10%	N/A

3. Next steps… but will it cross the finish line?

The Members of the European Parliament co-rapporteurs for the Parliament's report on the MFF welcomed the new basket of own resources in general, and the CORE in particular, and called on Member States to reach an agreement on the new revenue sources and to alleviate national budgets: "Member States have no excuse", say the MEPs. However, they hold the power.

It is now up to the Council of the European Union, after consulting the European Parliament, to agree and adopt the new categories of own resources as per article 311(3) of the Treaty on the Functioning of the European Union (TFEU).

If adopted, the Decision will then enter into force once it is approved by the Member States in accordance with the respective constitutional requirements. Further details on the CORE would later be laid out in the regulation as regards implementing measures for new own resources.

At the Council, the Decision must be adopted by unanimity, which will certainly make it difficult to become a reality. It is impossible to predict at this point if the CORE will ever be implemented – the fact is that the odds have not been in the Commission's favour. Nevertheless, the Commission seems to be lowering the bar and gauging the Member States' openness to implementing new levies that can impact EU companies' competitiveness – and no one can accuse the Commission of not trying.

IBFD references:

- EU tax law developments are reported on the daily IBFD Tax News Service page.
- For an overview of the legislative initiatives at the EU level on direct tax matters, *see* the EU Direct Tax Law Initiatives Dossier.
- For a more detailed analysis of the direct tax directives and initiatives, see section 3., on Harmonization of Corporate Taxation, in C. Valério & D. Arsenovic, Direct Taxation, Global Topics IBFD.