EU Youth Tax Literacy Program

EU Budget

Where the European Union’s money comes from and what it is used for

TAXpedia

Understand taxes. Understand Europe.

What you will learn in this lesson

- What the European Union budget is (and what it is NOT).
- Where the resources come from.
- Where the money goes: the main spending priorities.
- Why it is different from a national budget.
- How it is decided (multiannual framework + annual budgets).
- Why it also matters to you (with concrete examples).

What is the EU budget

Key idea

The European Union manages a common budget to finance policies and projects in all Member States.

The EU is not a State

So it does not collect personal income tax or social contributions like a national government.

It does not finance pensions, healthcare, or national education systems.

Its budget is smaller and focused on shared priorities (cohesion, agriculture, research, green transition…).

Where the money comes from

Contributions from Member States (based on the size of their economies).

Own resources (partly linked to consumption/wealth, in simplified terms).

Customs duties on imports + other minor revenue.

In short: part of national resources is pooled together.

Where the money goes

Cohesion and regions (reducing gaps between regions).

Migration, security, and external relations.

Research, innovation, and digital.

Green transition, energy, environment.

Agriculture, fisheries, and rural areas.

Administration of EU institutions.

Examples you can see

Climate projects

Green Deal
Ecological transition
Energy efficiency

Co-financed local projects

infrastructure
Urban regeneration
Sustainable mobility

Support for research

Calls for research
Innovation and start-ups

Mobility programmes

Student exchanges
Erasmus programme

EU budget vs national budgets

Member States

They finance almost everything (healthcare, schools, pensions, security…).

Direct services for citizens.

European Union

A smaller, more targeted budget focused on common priorities.

Coordination and funding for shared projects and programmes.

How it is decided

Multiannual Financial Framework (MFF): sets the main priorities for several years.
Annual budgets: detail the year’s revenue and expenditure.

The Commission proposes → **Parliament and Council decide**

It is a negotiation between European institutions and national governments.

Why it matters to you

It finances projects in your region/city too.

It creates opportunities for young people (training, mobility, projects).

It influences long-term priorities (climate, digital, cohesion).

Three myths to debunk

“The EU decides all our taxes” → most taxation is national.

“The EU only spends on bureaucracy” → administration is one part, not the main one.

“The EU is only a cost” → the EU budget also finances opportunities and projects in Member States.

Recap (in 5 lines)

1) The EU budget is a common budget, different from that of a State.
2) Resources come mainly from Member States’ contributions and own resources.
3) Spending focuses on shared priorities (cohesion, agriculture, research…).
4) It is decided through a multiannual framework + annual budgets.
5) The EU budget has concrete effects on projects and opportunities for young people.