Council of the European Union

PRESS

EN

BACKGROUND BRIEF[1]
Brussels, 31 October 2024

Economic and Financial Affairs Council
Brussels, 5 November 2024

Chair: **Mihály Varga**, Hungarian minister for finance

European Commission's representatives: Commissioner **Valdis Dombrovskis**, Commissioner **Paolo Gentiloni,** Commissioner **Mairead McGuinness**

Starting time: 11:00

Media opportunities:

- doorstep by Paschal Donohoe, President of Eurogroup, (Monday 4 November +/- 14:45)
- press conference after the Eurogroup (Monday 4 November at +/- 18:30)
- doorstep by Mihály Varga (Tuesday 5 November at +/- 07:45)
- family photo EU-EFTA ministers (Tuesday 5 November +/- 09.30)
- press conference after the Economic and Financial Affairs Council (Tuesday 5 November at +/- 13:45)

* * *

The Council will seek a political agreement on a **package of legislation on value added tax** (VAT) in the digital age (VIDA). The package consists of three proposals that set out to tackle VAT fraud, support businesses and promote digitalisation.

Ministers will take stock of the implementation of the **Recovery and Resilience Facility (RRF)**. The Council is expected to adopt implementing decisions approving targeted amendments submitted by Czechia and the Netherlands to their modified recovery and resilience plans.

Ministers will be informed of the state of play of the economic and financial impact of **Russia's aggression against Ukraine**.

The Council will hold an exchange of views on the 2024 annual report of the **European Fiscal Board** (EFB) in the presence of the former EFB Chair, Niels Thygesen. Ministers will discuss the main takeaways contained in the EFB report regarding fiscal surveillance in 2023.

The Council will approve conclusions on the progress made on the **EU's statistical priorities**, while providing guidance for further work. As a point without discussion, the Council will also adopt a regulation that aims to further improve the development, production and dissemination of European statistics.

The Council and Commission will debrief ministers on the main results of the **G20 finance ministers and central bank governors meetin**g that took place on that took place on 23-24 October 2024 in Washington.

---

[1] This note was drawn up under the responsibility of the press office.

Press office − General Secretariat of the Council
Rue de la Loi 175 − B-1048 BRUSSELS − Tel.: +32 (0)2 281 6319
press@consilium.europa.eu - www.consilium.europa.eu/press

The Council is expected to publish the 2023 international **climate finance figures**.

The Presidency will present the state of play of legislative proposals in the field of **financial services**. Ministers will also be informed of the state of play in implementing EU legislation in the field of financial services. This is a recurrent item on the ECOFIN agenda.

As a point without discussion, the Council will adopt two pieces of legislation that change the **Solvency II directive**, the EU's main piece of legislation in the insurance area, and introduce new rules on **insurance recovery and resolution (IRRD).**

* * *

The **Eurogroup** will meet at 15:00 on Monday 4 November to discuss:

In regular format:

- Macroeconomic developments and stocktaking after international meetings
- Reporting on banking union

In inclusive format:

- Euro area competitiveness - finalising the workstream
- Capital markets union

The biannual **macroeconomic dialogue at political level** (MEDPOL) will take place on 4 November at 11.00
An **annual ministerial dialogue between the EU and EFTA** countries will take place on 5 November at 8:30.

* * *

Eurogroup - meeting page

Economic and Financial Affairs Council - meeting page

Eurogroup - video coverage in broadcast quality (MPEG4) and photo gallery

Economic and Financial Affairs Council - video coverage in broadcast quality (MPEG4) and photo gallery

Press conferences and public events by video streaming

* * *

VAT in the digital age

The Council will aim to reach a political agreement on the value added tax (VAT) in the digital age package, which aims to tackle VAT fraud, support businesses and promote digitalisation.

On 8 December 2022, the Commission presented the ‘VAT in the digital age’ package, which consists of three proposals:

- a proposal for a Council directive amending directive 2006/112/EC as regards VAT rules for the digital age;
- a proposal for a Council regulation amending regulation (EU) No 904/2010 as regards the VAT administrative cooperation arrangements needed for the digital age
- a proposal for a Council implementing regulation amending implementing regulation (EU) No 282/2011 as regards information requirements for certain VAT schemes

The package sets out to modernise reporting obligations for VAT purposes by standardising the information that needs to be submitted by taxable persons on each transaction and by imposing the use of e-invoicing for cross-border transactions, which would fight against VAT fraud.

It seeks to address the challenges of the platform economy by enhancing the role of platforms in the collection of VAT when they facilitate the supply of short-term accommodation rental or passenger transport services.

The package also aims to make it possible to register for VAT purposes only once for all EU member states, by expanding and improving the functioning of the existing one-stop shop systems and reverse charge mechanisms.

The Council exchanged views, making progress towards an agreement, at the ECOFIN Council on 14 May and 21 June 2024.

The three proposals in the package are subject to different procedures, but for each one unanimity within the Council is required. After an agreement is reached, a number of formal requirements will need to be complied with, and the acts will then need to be formally adopted by the Council.

Digital taxation (background information)

Commission proposal

Main results, ECOFIN Council, 14 May 2024

Recovery and Resilience Facility

Ministers will exchange views on the state of play of the implementation of the Recovery and Resilience Facility (RRF).

The Council is expected to adopt implementing decisions approving targeted amendments to the modified recovery and resilience plans, submitted by Czechia and the Netherlands.

The RRF is the EU’s large-scale financial support programme in response to the challenges the COVID-19 pandemic has posed to the European economy. It is the centrepiece of NextGenerationEU, a temporary recovery instrument that allows the Commission to raise funds to help repair the immediate economic and social damage caused by the pandemic.

To benefit from the facility, member states must submit recovery and resilience plans (RRPs) to the Commission, setting out the reforms and investments they intend to implement by the end of 2026.

The RepowerEU regulation, in force since 1 March 2023, aims to end the EU’s dependence on Russian fossil fuels by saving energy, diversifying energy supplies and accelerating the clean energy transition.

Under the REpowerEU regulation, EU countries have added specific chapters to their national RRPs in order to finance key investments and reforms which will help achieve the REPowerEU objectives. RepowerEU increases the RRF financial envelope by €20 billion in new grants.

To date, all RRPs have been approved, 70 payment requests have been received and more than €268 billion have been disbursed.

Proposal for a Council implementing decision on Czechia’s modified plan

Proposal for a Council implementing decision on the Netherlands’ modified plan

A recovery plan for Europe (background information)

REPowerEU: energy policy in EU countries’ recovery and resilience plans (background information)

The REPowerEU plan explained (infographic)

Russia’s aggression against Ukraine

The Council will take note of the state of play of the economic and financial impact of Russia’s aggression against Ukraine.

Ministers will be informed about the economic and budgetary situation in Ukraine, including on the implementation of the Ukraine Facility and the state of progress on the implementation of the recent G7 agreement on an additional loan of $50 billion (€ 45 billion) to Ukraine to be serviced and repaid by future flows of extraordinary revenues stemming from the immobilisation of Russian sovereign assets.

Immobilised assets: Council greenlights up to €35 billion in macro-financial assistance to Ukraine and new loan mechanism implementing G7 commitment (press release, 23 November 2024)

G7 Leaders' Statement on Extraordinary Revenue Acceleration (ERA) Loans

EU solidarity with Ukraine (background information)

EU response to Russia's invasion of Ukraine (background information)

The Ukraine Facility

European Fiscal Board annual report

Ministers will exchange views on the 2024 annual report of the European Fiscal Board in the presence of its former chair (from 2016 to October 2024), Niels Thygesen.

The European Fiscal Board is an independent advisory body founded in 2016. Its main responsibilities have been updated following the 2024 Economic Governance Review and are:

- to provide a timely ex post evaluation of the implementation of the Union fiscal governance framework;
- to advise on the prospective fiscal stance appropriate for the euro area as a whole, as well as on the appropriate national fiscal stances that are consistent with it within the rules of the Stability and Growth Pact;
- upon request of the Commission or the Council, to provide advice on the implementation of the Stability and Growth Pact, including on the extension of the general escape clause in accordance with Article 25 of Regulation (EU) 2024/1263;
- to cooperate closely with independent fiscal institutions as referred to in Article 8a of Directive 2011/85/EU;
- to make suggestions for the future evolution of the fiscal framework.

European Fiscal Board - 2024 Annual Report

European Fiscal Board (external link)

EU statistics

The Council will approve conclusions on the progress made on the EU's statistical priorities, while providing guidance for further work.

As a point without discussion, the Council will also adopt a regulation that aims to further improve the development, production and dissemination of European statistics.

G20

The Council and Commission will debrief ministers on the main results of the G20 finance ministers and central bank governors meeting that took place on 23-24 October 2024 in Washington.

G20 website

Climate finance at COP29

The Council is expected to publish the 2023 international climate finance figures, in preparation for the United Nations Climate Change Conference of the Parties (COP29), which will take place from 11 to 22 November in Baku, Azerbaijan. The figures are based on the EU climate finance reporting rules laid down in the governance regulation.

On 8 October, the Council approved conclusions on climate finance in view of the UN climate change conference (COP29). In its conclusions, the Council underlined that the EU and its member states are committed to continue delivering on climate finance.

The EU and its member states are the world's largest contributor to international public climate finance, and since 2013 have more than doubled their contribution to climate finance to support developing countries.

The main objective for the upcoming COP29 will be to negotiate the new collective quantitative goals (NCQGs) after 2025.

Every year, the conference of the parties (COP) to the UN framework convention on climate change (UNFCCC) meets to determine ambition and responsibilities, and identify and assess climate measures.

The EU and its member states are parties to the Convention, which has 198 Parties (197 countries plus the European Union) in total. The rotating presidency of the Council, together with the European Commission, represent the EU at these international climate summits.

On 14 October 2024, the Council approved conclusions that set the general mandate for the EU's negotiators at the COP29 climate conference. The conclusions approved today will complement the EU's general mandate.

Financing the climate transition (background information)

Climate change: what the EU is doing (background information)

Climate goals and the EU's external policy

Financial services

The Presidency will present the state of play of legislative proposals in the field of financial services. Ministers will also be informed of the state of play in implementing EU legislation in the field of financial services. These are recurrent items on the ECOFIN agenda.

As a point without discussion, the Council will adopt two pieces of legislation that change the Solvency II directive, the EU's main piece of legislation in the insurance area, and introduce new rules on insurance recovery and resolution (IRRD).

Progress on legislative files in the field of financial services

Digital finance (background information)

Capital markets union (background information)

Macroeconomic dialogue at political level

A Macroeconomic dialogue at political level (MEDPOL) will be held on 4 November, in the margins of the meeting.

The social partners will exchange views with the presidency and the two forthcoming presidencies, the Commission, the European Central Bank and the president of the Eurogroup. The meeting will focus on reviewing the current economic conditions, outlook and appropriate policy response, as well as addressing demographic changes and the impact on competitiveness.

EU-EFTA ministerial dialogue

A ministerial dialogue between the EU and EFTA (European Free Trade Association) countries will take place in the margins of the meeting on 5 November. Ministers will be invited to exchange views on how to improve competitiveness in the long term, taking on the challenges of demographics and productivity.