

(English version)

**Question for written answer E-004097/25
to the Commission
Sara Matthieu (Verts/ALE)
(17 October 2025)**

Subject: The impact of the Manual on Government Deficit and Debt on Member States' spending of ETS2 revenues in 2027

The Belgian climate administration highlighted a problem with Member States' spending of ETS2 emissions trading system revenues for 2027. The Directorate-General for Economic and Financial Affairs follows the Manual on Government Deficit and Debt (MGDD), which registers ETS revenues in the year when allowances are surrendered, not when emissions occur. Member States spending ETS2 revenues already in 2027 would see their deficits rise.

Those Member States whose accounting follows the MGDD can only book ETS2 revenues from 2028, meaning households would receive support a year after facing higher ETS2 costs — an undesirable outcome.

The MGDD approach deviates from the European System of Accounts (ESA) Regulation (549/2013) ⁽¹⁾, which records 'other taxes on production' when the taxable activity occurs. The application of ESA rules would allow ETS revenues to be used in the year of emissions, rather the year in which the allowances are surrendered.

In this context:

1. Can the Commission confirm that ETS2 revenues generated in 2027 will only become available for spending in 2028 for Member States that do not wish to increase their 2027 budget deficit?
2. Does the Commission share the assessment of the Belgian climate administration that the issue can be resolved by either adjusting the MGDD in line with ESA rules, or by applying an ESA-consistent interpretation that allows for a deviation from the MGDD in the Directorate-General for Economic and Financial Affairs' assessment of Member State budgets for 2027?

Submitted: 17.10.2025

**Answer given by Mr Hoekstra on behalf of the European Commission
(22 December 2025)**

1. Cash revenues generated in 2027 from the new Emissions Trading System for buildings, road transport and additional sectors (ETS2) will become available for spending shortly after the auctioning of ETS2 allowances, as soon as the proceeds will be transferred to the auctioneer appointed by the relevant Member State. However, the Manual on Government Deficit and Debt (MGDD) provides that ETS revenues are recorded as government revenues in the year when allowances are surrendered. To the extent that the spending of ETS2 proceeds is already recorded in 2027, it may temporarily increase government deficits in that year. The reformed EU fiscal rules have a medium-term approach that is well-suited to cater for temporary fluctuations in annual budgetary outcomes.

2. It is important that national resources stemming from the operation of the ETS2 can be quickly mobilised to support investments in decarbonisation and shield vulnerable consumers in all Member States, including those with a more limited fiscal space. This is one of the reasons why the Commission is proposing to start auctioning ETS2 allowances before the ETS2 market starts in 2028, following the provisional political agreement of the European Parliament and Council on the EU Climate Law announced on 10 December 2025. The European System of Accounts (ESA) establishes the principle that in national accounts revenues are recorded when economic value is created, transformed or extinguished, or when claims and obligations are transformed or are cancelled. The MGDD, developed in close cooperation with the statistical community follows this principle and foresees common implementation methods ensuring consistency across Member States.

¹ Regulation (EU) No 549/2013 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, ELI: <http://data.europa.eu/eli/reg/2013/549/oj> (<http://data.europa.eu/eli/reg/2013/549/oj>)).