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# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the exercise of the power to adopt delegated acts conferred on the Commission under Regulation (EU) 2016/792 on harmonised indices of consumer prices and the house price index

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### 1. BACKGROUND

Under Regulation (EU) 2016/792 of the European Parliament and of the Council of 11 May 2016 on harmonised indices of consumer prices and the house price index (<sup>1</sup>), the Commission is empowered to adopt delegated acts (see Article 10 on the exercise of delegation).

This empowerment concerns the following purposes:

- to amend Annex I, in order to ensure comparability of the harmonised indices at international level in accordance with the United Nation's (UN) Classification of Individual Consumption by Purpose (COICOP) (Article 4(3));
- to add items to the list in Article 4(4), first subparagraph;
- to modify the list set out in Article 5(8) to include 'games of chance' in the Harmonised Index of Consumer Prices (HICP) and the HICP at constant tax rates (HICP-CT).

When exercising the power to adopt delegated acts, the Commission must ensure, in line with Article 10(2) of Regulation (EU) 2016/792, that those acts are justified and do not impose a significant additional burden on Member States or on the respondent units. Article 10(2) also requires the Commission to follow its usual practice and consult with experts, including in the Member States, as part of the preparatory work for the delegated act.

Finally, under Article 10(5), the Commission must simultaneously notify the European Parliament and the Council as soon as it adopts a delegated act.

### 2. LEGAL BASIS

Under Article 10(3) of Regulation (EU) 2016/792, the power to adopt delegated acts is conferred on the Commission for a period of five years from 13 June 2016. This power is to be extended tacitly for periods of five years unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

The Commission is obliged to draw up a report on the use of the delegation of power no later than nine months before the end of each five-year period.

<sup>(1)</sup> Regulation (EU) 2016/792 of the European Parliament and of the Council of 11 May 2016 on harmonised indices of consumer prices and the house price index, and repealing Council Regulation (EC) No 2494/95 (OJ L 135, 24.5.2016, p. 11, ELI: <a href="https://eurlex.europa.eu/eli/reg/2016/792/oj">https://eurlex.europa.eu/eli/reg/2016/792/oj</a>).

This report fulfils that obligation.

### 3. COMMISSION EXERCISE OF DELEGATED POWERS

In 2020, the Commission issued the report COM(2020) 354 final (²) covering the first five-year period of using the power to adopt delegated acts under Article 10(3) of Regulation (EU) 2016/792 and noted that, during that period, the power to adopt delegated acts had not been exercised.

For the following period, as per the tacit extension of the delegation of powers, the Commission exercised its power to adopt delegated acts, as conferred on it under Article 10(3) of Regulation (EU) 2016/792, by adopting Commission Delegated Regulation (EU) 2024/3159 (3).

Commission Delegated Regulation (EU) 2024/3159 amended Regulation (EU) 2016/792 as regards:

- the update of Annex I 'European Classification of Individual Consumption according to Purpose (ECOICOP)' to a new version ('ECOICOP, Ver. 2'), in accordance with the power conferred to the Commission under Article 4(3) of Regulation (EU) 2016/792; and
- the inclusion of games of chance in the HICP and the HICP-CT, in accordance with the power conferred to the Commission under Article 5(8), second paragraph of Regulation (EU) 2016/792.

The amendment of Annex I to Regulation (EU) 2016/792 was required to ensure comparability of the harmonised price indices at the international level following the adoption of the UN COICOP 2018 (<sup>4</sup>). The amendment enables an alignment of the ECOICOP with the revised UN COICOP, reflecting the significant changes of consumption patterns of households since the original UN COICOP was established in 1999.

The Commission, in consultation with expert groups, has developed methodological guidance, ensuring a sufficient degree of harmonisation for the compilation of a sub-index for games of chance. For this reason, it has made use of its power to adopt delegated acts set out in Article 4(3) of Regulation (EU) 2016/792 to remove games of chance from the table of excluded items in the HICP scope in line with Article 5(8) of the same Regulation. Games of chance are therefore now included in the HICP as part of household final monetary consumption expenditure.

<sup>(2)</sup> Report from the Commission to the European Parliament and the Council on the exercise of the power to adopt delegated acts conferred on the Commission under Regulation (EU) 2016/792 on harmonised indices of consumer prices and the house price index, <a href="COM(2020)354">COM(2020)354</a> final.

<sup>(3)</sup> Commission Delegated Regulation (EU) 2024/3159 of 2 September 2024, amending Regulation (EU) 2016/792 of the European Parliament and of the Council on harmonised indices of consumer prices and the house price index as regards the classification of consumption and the inclusion of games of chance (OJ L, 2024/3159, 20.12.2024, ELI: <a href="https://eurlex.europa.eu/eli/reg\_del/2024/3159/oj/eng">https://eurlex.europa.eu/eli/reg\_del/2024/3159/oj/eng</a>).

<sup>(4)</sup> See the publication of the United Nations Statistical Division, <u>UNSD — COICOP</u>.

The delegated act will start to apply from the reference month of January 2026.

With the inclusion of games of chance in the HICP and the HICP-CT, the delegated power granted for amending Article 5(8) is terminated, given that the changes made possible by it have already been carried out.

Consistency between the new classification and the list of exempted items in the table in Article 5(8) may be impacted by the amendment of the classification. Therefore, as set out in the fourth preamble of Commission Delegated Regulation (EU) 2024/3159, in the event of differences, the table should be understood as referring to the amended classification for the remaining listed products.

To address the cost and burden on Member States, as set out in Article 10(2) of Regulation (EU) 2016/792, financial support from the general budget of the EU via grants was allocated, based on Member States' proposals and according to the needs to support changes required in their national production systems to accommodate the transition to the new COICOP classification and to prepare for the inclusion of games of chance.

Specific recommendations on the treatment of games of chance (5) were also made available to Member States and respondents to support them in the implementation of this change.

The changes to Regulation (EU) 2016/792, which were deemed necessary to maintain high standards of statistical accuracy of the HICP, were discussed with experts from Member States, as required under the third paragraph of Article 10(2) of the same Regulation.

Synergies were also seen in adopting both changes together.

Overall, the use of delegated powers by the Commission will improve the relevance of harmonised price indices in reflecting current economic structures and the highest statistical standards.

### 4. CONCLUSION

By adopting Commission Delegated Regulation (EU) 2024/3159, the Commission has exercised its power to adopt delegated acts under Article 10 of Regulation (EU) 2016/792.

The Commission considers that it should retain the delegated powers provided by Regulation (EU) 2016/792. The powers to modify Article 4(4) of Regulation (EU) 2016/792 or to further change Annex I remain essential to address future needs arising from inflation developments. As a result the harmonised indices of consumer prices and the house price index will be improved, so that they continue to meet high standards in terms of quality and comparability.

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<sup>(5)</sup> Recommendations on the treatment of games of chance in the HICP - December 2024

The Commission invites the European Parliament and the Council to take note of this report.