

PRESS RELEASE

7 October 2026

New EU revenue streams could strengthen Europe's capacity to act

- *The EU needs funding for defence, competitiveness and the green transition*
- *wiiw economists call for a broader mix of EU own resources*
- *Financial transaction, digital and wealth taxes are among possible options*

The European Union faces major financial challenges. Many additional billions of euros will be needed for defence, to strengthen competitiveness, and for the green and digital transitions. The European Commission has therefore proposed an EU budget of almost EUR 2 trillion for 2028-2034. Under the Commission's plans, new and adjusted own resources are expected to generate EUR 58.2 billion in annual revenue.

A new study by the Vienna Institute for International Economic Studies (wiiw), authored by Bernhard Schütz and Philipp Heimberger, examines how the EU could raise the additional revenue and assesses the European Commission's proposals so far. The economists argue that, in future, the EU budget should rely less heavily on national contributions and more on genuine European own resources.

'Even greater dependence on member states' contributions risks narrowing the debate over the EU budget further to the question of which country pays how much, rather than focusing on how to address the challenges of our time and how to finance the measures needed to tackle them,' says Philipp Heimberger, economist at wiiw and co-author of the study.

The paper concludes that a broader mix of EU own resources could spread the financing burden more evenly across different sources, facilitate political compromise and help curb tax competition between EU member states. It could also broaden the tax base, for example by taxing foreign digital corporations more effectively.

Labour and consumption bear the brunt of the tax burden

The authors also identify a distributional problem in the existing financing system. A large share of the EU budget is financed through national contributions linked to gross national income and value-added tax (VAT). Therefore, they indirectly rely heavily on the taxation of labour income and consumption.

In 2024, labour accounted for 52% of total tax revenue in the EU and consumption for 27%, while taxes on capital and wealth accounted for just 5% and 2%, respectively. The study therefore argues that other sources of revenue should play a greater role in financing the EU budget.

From financial transactions and digital corporations to the super-rich

In addition to the new own resources already proposed by the European Commission – including revenue from the Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM), a levy on uncollected electronic waste and a tax on tobacco products – the study examines numerous alternative sources of revenue.

These include, in particular, a financial transaction tax, a European digital tax, a carbon-based air ticket tax, a bank levy, alternative forms of corporate taxation, and levies on super-rich individuals and crypto transactions. Depending on their design, not only could such instruments generate revenue, but they could also help address tax evasion, financial-market instability, environmentally harmful activities and growing wealth inequality.

A **financial transaction tax**, for example, could generate substantial revenue, while curbing certain forms of high-frequency trading that contribute to volatility and instability on the financial markets. Previous models for such a tax have estimated annual revenue in the tens of billions of euros, depending on the design and the number of participating countries.

A common **European digital tax** could also provide a significant source of revenue. *‘Large foreign digital corporations can currently generate substantial revenues from processing user data without having to pay tax on those revenues in the EU countries concerned, as they do not have a physical presence there. A digital tax would change this,’* says study co-author Bernhard Schütz of wiw. Depending on its design and tax base, a European digital tax could raise up to EUR 26 billion a year.

Another important option would be the **taxation of super-rich individuals**. The study analyses the introduction of a minimum tax on individuals with net wealth in excess of EUR 100 million. According to the paper, such a tax could raise up to EUR 40 billion a year for the EU budget.

Other options discussed in the study include European taxation of crypto-assets and online gambling. These could likewise generate substantial additional revenue, while bringing activities that are currently relatively lightly taxed more firmly into the tax base.

Common EU bonds for strategic investment

For Schütz and Heimberger, reforming EU financing is ultimately about more than simply finding ways to plug a budgetary gap. The revenue side of the EU budget is closely linked to the question of who should bear the costs of common European priorities and what fiscal instruments the EU should have at its disposal in the future. Alongside new own resources, the role of common European debt should therefore remain part of the debate. The experience of the NextGenerationEU post-pandemic recovery fund has reopened the discussion about joint EU borrowing.

‘A stronger and more independent financing base, complemented by common borrowing for strategic investment, could substantially strengthen the EU’s capacity to act, including in its competition with China and the United States,’ concludes Philipp Heimberger.

[The full study is available for download here.](#)

About the Vienna Institute for International Economic Studies (wiiw)

Founded in 1972, the Vienna Institute for International Economic Studies (wiiw) is an economic think tank that produces economic analyses and forecasts on 23 countries in Central, East and Southeast Europe. In addition, wiiw conducts research in the areas of European integration, macroeconomics, international economics, industrial studies, labour markets and regional development. www.wiiw.ac.at

Contact:**Andreas Knapp**

Communications Manager

Tel. +43 680 13 42 785

knapp@wiiw.ac.at